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BANGLADESH: GOVERNMENT OF BANGLADESH CONTRACEPTIVE PROCUREMENT BOTTLENECK STUDY

FULL REPORT

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Abstract
In August 2008, Todd Dickens (PATH), with assistance from the USAID | DELIVER PROJECT, Task Order 1, conducted a review of the IDA-funded procurement of health care commodities under the Health, Nutrition, and Population Sector Program in Bangladesh.

The study's overall objective was to identify bottlenecks and problems that have lead to recent stockouts of contraceptives, and recommend possible actions that the Government of Bangladesh, USAID and development partners can take to address these problems that will improve the overall efficiency and effectiveness of the procurement process and support contraceptive security in Bangladesh.

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ABBREVIATIONS AND ACRONYMS

AD	Additional Director
AGB	Accountant General of Bangladesh
APR	Annual Program Review
BER	Bid Evaluation Report
CCGP	Cabinet Committee for Government Procurement
CIDA	Canadian International Development Agency
CMSD	Central Medical Stores Depot
CPTU	Central Procurement Technical Unit
DFID	Department for International Development
DGFP	Directorate General of Family Planning
DGHS	Directorate General of Health Services
GOB	Government of Bangladesh
HNPSP	Health, Nutrition, and Population Sector Program
HPSP	Health and Population Sector Program
IDA	International Development Agency
IUD	intrauterine device
KfW	German development bank
LMIS	Logistics Management Information System
MO	medical officer
MOHFW	Ministry of Health and Family Welfare
NGO	nongovernmental organization
NOA	Notice of Award
NTC	National Technical Committee
PFC	Project Finance Cell
PLMC	Procurement and Logistics Monitoring Cell
PP	Public Procurement
PPA	private procurement agent
PPPAP	Public Procurement Processing and Approval Procedures
PPR	Public Procurement Rules
PSI	preshipment inspection
RWH	regional warehouse
SDPs	Service Delivery Points
SWAp	sector wide approach
TEC	Tender Evaluation Committee
TER	Tender Evaluation Report
TRC	Technical Review Committee
UNFPA	United Nations Population Fund
USAID	United States Agency for International Development

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EXECUTIVE SUMMARY

The purpose of this bottleneck study is to review the International Development Agency–funded (IDA-funded) procurement of health care commodities under the Health, Nutrition, and Population Sector Program in Bangladesh; to identify problems that have led to recent stockouts of contraceptives; and to recommend possible actions.

Before 1998, most contraceptives were supplied to the Bangladesh family planning program by donors. This supply system changed in 1998 when the World Bank, development partners, and the Government of Bangladesh funded the five-year sector wide approach (SWAp) Health and Population Sector Program (HPSP) for the country. Under the Development Credit Agreement between the SWAp partners and the Government of Bangladesh, HPSP-funded procurement was to be conducted in accordance with IDA procurement guidelines and World Bank procurement requirements.

The Directorate of Family Planning, which was responsible for procuring contraceptives, and the Central Medical Stores Depot (CMSD), which was responsible for procuring medical supplies and equipment, were not familiar with widely held principles of good public procurement; nor did they have experience with international competitive bidding or World Bank procurement requirements. As a result, the procurement process was ineffective, thus creating significant delays in order processing and in the delivery of commodities. To help address this problem, DELIVER provided technical assistance to train Directorate General of Family Planning (DGFP) and CMSD procurement personnel in IDA-funded procurement guidelines and World Bank requirements.

With HPSP ending in 2003, a Contingency Plan was established by the SWAp partners to support programs during the transition to the Health, Nutrition, and Population Sector Program (HNPSP), which began in the latter half of 2005. Implementing the Contingency Plan caused delays in funding allocations, which, in turn, delayed DGFP's initiation of the procurement process for contraceptives. A patchwork of activities from expedited shipments and of procurement through UNFPA was used to address the shortfalls; however, those efforts resulted in stockouts of condoms, intrauterine devices, and injectables.

A review of those stockout situations and other contraceptive procurement activities from 2005 to 2007 identified several bottlenecks and problems in the procurement process for HNPSP-funded commodities. The problems include lack of technical capacity, staff turnover, lengthy Ministry of Health and Family Welfare (MOHFW)/DGFPDGFP and World Bank review process, and MOHFW/DGFP bureaucratic delays and lack of commitment to prompt decision making.

This study reviews each of those issues and other procurement problems that occurred. And it identifies possible actions that the Government of Bangladesh, USAID, and development partners can take to improve the procurement process so it supports contraceptive security in Bangladesh.

PURPOSE

The purpose of this bottleneck study is to review the Directorate General of Family Planning (DGFP) and Ministry of Health and Family Welfare (MOHFW) procurement system and processes used to procure International Development Agency–funded (IDA-funded) health care commodities under the Health, Nutrition, and Population Sector Program (HNPSP); to identify problems that have led to recent stockouts of contraceptives; and to recommend possible actions that the Government of Bangladesh (GOB), the United States Agency for International Development (USAID); and the development partners can take to address those problems, to improve the overall efficiency and effectiveness of the procurement process; and to support contraceptive security in Bangladesh.

METHODOLOGY

In preparation for this study, the consultant reviewed the HNPSP Annual Program Reviews of 2006 and 2007, the HNPSP Midterm Review of 2008, both national and World Bank policies and procedures governing procurement under HNPSP, and other documents.[1] In addition to document review, the consultant met with several key stakeholders (World Bank, Central Procurement Technical Unit, Director of Logistics and Supplies DGFP, DGFP staff, United Nations Population Fund [UNFPA], and KfW [German development bank])[2] to obtain information and observations about issues and problems in the existing procurement process for IDA-funded health care commodities and suggestions for addressing those problems. The consultant also discussed the current procurement challenges being faced by DGFP when procuring contraceptives with the USAID | DELIVER PROJECT staff members who have first-hand knowledge of the existing procurement challenges.

[1] See appendix C for a list of reference documents reviewed.
[2] See appendix D for a list of stakeholder representatives contacted during the study.

BACKGROUND

In 1975, the population of Bangladesh was approximately 80 million with only 5 percent of eligible couples using modern contraceptive methods. Since 1975, the population has increased to approximately 140 million with 47.8 percent (BDHS 2004) of eligible couples using modern contraceptive methods. This significant increase in both population and the number of eligible couples has led to a corresponding increase in the quantity of contraceptives required to meet the growing need.

Before 1998, most contraceptives were supplied to the Bangladesh family planning program by donors such as Department for International Development (DFID), KfW, Canadian International Development Agency (CIDA), UNFPA, and USAID. The GOB did not have to procure contraceptives because donors were independently procuring and shipping contraceptives directly to Bangladesh.

In 1998, the World Bank, a pool of development partners, and the Government of Bangladesh funded the five-year Health and Population Sector Program (HPSP) for the country. Total funding for this sector wide approach (SWAp) program was approximately U.S.$3 billion, half of which was allocated for procurement of goods and services.

Under the Development Credit Agreement between the SWAp partners and the GOB, HPSP-funded procurement was to be conducted in accordance with IDA procurement guidelines and World Bank procurement requirements. Given the lack of experience within the GOB with these procurement requirements, the Development Credit Agreement called for the MOHFW to contract a private procurement agent (PPA) to handle HPSP procurement requirements. After two years of failed efforts to reach agreement between the MOHFW and the World Bank on the selection of a PPA, this plan was abandoned.

The responsibility for procuring health care commodities then fell to two directorates of the MOHFW: the Directorate General of Family Planning (DGFP), which was responsible for procuring contraceptives, and the Central Medical Stores Depot (CMSD) which was responsible for procuring medical supplies and equipment for the Directorate General of Health Services (DGHS). These agencies were not familiar with widely held principles of good public procurement nor did they have direct experience with international competitive bidding, international trade practices, or World Bank procurement requirements. As a result, the procurement process was ineffective, which led to significant delays in order processing and delivery of commodities.

To help address this problem and assist the DGFP and the DGHS' CMSD procurement staff in complying with World Bank procurement requirements, DELIVER provided technical assistance to train DGFP and CMSD procurement personnel. Training workshops covered the full procurement process: from developing procurement packages and bidding documents to bid evaluation, contract award, and preshipment inspection. Training workshops were followed by refresher training workshops to reinforce the skills. Technical resources were developed to support this training, including detailed procedural manuals on procurement of goods and procurement of services, a

procurement primer for senior ministry personnel, a *Bidders Guide*, and a video about procurement. DELIVER also supplied two local procurement consultants who provided onsite support to the DGFP and CMSD procurement staff.

From 2002 to 2004, the DELIVER capacity-building effort resulted in the DGFP successfully awarding several competitive procurement packages in compliance with IDA guidelines and World Bank requirements. A successful international procurement of 446 million condoms saved approximately U.S.$2.2 million dollars when compared to the UNFPA-offered unit price and the 5 percent service fee charged for the total quantity of the order. DGFP was able to achieve significant savings in its procurement of oral pill contraceptives when compared to the per cycle price for pills supplied by KfW and CIDA at the time (Bates 2008).

During this period, the World Bank's Public Procurement Reform Project supported the GOB's efforts to update its procurement system, which produced the Public Procurement Regulations (PPR) of 2003 and the Public Procurement Processing and Approval Procedures (PPPAP) of 2004. Those national documents established a sound national procurement policy and procedural foundation that bought government procurement in line with good international procurement practices.[3]

In preparation for HPSP ending in 2003, the SWAp partners established a contingency plan to support programs during the transition to the Health, Nutrition, and Population Sector Program (HNPSP) that was initiated in the latter half of 2005. In the course of the contingency plan's development and implementation, funding arrangement and allocations were delayed, which, in turn, delayed DGFP's initiation of the procurement process for contraceptives. A patchwork of activities—from expediting shipments to procurement through UNFPA with parallel funding—were used to address the shortfall anticipated for condoms and other contraceptives before HNPSP-funded procurement through DGFP could be completed.

[3] Subsequently, the Public Procurement Act was approved in 2006; in 2008, the Public Procurement Rules were released updating the Public Procurement Regulations of 2003.

PROBLEMS ENCOUNTERED IN CONTINGENCY PLAN–FUNDED PROCUREMENT

The procurement and supply of goods under IDA guidelines, World Bank procedures, and the GOB Public Procurement Regulations is a complex process; under ideal circumstances, it can take from 12 to 18 months to complete.[4] The DGFP procurement process for contraceptives funded during the contingency period (2003–05) was finally initiated in late 2005 to early 2006. The delay in contingency plan funding, accompanied by delays encountered throughout the procurement process, contributed to delayed commodity deliveries and the eventual stockouts of condoms, intrauterine devices (IUDs), and injectables as noted in Table 1.

Table 1. Contraceptive Stockouts under Contingency Plan Funding

Product	Quantity	Invitation for Bid Issued	Actual First Delivery	Delay	Stockout Period
Condom	247 million	September 2005[5]	April 2008	13 months	February–March 2008[6]
IUD	614,000	January 2006	July 2007	1 month	May–June 2007
Injectables	20 million	November 2005	October 2007	6 months	November–December 2006

Concerted efforts were undertaken by the USAID | DELIVER PROJECT during 2006 and 2007 to bring the projected contraceptive shortfalls to the attention of key stakeholders in the Health Consortium of the HNPSP program and GOB authorities. Measures included securing parallel funding and emergency procurements through UNFPA and donations through an emergency air shipment of 6 million condoms from USAID in December 2007. Even with those efforts, stockouts

[4] Appendix E provides an illustration of the overall procurement and supply process, and Annex F identifies the key steps in the procurement and supply process for HNPSP procurement, along with the estimated number of days required to complete each step.

[5] Though the invitation to bid for condoms was finally released in September 2005, the initial requirement was raised and discussed in the latter half of 2004, thus indicating an overall timeframe from point of initiation to first delivery of more than 40 months.

[6] Although the pipeline reports of the USAID | DELIVER PROJECT Bangladesh show minimal condom stock on hand during this period, this limited supply was simply the result of a significant reduction in the average monthly consumption rate. In effect, the condom supplies in stock were not sufficient to meet the actual need during this period.

in the public sector and the resultant negative impact on the family planning program could not be avoided.[7]

The procurement problems encountered during the transition from HPSP to HNPSP should serve as "lessons learned" as we look ahead to the end of HNPSP on December 31, 2010, and the need once again to transition to a new SWAp-funded program. This issue will be discussed later in the report.

