Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 21-Apr-2017 | Report No: PIDISDSA21578

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
Bangladesh	P160758	Digitizing Implementation Monitoring and Public Procurement Project	

Region	Estimated Appraisal Date	Estimated Board Date	Practice Area (Lead)
SOUTH ASIA	17-Apr-2017	26-Jul-2017	Governance

Lending Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing	Peoples Republic of Bangladesh	Implementation Monitoring and Evaluation Division	

Proposed Development Objective(s)

The project development objective is to improve public procurement performance and enhance capacity for implementation monitoring of development programs/projects.

Components

Restructuring CPTU and Institutionalizing e-GP
Enhancing Digitization of Public Procurement
Professionalizing Procurement and Citizen Engagement
Digitizing Project Implementation Monitoring

Financing (in USD Million)

Financing Source	Amount
Borrowing Agency	5.00
International Development Association (IDA)	55.00
Total Project Cost	**60.00**

Environmental Assessment Category

C - Not Required

Decision

The review did authorize the preparation to continue

Other Decision (as needed)

A. Introduction and Context

Country Context

1.   Bangladesh is one of the world's most populous countries with an estimated 160 million people in a geographical area of about 144,415 sq.-km and per capita income of US$1,409 in 2016 crossing the threshold of lower middle income country. During recent years, economic conditions improved in the country with headline inflation declining to 5.9 percent in FY16 from 7.3 percent in FY14, while the fiscal deficit contained at around 3.1 percent of Gross Domestic Product (GDP) in FY16. The GDP grew well above the average for developing countries in recent years, averaging 6.5 percent since 2010, with an officially reported growth of 7.1 percent in in FY16, driven by manufacturing and services. Progress on reducing extreme poverty and boosting shared prosperity through human development and employment generation has continued with the poverty incidence from 32.6 percent in 2002 to a projected 18.6 percent in 2010 (latest available poverty data). Bangladesh's performance against the Millennium Development Goals (MDG) is impressive against the South Asia Region average for most of the indicators. Despite such progress, the country needs more effort in improving its growth rate to meet its target of becoming an upper middle income country by 2031.

2.   Transparency and good governance are critical in strengthening public sector management to ensure accountability of public spending with better service delivery. The 2016 Corruption Perceptions Index by Transparency International placed Bangladesh 139th out of 176 countries. Bangladesh's score improved by one point to 26 out of 100 compared to scores of 2015, while it moved up six positions from the top. In this country context, it is estimated that the annual expenditure on public procurement, amounting to over $7 billion, accounts for about 20-24 percent of the annual national budget and 70-80 percent of the annual development program. Thus, public procurement is not just a mechanism for executing transactions but an integral part of strategic development process and a priority for governance improvement. And efficient procurement process with effective procurement outcome, ensuring value-for-money, is the driving force to optimize the utilization of public resources.

B. Sectoral and Institutional Context

3.   In a rapidly changing economic environment, efficient project implementation plays a pivotal role in achieving country's developmental outcomes. In Bangladesh context, it is estimated that the annual expenditure on public procurement, amounting to over $7 billion, accounts for about 24 percent of the annual national budget and 70 percent of the annual development program (ADP) of the government. However, project implementation vis-à-vis procurement delays and inadequate public confidence have been identified as major contributors for slow utilization of development budget. Following upon the recommendations of the Country Procurement Assessment Report 2002 (CPAR 2002), Bangladesh has been making sustained efforts over the years to bring about a systemic change in its public procurement environment. As part of this process, the government has been implementing a complete package of reforms, with the support of two consecutive credits of the Bank- Public Procurement Reform Project- PPRP (2002–2007), and PPRPII with its two additional financing (2007–

2017). The country now has a good foundation of public procurement system that include a well-functioning nodal agency- The Central Procurement Technical Unit (CPTU)- to regulate procurement, procurement laws with rules and associated documentations, an extensive capacity development program, a single electronic government procurement (e-GP) portal for the entire country (www.eprocure.gov.bd), on-line performance measurement mechanism, and a citizen engagement system supported by a comprehensive strategic and behavioral change communication program. The CPTU (www.cptu.gov.bd) is a unit within the Implementation Monitoring and Evaluation Division (IMED) of the Ministry of Planning (MOP).

4.   The country has been transforming rapidly its public procurement environment by shifting gradually from traditional procurement practices to international standards through digitization of systems and modernizations of processes. The Public Procurement Act 2006 mentions that the Government over time will introduce e-GP in the country. With the vision for e-Government by 2021, the government has given high priority to information and communication technology (ICT) based public service provisions for enhanced transparency and efficiency. In the *"Perspective Plan of Bangladesh 2010-2021: Making Vision 2021 a Reality"*, it specifically mentions about public procurement using the e-GP system. Subsequently, *"Bangladesh Digital Task Force"*, chaired by the Prime Minister, made decision that all public procurement organizations shall conduct procurement using the e-GP system by 2016 (October 21, 2015. The Prime Minister's Office, with the Principal Secretary in Chair, monitors the progress of e-GP implementation regularly.

