

INTEGRATED SAFEGUARDS DATA SHEET

IDENTIFICATION / CONCEPT STAGE

Report No.: ISDSC16908

Date ISDS Prepared/Updated: 30-Apr-2016

I. BASIC INFORMATION

A. Basic Project Data

Country:	Nepal	Project ID:	P159085
Project Name:	Public Procurement Improvement Project		
Team Leader(s):	Zafrul Islam		
Estimated Date of Approval:	31-May-2016		
Managing Unit:	GGO06	Lending Instrument:	IPF
Sector(s):	General public administration sector (100%)		
Theme(s):	Public expenditure, financial management and procurement (50%), Managing for development results (50%)		
Financing (in USD Million)			
Total Project Cost:	4.8	Total Bank Financing:	0
Financing Gap:	0		
Financing Source			Amount
Borrower			0.8
Nepal Public Financial Mgmt Support			4
Environment Category:	C - Not Required		

B. Project Development Objective(s)

The project development objective (PDO) is to improve project implementation and service delivery to the citizens progressively with enhanced public procurement performance, largely focusing on the five key sector agencies.

C. Project Description

The proposed project is a part of the public procurement improvement initiative planned for an intervention of about five years. Nevertheless, recognizing the availability of funds from the Multi-Donor Trust Fund (MDTF), at this stage, only part of the intervention with a duration of about 30 months is being processed. Addressing the priority issues of PPMO and five key sector agencies (KSAs7), the project will concentrate on three major areas: (i) public procurement governance and oversight; (ii) procurement capacity development and institutionalization; and (iii) procurement performance monitoring and open contracting with e-GP platform. In consultation with the PPMO, these KSAs have been chosen on the basis of their large share of annual capital expenditures and the numbers of contract these agencies let out in a year. In due course of time, with the availability of

additional fund from the MDTF, the remaining activities under the above three components will be further undertaken for other sector agencies as well.

The details of components are as follows:

Component 1 ? Public Procurement Governance and Oversight: This component would aim to improve governance and accountability of the public procurement system with necessary oversights. This would help reinforce the policy reform processes and practices of PPMO including its own strengthening so that it can more effectively fulfill the mandated oversight functions. Key areas would cover PPMO; public integrity; policy reform actions; grievance redress mechanism; procurement audits; information disclosure; right to information functions; etc. Major sub-components are described below.

i. **Strengthening PPMO:** This subcomponent would strengthen PPMO. In order to play its role more effectively, PPMO needs substantial enhancement in its structure and operational model including its set up, type of staffing, capacity, skills mix, and inputs of consultants as and when necessary. This will be done in a way to be compatible with the future needs taking cognizance of the rapidly changing technology in the sector, with specific reference to advanced procurement technologies, like e-GP.

ii. **Reinforcing public integrity and governance:** The subcomponent would strengthen public integrity, governance, and accountability of the public procurement system, and would be achieved by implementing a number of accountability actions. Key areas of activities would include: implementing grievance redress mechanism; post procurement audits by Auditor General's Office; public disclosure of invitation of bids and bidding outcomes with brief reasons for the rejection of bids; disclosure of procurement processes and plans; validity of contract data; red flags in procurement; and implementing demand side of good governance including civic engagement, possible third party monitoring, and citizen oversight.

iii. **Advancing policy reforms:** This would help update the policy reform actions with secondary legislations. Activities include: updating the secondary legislations; standardization of procurement procedures; updating standard bidding documents including preparation of remaining model documents; preparation of bid evaluation guidelines, contract management manual and technical notes including specific to sectoral needs.

Component 2 ? Procurement Capacity Development and Institutionalization: The component would help the above five Key Sector Agencies- KSA and six Other Sector Agencies- OSA to improve organizational capacity with a view to enhance their performance in conducting and managing procurement. Attempts would include progressive institutionalization with greater sustainability of the procurement training system. While the component is dedicated to procurement management and capacity development, it will have direct linkages with Component 3 in specific reference to the performance measurement resulting out of the activities of Component 2. The subcomponents are described in the following paragraphs:

i. **Procurement management improvement:** This subcomponent would help improve procurement management at the key sectoral agencies. Major areas of activities would include: operationalization of dedicated and functional procurement units; strengthening procurement units with qualified staff and equipment; reinforcing agencies' internal audit of procurement; exposure to innovative and proven practices; and twinning with better functioning institutions in other countries

of the region.

