

Policy Brief

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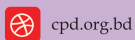
The Asia Foundation

ENSURING GOOD GOVERNANCE IN IMPLEMENTATION OF PUBLIC INFRASTRUCTURE PROJECTS (PIPS)

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Highlights

- Attainment of almost three-fourths of all targets of the SDGs is concerned with infrastructure development. This is also critically important from the perspective of Bangladesh's successful and sustainable dual graduation-LDC graduation and middle income graduation.
- The OECD Infrastructure Governance Framework, with its 10 pillars and 47 indicators, could serve as an important reference point for assessing the quality of implementation of public infrastructure projects in Bangladesh.
- In view of cost and time overrun that afflicts majority of projects in Bangladesh, time has come to put in place a structured framework to monitor good value for money and the quality of project implementation in Bangladesh, so that the expected returns on investment can be ensured.



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1. INTRODUCTION

Economic and social infrastructure is one of the key foundations that drive the development of any country. Nowhere is this so critically important than in case of developing and least developed countries (LDCs) which are in transition to higher levels of development. Broadly speaking, infrastructure is generally defined as the basic systems and structures and facilities and services which are necessary for efficient functioning of an economy, at various levels of socio-economic governance. However, as will be appreciated, building of the needed infrastructure calls for a significant amount of resources for planning and designing, implementation and monitoring as also for maintenance of the concerned facilities. The public goods nature of infrastructure often necessitates governments to come forward to invest significantly, either on its own or in partnership with the private sector and with support of development partners. Whether the project is right for the country, was appropriately selected, is good value for money, was efficiently implemented and delivers the expected results and returns are issues that are of heightened interest for the developing countries and the LDCs that are resource-constrained but has high demand for infrastructure. In fine, ensuring good governance in implementation of infrastructure is of crucial importance to these countries.

Bangladesh currently stands at an important turning point in its developmental journey – it has made the middle income transition (from low income to lower middle income status according to the World Bank) in 2015 and is in the cusp of making the second graduation, the LDC graduation (from LDC to non-LDC developing country according to the UN category of countries). Sustainable dual graduation of Bangladesh will no doubt call for significant investment in PIPs. Middle income graduation will mean that cost of borrowings will rise significantly; LDC graduation will mean that Bangladesh will need to make a transition from preference-driven competitiveness to efficiency and productivity-driven competitiveness. These will entail that the demands on

implementation of infrastructure will go up significantly, in terms of prioritisation as also in terms of good value for money. In the backdrop of limited resources, ensuring good governance in PIP implementation thus has emerged as a key concern and as an issue of defining importance at a time of change and challenges and structural transition of the Bangladesh economy.

1.1 The Growing Role of Infrastructure

As was noted, infrastructure is a key driver of development, irrespective of the level of development of an economy. However, for developing economies, particularly low and lower-middle income countries (Bangladesh being an example), absence and presence of adequate infrastructure could mean the difference between remaining underdeveloped and getting the economy ready for the takeoff to the path of sustainable development (Popov, 2019). Ensuring access to both physical and social services is of crucial importance for these economies in moving forward. According to some studies, on average, the need for infrastructure, as a share of GDP, was three times higher in emerging and developing economies than was the case for the developed economies (Khatiwada, 2009).

It should be noted that good quality infrastructure not only leads to higher economic growth but also ensures inclusive growth when implemented with transparency, accountability and good governance. In its turn, inclusive growth creates opportunities and options for all citizens, leading to accelerated poverty alleviation and rapid reduction in income inequality (Ayesha J., n.d.). As would be expected, infrastructure also lies at the heart of efforts to attain the Sustainable Development Goals (SDGs) in Bangladesh. Indeed, infrastructure has direct and indirect implications for attainment of all the SDGs starting from providing education and health services for all to access to clean water, sanitation, and energy, not to speak of attaining the ambitions of zero poverty (Goal 1) and zero hunger (Goal 2). As is known, there is a dedicated SDG that focuses particularly on infrastructure (SDG 9). The overall focus of Goal 9 is to 'build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation'. Targets 9.1, 9.4, and

9.a of SDG 9 emphasise the importance of infrastructure at a more disaggregated level. Indeed, infrastructure is related, to varying degrees, to 72 per cent of all the 169 SDG targets (Thacker et al., 2019).

