ASPS II & WSSPS II
PROCUREMENT CAPACITY DEVELOPMENT PLAN
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1. **INTRODUCTION**

In line with the principles of the Paris Declaration, the Royal Danish Embassy in Dhaka has initiated a gradual process to align Danish support with the national systems of the Government of Bangladesh, including the public procurement system.

To support the alignment process, the Royal Danish Embassy in early 2009 commissioned an assessment of procurement capacities in six selected programme components in two Danish sector programmes: the Agriculture Sector Programme Support (ASPS) and the Water Supply and Sanitation Sector Programme Support (WSSPS).¹

The procurement capacity assessment identified a number of procurement capacity gaps which today constitute a barrier to full alignment of the Danish support with the public procurement system in Bangladesh.

To prepare the Danish sector programmes for further alignment, and ultimately to enhance the effectiveness of the Danish aid to Bangladesh, this document presents a Procurement Capacity Development Plan aiming to address the capacity gaps identified in the assessment.

Having established the objective of the Procurement Capacity Development Plan, two core questions must be answered: Capacity for ‘whom’ and capacity for ‘what’?

The ‘capacity for whom’ and ‘capacity for what’ guiding the present Procurement Capacity Development Plan can be illustrated graphically as follows:

¹ Procurement Capacity Assessment: ASPS II & WSSPS II (Rambøll Management Consulting, May 2009).
As illustrated, the Procurement Capacity Development Plan includes three major target groups for whom capacity must be strengthened to ensure that the alignment strategy is implemented, and that this is done in a manner leading to its intended result: aid effectiveness.

The contribution of each target group to the alignment process is unique, and the Procurement Capacity Development Plan is based on the assumption that the Danish alignment process cannot be successful, if one of the target groups are omitted.

In the sector programmes, firstly, the technical and managerial gaps identified in the assessment vis-à-vis the capacity to carry out sound and efficient procurement in accordance with national rules and procedures must be addressed. Without adequate capacity to do so, the risk associated with using the system cannot be lowered to a level acceptable for the Danish support to rely on the national procurement system.

Secondly, for the Danish alignment strategy to materialise, the Royal Danish Embassy will be required to play an active role as a driver of the process. In other words, the capacity of the Danish Embassy to lead and coordinate the alignment process with the sector programmes, partner agencies, and development partners must be strengthened.

Finally, this Procurement Capacity Development Plan acknowledges that enhanced technical and managerial capacity at the sector level and in the Danish programme setup is not sufficient to build sustainable capacity for alignment with the procurement system in Bangladesh. For this to happen, the capacity of the supporting national framework, including in the area of monitoring and control, advisory services, and professionalisation, must also be strengthened.

A set of recommended capacity development strategies targeting each of these three levels is presented in chapters 2, 3 and 4 respectively. A plan to guide to implementation of the various interventions is included in chapter 5, while chapter 6 includes considerations on how to monitor and evaluate implementation.
2. THE SECTOR PROGRAMME COMPONENTS: CAPACITY TO CARRY OUT SOUND AND EFFICIENT PROCUREMENT

The procurement capacity assessment of the Danish sector programme support revealed a number of weaknesses in the Danish programme components’ capacity to carry out sound and efficient procurement in compliance with procurement rules and procedures of Bangladesh.

To address these weaknesses and bring about the technical and managerial procurement capacity necessary for the Danish alignment process to be successful, this chapter presents a number of capacity development strategies targeting the sector programme components and the implementing agencies in which they operate.

2.1 Strengthen procurement expertise internally

A major finding of the procurement capacity assessment was that the procurements in the Danish programme components are mostly handled by project staff or finance officers with limited knowledge of procurement principles in general, and the national procurement rules and regulations specifically.

The consequences of the lack of procurement expertise are limited at present, as procurements of high value or high complexity are mostly carried out by a procurement agent at the components’ request. However, the limited expertise corresponds poorly with the ongoing phasing out of the use of procurement agents, which presupposes that procurement knowledge exists and can be mobilised as the demand goes up.