[7] No documentation is immediately available on the specific effects of the stockouts. However, reviews of similar situations have documented the negative impacts of contraceptive stockouts, including unintended pregnancies, switching to other methods, and method discontinuation. One health consortium member felt very strongly about the negative impact of stockouts and stated that village life in Bangladesh is, in many ways, a closed society. It is not easy for a woman to take the visible step of going to the health clinic to request family planning supplies. If supplies are not available, it is highly probable that she will not go back a second time and will not be prone to consider other methods that she is not familiar with. As a result, the program dropout rate increases.

IDENTIFICATION OF THE PROCUREMENT BOTTLENECKS AND PROBLEMS CONTRIBUTING TO STOCKOUTS

The following section takes a closer look at the procurement bottlenecks and problems that led to the delays and stockouts identified in this report so one can identify (a) the immediate cause of the problem, (b) any enabling causes that contributed to the problem, and (c) the root cause or underlying problem.

CONDOMS: PERIOD OF STOCKOUT, FEBRUARY–MARCH 2008

Because of the large number of condoms being ordered (247 million), the procurement was divided into four packages. In June 2006, the World Bank issued "no objection" to the Tender Evaluation Report (TER) for two packages of 60 million and 67 million each. The other two packages were referred back to DGFP to address inconsistencies in the recommendations. The Annual Program Review of 2007 reported that as of March 2007, nine months after requesting clarification on the remaining two packages, the World Bank was awaiting a reply from DGFP regarding the inconsistent recommendations.

The other significant delay occurred when the supplier proposed to ship the condoms in strips of 5 condoms as opposed to strips of 10, as identified in the contract requirements--a minor contract deviation that the DGFP could have accepted without jeopardizing program or product integrity while the supplier corrected the remaining shipments. The DGFP, however, chose not to negotiate and stood by the strict interpretation that this deviation constituted a contract violation. The process of resolving the dispute took more than six months and resulted, in essence, in product stockout during February–March 2008, which was minimized through an expensive emergency air shipment of 6 million donated condoms from USAID.

Problem: Delay in DGFP reply to the World Bank requesting clarification on Tender Evaluation Report (TER) inconsistencies

Immediate Cause: Lack of Tender Evaluation Committee (TEC) members who are knowledgeable about proper bid evaluation procedures
Enabling Causes: Lack of resources to train TEC members
Root Causes: (a) Lack of MOHFW strategy to develop capacity of TEC members and (b) lack of commitment and accountability in DGFP management in addressing a situation in a timely manner

Problem: Condoms proposed in strips of 5 instead of 10
Immediate Cause: Limited contracting knowledge and inability to distinguish between minor and major deviation
Enabling Cause: Limited MOHFW technical or legal resources to draw on
Root Cause: Lack of commitment and accountability within the DGFP and MOHFW senior management staff in addressing urgent situations

IUDS: PERIOD OF STOCKOUT, MAY–JUNE 2007

According to DGFP's account, bottleneck delays existed at two stages of the procurement process of IUDs. For the first delay, the World Bank examined the draft bidding documents submitted by DGFP and returned those documents to DGFP with comments. DGFP took some time to resolve the comments, to resubmit the revised documents to the World Bank, and to receive the World Bank's "no objection" to the bidding documents.[8] This back-and-forth exchange of information between the procuring entity and the World Bank to secure "no objection" added more time to the overall procurement cycle.

The second delay was related to the DGFP's TER. The World Bank had questions about the TEC's selection process and recommendation of award to the lowest bidder. This issue was finally resolved by having the TEC conduct a second reevaluation process after which the second lowest bidder was recommended. The second TER was submitted to the World Bank and received a "no objection," The need to conduct a second evaluation took further time, thus delaying the procurement.

Problem: Draft bidding documents that had to be corrected
Immediate Cause: Lack of staff knowledge in preparing bidding documents
Enabling Causes: (a) Lack of training resources and (b) staff turnover that left limited numbers of staff members who were experienced in completing bidding documents
Root Causes: (a) Lack of MOHFW strategy for developing procurement capacity and (b) lack of GOB policy establishing minimum time requirements for staying at a position

Problem: Bid documents had to be reevaluated to address World Bank questions
Immediate Cause: Lack of TEC members who are knowledgeable in proper bid evaluation procedures
Enabling Causes: Lack of resources to train TEC members

[8] For HNPSP-funded procurement, contracts for commodities that are anticipated to exceed U.S.$300,000 are subject to prior review by the World Bank. Under prior review, three points exist in the procurement process whereby the World Bank must review and approve an activity (which is done by issuing a "no objection") before the procuring unit can proceed to the next step in the process. These three points are review of the proposed procurement packages, review of the draft bidding documents, and review of the TER. This back-and-forth exchange of information between the procuring entity and the World Bank to secure approval adds more time to the overall procurement cycle.

Root Causes: (a) Lack of MOHFW strategy for developing capacity of TEC members and (b) lack of GOB policy that establishes minimum time requirements for staying at a position

INJECTABLES: PERIOD OF STOCKOUT, NOVEMBER–DECEMBER 2006

According to the USAID | DELIVER PROJECT records, two bottleneck problems created delays in the procurement of injectables. The first problem was deciding which type of injectable to procure (Depo-provera or Petogen). The DGFP spent considerable time on this issue before reaching a final decision. The second problem was that once the contract was signed, the letter of credit should have been issued in a timely manner to allow the manufacturer to proceed with production. The letter of credit release process was delayed because of a shortage of funds at the time.

Problem: Delay in decision making in selecting which injectable product to order
Immediate Cause: Lack of technical product knowledge to guide the selection process
Root Cause: Lack of commitment and accountability in members of the DGFP and MOHFW senior management so they could address the situation in a timely manner

Problem: Letter of credit that was delayed because of a funds shortage
Immediate Cause: Not clear where funding delay occurred—at the GOB or on the World Bank side
Root Cause: Information that was not available at the time so someone could determine the root cause

ADDITIONAL BOTTLENECKS AND PROBLEMS IN 2003–2005 CONTINGENCY PLAN PROCUREMENTS

With regard to implants and low dose oral pills, no stockouts occurred for those two items, but information from the HNPSP Annual Program Review of 2007 indicates that the World Bank issued its "no objection" to the TER for implants in June 2006. As of March 2007, the GOB Cabinet Committee for Government Procurement (CCGP) had yet to issue its approval of the procurement, which is a period of nine months. The GOB's Procurement Processing and Approval Timetable that was in effect allowed for a review and approval process of up to 12 weeks (three months) for contracts of this value.

The bottleneck delay of an additional six months for GOB approval beyond the allowed three-month period is primarily attributed to the limited number of meetings that the CCGP holds over the course of a year. The Annual Program Review (APR) of 2007 reports a similar situation for low-dose oral pills with a three-month delay in GOB approval of the oral pill in the TER as a result of waiting for CCGP approval.

Problem: Delays in the CCGP approval of TERs
Immediate Cause: Limited number of scheduled CCGP meetings

Root Causes: (a) Low GOB financial approval thresholds and (b) limited flexibility in scheduling CCGP meetings to address urgent issues

PROBLEMS IN EMERGENCY PROCUREMENTS

During this period, emergency procurements were undertaken to address stock shortages. Even emergency procurement, however, proved challenging and were subject to the same process bottlenecks that were evidenced in the attempt of DGFP to procure 4 million doses of injectables.

At a high-level meeting in August 2005 chaired by the minister of MOHFW and attended by UNFPA, World Bank and other stakeholders recommended an emergency procurement of contraceptives including injectables. Following this recommendation for emergency procurement, 58 days passed before DGFP and MOHFW identified the quantities to be procured and agreed that half would be procured by DGFP with the other half procured by UNFPA. The DGFP conducted limited international competitive bidding for injectables and submitted its TER to the World Bank on February 13, 2006. Final World Bank "no objection" was not received until September 22, 2006, a period of approximately 217 days.

Delays in this case are attributable to both DGFP and MOHFW, as well as the World Bank. The Bank took 80 days to identify and request clarifications on the original DGFP evaluation process. A second evaluation process was conducted by DGFP to address the Bank's observations. It took DGFP and MOHFW an additional 72 days to complete the second evaluation, to issue approval, and to resubmit the TER to the World Bank. The Bank had further queries on the second evaluation, and it took another 65 days to issue the final "no objection."[9]

What are some possible causes for the bottleneck delays in this situation? Delays by the MOHFW in processing the authorization to proceed with an emergency procurement reflect both bureaucratic lethargy and a seeming lack of commitment to addressing an urgent situation. Conducting a second evaluation process for this procurement indicates that some inconsistencies were present in the original evaluation that needed to be corrected. This conclusion points to possible limitations in MOHFW and DGFP's knowledge of and ability to conduct TERs in compliance with World Bank requirements. The delays on the World Bank side may be attributable to a multi-expert review process that often requires documents to be sent to Bank offices in India or Washington, DC, for review, as well as limited human resources in the Dhaka procurement office to be able to follow-up on reviews in a timely manner.

Problem: MOHFW delay in deciding how to proceed with emergency procurement
Immediate Cause: Bureaucratic delays from MOHFW
Root Cause: Lack of commitment and accountability among members of MOHFW management to address an urgent situation in a timely manner

Problem: Delay in DGFP's completing the second evaluation and in MOHFW's approval of second evaluation

[9] Muhammad Ali, "Bangladesh Health, Nutrition, and Population Sector Program: Annual Program Review," Technical Report, HNPSP Procurement and Logistics, World Bank, Washington, DC, p. 154). See Annex G for the chronological documentation of this procurement activity.

Immediate Cause: Lack of the TEC members being knowledgeable in proper bid evaluation procedures
Enabling Causes: (a) Lack of resources to train TEC members and (b) bureaucratic delays between DGFP and MOHFW
Root Causes: (a) Lack of MOHFW strategy to develop the capacity of TEC members and (b) lack of commitment and accountability among members of DGFP management and MOHFW in addressing the situation in a timely manner

Problem: World Bank delays in identifying and requesting clarifications to the TER
Immediate Causes: (a) A multi-expert review process that takes time and (b) limited local procurement staff resources to follow up on packages
Root Cause: Lack of commitment at the World Bank's top senior executive level to provide additional resources to address the document review systems delays and the local limited personnel bottleneck

Before one proceeds to recommendations of possible solutions to the bottlenecks and problems, a summary review of the current status of contraceptive procurements for HNPSP (2006–2010) is provided.

CURRENT STATUS OF CONTRACEPTIVE PROCUREMENT FOR HNPSP PROGRAM

In April 2008, DGFP submitted draft bidding documents for IUDs to the World Bank for its "no objection," which it issued that same month. In June and July 2008, DGFP submitted draft bidding documents to the World Bank for "no objection" for all other contraceptives except the implant. The World Bank issued its "no objection" for condoms in July 2008. Current status of the contraceptive packages is shown in Table 2.

Table 2. Contraceptive Procurement Packages for HNPSP 2006–2010

Product	Quantity	Draft Bidding Document Sent to World Bank	World Bank No Objection to DBD Issued	Invitation for Bid Issued	Planned First Delivery	Anticipated Shortage
Condom	50 million	June 2008	July 2008	July 2008	May 2009	No
Oral Pills	150 million cycles	July 2008	August 2008	August 2008	June 2009	No
IUD	720,000	April 2008	April 2008	June 2008	February 2009	No
Injectables	14 million	June 2008	DGFP addressing World Bank queries		April 2009	No
Implant	500,000	Pending NTC approval of Implanon				Yes

Pending issues related to injectables and implants are discussed next.[10]

[10] At this time, contraceptives are being procured by UNFPA with CIDA funding to supplement stocks.

INJECTABLES

DGFP submitted draft bidding documents for injectables to World Bank for "no objection" in June 12, 2008. The World Bank made some observations on the draft bidding documents and returned them to DGFP for clarification. World Bank approved the bidding documents on September 7, 2008 and DGFP issued an Invitation for Bid for injectables in October, 2008.

