

# **Problems of ADP Implementation in Bangladesh: An Analytical Review**

**A Dissertation by  
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**Institute of Governance Studies (IGS)  
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## ABSTRACT

ADP stands for annual development programme which is an organized list of projects in various sectors. The ADP is prepared on the basis of the year's development budget approved by the parliament.

Bangladesh's annual development program (ADP) has been moving ahead slowly due to lack of coordination and proper policy guidelines. Moreover the reasons for the lower speed of project implementation also include delay in preparation and approval of projects, lack of human resource and interruption in appointment of project director, consultants and decision of tender documents for procurement and difficulty in acquisition of land.

The government has a practice of revising the ADP every year. Sometimes, the government changes the ADP by inclusion of new or exclusion of some listed projects in the middle of the year. The causes for revision includes delays in approval of projects, procurement related problems and shortage of taka counterpart fund for the projects.

Expected level of economic growth, physical and social infrastructure development and employment generation are the main issues to prepare and implementation of ADP. Poor ADP implementation leads to lower growth rate with limited scope to employment generation. Cost and time overrun will increase the size of ADP as well as increase social cost. In the case of aided project, longer implementation period have high rate of interest and add to more repayment schedule.

The contribution of domestic resources towards financing of ADP shows an upward trend. The increasing trend of allocation and expenditure in socioeconomic and physical infrastructure sector through ADP is consistent with the fiscal policy of the government.

A fiscal year is a period used for calculating or 'close the account' in a country. Fiscal years vary between countries. The reason for not using actual calendar year gives countries an advantage, allowing them to close their accounts at a time which is most convenient for them.

The practice of formulating ADP and implementation thereof started since the First Five-Year Plan (1955-60) of the provincial government of East Pakistan. Like West Pakistan, fiscal year started from July and ended in June. From the First Five Year Plan (1955-60) there was a provision for revision of ADP. Due to rainy season most of the projects fund in East Pakistan was reduced and refinanced West Pakistan's project. In the context of political economy, this failure showed as inefficiency of management as well as no argument exists regarding deprivation with minimum expenditure under ADP. So, fiscal year need to be change for proper ADP implementation in Bangladesh and avoid rainy season as starting point of fiscal year (i.e July).

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## **Nomenclatures and Operational Definition:**

ADP	Annual Development Programme
BCS	Bangladesh Civil Service
BPATC	Bangladesh Public Administration Training Centre
CBA	Collective Bargaining Agent
DPD	Deputy Project Director
DPP	Development Project Proforma
ECNEC	Executive Committee of National Economic Council
ERD	Economic Relations Division
FY	Fiscal year
FYP	Five Year Plan
HRM	Human Resource Management
IMED	Implementation Monitoring and Evaluation division
JC	Joint Chief
JS	Joint Secretary
MDG	Millennium Development Goal
MTBF	Medium Term Budgetary Framework
PD	Project Director
PEC	Project Evaluation Committee
PRS	Poverty Reduction Strategy
RADP	Revised Annual Development Programme
TPP	Technical Project Proforma

- **Annual Development Programme (ADP):** ‘ADP’ stands for Annual Development Programme which is an organized list of projects in various sectors. ADP is prepared on the basis of a year’s development budget and approved by the parliament.
- **Project:** Project is a scheme for doing something to create public value under a specific time, cost and scope of work.
- **Donor driven project:** Project which are influenced by donor without considering the country’s socio-economic, political, social and cultural aspects.
- **Hard loan:** Foreign financial assistance with high rate of interest and much conditionality.
- **Supplier’s credit:** A financing arrangement under which a foreign donor extends credit to finance his purchase. Receiving country is bound to accept donor’s price due to lack of financing for purchase.
- **Monitoring of project:** Monitoring is the regular observation and recording of activities taking place in a project or programme. It is a process of routinely gathering information on all aspects of the project.
- **Evaluation of project:** Evaluation is the systematic collection and analysis of data needed to make decisions, a process in which most well-run programs engage from the outset.

## **Chapter I**

### **1.0 INTRODUCTION**

Bangladesh has been going through vicious cycles of underdevelopment syndromes since its independence. Government of Bangladesh attempts to overcome this syndrome by allocating necessary funds for the Annual Development Programme (ADP) to implement development projects every year. But at the end of fiscal year, it is found that the funds earmarked for development projects under different ministries are not spent as planned and funds are returned to the government exchequer. It means that the implementation problem of ADP which leads to lower growth rate.

ADP consists of projects in different economic sectors and each ministry sets priorities to implement their own projects. There are two approaches for implementation development projects namely, programme approach and project approach. But all ‘best practices’ are not fit everywhere. Many countries implement their development issues through projects and some countries implement this as ‘programme approach’. In Bangladesh, we have both project and programme approach to implement ADP. ADP has different projects which are executed by Ministries/Divisions/ Agencies. There are lots of activities that are proposed to be implemented by the authorities.

The concept ‘project’ is not a new phenomenon in development history. In 2612 BC, Egyptian Pharaoh Cheops died and was buried in great Pyramid of Giza. More than twenty years and almost seven million person weeks of effort were made to build this structure. This is treated as most ancient project of civilization. Like all projects of modern days, it also took a time and cost involvement with specific scope of work. The output was Pyramid; no doubt, Pharaoh Dynasty used their resources and abilities towards a desired outcome for memory of the late emperor.

The importance of project generation, planning and management in the development of a country is mentioned by different authors as the “excellent organized efforts”, as the “cutting edge of development”, as the “basic blocks of development” and as the “privileged particles of the development process”. The first economic plan ever put to work on a national scale was the First

Five Year Plan of Russia (1928 -33). Like all other developing countries and Russia, Bangladesh faces scarce resources and ensures optimum use of resources and take plans to guide their efforts for development. The plans are transformed into programmes and projects under Annual Development Programme ADP. The ADP is an integral part of planning process through implementation of projects and programmes from year to year.

ADP is an organized list and allocation of projects for a year. It contains specific allocation of resources for specific projects and prepared on the basis of the year's development budget approved by the Parliament. It has been moving ahead slowly due to complexity in acquisition of land, lack of coordination among different organizations and appropriate policy strategy and the problems in fund release. Moreover the reasons for the lower speed of project implementation also include delay in preparation and approval of projects, inefficient project management, lack of human resource development, non involvement of people's participation of project selection process, inadequate domestic resource mobilization, and procurement process etc.

The government has a practice of revising the ADP almost every year. In 2007 – 08, the government reduced 15% of ADP from Taka 26,500 crore to Taka 22,500 crore. Sometimes, the government changes the ADP by inclusion of new projects or exclusion of some listed projects in the middle of the year. The causes for revision include delays in approval of projects, procurement related problems and shortage of taka counterpart fund for the projects. An additional demand for fund needs to increase allocation, which is met from the head of unexpected expenditures in the annual budget.

The size of the ADP grew steadily during the 2000s with the peak recorded in FY2009 (Tk. 30,500 crore). Even though by and large the size of the total public expenditure is rather low, the composition and quality of the ADP project remain a matter of enormous concern. The main features of ADP implementation are: (i) underutilization of the ADP (ii) can not achieve even revised amount which is rather low in size.

## **1.1 Rationale of the Study**

The main issues for preparation and implementation of ADP are accelerating economic growth, reducing poverty and generating employment. Poor implementation of ADP leads to lower growth rate with limited scope for employment generation. Cost and time overrun increase the size of ADP as well as increase social cost. In the case of aided project, longer implementation period involves high rate of interest and adds to more repayment schedule.

Every year, the government takes many projects for implementation in the ADP but the implementation status is poor and many projects have to be revised by cost escalation with time overrun. By studying these issues we will be able to find out the status, problems of ADP implementation after independence and suggest remedies to overcome these problems. In this regard, this study has immense importance in identifying the constraints to ADP implementation and suggesting measures to ensure proper utilization of ADP.

## **1.2 Objectives of the Study**

The study has been undertaken with the following objectives:

- (i) To identify the barriers responsible for poor implementation of ADP; and
- (ii) To recommend policy options to improve the status of ADP implementation.

## **1.3 Research Questions:**

- a) Why ADP implementation status is low?
- b) Why the size of ADP needs to be reduced in the form of a revised ADP?
- c) How can we ensure proper utilization of ADP?

## **1.4 Methodology and Procedure:**

As stated earlier, the study has been designed to analyze the status of ADP implementation of Bangladesh. Any study about the ADP implementation requires the answer of both macro and micro type investigation

Data are largely obtained from various sources of published statistics and various aspects of project implementation, based on different research reports and government publications. The various sources of published data are ADP, Statistical Yearbook, Five-year Plan, IMED's Report, different local and international journals.

### **1.5 Research Instruments/Methods of Conducting Study:**

The research technique was used for qualitative study based on both primary and secondary data. We select 70 respondents from different government organization and member of the Parliament. The report will be presented in a descriptive pattern with some statistical analysis. Both qualitative and quantitative data will be analyzed by using suitable statistical tools and techniques.

From this study we get some policy issues which leads to further researches. This study will help to formulate the policy of government to ensure proper utilization of ADP.

### **1.6 Limitations of the Study**

- This study reflects the causes and consequences of improper ADP implementation in Bangladesh. The research techniques are mainly content analysis and limited number of respondents' view that are responsible for ADP preparation and implementation. Therefore the findings of this study do not hold enough for the generalization but this provide us the trend and common features of ADP implementation and its remedies for better achievement.
- To show the trend of ADP implementation status we need time series data. Lack of proper documentation and MIS system in public sector, data are scattered and sometimes it is difficult to link any missing link data.

### **1.7 Review of Literature:**

Improper implementation of ADP through project execution has drawn interest of many researchers who have studied this matter from diverse dimensions. A number of the results / findings of literature review are stated below.

Schultz R. L. *et al.* (1987) carried out a study on 'Strategy and Tactics in a Process Model of Project Implementation' raised the importance to understand the process of project implementation and organizational continuous involvement in developing and implementing the projects. The critical success factors for proper project implementation are: (a) clearly defined goals, (b) sufficient resource allocation, (c) Top management support, (d) project plans and schedules, (e) competent project manager, (f) competent project team members, (g) adequate communication, (h) feedback capabilities, (i) responsiveness to clients.

Sirajuddin (1982) in his book titled 'Institutional Support for Planning and Project Management' explained 'a self - reliant and just society' with progress towards self-determination from starvation and poverty, more employment opportunity, no exclusion of any segment of society, literacy, provision of basic material requirements, and decentralization at all levels. In his book, author identified political pressure and the conflict between line ministries and planning ministry as significant constraints in planning and project management.

Bryson J. M. & Bromiley P.(1993) in 'Critical Factors Affecting the Planning and Implementation of Major Projects' showed the significance of the outcome. The outcome questions reflect both success and learning for future. Success factors are: goal achievement, satisfaction with outcome, deviation from success criteria.

Anderson John & Ram (1979) in their study entitled 'Assessing Project Implementation Risk: A Methodological Approach' pointed out the risk factors that reduce the probability of successful implementation. They are of the view that successful implementation doesn't automatically result; it must be managed.

Islam (1993) in his book 'Development Planning in Bangladesh: A Study in Political Economy' mentions ADP as an integral part of the planning process. According to him, ADP provides an event for a thorough examination of resources, both domestic and foreign, likely to be available for the implementation of the programme. The acute scarcity of resources and the predominance of ongoing projects were responsible for wide divergence between targets of the Annual plan and their implementation.

In a study named ‘A Study on Delay in Implementation of Development Projects’ by Rahman *et al.* (1989) explores the causes behind delay in implementation of three projects. (1) 19 Upazila Health Complex (2) Dairy and Cattle Breeding Farm, Faridpur and (3) Atomic Energy Research Institute at Savar were selected as a purposive sample. The study found that there were several problems which delayed project implementation. These are negligence of contractor, non-availability of construction materials, delay in acquisition of land and site selection, faulty design of projects, delayed release of fund, over ambitious design, frequent revision of project, lack of skilled manpower in formulating and implementing project, delays in customs clearance of equipment, etc. The study recommended that at the preparation stage the critical tasks should be clearly outlined and different activities should be briefly mentioned in a chronological manner so that project implementation office (PIO) could predict the consequences of delay.

