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Policy Note:

Procurement Management Capacity Development in Bangladesh

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**Procurement Services Unit
South Asia Region**

Acronyms and Abbreviations

ADB	Asian Development Bank
APD	Academy for Planning and Development
BCSAA	Bangladesh Civil Service Administration Academy
BIM	Bangladesh Institute of Management
BIAM	Bangladesh Institute of Administration and Management
BOT	Build, Operate, Transfer
BOOT	Build, Own, Operate, Transfer
BOO	Build, Own, Operate
BPATC	Bangladesh Public Administration Training Center
BWDB	Bangladesh Water Development Board
CAS	Country Assistance Strategy
CFAA	Country Financial Accountability Assessment Report
CIPS	Chartered Institute of Purchase and Supply, UK
CPAR	Country Procurement Assessment Report
CPTU	Central Procurement Technical Unit
CSO	Civil Society Organization
ESCB	Engineering Staff College Bangladesh
FIMA	Financial Management Academy
GoB/GOB	Government of Bangladesh
IEB	Institution of Engineers Bangladesh
IMED	Implementation Monitoring and Evaluation Division
LGED	Local Government Engineering Department
MIS	Management Information System
NGO	Non Governmental Organization
PPF	Procurement Focal Person
PPRP	Public Procurement Reform Project
REB	Rural Electrification Board
RHD	Roads and Highways Department
TWG	Technical Working Group
WB	World Bank
WDR	World Development Report

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1. BACKGROUND AND RATIONALE

1.1 **Bangladesh has reshaped the landscape of procurement policy reform and capacity development over the last several years, and has taken lead in the South Asia region.** The ongoing activities has gone far to put procurement reform on the map in Bangladesh - not as a purely legal undertaking but as something with direct relevance to the spending of money, the provision of services, and the creation of a competitive and fair market. In the last couple of years, through a number of international workshops/ seminars/ conferences, the procurement reform in Bangladesh has drawn interests of the international community. Given the highly challenging and difficult environment of the country, the procurement reform, being an intensely political matter, needed to be designed taking into account the local political economy and local capacity. With this end in view, the purpose of reform was not to look for the “best practice” but rather a “good local fit”. As the beginning of reform, the efforts succeeded in creating a good foundation and attracting a constituency for reform, and it can thus be considered as a “success story”.

1.2 With World Bank’s technical assistance, the Government of Bangladesh (GOB) since 2002 has been implementing a Public Procurement Reform Project (PPRP), due for closing on June 30, 2007. The government established a procurement policy unit (Central Procurement Technical Unit- CPTU), issued Public Procurement Regulations 2003 (PPR) and implementation procedures with associated documents, and in July 2006 passed a procurement law in the Parliament. The law and the regulations contain most features of the international good public procurement practices. Concurrently, CPTU established a website (www.cptu.gov.bd), publishing all policies and procedures, has been piloting a procurement performance measurement system with a set of predefined indicators (Management Information System- MIS), developed national procurement trainers, and trained procurement officials of public sector organizations.

1.3 **Though reasonably good progress has been made in policy reform, yet its application has proven to be relatively inconsistent.** The harmonized procedures and the new regulations have increased substantial awareness among all stakeholders (procuring entities, bidding community, development partners, etc.), but actual implementation of the regulations is slow with less progress in improving tangible outcomes on the ground. There are numerous instances of non-compliance of the new regulations. Potential challenges that constrain the achievement of better procurement outcomes include cross-cutting governance, institutional, and implementation issues including inadequate enforcement of regulations, delays in contract award, ineffective contract administration, inadequate procurement professionalism, incidence of fraud and corruption, and political influence.

1.4 Effective implementation of the law requires a public and a private sector that have the skills and ability to plan, execute, monitor, and manage procurement. Efficient management of public procurement is largely dependent on the adequacy of understanding and skill of procurement professionals involved in the process. The World Bank supported Government’s procurement reform as part of its strategy to improve governance. Yet efforts to improve procurement systems will have little effect to ensure best value for money if these systems are

not implemented by professionals of adequate knowledge and expertise. Skill gap in the area of procurement is a recognized fact. And continuation of the capacity development activity is crucial to bring about an effective change in the system.