Problem: Delay in procuring injectables of four months resulting from the back and forth exchanges between DGFP and World Bank to resolve bidding document questions.

IMPLANTS

The production of Norplant has been discontinued, and Bangladesh is shifting to the one rod implant "Implanon." Although Implanon was registered with the Drug Administration of Bangladesh, an acceptability trial still had to be conducted and the results approved before the product could be purchased and supplied to Bangladesh. The acceptability trial took approximately 14 months, and the trial results were submitted to the TRC of the MOHFW and were approved by the TRC on August 12, 2008.

The next step is submission of the trial results and TRC recommendation to the National Technical Committee (NTC) for its approval. The meeting of the NTC was originally scheduled for August 31, 2008, but was rescheduled by the Director General of Family Planning to September 10, 2008. Upon receipt of NTC approval, DGFP can initiate the procurement process for Implanon.

Problem: Delay in procurement caused by the need for an acceptability trial that will likely cause a stockout because there is only a three-month supply of implants and because the time required for DGFP to procure and supply implants will exceed that time

COMMON PROCUREMENT BOTTLENECK PROBLEMS

PROCUREMENT PROBLEMS NOTED IN STOCKOUTS

A review of the stockouts and problems identified earlier reveals several common bottlenecks themes that characterize DGFP's procurement of contraceptives:

1. Lack of technical capacity and procurement knowledge
   The procurement staff does not have the requisite knowledge of World Bank procurement requirements for properly preparing bidding documents, and the TEC members do not have the requisite knowledge for preparing acceptable bid evaluation reports.
2. High staff turnover and transfer rate
   The turnover of trained members of the procurement staff and senior management staff creates a knowledge and experience gap that limits MOHFW/DGFP's ability to conduct effective procurement.
3. Lengthy MOHFW/DGFP and World Bank review process
   The back and forth of document review, followed by questions and clarifications, takes time and can extend an already long review process.
4. MOHFW/DGFP bureaucratic delays and lack of commitment to prompt decision making
   Decision-making authorities often do not appear to recognize the effect that delayed decisions can have on the procurement process and the subsequent overall effect on health care programs.

PROCUREMENT PROBLEMS NOTED IN HNPSP ANNUAL PROGRAM REVIEWS, BACKGROUND DOCUMENTS, AND STAKEHOLDER MEETINGS

A review of recent HNPSP Annual Program Review (APR) and Midterm Review documents, background documents, and discussions with stakeholders also confirms the reoccurrence of the same bottleneck problems discussed earlier.

LACK OF TECHNICAL CAPACITY

As noted in the 2006 APR for HNPSP under the heading "Summary of Weaknesses Found, Lessons Learned, and Recommendations" there is a—

- "Lack of Professional Procurement and Logistics Specialized Cadre."[11]

- As stated in the APR of 2007, "Lack of trained professional may be cited as the major cause for delays in procurement of contraceptive items from DGFP."[12]

- And as stated in the HNPSP Midterm Review of 2008, "The lack of technical procurement capacity in the MOHFW is one of the main causes for the majority of the procurement delays."[13]

STAFF TURNOVER

- The APR 2006 notes, "Frequent changes/transfers seem to be the order of the day."[14]

- The APR 2007 states, "Simultaneously it [MOHFW] must address the problems arising from frequent transfers in key positions. No training program will yield results if the officers continue to be in a musical chairs situation. All training and efforts will be dissipated in a vacuum if this is not addressed."[15]

- And the HNPSP Midterm Review of 2008 notes, "Experienced procurement officers or knowledgeable line directors are still transferred frequently and almost without notice."[16]

One of the stakeholders interviewed considered staff turnover to be the biggest problem facing the MOHFW.

Evidence of the extent of procurement staff turnover in DGFP can be derived from a review of the procurement training offered to DGFP through the DELIVER Project from 2000 to 2005. During that period, DELIVER offered 17 separate procurement training activities consisting of orientations, workshops, and refresher training that included both DGFP and CMSD personnel.[17] Class sizes ranged from 16 to 66 participants, with a core group of approximately 14 to 16 DGFP procurement staff personnel receiving training during 2002–05. A review of the current DGFP procurement staff indicates that of this core group only three were continuously retained in DGFP procurement through August 2008, reflecting a turnover rate of approximately 80 percent.[18]

A high turnover of DGFP and MOHFW management personnel also contributed significantly to the procurement problems encountered during this period. To illustrate the extent of this problem, the former JSI/DELIVER Chief of Party recalled that between 2000 and 2006, 16

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[11] Harbans Lal Aneja, 2006, "Bangladesh Health, Nutrition, and Population Sector Program: Annual Program Review," Annex 7: Report on Procurement and Logistics, Dhaka: World Bank, p. 102.
[12] Ali, 2007, p. 155.
[13] Ed Vreeke, 2008, "2008 HNPSP Midterm Review," Technical Report: System: Procurement/Logistics (Dhaka: World Bank, p. 63).
[14] Aneja, 2006, p. 102.
[15] Ali, 2007, p. 155.
[16] Vreeke, 2008, p. 61.
[17] See appendix H: DELIVER Bangladesh, Training on Procurement, 2000–05.
[18] See appendix I for a list of current DGFP procurement staff members and the training they have received.

different Logistics Directors were in DGFP, and six or seven MOHFW Joint Secretaries were responsible for procurement.[19]

A more recent survey by USAID | DELIVER PROJECT Bangladesh found that between 2004 and 2008 the following MOHFW staff turnover occurred: Joint Secretary–10, Deputy Secretary–6, and Senior Assistant Secretary–7.[20] As of the writing of this report, the USAID | DELIVER PROJECT Bangladesh team has learned that the Secretary of the MOHFW has been transferred to another position.

LENGTHY MOHFW/DGFP AND WORLD BANK REVIEW PROCESS

Stakeholders commented on the significant amount of time that MOHFW, DGFP, and the World Bank take to review and approve draft bidding documents and TERs. It was acknowledged that the normal review process does take time and that improperly prepared bidding documents or TERs submitted by DGFP will delay the process. Additionally, the multiteam review process at the World Bank and the back-and-forth exchange that is needed to resolve issues will further exacerbate this lengthy review process.

It was also felt that at times too much needless effort was spent on claims and counterclaims as one party accused the other party of taking too much time and causing delays in the process. Improving the system for submitting, reviewing, and approving procurement documents by making the flow of documents during the review process more transparent could help improve accountability on both sides.

MOHFW/DGFP BUREAUCRATIC DELAYS AND LACK OF COMMITMENT TO PROMPT DECISION MAKING

The HNPSP Annual Program Review of 2007 examined the procurement recommendations made in the 2006 APR and noted, "None of the recommendations were implemented."[21]

The HNPSP APR of 2007 also noted the following problem in the procurement process for three technical support groups—Program Support Office, Management Support Agency, and Program Monitoring Agency—all of which had been delayed two years. "It was observed that these three selection processes were handled with a business-as-usual manner, without considering the requirement of getting professional technical assistance and giving due importance to the fact that these packages have an immense impact on the program itself."[22]

Another example of delays caused by a lack of government leadership in implementing prompt decision making is noted in the HNPSP Annual Program Review of 2007, which reports that an emergency procurement of injectables initiated in August 2005 did not receive its final approval

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[19] Nurul Hossain, 2007, "Recollections of Procurement TA in Bangladesh." Dhaka: USAID | DELIVER PROJECT, TO1., p. 6).
[20] August 31, 2008, phone call discussion by Kaiser Rashid, Acting Director, USAID | DELIVER PROJECT, with MOHFW personnel.
[21] Ali, 2007, p. 143.
[22] Ali, 2007, p. 143.

under the MOHFW/GOB and the World Bank approval process until October 2006, a period of approximately 400 days, as a result of significant delays on the GOB side and the World Bank side in promptly addressing issues as they were brought forward.[23]

> The Midterm Review of 2008 notes, "Senior management of the MOHFW does not assume its responsibility for the overall health sector procurement. Although the managers seem to be aware of most, if not all, of the procurement problems, action to remedy the situation is slow."[24]
>
> The most recent example of the apparent lack of DGFP commitment to responsibly addressing an urgent situation in a timely manner can be found in the pending stockout of implants. Currently, less than a three-month supply of implants is available. Before the DGFP can initiate an order for additional implants, the National Technical Committee must approve the results from the recent Implanon acceptability trial. The committee was originally scheduled to meet on August 31, 2008, to address this issue, but the Director General rescheduled the meeting to September 10, thus further delaying the date at which DGFP can initiate the procurement process for Implanon.

[23] Ali 2007, p. 154.
[24] Vreeke 2008, p. 63.

INTEGRATED SYSTEMS ASSESSMENT

An effective procurement process consists of several complimentary components that form and support an integrated system. Those key procurement system components include (a) technical capacity, (b) staffing, (c) management, (d) institutional systems, (e) policy and regulations, (f) government leadership, (g) donor financing, and (h) transparency.[25] The findings from this analysis indicate that four of the key components (technical capacity, staffing, management, and government leadership) are ineffective and limit the ability of the procurement system to function properly. Recommendations for addressing those problems are found next in Section XI.

[25] See appendix K for additional information about the key components of an integrated national public sector procurement system.

OTHER SPECIFIC PROCUREMENT PROBLEMS

Other problems that were noted during the review process for this report and that do not readily fall into the earlier-mentioned bottleneck categories include a lack of a supplier performance monitoring system and delays in processing letters of credit.

LACK OF SUPPLIER PERFORMANCE MONITORING SYSTEM

Current practice is for DGFP to transfer responsibility of tracking supplier performance to the central warehouse after the contract is signed and after payments have been made. This system does not feed back supplier performance problems to procurement staff members, who should have access to the information so that—when it comes time to consider future contracts—a supplier's past performance is available for review. DGFP should seek technical assistance from the Central Procurement Technical Unit (CPTU) to support development of a tool for monitoring supplier performance.

DELAYS IN PROCESSING LETTERS OF CREDIT

Both the release of funding and the processing of letter of credit applications have caused delays in some procurement transactions. DGFP, with technical assistance from CPTU or the PLMC consultant when available, should research the causes of delays and should identify solutions to correct the problems. DGFP should also arrange for training for the DGFP staff about requirements for processing letters of credit.

Before we provide possible recommendations for addressing bottleneck and other specific procurement problems, we should briefly mention the issue of planning for the transition from HNPSP to the follow-on SWAp program.

A review of the current procurement packages indicates that for only one product (implants) does a stockout appear imminent at this time.[26] However, a possibility exists of the injectables procurement

[26] Delay in procurement caused by the need to conduct an acceptability trial for Implanon will likely create a stockout because currently less than a three-month supply of implants is available, and the time required for DGFP to procure and supply implants will exceed that period. Initiation of procurement by DGFP is pending the NTC's approval on

being delayed if responsible parties and DGFP do not act promptly to address the issues that are pending their review and response.[27] Delays in prompt and responsible decision making, as noted in the bottleneck section earlier, can have the long-term effect of jeopardizing the delivery of supplies and of creating stockouts.

September 10, 2008, of the acceptability trial results. DGFP has been advised to seek World Bank approval and to use a direct contracting procurement method to minimize the procurement processing time.

[27] It should be noted that additional procurement of contraceptives for HNPSP 2006–10 is currently being conducted by UNFPA through CIDA funding to supplement the supply stock.

TRANSITION PLANNING FOR HNPSP

HNPSP will end on December 31, 2010, and a new SWAp-funded program will follow. It is hoped that the transition between the two projects will go smoothly and that the gap in funding, which occurred during the transition from HPSP to HNPSP and which created several procurement problems, can be avoided.

Annex J represents a graph of the projected contraceptive stock levels through June 2011. This graph was prepared by the USAID | DELIVER PROJECT Bangladesh to help evaluate whether current and projected procurement plans will provide sufficient stock through the end of HNPSP. The graph incorporates projected DGFP contraceptive procurement under the 2006–10 work plan, as well as procurement of contraceptives that are currently in process through UNFPA using parallel funding from CIDA.

As can been seen from the graph, stock levels for condoms and IUDs should be sufficient through HNPSP and for several months beyond. Projected level of oral pills, injectables, and implants at the end of HNPSP will be below the recommended 15-month stock level. Additional procurement of those items will be required before December 31, 2010.