In a study on BPATC Third Phase Project named ‘Efficiency Development in Project Implementation: The Case of BPATC Third Phase Project’, Hoque (2002) investigates the weakness and strengths of project implementation and the tools, techniques used in the project implementation. The main problems identified by the author are: delay in project approval process, delay in recruitment in PIO personnel, delay in fund release, procedural complexities in fund release, lack of sufficient fund released, over ambitious work plan and excess fund allocation, lack of manpower in the PIO, lack of skill and technical knowledge, lack of supervision, lack of use of proper tools and techniques in project implementation, lack of coordination, lack of proper monitoring system, delay in getting engineering design of the construction work, delay in decision making, frequent change in decisions, change of BPATC authority and project director, faulty design, faulty work, procedural mistakes in releasing fund, procedural complexities in work, unrealistic estimation, lack of cooperation by different parties, lack of proper authority and job satisfaction, lack of good and efficient contractor.

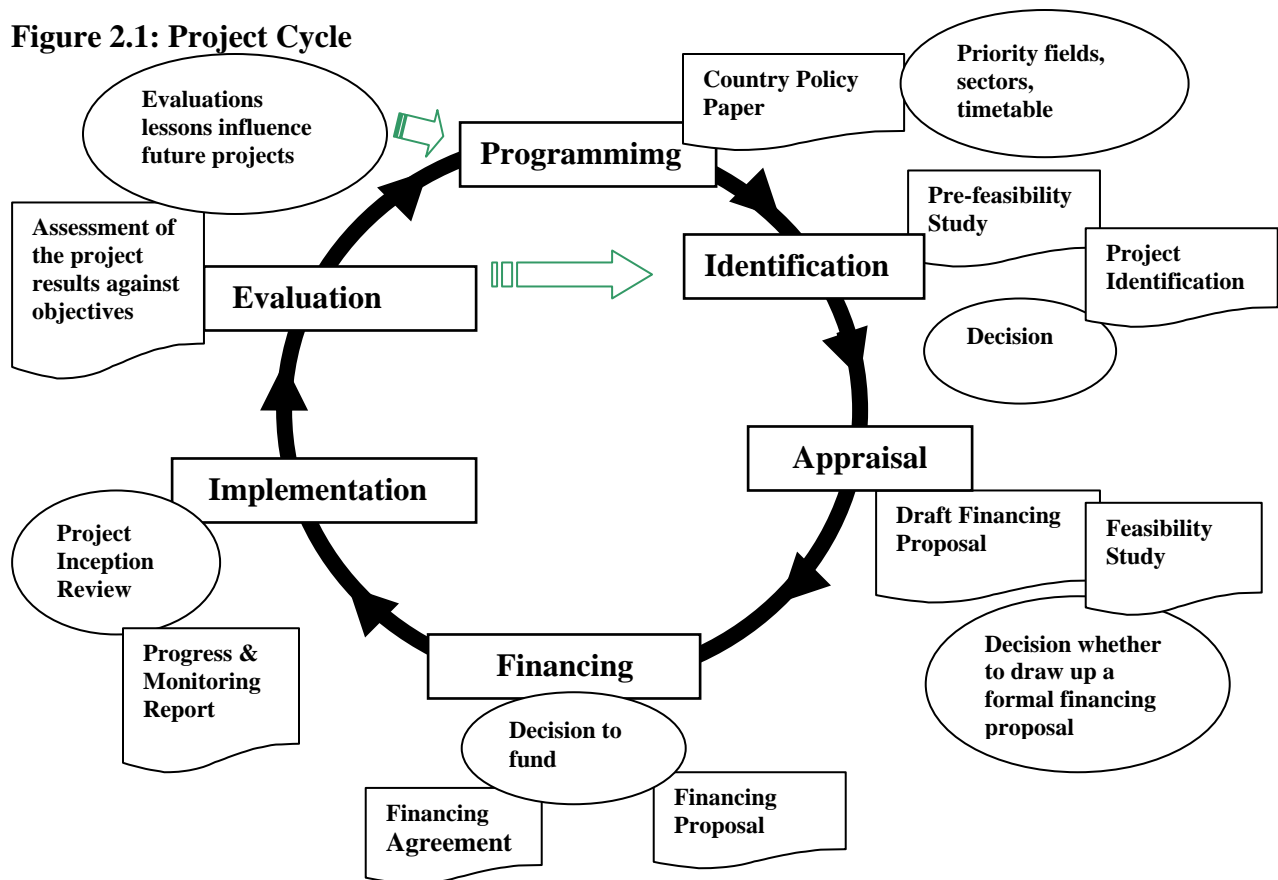


## Chapter II:

### 2.0 THE CONCEPTUAL FRAMEWORK OF THE STUDY

A project is “a series of activities aimed at bringing about clearly specified objectives within a defined time-period and with a defined budget”. The project cycle is a way of viewing the main elements that a project has in common, and how they are related to each other in sequence. The project cycle has six stages: identification, appraisal financing, implementation, evaluation and programming (figure 2.1) each stage links with the earlier one and leads onward to the next one.

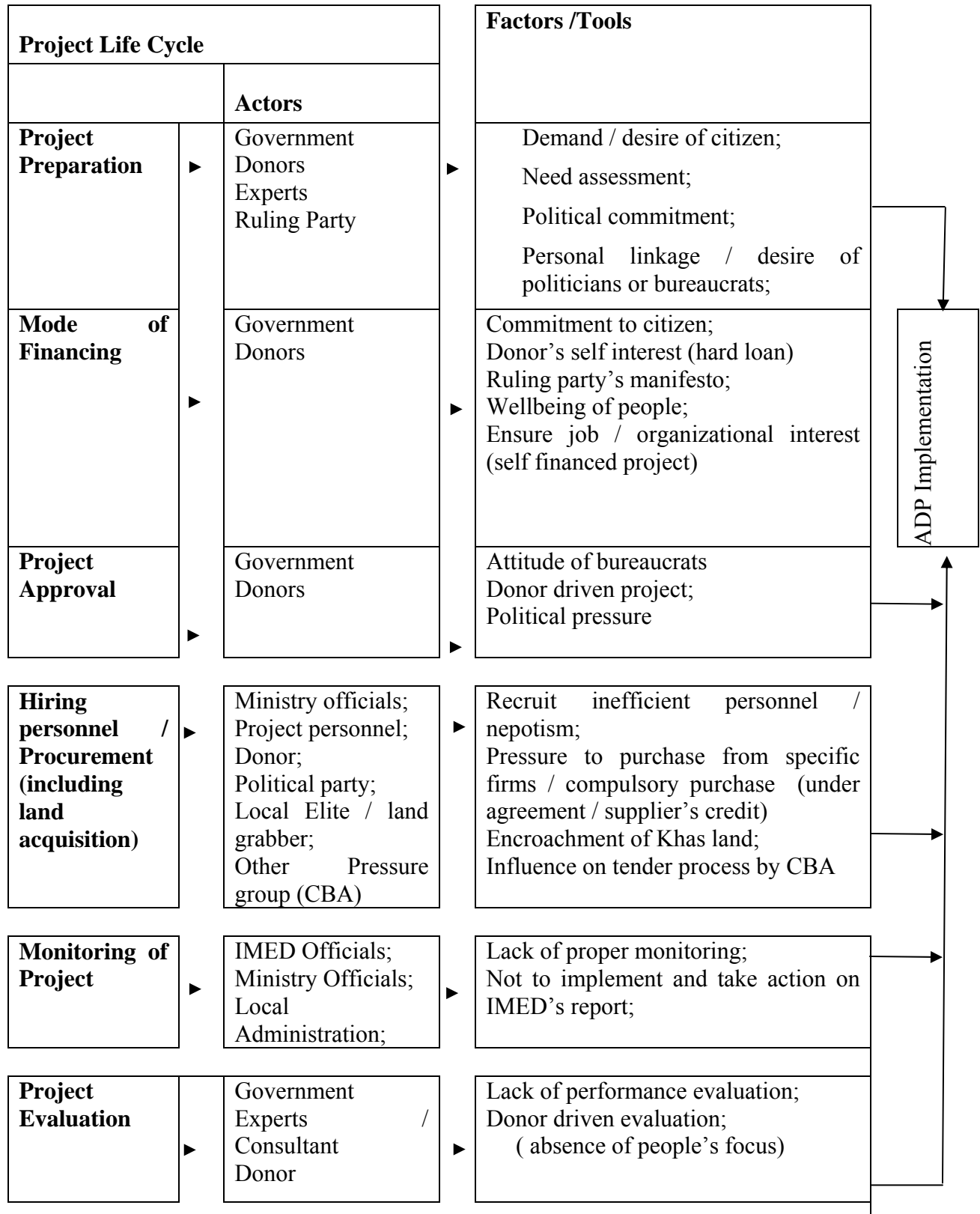
**Figure 2.1: Project Cycle**



Source: Project Cycle Management Handbook 2002

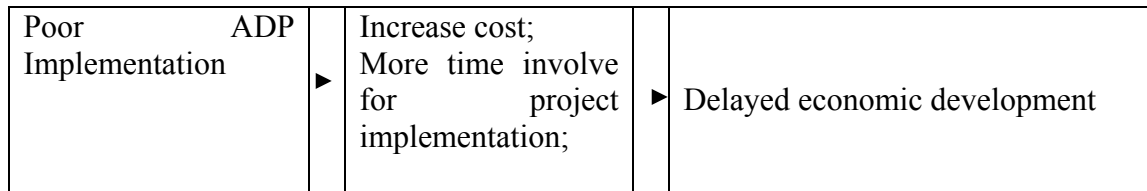
The stages of project implementation under ADP have different actors with various responsibilities to maintain or approve the whole system of implementation. By using the following stages of project implementation and outcome / results of ADP execution, we can draw a conceptual framework (Figure 2.2).

**Figure 2.2 Conceptual Framework**



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## Macro effects of Poor implementation of Annual Development Programme (ADP):



### 2.1 List of Variables:

Dependent Variable or outcome variable

ADP implementation status

Independent variables:

- a) Citizen centric issues ( $C_c$ ):
  - a. Citizen's demand;
  - b. Participation of citizens;
  - c. Political commitment to citizens;
  - d. Wellbeing of citizens;
- b) Role of donor ( $R_d$ ):
  - a. Donor's self interest;
  - b. Donor driven projects;
  - c. Development tourism
  - d. Donor focus evaluation;
- c) Attitude of bureaucrat ( $B_a$ ):
  - a. Desire to select project;
  - b. Nepotism to select and transfer of project director / personnel;
  - c. Delegation of power;
  - d. Insufficient allocation and fund release;
  - e. Implementation of IMED's report;
  - f. Lack of monitoring;
- d) Role of political party ( $PP_r$ ):
  - a. Political commitment;

- b. Politicians' desire and pressure for posting;
- c. Ruling party's manifesto;
- d. Force for procurement / tender;
- e. Political party backed CBA activities;
- f. Encroachment of *Khas* land;
- e) Human resource management (HRM):
  - a. Inefficient project director;
  - b. Frequent transfer of project director;
  - c. Lack of training.

To establish the causes and consequences the poor ADP implementation in the economy, we can illustrate the functional relationship with ADP as dependent variable and some other vital explanatory variables, which is relevant for proper ADP implementation.

$$\text{ADP Implementation} = f(C_c, R_d, B_a, PP_r, HRM)$$

All variables are not proportionally related to the ADP implementation. There are many variables which are linked with original one. Some variables may be difficult in conceptualization. As because all variables fail to explain in cardinal way, so we analyze these as ordinal measurement.