ii. Capacity building and institutionalization: This subcomponent would aim to enhance procurement capacity of the key sectors with greater institutionalization. Workforce Study in Nepal has identified over 47,000 procuring entities (cost centers) under about 350 agencies. It is estimated that the selected five KSA would be having over 500 cost centers excluding Village Councils. The total number of procurement entities under six OSA is estimated to be around 350 (excluding schools, colleges etc.). The major activities include capacity enhancing of key sector agencies and other sector agencies by designing and implementing massive training program of various types of targeted long and short training courses to cover audiences (policy level/entry civil servants, procurement officers, estimators, auditors and accountants, bidding community, e-procurement learning, etc.). A network with PPMO, the National Administrative Staff College (NASC) and its affiliates in the regions, the Ministry of Local Development and its Local Development Training Academy will be developed to support gradual operationalization of e-learning. Under the component a testing and certification/accreditation program would also be established and made operational.

iii. Citizen engagement and behavioral change communication: The subcomponent would deal with possible citizen engagement in the monitoring of public procurement including behavioral change among the stakeholders that participate in public procurement services (for example, procurement officials, bidding community, beneficiaries, etc.). Specific attention will be provided in the area of gender sensitivity and the formation of civic engagement forums. Activities would include: formation of citizen engagement forum, developing communication strategy; awareness program for agencies/beneficiaries; education program; advocacy campaign at the grass root decentralized levels; social media campaign, engagement of beneficiary groups; and government-contractors? forum.

Component 3 ? Performance Monitoring and Open Contracting with e-GP Platform: This component would help monitoring and evaluation of performance of the public procurement system, in particular reference to the five KSA. The e-GP system is already there in the PPMO. Also, the detailed requirements of open contracting has been studied. In the proposed operation, the performance measurement and open contracting modules will be developed and integrated within the e-GP framework. The focus would be on the measurement of performance by developing a set of indicators with its data collection procedures and analysis including open contracting, specifically using the e-GP platform to ensure better integrity of data with efficient use of time at the working levels of the agencies. Subcomponents are described below.

i. Developing and implementing procurement performance measurement system: This subcomponent would help in developing a set of key performance indicators to measure efficiency, transparency, effectiveness, and value for money aspects of the public procurement system in general, and five KSA in particular. Once the indicators are developed, a specific module would be introduced with necessary features within the existing e-GP system of PPMO, with direct connectivity to the key sectoral agencies who actually implement procurement. It would be an on-line automated system, without requiring duplication of data entry as procurement events occur; the system would automatically capture those data. Also, PPMO would have a dedicated wing for research and analysis of those indicators, and the performance reports at national as well as agency level would be published on the website.

ii. Implementing open contracting: The aim is to make the procurement data more open, accessible and useful to policy makers, development partners, civil society, and private sector for development effectiveness, using principles of open contracting. Key activities would include: creating/expanding the public database with database already on e-GP sites; standardizing contract

data with key features; incorporating visualization features including mechanism to receive and respond to public comments/complaints; facilitating dialogue between PPMO and key implementing agencies; capacity building to increase coverage of procurement information and using contracting data for policy making; creating tool to track individual department's publication of contracting data; leveraging non-state actors to monitor public contracting and contractor performance at the local level.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The proposed project is located at Kathmandu and involves mainly reform actions relating to institutional strengthening and capacity development with the use of IT tools. It does not involve any civil works or similar activities and to be assigned Category C for Environment. The interventions under the project are not expected to have considerable environmental impact.

E. Borrower's Institutional Capacity for Safeguard Policies

Not Applicable as no Safeguard Policies is triggered.

F. Environmental and Social Safeguards Specialists on the Team

Drona Raj Ghimire (GEN06)

Jun Zeng (GSU06)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	
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	

III. SAFEGUARD PREPARATION PLAN

Appraisal stage ISDS required?: No

IV. APPROVALS

Team Leader(s):	Name: Zafrul Islam
Approved By:	

Safeguards Advisor:	Name: Svend Jensby (SA)	Date: 03-May-2016
Practice Manager/ Manager:	Name: Felipe Goya (PMGR)	Date: 03-May-2016

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.