5.   The e-GP is one of the major project components in the ongoing PPRPII that is scheduled for closing in June 2017. This e-GP system is the most comprehensive one, starting with procurement planning up to the final payment including contract management and built-in performance measurement. It has been embraced both by the public sector and the bidding community, and is progressing rapidly by contributing to enhanced economy, efficiency, and transparency, resulting in the savings of transaction costs with better value for money. As of now, about 90 percent of procurement in the four key sector agencies, using about 35 percent of annual development budget, are going through the e-GP platform (roads, local government engineering, water, and rural electric).

6.   The key highlights of procurement reform outcomes/ results thus far are: improved efficiency; enhanced transparency; increased competition in e-GP; minimized collusion/coercion/bid rigging/fraud at decentralized level; exponential growth of e-GP; increased self-sustainability of the e-GP system with its own revenues; and enhanced professionalization and capacity development.

7.   Though the landscape of procurement has been reshaped during the course of the last several years due to the procurement reform with government in the driving seat and much has been achieved with a promising foundation, yet challenges remain particularly in maintaining consistency in the procurement legal structure and keeping the momentum of the legacy of an efficient and effective system. In recent times, there has been amendments to the public procurement law, some of which are inconsistent with good procurement practices. Full benefits of the legislations combined with IT-based solutions have seen to be relatively inconsistent across government and within individual agencies. Actual enforcement of the law/ rules with monitoring mechanism is slower than expected, and in practice, still there has been substantial project implementation delays due to procurement related matters, such as, delays in large value contract awards, instances of inappropriate bidding practices in

traditional bidding, ineffective contract administration, inadequate capacity for quality project implementation monitoring and procurement management. In addition, the current structure of the nodal agency, CPTU, is severely constrained with its skill/ staffing to cope with the monumental expansion of tasks in regulating procurement combined with exponential growth of e-GP functions.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

8.   The project development objective is to improve public procurement performance and enhance capacity for implementation monitoring of development programs/projects.

Key Results

9.   For the purpose of the project, procurement performance relating to the PDO will be measured considering the SPSOs covering about 900 key procuring organizations out of a total of about 1300 in the country that will use e-GP. The 32 SPSOs have a combination of 28 new SPSOs (NSPSOs), and 4 previous SPSOs (PSPSOs) under the ongoing PPRPII. For the NSPSOs, the key focus will be on e-GP expansion (bid invitation to award) and capacity development while for the PSPSOs it will be on the e-contract management. Concurrently, IMED will enhance its capacity for on-line implementation monitoring of development programs/projects in the SPSOs.

10.   **Key Results and Indicators:** As part of performance improvement, the project will address elements of efficiency, transparency, and accountability. The project is expected to achieve the following key results at the project end (2022). The result indicators' baseline and project end value is also provided:

- NSPSOs procurement lead time reduced in national competitive bidding (NCB) using e-GP system (invitation to contract award): 70 days (baseline 100 days);
- NSPSOs invite bids in NCB through e-GP system: 75percent (baseline 2 percent);
- Selected sub-districts engage citizen monitoring in contract implementation: 45 sub-districts (baseline 4); and
- SPSOs project implementation monitored on-line by IMED – 45 percent projects (baseline 0).

D. Project Description

11.   The project has four components that are summarized below.

- *Component 1: Restructuring CPTU and Institutionalizing e-GP (US$9 million)*
- *Component 2: Enhancing Digitization of Public Procurement (US$28 million)*
- *Component 3: Professionalizing Procurement and Citizen Engagement (US$18 million)*
- *Component 4: Digitizing Project Implementation Monitoring (US$5 million)*

12.   **Component 1: Restructuring CPTU and Institutionalizing e-GP**: This component aims to restructure the CPTU in order to enhance its regulatory power and institutionalize e-GP to function as a

service provider with professional resources. Two major sub-components are envisaged: (i) Restructuring CPTU and Furthering Policy Reform; and (ii) Institutionalizing e-GP.

13.   **Component 2: Enhancing Digitization of Public Procurement**: This component aims to enhance the scope of e-GP for all public sector organizations across the country covering system as well as technical requirements including updating of e-GP modules with robust contract management process, fully operationalizing two data centers, and business modeling. Two major sub-components are as follows: (i) Expansion of e-GP system; and (ii) Implementation of Contract Management.

14.   **Component 3: Professionalizing Procurement and Citizen Engagement:** This component aims to improve procurement management capacity of the SPSOs, both in terms of public procurement practices and the use of e-GP. Also, the bidding community will be included as part of the capacity enhancement program. The sub-component will encourage creation of knowledge base, analytical tasks, and research and development. Concurrently, it will attempt to create a citizen monitoring mechanism of local level contracts with specific reference to rural roads, education, and health service deliveries. Five subcomponents are: (i) Improving Procurement Management of SPSOs and IMED; and (ii) Capacity Building and Professionalization of Procurement; (iii) Disclosure of Public Procurement Information in Open Data Format; (iv) Citizen Engagement; and (v) Strategic Communication.

