

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED
SAFEGUARDS DATA SHEET (PID/ISDS)
ADDITIONAL FINANCING**

Report No.: PIDISDSA17443

Date Prepared/Updated: 05-Apr-2016

I. BASIC INFORMATION

A. Basic Project Data

Country:	Bangladesh	Project ID:	P158783
		Parent Project ID (if any):	P098146
Project Name:	Second Additional Financing to Public Procurement Reform Project II (P158783)		
Parent Project Name:	Public Procurement Reform Project II (P098146)		
Region:	SOUTH ASIA		
Estimated Appraisal Date:	24-Mar-2016	Estimated Board Date:	06-Jun-2016
Practice Area (Lead):	Governance	Lending Instrument:	Investment Project Financing
Sector(s):	Information technology (60%), General public administration sector (40%)		
Theme(s):	e-Government (40%), Public expenditure, financial management and procurement (50%), Other rule of law (10%)		
Borrower(s):	Implementation Monitoring and Evaluation Division (IMED)/ Central Procurement Technical Unit (CPTU), Economic Relations Division (ERD)		
Implementing Agency:			
Financing (in USD Million)			
	Financing Source	Amount	
	BORROWER/RECIPIENT	2.00	
	International Development Association (IDA)	10.00	
	Total Project Cost	12.00	
Environmental Category:	C - Not Required		
Appraisal Review Decision (from Decision Note):	The review did authorize the team to appraise and negotiate		
Other Decision:			

Is this a Repeater project?	No
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B. Introduction and Context

Country Context

Introduction

1. This Project proposes a second additional credit in an amount of US\$10 million equivalent to Bangladesh: Public Procurement Reform Project II (PPRP II, P098146; Cr.4350 number & 5242).
2. The proposed second additional financing to the well performing PPRP II would help finance the costs associated with: financing gap for the replacement of the electronic government procurement (e-GP) data center and completing the remaining activities in specific reference to the Profession Diploma of the UK-based Chartered Institute of Procurement and Supply (MCIPS) and part of e-GP training.
3. The existing PPRP II with its ongoing additional financing have made tangible progress in the overall project implementation by achieving most of the Project Development Objectives (PDO) and thus substantially contributing to the enhanced economy, efficiency and transparency in public procurement, with due regard to the value-for-money. In the recent years, the introduction of e-GP under a single national web portal has made enormous shift in terms of procurement practices of not only the public procurement entities but also to the bidding community that led the policy makers to think about potential transformational change of the public procurement environment in the country. The major changes being proposed, and the expected outcomes from the activities to be supported with the second additional financing are summarized below.
4. Tier 3 data center and mirror site of e-GP: The e-GP has been rapidly transforming the public procurement environment of Bangladesh. To meet its exponential growth, Central Procurement Technical Unit (CPTU), the nodal agency of the government, needs a robust data center with significantly enhanced capacity on a priority basis. The project had provision of replacing the existing data center with a new one, but it is running short of fund. Over the last two years, the actual growth of e-GP has been many times higher than the projection. The new data center with the state-of-the art technology will need to fulfill the demand of full scale implantation of e-GP throughout the country within the next few years. The key outcome will be to enhance the gains already achieved with full benefits of digitizing the entire public procurement environment on the country under a single framework.
5. Core competence program and e-GP training: The international procurement accreditation program with the core competence course of CIPS/UK has been receiving high appreciation, leading to professional diploma with MCIPS that is directly contributing to building and institutionalizing the capacity development. Out of the target of 125 participants in five cohorts, 72 already received MCIPS after completing levels 4, 5, and 6 of CIPS. There is a financing shortage for level 6 of the last cohort participants (about 25). Also, some associated e-GP training cost needs to be covered with budgetary support. The expected outcome is achieve enhanced

professionalization of procurement practitioners.

6. Reallocation and credit extension: There will be no need for credit allocations among categories. The credit in PPRPII AF2 will be entirely for Category 1 (Goods, works, services, etc.), with no DLI payments. The closing date of PPRPII AF2 will be June 30, 2017. The credits in PPRPII and PPRPII AF will need to be extended for six months, that is, up to June 30, 2017, to complete all activities including commissioning of the new data center, continuation of the e-GP M&O contract, and completion of MCIPS for the remaining batch.