Table 1 Infrastructure Financing Gaps in Developing Countries (2020)
(in billion USD)

Country	Infrastructure investment estimates in 2020	Infrastructure investment required (including Investment to meet SDGs)	Infrastructure Investment Gap
Bangladesh	13.0	21.0	8.0
India	125.0	193.0	68.0
Pakistan	11.0	25.0	14.0
Philippines	14.0	20.0	6.0
Vietnam	16.0	20.0	4.0

Source: Global Infrastructure Outlook (n.d.).

Financing of infrastructure remains a major challenge for the developing countries. Indeed, infrastructure financing gap in these countries continues to be quite significant (Global Infrastructure Outlook, n.d., UNDP, 2018, Woetzel et al., 2017). According to the World Bank estimates, developing economies need to invest about 4.5 per cent of their respective GDP to achieve the SDGs associated with infrastructure. Table 1 illustrates the significant financing gaps in view of infrastructure investment needs in the context of developing countries, including Bangladesh. This formidable gap once again reemphasizes the need to accord greater attention to issues of good governance in implementation of the PIPs since the sources of funds needed for this has to come primarily from taxpayers' money.

1.2 Infrastructure as a Key Driver of Bangladesh's Development

Bangladesh's development vision over the medium term has been articulated in various medium and long term documents including the eighth Five Year Plan (8FYP), Perspective Plan (2021-2041), and the Delta Plan 2100. These plans aim to eliminate extreme poverty and sets the target for Bangladesh to achieve upper middle-income country (UMIC) status by 2031 and developed country status by 2041 and meeting the challenges of sustainable development particularly given the fact that Bangladesh remains one of the most climate-vulnerable countries in the world. Bangladesh seeks to

achieve a GDP growth rate of 9.9 per cent towards the end of the Vision period and maintain an average GDP growth rate of about more than 9.0 per cent over the next two decades (General Economics Division, GED, 2020). In this backdrop, the perspective plan considers infrastructure as a key driver of the country's sustainable growth and underpins the need to build the required communication and transport infrastructure to achieve the envisaged high rates of GDP growth and poverty reduction and attain the development targets set out in the plan (GED, 2020). The 8FYP aims to raise the overall investment rate to 37 per cent of the GDP in FY2025 to underwrite the projected high GDP growth rate. To achieve this, public investment will need to play a defining role. The 8FYP, in alignment with the Vision 2041, puts emphasis on bringing the entire country under good transport network by building the 3R (Rail, Road and River) inter-modal connectivity; the idea is to link the country's hinterland with ports, and to link the sea ports with international maritime transport corridors. The plan also highlights the importance of investing in other infrastructures including social infrastructure and improving the quality of infrastructure.

As may be revealed, the Bangladesh government has allocated BDT 225,324 crore (equivalent to US\$ 26.5 billion) for the annual development programme (ADP) in the national budget for FY2022. A significant share of the ADP allocation will be disbursed for implementing infrastructure projects including the ten megaprojects which have been prioritised by the government. These megaprojects include Rooppur Nuclear Power Plant, Matarbari ultra super critical coal-fired power plant, Dhaka Mass Rapid Transit Development Project (Line 6), Padma Bridge, Padma Bridge Rail Link, Bangabandhu Sheikh Mujib Railway Bridge, Dhaka-Ashulia Elevated Expressway and Expansion and Strengthening of Power System Network under the Dhaka Power Distribution Company (DPDC) area (Planning Commission, 2021). Along with these, megaprojects such as Mongla and Payra sea ports are geared to deepen regional transport connectivity which will hopefully stimulate intra-regional trade and investment. Large scale employment and income opportunities are expected to be created thanks to these projects which will have a positive impact on quality of life and result in significant poverty alleviation. Indeed, investment in infrastructure is envisaged to be one of the key drivers of Bangladesh's accelerated and inclusive economic growth. As was noted, sustainability of Bangladesh's dual

graduation will also hinge to a large extent on how successfully Bangladesh is able to address its infrastructure development agenda, and deliver these in a way that ensures good quality of services and good value for money.