The current operational plan for HNPSP-funded DGFP procurement is intended to cover the period through June 2010. Health consortium members of the SWAp program should confirm whether additional HNPSP funds will be provided for contraceptive procurement from June 2010 to December 2010. If no funding is anticipated, then it will be necessary to secure donor parallel funding to support procurement of oral pills, injectables, and implants. Because procurement and supply delivery can take from 12 to 18 months, it would be prudent to raise this issue of funding with health consortium members in the first half of 2009 so that any supplemental financial support that may be required can be planned sufficiently in advance.

The other issue to note is that during this same period (early 2009), the USAID | DELIVER PROJECT in Bangladesh will be undergoing its own transition. This project has traditionally monitored country contraceptive stock levels, provided advance notice of impending shortages, and supplied technical support to help resolve those shortages. With the current form of the project being phased out, it will be incumbent upon USAID to ensure the proper mechanisms are in place to provide adequate contraceptive stock level information both during and after the USAID | DELIVER PROJECT Bangladesh phaseout period.

An effective procurement process consists of several complimentary components that form and support an integrated system. The eight key procurement system components (technical capacity, staffing, management, institutional systems, policy and regulations, government leadership, donor

financing, and transparency) were discussed in Section VIII.[28] As noted there, the findings from this analysis indicate that four key components (technical capacity, staffing, management, and government leadership) are ineffective and limit the ability of the procurement system to function properly.

[28] See appendix K for additional information on the key components of an integrated national public sector procurement system.

RECOMMENDATIONS FOR ADDRESSING IDENTIFIED BOTTLENECKS AND PROBLEMS

Some important activities occur that could have an effect on two of the key bottleneck issues discussed earlier: lack of technical capacity and staff turnover. The activities are mentioned here as a preface to the recommendations that follow. A summary of the recommendations can be found in Appendix A.

RECENT DEVELOPMENTS IN HUMAN RESOURCE PLANNING AND CAPACITY BUILDING

Recently, the GOB appears to recognize that staff turnover is an issue that needs to be addressed. In a phone discussion, the World Bank Task Team Leader for HNPSP reported that the GOB implemented a 2007 APR recommendation that 10 Line Directors be "anchored" in their position for a set period of time to avoid the problems created by frequent transfers. According to the Task Team Leader, the GOB has retained most of the anchored Line Directors in their position since the recommendation was made.

Additional encouraging news is that the World Bank–supported study on developing a human resource strategy for Bangladesh has just been released. This strategy outlines a long-term plan for building public sector human resources for Bangladesh.

The World Bank has funded a second study that is looking more specifically at capacity building. That report is due out in January 2009 and will focus on the issue of how to develop and then sustain investments that are made in building technical capacity in the public sector. The study is expected to have information relevant to the issue of high staff turnover and transfer rates that limit the effectiveness of capacity building.

Another activity that is under way and that is directly related to procurement capacity development is the World Bank's Public Procurement Reform Project II. That project will provide three-week training courses about the procurement of goods, works, and services to procurement officers in four targeted ministries. Although the MOHFW is not one of the targeted ministries, CPTU staff members, who are overseeing this project, indicated that DGFP procurement personnel should be able to access this training resource. The developments should be kept in mind when considering the recommendations shown next.

These recommendations are provided for the following procurement bottlenecks and problems:

1. Addressing limited technical capacity
2. Addressing staff turnover
3. Addressing the lengthy review and approval process for IDA-funded procurement
4. Addressing the MOHFW lack of commitment and its business-as-usual approach
5. Addressing potential problems in current contraceptive procurement packages
6. Addressing other procurement problems
7. Addressing the transition between HNPSP and the follow-on project
8. Addressing midterm and long-term options

ADDRESSING LIMITED TECHNICAL CAPACITY

USAID: SHORT TERM

A. Advocate, through the USAID |DELIVER PROJECT, as appropriate, for select DGFP management and procurement staff and the TEC members to receive CPTU procurement training under the World Bank Public Procurement Reform Project[29] October–November 2008, being implemented through the Engineering College of Bangladesh.

B. Propose to key health consortium stakeholders (CIDA, KfW, UNFPA) who have historically supported providing contraceptives and technical assistance to the Bangladesh family planning program that a Donor Forum be established. This forum would have rotating chairmanship responsibilities and would meet quarterly to share updates on collaborative efforts, achievements, and future plans for contraceptive and technical assistance support.

C. Under the Donor Forum, establish a communications network, including a group email list. One member of the group would be designated to serve as principal contact with the MOHFW about the groups' activities. Subgroups would be established to address specific technical areas and meet with MOHFW technical counterparts to harmonize any implementation plans agreed to.

D. Have the proposed Donor Forum address the following among its first topics:

1. Coordinate plans to provide procurement technical assistance to MOHFW/DGFP. KfW has indicated that it is considering providing direct procurement technical assistance to MOHFW. UNFPA is also working to provide direct procurement technical assistance to DGFP.[30] A coordinated response among stakeholders to the allocation of procurement technical assistance will help ensure that DGFP procurement technical capacity needs are effectively addressed. Technical assistance support should include provisions for training (a) the DGFP staff about bid document preparation, (b) the TEC members about bid and

[29] Even though investment in training is at risk given the current staff turnover rate, there is a strong need for technical training, and a greater risk of delayed procurements exists if technical training is not provided.

[30] UNFPA recently provided a local procurement consultant to DGFP to support procurement activities; however, DGFP rejected the person, whose previous experience had been with the Rural Electrification Board, for lack of procurement experience with health care commodities.

tender evaluation reports, and (c) the DGFP management about monitoring and evaluating procurement performance.

2. Establish a role for Procurement and Logistics Monitoring Cell (PLMC). This technical support group (now two years delayed) is intended to provide direct technical assistance to the DGFP and CMSD procurement staff. The requirement for this service is being readvertised. USAID, in concert with Donor Forum members, should advocate that MOHFW (a) complete the selection process in a timely manner, (b) provide the necessary government personnel to support the two procurement consultants that will form the PLMC (because without such support, the consultants will be overwhelmed with work), and (c) ensure the consultants that terms of reference are clearly defined and allow for unhindered access to DGFP and CMSD procurement personnel and systems.
3. Provide a system to track DGFP training. In concert with Donor Forum members, advocate for DGFP to establish a monitoring system that will track the training received by DGFP management and procurement personnel, as well as the procurement technical assistance received through PLMC when it is established.[31]

DGFP SHORT TERM

A. Identify procurement personnel candidates for training under the World Bank Public Procurement Reform Project, and secure MOHFW support for and approval of such training, as required.

B. Develop and implement a monitoring system to track training received by DGFP management and procurement personnel, as well as procurement technical assistance received through PLMC.

C. Establish a requirement that any senior executive staff member transferred into DGFP will attend a minimum three-day transition training course covering key principles of supply management, procurement cycle timeline, GOB procurement process approvals, IDA prior-approval requirements, and performance monitoring and evaluation. Course curriculum must be coordinated with CPTU.

ADDRESSING STAFF TURNOVER

USAID SHORT TERM

A. Propose to key health consortium stakeholders (CIDA, KfW, UNFPA, World Bank) or Donor Forum members—if a Donor Forum has been established according to previous recommendation—that they develop a policy paper advocating for MOHFW and DGFP to implement limitations on the frequent transfer of key personnel. Staff turnover is a significant problem that handicaps implementation of all programs and a policy paper would allow stakeholders to solidify their support for recommending changes to the current MOHFW and DGFP personnel policy.

[31] More information on the Donor Forum can be found in appendix B.

MOHFW AND DGFP SHORT TERM

A. Support and implement any policy paper recommendations developed by health consortium members (Donor Forum) to maintain key staff members in positions for a minimum period (three years is recommended).

B. Develop indicators to monitor MOHFW and DGFP performance in retaining members of the trained senior management and procurement staff.

DGFP MIDTERM

A. Develop standard operating procedures (SOPs) for procurement process.

B. Have SOPs provide clear instructions about how to properly complete and comply with procurement requirements. This document would help institutionalize procedural information and would mitigate to some extent the negative impact of staff turnover because it would provide new staff members with a written resource that they can refer to and that contains step-by-step instructions for effectively implementing the procurement process.

ADDRESSING THE LENGTHY REVIEW AND APPROVAL PROCESS FOR IDA-FUNDED PROCUREMENT

Three general recommendations are recommended for this bottleneck: (a) implement framework contracts: (b) develop a harmonized, transparent monitoring system to track the transit of procurement packages through the MOHFW/DGFP and the World Bank approval process; and (c) ask the World Bank to commit additional resources to improve its internal review process for procurement documents and to add procurement staff members to the local office.

IMPLEMENT FRAMEWORK CONTRACTS.

Developing a framework contract (minimum is a two-year contract) for DGFP to use will significantly reduce the amount of time spent securing the review and approval of MOHFW/GOB officials and of the World Bank's "no objections" by basically limiting those steps to only the first year of a multiyear contract.[32]

USAID MIDTERM

Advocate through the Donor Forum for technical assistance to support DGFP in developing a framework contract for contraceptives.

[32] Framework contracts are authorized under the new GOB 2208 Public Procurement Rules (Section 36) and are allowed under the World Bank procedures.

DGFP MIDTERM

A. Secure any MOHFW review and approval as needed for use of a framework contract.

B. Develop a framework contract, with technical support from donors (if available) or CPTU for procurement of IDA-funded contraceptives.

DEVELOP A HARMONIZED, TRANSPARENT MONITORING SYSTEM TO TRACK THE TRANSIT OF PROCUREMENT PACKAGES THROUGH THE MOHFW/DGFP AND THE WORLD BANK APPROVAL PROCESS.

MOHFW and DGFP MidTerm

A. Meet with World Bank procurement representatives to develop a harmonized, transparent process for monitoring the progress of procurement packages through the various stages of the GOB and World Bank review and approval process.

B. Ensure that MOHFW and DGFP staff members receive training on the use and application of the harmonized monitoring system.

C. Implement a harmonized monitoring system.

D. Ensure that the MOHFW and DGFP staff and management personnel are familiar with the revised public procurement processing and approval procedures thresholds for GOB approval of TERs.[33]

World Bank MidTerm

A. Meet with representatives of DGFP and MOHFW to discuss, agree upon, and plan a process for developing and implementing an efficient, transparent, and harmonized process for monitoring the progress of procurement packages through the various stages of the MOHFW/DGFP and World Bank review and approval process.[34]

B. Implement a harmonized monitoring system.

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[33] According to CPTU, on May 4, 2008, the PPPAP-approval thresholds for TERs were increased. Project directors can now approve up to 40 million Taka (approximately U.S.$580,000), heads of the procuring entity can approve up to 100 million Taka (approximately U.S.$1.5 million), the minister can approve up to 500 million Taka (approximately U.S.$7.4 million), and the CCGP must approve anything over 500 million Taka.

[34] This revised version of the current procurement processing schedule would expand to include and record additional key steps in the procurement process. Ideally, the tracking information should be posted on a website to ensure easy access and transparency.

ASK THE WORLD BANK TO COMMIT ADDITIONAL RESOURCES TO IMPROVE ITS INTERNAL REVIEW PROCESS FOR PROCUREMENT DOCUMENTS AND TO ADD PROCUREMENT STAFF MEMBERS TO THE LOCAL OFFICE.

World Bank MidTerm

A. The World Bank is to be commended for the considerable investment it has made in building public sector procurement capacity through two public procurement reform projects. Consistent concerns are raised, however, by the procurement staff of DGFP and CMSD regarding World Bank delays in timely review and approval of bidding documents and TERs. This delay is primarily attributed to (a) a multi-expert team review process that requires documents to often be sent to World Bank offices outside of Dhaka for review, and (b) a limited number of Dhaka-based World Bank procurement staff members who struggle to keep up with the heavy volume of documents they must review in addition to performing their other duties.

Given the significant scale of the SWAp-funded activity in Bangladesh and the importance of supporting a timely review process to overall program implementation, members of the Senior Executive World Bank staff should consider allocating additional resources (a) to evaluate the Bank's current internal review process and to identify changes that can be made to streamline the process and improve efficiency, (b) to augment the existing procurement staff with additional qualified personnel, and (c) to proactively provide advice to questions raised by DGFP/CMSD about bidding documents before formal submittal by DGFP/CMSD to help limit the time consumed in the back-and-forth exchange of information.

