

PUBLIC PROCUREMENT TRANSFORMATION

Substantial progress seen, but challenges remain

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FROM paper-based and lengthy process, Bangladesh's public procurement transformed into an efficient online system. Among various reforms undertaken by the government of Bangladesh, the transformation of the public procurement system stands out as a remarkable success. Let us explore what enabled such notable transformation.

Public procurement is among the most significant issues affecting public sector performance. Bangladesh spends annually about \$18 billion, about one-third of its national budget, on public procurement of which about \$16 billion is spent for development programmes.

Recognising the importance of public procurement, for over a decade, Bangladesh has been making continuous efforts to bring about a systemic change in public procurement environment. In the early 2000s, governance and institutional constraints were identified as serious impediments to growth. According to the World Bank's Country Procurement Assessment Report 2002, opaque public procurement practices with protracted bureaucratic procedures resulted in low quality service delivery and lack of public trust.

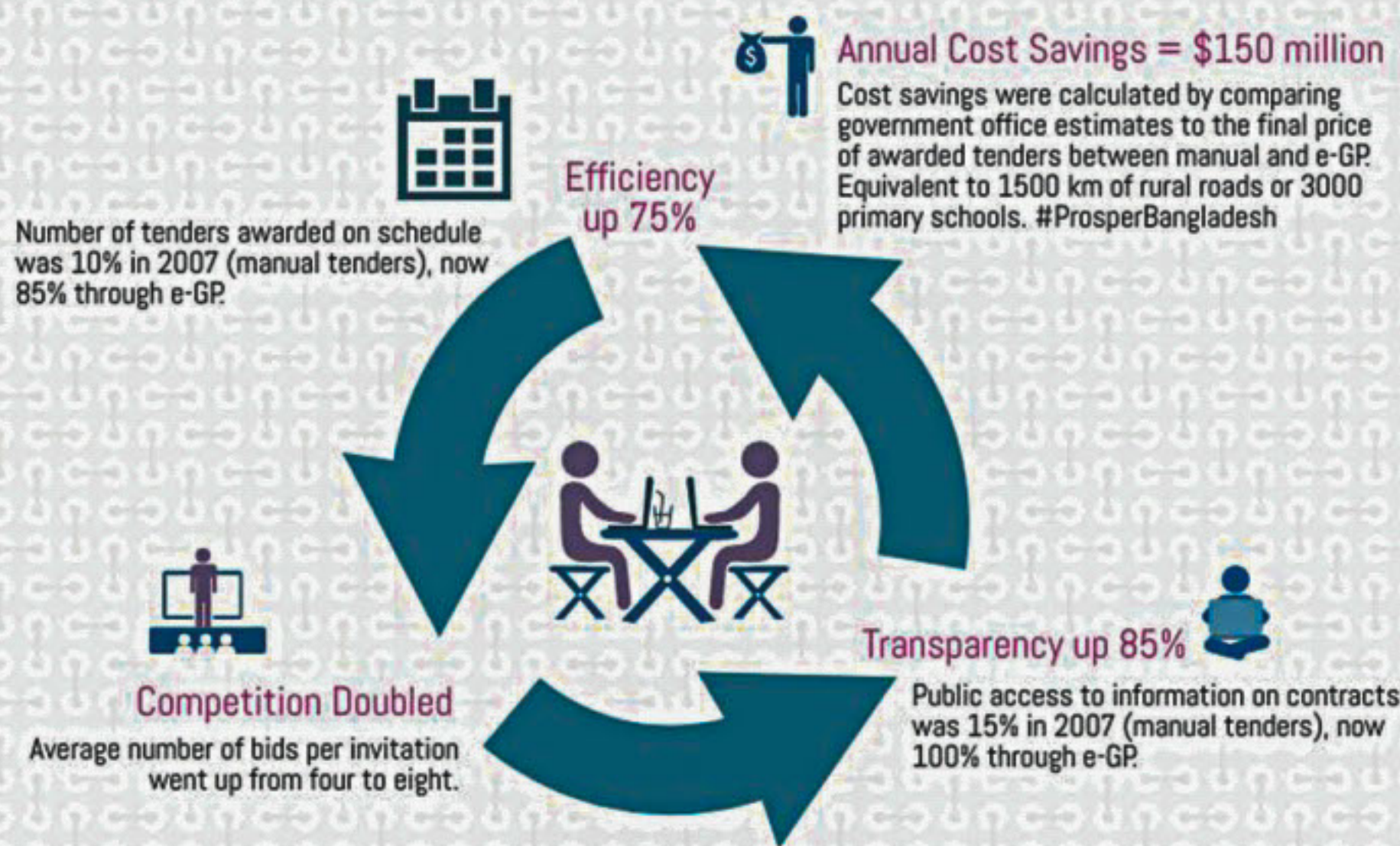
The government embarked on a holistic, sequenced approach rather than ad hoc interventions. The reform agenda strategically included both technical and social/behavioural contents, with legislative changes, establishment of necessary institutions, new technology, capacity building, citizen engagement, and behaviour change communication. Continued engagement over 17 years has led to sustainable rooted reforms. Today, procurement practitioners from other countries in South Asia and other regions visit Bangladesh to learn about systematic changes in public procurement.

