



# Technical Assistance Report

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Project Number: 44213-019  
Transaction Technical Assistance (TRTA)  
December 2017

## People's Republic of Bangladesh: Improving Secondary Education Sector Management

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Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 13 December 2017)

Currency unit	–	Tk
Tk1.00	=	\$0.01208
\$1.00	=	Tk82.7803

## ABBREVIATIONS

ADB	–	Asian Development Bank
AFR	–	annual fiduciary review
e-GP	–	electronic government procurement
IBAS++	–	Integrated Budget and Accounting System ++
MOE	–	Ministry of Education
SEDP	–	Secondary Education Development Program
SESIP	–	Secondary Education Sector Investment Program
TA	–	technical assistance

## NOTES

- (i) The fiscal year (FY) of the Government of Bangladesh ends on 30 June. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2017 ends on 30 June 2017.
- (ii) In this report, "\$" refers to United States dollars.

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## CONTENTS

### Page

#### TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

I.	THE ONGOING AND ENSUING PROJECTS	1
II.	THE TECHNICAL ASSISTANCE	2
	A. Justification	2
	B. Outputs and Activities	2
	C. Cost and Financing	3
	D. Implementation Arrangements	3
III.	THE PRESIDENT'S DECISION	4

#### APPENDIXES

1.	Cost Estimates and Financing Plan	5
2.	List of Linked Documents	6

## TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 44213-019	
<b>Project Name</b>	Improving Secondary Education Sector Management	<b>Department /Division</b>	SARD/SAHS
<b>Nature of Activity</b>	Capacity Development	<b>Executing Agency</b>	Ministry of Education
<b>Modality</b>	Regular		
<b>Country</b>	BAN		
2. Sector		ADB Financing (\$ million)	
✓ Education	Secondary		0.50
		<b>Total</b>	<b>0.50</b>
3. Strategic Agenda		Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
4. Drivers of Change		Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Institutional development Public financial governance	No gender elements (NGE)	✓
Partnerships (PAR)	Implementation International finance institutions (IFI)		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Nation-wide	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG4		
6. Risk Categorization		Low	
7. Safeguard Categorization			
Safeguard Policy Statement does not apply			
8. Financing			
Modality and Sources		Amount (\$ million)	
<b>ADB</b>		<b>0.50</b>	
Transaction technical assistance: Technical Assistance Special Fund		0.50	
<b>Cofinancing</b>		<b>0.00</b>	
None		0.00	
<b>Counterpart</b>		<b>0.00</b>	
None		0.00	
<b>Total</b>		<b>0.50</b>	

## I. THE ONGOING AND ENSUING PROJECTS

1. The Secondary Education Sector Investment Program (SESIP) (2013–2023) will support the government's reform of secondary education (grades 6–12) into a system that builds the foundation for a skilled labor force and prepares youths to meet the requirements of a rapidly developing economy.<sup>1</sup> Tranche 1 (2013–2018) and Tranche 2 (2015–2018) are being implemented. Tranche 3 of SESIP supports subsets of the government's Secondary Education Development Program (SEDP) (2018–2023) which incorporated the Secondary Education Sector Road Map prepared by SESIP. The impact will be a more efficient, equitable, and higher quality secondary education system. The project aims at improved student outcomes in secondary education and effectiveness of the secondary education system delivered through (i) enhanced quality and relevance of secondary education, (ii) increased equitable access and retention of secondary education, and (iii) strengthened secondary education management and governance. Tranche 3 will have \$225 million funded from Asian Development Bank (ADB)'s ordinary capital resources.<sup>2</sup> The key features are (i) results-based approach with the use of disbursement-linked indicators, (ii) use of the country system in financial management and procurement, (iii) strengthened fiduciary oversight arrangement and management, (iv) introduction of single budget system, and (v) adoption of sector-wide approach.<sup>3</sup> The World Bank will provide cofinancing of \$500 million funded from the International Development Association, and \$10 million grant financed by the Global Financing Facility. Tranche 3 is included in ADB's country operations business plan for Bangladesh, 2018–2020.<sup>4</sup>

2. Tranches 1 and 2 of SESIP have already implemented initiatives to strengthen the country systems. First, SESIP introduced the National e-Government Procurement (e-GP).<sup>5</sup> The Ministry of Education (MOE) was selected as one of the pilot ministries, and 620 national competitive bidding contracts were successfully awarded through e-GP. Introducing e-GP totally changed the conventional procurement practice in secondary education. It strengthens security, competition, transparency, accountability, and efficiency in the procurement process. Second, on financial management, SESIP successfully introduced the centralized and internet-based financial management information system, Integrated Budget and Accounting System (IBAS)++, in the secondary education sector, as MOE was also selected as a pilot ministry.<sup>6</sup> With IBAS++, secondary education system has improved in budget preparation, execution, and accounting. While good progress has been made, the system still needs continuous capacity development to