1.5 In an intervention like procurement reform to be more effective and produce results on the ground, apart from policy reforms, the program needs to create adequate number of professionals and public procurement officials with relevant expertise to manage procurement in an efficient way. Also, the private sector or the bidding community (suppliers, contractors, and consultants) will require adequate understanding of the new rules and bidding procedures combined with skills for the submission of competitive and responsive bids. Generally, a well informed and reasonably capable private sector can be a very powerful force contributing to change the procurement practices and establish accountability, if mobilized correctly, and thus creating a conducive procurement environment resulting in minimizing corruption and savings of public fund. However, experience also shows that only training is not enough. While in the Philippines, about 80,000 public servants have been trained in the new public procurement law, still capacity is a concern as there is little evidence of proper compliance and enforcement. The Policy Board in Philippines had to change the course a year ago and introduced professionalization, where the government's civil service commission will create the positions of procurement professionals for the procurement unit of each agency, similar to Certified Public Accountants. This point has been looked into further in Chapter 2 and 3.

Current Status of Procurement Management Capacity

1.6 In cognizance of the need for developing skilled procurement professionals, procurement capacity development, as one of the three components of PPRP, was an integral part of the procurement reform process. Since 2003, GOB undertook substantial program to develop procurement professionals in the public sector organizations, first, by developing a critical mass of national trainers, and second, by providing training to public sector staff. As of April 2007, the GOB developed 25 national trainers and provided training to over 1700 staff from about 300 organizations. This training is being organized by the Central Procurement Technical Unit (CPTU), the procurement policy-making entity of GOB, using the services of International Training Center of the ILO, Turin (ITC-ILO, Turin) in collaboration with a local institute (initially with Bangladesh Institute of Administration and Management- BIAM, followed by Bangladesh Institute of Management- BIM). Largely, this training was compliance-based, meaning the training concentrated essentially on improving familiarity with the new procurement regulations and the concomitant standard bidding and contract documents.

1.7 **The current training program does not go far enough in developing core procurement competence skills and institutionalization of capacity development,** though it appears to have been successful as compliance based training and in meeting the immediate goal of training a core number of procurement officers in the new legal and regulatory procurement framework. By and large all participants were from the public sector organizations, with very few from the private sector (bidding community, consulting industry, suppliers). In addition, though both of the local institutes provided logistical support (training facility, class rooms, accommodation, etc.), over the years no functional faculty has yet been developed in either of

these institutes. Thus, institutionalization of procurement training in Bangladesh still remains an issue.

1.8 While training of public officials has been continuing, the question remains whether this training has all the right elements or enough to fulfill the required skills gap. Should a different approach be taken to compliment this effort? Also, the impact of such training in improving the procurement environment is another aspect to look into. A concurrent question has been raised whether given the current civil service structure of Bangladesh, can a separate procurement professional cadre be introduced or feasible? If not, then what alternates or good approaches may be undertaken? In the current training program, it appears that core procurement skills like planning, budgeting and supply chain management are lacking including its institutionalization and sustainability in the long run. Efforts made under the current reform actions appears to be not adequate in covering all aspects of procurement professionalism at all tiers and needs a systemic short-medium-long term approach so that right kind of institutions and/or mechanisms are built within the system at different levels to serve the long-term objective of developing procurement management capacity. And this will require a more holistic approach to capacity development concentrating on the core skills of procurement function and its institutionalization for long-term sustainability. This note deals with the inadequate professionalism in the field.

Objectives:

1.9 The Policy Note is designed to provide guidance/ advice to GOB in: (i) developing a robust framework for procurement capacity development, covering government/ public/ private sector entities including contractors, suppliers, and consultants; and (ii) establishing a mechanism to institutionalize procurement management capacity in Bangladesh and make it effective and sustainable with tangible benefits on the ground.