Winds of change

Institutional mechanism: The government established a nodal agency, Central

Public Procurement Reform

The results have been remarkable.



Procurement Technical Unit (CPTU) within the Implementation Monitoring and Evaluation Division (IMED) of the Ministry of Planning in 2002. The CPTU was fully funded by the government and was positioned within the government's existing framework. Over time, the CPTU's visibility grew, as did its credibility among public procuring agencies and bidding community.

Legislative framework: In 2003, the government initially introduced Public Procurement Regulations, followed by a Public Procurement Act in 2006, with necessary rules in 2008.

Commitment and ownership: A bottom-up approach helped instill commitment in all level of bureaucracy. Initially, mostly the junior-mid-level public officials of four key public sector agencies and a young tenderers' community owned the changes. In the

first few years, the focus was on legislation and some capacity building efforts. This had limited success until 2007 when the government adopted a holistic approach. It was complimented by a behaviour change communication programme, followed by piloting of a digital technology (electronic government procurement, or e-GP) in 2011. The e-GP grew in popularity as it reduced rampant bid-rigging, coercion and collusion. Seeing this, the political leaders became interested. The Honorable Prime Minister supported and mandated the e-GP's rollout across the country.

Digital technology: With the World Bank's support, the government rolled out the e-GP portal in 2011, making the entire tendering process, from tender invitation to contract award, online. Today more than half of the national budget spent on procurement is

processed through the e-GP. By 2020, the government expects all public sector agencies to use the system. The e-GP has its own source of revenue from fees of registration, renewal, and sale of tender documents which made the system self-sustainable.

The e-GP's exponential growth since its starting in 2012 is demonstrated by the increase in: the number of registered tenderers by 200-fold (from 294 to about 60,000); the number of online tender invitations by over 20,000 times (from 14 to over 290,000); and the value of tender invitations by 1200-fold (from \$3 million to \$37 billion).

Capacity building and professionalisation: The CPTU facilitated a collaboration between international and local training institutes to create a pool of well-trained procurement professionals in the country. It designed a capacity development model with two distinct parts: procurement practitioner training and stakeholder sensitisation. The government is further professionalising procurement with accreditation at four tiers-based on experience and qualification. More than 37,000 people (national trainers, procurement practitioners, bidders, civil servants, banks, auditors, anti-corruption/ judiciary officials, and journalists) received training.

Communication and citizen engagement: To demystify procurement and raise citizen awareness, an extensive behaviour change communication campaign was rolled out. The campaign targeted different strata of communities, including political leaders, implementers, bidders, bankers, civil societies, academia, journalists and common citizens.

In order to encourage dialogue and accountability and to enable citizens to participate in the procurement cycle, four platforms were formed: (1) Public Private Stakeholders Committee: A high-level national committee to oversee policy guidance and debate; (2) Government Tenderers' Forum: District level forums for informal dialogue between public

procurement entities and tendering community; (3) Site-Specific Citizen Monitoring Groups: groups made up of trained local representatives to monitor implementation of contracts at the local level; (4) Citizens' Portal (to be launched in 2019): A portal where public procurement data, both from the supply and demand side of governance, is available to procuring entities and citizens.

