

Strengthening Monitoring and Evaluation of PPR

1. Description, Objective, Major Conclusions & Recommendations

1.1. Task Description

The study will cover following aspects:

1. Carry out field level study to track actual procurement processing time from invitation for bids to award of contracts and compare those deviations with the government mandated timeline as per the procurement regulations.
2. Identify the areas of delays in procurement processing including reasons for such delays.
3. Review the current strength of CPTU and its capability to monitor procurement activities across the country. What actions would be required to fill in the gap? Can CPTU engage Monitoring Associates or introduce other mechanism to track performance of implementing agencies on a regular and sustained basis.
4. Investigate the possible role of NGO/ civil society/ outside independent institutions in the monitoring of procurement functions carried out by public bodies. How such involvement can be materialized within the current framework of the government functionaries. How civil society/ NGO can play the role of a vigilance agency on behalf of the large community.
5. Work out modality to publicize inappropriate procurement practices including collusive bidding and corruption issues.
6. Developing a strategic framework of procurement monitoring both by CPTU and NGO/ civil society which can be implemented through the next phase of procurement reform.

1.2. Strategic Objectives

The key objectives are following:

1. Developing a comprehensive framework to track procurement performance by involving civil society/ NGO monitoring.
2. Working out a modality to strengthen Central Procurement Technical Unit (CPTU)/ Implementation Monitoring and Evaluation Division (IMED) of the government including its monitoring staffing and logistics at the field level so that it can track persisting governance problems including corruption issues.
3. Expanding the existing MIS at CPTU to link possible implementing agencies for online/ off-line data transmission so that CPTU 's MIS become the central entity of the government to provide performance report to the government.

1.3. Major Conclusions / Recommendations

There was no formal report issued, instead few draft reports were prepared by the consultant.

Under the NLTA, the Bank assisted Central Procurement Technical Unit (CPTU) of the Implementation Monitoring and Evaluation Division (IMED) and the possible four key sectoral target agencies (Roads and Highways Department- RHD, Local Government Engineering Department - LGED, Rural Electrification Board- REB, and Bangladesh Water Development Board- BWDB) to review their existing procurement implementation and monitoring system in reference to the new laws/ regulations (Public Procurement Act 2006- PPA; Public Procurement Regulations 2003- PPR) and suggest areas of improvement with possible indication of evaluation mechanism of procurement performance. The four target agencies were chosen taking into account their bulk of procurement and large share of public budget spending.

Major Findings: The generic deficiencies include planning, budgeting, bidding process, contract management, and monitoring, a brief of which is provided below:

planning & budgeting- inadequate procurement planning and its monitoring; splitting of contract packages; inadequate integration of procurement planning with budget formulation; delays and complex procedures in the fund release mechanism.

bidding process- excessive delays in award of contract as the contract approval limit goes higher, specially at the levels of ministry and above; ignoring PPR requirements, review of bid evaluation committee's report by another committee or set of persons attached to the contract approving authority; allowing submission of bids at multiple locations; incidence of collusive bidding practices; frequent extension of bid validity; inadequate disclosure of information; inadequate adherence to the complaint handling mechanism.

Contract management- poor contract administration; frequent non-adherence to the work plan/ schedule; excessive delays in contract execution; frequent incidence of delayed payments to contractors/ suppliers/ consultants; non-imposition of liquidated damages for delayed implementation; inadequate supervision and quality control of works.

monitoring- either no or poor means of collecting procurement processing data from the field; no centralized system in place at the agency level to track and monitor bidding and contract award information; poor monitoring of contract performance; and infrequent submission of procurement information to CPTU.

Major recommendations: After detailed evaluation of the weaknesses for the four target agencies, a set of recommendations were made to improve the procurement management system including its monitoring. The sector strengthening reform actions need to be anchored at CPTU and the target agencies through a technical working group (TWG)

comprising small number of highly motivated officials in the CPTU and the target agencies. Each target agency will implement the following standard protocol within the overall framework of the PPA/ PPR:

- i. procurement monitoring coordinator (PMC): designate a PMC for overall monitoring of agency's procurement. The PMC will be responsible for coordination and monitoring of procurement management at the entity level;
- ii. procurement planning: prepare annual procurement plan with appropriate contract packages without splitting and publish the same in website of the agency and/or CPTU for contracts of Tk. 10 million and above;
- iii. budgeting: prepare budget taking into account the annual procurement plan and the timeline for procurement packages
- iv. fund release mechanism: obtain fund or assure timely release of fund in coordination with the relevant ministry.
- v. invitation for bids (IFB): publish invitation of bids above specified thresholds in website of the CPTU, in addition to the publication in widely circulated newspapers.
- vi. post qualification: invite bids for works contracts on a post-qualification basis, except for the large value contracts of US\$ 5 million and more where pre-qualification may be done provided the work is of complex nature;
- vii. bidding time: allow a minimum of 21 days bidding time in national competitive bidding (NCB), however, for large value NCB contracts (Tk. 50 million and more), the bidding time should not be less than 28 days;
- viii. multiple dropping: all bids shall be submitted and opened at one location; on exceptional circumstances as specified under the Procurement Act/ Rules, submission of bids at more than one location may be allowed provided they are opened at one location and the reasons thereof are recorded properly. However, for Bank-funded projects such exception shall not be acceptable;
- ix. opening of bids: open bids immediately after the bid submission deadline.
- x. bid opening committee: open bids by a formal bid opening committee included in at least one bid evaluation committee member.
- xi. bid opening minutes: prepare bid opening minutes, with readout bid prices of participating bidders, signed by bid opening officials and representatives of bidders; and

share the minutes with bidders immediately after opening.

xii. bid evaluation committee: include at least two members of outside the procuring entity in the bid evaluation committee (either from public offices or from professional bodies/ universities/ beneficiaries);

xiii. timeliness of bid evaluation: ensure independent functioning of the bid evaluation committee and submit bid evaluation report directly to the contract approving authority within the stipulated timeline, along with the certificate of impartiality.

xiv. timeliness of contract: award contract within the initial bid validity period without seeking extension of time.

xv. sub-delegation of financial power: appropriately sub-delegate financial powers at the field level as per the GOB financial delegation notification. All field offices shall ensure exercise of their authority in the field;

xvi. re-bidding: allow re-bidding only in exceptional circumstance with valid justifications, taking into account that the development partner may not finance such contract, if found not justified, in particular the agency will enquire into the matter, record and highlight the grounds of re-bidding (i.e. inappropriate bidding practices or similar, high bid prices etc.). For corrupt practices, actions need to be recommended.

xvii. contract awards: publish bidding results in website with brief reasons for rejection of bids. Within two weeks of contract award, the agency will publish in its (if applicable) and CPTU website;

xviii. complaint handling: introduce complaint box at each procuring entity and handle complaints within the stipulated timeline, maintain a complaint database and a standard protocol with triggers for carrying out investigations.

xix. late payment and liquidated damage: make payments to suppliers/ contractors/ consultants in a timely manner as per the provisions of the contract. Interest for delayed payments beyond a specified period will be stated in the bidding documents. Also, impose liquidated damages as per contract provisions for delayed completion/ delivery.

xx. post review: carry out annual post review of procurement packages on a sample basis as per the provisions of the PPA/ PPR.

xxi. procurement performance monitoring: install and use the procurement monitoring system PROMIS of CPTU with connectivity up to the district level to track procurement performance, with necessary updating of required field, generate report at entity level, and

transmit relevant data to CPTU.

xxii. integration of contract management tool: for RHD, integrate the contract management system (CMS) with CPTU PROMIS to generate all monitoring information starting with the IFB up to the final payment.

xxiii. MIS data submission: provide procurement management and monitoring data to the CPTU and the designated M&E consultant.

xxiv. pilot e-GP: pilot electronic government procurement (e-GP) at HQ for international procurement (ICB contracts and international consultancy). The agency will establish e-GP connectivity up to the division level.

xxv. training: nominate and train all relevant staff in procurement; also suitable candidates will be trained on the use of e-GP/MIS applications.

xxvi. engagement of beneficiary: take initiatives to partner civil society/ beneficiary groups/ non profit organizations to help build a conducive procurement environment through awareness building, media campaign, and monitoring as appropriate.

xxvii. action against bidders/ staff: take action against bidders and/or staff for corrupt and fraudulent practices. In cases of possible collusion found or established for reasons, i.e. same hand-writing, identical unit prices in the bill of quantities (BOQs), consecutive serial numbers in bank guarantees for bid security etc, procuring entities will initiate actions, including debarring contractors/suppliers, as appropriate in accordance with national rules. If any firm is debarred, the list of debarred firms will appear in the web sites of CPTU, and of the entity, if applicable, and the debarment notice will be circulated to all field offices and other government/public sector offices, putting it as a lesson to discourage corrupt or similar behavior. Similarly, for staff, the agency will take appropriate/disciplinary action against those involved in corrupt or fraudulent practices, in accordance with the services rules and procurement regulations.