1.10 The first objective will be addressed through a detailed gap analysis and need for training assessment of key public sector organizations, focusing largely on infrastructure, transport, power, and water sectors. In addition, the requirement of the private sector needs will also be outlined. In order to tailor such an approach to the specific requirements of Bangladesh, the note, among others, will cover identifying (i) the number and location of the untrained officers and other potential trainees of key public sector entities including awareness of stakeholders, (ii) the type of training that they need; and (iii) gaps and understandings of the bidding community about the new rules/ procedures; and (iv) the real needs in respect of establishing good procurement practices. The note covers capacity development needs in detail for key sectoral agencies while providing a broad framework for other public sector entities. The key agencies include: Roads and Highways Department (RHD), Local Government Engineering Department (LGED), Rural Electrification Board (REB), and Bangladesh Water development Board (BWDB).

1.11 Second, a detailed approach has been analyzed with possible options as how capacity development program, by virtue of its nature, can be institutionalized in the country as a continuous process in one form or the other within the system to achieve its desired impact on the ground. This will be achieved by analysing the capacity of local institutes to provide appropriate training and ways and means to make it sustainable in the longer term.

2. BRIEF APPROACH AND METHODOLOGY

2.1 It has been noted that most budgetary resources are used by the ministries/ agencies relating to the hard sectors like infrastructure, transport, local government, and power. And in most of these pure government organizations, there is no separate procurement unit of the agency, instead the organizational hierarchy allows the concerned technical staff, as part of the civil service/ public service (Engineering), to deal with procurement and contracting matters. There are over two dozens of civil service cadres, and at this point, given the nature of the way the bureaucracy operates in the country, introduction of a new procurement cadre is unlikely to be pragmatic and will delay the capacity development process. Within the country constraints, therefore, a more pragmatic approach will be to move gradually, starting with the improvement of professional skills for those who actually handles procurement on a regular basis and develop a mechanism for their professionalization including a procurement accreditation program, described in more details in Chapter 3.

2.2 The training needs assessment required a dual approach: the assessment included both quantitative and qualitative. It would be quantitative in the sense that it needed to provide an assessment of the numbers of procurement officers and other trainees (at different levels of the administration) needing to be trained. It would be qualitative in two respects. First, it needed to distinguish between the needs of the target audiences. These may, for example, be procurement officers, technical experts, executive decision makers, auditors and private sector bidders. Second, and in respect mainly of procurement officers, there would be a need to identify the real needs of and gaps in existing training in respect of the nature, value and type of procurement conducted. This is not a question of regulatory training which will form part of the continuing *training* in any event. It is a question of identifying what procurement capacities need to be developed within the procurement function of the category of procurement officer in question.

2.3 In completing the above tasks, specific data from relevant agencies were analyzed. Data were collected at two levels as a result of the level of detail required. The two levels are (i) country-wide data and (ii) data distilled from an examination of a cross-section of representative key sectoral ministries/ implementing agencies, largely covering infrastructure, transport, urban, power, and water resources (line ministries and public bodies at a lower level in the administrative hierarchy).

2.4 At the country-wide level, the following information in respect of as many procuring entities as possible were obtained, where appropriate broken down by type of procuring entity:

- a. generalized organizational charts of contracting entities in Bangladesh (to the extent possible) detailing the procurement functions and lines of responsibility;
- b. details of entities responsible for the various procurement functions (technical, operational, executive etc) with a view to differentiating basic training needs and identifying those needing specialized training under the existing training program (e.g. on the regulations, auditors, executive decision-makers);
- c. details of people against those entities;

- d. identification of national institutions (universities, institutes, colleges, civil service schools etc.) capable of acting as partners of identified international institutions at the national level and of channeling suitable training at a national (or regional) level; and
- e. identifying national bodies capable of developing and implementing national certification systems, if appropriate.