In order to bring about the necessary knowledge on procurement principles, rules and procedures, it is recommended that a procurement focal point is established in each programme component.

The profile and job description of the procurement focal point will be different for each programme component, depending on the volume, type, and complexity of procurements carried out in the component, as well as on the ties between the programme component and the implementing agency. In components where procurements are few, minor, or mostly concerning common-user goods, the procurement focal point may simply be a non-specialist programme staff member, who commits to becoming a ‘super user’ with a view to provide ad hoc advice to colleagues who carry out procurements, and monitor the procurement processes in the component. In components where several, major, or sometimes complex procurements, e.g. for works, are carried out, the procurement focal point should preferably be a specialised procurement officer, dedicated either fully to the component or shared between several components in the same sector. Finally, for components placed in implementing agencies with a dedicated procurement function, which are prepared to take on the procurements of the programme component (or commit themselves to provide advice to the programme staff conducting procurements), the focal point appointed should be a staff member of this dedicated procurement setup.
Extensive training of focal points should be considered a high priority in the Procurement Capacity Development Plan. If possible, training should be provided through the three weeks training course offered by the Central Procurement Technical Unit, or alternatively through training carried out by national consultants from the Unit's pool of trainers.

To establish the procurement responsibilities of the focal point as a key job responsibility, the procurement related functions and expectations should be clearly outlined in the job descriptions of all focal points, and used as a basis for competitive recruitment and – where such exist – performance appraisals.

### 2.2 Enhance focus on procurement management

According to the findings of the procurement capacity assessment, management oversight at the component level rarely goes beyond the mandatory approval role. Project Directors are often not trained on how to exercise their management function, do not perceive procurement as a strategic goal, and lack the necessary tools and techniques to systematically monitor procurement performance and detect and follow-up on irregularities.

To strengthen the procurement management function it is recommended to invest efforts in carrying out targeted procurement management training for all Project Directors and Technical Advisors in the Danish programme components.

Elements included in the procurement management training should cover, but not be limited to:

- Mandatory approval roles in the procurement process
- Monitoring and management of procurement performance (see also section 2.5)
- Identification of common irregularities in the procurement process
- Positive and negative incentives affecting procurement compliance and performance
- Management roles in procurement auditing and implementation of audit recommendations (see also section 3.2)

Depending on the resources made available for this strategy, it is recommended to also invite procurement focal points, and if possible relevant management representatives of the broader implementing agency setup to participate in this training. In this way, a resourceful management level will be established at both the programme component level and in the context of the broader public administration in Bangladesh.

### 2.3 Establish procurement guidelines

Considering the limited procurement expertise available in the programme component and government setup in Bangladesh, the existence of detailed, accessible, and easy-to-read procurement guidelines is of utmost importance to a well-functioning procurement function. One of the weaknesses identified in the procurement capacity assessment was, however, the absence of such guidelines.

To fill this gap, it is recommended that a set of procurement guidelines targeting staff of programme components be drafted. The guidelines should include step-by-step advice on how to address all stages in the procurement cycle. Special emphasis should be given to areas found by the case reviews in the procurement capacity assessment to be particularly weak in the Danish programme setups, including:

- Requirement specification
- Safekeeping of bids
- Tender evaluation
- Contract management
- Record keeping
For illustrative purposes, it is recommended that the guidelines make active reference to and use of the flow charts (available in the Bangla version only) and checklist on ‘Records of Procurement to be Maintained by a Procuring Entity’ included as annexes to the Public Procurement Rules 2008.¹

When drafting guidelines, inspiration may be found in the procurement manual (published in Bangla only) developed by the HYSAWA Fund, which is found to be a valuable tool for UPs conducting procurements for under the partly Danish funded programme. To the extent possible, the drafting of guidelines should also be coordinated with efforts by the Central Procurement Technical Unit to develop guidelines, or initiatives taken in this direction by the implementing agencies to the Danish sector programme components.