ADDRESSING MOHFW/DGFP'S LACK OF COMMITMENT AND BUSINESS-AS-USUAL APPROACH

It is difficult to remedy a lack of commitment when accountability is not present in an operational system. The first step in establishing accountability is to develop and implement a performance monitoring and evaluation system. The HNPSP has basic program performance indicators to monitor overall program performance. The GOB's PPPAP contains recommended timeframes for completing the GOB approval process.

Indicators from both of those documents should be reviewed, modified, and supplemented as needed to develop specific indicators to track MOHFW and DGFP performance in implementing HNPSP procurement. DGFP lacks significant procurement performance indicators, which will need to be developed. Any procurement performance indicators developed for DGFP should be harmonized as appropriate with CPTU procurement performance indicators.

USAID MIDTERM

A. Advocate to Donor Forum members the need for a robust monitoring system for tracking MOHFW and DGFP performance in completing HNSPS procurement responsibilities.

B. Advocate to Donor Forum members for technical assistance to support development of procurement performance indicators for DGFP. Indicators should be harmonized as appropriate with CPTU procurement performance indicators.

MOHFW AND DGFP SHORT TERM

Implement system to monitor compliance with PPPAP timeframe processing requirements.

MOHFW AND DGFP MIDTERM

A. Support development of a monitoring system with appropriate indicators to evaluate HNPSP procurement performance.

B. Ensure that DGFP indicators are harmonized with CPTU performance indicators. Currently, DGFP does not have indicators to monitor its overall procurement performance. Under the World Bank's Public Procurement Reform Project, CPTU is developing a set of standard procurement performance indicators that it will use to monitor the performance of the four reform project target ministries. DGFP should seek technical assistance from CPTU in developing performance indicators that are harmonized with CPTU standards.

C. Implement procurement performance monitoring systems for MOHFW and DGFP.

ADDRESSING POTENTIAL PROBLEMS IN CURRENT CONTRACEPTIVE PROCUREMENT PACKAGES

USAID SHORT TERM

A. Through the USAID | DELIVER PROJECT, monitor the stock status for products where potential shortfalls loom, which is now limited to implants, and monitor the procurement efforts of DGFP to alleviate the situation.

B. Provide parallel funding support for contraceptives. KfW has indicated that it may be able to provide parallel funds for contraceptive procurement.[35] With the delays caused by bottlenecks in the procurement process, parallel funding has often served as a relief valve to help support emergency procurements. The USAID | DELIVER PROJECT pipeline projections of contraceptive stock levels should be monitored. If stockouts are projected, preliminary discussions should be held with Donor Forum members about potential funding commitments that will address the problem.

C. Continue to use UNFPA for emergency procurement funds through donor parallel funding. As DGFP capacity increases, fewer UNFPA backstopping emergency procurements will be needed.

[35] In its meeting with the KfW representative, USAID was encouraged to reach out to the health consortium members to inform them about activities so that similar interests and activities could be effectively coordinated.

DGFP SHORT TERM

Injectables. DGFP should promptly address World Bank queries about draft bidding documents and should resubmit draft bidding documents to the World Bank for "no objection."

Action was completed and IFB appeared in the news paper in Oct 08. Bid evaluation report is currently with the World Bank for their NOC.

A. Implant. DGFP should prepare draft contract documents in advance of the National Technical Review Committee meeting on Implanon so that when the committee issues its approval, DGFP can proceed to approach the World Bank to request approval to conduct a shorter direct contracting process given the emergency situation of pending stockout and the fact that the product is single source. Action was to be completed by September 10, 2008.

DGFP did not follow Direct Procurement Method, instead, IFB appeared in news paper in Oct 08 for Open Tendering Method. The process has not ended yet.

ADDRESSING OTHER PROCUREMENT PROBLEMS

DGFP MIDTERM

A. Develop a tool for supplier performance monitoring. DGFP should seek technical assistance from CPTU to support development of a supplier performance monitoring tool.

B. Evaluate and address delays in processing letters of credit. DGFP, with technical assistance from CPTU or the PLMC consultant, when available, should research the causes of delays and should identify solutions to correct the problems.

C. Provide training for dealing with letters of credit. DGFP should arrange for training the DGPF staff to deal with letter of credit processing requirements.

ADDRESSING THE TRANSITION BETWEEN HNPSP AND THE FOLLOW-ON PROJECT

USAID MIDTERM

A. Confirm whether HNPSP funding is available for June–December 2010. The current operational plan for DGFP covers procurement activities through June 2010. USAID should confirm through the health consortium members of the SWAp whether additional funding for contraceptive procurement will be provided from June to December 2010.

B. Ensure mechanisms are in place to provide information for monitoring contraceptive stock levels during the USAID | DELIVER PROJECT Bangladesh project's phaseout period.

USAID LONG TERM

Pending receipt of the status of HNPSP funding for DGFP procurement of contraceptives after June 2010, discuss with the Donor Forum a possible need for parallel funding support for contraceptive procurement that will bridge the transition from HNPSP to the follow-on project.

ADDRESSING MID- AND LONG-TERM OPTIONS

USAID MID-TERM OPTIONS

A. Consider moving contraceptive procurement from DGFP to MOHFW. Given the challenges that exist in resolving in a sustainable way the bottlenecks described earlier and the consistent reoccurrence of the same problems, consider moving contraceptive procurement only from DGFP to a procurement cell in the MOHFW if the recommendations proposed in this report and if other efforts that are under way (Public Procurement Reform Project, donor technical assistance) are unsuccessful in improving DGFP's performance in procuring contraceptives.

B. Place this procurement cell under the direction of an additional secretary in the MOHFW, and staff it with two procurement specialists and support staff. Funds to support this contraceptive procurement cell would come from either donor funding or IDA funding.

USAID LONG-TERM OPTIONS

A. Consider alternative procurement options such as a parastatal agency. If there is no significant improvement in DGFP and CMSD procurement performance over the next two years and if the midterm option is not implemented, consider investigating and promoting an alternative, separate procurement entity to manage the procurement process.

B. As one option, consolidate procurement services of these two agencies into a single independent parastatal organization that would also include forecasting and procurement planning responsibilities. An independent parastatal or trust organization if properly managed and structured has the ability to control several of the key factors that are essential for a successful national procurement system.[36] Additional background information on this option is provided next.

PARASTATAL ORGANIZATION

Given the continued problems and delays in conducting IDA-funded contraceptive procurements, stakeholders were asked to share their thoughts on whether a parastatal organization that was nominally independent of the MOHFW and civil service requirements could be a better alternative to the current system.

DGFP and some donor stakeholders did not think the GOB would be receptive to a private organization taking on the sole responsibility for MOHFW procurement functions because this change would be perceived as not in keeping with the Paris Declaration to build and strengthen local

[36] See Appendix K for a summary of the key components of an effective national procurement system.

government capacity. However, an organization along the lines of a parastatal group where the GOB retains some ownership and oversight authority and responsibility might be an option.

In Malawi, for example, where Central Medical Stores procurement has been faced with high staff turnover, a strategic plan has been developed—with SWAp partners' support—to evaluate transitioning Central Medical Stores Depot to a trust fund where government oversight would be retained through a government appointed board of directors. The trust would fall outside the rules and regulations of the standard civil service requirements, and there would be more flexibility to reward effectively performing staff members with salary incentives to retain those qualified personnel.

Additional details on this option and other alternative options are contained in the USAID | DELIVER PROJECT paper titled, *Autonomous Procurement Organization for the Ministry of Health and Family Welfare, Government of the People's Republic of Bangladesh*.[37]

[37] M. M. Kaiser Rashid, 2007, "Autonomous Procurement Organization for the Ministry of Health and Family Welfare," Concept paper for a new initiative, Government of the People's Republic of Bangladesh." Dhaka: USAID | DELIVER PROJECT, Task Order 1.

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Government of the People's Republic of Bangladesh; The Public Procurement Regulations 2003.[38]

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[38] The GOB has released the Public Procurement Rules of 2008 (PPR 2008); however, those rules were not reviewed because they have not yet been translated into English. The consultant did confirm with the CPTU that the PPR 2008 are based on the Public Procurement Regulations of 2003 with updates incorporating information about "the Public Procurement Act of 2006.

APPENDICES

APPENDIX A. PROCUREMENT BOTTLENECK ANALYSIS: SUMMARY OF RECOMMENDATIONS

Given the stockouts encountered in contraceptive procurement under the Health, Nutrition, and Population Sector Program (HNPSP) over the past 20 months, and given the potential stockout of implants that is likely to occur in the next few months, a number of recommendations have been made that are designed to (a) help strengthen and improve the existing procurement process and system, (b) help address the immediate needs to resolve potential problems that appear in several current contraceptive procurement packages, and (c) offer possible midterm and long-term options to consider for alternative procurement arrangements if the identified bottlenecks cannot be resolved within a reasonable period (approximately two years or by the end of the HNPSP) and if the same problems and resulting stockouts continue to occur.

The major findings about bottlenecks and constraints are bulleted in Table A.1 and are expanded as part of the table. Additional detailed information is found in Attachment 1: Full Bottleneck Study Report.

Table 3. Analysis of Bottleneck Procurement

Bottlenecks and Constraints	Recommendations
• Lack of Technical Capacity	Train the Directorate General of Family Planning (DGFP) staff and Tender Evaluation Committee members.
• Staff Turnover	Establish thresholds for staff retention.
• Lengthy Review Process	Implement framework contracts, and develop harmonized procurement package monitoring.
• Delayed Decision Making	Monitor Ministry of Health and Family Welfare (MOHFW) and DGFP HNPSP performance.
Other Topics for Recommendations	
HNPSP Transition	Coordinate in advance with key stakeholders.
Midterm Option	Move contraceptive procurement from DGFP to MOHFW.
Long-Term Option	Consider possibility of parastatal procurement.

APPENDIX B. POLICY IMPERATIVES FOR USAID: ESTABLISHING A DONOR FORUM TO ADVOCATE FOR AND TO SUPPORT CONTRACEPTIVE SECURITY

The United States Agency for International Development (USAID) has an opportunity to play a catalytic role in bringing together key health consortium stakeholders to jointly advocate for government leadership in developing policies that address the root causes of the problems identified in the bottleneck study.[39] The suggested mechanism for implementing such an approach is to establish a Donor Forum of interested consortium stakeholders. This Donor Forum would advocate for government leadership in developing policies that would improve contraceptive security by strengthening practices and procedures related to the procurement and supply of contraceptives for the Health, Nutrition, and Population Sector Program (HNPSP). The Donor Forum would also coordinate individual member's actions in support of contraceptive security.

DONOR FORUM

PURPOSE

To establish a community of stakeholders committed to supporting contraceptive security in Bangladesh through collaborative and coordinated efforts, the Donor Forum should do the following:

1. Advocate for government policies that support contraceptive security and operational efficiencies in achieving contraceptive security,
2. Provide requisite technical assistance to support sustainable capacity development that will help ensure long-term contraceptive security, and
3. Provide parallel funding support as needed to address contraceptive supply shortfalls.

OPERATIONAL ASPECTS

1. Rotate the chairmanship responsibilities among the forum members.
2. Hold quarterly meetings to share updates on collaborative efforts, achievements, and future plans for contraceptive and technical assistance support.
3. Establish a communications network, including a group email list.
4. Designate one member of the forum to serve as principal contact with the Ministry of Health and Family Welfare (MOHFW) about the group's activities.

[39] These key stakeholders would include the Canadian International Development Agency (CIDA), KfW (German development Bank), United Nations Population Fund (UNFPA), and others who have historically supported family planning programs in Bangladesh by providing funding for contraceptives and technical assistance.

5. Establish subgroups to address specific technical areas and to meet with MOHFW technical counterparts to harmonize any implementation plans agreed to.