2.5 At the key sectoral entity level, largely focusing on the infrastructure, transport, power, and water resources, the following information were made available, where appropriate, broken down by type of procuring entity:

- a. profile of the said entities to identify areas of significant procurement by type and value of contract (works, goods, services) in order to identify training needs;
- b. identification of those procurement officers within the entity responsible for conducting procurement at an operational level with a view to differentiating basic training needs and identifying those needing the specialized training;
- c. assessing the education, qualifications and experience of the existing procurement officers and identifying their training and educational needs;

3. POLICY GUIDANCE FOR CAPACITY DEVELOPMENT

3.1 In light of the country context, the following three components will guide the process of capacity development:

- initiating a gradual approach of training the target audiences, focusing initially on the key sectoral ministries/ agencies that use large part of the annual budgetary allocations;
- developing types and modules of procurement courses considering the need of the procuring entities, bidding community, and other stakeholders; and
- starting a process of institutionalizing capacity development including the introduction of a procurement core competence and accreditation program through local-international collaboration

3.2 The above three components could be achieved through two separate but related sets of activities. First, *synthesizing a well-articulated capacity development intervention*; this will cover the first two principles with relevant segments of audience/stakeholders by clearly outlining the importance of a well-functioning public procurement system and laying out a modality for practicing them at the entity and policy level on a daily basis. This part will mainly concentrate in explaining the need for capacity development and the possible courses and modules that can be considered for various types of audiences, mostly compliance based with some short courses. Second, initiating a *process of institutionalization* of the capacity development program in the country for its long-term sustainability; this is envisaged to achieve through collaboration/partnership between local institutes/universities and internationally reputed organizations/institutions. As part of the institutionalization, emphasis will also be given in developing procurement core competence skills including procurement accreditation program, leading to the possible emergence of a procurement professional career path.

Guidance to Capacity Development Interventions

3.3 Inadequacy of the number of skilled procurement professionals at procuring entity level has been identified as one of the major hindrance for efficient procurement. Another important finding is that though there are currently 43 ministries/ divisions covering about 300 organizations, only a few key ministries/divisions spend large part of the annual budgetary allocations. In-depth analysis and review of the concerned entities and private sector organizations indicates a lay-out of about 70,000 staff to be trained covering all organizations. Training of such a huge number of staff is gigantic and obviously is a long-term process, and cannot be addressed in a simplistic way. There may be several options or a combination of options. **First Option** could be to train *core people of all public sector organizations*, who in turn will provide in-house training to its own staff, which appears to be a very long-term process to yield results on the ground. **Second Option** could be to target a specified number of *key sectoral ministries/organizations* and provide training with a short-to-medium term strategy to develop a core group of leading procurement professionals as well as train as many staff as possible in the field for those organizations. In such case, the key sectoral organizations are chosen based on the annual budget allocation in a way that substantial amount of GOB allocation

is covered by targeting them. In addition, this option could include number of short-courses designed for various types of audiences of the society apart from the main procurement professionals. Taking into account the frequent rotation of staff in the public sector organizations as a generic issue that cannot be resolved within the short time because of the way the bureaucracy operates in Bangladesh, to yield quick tangible outcomes on the ground with “low-hanging fruit” in terms of efficient procurement, it appears that the second option is likely to demonstrate better results. Because most staff of those key organizations will be trained, thus will have more chances of handling procurement by skilled staff at the centre or field level regardless of wherever they are positioned/ posted within the bureaucracy.

3.4 For the purpose of this guidance note, a framework for the second option has been laid out, i.e., targeting few *key sectoral ministries/organizations*, covering most of their procuring entities at centre and field level. In addition, a strategic framework is also described to cover the private sector audience including Member of Parliaments, business community, and the contracting community. Most procurement officials of the target agencies will undergo the mandatory main three-week procurement training course; over 2000 staff will be trained from these agencies. Procurement officials of other sectoral agencies may also be nominated and participate in the main course provided suitable vacancy exists. All other training courses are on a demand basis. Thus, combining main and short courses of various audiences, a total of about 10,000 people will be covered under the short-to-medium term strategy within a framework of five years. A summary of estimated training need is in Attachment 1 and summary of courses is in Attachment 2.