The guidelines should be made available in both English and Bangla to ensure full transparency and make them available to both project management staff and staff at lowest decentralised levels. It is further recommended that the Public Procurement Rules 2008 (available in preliminary draft English version from the website of the Central Procurement Technical Unit) and Standard Tender Documents are disseminated along with the dissemination of procurement guidelines to programme components, which in many cases still use obsolete versions of the documents.

2.4 **Recruit national procurement consultant to provide advisory services**

As outlined above, adequate knowledge of procurement principles, national rules and procedures is a prerequisite for establishing a sound procurement system. While the measures recommended in section 2.1, 2.2 and 2.3 will provide a foundation for procurement capacity to develop over time, in the short term, access to specialist knowledge is highly desirable in the Danish programme context.

It is recommended that such specialist knowledge is procured by recruiting a national procurement consultant to be affiliated with all Danish programme components, or as a minimum those components which do not have a dedicated procurement officer internally.

The procurement consultant should have a number of functions, including:

- **Helpdesk function**: Provision of ad hoc assistance to programme components in case of particular questions.
- **Liaison function**: Liaison towards the Central Procurement Technical Unit on behalf of programme staff, when these are confronted with unclear rules and procedures
- **Supervision function**: Assistance throughout more complex procurement processes.
- **Management coaching function**: Advisory function vis-à-vis the project management on procurement management related matters.

It is recommended that the recruitment of a procurement consultant is done by screening the group of national procurement trainers certified by the Central Procurement Technical Unit. The procurement of such a consultant may be conducted through a competitive procurement process with a view to establish a framework agreement, which would allow for the flexible utilisation of services.

2.5 **Establish mechanism for monitoring of procurement performance**

The procurement capacity assessment of the Danish sector programmes established that the lack of monitoring tools and techniques constitutes a major barrier to transparency and accountability in the Danish sector programme procurements. No generic tools enabling Project Directors and other management levels in the public administration in Bangladesh to systematically track procurement performance are currently available, and as procurement is not seen as a strategic task, such tools are rarely developed by the individual programme components.

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¹ The Public Procurement Rules 2008, Schedule VIII (Government of Bangladesh, 2008)
² At the time of writing, the consultant is not aware of any such initiatives.
To strengthen transparency and accountability internally, and towards the component management, the Danish Embassy, and the Government of Bangladesh, it is recommended to establish a mechanism for monitoring of procurement performance.

To avoid data overload, it is recommended that the performance monitoring system in centred on a limited number of key performance indicators, together providing an indication of whether procurement is carried out in a manner that is sufficiently sound, efficient, effective, and transparent manner to facilitate the production of development results on time, on specifications, and on budget.

The process of establishing a mechanism for procurement performance monitoring should consist of a number of key steps, including:

1. Establishing strategic objectives (What are the desired outcomes of procurement?)
2. Defining key performance indicators (How do we measure whether outcomes are achieved?)
3. Establishing means of data collection (How do we get access to data measuring outcomes?)
4. Developing tools for reporting of findings (How do we disseminate knowledge on findings?)
5. Developing mechanisms for follow-up on findings (How do we use knowledge to manage for development results?)

The above process may be conducted jointly by the Danish Embassy and sector programme component staff, or by a procurement monitoring consultant in a participatory process involving procurement focal points, Project Directors and Technical Advisors from the programme components.

It is recommended that the monitoring mechanism established is kept as simple as possible. This can be done by:

- Limiting the number of key performance indicators (max. 5-10 indicators; see text box for examples)
- Making data collection an integrated part of already existing procurement routines (for example by requiring staff conducting procurements to type in performance data in a predefined excel template during each procurement process)
- Limiting reporting to a visual overview of performance presented at quarterly meetings between the Embassy’s dedicated representative (see section 3.2), component management, and component focal points

Once the monitoring mechanism is established, it is recommended that the focal point of each programme component is made responsible for overseeing the data collection process and ensuring that data is typed in by programme staff without delay. Focal points will also be responsible for summarising data in quarterly performance summaries.