Results of Reform

These changes improved the delivery of public services with annual savings of about \$150 million from four key agencies only – enough money to build more than 1,500 kilometres of rural roads or 3,000 primary schools in Bangladesh. Furthermore, efficiency, transparency and competition increased, and we see a visible decrease of newspaper reports on bid-rigging and procurement-related violence.

Challenges and enabling conditions for a sustainable reform

Enabling conditions for a sustainable reform are not straightforward, and often follow a complex trajectory, affected by external influence, political economy, conflicting interest of stakeholders, corrupt practices, and reluctance to change. Though procurement landscape is reshaped over the years with substantial progress, yet challenges remain, particularly in maintaining consistency in the legal structure, limited delegation of financial powers, inadequate systemic in-built monitoring mechanism, appropriate framework for professionalisation, and contract management.

In this journey, a crucial enabler was the understanding of the country's operating context with the government as the driver of reforms, and contribution from political leaders, reform-minded officials, bidding community, and civil society.

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Protests against German car industry rev up in Frankfurt

AFP, Frankfurt

Environmental campaigners plan to disrupt the Frankfurt motor show this weekend as Germany's car industry comes under increasing pressure to go green and abandon internal combustion engines.

"The car industry has cheated on diesel and is contributing to the worsening climate crisis," said Gerald Neubauer, a spokesman for the campaign group Campact, which is co-organising a demonstration Saturday at Frankfurt's biennial International Motor Show (IAA).

Police say thousands of demonstrators are expected to walk or cycle to Frankfurt's Exhibition Centre and activists want to disrupt the car show by blocking the surrounding streets on Sunday.

"We want a revolution in modes of transport," said a spokeswoman for the climate action group Sand in the Gearbox.

The combination of protests and civil disobedience aimed at Germany's car industry shows the sector no longer enjoys the untouchable status it once held as a key driver in Europe's biggest economy.

Diesel-fuelled cars have remained at low levels of popularity in Germany following Volkswagen's massive "dieselgate" emissions cheating scandal of 2015.

The 10-day long IAA show, where the latest automobile trends are being showcased until September 22, is crystallising tensions over the car industry in Germany, where climate change is shaking up the public discourse.

There are already calls to ban gas-guzzling SUVs from German city centres after four pedestrians, including a three-year-old boy, were killed this month when one mounted the pavement in Berlin.

"Such tank-like cars do not belong in cities," tweeted Stephan von Dassel, a Greens politician and mayor of Berlin's Mitte district, where the fatal accident happened.

"They are 'climate killers', even without accidents -- every driving error becomes a life-threatening danger for innocent (pedestrians)."

When the Frankfurt car show opened to the press on Tuesday, Greenpeace activists inflated a giant black balloon outside, bearing the inscription CO2.

Then on Thursday at the Volkswagen and BMW stands, protesters climbed on SUVs with signs bearing the slogan "Climate Killers" during a visit by German Chancellor Angela Merkel.

"The automotive industry has still not understood the climate crisis," Greenpeace activist Benjamin Stephan told AFP.

"Instead of celebrating fuel-guzzling SUVs, manufacturers must put an end to these urban tanks and shut down combustion engines." Manufacturers must "get out of petrol and diesel, get out of the combustion engine and reduce the number of cars", added Campact's Neubauer. The vision for many environmental activists is seeing German cities free of cars.

"The IAA is a symbolic place, where politicians meet carmakers to congratulate themselves" on an outdated mode of transport, said the Sand in the Gearbox spokeswoman, using the pseudonym Tina "Velo" - bike in French.

"We have to abandon cars, we want car-free cities." Sand in the

Gearbox is representative of a more radical faction of Germany's environmental movement which is prepared to engage in civil disobedience to attract attention.

Movements such as the Extinction Rebellion network, which use non-violent resistance to protest climate change, are spreading across Europe.

In Germany, the similar group Ende Gelaende succeeded in occupying and temporarily shutting down a large brown coal mine in June, which has galvanised the anti-car movement.

"The automotive industry is under pressure -- it no longer has the support of society as it did a few years ago, because it has missed out on developments and has no concepts for the future," added Tina Velo.

Having long been regarded as an essential cog in Europe's biggest economy, Germany's auto industry has reached a crossroads as it struggles to adapt to the trend of electric cars.

