



1. Project Data

Project ID	Project Name		
P098146	BD: Public Procurement Reform Project II		
Country	Practice Area(Lead)	Additional Financing	
Bangladesh	Governance	P132743,P132743,P158783	
L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)	
IDA-43500,IDA-52420,IDA-58180	31-Mar-2013	24,900,000.00	
Bank Approval Date	Closing Date (Actual)		
05-Jul-2007	30-Jun-2017		
		IBRD/IDA (USD)	Grants (USD)
Original Commitment		23,600,000.00	0.00
Revised Commitment		68,100,000.00	0.00
Actual		66,126,312.27	0.00
Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

The Project Development Objective (PDO) as set out in the Financing Agreement (page 4) was to *strengthen the Recipient's public procurement system*.

The PDO as set out on page 4 of the Project Appraisal Document (PAD) was to *improve performance of the public procurement system progressively*.

The two PDOs are substantively the same. The PDO in the Financing Agreement will be used to assess efficacy.

Two Additional Financings were introduced during implementation. Their PDOs are substantively in accordance with the PDO in the Financing Agreement.



b. Were the project objectives/key associated outcome targets revised during implementation?
No

c. Will a split evaluation be undertaken?
No

d. Components

The project had four components to address key constraints for achieving the PDO:

Component 1: Furthering policy reform and institutionalizing capacity development (estimated cost at appraisal US\$8.90 million; actual cost US\$ 21.4 million). This component was to (i) update all legislation affected by the adoption of the new national procurement law (procedures, guidelines, standard bidding documents, and related directives); and (ii) elaborate a capacity development strategy to upgrade training of procurement officers in core procurement skills: evaluation, contract administration, planning and budgeting, and supply chain management.

Component 2: Strengthening procurement management at sector level, in the central procurement technical unit (CPTU) in the Implementation, Monitoring and Evaluation Division (IMED) of the Ministry of Planning (estimated cost at appraisal US\$8.36 million; actual cost \$10.35 million). This component was to strengthen management and monitoring of procurement in four key sector agencies covering infrastructure, transport, power and water resources, which are responsible for the bulk of public procurement.

Component 3: Introducing e-Government procurement (e-GP) (estimated cost at appraisal US\$4.20 million; actual cost US\$33.1 million) This component was to build trust in the public procurement system in the business community and among the general public through greater transparency and accountability. This was to be done by offering Internet access to procurement information through e-GP, in that way improving access to activity records and reducing the cost of increased openness.

Component 4: Communication, behavioral change, and social accountability (estimated cost at appraisal US\$3.44 million; actual cost US\$4.87 million). This component was to (i) create greater public awareness of the importance of a well-functioning public procurement system through a communications strategy, an education program, and behavioral change initiatives in the procurement community; and (ii) initiate a long-term process of engaging civil society, think tanks, and the private sector in monitoring procurement activities and outcomes.

Significant changes

Additional Financing was introduced twice to take advantage of the momentum for procurement reform and good governance that the project had generated among influential stakeholders (ICR pp. 28-30). The Closing Date was extended twice for a total of four years and three months. This created the opportunity to adjust key indicators. One indicator – on stakeholder engagement – was dropped, having been achieved during the original project period. The targets for two indicators were raised –



one on timely contract award, and the other on the use of electronic government procurement e-GP. Three new indicators were introduced, two for the first Additional Financing, and one for the second Additional Financing. The first two concerned the publishing of procurement MIS reports, and expanding trained staff to additional procuring agencies. The third one involved the number of public sector organizations registered in the –GP system. The introduction of Additional Financing I and Additional Financing II did not substantively revise the PDO.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project cost. Total project costs at appraisal were estimated at US\$24.90. Actual costs were US\$69.74, with the increase is driven by the introduction of the two Additional Financings - US\$36.0 million and US\$12 million, respectively. of the total of US\$72.9 million, US\$69.74 million (the actual cost) was used. Financing. The project was financed by an IDA credit. The initial Credit was US\$23.6 million. A first Additional Financing added US\$ 34.5 million in IDA financing, and a second Additional Credit added US\$10.0 million. Total IDA financing was US\$68.1 million. Total IDA disbursements were US\$66.13 million.

Borrower contribution. The Government initially provided US\$1.3 million. It added US\$3.6 million at the time of the first Additional Financing, contributing a total of US\$4.9 million. Actual spending was US\$3.6 million..