Following the first quarter of data collection, a baseline should be established to enable management and other interested parties to measure progress over time, and to use comparative data to

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Examples of Key Performance Indicators

- Average number of tenders received
- Average number of days between tender opening and completion of evaluation
- Average number of responsive tenders
- Percentage of cases where tender process was cancelled
- Average number of days between submission of tender evaluation and approval of contract
- Percentage of contract awards published on the website of the Central Procurement Technical Unit
- Percentage of contracts complete/delivered within the original time schedule
- Percentage of final payments made within the stipulated timeframe

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* It is recommended that the definition of indicators takes place in close dialogue with the World Bank, which has, jointly with the CPTU, developed a list of 44 Key Performance Indicators for monitoring of procurement processes (Public Procurement Reform Project II, 2009). This list might well serve as a starting point for the definition process, and in the long term, joint monitoring may be an option.
determine whether the capacity development strategies in this Plan have any measurable impact on procurement performance. As such, the monitoring system is closely linked, and contributes directly, to the monitoring of this Procurement Capacity Development Plan.

Performance findings will also constitute a key source of information for procurement auditors (see section 3.3).
3. **THE DANISH EMBASSY: CAPACITY TO LEAD AND COORDINATE THE ALIGNMENT PROCESS**

Strengthening technical procurement capacities at the implementing level is a prerequisite for reaping the benefits of Danish alignment in Bangladesh. The procurement capacity assessment, however, also suggested that technical capacity is not in itself sufficient for the Danish alignment strategy to materialise. For this to happen, the Danish Embassy must play an active role as a driver of the alignment process. In other words, the capacity of the Danish Embassy to lead and coordinate the alignment process with the sector programmes, partner agencies, and development partners must be strengthened.

This chapter presents four recommendations for capacity development measures aimed to strengthen the capacity of the Danish Embassy to lead and coordinate the alignment process.

3.1 **Incorporate alignment strategy into programme design**

The assessment of the Danish sector programmes revealed that procurement is largely perceived as a technical and administrative function, i.e. as a means to achieve the defined component objectives. Programme staff considers procurement successful when it effectively provides the goods, works, or services required to produce a given component output, and strengthening of procurement capacities is rarely seen and embraced as a development goal in itself.

Coupled with a widespread concern that the use of national rules and procedures will result in delays and higher costs - and eventually impede development results – this perception in practice often puts the alignment process to a halt at the implementation level, despite the intentions of the Danish Embassy to the contrary.

To effectively remove this barrier to alignment, it is recommended that the Danish Embassy in the future incorporates the alignment strategy into the programme formulation processes preceding the programme implementation. In practice, this can be done in the programme documents by:

- Defining procurement capacity development as a cross-cutting immediate objective in the programme document (chapter on Agreed Assistance)
- Establishing the responsibility of ensuring procurement capacity development, through simultaneous alignment and system strengthening support, as a management task in job descriptions and performance indicators for Technical Advisors (chapter on Management and Organisation)
- Specifying use of national procurement rules and procedures (chapter on Financial Management and Procurement)

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5 See Chapter 6 of the ‘Guidelines for Programme Management’ (Department for Quality Assurance of Development Aid/Danida, October 2007)
• Delegating procurement decision making authority to the level of the relevant implementing agency (chapter on Financial Management and Procurement)
• Establishing clear management responsibilities for monitoring and following-up on procurement irregularities (chapter on Management and Organisation)
• Specifying procurement audits to form part of the programme auditing procedures (chapter on Financial Management and Procurement) (see also section 3.3 below)

Inspiration on how to integrate alignment considerations into programme designs may be sought in the Programme Document of the ongoing HYSAWA Fund Project. In this document, the strengthening of functional capacities (including procurement capacities) at the decentralised level of the implementing agencies was incorporated as immediate, cross-cutting objectives, and followed up support to local level procurement capacity development, technical assistance, monitoring, and auditing activities aimed to install a framework for sound procurement practices.