TOPICS TO BE ADDRESSED BY THE DONOR FORUM

1. Create an advocacy and policy paper that recommends and establishes minimum time thresholds for retaining key senior officials and staff in MOHFW and Directorate General of Family Planning (DGFP).
2. Create an advocacy and policy paper recommending that monitoring and evaluation systems be established that will monitor the performance of MOHFW and DGFP in the following:
   a. Meeting HNPSP procurement responsibilities,
   b. Training key staff members, and
   c. Retaining trained staff members.
3. Promote advocacy for prompt implementation and for MOHFW support of Procurement and Logistics Monitoring Cell (PLMC).
4. Encourage advocacy for MOHFW/DGFP and the World Bank to form a task force that will develop a harmonized, transparent system to track HNPSP procurement documents through the approval process.
5. List planning and coordinating activities of Donor Forum members that directly support contraceptive security. Such activities would include these:
   a. Coordinating provision of procurement technical assistance so DGFP can support procurement staff training,
   b. Coordinating provision of procurement technical assistance so DGFP can support development of a framework contract, and
   c. Coordinating parallel funding support from Donor Forum members to address contraceptive shortages that may arise before or during transition between sector wide approach (SWAp) programs.
6. Write an advocacy paper for considering alternative procurement arrangements for contraceptives if there is no measurable improvement in DGFP procurement capacity by the end of the HNPSP. (See table B.1.)

Table 4. System Bottlenecks and Recommendations

Bottlenecks/Constraints	Problems Caused	Recommendations
1. *Limited Technical Capacity* In many cases, the DGFP staff members do not have the technical capacity to properly complete bidding documents, and TEC members do not properly complete bid evaluation reports that are then returned by the Bank for corrections, which takes additional time and can lead to procurement delays.	• Improper bidding documents • Improper bid evaluations • Delayed procurement • Stockouts	1. a. USAID Short Term • Advocate for CPTU training for DGFP staff and TEC members. • Propose Donor Forum to discuss the following: a. Using procurement technical assistance, b. Implementing Procurement and Logistics Monitoring Cell, and c. Monitoring system for DGFP training. 1.b. DGFP Short Term • Identify candidates for CPTU training. • Implement monitoring system for DGFP staff training. • Implement transition training requirement for new management personnel.
2. *Staff Turnover/Transfers* The high level of staff turnover and transfers at senior ministry levels and DGFP handicaps the organizations' ability to implement the procurement process in a timely manner as the knowledge of procurement and World Bank requirements is lost.	• Lack of experienced staff members to complete documents • Delayed procurement • Stockouts	2.a. USAID Short Term • Propose Donor Forum discussions on advocacy paper about requirements for MOHFW and DGFP staff retention. • Review findings of the World Bank study on capacity development and sustainability, and identify opportunities for collaboration in advocating for a GOB policy about staff retention requirements. 2.b. MOHFW and DGFP Short Term • Implement any advocacy paper (if developed) recommendations about staff retention. • Implement a monitoring system on staff retention. 2.c. DGFP Midterm • Develop standard operating procedures for procurement.

Bottlenecks/Constraints	Problems Caused	Recommendations
3. *Lengthy Review and Approval Process* DGFP must submit bidding documents and bid evaluation reports to the World Bank for prior approval. Often, the Bank returns documents for clarification and corrections. This back-and-forth exchange of information between DGFP and the World Bank to secure approval adds more time to an already lengthy procurement cycle. The MOHFW-DGFP review-and-approval process is also time-consuming and adds further time to the procurement cycle.	• Delayed procurement • Stockouts	Implement Framework Contracts for Contraceptives: 3.a. USAID Midterm • Advocate through the Donor Forum for technical assistance to support DGFP development of a framework contract. 3.b. DGFP Midterm • Secure MOHFW/GOB review and approval to use the framework contract. • Develop framework contract. • Harmonize the monitoring system to track procurement document approval. 3.c. MOHFW and DGFP Midterm • Coordinate with the World Bank to develop a harmonized monitoring system. • Train the DGFP staff about use of a harmonized monitoring system. • Implement the harmonized monitoring system. • Disseminate to the DGFP staff the updated GOB financial approval thresholds. 3.d. World Bank Midterm • Coordinate with DGFP/MOHFW to develop a harmonized transparent monitoring system for tracking procurement packages. • Implement the harmonized monitoring system. World Bank to improve internal procurement review process: 3.e. World Bank Midterm • Secure funds to support the streamlining internal multiteam review process and to add procurement personnel to the local office.

Bottlenecks/Constraints	Problems caused	Recommendations
4. *Bureaucratic Delays/Lack of Commitment and Accountability* If the reviews and approvals discussed earlier are not processed in a timely manner, they can create delays in contract award and subsequent product deliveries. It is noted that in the recent HNPSP APRs urgent decisions are often handled in a "business-as-usual manner" without considering the severe implications that delays can have on a program.	• Lack of prompt decision making • Procurement delays • Stockouts	4.a. USAID Midterm • Advocate to Donor Forum for the need for a performance monitoring system for MOHFW and DGFP HNPSP procurement activities. • Advocate through Donor Forum for support to DGFP in developing procurement performance indicators. 4.b. MOHFW and DGFP Short Term • Implement the system to monitor compliance with national PPPAP-processing time requirements. 4.c. MOHFW and DGFP Midterm • Support development of procurement performance monitoring systems. • Ensure that DGFP procurement indicators are harmonized with CPTU indicators. • Implement the procurement performance monitoring systems.
5. *Potential Problems in Current Contraceptive Procurements* Although only one product (implants) has a potential stockout looming, the possibility of stockouts for oral pills, IUDs, and injectables could materialize if responsible parties do not act promptly to address the issues that are pending their review and response.	• Delayed procurement • Stockouts	5.a. USAID Short Term • Monitor through the USAID | DELIVER PROJECT the status of implant stock level and DGFP procurement effort. • Address parallel funding in Donor Forum, if needed. • Support use of UNFPA for emergency procurement as needed. 5.b. DGFP Short Term • Reply to World Bank queries on draft bidding documents for injectables. • Secure World Bank authorization to direct contract for Implanon following National Technical Committee approval of acceptance trials.

6. *Other Procurement Problems* a. Lack of supplier performance monitoring b. Letter of credit processing delays	• Risk of selecting unreliable supplier • Delayed shipments • Delayed procurement • Stockouts	6.a. DGFP Midterm • Develop a supplier performance monitoring tool. • Identify and address delays in letter of credit processing. • Train the DGFP staff about letter of credit processing.
7. *HNPSP Transition* Need to monitor transition plans for HNPSP to address any gaps in funding that might occur	• Gap in funding between SWAp programs • Delayed procurement • Stockouts	7.a. USAID Midterm • Confirm whether HNPSP funding is available for June–December 2010. • Ensure that a mechanism is in place to monitor the contraceptive stock status during the USAID | DELIVER PROJECT Bangladesh phaseout. 7.b. USAID Long Term • Raise the issue with Donor Forum members about the potential need for parallel funding to cover contraceptive procurement during the transition period between SWAp programs.
8. *Midterm and Long-Term Procurement Options* Given the continued bottlenecks and repeated problems in DGFP procurement of contraceptives, as well as the challenges faced in resolving those problems in a sustainable way, consideration should be given to other procurement options.	• Continued delays in procurement • Same problems occurring repeatedly despite efforts to resolve them • Continued stockouts	8.a. USAID Midterm • Consider moving contraceptive procurement only from DGFP to the MOHFW to be headed by an additional secretary with two dedicated procurement technical people and two support staff members funded through donor or IDA funds. 8.b. USAID Long Term • Consider alternatives to current procurement system, including independent parastatal or trust organizations that would consolidate forecasting, planning, and procurement responsibilities.

Note: APRs = Annual Program Reviews; CPTU = Central Procurement Technical Unit; DGFP = Directorate General of Family Planning; GOB = Government of Bangladesh; HNPSP = Health, Nutrition, and Population Sector Program; IDA = International Development Agency ; IUDs = intrauterine device; MOHFW = Ministry of Health and Family Welfare; PPPAP = Public Procurement Processing and Approval Procedures; SWAp = sector wide approach; TEC = Tender Evaluation Committee; UNFPA = United Nations Population Fund.

APPENDIX C. REFERENCE DOCUMENTS REVIEWED

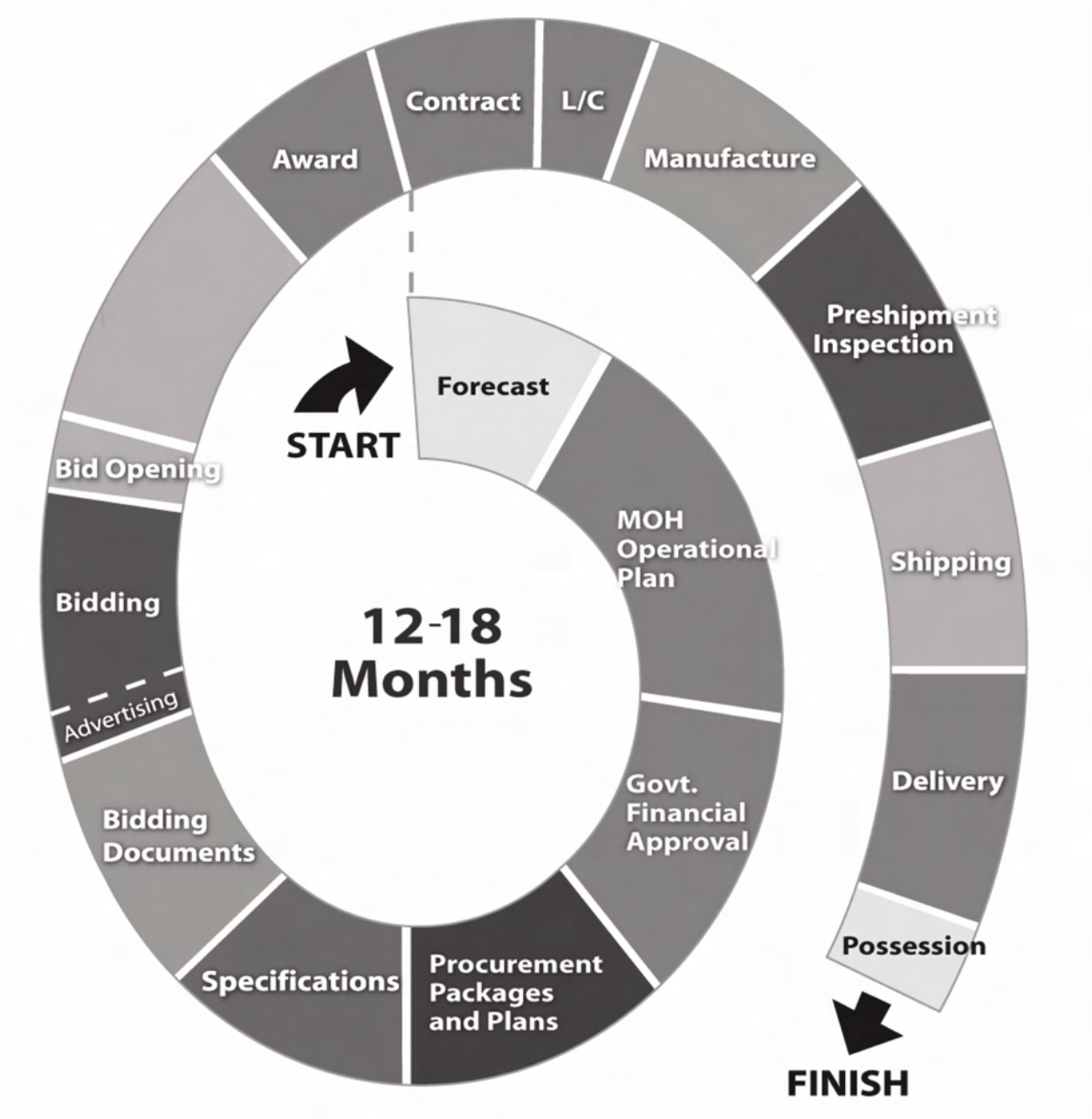
1. GOB Public Procurement Act of 2006
2. GOB Public Procurement Regulations of 2003[40]
3. GOB Public Procurement Processing and Approval Procedures (PPPAP)
4. Guidelines for Procurement under IBRD Loans and IDA Credits
5. Project Appraisal Document for the World Bank–Funded Public Procurement Reform Project II
6. Annual Program Review for HNPSP 2006
7. Annual Program Review for HNPSP 2007
8. Midterm Review for HNPSP 2008
9. Assessment of the USAID/Bangladesh Component of the DELIVER Project, 2006
10. Contraceptive Procurement in Transition—How Context Can Affect Outcomes: The Case of Bangladesh, JSI, USAID | DELIVER PROJECT, Draft, 2008
11. Autonomous Procurement Organization for the Ministry of Health and Family Welfare, Government of the People's Republic of Bangladesh, JSI, USAID | DELIVER PROJECT, 2007

[40] The GOB has released the Public Procurement Rules of 2008 (PPR 2008); however, the rules were not reviewed because they have not yet been translated into English. The consultant did confirm with the Central Procurement Technical Unit (CPTU) that the PPR 2008 are based on the Public Procurement Regulations of 2003 with updates incorporating information about the Public Procurement Act of 2006.