Development of procurement core competence skills/ accreditation program

3.5 This *core competence* training is distinct from the *compliance-based* training described below in the main procurement training course. The component envisages a more holistic demand-based approach concentrating on the core skills of procurement functions. The method envisaged is to invite an internationally reputed organization like the Chartered Institute of Purchasing and Supply, U.K. (CIPS) to partner with local institute(s) to create skills at various levels allowing for the efficient division of labor within procurement departments and the creation of a distinct career path in procurement, if feasible, leading to the emergence of a well-trained and diverse procurement regime. The module will depend on the type of certificate/ accreditation a candidate would like to pursue; currently CIPS has six modules at various levels 2-7 recognized all over the world (starting at 16 years in secondary education or adult educations at level 2 up to university Masters Degree). The partnering institution could be either Engineering Staff College Bangladesh (ESCB), Bangladesh Institute of management (BIM) or a reputed private/ public sector university like BRAC, or other university or a combination of them. Item D of Attachment deals with the basic core competence course of CIPS. Besides, *All procurement accreditation program will be conducted by CIPS for different levels as will be determined by them depending on the type of course and level of accreditation that one is willing to pursue.*

Main procurement training course

3.6 The focus of this training for procurement of goods, works, and consultants' services will be on *compliance of rules* and regulations including basic understanding of procurement core competence skills of purchasing, planning, and supply-chain management. This could be a *three-week residential course*, each for goods and services, and works and services, operating concurrently, with participants largely from the target agencies (RHD, LGED, REB, and BWDB), followed by other public sector agencies, CPTU/IMED, and private sector. The course is mainly compliance focused, with some basics of competence skills. The junior-mid level officials/ procurement officers (who actually prepares bidding documents, request for proposals, evaluation reports, etc.) of the target agencies are the key target audience; in addition, officers of other public procuring entities will also be included depending on the program need and availability of appropriate resources.

3.7 The current training module will be reviewed and revised appropriately; key features of the course will include: basic modules on procurement core competence skills (a short module of CIPS), detailed modules on compliance of national laws/ rules/ procedures, detailed modules on procurement of goods, works, and consultants' services including hands-on training on the preparation of bidding documents/ request for proposals and evaluation of bids including contract management aspects, brief modules on the rules/ procedures/ documentation of the key Multilateral Development Banks (WB, ADB). Public officials receiving this three-week training will be issued with a certificate that they successfully completed the training and will be eligible to become a procurement member in the bid evaluation committee.

Training of procurement focal person (PFP)

3.8 This is an intensive advance short course designed specifically for the leading procurement professionals at the identified target agencies and IMED/ CPTU; other agencies may join if resources so permit. The course will be a combination of compliance and competence skills training, held primarily at the local institute, with provision of exposures with international institutes or training abroad. Based on the qualification, skills and in-depth professional experience in procurement, a team of experts will select no more than eight persons from each of the target agencies and IMED/ CPTU to undergo this training; the persons will be selected either from the technical working group (TWG) members of the target agencies and CPTU/IMED or other mid-senior level procurement officials of these entities or a combination of them. After successful completion of the course, each of them will be a PFP of the respective agency. PFPs will also act as resource person for providing in-house training and guidance on procurement matters.

Short training course for junior level officers

3.9 Junior level staff of procuring entities who assist in estimates, accounting and/or associated with procurement activities will be trained on a short course with customized module. This may vary 2-3 days depending on the kind of audience and the procurement activities.

Short-training course for policy makers

3.10 All key policy makers and officials at various tiers of GOB will undergo this short course specifically to be designed on the basis of procurement rules and associated approval process. The objective is to help facilitate an efficient procurement approval process with reduced time lag. This course is meant for senior level officers with duration of 1-3 days, depending on the level of contract approval authority and financial delegation of GOB. Starting with the target agencies, over time this is expected to cover all public procurement entities and policy level ministries.

Short-training for civil service officers

3.11 This will cover freshly recruited civil servants as well as mid-level and senior civil servants. Assistance will be provided to various existing public training institutes to develop and include appropriate procurement modules within their current syllabus. For instance, for civil service entry officers in the administration cadre, a short module could be introduced in their foundation course for the administrative cadre conducted at the Bangladesh Civil Service Administration Academy (BCSAA). Similar courses appropriately designed may be introduced in the training courses of senior level civil service officials conducted at the Bangladesh Public Administration Training Center (BPATC) or Academy for Planning and Development (APD).