3.2 Assign resources to management for alignment

To ensure that the alignment efforts in the future gain a firm foothold at the implementation level, it is further recommended that the above strategy is supplemented by allocating additional resources to the task of managing for alignment.

Specifically, it is recommended that the Danish Embassy assigns a senior staff member with the responsibility of driving the alignment strategy forward and strengthening the link between the alignment strategy, and the implementation approach selected at the level of the programme components.

The roles of the Embassy representative should include:

• Driving the incorporation of the alignment strategy in programme design (as described in section 3.1)
• Introducing and sustaining a strategic focus on alignment in programme components
• Liaise with component management teams on all matters relating to alignment
• Monitor and review effects of alignment on development results (see sections 2.5 and 3.3 and chapter 6)
• Coordinate Danish alignment efforts with development partners (see section 3.4)
• Manage implementation, monitoring and adjustment of procurement capacity development plan (see also chapter 5 and 6)

For this strategy to be effective, it is of key importance that the person allocated is at an adequate level within the Danish Embassy and is in a position to impact constructively on work processes at the implementation level. Similarly, it is recommended that the responsibilities of the person selected be integrated in his or her job description to ensure that focus on the area is sustained and taken stock of during annual performance appraisals.

3.3 Establish framework for procurement auditing

The procurement capacity assessment concluded that few of the internal and external audits presently carried out by the Government of Bangladesh target the procurement process, and that no evidence exists of any audits or reviews of programme procurements. Similarly, the procurement process presently does not form part of the value for money audits carried out by Danida in its own sector programmes.

The general lack of a strong auditing framework and auditing capacities poses a most serious threat to the entire procurement system in Bangladesh, and in the context of the Danish alignment strategy, the absence of effective procurement auditing constitutes a major, direct risk to the sector programme support.

HYSAWA Project: Project Document (Government of Bangladesh / Ministry of Foreign Affairs, Denmark, October 2005)
In order to address this severe challenge, it is highly recommended that Danida introduces a tar-
geted risk mitigation framework in the form of a post review or audit tool, the existence of which
should be made a clear-cut precondition for further alignment with the national procurement sys-
tem.

The procurement auditing framework should be detailed in a procurement audit manual, which
should be closely aligned with – and in the long run potentially made an integrated part of –
Danida’s General Guidelines for Accounting and Auditing, which constitutes the present frame-
work for annual financial audits.

The manual should include instructions to the Danish Embassy and auditors on the entire auditing
process, including procedures for:

- Recruitment of qualified procurement auditors
- Sampling methodology
- Decision making on frequency of audits
- Audit preparation
- The auditing process (including a simple checklist for auditors to quantitatively assess pro-
curement performance at each stage of the procurement process)
- Reporting by auditors
- Implementation of audit recommendations
- Follow up on audits
- Sanctions for lack of enforcement
- Management of the auditing process by the Danish Embassy

Once the auditing framework has been established, procurement auditors can be procured
through open competitive tendering among national procurement consultants with adequate
knowledge of and experience with the national procurement rules, government procurement and
accounting, and auditing techniques. Framework contracting would be desirable, as this would
give the Danish Embassy access to a pool of qualified candidates on an ad hoc basis.

To avoid establishing parallel review systems, it is recommended that the establishment of a pro-
curement auditing framework is harmonised closely – or developed jointly – with efforts of other
development partners. In particular, it is recommended that the Danish Embassy utilises the post
review framework developed by the World Bank and currently in use for all procurements under
Bank-financed operations.

3.4 Coordinate alignment process with development partners

To underpin the Danish alignment efforts, and ensure its resonance in the donor community, it is
recommended that the Danish Embassy maintains close ties with all major development partners
on the topic.

In Bangladesh, the commitment to promote use of reliable national procurement systems, and to
support capacity development interventions in partner countries where the procurement capacity
is assessed as insufficient, is to be spelled out in a Joint Cooperation Strategy presently under
development.