15.   **Component 4: Digitizing Project Implementation Monitoring**: This component aims to strengthen implementation monitoring of development programs/ projects at national level using digital technology. Two sub-components are: (i) Enhancing Project Management Information System; and (ii) Reinforcing Monitoring Skills and Data Analytics.

E. Implementation

Institutional and Implementation Arrangements

16   **Overall Project Implementation**: IMED/CPTU will continue to be responsible for overall implementation of the project. The Director General (DG), CPTU will manage all project activities as the Project Director, assisted by 4 Component Directors, one for each component. IMED/CPTU will carry out this task in collaboration with the 32 SPSOs who are the actual procuring organizations (4 PSPSOs and 28 NSPSOs). In consideration of the geographical spreading of most local government institutions across the country and previous proven experience of implementing e-GP at decentralized level, LGED, through a Memorandum of Understanding (MOU) with the CPTU, will implement the expansion of the scope of e-GP to these institutions.

17.   It is expected that CPTU will be transformed to an Authority with greater autonomy and strengthened structure towards the end of second year of the project. Once the Authority is formed, most of the existing officials/staff of CPTU are likely to be absorbed in it. At that time, CPTU will cease to exist and the implementation responsibility will be shifted to the proposed Authority. Until the Authority is formed, for managing the e-GP functions, CPTU will be further strengthened with a set of additional highly skilled IT professionals in a way that it can efficiently monitor the functions of the existing outsourced/ third party in managing the e-GP operations and concurrently develop necessary skills to manage the system of its own.

18.   There will be Project Steering Committee (PSC), headed by the IMED Secretary, with heads of the SPSOs or designee as its member. PSC will oversee the progress and provide implementation policy guidance on a quarterly basis. Besides, there will be a Project Coordination Team (PCT), headed by the Project Director, and will comprise of CPTU officials and Procurement Monitoring Coordinator (PMC) from each SPSO. PCT will meet every month to coordinate all project activities and report to PSC in its function. Each SPSOs will have a Project Implementation Team (PIT), headed by the Project Monitoring Coordinator (PMC) and would be authorized to oversee the entire project operation including monitoring and evaluation for that particular SPSOs. The PIT would comprise of officials on the basis of their involvement in procurement functions of the respective SPSOs.

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F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The project, with assigned Category "C" for Environment, is located at Dhaka and does not include any construction/reconstruction/extension of infrastructure. The project activities are largely technical assistance in nature and includes policy support, capacity building and software system upgrading and will mainly procurer IT system and office equipment/ goods for digitization of government's project/ program implementation monitoring and public procurement. The project will procure equipment needed mainly for e-GP and computerization (desktop, laptop, servers, office equipment, etc.). However, the project activities are a continuation of the previous project. It may be necessary to replace the existing computer related equipment. As a precautionary measure an environmental code of practice (ECoP) including E-waste disposal plan and occupational health and safety issues related to E-waste handling has been added to the Annex. The Project Director will be responsible to ensure that the environmental clauses is included in bidding document and the ECoP for e-waste disposal is duly followed for the disposal.

G. Environmental and Social Safeguards Specialists on the Team

Sabah Moyeen,Nadia Sharmin

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	The project activities are largely technical assistance in nature and includes policy support, capacity building and software system upgrading and will mainly procurer IT system and office equipment/ goods for digitization of government's project/ program implementation monitoring and public procurement. The project will procure equipment

		needed mainly for e-GP and computerization (desktop, laptop, servers, office equipment, etc.). The project is located at Dhaka and does not include any construction/ reconstruction/ extension of infrastructure. As such, no environmental impact has been envisaged and the project is considered as "Category C". However, the project activities are a continuation of the previous project. It may be necessary to replace the existing computer related equipment. As a precautionary measure an environmental code of practice (ECoP) including E-waste disposal plan and occupational health and safety issues related to E-waste handling has been added to the Annex. The Project Director will be responsible to ensure that the environmental clauses is included in bidding document and the ECoP for e-waste disposal is duly followed for the disposal .
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The project activities are largely technical assistance in nature with no construction/ reconstruction/ extension/ renovation of infrastructure. As such no environmental impact has been envisaged and no safeguard policy is triggered. The project will procure equipment for e-GP system and computerization. The applicable ECoP for E-waste disposal is described in the PAD (Annex 2).

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
No potential impacts

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
Not applicable.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
As a precautionary measure, the ECoP for E-waste disposal is included both in the PAD (Annex 2) and the borrower's Technical Assistance Project Proposal (TPP). The Project Director will ensure that the environmental clauses is included in the bidding documents and the ECoP for E-waste disposal is duly followed during implementation of the project activities.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
CPTU, Procuring Entities (PE), and the biding community are the main stakeholders. During contract implementation, the Project Office will make consultations with the PEs and bidders to make them aware upfront about environmental issues and the procedures they need to follow.

B. Disclosure Requirements

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Have costs related to safeguard policy measures been included in the project cost?

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

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