On Thursday, Merkel said she would support the sector through "revolutions" in climate protection and digitalisation, but warned firms must develop new technologies and win back lost trust among the public.



Greenpeace activists standing on Volkswagen cars hold posters reading "Climate Killers" as they demonstrate at the booth of Volkswagen, where German Chancellor Angela Merkel was expected to open the International Auto Show in Frankfurt am Main, western Germany on September 12.

US wants to make 'meaningful progress' in China trade talks

AFP, Washington

US trade negotiators want to make "meaningful progress" in upcoming talks with China, Treasury Secretary Steven Mnuchin said Thursday, one day after conciliatory gestures by both sides boosted hopes of an eventual resolution.

Mnuchin said on CNBC he is "cautiously optimistic" about chances for a deal to resolve the conflict, while President Donald Trump hinted at a watering down of his position with the possibility of an interim deal.

Washington and Beijing will first hold talks at the deputy level to ensure senior officials who meet later can advance towards an agreement.

"We don't want a trip that's just a series of discussions. We want to make meaningful progress," Mnuchin said.

However, he again warned that Trump will only accept a good deal, and is willing to raise tariffs if necessary. Trump told reporters he preferred to seal a complete deal, but that he might be willing to consider an interim agreement.

"I'd rather get the whole deal done," he said, but noted analysts have been discussing the possibility of an interim deal "meaning we'll do pieces of it, the easy ones first." "There's no easy or hard, there's a deal or there's not a deal. It's something we would consider I guess," he said.

There have been positive signs this week in the trade conflict, now entering its second year, as Trump agreed to Beijing's request to delay one round of tariff increases on \$250 billion worth of goods for two weeks, until October 15, after China agreed to spare some US products from its retaliation.

China added Thursday that it was "making enquiries" about buying American farm products including big-ticket items like pork and soybeans, not on its previous list of spared goods. "It is expected that China will be buying large amounts of our agricultural products!" Trump tweeted early Thursday.

American farmers have borne the brunt of the US-China trade spat, especially after US soy exports collapsed last year, virtually wiping



US Treasury Secretary Steven Mnuchin (R) is seen as he and a US delegation for trade talks with China arrive at a hotel in Beijing.

out foreign markets farmers had spent years cultivating.

Trump has previously accused Beijing of backsliding on promises to increase purchases of US farm goods and has offered billions in aid to farms badly damaged in the trade war.

Senior US and Chinese officials are due to hold preliminary talks later this month, in preparation for meetings in early October led by Mnuchin and US Trade Representative Bob Lighthizer.

Mnuchin said "we clearly didn't make the progress we wanted to" at the last meeting in Shanghai in late July, but he added: "I'm cautiously optimistic. I take the Chinese in good faith that they want to come here with a deal now." But he said Trump "is prepared to keep these tariffs in place. He's prepared to raise tariffs if we need to raise tariffs."

Trump's hardline trade advisor Peter Navarro said on CNN Thursday that the US is focused on addressing "seven acts of economic aggression" by China including "cyber-hacking of our computers to steal our business secrets, intellectual property theft" and "manipulation of the currency." However Mnuchin said Hong Kong's pro-democracy movement "is definitely not on the table," as "that is an issue for the secretary of state to deal with." Millions of people have

demonstrated over the last 14 weeks in the biggest challenge to China's rule of the financial hub since its handover from Britain in 1997.

Hong Kong's pro-Beijing Chief Executive Carrie Lam warned the United States on Tuesday not to "interfere" with her government's response.

Reducing America's soaring trade deficit with China has long been a principal aim in Trump's trade battle with Beijing, but so far it has not led to a reduction in the trade imbalance. In 2018, the US goods trade deficit with China was \$419.52 billion.

Trump has long viewed deficits as a defeat for the United States, arguing that they amount to stealing -- a position rejected by most economists.

Meanwhile the US president maintains that the protracted trade war is damaging China more than the United States, and China is "eating the tariffs." The US Treasury has taken in \$66 billion in customs duties in the 11 months through August, 73 percent more than in the same period of the prior fiscal year -- tariffs paid by American importers.

Experts have warned there are signs the US is also feeling the pinch, with job creation slowing across major industries last month, and manufacturing seeing a decided slowdown.