It is recommended that the Danish Embassy continues to use this forum as a platform for dia-
logue with like-minded donors on alignment to the national procurement system in Bangladesh,
and that the integrated results monitoring is utilised by the Danish Embassy to keep the topic on
the donor agenda; if possibly linked directly to the progress monitoring on indicator 2b (reliability
of the national procurement system) and 5b (use of the national procurement system) of the
Paris Declaration.
4. **THE GOVERNMENT OF BANGLADESH: CAPACITY TO REGULATE, OVERSEE, AND PROFESSIONALISE THE PROCUREMENT SYSTEM**

One major finding of the procurement capacity assessment of the two Danish sector programmes was that a number of the capacity gaps identified are derived from non-sector specific root causes, such as the absence of a procurement cadre, weak performance incentives structures, and lack of a strong audit framework. In other words, adequate procurement capacity cannot be brought about by only addressing the sector programme level, but must also involve capacity development interventions targeting the procurement system as defined and implemented at the Government level.

To address this level, this chapter recommends a number of interventions aiming to drive forward the process of strengthening national public procurement reforms in Bangladesh.

**4.1 Establish dialogue on OECD-DAC assessment**

The challenges of the national procurement system pointed to by the procurement capacity assessment first and foremost bear witness to a need to conduct a more systematic assessment of the national public procurement system in Bangladesh.

It should be noted that efforts to conduct a national procurement assessment have to some extent already been made. As such, a Country Procurement Assessment Report (CPAR) was carried out with support from the World Bank in 2002, and a (never published) assessment of the procurement system using an early version of the OECD-DAC methodology was carried out jointly by the Central Procurement Technical Unit and the World Bank again in 2005. Nevertheless, with a new legal, regulatory, and institutional framework in place for public procurement, a new national level assessment is a necessary starting point to be able to thoroughly understand and systematically target existing capacity gaps.

It is specifically recommended that the assessment is carried out using the framework provided by the OECD-DAC Methodology for Assessment of National Procurement Systems. The most commonly accepted framework for assessment of national procurement systems, the methodology facilitates the establishment of a common base for development, and creates a baseline against which future progress can be measured. At the same time, the framework enables development partners to determine the risk associated with using the procurement system.

It is hence a short-term recommendation to initiate dialogue between the community of development partners and the Central Procurement Technical Unit, specifically with a view to develop

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8 ‘Bangladesh: Review of Institutional Arrangement for Public Expenditure, Financial Management and Procurement’ (Central Procurement Technical Unit/World Bank, June 22, 2005 (not published))
a roadmap for an assessment of the national procurement system in Bangladesh using the OECD-DAC Methodology.\footnote{For more details on how such an assessment process can be conducted, see: ‘Roadmap for Assessment of the National Procurement System in Bangladesh using the OECD-DAC Methodology’ (Memo to the Royal Danish Embassy, Rambøll Management Consulting, 29 May, 2009)}

4.2 Continue government dialogue on public procurement reform priorities

Though more systematic assessment is required to obtain a full overview of the capacity weaknesses of the national procurement system in Bangladesh, and how these should be prioritised, the procurement capacity assessment of the Danish sector programmes already point to some key areas in which a pressing need exists for strengthening the national public procurement system in Bangladesh.

In brief, these areas include:

- Developing a professional procurement cadre, including career ladder, job descriptions, and performance incentives
- Establishing dedicated procurement units in procuring entities
- Building procurement training institutions and supply
- Strengthening public officers’ awareness of the procurement system
- Designing and implementing of framework for monitoring procurement compliance and performance
- Create a national framework and skills for procurement auditing
- Establishing and enforcing sanctions for non-compliance
- Strengthening procurement advisory services
- Drafting procurement user’s guides for procuring agencies
- Translating the Public Procurement Rules into Bangla

It should be noted that in most of the above areas, initiatives to address capacity weaknesses are in the making; first and foremost through the second phase of the ongoing Central Procurement Technical Unit led, World Bank supported Public Procurement Report Project.