Dates. The Credit was approved on July 5, 2007, with an original Closing Date of March 31, 2013. The Closing Date was postponed twice by a total of 4 years and 3 months to take advantage of the momentum driving procurement reform. At the first Additional Financing, approved on May 9, 2013, it was extended to September 30, 2013. At the second Additional Financing, approved on June 6, 2016, it was extended a second time, to June 30, 2017. It closed on that date.

3. Relevance of Objectives

Rationale

Despite considerable progress in reducing poverty over the past decade, inefficiencies in governance continue to constrain the country's economic potential. A major contributing factor is inefficiency in public procurement practice, including an inadequate legal framework, cumbersome procedures, insufficient staff skills, and absence of transparency and accountability. The Bank has consistently supported government efforts to improve procurement, and a focus on improving procurement practices has been an element in the country strategy through such means as financial accountability assessments, development policy lending and public expenditure reviews. A first Procurement Reform Project, preceding this one, established the central procurement technical unit (CPTU) and promoted a public



procurement law based on international best practice. Still, there has been limited progress, notably in the implementation of procurement regulations across government agencies. Ongoing challenges have included inconsistent implementation of procurement regulations, substantial delays in the issuance of contracts, and inappropriate bidding practices. Vested interests in maintaining the status quo have also been strong. The current CAS, covering the period 2016-2020 continues this focus on improving procurement processes, including through a second Additional Financing added to this project. The Government's national poverty reduction strategy also highlights the need for better governance and more efficient use of resources, and procurement has become an important feature of the governance strategy, at least in part driven by the Bank's engagement. However, the ICR (page 6) points to the risk possibility of vested interests continuing to challenge changes to the procurement environment, reflecting continued uncertainty about broad-based commitment to reform.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

Rationale

The theory of change: Improved public procurement performance in four key target agencies would be achieved by the following: introduction of a program to train procurement professionals; better management and monitoring of the procurement process; introduction of electronic government procurement (e-GP); and creating public awareness of the changes in the procurement system. Successful implementation would be measured by the following key indicators: (i) reduced delays in contract award in at least three agencies; (ii) e-GP introduced in at least two agencies; and (iii) increased stakeholder engagement in the procurement system.

Procurement skills training

Outputs

All rules and procedures for implementing the procurement law are in place (standard bidding documents, requests for proposals, bid evaluation and post-review guidelines, policy documents).

Course curricula and training materials have been developed for all procurement courses, and two local training institutes and one university provide procurement competency training.

A comprehensive procurement capacity development program is underway, including five separate but interrelated training opportunities (from one-day courses to master level studies).

Outcomes



At ICR, some 21,000 individuals had benefited from procurement-related courses, with some 30 percent having received training in actual procurement practice.

70 percent of procuring entities of each of the four public target agencies (for roads, water, electricity, engineering) has one trained/certified procurement staff, compared to a target of 60 percent; core procurement capacity also exists in 20 other public agencies.

Procurement management

Outputs

Computer hardware and software delivered and installed in all four target agencies.

Online system for e-GP to calculate procurement contract performance developed and installed in the CPTU and all target agencies.

Procurement MIS operational.

Outcomes

By project closing, 82 percent of contract awards were made within the initial bid validity period in all four target agencies, exceeding the original targets of 60 percent and 3 target agencies. This reflects the impact from the introduction of the two Additional Financings.

By project closing, all four target agencies were issuing quarterly procurement MIS reports for monitoring procurement performance, covering 95 percent of bids/invited contracts awarded.

All public contract awards relating to the four target agencies were being published on the CPTU website.

By project closing, 74 percent of complaints to three of the four target agencies were being handled satisfactorily, compared with an initial target of 25 percent set in 2012.

e-Government Procurement

Outputs

Online system for e-GP to calculate procurement contract performance developed and installed in the CPTU and all target agencies.

Data center established with storage and processing capacity.

Outcomes

Most contracts in four target agencies are being processed through the e-GP system on a national basis, reflecting a growing acceptance of e-GP by procuring agencies and the bidding community.

Over 1,000 implementing agencies (apart from the target agencies) are registered in the e-GP system.

Over 100,000 e-GP tenders have been processed.

A survey of contract-level data undertaken by the Bank team (ICR, p. 17) indicates that e-GP has reduced the cost ratio by 13 to 20 percent, resulting in cost savings of more than US\$446 million. There was also evidence that e-GP improved competition by limiting political influence, because the e-GP system allowed bidders to place bids from anywhere there was Internet access. Overall, e-GP appears to have promoted more competition among bidders, resulting in more competitive pricing and lower transactions costs through improved access for bidders throughout the country.