Short training for bidding community

3.12 This course with expected duration of about 2-3 days will be designed to take into account the need of the bidding community including contractors, suppliers, and consultants; course module will include rules/ regulations as well as preparation of bids with due consideration of the bidding conditions. The course could be a combination of goods, works, and consultants' services or separate for each audience, depending on the demand.

Short training for auditors, finance and accounts officers

3.13 Given the importance of the role of auditors in public procurement, the public auditors will be provided with targeted course on procurement appropriate for them. Since their role is different from the roles of public procurement officials, the course module will concentrate on the type of deficiencies in bids and actual contract implementation issues including delayed payments and imposition of liquidated damages for delayed implementation.

Short orientation courses

3.14 This course will vary depending on the target audience which is expected to include a cross section of stakeholders including the Members of Parliament, business community, civil society organizations, and media professionals. The objective will be to create an informed society of their roles in public procurement matters with special emphasize on peoples expectations of procurement outcomes.

Training on BOT/BOOT/BOO/Concessions Contract

3.15 This one-week training course will emphasize on public-private partnership contractual arrangements for large infrastructure projects. It could be provided in a suitable local institute with participants mainly from the target agencies (RHD, LGED, REB and BWDB).

Guidance for Institutionalizing Procurement Capacity

3.16 The second concurrent challenge is how training will be institutionalized in Bangladesh in a way that each procuring entity has adequate incentive to perform good procurement by utilizing its trained manpower through a systemic way. To ensure sustainability, the training will need to be institutionalized and anchored locally in suitable institute(s) in a way that the local institute over time develops a procurement faculty of its own preferably in collaboration with an international training provider ensuring appropriate quality assurance scheme, with a procurement short basic core competence module of CIPS or similar organizations. By developing a procurement faculty in at least one local institute and for conducting the main *three-week residential* procurement training course on goods, works, and services, it is critical that an appropriate twinning arrangement is put in place between the international training provider and the local institute(s).

Quality Assurance Scheme- International Training Provider:

3.17 With CPTU's overall coordination, as part of the capacity development program the international training provider will be required to (i) develop the course curriculum and material for all the training courses; (ii) conduct the main procurement training course of about three-week duration; (iii) conduct all short training courses for specified target groups; and (iv) develop procurement faculty with appropriate set up at the identified local institutes so that the local institute can continue the training program in a sustained manner, even after the departure of the international firm. The three-week courses will be conducted largely at ESCB, and partly in BIM. The entire course module, developed jointly by the international training provider and the local institutes with necessary input from CIPS or similar institutes, will require endorsement of the WB and CPTU. The key aspects of other quality assurance scheme could be as follows:

- i. design the required course modules to be provided by ESCB and BIM and establish a time-table for a short-to-medium term duration;
- ii. allocate responsibilities for training between the international and local experts and between ESCB and BIM;
- iii. include in the three-week training courses a short module on core competence;
- iv. identify various institutes in collaboration with CPTU, the preferred institution and methods of training for each of the identified courses; and
- v. develop and implement a mechanism for evaluating the training (in respect of the resource persons) and for monitoring the results of the training (in respect of the trainees).

3.18 For all training courses, the international training provider will provide the resource persons (international and local) regardless of whether the course is conducted in ESCB (nominated sub-consultant) or elsewhere. The main procurement training course (three-weeks)

will largely be conducted at ESCB, while part of it will be conducted at BIM. Other short training courses will be conducted at various suitable institutes, like, BIM, BCSAA, BPATC, APD, FIMA, Customs and Tax Academy or other similar institutes as will be identified and arranged in due course by CPTU, using the resource persons of the consultant.