It is nevertheless recommended that a structured dialogue between development partners and the Government of Bangladesh in each of the areas is initiated without delay with a view to determine whether existing initiatives and support adequately address the revealed weaknesses, or if supplementary assistance is needed in some areas.

To ensure that development partners speak with one voice, it is recommended that all dialogue, both on the OECD-DAC assessment and on the broader reform priorities, is led by the World Bank, as the main partner to Bangladesh on public procurement reform.
5. IMPLEMENTATION PLAN

In the previous chapters, a number of capacity development interventions targeting different stakeholder levels, and aimed to bring about the different types of capacity necessary to underpin the Danish alignment process, has been recommended.

This chapter presents a proposal for an implementation plan which may be used to guide the capacity development process at all levels.

5.1 Initiating the capacity development process

Implementation of procurement capacity development interventions requires clear leadership, committed resources, and a targeted long-term effort.

To ensure that these prerequisites are in place when commencing the implementation of the Procurement Capacity Development Plan, it is recommended that the implementation phase be kicked-off with a procurement capacity development workshop involving all key stakeholders (i.e. Embassy staff, Project Directors and Technical Advisors, and representatives from the Central Procurement Technical Unit and the World Bank) to the plan.

It is recommended that the workshop serves a dual purpose:

1. To validate and –where necessary – adjust procurement capacity development strategies
2. To establish a tangible implementation roadmap

Specifically, it is recommended that the workshop agenda addresses the following items:

- Review and discussion of capacity development strategies:
  - Relevance: Do they address the intended problem?
  - Adequacy: Is the sum of strategies sufficient to achieve the objective of the Plan?
  - Achievability: Can the interventions be realistically achieved?
- Prioritisation of strategies (high/medium/low)
- Responsibilities for implementation (for each strategy and for the Plan as a whole)
- Costing of strategies (see also section 5.3)
- Development of implementation timeframe (see also section 5.2).
- Establishing a framework for progress monitoring, including progress indicators and targets.

By the end of the workshop, an updated set of capacity development strategies, and the outline of a detailed implementation plan covering all strategies, should be in place.

5.2 Recommended timeframe for implementation

The table below provides a proposal for the timeframe for implementation of each of the strategies recommended in this plan. The timeframe for each strategy is specified as either short term (ST) (>12 months), medium term (MT) (1-2 years), or long term (LT) (2-4 years).
Strategy

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The timeframe for each strategy has been determined based on an assessment of the level of challenge associated with its implementation, in combination with the relative importance of having it implemented in the short run. As indicated in section 5.1 above, the timeframe for each strategy should be reconsidered and further specified during the workshop.

5.3 Critical factors in implementation

Two critical success factors for implementing the Capacity Development Plan should be stressed:

Firstly, the implementation will require significant leadership from the Danish Embassy. As such, the appointment of a procurement capacity development focal point and anchor point for coordinating implementation and monitoring the strategy (see also section 3.2) should not be delayed.

Secondly, and related to the first factor, the implementation of the Procurement Capacity Development Plan depend critically on the resources available to implement strategies. It is therefore strongly encouraged that the costs associated with implementing each strategy is thoroughly assessed, resource allocations considered, and consequences on prioritisation of strategies determined, during the workshop.

5.4 Taking the alignment agenda further

As indicated above, the process of bringing about the capacity necessary to make the Danish alignment process a success does not take place over night. Nevertheless, the end goal of the process should be kept in sight.

This strategy recommends a continuation of the gradual approach to alignment so far followed by the Danish embassy, in the sense that not all capacity development strategies need to be implemented and proven effective before the next step towards alignment can be taken. As such, a step-by-step approach, where each new alignment step is initiated based on achievement of certain milestones (or triggers), is recommended.