Country Context

7. Investing for enhanced accountability and good governance is a high priority both for the World Bank and the Government of Bangladesh (GoB). In Bangladesh it is estimated that annual expenditure on procurement in the public sector accounts for 20-24% of the annual national budget and 60-80% of the annual development budget. The current volume of procurement under annual development budget is about US\$6 billion, about 40% of which is spent by the four target agencies of the project: Roads and Highways Department (RHD), Local Government Engineering Department (LGED), Bangladesh Water Development Board (BWDB), and Bangladesh Rural Electrification Board (BWDB).

8. The GoB over the years has been making sustained efforts to bring about systemic changes with World Bank's assistance by implementing a complete package of reforms (legislations, institutional framework, capacity development, e-GP, and social accountability) with three consecutive credits through Public Procurement Reform Project- PPRP (2002-2007), PPRPII (2007-2013), and PPRPII Additional Financing- PPRPII AF (2013-2016). The country now has a good foundation of public procurement by having a nodal agency to regulate procurement, procurement laws with rules and associated documentations, extensive capacity development program, non-line performance monitoring system, and electronic government procurement (e-GP) at the four target agencies. As part of the e-Governance framework, the Government has given high priority to technology-based development.

9. The country has been transforming its public procurement environment by shifting gradually from traditional procurement practices to international standard through digitization. This has been showing marked improvement in enhancing the economy, efficiency and transparency of the system, resulting in savings of transaction costs with better value for money and improved overall governance the field. The e-GP is one of the four project components that provided the country with a comprehensive single e-GP portal (starting with the procurement planning up to the final payment including contract management and performance measurement). As reported from the fields, despite infrastructural constraints, the bidding community has managed to reduce the labor costs, visits and documentation costs and enjoying the freedom of submitting a bid from anywhere, that has not only contributed to reducing inappropriate bidding practices, like collusion/ coercion/ fraudulent practices, but also flagging the way of new epoch of doing business with the Government. The e-GP growth in the last couple of years is exponential, with currently over 80% of procurement in the above four agencies are going through the e-GP platform. The Governments strategy in accelerating and strengthening the ICT sector has led the way for sustained e-GP growth.

Sectoral and institutional Context

10. Public procurement outcomes are visible through governance result indicator that can directly contribute to enhance the quality of public service. Each year, Bangladesh spends around \$10 billion of its national budget on public procurement to build and maintain schools, roads, power plants and others. Public funds can be used effectively for the people only when the public procurement system is transparent and efficient. Efficient procurement function through e-GP has shifted away from traditional procurement standards – paperwork and long processing time – and rolled an efficient procurement system.

11. There is growing recognition within the country that enhancing accountability and improving governance in public sector with technology is an important element in expediting poverty reduction, improving the investment climate, and accelerating private sector-led growth that are priority objectives of the Government Seventh Five Year Plan (SFYP FY16-FY20)— Accelerating Growth and Empowering Citizens. Aligned with the Government’s priorities, the World Bank’s Country Assistance Strategy 2011-2014 (CAS), and the draft Country Partnership Framework 2016-2020 (CPF) has enhanced growth and promoting inclusion in the sectors, under which increasing effectiveness and efficiency in the utilization of public resources is seen as important for improving the investment climate and accelerating the pace of poverty reduction.

12. The World Bank, as part of its broader agenda with enhanced focus on outcomes/ results, is moving from transactions based approach to a principle-based approach with focus on strengthening country systems and its institutions. Within this, the Bank’s Procurement Policy Framework has been revised and planned to be effective shortly. Thus, the support for strengthening the e-GP system is fully aligned with the Bank’s procurement effort for long-term sustainability of the system.

13. Large key agencies are progressing with e-GP fast while there are numerous public sector agencies that needs to be included in the e-GP platform. Concurrently, the Government at its highest level (Prime Minister) attaches high priority to overcome project implementation difficulties in particular reference to overcoming procurement difficulties with the help of IT-based technology. Towards this, e-GP has been making ground breaking impacts, with its rapid expansion and usage. As of November 2015, about 18,000 suppliers/ bidders are registered in e-GP, with about 32,000 tenders invited, valued over \$3 billion.