- 1) **Citizen centric issues ( $C_c$ ):** The main focus of ADP implementation is to ensure to create 'value for citizen'. The ultimate objective of whole government machinery is focus on citizen centric services.
  - a. **Citizen's demand:** Any project idea must come from citizen's demand. But in reality demand is pushed by some other vested group or leads to asymmetry of information to citizen.
  - b. **Participation of citizen:** Citizen's participation in every stage of project implementation guaranteed for efficient execution of ADP. Ownership makes people more cautious about quality and time bound ADP execution.
  - c. **Political commitment to citizen:** Political party declares the manifesto for broad objective of economic growth. Ruling party has mandate to implement development

work through ADP. If political party are committed to citizen that will target proper ADP achievement.

- d. **Wellbeing of citizen:** In a democratic country where all sorts of activities focus to the wellbeing of citizen. In the fiscal policy of government, development expenditure covers by ADP and through ADP government tries to make sure wellbeing of citizen.

2) **Role of donor ( $R_d$ ):** Under ADP, mode of financing of the large projects is donor base. The implementation status of ADP depends on donors' views about the country and donors' attitude towards the country may varies by many endogenous and exogenous factors, moreover vary from donor to donor.

- a. **Donor's self interest:** Sometimes donor's funding in a particular project is crudely maintaining their self interest. Due to lack of financing and sometimes in the middle of project donor tries to apply their interest.
- b. **Donor driven project:** It is obvious that all donor driven projects are not harmful for the countries wellbeing. But sometimes these will be detrimental for country for the sake of some corrupt local negotiators.
- c. **Development tourism:** In some cases donor may visit Bangladesh with local counterpart to assess the situation. These kinds of trip for situation analysis fail to give a clear picture of donor for grass root level problems. This will be just development tourism with local counterpart.
- d. **Donor focus evaluation:** Initially feasibly studies of pilot project are taken for justification of further projects. In some cases, these evaluation reports are manipulated as per direction of donor.

3) **Attitude of bureaucrat ( $B_a$ ):** Problematic bureaucratic system along with faulty planning procedure relates to revision of ADP. In ADP implementation the policy maker wants to handle both 'steering' and 'rowing'.

- a. **Desire to select project:** Some bureaucrats are force to select a project and incorporate this in ADP, even though this project or portion of project is difficult to implement and eventually this project fail and improper execution of ADP.
- b. **Nepotism to select and transfer of project director / personnel:** project Director's role in ADP implantation is vital and this personnel must have capability to handle project with efficiency.

- c. **Delegation of power:** There are some projects which operate by ministry officials as project directors and operate from secretariat. Project implementation faced several types of problem which fail to address from secretariat and delegation of power to field officials will enhance project works.
  - d. **Insufficient allocation and fund release:** In ADP, there is allocation of fund and it should be match by project period. But most of the cases this are not maintained and allocation are lower than required level. Moreover delayed fund release also suffers the project.
  - e. **Implementation of IMED's report:** Implementation Monitoring and Evaluation Division have responsibility to ex ante and ex post evaluation of projects under ADP. But in most cases IMED's report are not properly implemented for execution
  - f. **Lack of implementation monitoring:** All respective ministries have responsibilities to monitor their projects. But implementation monitoring is seriously suffered and ultimately deteriorates the level of ADP achievement.
- 4) **Role of political party (PP<sub>r</sub>):** In a democratic country, political parties have priority to select and achieve its development issues. ADP performance depend on political stability and visionary issues of both ruling and opposition parties.
- a. **Political commitment:** Political commitment to development ought to be prime consideration and there is 'no compromise' to keep away from development issues of all parties.
  - b. **Politicians' desire and pressure for posting:** To implement any project, political party leaders influenced to select their 'favoured person', which ultimately convert a failure of ADP.
  - c. **Ruling party's manifesto:** In political system all party's manifesto has development agenda. But implementation of ruling party's manifesto will make certain towards development
  - d. **Force for procurement / tender:** Most of the project fails and leads to lower level of ADP realization due to procurement. Many party leaders and their associates are involved to this procurement process. Inferior quality works, less standard procurement will be the main reason for less utilization of ADP.

- e. **Political party backed CBA activities:** There are some endogenous factors which influenced the project implementation. The role of CBA in project implementation has a negative role. Political party backed CBA sometimes interfere all sorts of activities such as appointment of project director, procurement etc.
  - f. **Encroachment of Khas land:** In project implementation there are very few exceptions that accusation of land without any hindrance. Government tries to arrange Khas land for project but due to land grabber (mostly backed by party leader) it is not always possible to arrange land within stipulated time.
- 5) **Human resource management (HRM):** To attain 'public value' through proper ADP performance human resource management is a fundamental factor.
- a. **Inefficient project director:** Project implantation has heterogeneous problems with multiple solutions. Project director need to comply all these and take proper decision. Both external and internal sock from project area need to face efficiently with proper coordination of other government agencies. Inefficient project director are not aware about strengths, weakness, opportunity and threat regarding project
  - b. **Frequent transfer of project director:** Project Director is the key person for proper implementation of project. The transfer of Project Director should be considered in a fashioned that, h/she might be posted for whole period of project life. Frequent transfer of Project Director eventually disturbed the speed of project execution.
  - c. **Lack of training:** ADP implementation through project is not a static issue. Project management needs up date training and capabilities. To ensure proper ADP implementation the project personnel must have training.

## **Chapter III**

### **3.0 ADP IMPLEMENTATION STATUS IN BANGLADESH**

Preparation of development projects is the responsibility of the administrative ministries and different executing agencies. The Planning Commission prepares the ADP of the government. The draft is then placed for the approval of the Executive Committee of the National Economic Council (ECNEC). While preparing an ADP, sectors and projects related to national economic development get more priority. Funds are allocated to implement development projects included in the ADP. Both internal (domestic) and external (aid) funds are used to finance projects. Potential availability of funds often becomes a major consideration in preparing the ADP, which has historically remained dependent upon foreign aid.

The practice of formulating ADP within the framework of a Five-Year Plan and implementation thereof started since the First Five-Year Plan (1955-60) of the provincial government of East Pakistan. The size of the ADP of the year 1962-63 under the Second Five-Year Plan (1960-65) of the government of East Pakistan was Rs 1,358.33 million. The ADP for 1962-63 was divided into three parts, each with projects of a group of sectors. Part-I included projects of 10 sectors, namely Water, Power, Health, Social Services, Agriculture, Housing and Settlement, Education and Training, Roads and Communications, Industries, and Manpower and Employment. Projects in Part-II covered large industries such as the East Pakistan Industrial Development Corporation and Pakistan Eastern Railways and Part-III comprised schemes transferred from the central government of Pakistan.

In 1972-73, the size of the ADP was Tk 314.51 crore, project aid was 501.01 crore which was higher than ADP allocation because it included food aid. The ADP size has grown consistently over the years and became Tk 1220.00 crore in 1976-1977, Tk 3015.00 crore in 1981-1982, Tk 8315.00 crore in 1988-1989 and Tk 26500.00 crore in 2007-2008. The ADP remained greatly reliant upon foreign aid. The share of foreign funds in financing ADP allocation was more than 70% until 1979-1980; it dropped to about 64% in the following two years and then again increased to about 80% in the next three years. The share was more than 90% in the years 1987-1988 and 1990-1991. However, it started to decline in successive years and was 66% in 1995-



1996. In 2007-2008, the size of the ADP was Tk 26500.00 crore, about 41% of which were planned to have been financed by foreign aid.

To attain Millennium Development Goal (MDGs) by 2015, government has adopted Poverty Reduction Strategy (PRS). The second PRS (2008-11) has already taken in action after expiry of “Unlocking the Potential-National Strategy for Accelerated Poverty Reduction (1<sup>st</sup> PRS) on 30 June, 2008 and its ‘key implementation instrument’ is Annual Development Programme (ADP).

The total number of projects included in ADP (2009-10) is 886 of which investment projects are 664, technical Assistance projects are 163 and JDCF projects are 59. Among 886 projects, 755 projects (87%) are approved and other 131 projects (13%) are unapproved / revised unapproved. The projects by sectors are Agriculture (141), Rural Development and Institutions (60), Water Resources (38), Industry (29), Power (42), Oil, Gas and Natural Resources (27), Transport (147), Communication (20), Physical Planning and Water Supply (113), Education and Religious Affairs (78), Health, Nutrition, Family Planning (32) Sports & Culture (20), Population and Family Welfare (32), Public Communication (8), Social Welfare, Women Affairs & Youth Development (36), Public Administration (64), Labour and Employment (5) and Science & Technology (26). In addition, the ADP had a block allocation for financing development projects undertaken by local government authorities such upazilas and municipalities and the district councils of Chittagong Hill Tract.

The total size of ADP (2009-10) is Tk.30,500.00 crore of which the amount of local currency is Tk.17,655 crore (58%) and project aid is Tk.12,845 crore (42%), shows aid dependency reduces by 5 percent comparing to previous year (2008-09). Agriculture, Rural Development & Rural Institutions and Water Resources has importance and priority to allocate Tk.6211.63 crore (20.37%) which is Tk.91.63 crore more in comparison with last year’s ADP. The size of the ADP of the year 2009-2010 was greater than that of the previous year by Tk 4900.00 crore (19%) and that of 1972-1973 by Tk. 30185.49.

The success of ADP depends on timely and proper implementation of projects / programmes. It is expected that right from the beginning of a fiscal year, all concerned including executing

ministries/divisions/agencies need to be more vigilant and active to prevent any delay in implementation. A time-bound implementation plan and strict adherence to it is the crying need of the time.

Figure 3.1 and Table 3.1 show the ADP utilization over the year. The ADP in Bangladesh has general trend to be over-estimated. Therefore, achievement is far behind from the target. Data show that after the emergence of Bangladesh, ADP allocation broadly reduced in revised ADP. There were a few exceptions (in 1978-80, 1982-84, 1985-86, 1990-91, 1994-95 and 1998-2001) when revised ADP (RADP) allocation had been increased. This reveals the fact that there were flaws in preparation of ADP which led to over estimation. As a result, RADP size needed to be reduced every year with few exceptions. Even this revised ADP could not be implemented fully. Implementation of aided projects also suffered.

The highest (113.29%) and lowest (55.27%) expenditure against original ADP were incurred in FY 1978 – 79 and FY 1988 – 89 respectively. In the case of project aid, expenditure ranked the highest (109.19%) and the lowest (66.27%) against original project aid allocation were in FY 1985 – 86 and FY 2003 – 04 respectively. The most successful utilization of ADP including project aid was in FY 1985-86.