APPENDIX D. LISTS OF STAKEHOLDERS CONTACTED

1. World Bank: Zafrul Islam, Senior Procurement Officer
2. UNFPA: Jawher Lai Das, Supply and Procurement Officer
   UNFPA: Afsana Taher, Operations Manager
3. DGFP: Hossain Molla, Director, Logistics and Supply
   DGFP : Sabina Parvin, Procurement Desk Officer
4. KfW: Dirk Gehl, Program Manager
   KfW: Habibur Rahman, Senior Program Manager
5. CPTU: AKM Fazlul Karim, Procurement Reform Implementation Advisor
   CPTU: Amulya Kumar Debnath, Director General
6. USAID | DELIVER PROJECT Bangladesh: Shyam Lama, Country Director
   USAID | DELIVER PROJECT Bangladesh: Kaiser Rashid, Acting Chief of Party

APPENDIX E. FIGURE 1. PROCUREMENT AND SUPPLY PROCESS STEPS FOR THE HNPSP PROGRAM



Note: L/C = LETTER OF CREDIT; MOH = MINISTRY OF HEALTH

APPENDIX F. IDA-FUNDED HNPSP PROJECT: ESTIMATED TIMELINE—PROCUREMENT AND SUPPLY PROCESS STEPS

Table 5. IDA-Funded HNPSP Project Estimated Timeline

Step	Activity	Time Range (days)	
1	Develop MOHFW operational plan,	25	40
2	Get GOB financial approval of operational plan.	10	30
3	Develop procurement packages and plans.	20	35
4	Submit procurement plans to IDA for "no objection."	7	10
5	Have IDA issue "no objection" to procurement plans.	21	31
6	Prepare bidding documents.	21	21
7	Submit bidding documents to IDA/MOHFW.	7	10
8	Have IDA issue "no objection" to bidding documents.	21	31
9	Issue invitation for bids.	7	14
10	Open the bids.	42	42
11	Complete technical evaluation of bids.	14	21
12	Have Tender Evaluation Committee complete Tender Evaluation Report.	7	14
13	Send Tender Evaluation Report to MOHFW/IDA.	5	10
14	Have MOHFW/IDA issue clearance for TER.	21	31
15	Gain GOB financial and administrative approval.	42	70
16	Issue notification of award.	7	10
17	Obtain performance security from supplier.	21	31
18	Have contract signed with supplier.	7	14
19	Forward copy of contract to IDA.	7	10
20	Request PFC/AGB for opening letter of credit.	7	17
21	Issue application to bank for opening letter of credit.	7	14
22	Open letter of credit.	14	21
23	Receive goods.	45	90
	Total Days	384	617

Note: AGB = Accountant General of Bangladesh; GOB = Government of Bangladesh; IDA = International Development Agency; MOHFW = Ministry of Health and Family Welfare; PFC = Project Finance Cell; TER = Tender Evaluation Report.

APPENDIX G. CHRONOLOGICAL RECORD OF DGFP EMERGENCY PROCUREMENT OF INJECTABLES, 2005–06

Table 6. Chronological Record of DGFP Emergency Procurement of Injectables

Date	Elapsed Days	Description of the Event
29/8/05		A policy dialogue on Reproductive Health Supply Security was organized by UNFPA with the minister with MOHFW as the Chair. The dialogue urged the GOB and the World Bank to consider emergency procurement of contraceptives including injectables using the UNFPA and DGFP procurement mechanism worth U.S.$12 million.
26/9/05	27	MOHFW decided that procurement would be carried out by DGFP using limited international bidding procedures.
27/10/05	31	A meeting at the MOHFW with the minister decided the quantities and items to be procured. It further decided that half of each quantity would be procured through UNFPA and half through DGFP, with technical assistance from JSI/DELIVER.
30/10/05	3	Draft bidding document was sent to the World Bank.
1/11/05	2	World Bank issued no objection.
21/12/05	51	Bids were received and opened.
8/1/06	17	Bid/Tender Evaluation Committee meeting was held.
19/1/06	11	BER was sent to MOHFW.
7/2/06	18	MOHFW accorded an approval.
13/2/06	5	BER was sent to the World Bank for no objection.
3/4/06	48	World Bank asked for some clarifications.
5/5/06	32	World Bank asked for clarifications on bidders' representations and complaints.
29/5/06	24	A TEC meeting was held again to consider the World Bank's observations and to re-evaluate bids.
26/6/06	28	The revised BER was sent to MOHFW for approval.
4/7/06	8	MOHFW approved the revised BER.
17/7/06	12	The revised BER was sent to the World Bank for no objection; the World Bank made queries.
8/8/06		A reply was provided to the World Bank.
25/8/06		Another query was asked by the World Bank.
6/9/06	12	A reply was given.
22/9/06	16	The World Bank's no objection was received.
27/9/06	5	MOHFW was approached for financial approval.
4/10/06	7	MOHFW asked for some papers.

4/10/06	0	DGFP submitted the required papers to MOHFW.
15/10/06	11	Financial approval was received from MOHFW.
6/10/06	1	The NOA was issued.
	403	Total Days

Note: BER = Bid Evaluation Report; DGFP = Directorate General of Family Planning: GOB = Government of Bangladesh; MOHFW = Ministry of Health and Family Welfare; NOA = Notice of Award: UNFPA = United Nations Population Fund.

APPENDIX H. DELIVER BANGLADESH PROCUREMENT TRAINING, 2000–05

Table 7. DELIVER Bangladesh Procurement Training, 2000-05

Year	Trainees	Content	Number of Trainees	Duration of Training (days)
2000	DGFP and DGHS Desk Officers	Procurement of Goods and Services under HPSP	66	3-5
	MOHFW, DGFP, and DGHS Senior Officers	Workshop on Goods and Services	58	1
	DGFP and DGHS Desk Officers, Professors of Medical Colleges	Orientation on Preparation of Specifications of Medical Goods and Equipment	28	1
2001	Key Procurement Officials of DGFP and DGHS	Testing the Procurement Manuals	20	3
	DGFP and DGHS Desk Officers	Procurement of Goods	20	3
	DGFP and DGHS Desk Officers	Procurement of Services	16	3
2002	DGFP and DGHS Desk Officers	Bid Evaluation	22	2
	DGFP and DGHS Desk Officers	Proposal Evaluation	17	2
	MOHFW, DGFP, and DGHS Senior Officers	Orientation on Evaluation of Bids and Proposals	23	1
	Expert Group Meeting: MOHFW, DGFP, and DGHS Senior Officers and Development Partners	Review of Organization and Structure of Procurement Activities under MOHFW	35	3
	DGFP and DGHS Desk Officers	Refresher Training on Bid Evaluation	21	2
	DGFP and DGHS Desk Officers	Refresher Training on Proposal Evaluation	24	2

2003	DGFP and DGHS Desk Officers	Training on Procurement of Goods	31	2
	Representatives of Bidders' Organizations (Goods)	Bidders' Orientation on Procurement of Goods	35	1
	Representatives of Consulting Organizations (Services)	Orientation on Procurement of Services	19	1
2004	DGFP Core Group Desk Officers	Training on Bid Document Preparation	14	5
2005	DGFP and DGHS Desk Officers	Training on Procurement of Goods following PPR 2003	27	6
	DGFP and DGHS Desk Officers	Training on Procurement of Services following PPR 2003	26	3
	MOHFW, DGFP, and DGHS Senior Officers	Orientation on PPR 2003	34	0.5
	DGFP, DGHS Core Group	Training on Procurement of Goods following PPR 2003	17	3
	Representative of Bidders' Organizations (Goods)	Orientation on PPR 2003 and World Bank requirements	17	1
	Representatives of Consulting Organizations (Services)	Orientation on PPR 2003 and World Bank requirements	32	1

Note: DGFP = Directorate General of Family Planning; DGHS = Directorate General of Health Services; HPSP = Health and Population Sector Program; MOHFW = Ministry of Health and Family Welfare; PPR = Public Procurement Rules.

APPENDIX I. DGFP PROCUREMENT STAFF: PROCUREMENT TRAINING RECEIVED

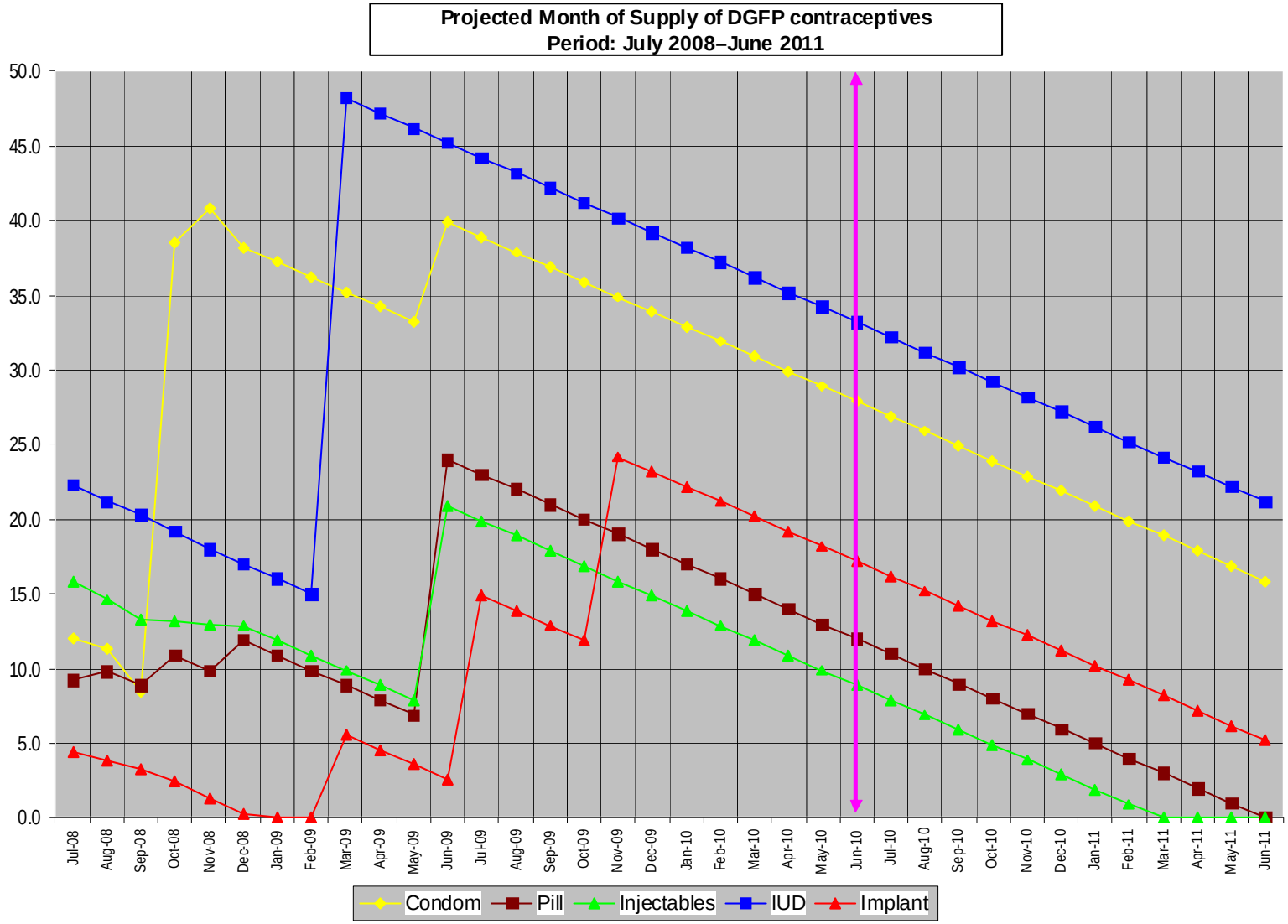
Table 8. DGFP Procurement Staff: Procurement Training Received