Twinning Arrangement with Local Training Institutes

3.19 An initial review of the possible local institutes has been carried out; institutes considered are: Engineering Staff College Bangladesh (ESCB), Bangladesh Institute of Management (BIM), Bangladesh Institute of Administration and Management (BIAM), Bangladesh Public Administration Training Center (BPATC), Bangladesh Academy for Planning and Development (BAPD). Detailed review indicates that, among the above institutes, ESCB, though new, appears to be the most potential to grow into a major private sector training provider with long term sustainability, followed by BIM. The key rationale are as follows:

- a. ESCB, headed by a Rector and affiliated with The Institution of Engineers Bangladesh (IEB), though new, is developing as a potential local training institute in the private sector;
- b. ESCB, with its own resource persons, has been conducting a five-day procurement course in its facilities at IEB, Dhaka since January 2005, mainly for the key implementing agencies' staff (e.g., RHD, LGED, BWDB). In consideration of its nature of functions under the IEB, ESCB is likely to be an institute with right potential to mobilize adequate number of quality faculty members;
- c. ESCB's new campus of about 23 acres, located 40 km from Dhaka, is an ideal set-up and environment for such residential training away from everyday work with adequate overall physical infrastructure and facilities; and
- d. from the viewpoint of long-term sustainability, ESCB has competitive edge over the other institutes.

Procurement Core Competence/ Accreditation Program

3.20 This core competence training is distinct from the compliance-based training described under capacity development program above. The core competence training in procurement envisages a more holistic demand-based approach to develop skills in procurement planning, budgeting, supply-chain management, strategic procurement, with necessary levels of accreditation after fulfilling or undertaking a defined number of modules. The approach envisaged is to invite one of the internationally reputed institutions who provides such accreditation program and to partner them with a local institute(s) to create skills at various levels allowing for the efficient division of labor within procurement departments and the creation of a distinct career path in procurement, if feasible, leading to the emergence of a well-trained and divers procurement regime. There are only couple of institutions who deal with such accreditation program; one in the USA and the other in the UK, the Chartered Institute of Purchase and Supply (CIPS). CIPS has competitive edge on the following considerations:

- a. CIPS, being a highly specialized and recognized institution, acts as a center for excellence for the whole profession of purchase and supply chain management to improve the professional standards of practitioners and raise awareness of their contribution to corporate, national, and international prosperity;
- b. It is an international education and qualification body representing purchasing and supply chain professionals and a central reference point worldwide on matters relating to purchasing and supply; its professionals code of ethics is the model for the international code and the domestic codes for many countries; and
- c. CIPS has currently six modules at various levels 2-7 recognized all over the world (starting at 16 years in secondary education or adult educations at level 2 up to the university Master Degree). Thus, CIPS is exceptionally qualified to undertake this assignment.

Incentive Mechanism for Sustainability

3.21 To promote sustainability of the capacity development program, the following incentive mechanism options could be explored: (i) make provision to have at least one procurement trained staff in the evaluation committee; (ii) include procurement expertise as one of the criteria in the staff performance evaluation and promotion that deals with procurement; (iii) identify leading procurement professionals for each target agency who will be recognized as procurement focal person (PFP) at the agency level; (iv) make provision of training the PFPs abroad; (v) create opportunity to become local procurement trainers from the PFPs of each target agency and/or top performers in the training classes; (vi) provide opportunity to the agency level PFPs and/or top performers in the training class to undertake procurement accreditation program with CIPS or similar institutes, allowing worldwide recognition as certified procurement professional. The government in consultation with the Development Partner could determine the training evaluation modality to ensure that the training programs are conducted effectively.

3.22 At the agency level, to promote the culture of good procurement performance, possible incentive mechanisms could include the following: GOB will recognize annually (i) one target agency as the “*Icon of the Year*” for best procurement performance measured through the project results monitoring indicators and provide symbolic monetary award along with a certificate; (ii) top three procuring entities of each target agency at the field level (district, sub-districts or other fields) as best performers; and (iii) three officials (senior, mid, and junior level) in each target agency for their effective contribution in promoting the knowledge of procurement, practicing them, and help implementing the new regulations. Appropriate evaluation mechanism for items (i)-(iii) needs to be developed.