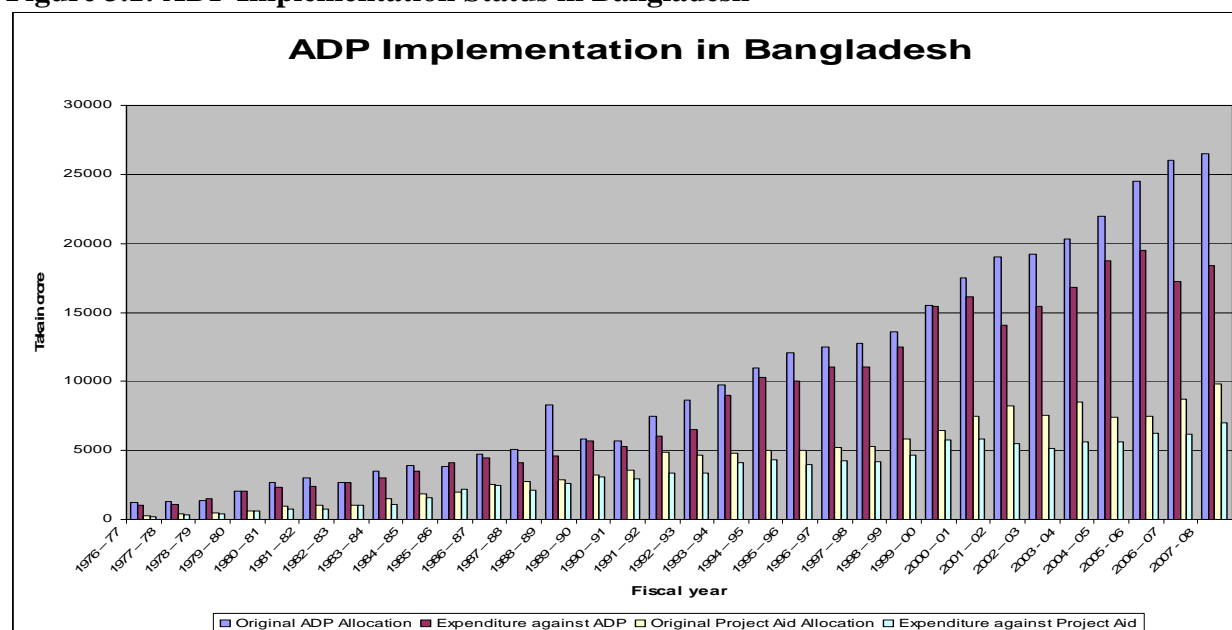
**Table 3.1: Year wise Original & Revised and Expenditure of Annual Development Programme (ADP)**

(Taka in crore)

Fiscal Year	ADP Allocation		Project Aid		Expenditure		Expenditure as % of original allocation	
	Original	Revised	Original	Revised	Total	Project Aid	Total	Project Aid
1972 - 73	314.51	NA	501.01	NA	NA	NA	NA	NA
1973 - 74	52.00	NA	5.43	NA	NA	NA	NA	NA
1974 - 75	525.00	NA	127.00	NA	NA	NA	NA	NA
1975 - 76	136.00	NA	23.65	NA	NA	NA	NA	NA
1976 - 77	1222.00	1005.71	294.65	251.19	999.00	198.00	81.75	67.20
1977 - 78	1278.50	1202.94	378.50	387.33	1117.00	368.00	87.37	95.00
1978 - 79	1390.02	1602.62	465.00	523.62	1483.00	406.00	113.29	87.31
1979 - 80	2070.00	2329.97	650.00	762.12	2028.00	590.00	97.97	90.77
1980 - 81	2700.00	2369.00	979.79	800.00	2364.00	731.00	87.56	74.61
1981 - 82	3015.00	2715.25	1000.00	1000.00	2391.00	777.37	79.30	77.74
1982 - 83	2700.00	3126.26	1013.02	1314.02	2687.00	1030.50	99.52	101.73
1983 - 84	3483.86	3584.75	1522.59	1652.42	3006.02	1100.76	86.24	72.30
1984 - 85	3895.97	3498.42	1845.98	1564.87	3498.42	1564.87	89.80	84.77
1985 - 86	3825.72	4095.54	1999.99	1911.73	4095.58	2183.81	107.05	109.19
1986 - 87	4763.99	4512.49	2513.99	2488.49	4439.08	2440.89	93.18	97.09
1987 - 88	5045.99	4650.59	2770.00	2643.60	4149.93	2135.12	82.24	77.08
1988 - 89	8315.00	4595.34	2879.99	2635.64	4595.34	2635.63	55.27	91.52
1989 - 90	5803.02	5102.76	3250.02	3249.99	5716.79	3063.43	98.51	94.26
1990 - 91	5668.00	6121.00	3580.00	3676.55	5269.88	2972.48	92.98	83.03
1991 - 92	7500.00	7150.00	4897.95	4050.00	6023.97	3392.10	80.32	83.76
1992 - 93	8650.00	8121.00	4650.00	4229.48	6550.32	3387.60	75.73	80.09
1993 - 94	9750.00	9600.00	4780.00	4360.00	8983.50	4097.99	92.14	85.73
1994 - 95	11000.00	11150.00	5000.00	4640.00	10302.96	4310.18	93.66	86.20
1995 - 96	12100.00	10447.00	5030.00	4460.00	10015.67	3956.02	82.77	78.65
1996 - 97	12500.00	11700.00	5200.00	4923.72	11040.99	4233.34	88.33	81.41
1997 - 98	12800.00	12200.00	5316.75	5036.33	11037.00	4214.00	86.23	79.26
1998 - 99	13600.00	14000.00	5802.00	5036.33	12508.86	4664.74	91.98	80.40
1999 - 00	15500.00	16500.00	6426.00	6750.00	15470.42	5740.29	99.81	89.33
2000 - 01	17500.00	18200.00	7461.00	7473.60	16151.00	5822.00	92.29	78.03
2001 - 02	19000.00	16000.00	8219.00	6819.74	14090.17	5501.17	74.16	72.96
2002 - 03	19200.00	17100.01	7540.00	6359.27	15449.28	5147.98	80.47	68.28
2003 - 04	20300.00	19000.00	8484.00	7000.00	16796.24	5622.08	82.74	66.27
2004 - 05	22000.00	20500.00	7425.00	6025.00	18770.64	5608.80	85.32	75.54
2005 - 06	24500.00	21500.00	7500.00	7125.00	19473.41	6254.01	79.48	83.39
2006 - 07	26000.00	21600.00	8750.00	7950.00	17206.29	6207.80	66.18	70.95
2007 - 08	26500.00	22500.00	9800.00	8950.00	18419.03	6972.49	69.51	77.90

Source : IMED, ERD & Planning Commission

**Figure 3.1: ADP Implementation Status in Bangladesh**



Source : IMED & Planning Commission

RADP expenditure by sectors in 2007-2008 were Agriculture (91%), Rural Development and Institutions (87%), Water Resources (77%), Industry (83%), Power (79%), Oil, Gas and Natural Resources (57%), Transport (78%), Communication (71%), Physical Planning and Water Supply (81%), Education and Religious Affairs (94%), Health, Population and Family Welfare (84%), Sports and Culture (74%), Labour and Employment (68%) and Science & Technology (81%).

**Table 3.2: Comparative Implementation Status of the Highest Allocated 10 Ministries/ Divisions under 2007-08 ADP and RADP**

(Taka in crore)

Sl No.	Ministry / Division	Number of Revised project	Total ADP Allocation (Crore Taka)		Total Financial progress	Total Financial Progress (%)		Physical Progress (%)
			Original	Revised		Original (% of original allocation)	Revised (% of revised allocation)	
1.	Local Government Division	133	5534.78	5037.05	4455.40	80%	88%	91%
2.	Power Division	57	3778.00	3097.32	2449.46	65%	79%	80%
3.	Ministry of Health and Family Welfare	14	2546.34	2362.97	1988.91	78%	84%	47%
4.	Ministry of Communications	173	3269.15	2358.20	1879.75	57%	80%	70%
5.	Ministry of Primary & Mass	11	2249.92	1886.55	1802.26	80%	96%	97%

	Education							
6.	Ministry of Education	70	1223.50	1000.47	910.81	74%	91%	94%
7.	Ministry of Water Resources	75	993.60	937.94	741.37	75%	79%	84%
8.	Ministry of Agriculture	81	803.68	748.46	720.10	90%	96%	97%
9.	Energy & Mineral Resources Division	28	718.64	459.02	259.77	36%	57%	36%
10.	Election Commission Secretariat	2	001.00	411.23	344.32	34432%	84%	84%
<b>Total</b>		<b>644</b>	<b>21117.62</b>	<b>18299.21</b>	<b>15522.13</b>	<b>74%</b>	<b>85%</b>	<b>--</b>

Source: IMED

The overall ADP implementation status depends mostly on highest allocated ministry /division.

Table 3.2 shows the following status of ADP in 2007-08:

- The average financial progress of 10 ministries /divisions is 85%, which is 3% more than national average (82%). Among these 10 ministries/divisions 06 (six) achieved more than and 04 (four) ministries / divisions performance was less than national average;
- Except Election Commission Secretariat, the allocation for the remaining 09 (nine) ministries / divisions was reduced due to non-utilization of fund.

In 2007-08, there were 150 projects with zero physical progress and 87 projects with zero financial progress. Among 237 completed projects, 27 projects are declared complete without less than 50% works both physical and financial.

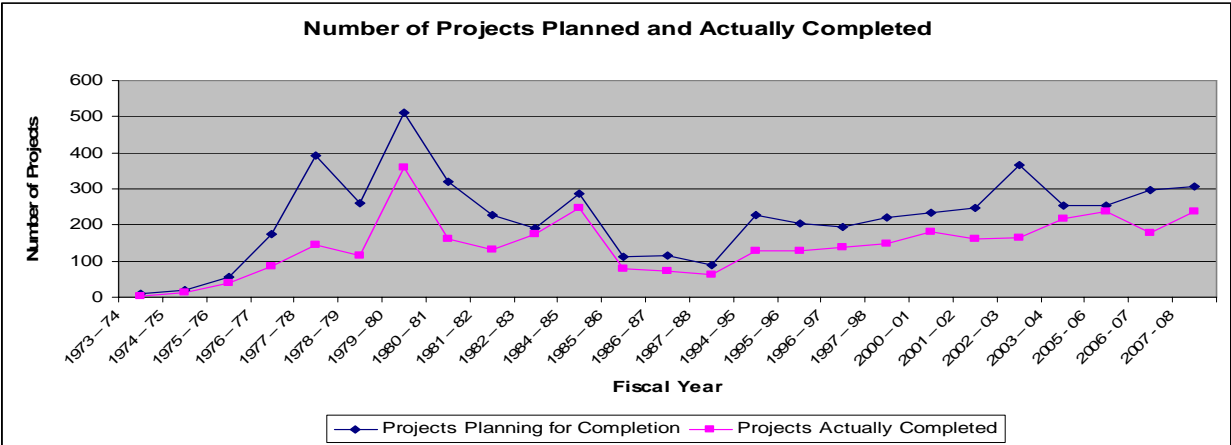
**Table 3.3: Number of Projects in ADP Planned for completion and actually completed during 1973 – 74 to 2007 – 2008**

Year	Projects included in ADP / RADP	Projects Planning for completion	Projects actually completed (%)
1973 – 74	1385	10	3 (30.00%)
1974 – 75	1352	21	12 (57.14%)
1975 – 76	1359	55	41 (74.55%)
1976 – 77	1477	175	85 (48.57%)
1977 – 78	1519	391	145 (37.08%)
1978 – 79	1475	261	116 (44.44%)
1979 – 80	1406	512	359 (70.12%)
1980 – 81	1520	321	160 (49.84%)
1981 – 82	1675	228	133 (58.33%)
1982 – 83	1178	192	176 (91.66%)
1983 – 84	992	N.A.	245 (N.A.)
1984 – 85	938	288	248 (96.11%)
1985 – 86	816	112	78 (69.64%)

1986 – 87	787	116	74 (63.79%)
1987 – 88	828	90	61 (67.78%)
1988 – 89	N.A	N.A	69 (N.A.)
1989 – 90	N.A	N.A	198 (N.A.)
1990 – 91	778	N.A	182 (N.A.)
1991 – 92	N.A	N.A	N.A (N.A.)
1992 – 93	N.A	N.A	N.A (N.A.)
1993 – 94	N.A	N.A	N.A (N.A.)
1994 – 95	1095	228	129 (56.58%)
1995 – 96	1201	205	129 (62.93%)
1996 – 97	1120	195	140 (71.79%)
1997 – 98	1240	221	150 (67.87%)
1998 – 99	1329	N.A	166 (N.A.)
1999 – 00	1379	N.A	193 (N.A.)
2000 – 01	1396	233	180 (77.25%)
2001 – 02	1444	247	163 (65.99%)
2002 – 03	1345	367	165 (44.96%)
2003 – 04	1163	254	217 (85.43%)
2004 – 05	1210	N.A	175 (N.A.)
2005 - 06	1081	253	237 (93.68%)
2006 - 07	886	296	178 (60.14%)
2007 - 08	931	306	237 (77.45%)

Source: IMED, self compiled

**Figure 3.2: Number of Projects Planned and Actually Completed in ADP During 1973–74 to 2007-08**



There is a gap between projects planned to complete and actually completed (Table 3.3 and Figure 3.2). Each year development agencies select some projects for completion but at the end of the fiscal year, most of these projects need extension, sometimes without any cost escalation. During FY 1972 – 73 the number of projects identified for completion is much higher than actually completed. The highest level of target was achieved in FY 1984-85 (96.11%) and the lowest FY 1973-74 (30.00%).