C. Proposed Development Objective(s)

Original Project Development Objective(s) - Parent

The Project Development Objective (PDO) is to improve performance of the public procurement system progressively in Bangladesh, focusing largely on the target agencies. The PDO would be achieved by strengthening the ongoing reform process and moving it further along with the following outputs: (i) enhanced capacity in creating a sustained program to develop skilled procurement professionals, (ii) strengthened management and monitoring of procurement in target agencies, (iii) introduction of e-government procurement in CPTU and the target agencies on a pilot basis, and (iv) creation of greater public awareness of a well functioning public procurement system by engaging civil society, think tanks, beneficiaries, and the private sector. All these actions are key elements in effective implementation of the procurement law/ regulations.

Key Results

The key results are as follows: (i) reduced procurement delays (About 82% contracts awarded

within initial bid validity period by the 4 target agencies); enhanced transparency and on-line monitoring (Four target agencies publish PROMIS quarterly report for monitoring of procurement performance covering 90% of bids invited/ contracts awarded); improved electronic government procurement (Four target agencies fully introduce electronic government procurement (e-GP) in all national competitive bidding procurement); and increased procurement management capacity (Procuring entities of 20 additional agencies with one trained/ certified procurement staff).

D. Project Description

There will be adjustments in two, out of the four, project components: (i) Under Component 1 (Furthering Policy Reform and Institutionalizing Capacity Development), some adjustments is made to include the remaining Level 6 of CIPS course for the last batch and to provide more training to bidders; (ii) Under Component 3 (Introducing e-GP), adjustments is made to expand the capacity of the data center and its procurement. The other two components remain unchanged (Component 2: Strengthening Procurement Management at Sectoral Level ; and Component 4: Communication, Behavioral Change, and Social Accountability)

Component Name

Component 1: Furthering Policy Reform and Institutionalizing Capacity Development:

Comments (optional)

This component will address following: (i) Core competence & top-up Master program; and E-GP training.

Component Name

Component 3: Introducing e-Government Procurement (e-GP)

Comments (optional)

This component will deal with: (i) New Data Center and Mirror site; e-GP Data center and its consistency with Digital Bangladesh Strategy; and Management and operation of e-GP System.

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

Not applicable as there is no additional construction under this second additional financing.

F. Environmental and Social Safeguards Specialists

II. Implementation

Institutional and Implementation Arrangements

Institutional: Implementation arrangement will remain same as that of the original project as project activities are fully aligned with the existing government framework. To ensure continuity of the activities under additional financing of PPRPII AF, CPTU/IMED will continue to be responsible for overall implementation of the project

III. Safeguard Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
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Environmental Assessment OP/BP 4.01	No	The project activities are technical assistance in nature and includes policy support, capacity building and new system introduction. As such, no environmental impact has been envisaged for the additional financing similar to the original project.
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	

IV. 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 second additional financing to PPRPII continues to be assigned Category “C” for Environment. . The interventions of the additional financing are not expected to have considerable environmental impact similar to the original project.
2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
No potential impact is expected.
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.
The implementing agency earlier followed the ECoP for the very small civil construction under the previous additional financing with government own existing land (Ministry Campus).
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
Not Applicable as it does not involve any land acquisition or similar issues.

B. Disclosure Requirements

If the project triggers the Pest Management and/or Physical Cultural Resources policies, the

respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.
If in-country disclosure of any of the above documents is not expected, please explain why:
Not applicable

C. Compliance Monitoring Indicators at the Corporate Level

The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
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?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

V. Contact point

World Bank

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Borrower/Client/Recipient

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VII. Approval

Task Team Leader(s):	Name: Zafrul Islam	
<i>Approved By</i>		
Practice Manager/ Manager:	Name: Felipe Goya (PMGR)	Date: 05-Apr-2016
Country Director:	Name: Rajashree S. Paralkar (CD)	Date: 07-Apr-2016