Sl. No.	Name of Staff Member	Date Joined DGFP	Years of Procurement Experience Prior to DGFP	Training Received from CPTU: Year Received, Topic, Number of Days	Training from DELIVER: Year Received, Topic, Number of Days	Other Training Received: Year received Topic Number of days
1	Mr. Hossain Mollah (Director)	9/04/2007	2005 to 2006 Oct. (BG Press, Tajha)	N.A.	N.A.	N.A
2	Mr. Saiful Islam (Additional Director [D&S] Central Warehouse)	17/08/2005	N.A.	N.A.	N.A.	N.A.
3	Mr. Abdul Baten AD (F.Proc.), Logistics and Supply (L&S) Unit	28/10/2004	N.A.	2005, National Training on PP Management, 20 days	2004, Procurement of Goods, 5 days 2005, Procurement of Goods, 7 days	2002 Tender Processing 1 day Supply Chain Management
4	Ms. Sabina Parveen DPM (PSSM)	22/12/2005	N.A.		2004, Procurement of Goods, 5 days	N.A.
5	Mr. Muhammod Jasim Uddin Bhuiyan, Deputy Program Manager	7/08/2008	N.A.	2005, National Training on Public Procurement Regulations, 20 days	2004, Procurement of Goods, 5 days 2005, Procurement of Goods, 3 days	N.A.
6	Ms. Shahnaz Parveen AD (Monitoring), L&S Unit	21/03/2006	1 year	2007 Public Procurement Management, 18 days	N.A.	N.A.

7	Ms. Feroza Sarker AD (L&S)	30/03/2006	N.A.	N.A.	N.A.	N.A.
8	Mr. Munshi Rafiqul Islam (Procurement Officer L&S Unit	5/05/1993	Not applicable because DGFP is the first working organization	2005, National Training on Public Procurement Management, 20 days	2002, Refresher Training on Procurement of Goods following IDA Guidelines, 2 days	1998, Procurement of Goods, Works, and Services under Project Aid. (Organized by IMED), 8 days.

Note: AD = Additional Director; D&A =; DGFP = Directorate General of Family Planning; DPM =; IDA = International Development Agency; L&S =; PP =Public Procurement; PSSM = N.A. = Not Applicable

APPENDIX J. FIGURE 2. PROJECTED MONTHS OF SUPPLY OF DGFP CONTRACEPTIVES



APPENDIX K. DATA FOR PROJECTED MONTHLY SUPPLY OF DGFP CONTRACEPTIVES

Table 9. Data for Projected Monthly Supply of DGFP Contraceptives

Month–Year	Condom	Pill	Injectables	IUD	Implant	Remarks
Jul-08	12.0	9.2	15.9	22.3	4.4	
Aug-08	11.3	9.8	14.6	21.2	3.8	CIDA-funded 8.6m (out of 47m) condom arrived
Sep-08	8.5	8.9	13.3	20.3	3.3	CIDA-funded 13.5m (out of 63.5m) pill added here
Oct-08	38.5	10.9	13.2	19.2	2.5	GOB 187m condom added here; CIDA-funded 25m pill and 1m injectables added here
Nov-08	40.9	9.9	13.0	18.0	1.3	CIDA-funded remaining condom (38.4m) and 1m injectables added here
Dec-08	38.2	11.9	12.9	17.0	0.3	CIDA-funded remaining 25m pill and 1m injectables added here
Jan-09	37.2	10.9	11.9	16.0	0.0	
Feb-09	36.2	9.9	10.9	15.0	0.0	
Mar-09	35.2	8.9	9.9	48.2	5.6	GOB 720,000 IUD added here; GOB 100,000 implants added here
Apr-09	34.2	7.9	8.9	47.2	4.6	
May-09	33.2	6.9	7.9	46.2	3.6	
Jun-09	39.9	24.0	20.9	45.2	2.6	50m condom, 150m pill, and 14m injectables of GOB 2006–10 plan added here
Jul-09	38.9	23.0	19.9	44.2	14.9	GOB 200,000 implants added here
Aug-09	37.9	22.0	18.9	43.2	13.9	
Sep-09	36.9	21.0	17.9	42.2	12.9	
Oct-09	35.9	20.0	16.9	41.2	11.9	
Nov-09	34.9	19.0	15.9	40.2	24.2	GOB 200,000 implants added here
Dec-09	33.9	18.0	14.9	39.2	23.2	
Jan-10	32.9	17.0	13.9	38.2	22.2	
Feb-10	31.9	16.0	12.9	37.2	21.2	
Mar-10	30.9	15.0	11.9	36.2	20.2	

Apr-10	29.9	14.0	10.9	35.2	19.2	
May-10	28.9	13.0	9.9	34.2	18.2	
Jun-10	27.9	12.0	8.9	33.2	17.2	
Jul-10	26.9	11.0	7.9	32.2	16.2	
Aug-10	25.9	10.0	6.9	31.2	15.2	
Sep-10	24.9	9.0	5.9	30.2	14.2	
Oct-10	23.9	8.0	4.9	29.2	13.2	
Nov-10	22.9	7.0	3.9	28.2	12.2	
Dec-10	21.9	6.0	2.9	27.2	11.2	
Jan-11	20.9	5.0	1.9	26.2	10.2	
Feb-11	19.9	4.0	0.9	25.2	9.2	
Mar-11	18.9	3.0	0.0	24.2	8.2	
Apr-11	17.9	2.0	0.0	23.2	7.2	
May-11	16.9	1.0	0.0	22.2	6.2	
Jun-11	15.9	0.0	0.0	21.2	5.2	
Average monthly consumption considered: condom—6.5m, pill—8.2m, injectables—1m, IUD—21,000, and implant—15,000						

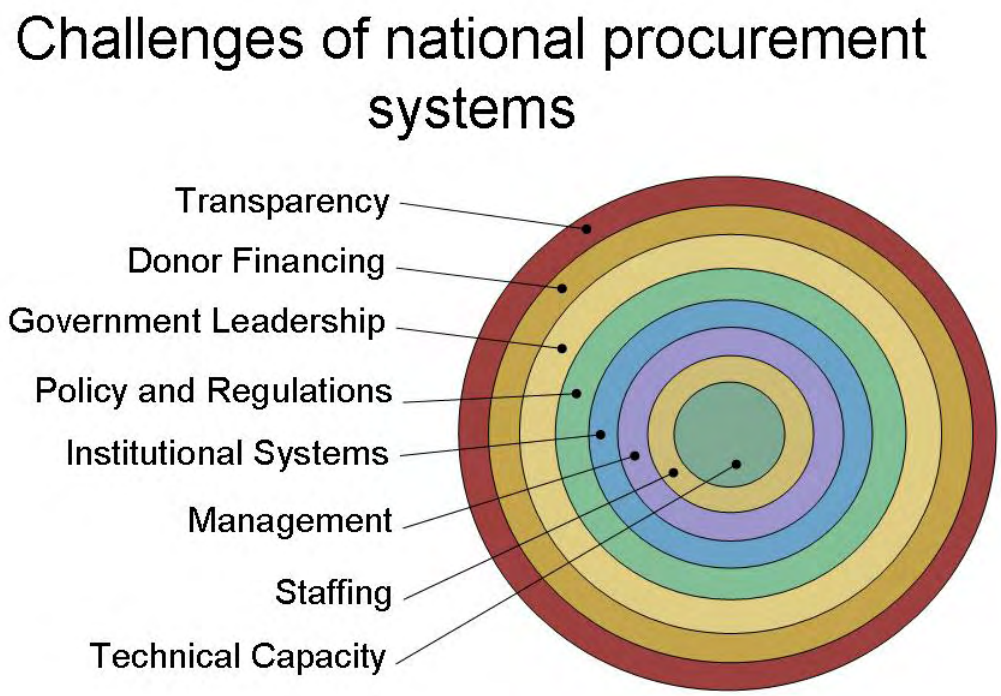
Note: CIDA = Canadian International Development Agency; DGFP = Directorate General of Family Planning; GOB = Government of Bangladesh; IUD = intrauterine device.

APPENDIX L. KEY COMPONENTS OF AN EFFECTIVE INTEGRATED NATIONAL PROCUREMENT SYSTEM

The public sector procurement process is not unlike any other operational system in that it requires an integrated system of several other complimentary and supportive components to ensure that its core functions—procuring quality goods at competitive prices in a transparent process—can be performed in an effective and efficient manner. Without a comprehensive and integrated supporting environment where the complimentary components are fully operational and effectively aligned with the procurement process, it is difficult for the key technical components of procurement, such as technical capacity, staffing, and management, to achieve their overall objective on a consistent basis.

Figure L.1 provides a simple illustration of the key components of an integrated national procurement system and of their complimentary relationship. A brief description of each component is provided. As one evaluates a procurement system and its processes, it is necessary to consider the role each of the components plays in either contributing to or limiting the effectiveness of the procurement process.

Figure 3. Key Components of an Integrated National Procurement System



Technical Capacity: Technical capacity is the core function in a procurement system and consists of the knowledge of both government and international donor procurement regulations and procedures that must be complied with. It also requires knowledge of product quality assurance issues, international standards, contracting mechanisms, payment options, and shipping options.

Staffing: Having a competent, trained staff and retaining such a staff in key functions is critical to maintaining an effective procurement system. Preventing turnover of trained and experienced staff members is a challenge in public sector procurement in developing countries where career development is difficult to ensure and where professional opportunities are limited. Lack of clear role assignments, limited motivation, and remuneration also create challenges to retaining qualified personnel.

Management: Supervisory personnel play an important role in supporting the technical staff in performing its responsibilities. Management personnel who understand the procurement process, procurement timelines, government and donor policies, and approval requirements, as well as their role in the process, can help to facilitate procurement. Those who are not familiar with or are not committed to supporting procurement can become a barrier to an effective procurement process.

Institutional Systems: These systems include standard operating procedures (SOPs) that define how procedures and process should be implemented and that identify levels of accountability and governance. They also include the information technology systems and physical infrastructures that are needed to support procurement and distribution, as well as a monitoring and evaluation system to help improve performance. Institutionalizing such systems is an important step in helping to address the problems created by high staff turnover.

Policy and Regulatory Environment: It is important to have national laws and regulations that identify the requirements and procedures for public sector procurement. Those laws establish the legal foundation upon which an effective procurement process can be built. Having sound procurement laws on the books is an important step; however, effectively implementing those laws and regulations is often a challenge in developing countries. Sometimes public policy and regulations can create a hindrance to effective procurement**,** such as restrictive trade agreements or drug registration requirements that limit international competition.

Government Leadership: Leadership is a critical component of any procurement systems' effectiveness. When government leadership recognizes and promotes procurement as a key government function, this message flows down to the administrative and bureaucratic levels and is translated to higher levels of commitment and to responsiveness that keeps the procurement process operating effectively. Leadership at the top levels helps to strengthen national ownership and accountability for procurement processes. Lack of government leadership can have the opposite effect by reinforcing a lack of commitment among ministry personnel who are involved in procurement.

Donor Financing: Donors play a critical and essential role in providing the additional financial aid that is needed to fully support health care programs. Challenges can be created, however, for national procurement systems when the timing and availability of donor funding becomes unpredictable as it affects the ability of procurement personnel to make effective procurement decisions regarding when to order, how much to order, and when a supplier will be paid.

Transparency: Transparency cuts across all parts of the procurement process. The requirements for transparency are established in national and international donors' procurement policies and regulations. They are institutionalized through SOPs and implemented by technical staff and management personnel. The commitment to supporting transparency and, conversely, fighting corruption is most effective when visibly championed by government leadership. A commitment to transparency is necessary at all levels of the procurement system for the procurement process to be effective.

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