**Table 3.4: Cost and Time Overrun of Completed Project under 2004 -2005 ADP**

Ministry	No. of Project	No time & cost overrun	Up to 50%		50%- 150%		150%- 300%		300% to Above	
			Time overrun	Cost overrun	Time Overrun	Cost overrun	Time overrun	Cost overrun	Time overrun	Cost overrun
Agriculture	9	2	4	2	2	-	-	-	-	-
Food & Disaster Management	3	-	-	2	1		1		1	
Law, Justice & Parliamentary Affairs	3	-	2	-	-	-	-	-	1	-
Housing & Works	8	3	1	4	1	-	1	-	2	-
Energy & Mineral Resources	12	1	5	-	4	1	5	1	2	-
Post & Telecommunication	3	-	-	2	1	-	2	-	-	-
Information	1	-	1	1	-	-	-	-	-	-
Religious Affairs	3	2	-	1	-	1	-	-	-	-
Shipping	1	-	-	1	-	-	-	-	-	-
Election Commission	1	-	-	-	-	-	1	-	-	-
Planning	5	-	1	-	3	1	-	-	1	-
Environment & Forest	8	2	2	1	2	-	-	-	1	-
Water Resources	12	-	2	2	6	4	4	-	-	-
Rural Development & Cooperative	3	1	2	-	-	2	-	-	-	-
Defense	1	-	1	-	-	-	-	-	-	-
Primary & Mass Education	3	-	2	1	1	-	-	-	-	-
Commerce	2	1	-	-	1	-	-	-	-	-
Power Division	5	-	2	1	2	-	-	-	-	-
Science and Tech.	5	2	1	-	1	1	1	1	-	1
Civil Aviation & Tourism	1	-	-	-	1	-	-	-	-	-
Land	2	-	2	-	-	-	-	-	-	-
Women & Children Affairs	4	2	1	1	-	-	-	-	-	-
Fisheries & Livestock	6	3	1	2	2	-	-	-	-	-
Youth & Sports	9	3	3	2	1	-	-	-	1	-
Communication	20	1	4	8	5	4	7	2	1	-
Industry	3	-	-	-	-	-	-	1	1	1
Education	10	-	2		7	2	1	1	-	-
Labour and Employment	2	1	1	-	-	-	-	-	-	-
Social Welfare	3	2	2	-	-	-	-	-	-	-
Cultural Affairs	2	1	1	-	-	-	1	-	-	-
Home Affairs	4	-		-	-	1	4	-	-	-
Local Government	20	6	4	4	5	3	2	2	-	2
Total	175	33	47	35	46	20	30	8	11	4

\* Many projects have cost and time overrun simultaneously.

Source: IMED & Self Compiled

ADP implementation status can be shown with the help of cost and time overrun of completed projects. In FY 2004 -05, except 33 projects (19%), all other projects (81%) were completed with cost and time overrun. Among these 11 projects and 4 projects were completed with time overrun & cost overrun with more than 300%. Table 3.4 shows the ministry wise performance for completed projects which represents the improper ADP implementation and represents delayed implementation and cost escalation.



## Chapter IV:

### 4.0 FINDINGS OF THE STUDY

A total of 70 persons who were involved in the implementation of ADP were interviewed for the purpose of the study. The respondents included government officers as well as members of Parliament.

**Table 4.1: Distribution of respondents by their organizations, cadres and sex**

Identification Information	Respondents' Organization	Cadre				Sex	
		BCS (Economic)	BCS (Administration)	Others	Total	Male	Female
	Planning Commission	26	2	1	29	19	10
	Implementation Monitoring and Evaluation Division (IMED)	20	-	-	20	16	4
	Ministry of Agriculture	7	3	-	10	5	5
	Economic Relations Division (ERD)	2	6		8	5	3
	Members of Parliament	-	-	3	3	3	-
	Total (% of respondents)	55 (78%)	11 (16%)	4 (6%)	70 (100%)	48 (69%)	22 (31%)

Among the respondents about 78% were drawn from Economic Cadre, 16% from Administration cadre and rest (6%) from the others including Members of Parliament (Table 4.1). According to the various categories, it has been observed that of the officers belonging to Economic Cadre, 47% are working in Planning Commission, 36%, 13% and 4% in Implementation Monitoring and Evaluation Division (IMED) Ministry of Agriculture and ERD respectively. Among the respondents 69% were male and 31% female.

**Table 4.2: Distribution of respondents according to their length of service and scale of pay**

Occupation Related Information	Respondents Organization	Length of Service			Designation / Scale		
		Less than 5 years	5 – 10 years	More than 10 years	3 <sup>rd</sup> Grade & Above	4 <sup>th</sup> & 5 <sup>th</sup> grade	6 <sup>th</sup> Grade & Below
	Ministry of Agriculture	1	6	3	3	2	5
	Implementation Monitoring and Evaluation Division (IMED)	3	5	12	3	13	4
	Planning Commission	3	8	17	7	14	7
	Economic Relations Division (ERD)	1	5	2	-	3	5
	Others (include members of Parliament)	-	-	-	-	-	-
	<b>Total</b>	<b>8</b>	<b>24</b>	<b>34</b>	<b>13</b>	<b>32</b>	<b>21</b>

Regarding service length, 52% respondents (among 66 persons) are working more than 10 years, 36% and 12% are working more than 5 years and less than 5 years respectively. Twenty percent, 48% and 32% are holding 3<sup>rd</sup> grade & above, 4<sup>th</sup> & 5<sup>th</sup> grade and 6<sup>th</sup> grade & below according to the pay scale. Among those who have experience of more than 10 years, 50% are working in Planning Commission.

**Table 4.3: Perception of officials regarding ‘ADP focus on Citizen Centric Issues’**

Issues	No. (%) of Respondents (Total 66)
Projects are taken as per citizens’ demand	27 (39%)
Participation of citizen is ensured in identification of projects	18 (26%)
Some projects are taken as political commitment to citizen	45 (64%)
Projects are taken considering welfare of citizen by the authority	62 (89%)

Around 64% of the official approaches that some projects are taken on political commitment to citizen, 39% believes that projects are taken as per citizen’s demand, 26% percept that participation of citizen is ensured in identification of projects and the interesting finding is that almost all that is 89% respondents think that projects are taken considering ‘welfare of citizen by the authority’. So it is a good indicator of the development and implementation of these projects.

**Table 4.4: Donor's Role in Aided Project**

<b>Issues</b>	<b>No. (%) of Respondents</b>
Preserved donor's interest for identification of project	38 (54%)
Donor driven project	22(31%)
May only be considered as 'development tourism' by experts or others	11 (16%)
Evaluation reports are donor focused	53(76%)
Procurement rules/ procedure followed is that of donors	64(91%)

Possible donors are the most influential segment of the projects in Government sector. No way to deny that some projects are mainly donor based. Anyway, when the analysis has been done regarding the donor's issue the following results had been drawn. Almost all (91%) of the respondent agreed with procurement rules/ procedure followed by the interest of donors and the evaluation reports are donor focused as such statement was agreed by 76%. Fifty four percent has agreed that for identification of projects donor's interest are preserved, 31% believed that projects are donor driven and 16% thinks that may only be considered as 'development tourism' by experts or others.

**Table 4.5: Role and Attitude of Bureaucrat in Execution of ADP**

<b>Issues</b>	<b>No. (%) of Respondents</b>
In most cases bureaucrats' influence in selecting project area	21 (32%)
Reluctant to delegate power to the implementing authority	39 (59%)
Interfere in selecting / recruiting project personnel	42 (64%)
Do not take initiative to execute IMED's recommendation	55 (83%)
Linger release fund for unjustified reasons	8 (12%)
Relation with PD and ministry official is not work friendly	15 (23%)
Officials of respective ministry do not monitor their projects	32 (48%)

Role and attitude of bureaucrat in execution of ADP showed that in 83% cases the project implementing authority do not take initiative to execute IMED's recommendation. Bureaucrat impede in selecting / recruiting project personnel, in that regards 64% of the respondent agreed with that statement. Bureaucrats are reluctant to delegate power to the implementing authority in most cases (59%). Officials of respective ministry do not monitor their projects, the statement is true and 48% subjects of this study believe that.

**Table 4.6: Role of Politician in Implementation of ADP**

<b>Issues</b>	<b>No. (%) of Respondents (Total 70)</b>
Projects are taken as per political commitment to people;	49 (70%)
Political pressure for appointing project personnel;	31 (44%)
Projects are taken as per ruling party's manifesto;	48 (69%)
Politicians and <i>Mastans</i> (backed by politician) give pressure in procurement;	52 (74%)
Political party backed CBA activists put pressure on project implementation;	40 (57%)
Encroachment of <i>Khas</i> land by political entities which could be potential project land;	55 (79%)

Politicians have a great influence in implementing the projects under ADP. They sometimes play a crucial role regarding the area selection, implementation and manpower recruitment. Around 70% believed that projects are taken as per political commitment to people. Political pressure for appointing project personnel and 44% agreed among the respondent regarding this issue. More than half (69%) think that projects are taken as per ruling party's manifesto. Politicians and *Mastans* (backed by politician) give pressure in procurement and it is very common in Bangladesh and developing countries as well. 74% of the respondents are agreed with this statement. 57% of the respondent's opinions are political party backed CBA activists put pressure on project implementation. It has been shown that encroachment of *Khas* land by political entities which could be potential project land and 79% respondents granted this issue as one of the causes of poor ADP implementation.

**Table 4.7: Reasons for Improper ADP Implementation**

<b>Issues</b>	<b>No. (%) of Respondents</b>
Frequent transfer of project director	12 (17%)
Delay in recruitment of project personnel	42 (60%)
Lack of expertise of PD/DPD to run project	49 (70%)
Lack of knowledge of PD/DPD on project document (DPP/TPP)	43(61%)
Lack of knowledge of PD/DPD on procurement rules and procedure	38 (54%)
Lack of knowledge on project approval procedure	17 (24%)
Inability to foresee the problems those might arose	62 (89%)
Inability to handle local pressure during implementation	31 (44%)
Recruitment of inefficient project personnel	43 (61%)

During the implementation of the ADP various and different types of barriers comes forward to delay and improper implementation. Some of the reasons are very common and some of them are really problematic. 89% of the respondent said that the authority is unable to foresee the problems those might arose at project execution period. Lack of expertise of PD/DPD to run project, Lack of

knowledge of PD/DPD on project document (DPP/TPP) and Delay in recruitment of project personnel was agreed by 70%, 61% and 60% of the respondent. 61% believed that Recruitment of inefficient project personnel is the important reason for improper ADP implementation.

**Table 4.8: Problems of Poor Implementation of Project**

<b>Reasons for Poor ADP Implementation</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
Delay in project approval	3	9	22	31	5
Delay in recruitment of project personnel	3	31	21	12	3
Delay in fund release	2	21	7	36	4
Procedural complexities in fund release	3	29	3	33	2
Allocation of inadequate amount of fund	18	41	5	6	-
Unjustified work plan for implementation in a year	1	48	12	7	2
Shortage of manpower in the project	2	13	4	51	-
Lack of skill and technological knowledge of PD/DPD	2	57	3	5	3
Preparation of faulty project document(DPP/TPP)	6	21	27	15	1
Failing to prepare proper specification of equipments/machineries	-	41	13	9	7
Failing to prepare proper procurement plan	2	31	19	17	1
Lack of knowledge in procurement rules	6	21	35	5	3
Lack of knowledge on planning procedure	1	4	19	42	4
Lack of monitoring by the Ministry	3	37	19	9	2
Delay in Decision Making by PD	-	27	36	2	5
Frequent change of Project Director	-	16	20	30	4
Faulty work / Design (for Construction)	16	22	12	17	3
Lack of Quality and efficient Contractor	6	48	10	5	1
Delay in Land Acquisition and hand over	-	58	1	7	4
Delay in Procurement	6	57	5	2	-
Delay in Lining up project assistance / executing agreement with Donors	5	25	38	2	-
Lack of Coordination among Departments	3	47	9	11	-

There are many reasons which are related to poor achievement of ADP utilization. 'Delay in procurement' and 'lack of skill and technical knowledge of PD / DPD' were identified (57 respondents) as main reasons for poor implementation of projects. Among the respondents 85% recognized 'inadequate allocation of fund' is another main reason for poor implementation. Twenty nine respondents are agreed with the procedural complexities in fund release and 33 respondents are disagreed with these procedural complexities i.e. in this issue respondents gave opposite opinion in consideration of number. Fifty one persons disagreed that shortage of manpower in the project and 42 disagreed with the issue of lack of knowledge in planning procedure are the causes of poor implementation of the project.