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<sup>1</sup> ADB. 2013. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility to the People's Republic of Bangladesh for the Secondary Education Sector Investment Program*. Manila. The framework financing agreement was signed by Bangladesh and ADB on 21 July 2013. Subsequently, on 27 September 2013, the Board approved the provision of loans to Bangladesh under a multitranche financing facility in an aggregate amount of up to \$500 million equivalent. Tranche 1 (2013–2018) amounting to \$90 million and Tranche 2 (2015–2018) amounting to \$185 million were approved by ADB Management on 21 October 2013 and 20 November 2015 respectively.

<sup>2</sup> Scheduled for Management approval in February 2018.

<sup>3</sup> "All significant funding for the sector supports a single sector policy and expenditure program, under government leadership, adopting common approaches across the sector and progressing towards relying on Government procedures for all funds." (M. Foster 2000. *Experience with Implementing Sector Wide Approaches*. Overseas Development Institute. London.)

<sup>4</sup> ADB. 2017. *Country Operations Business Plan: Bangladesh, 2018–2020*. Manila.

<sup>5</sup> Government of Bangladesh, Central Procurement Technical Unit, National e-Government Procurement Portal. <https://www.eprocure.gov.bd>. Dhaka.

<sup>6</sup> Government of Bangladesh, Ministry of Finance, Integrated Budget and Accounting System Portal, <http://ibas.finance.gov.bd/>. Dhaka.

improve sector performance. One covenant on audit was not met in 2015 and 2016 mainly due to limited capacity on preparation of financial statements reports.<sup>7</sup>

## II. THE TECHNICAL ASSISTANCE

### A. Justification

3. The government requested the technical assistance (TA) to strengthen the fiduciary management of SEDP. The program will use the government's treasury system for disbursement, financial management, and procurement system. To mitigate fiduciary risks associated with having the government manage funds and account for program expenditures, the government and ADB agreed on a comprehensive fiduciary oversight arrangement for SEDP. They also agreed on the implementation of an action plan to improve practices in procurement and financial management. The TA for the investment programs will specifically support capacity development in fiduciary risk management.

4. The transaction TA will help improve the government's fiduciary risk management and capacity at central and local levels. It will help develop the capacity to implement the ongoing and ensuing projects. The TA is included in ADB's country operations business plan for Bangladesh, 2018–2020.<sup>8</sup>

### B. Outputs and Activities

5. **Output 1: Capacity in fiduciary management improved.** The TA will support annual fiduciary reviews (AFRs) in 2019, which will examine annual financial statements and reports, and conduct in-depth reviews of fiduciary risks identified in the action plans. These risks may be sector-specific, such as payroll processing and school grants. There may also be issues raised by reviews and audits conducted by the executing agencies and the comptroller and auditor general. The AFRs will include post-procurement review of at least 20% of the contract awards. It will identify key areas which needs capacity development in fiduciary risk management and practices in procurement and financial management, including preparing satisfactory financial statements and reports. Recommendations of the AFRs will focus on short-term and medium-term action plans for institutional capacity development. These would include national seminars on risk management in sector-specific areas for secondary education agencies, and training workshops of local level stakeholders that have weak internal control capacity or large volume of transactions.

6. **Output 2: Single budget system smoothly introduced.** The TA will support the introduction of a single budget system in the program. To strengthen the financial reporting and monitor the program's financial management on the single budget, the TA will support, guide, and monitor the government's implementation of the Procurement and Financial Management Action Plan. One of the key outputs will be a technical guideline on single budget for implementation for the program. The TA also supports in preparing satisfactory financial statements and reports, following-up actions on audit observations, and preparing audit reports. Technical consultations and capacity building will start in the ongoing projects such as Tranche 1 and 2.

<sup>7</sup> The first year's audit reports (2014) were satisfactory. The qualified audit reports in 2015 and 2016 do not show the information on program budget heads on eligible expenditure. Submission of the audit reports were also delayed.