Communications, behavior change, social accountability

Outputs

A comprehensive Government procurement communications strategy has been developed and is being implemented to explain procurement and promote behavior change at the grassroots level. To that effect, the following events have so far been held:



- 99 events on procurement reform with 5,700 participants;
- 64 e-GP awareness workshops at the district level with 2,400 participants;
- 64 government contractors' forums including 3,300 participants; and
- 4 e-GP workshops for 44 banks registered in the e-GP system.

A Public Private stakeholders' committee has been established in the CPTU, headed by the Planning Minister, and serving as a platform to discuss procurement policy.

Workshops for communication and advocacy campaigns have been held in all districts for local target agencies and stakeholders (mass media professionals and civil society organizations).

Outcomes

While efforts have been made to influence demand-side attitudes towards public procurement – probably as significant as supply-side measures in an environment that has a tradition of opaque procurement – available documentation does not provide direct indicators of how well this aspect of the project has succeeded. Still, considering the responses to public sector efforts to create a better procurement environment that are recorded under outcomes in the other project areas, it is plausible to suppose that the government's communications strategy has contributed positively to the achievements overall under the project.

In summary, the improvements in the public procurement system, attained by applying the theory of change above, are summarized in the ICR (p. 13). Efficiency (timely contract award) rose from 10 percent in 2007 to 82 percent in 2016; transparency (tender award publication) rose from 15 percent in 2007 to 100 percent; and competition (average number of bids per contract) doubled. Over the same time, Bangladesh's ranking in the Corruption Perception Index improved from 162 of 179 countries, to 145 of 176 countries.

Overall Efficacy Rating

Substantial

No information available

5. Efficiency

No quantitative economic or financial analysis of the project was undertaken, either in the PAD or the ICR. This is not unusual, since the efficiency with which objectives such as capacity building are achieved often is difficult to measure. That said, the project was implemented in a climate receptive to change, and the Bank took advantage of the opportunities this created. Two Additional Financings were introduced during implementation, and while the investments were significant, raising total project costs more than five-fold, that did serve as a means to significantly expand procurement capacity – from an initial four agencies to 24; and with that adjust financing arrangements towards a performance measurement system with disbursement linked indicators on a much broader scale than was initially envisaged. This investment should, over time, allow for a more consistent application of procurement rules across government, and improve transparency and efficiency.

No adverse impacts on efficiency were signaled in the ICR: management arrangements appear



straightforward, government demonstrated commitment to the objectives of the project, and the participatory process appears to have been adequate as reflected in the immediate, favorable, results from the project indicated in Section 4.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of the PDO is rated **substantial**, as it directly supported Government policy and the Bank's country strategy for public procurement reform. Efficacy is rated **substantial**, as project outcomes as intended were achieved. Efficiency is rated **substantial**, as resources were targeted at building procurement capacity in key ministries that account for some 50 percent of the country's development budget.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

At appraisal, the major project risk related to buy-in by key sector agencies and other stakeholders, and its potential effect on capacity development and institutionalization. Here, the project seems to have been successful, at least in the short term, as procedures seemed to find acceptance in Government, among public agencies, and the general public. This is reflected in the increased application of public procurement regulations nationwide. Still, risk remains, notably in terms of continued government and target agency commitment to the reforms, and continuing challenges from vested interests (as indicated in several places in the ICR). Already, some changes have been inserted into the Public Procurement Act that are inconsistent with best practice, including World Bank procurement requirements (ICR, page 28). They may indicate a still fragile procurement



reform environment.

8. Assessment of Bank Performance

a. Quality-at-Entry

a . Quality-at-Entry

The project was aligned with Bank strategy and Government priorities as outlined in its national poverty strategy. The theory of change for the project (its results chain) was consistent, linking the project's inputs and outputs to the desired outcome. Key drivers of success had been identified: adequate capacity of the CPTU to implement the project in an environment of strong and potentially adverse vested interests; sufficient internet connectivity to allow e-GP to operate; and buy-in and engagement by the political authorities. Project design recognized this, emphasizing both supply and demand side interests, thus addressing a broad selection of key stakeholders in government as well as the public arena. The focus had been placed on a modest selection of key government agencies (the target agencies) that accounted for some 50 percent of public procurement. This approach would subsequently attenuate some of the resistance to procurement reform among vested interests. (ICR, page 18).