Allocation of inadequate amount of fund and faulty work/design (for construction) are strongly identified as major problems by 18 and 16 respondents' respectively. In four cases like preparation of faulty project document, lack of knowledge in procurement rules, lack of quality and efficient contractor and delay in procurement the number of the strong supported respondent are 6. Five respondents strongly believe that delay in lining up projects assistance or executing agreement with donors is the reason for poor execution of project. In five cases like lack of coordination among departments, lack of monitoring by the ministry, procedural complexities in fund release, delay in project approval and allocation of inadequate amount of fund, the number of the strong supported respondents are 3.

Fifty eight respondent agreed that delay in land acquisition and hand over is the main cause of the failure of the project. Due to legal issues, long and complexities of acquisition process it will take much time to acquisition of land. 31 respondents agreed that delay in recruitment of project personnel is the main cause of the failure of the project. 21 respondents agreed that delay in fund release, lack of monitoring by the ministry and delay in decision making by PD are the main cause of the failure of the project. Twenty five respondents agreed that delay in lining up project assistance / executing agreement with donors is the main cause of the failure of the project. Notable that lack of coordination among departments believed by 47 respondents. Twenty one respondents agreed that preparation of faulty project document (DPP/TPP) is the main cause of the failure of the project. Forty one respondents agreed that failing to prepare proper specification of equipments/machineries is the main cause of the failure of the project.

Respondents are disagreed with different issues of like Shortage of Manpower in the Project (51), Lack of Knowledge on Planning Procedure (42), Delay in Fund Release (36), Procedural Complexities in Fund Release (33), Delay in Project Approval (31), Frequent Change in project director (30), Faulty work / design (for Construction) and Failing to Prepare Proper Procurement Plan (17).

Respondents are strongly disagreed with different issues of like Failing to prepare proper specification of equipments/machineries (7) Delay in project Approval and Delay in Decision Making by PD (5), Delay in Fund Release, Lack of Knowledge in Planning Procedure, Frequent Change in Project Director and Delay in Land acquisition and hand over (4).

## **Chapter V:**

### **5.0 DISCUSSION**

In this section we can investigate the reason and consequences of poor ADP implementation. A number of pertinent issues have been considered to categorize concealed reason for improper project implementation. Every project has unique characteristic and owned by different agencies and handled by diverse personnel. So, problems are heterogeneous in nature. However some problems are common and are mentioned in following fashioned. These are:

#### **5.1 Pre project stage:**

##### **5.1.1 Delay in submission of project document:**

The real value to effective project tracking and especially time tracking is really need to see and maintained. This gives the project manager more options for dealing with the time delay without impacting the project schedule. In every year ADP will include some projects without any allocation. Project implementation authority (mainly different agencies) will take much time to prepare and submit this for initial scrutiny to the ministries and forwarded to Planning Commission for approval.

##### **5.1.2 Improper preparation of DPP and need to modify even in initial stage:**

In planning procedure there are certain guidelines to prepare a DPP. The technical, economic, financial, social and institutional aspects are to be taken care of this stage. In many cases all these issues are not considered for initial project preparation.

##### **5.1.3 Absence of all sorts of risk management issues in DPP:**

Hazards detecting, designing early warning and dissemination system, emergency communication and response management, mainstreaming, Incident Command System (ICS), environmental, land, and water resources management, flood monitoring using Radar Satellite Imagery, integrated water resources management are the risk issue. These are the main risk management issues in DPP and absence of any of these may harm to the project.

##### **5.1.4 Delay in project approval:**

For proper implementation of a project in time, DPP must be approved before hand. If we consider project approval process starting from DPP received from Agency to ECNEC / Planning Minister for approval (Annexure – A) the stage are as follows:

Agency (Implementation Authority) – Sponsoring Ministry – Agency – Sponsoring Ministry – Finance Ministry - Sponsoring Ministry – Agency – Sponsoring Ministry – Planning



Commission – Sponsoring Ministry – Agency – Sponsoring Ministry – Planning Commission for Approval (ECNEC / Planning Ministry). Due to long procedure and delay in preparing and approving the DPP and asking revision several times, the commencement date of the project failed, as a result project implementation was not started in due time.

## **5.2 Resources for project:**

### **5.2.1 Inadequate Release and Delayed Release of Fund:**

The project is financed from domestic resources (known as GOB) or foreign assistance. Every year ADP allocation has been made for the implementation of the project. Fund is the most important factor of project implementation. For proper implementation of a project smooth and timely flow of required fund must be ensured. Due to some procedural complexities, inadequate expenditure by implementing agency release may delayed and inadequate which hamper the implementation.

### **5.2.2 Inadequate Allocation of Fund:**

In domestic resource mobilization issue there are some impediments arises for adequate allocation of fund. Moreover sometimes loan agreements with unfavorable terms are signed, which is linked with insufficient disbursement of foreign currency, delay in selection of consultant, delay in procurement of materials and equipment and so on.

### **5.2.3 Delay in Lining up / Allocation and Reimbursement of Foreign Aid:**

Foreign aid allocation and development effectiveness is an important issue because each year donors transfer lot of money as foreign aid to developing countries. Moreover, based on new pledges and greater commitments to development assistance from donor nations, there is a possibility of scaling up of foreign development assistance far beyond the current levels. From the donors' perspective, the commitment is increase aid flows to developing countries, only the starting point. This in turn to raises issues regarding the role of the donors' aid allocation policies in ensuring aid effectiveness. Some important propositions that are relate governance to foreign aid allocation and effectiveness. The aid to the production sector can be effective in promoting growth in countries with a low quality of governance. However, aid allocated to economic infrastructure is efficient in countries with medium and high quality of governance.

#### **5.2.4 Delay in Agreement with Donors:**

Quick and right decision with donors at the right time is very essential for the proper implementation of a project. But sometimes project suffered from delayed decisions to the concern people or party for implementation.

#### **5.2.5 Misappropriation of Fund by the Agency:**

Sometimes misuse of the fund and devaluation of the local currency might result into misappropriation of fund by the Agency.

#### **5.2.6 Inclusion of Project in ADP with ‘Token Allocation’:**

Some projects included under ADP with a very few amount of fund which is not sufficient for the project itself that creates a big problem from the view of project success and delayed implementation of projects.

#### **5.2.7 Shortage of Workers and Skill Workers:**

Understanding all the different sector of works and it is necessary for successful implementation of the project and it is a challenging task. Recognizing the need for each of these elements and works, the Project Information Office (PIO) need to understand the key stages and works of project implementation and the impact of their work on the whole projects. All the member of PIO team should have clear idea and basic knowledge of all the works, activities and component of the project. But due to lack of technical knowledge and skills on some of the sophisticated items, activities and works of the project, implementation of the projects suffers greatly.

#### **5.2.8 Shortage of Building Materials:**

Sometimes shortage of building materials, lack of quality materials and delay in import process might affect the project in to run properly.

#### **5.2.9 Procedural Delay of the Foreign Donors:**

Due to political instability, disasters and economic rescissions donors might delay to provide fund and sometimes there might be delay in procedure of disbursement and official technical problem project may hamper.

#### **5.2.10 Restrictions on the Construction in Particular Areas:**

Specialist recommends not constructing certain multi-storied buildings, which posses elevated vulnerability in certain geomorphic-soil units. In order to combat the seismic hazard, there need to take urgent retrofitting measures to the vulnerable structures within Dhaka city area. Moreover, imposing height restrictions in the existing city building code should be maintained.

## **5.3 Problems during Implementation:**

### **5.3.1 Delay in Procurement:**

In the developing countries, the key portion of the procurement, particularly from the international sources, takes place in the public sector. Major portion of this public sector procurement is financed out of the development credits, grants or loans, etc., extended to the Government (Borrower) by the Development Partners (DPs) on account of various development projects. A sizeable part of these credits, grants or loans are earmarked for procurement of goods, services or works or a combination of two or more of these in a particular project or a set of projects.

In any case, delay in procurement processing and completion of contract performance results into two-fold economic loss and sufferings of the mass people (i) increase in the project cost, and (ii) increase in the loss to national economy in term of economic return of the project.

### **5.3.2 Delay in Customs Clearance:**

Delay in custom clearance of the equipment and materials for the implementation of the project sometimes a major problem of the default project.

### **5.3.3 Complexities of Land Acquisition and Site Selection:**

Land acquisition is a critical factor in project implementations because without getting the land construction works can not start. Land acquisition is a complex issue. In Land acquisition legal procedures are involved. Deputy Commissioners and the Ministry of land may be directed to give priority to acquisition of land necessary for development projects.

### **5.3.4 Inability to Utilize Released Fund:**

Procedural simplicity is desirable and procedural complexity is a problem for project implementation. In the project usually there is a member in the technical committee for purchasing materials; several times the tender committee had to be suspend for the absence of the member. Conducting meeting by maintaining all the procedures and formalities were a problem in this case. That affects flow of project implementation process.

### **5.3.5 Delay and Long Time for Applying Decision:**

Government takes up the developing projects to change the theory from a stagnant poverty stricken stage to a prosperous one. Usually Government take so many development projects in the educational, agricultural, industrial and infrastructural sectors with high planned manners for specific time periods. But in our country projects are seldom completed in time. Even the

cumulative factors are not completed as per schedule. As a result projects are revised a number of times.

### **5.3.6 Lack of Supervision and Control by Agency:**

Regular supervision specially in the construction works is necessary for quality assurance and proper implementation of the project. It is simply not possible and not deserving also. In fact PIO, there was no proper supervision of the construction done by PWD which creates lot of quality problems in proper implementation of the project and many problem may creates in future also.

### **5.3.7 Lack of Coordination and Cooperation among Departments:**

In a large project different parties and stakeholders are involved in different activities in the project. To run the smooth implementation work of the project, a plan is an important tool. To execute and implement the plan is a strong and proper coordination mechanism must be practiced to move all the concern parties in a coordinated way to implement the work plan of the project. But no such coordination mechanism has been found in the project activities. Consequently, project has been suffering from coordination problem with different parties and lack of sharing information.

### **5.3.8 Revision of Project Content:**

Principal assumptions on which the formulation of DPP is not always reflect realistic situation in terms of cost, return suitability of design and technology, manpower required etc. One of the reasons of inherent shortcoming is that project formulation is often done on the basis of out dated information, data etc. During execution of the project particularly which has relatively longest gestation period considerable changes occur in the projected scenario. As a result the project cost may significantly rise, additional work procurement may be required design/technology may need considerable change. Consequent upon the above mentioned dynamic situation components and provision of the originally approved project (DPP) may lose most of its relevance which calls for prompt revision of the project is as to make them realistic and updated.