Attachment 1: Summary of Training Needs of Target Agencies

Name of Agencies	Number of Procuring Entities ¹	Breakdown of Procuring Entities	No. of Class-I Officers	Potential Trainees ²
RHD	65	1 HQ and 64 District offices	354	354
LGED	541	1 HQ, 64 District and 480 Sub-district offices	1,168	876
BWDB	330	1 HQ, 7 Zone, 19 Circle, 77 Division and 226 Sub-division offices	361	361
REB	1	1 HQ (completely centralized)	624	468
			2,507	2,059

Notes:

1. Procuring Entity is defined as Ministries, Divisions, Departments and/or Local Government agencies (e.g. City Corporations, Municipalities, etc.), Corporations, Autonomous, Semi-Autonomous bodies or other units or sub-divisions thereof to the extent that they use public funds for procurement.
2. This is derived on the following basis:
 - all class-I officers if total number is less than or equal to 500.
 - 75 percent of class-I officers in case total number is more than 500.
3. The above program will be reviewed and adjusted accordingly to include other agencies (like, PDB, food, chemical, etc. may be added)

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- ITC-ILO 2007 Procurement Reform Progress & Achievements in Bangladesh
- The World Bank 2007 Operational Risk Assessment of RHD- Draft Report

Attachment 2: Guideline of Training Courses

	Name of Course	Duration	Indicative No. of courses	Class Size	Indicative venues	Main Target Audience	Total No. of Trainees
B1	Procurement of Goods and Services	3 weeks	54	25	ESCB/ BIM	RHD, LGED, REB, BWDB**	1,350
B2	Procurement of Works and Services	3 weeks	54	25	ESCB	RHD, LGED, REB, BWDB**	1,350
B3	BOT/BOO/BOOT Concession Contracts and Management	1 week	12	25	BIM/ ESCB	RHD, LGED, REB, BWDB	1,300
C	Procurement Focal Persons	3 weeks	3	25	ESCB/ BIM	RHD, LGED, REB, BWDB and 10 more organizations (demand based)	75
D	Procurement Core Competence	4 days	12	N/A	ESCB/BIM or private university	RHD, LGED, REB, BWDB	75
E	Junior Level Short Training	2 days	16	30	ESCB/BIM	RHD, LGED, REB, BWDB	480
F1	Short Training for Policy-makers	2 days	20	30	rented facilities	RHD, LGED, REB, BWDB and all key policy level ministries	600
F2	Short Training for Policy-makers	1 day	20	30	rented facilities		600
G1	Training for entry-level civil servants	Module	12	25	BPATC/ FIMA	Civil servants	300
G2	Training for mid-level civil servants	Module	12	25	BPATC/ FIMA	Civil servants	300
G3	Training for senior civil servants	Module	12	25	BPATC/FIMA	Civil servants	300
G4	Training for Planning Commission	Module	15	25	APD	Planning Commission, ERD, IMED, Planning Wings, Economic cadre and Development Project Staff	375
G5	Training for Administration Cadre	Module	8	25	BCSAA	Entry-level Administration cadre civil servants	200
G6	Training for Finance Cadre	Module	12	25	FIMA/VAT Acad.	Finance cadre civil servants	300
G7	Awareness Workshop for Municipalities	1 day	30	35	rented facilities	Elected Municipality Chairpersons and Members	1,000
H	Procurement Training to Bidding Community	2 days	16	30	rented facilities	Members of BACE, FBCCI, DCCI and other organizations	480
I	Procurement Training to Auditors	3 days	16	25	rented facilities	Public Auditors and Accountants	400
J1	Orientation for Parliament Secretariat	1 day	12	40	rented facilities	Parliamente, their representatives and staff from Parliament Secretariat	500
J2	Orientation Training for Business Community	1 day	8	25	rented facilities	Businessmen, busines organizations (i.e. BGMEA), importers, exporters	200
K1	Overseas Training for Policy-makers	2 weeks	2	N/A	N/A	High-level GoB policy-making officers	15
K2	Overseas Training for Decision-makers	2 weeks	3	N/A	N/A	High-level GoB decision-making officers	15
TOTAL							10,215

** Participants will largely be from the four target agencies, followed by staff/officials of other public sector agencies, CPTU/IMED, and private sector.