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

The Bank team was able to work closely with the government and government agencies concerned, monitoring key activities and assessing progress. Despite a challenging environment, the team was able to build political commitment, and push the project beyond its initial objectives by introducing the two Additional Financings that would make it possible to move ahead on key aspects - reducing the contract award cycle, rolling out e-GP, and expanding capacity development beyond the target agencies. A single team leader throughout the project period (preparation and implementation) ensured continuity and consistency, facilitated relation-building with national stakeholders, and maintained a focus on solving issues as they arose.

Quality of Supervision Rating

Satisfactory



Overall Bank Performance Rating

Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The theory of change was relatively straightforward as presented in the ICR (pages 6 and 7) and reflected in the Results Framework in the PAD (pages 26-27). Objectives were adequately specified, and key outcome and output indicators, including ones introduced during Additional Financings, were relevant, addressing PDO outcomes and capturing project outputs. They were straightforward and measurable, with the exception of on one original indicator – stakeholder engagement. The ICR indicates that it was dropped during Additional Financing, as already having been met (ICR, page 10); however, the target population is not defined, nor is the method for measuring that achievement determined. Project M&E was to be done by the CPTU and the four target agencies, assisted by an outside consultant, who was charged with preparing semi-annual progress reports. Data collection instruments were defined, and information would be drawn extensively from the CPTU's centralized monitoring system. The M&E process covered all components and sub-components of the project, and the M&E data formed the basis for evaluating mid-term and end-of-project implementation from the baseline. Additional information was to be drawn from field visits, consultations with official and civil society sources, and by interviewing key informants.

b. M&E Implementation

M&E Implementation

Following slow start-up in the provision of data by the CPTU and the target agencies to the outside consultant, the process was put into operation with the help of the Bank team. Indicators included in the results framework were measured and reported, including in the ISRs. The process was monitored by the Bank team on a continuing basis. Demand-side monitoring was introduced during implementation, with two field-level NGOs using feedback from citizen committees. In connection with the Additional Financing, indicators and targets were adjusted in light of implementation experience, essentially raising targets as the Closing Date of the project was extended.



c. M&E Utilization

M&E information was used to adjust designs as the project proceeded, as indicated by adjustments to targets and indicators, and the introduction of the Additional Financings. Information was communicated through the semi-annual reports, and published data drawn from the target agencies' and CPTU's databases. Drawing on the Bank's ISRs, M&E data was drawn on to provide evidence of implementation progress, and achievement of outputs and outcomes.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project was rated environmental category "C", since no environmental impacts were expected. It remained in that category during AFI and AFII.

b. Fiduciary Compliance

According to the ICR, the CPTU had limited financial management capacity, two financial management consultants were hired to address fiduciary requirements and build the CPTUs capacity in this area. After initial challenges establishing disbursement modalities for disbursement-linked indicators, they served their purpose and three out of the four target agencies received 100 percent of available funds, while the electrification board received 87 percent.

c. Unintended impacts (Positive or Negative)

Not applicable

d. Other

Not applicable

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
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Outcome	Satisfactory	Satisfactory	---
Bank Performance	Satisfactory	Satisfactory	---
Quality of M&E	Substantial	Substantial	---
Quality of ICR		Substantial	---

12. Lessons

The following lessons are drawn from the ICR:

Challenges and enabling conditions for sustainable reform. Enabling conditions for sustainable reform are not straightforward, especially when influenced by factors such as vested interests, and corrupt practices. In such circumstances, facilitating factors can be understanding of the country's operating context and political economy; recognition of the Government's role as a driver for reform and identification of a political leader to manage reform; and working with reform-minded public officials at core ministries and implementing agencies, and influential stakeholders outside government.

Commitment and ownership. Successful and sustainable procurement reforms require on-going high-level commitment and ownership on the part of key stakeholders. And it also requires ownership on the part of mid-level public officials in key agencies. In this particular case, progress was also facilitated by a young and computer-literate environment. As e-GP became popular at field level, as it reduced rampant bid-rigging, appreciation also started growing at higher levels.

Sustainable institutional mechanism. Having an in-built institutional mechanism within the Government framework, can make reform more sustainable in the long term. An example is the CPTU – it is fully funded by the Government, as opposed to a free-standing implementation unit supported by project funds.

Continuity of engagement. The relatively slow process of procurement reform required sustained engagement by the Government as the lead agent, along with other stakeholders including the development partners, to bring about desired changes in institutions and systems.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provides an adequate basis for assessing the project. The quality of the analysis is good overall, albeit a more comprehensive presentation of the evolution of the results framework might have been helpful. That said, the write-up was results-oriented, the document is internally consistent, and it is consistent with OPCS guidelines.



a. Quality of ICR Rating
Substantial