### **5.3.9 Delay in Design Approval**

Delay in getting architectural design and structural design as one of the problems of project implementation in this case. Concerned PWD engineers were responsible for design work. The PIO didn't get its design on time. After several reminders and requests they got the design work by late. There are also lack of efficient and skilled architects and structural designers in the PWD. Moreover, those who were efficient in the work are very busy in their personal and private

call for design work. Ultimately PIO reminders and requests for their design work became less priority to the designers, which ultimately delays the duration of the construction work

### **5.3.10 ADP /project revision**

There are several reasons for ADP revision. The source of financing in projects is domestic and foreign aid. Large projects are fully depending on foreign aid and prospective earning from domestic sources is not realistically forecasted. So within the forth quarter (April –June) government tries to reallocate of funds for projects with considering following issues:

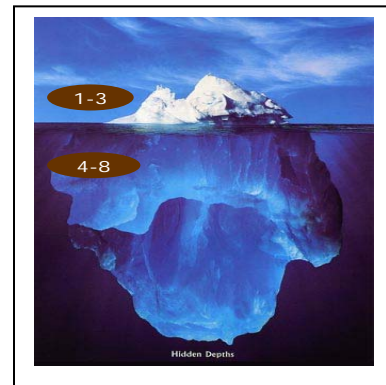
Reallocation of funds from low performing slow moving projects to high performing fast moving projects;

- Inclusion of national priority projects;
- Exclusion of less important nonproductive projects from the ADP

### **5.3.11 Cost incur for revision of project**

There are very few projects which are completed with in the schedule. Due to inadequate allocation of funds most of the projects have time overrun and automatically it with bear more cost with same scope of work. When we evaluate a project or ADP implementation, we only consider the costs which are visible and easily identifiable but we frequently ignore the other portion of cost. Iceberg of cost shows all components of costs. These are:

1. All costs for rescheduling;
2. Capital Cost;
3. Organizational cost;
4. Loss of value of money;
5. Production / sales / income loss;
6. Loss of potential market strategic advantage;
7. Balance of trade; disadvantage;
8. Socio – political disadvantage



### **5.4 Domestic Resource Mobilization**

With the emergence of world recession, access to external resources becomes limited. Moreover more dependency on foreign aid reduces the steady growth of economy. So a country like Bangladesh does not have many choices other than to depend upon the domestic resources to finance its project and ADP.

Total domestic saving is defined as the sum of public and private saving. In algebraic expression this can be expressed as follows:

$$\text{Domestic Savings} = \text{Public Savings} + \text{Private Savings}$$

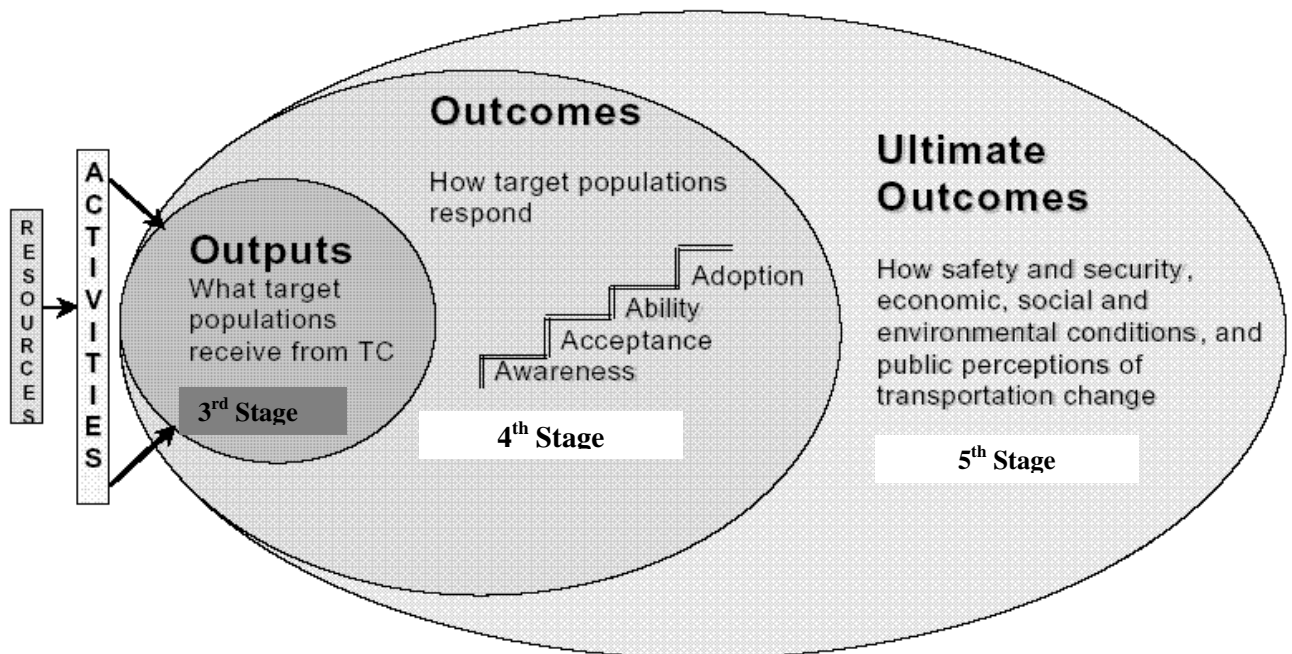
$$\text{Where, Public savings} = (\text{Tax Revenue} + \text{non-tax revenue}) - \text{Revenue Expenditure}$$

One of the main features of domestic resource mobilization has increase over time for ADP implementation. The realized share of the domestic input in ADP financing increased 1990s with the exception of the flood year FY 99. The incremental share of domestic financing of the ADP was not only the public savings but also the government borrowing from the banking system (Bhattacharaya 2005).

### 5.5 Result base Achievement of Project

Result based achievement of projects match the outcome instead of output. Most of the projects are evaluated to its objective and achievement in physical consideration. But In general sense project is a plan, design, or a scheme for doing something to create ‘public value’. Without considering outcome, it’s a faulty evaluation for project.

**Figure 5.1: Result base achievement of transport project (example)**



## **5.6 Social Acceptability Criteria of Project**

Projects should be analyzed from societal point of view. Considerations of fairness, employment generation, equitable income distribution, human resource development, environment etc. are the elements to judge as social acceptable criteria of a project. Social appraisal considers social welfare contents.

In Bangladesh, ADP implementation is lower than the expected rate and even though this low level of ADP does not maintain the social acceptability criteria of project. Now a day we are concern about economic feasibility and environmental sustainability. But most of the project formulation avoids the social acceptability criteria. Social exclusion of ADP implementation emerges the new problematic issue and engages for 'divide' within the society. Only economically feasible, environmentally sustainable and social acceptable project can ensure the peoples' satisfaction and can provide citizen centric service.

## **5.7 Setting Fiscal Year**

A fiscal year is a period used for calculating or 'close the account' in a country. Fiscal years vary between countries. The reason for not using actual calendar year gives countries an advantage, allowing them to close their accounts at a time which is most convenient for them.

The practice of formulating ADP and implementation thereof started since the First Five-Year Plan (1955-60) of the provincial government of East Pakistan. Like West Pakistan, fiscal year started from July and ended in June. From the First Five Year Plan (1955-60) there was a provision for revision of ADP. Due to rainy season most of the projects fund in East Pakistan was reduced and refinanced West Pakistan's project. In the context of political economy, this failure showed as inefficiency of management as well as no argument exists regarding deprivation with minimum expenditure under ADP.

## **Chapter VI:**

### **6.0 CONCLUSIONS & RECOMMENDATIONS**

ADP implementation and economic development are synonymous concept in development process. There are some factors which may recommend to proper implementation of ADP in Bangladesh. These are:

ADP implementation should be proper and there may have less flexibility of revision of ADP. Some projects are national priorities and it may implement under ADP in block allocation without disturbing the main ADP.

To ensure value addition for people most of the projects must attain outcome instead of output. Only socially acceptable, economically feasible and environmentally sustainable project can ensure the 'value for people'. So, starting from inception of a project must maintain social acceptability criteria.

Fiscal year needs to be change for proper ADP implementation in Bangladesh and avoid rainy season as starting point of fiscal year (i.e July).

Approval of the project should be in due time and proper preparation of DPP and need to modify even in initial stage is utmost necessary.

Release of fund in time, adequate allocation of fund and in lining up / allocation and reimbursement of foreign aid should be the high priority of the initial stage of the project.

All sorts of building materials, land, power supply, procurement, customs clearance and other utilities should be ensured at the time of implementation of the project.

Proper and timely decision and supervision and control by agency, coordination and cooperation among departments should be monitor in time and proper way.

Strengthening the Planning wing of the Administrative Ministries is almost urgent for success of any project. Compulsory feasibility study is needed for large social sectors projects also. Involvement of representatives of local people in project selection and stopping of misuse of project vehicles and equipments from within and outside should be closely monitored. Use of project implementation techniques by the project management should be enhanced and to realize the cost of the projects from the beneficiaries' point of view is really essential to observed.



Timely recruitment and training of manpower of a project to strengthening of the ERD with combination of relaxation of rules/ regulations should be ensured. Appointment of a full time Project Director right from the project preparation stage is always to be required.

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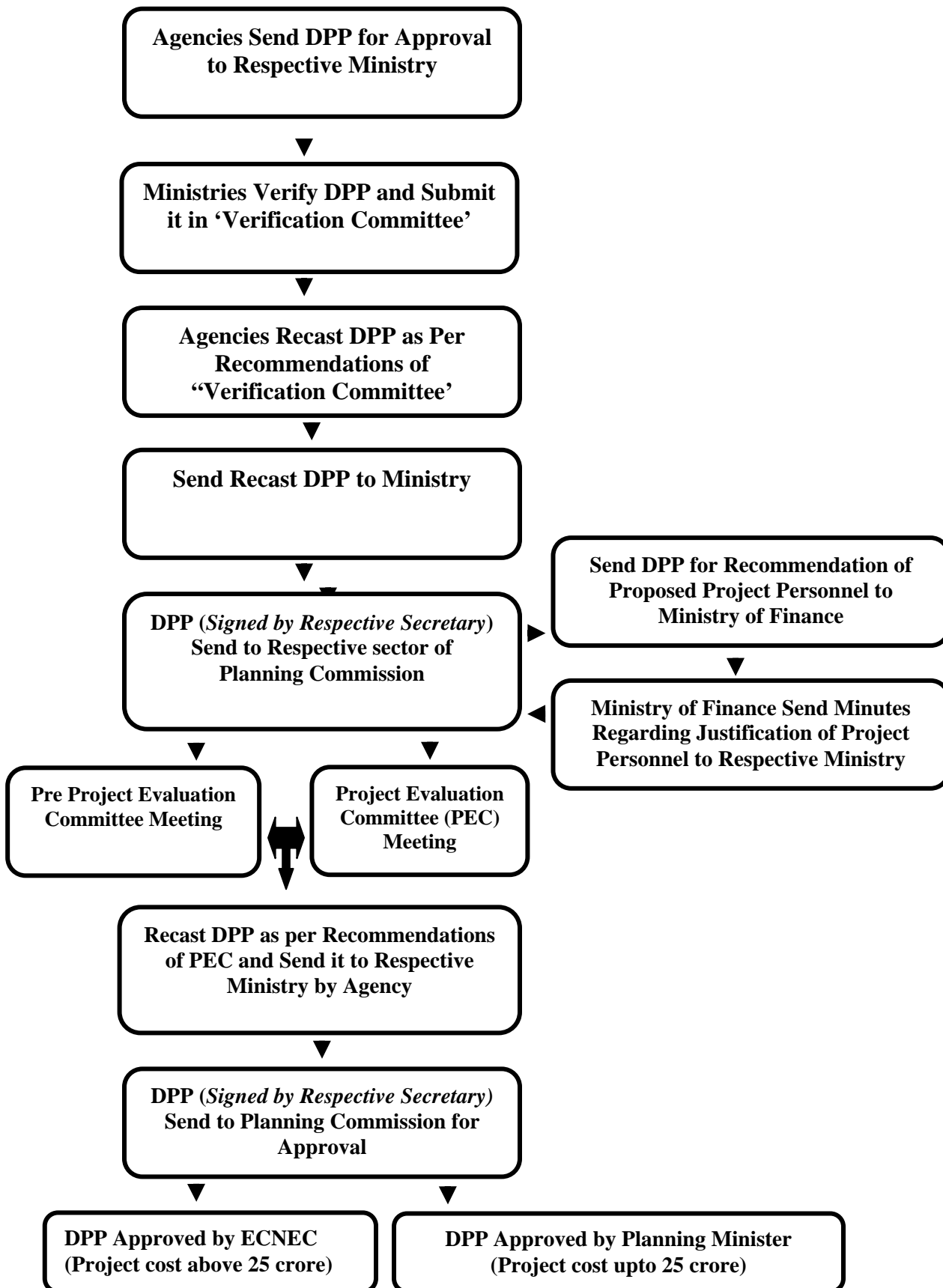
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# Annexure: A