<sup>8</sup> ADB. 2017. *Country Operations Business Plan: Bangladesh, 2018–2020*. Manila. This originally included "Supporting Primary and Secondary Education Investment Projects" as one of 2018's non-lending programs. The TA is being processed only for secondary education sector in responding to urgent needs of the government.

### C. Cost and Financing

7. The TA is estimated to \$500,000 which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-6). The key expenditure items are listed in Appendix 1. The government will provide counterpart support in the form of counterpart staff, data and information access, facilitation of liaisons with stakeholders, and other in-kind contributions.

### D. Implementation Arrangements

8. ADB will administer the TA. The Human and Social Development Division of South Asia Department will select, supervise, and evaluate consultants. MOE will be the executing agency and Directorate of Secondary and Higher Education will be the implementing agency. SEDP Coordination Unit in MOE will facilitate coordination between the Secondary and Higher Education Wing and Technical and Madrasah Wing. The Directorate of Secondary and Higher Education Procurement and Finance Wing assisted by SEDP Program Support Unit, acts as a focal point. The government, ADB, and the World Bank will jointly develop and agree on a detailed AFR terms of reference each year. Outputs of the review will also be jointly discussed and agreed. Agreed actions will be included in the updated Procurement and Financial Management Action Plan.

9. The proposed TA will be implemented over 24 months, from 11 December 2017 to 10 December 2019. The disbursements will be made in accordance with ADB's Technical Assistance Disbursement Handbook (May 2010, as amended from time to time). The implementation schedule is in Table 2.

**Table 2: Implementation Arrangements**

Aspects	Arrangements		
Indicative implementation period	December 2017–December 2019		
Executing agency	MOE will be the executing agency. SEDP Program Coordination Unit will facilitate coordination between the Secondary and Higher Education Wing and Technical and Madrasah Wing.		
Implementing agencies	DSHE will be the implementing agency. DSHE Procurement and Finance Wing, supported by SEDP Program Support Unit, will act as a focal point.		
Consultants	To be selected and engaged by ADB		
	Firm: CQS	14 person-months (2 international and 12 national)	\$155,000
	Individual: ICS	26 person-months (2 international and 24 national) Pool: 5 person-months (1 international and 4 national)	\$285,000
Procurement	None		
Advance contracting and retroactive financing	None		
Disbursement	The TA resources will be disbursed following ADB's Technical Assistance Disbursement Handbook (2010, as amended from time to time).		
Asset turnover or disposal arrangement upon TA completion	None		

ADB = Asian Development Bank, AFR = annual fiduciary review, CQS = consultants' qualifications selection, DSHE = Directorate of Secondary and Higher Education, ICS = individual consultant selection, MOE = Ministry of Education, SEDP = Secondary Education Development Program, TA = technical assistance.

Source: Asian Development Bank.

10. **Consulting services.** ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.<sup>9</sup> The TA will engage international consultants for 5 person-months, and national consultants for 40 person-months, for a total of 45 person-months. On output 1, ADB will recruit an audit firm or an equivalent institution to conduct AFR. The firm will be selected using the consultants' qualifications selection method. The firm will provide 2 person-months of international and 12 person-months of national consulting inputs for financial and procurement audits, for a total of 14 person-months of inputs. On output 2, ADB will engage individual international consultants for 2 person-months and national consultants for 24 person-months to support the introduction of single budget. In addition, individual consultants will be engaged for 1 person-month of international and 4 person-months of national inputs through a pool of consultants whose expertise will be defined as the need arises.

### III. THE PRESIDENT'S DECISION

11. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$500,000 on a grant basis to the People's Republic of Bangladesh for Improving Secondary Education Sector Management, and hereby reports this action to the Board.

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<sup>9</sup> Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 2).



**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

<b>Item</b>	<b>Amount</b>
<b>A. Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	100
ii. National consultants	280
b. Out-of-pocket expenditures	
i. International and local travel	35
ii. Reports and communications	5
iii. Miscellaneous administration and support costs	20
2. Surveys	10
3. Training, seminars, and conferences	20
4. Contingencies	30
<b>Total</b>	<b>500</b>

Note: The technical assistance (TA) is estimated to cost \$500,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of counterpart staff, secretarial assistance, and other in-kind contributions. The value of government contribution is estimated to account for 5% of the total TA cost.

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-6).

Source: Asian Development Bank estimates.

**LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/LinkedDocs/?id=44213-019-TARreport>

1. Terms of Reference for Consultants
2. Approved Report and Recommendation of the President – Secondary Education Sector Investment Program (Facility)
3. Approved Periodic Financing Request Report (Tranche 2)