A tentative list of milestones, and the rough alignment steps they should trigger, is presented in the table below:
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<th>Milestone</th>
<th>Alignment step</th>
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| **Status today** (no triggering milestone used) | **Use of Danida procedures limited**  
  - *ASPS II*: All procurements in principle use national rules, unless under special circumstances (though practices are in reality mixed)  
  - *WSSPS II*: Non-waived items use national rules  
| **Use of procurement agent limited**  
  - *ASPS II*: Procurement agent used on needs basis  
  - *WSSPS II*: Procurement agent is only used for waived items above agreed threshold |

| **Milestone no. 1:**  
Procurement guidelines established (2.1)  
Internal procurement expertise strengthened (2.2)  
Procurement management focus strengthened (2.3)  
National procurement consultant recruited (2.4)  
Embassy representative assigned (3.2) | **Further limit use of Danida procedures**  
  - *WSSPS*: Phase out List of Waived Items.  
  - **Further limit use of procurement agent**  
  - *WSSPS/ASPS*: Thresholds for use of procurement agent to be raised to only cover very major and/or complex procurements |

| **Milestone no. 2:**  
Framework for procurement auditing established and in use (3.3)  
Performance monitoring framework established and in use (2.5)  
OECD-DAC assessment carried out and results considered (4.1) | **Phase out procurement agent**  
**Phase out use of Danida procedures** |

| **Milestone no. 3:**  
Key procurement reform priorities (including national framework for procurement auditing) implemented and proven effective (4.2) | **Phase out use of Danida procurement audits**  
Conclude advisory services contract with national procurement consultant |

It is important to emphasise that the above milestones and resulting actions are based on the assumption that milestones lead to their intended results, in terms of efficiency, effectiveness, transparency and integrity.

It is recommended that the milestone approach is updated, and that the current output-based milestones are replaced by outcome-based milestones once a monitoring system has been established, and the performance baseline is known. The responsibility for doing so will rest with the programme management and the Embassy’s dedicated representative (cf. section 3.2) and should be done in close collaboration with like-minded development partners in Bangladesh. On progress monitoring, see also chapter 6.

Moreover, the OECD-DAC assessment – if carried out – will serve as a key tool to determine the readiness of the procurement system in Bangladesh, not least by making use of the interpretation framework developed by the Nordic+ Procurement Group for this purpose\(^\text{11}\). It is strongly recommended that this tool be used by the Danish Embassy, jointly with other Nordic+ countries, to reconsider the overall procurement alignment strategy in Bangladesh once the findings of the OECD-DAC assessment are known.

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\(^{11}\) See ‘Implementing the Joint Procurement Policy and Promoting the Use of Reliable Country Procurement Systems: A Guide to Programme Directors, Managers and Officers’ (Nordic+ Procurement Group, 2005)
6. MONITORING AND EVALUATING IMPLEMENTATION

As part of the workshop activities (see section 5.1), it is recommended that a framework is established to allow for close and routinely monitoring of the Procurement Capacity Development Plan is monitored closely and routinely.

The monitoring framework to be developed should serve two key purposes:

1. To keep the implementation of the Plan on track, i.e. to ascertain that strategy implementation is:
   - On time
   - Of sufficient quality
   - On budget
2. To establish whether the implementation activities achieve the desired results

To monitor these two purposes, two sets of indicators should be established, namely:

1. **Output indicators**: Indicators measuring whether the activities implemented lead to the intended outputs. The responsibility for monitoring outputs (including timeliness, quality and resource usage of outputs) should rest with the person appointed by the Danish Embassy to manage and coordinate the procurement capacity development and alignment process (see section 3.2).
2. **Outcome indicators**: Indicators measuring whether implemented strategies achieve the desired results. For the purpose of monitoring this Procurement Capacity Development Plan, outcome indicators forming part of the permanent procurement monitoring setup (see section 2.5) will be used.

It is recommended that each output and outcome indicator established is followed by clear baselines and targets, hereby providing for easy tracking of progress.

As for the outcome monitoring (see section 2.5), it is recommended that monitoring of all outputs are monitored and reported on to the Embassy management on a quarterly basis for management decision and follow up.