## Approval Process of a Development Project under ADP



## Annexure: B

### Month wise ADP expenditure

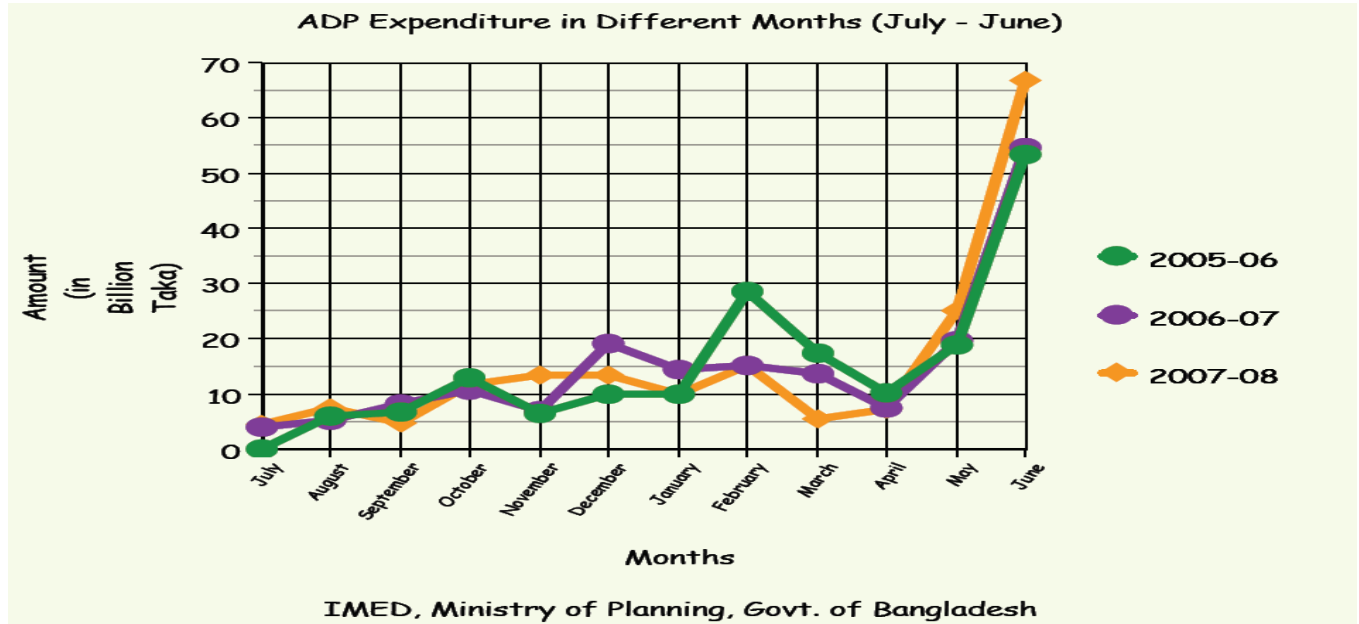
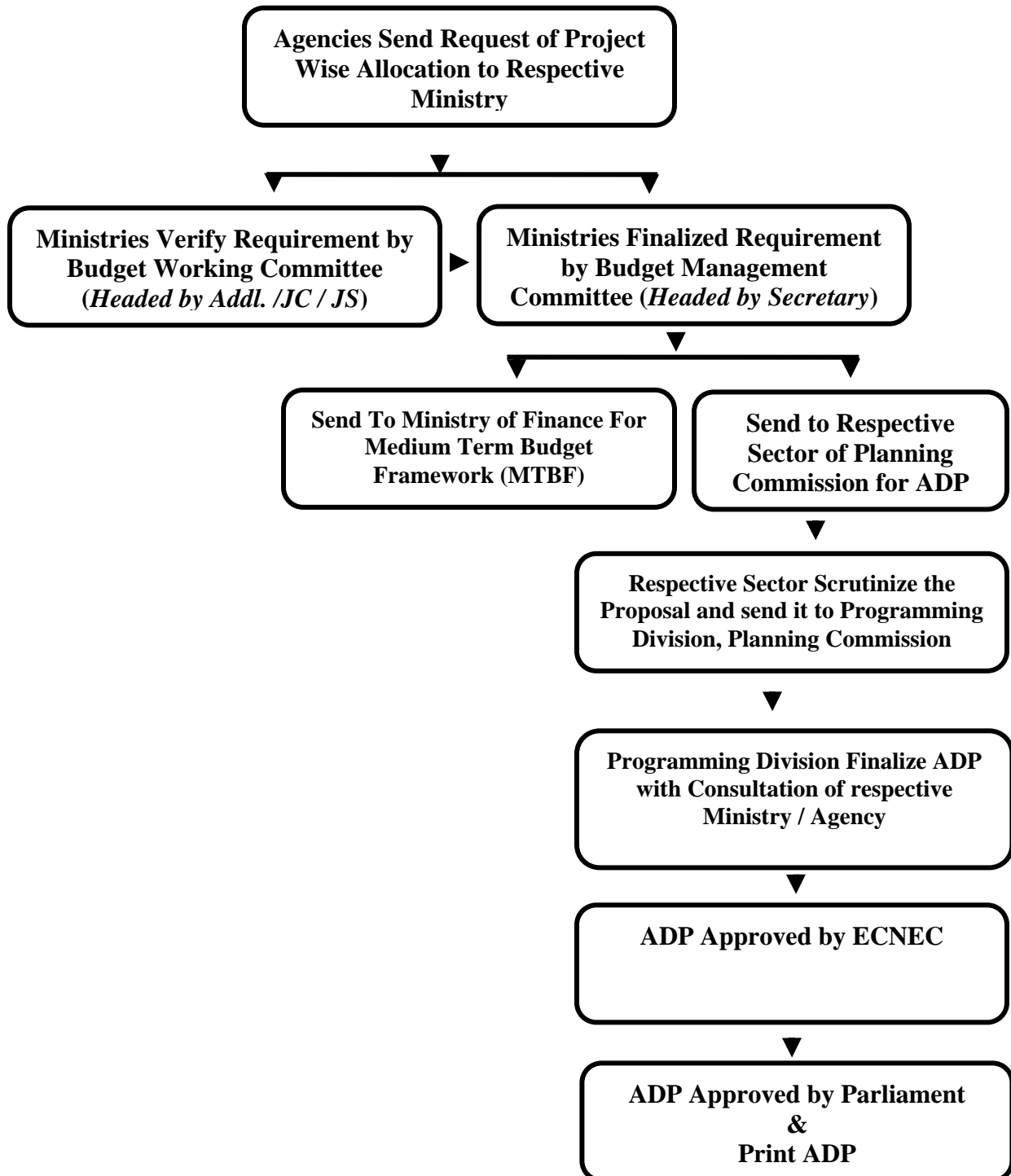


Figure II shows month wise ADP expenditure and within the fiscal year ADP expenditure vary and incredibly slow starting from July and sharply increase during June. The level of expenditure in June i.e. ends of fiscal year shows the misuse or 'forced expenditure' by the project personnel.

## Annexure: C

### Process of Project wise ADP Allocation



# Annexure: D

## INSTITUTE OF GOVERNANCE STUDIES BRAC UNIVERSITY BANGLADESH

This questionnaire is part of the dissertation on ADP Implementation of my ‘MA in Governance and Development’ in Institute of Governance, BRAC University, Bangladesh. Information provided by you will be used only for academic / research purpose. Your assistance will be highly appreciated.

Serial No.

### **1. Identification Information**

- a. Name:
- b. Cadre(if applicable):
- c. Name of Ministry/Organization:

### **2. Occupation Related Information:**

- a. Designation/scale:
- b. Date of joining in service/in project:

### **3. ADP Implementation Related Information:**

- a. Do you think ADP focuses on citizen centric issues? (Multiple response)
  1. Projects are taken as per citizen’s demand;
  2. Participation of citizen is ensured in identification of projects;
  3. Some projects are taken on political commitment to citizen;
  4. Projects are taken considering welfare of citizen by the authority;
  -
- b. What is your evaluation regarding donor’s role in aided projects? (multiple response)  
(If this project is not funded by donor then please skip this question)
  1. Preserved donor’s interest for identification of project;
  2. Donor driven project;
  3. May only be considered as ‘development tourism’ by experts or others;
  4. Evaluation reports are donor focused;
  5. Procurement rules/procedure followed is that of donors;
- c. Do you think the bureaucratic entanglement also promote poor ADP implementation?
  1. Yes (If yes, please go for next question)
  2. No
- d. What do you think regarding bureaucrats’ role / attitude in implementation of ADP? (multiple response)
  1. In most cases bureaucrats’ influence in selecting project area;
  2. Reluctant to delegate power to the implementing authority;
  3. Interfere in selecting / recruiting project personnel;
  4. Do not take initiative to execute IMED’s recommendation;

- 5. Linger release fund for unjustified reasons;
  - 6. Relation with PD and ministry official is not work friendly.
  - 7. Officials of respective ministry do not monitor their projects;
- e. Do you think the political interference has role in ADP implementation?
- 1. Yes ( If yes please go for next question)
  - 2. No
- f. Do you think politicians' role in execution of ADP in the following ways? (multiple response)
- 1. Projects are taken as per political commitment to people;
  - 2. Political pressure for appointing project personnel;
  - 3. Projects are taken as per ruling party's manifesto;
  - 4. Politicians and *Mastans* (backed by politician) give pressure in procurement;
  - 5. Political party backed CBA activists put pressure on project implementation;
  - 6. Encroachment of *Khas* land by political entities which could be potential project land;
- h. Which of the following can have negative impact on ADP implementation? (multiple response)
- 1. Frequent transfer of project director;
  - 2. Delay in recruitment of project personnel;
  - 3. Lack of expertise of PD/DPD to run project;
  - 4. Lack of knowledge of PD/DPD on project document (DPP/TPP);
  - 5. Lack of knowledge of PD/DPD on procurement rules and procedure;
  - 6. Lack of knowledge on project approval procedure;
  - 7. Inability to foresee the problems those might arose;
  - 8. Inability to handle local pressure during implementation;
  - 9. Recruitment of inefficient project personnel;

**4. Problems of Project Implementation:**

(Please tick (✓))

<b>Sl. no.</b>	<b>Reasons for Poor ADP Implementation</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
1.	Delay in Project Approval					
2.	Delay in Recruitment of Project Personnel					
3.	Delay in Fund Release					
4.	Procedural Complexities in Fund Release					
5.	Allocation of Inadequate Amount of Fund					
6.	Unjustified work plan for Implementation in a year					
7.	Shortage of Manpower in the Project					
8.	Lack of Skill and Technological Knowledge of PD/DPD					
9.	Preparation of faulty project document(DPP/TPP)					
10.	Failing to prepare proper specification of equipment/machineries					
11.	Failing to prepare proper procurement plan					
12.	Lack of knowledge in procurement rules					
13.	Lack of knowledge on planning procedure					
14.	Lack of Monitoring by the Ministry					
15.	Delay in Decision Making by PD					
16.	Frequent change of Project Director					
17.	Faulty work / Design (for Construction)					
18.	Lack of Quality and efficient Contractor					
19.	Delay in Land Acquisition and hand over					
20.	Delay in Procurement					
21.	Delay in Lining up project assistance / executing agreement with Donors					
22.	Lack of Coordination among Departments					

**Signature (optional):**

THANK YOU FOR YOUR KIND COOPERATION