1.3 Ensuring Good governance in PIP implementation: An emergent concern

State of governance of PIP implementation is an important element of the overall quality of governance of an economy. Performance of an economy and well-being of the people depend to a large measure on the quality of services delivered by the infrastructure. This in turn depends, to a large extent, on the state of good governance in PIP implementation. As it is, each year, a large number of projects are being implemented in Bangladesh as part of the ADP. However, there are many concerns as regards implementation of these projects. Good governance in PIP implementation has emerged as a key consideration in view also of the large number of mega-infrastructure projects that are currently being implemented in Bangladesh.

According to National Budget Analysis for FY2021-22 carried out by the Centre for Policy Dialogue (CPD) (CPD, 2021), the average age of 1,308 investment projects was found to be about 3.5 years. Because of repeated extension of the project deadline, average age of 163 projects was found to be more than six years; 31 projects were aged between 10-15 years, on average. A significant share of the ADP allocations was earmarked for carryover projects which were scheduled to be completed much earlier. Number of such carryover projects was 622 in FY2021-22 which accounted for 25.4 per cent of the total ADP allocation; the share was the highest since FY2013. Indeed, the number of projects with delayed implementation has been on the rise in recent years. Earlier, CPD had also conducted a study to find out cost escalation in ADP projects that were declared as implemented in FY2016. It was found that 93 out of 201 completed projects faced a cumulative cost overrun of BDT 56.4 billion which was equivalent to more than 13 per cent of the total cost of all the finished projects in the concerned fiscal year (CPD, 2018). High financial progress in the backdrop of low physical progress is also common in Bangladesh and is indicative of weak governance in implementing PIPs in Bangladesh.

It needs to be noted that, policymakers in Bangladesh, particularly the Honorable Prime Minister have, from time to time, asked the concerned institutions, authorities and

government officials to raise the quality of PIP implementation and deliver the project on time. Box 1 presents some of these statements.

Box 1 Selected Quotes (as reported in media)

- "Identify those whose negligence resulted in flawed designs of projects, wasting our time and money. Take legal action against them and apprise me of what action has been taken," Prime Minister was quoted as saying by Planning Minister MA Mannan.
- Expressing dissatisfaction over the inclusion of new components in projects during revisions, the PM said, "It's a dangerous thing. A PD [project director] takes up the responsibilities of several projects and stays in Dhaka."
- "It's often seen that a few items [components] get included during revisions of a project," the planning minister quoted the PM as saying. "She then asked: 'didn't you PDs visit the project sites and see these things? Why these things were not raised earlier?'," Mannan said quoting the PM.
- The Planning Minister said at a media briefing, "The prime minister has expressed dissatisfaction over the slow pace in development work, and has asked all concerned to expedite it."
- Planning Minister said the lack of coordination has come to Prime Minister's notice. "She repeatedly asked different departments to strengthen coordination."
- "Once these (mega) projects are implemented, the face of our economy will change. We're taking loans from domestic and foreign sources. However, we have a careful eye so that they do not become a burden," Prime Minister said in an address to the nation on the eve of Pohela Boishakh, the Bangla New Year's Day.

Source: Collected from various newspapers.

Box 2 Implementation Challenges Reported in Successive IMED Documents

Project preparation and approval phase

- Not taking into account stakeholders' preferences and priorities when projects are selected
- Not following a comprehensive work plan for project implementation
- Weak quality of feasibility study
- Not taking primary approval for land acquisition from concerned District administration prior to selecting the project
- Not following financial ceiling stated in the MTBF while selecting projects
- Not storing baseline data in connection with the concerned project
- Not enacting the exit plan of the project properly

Project implementation phase

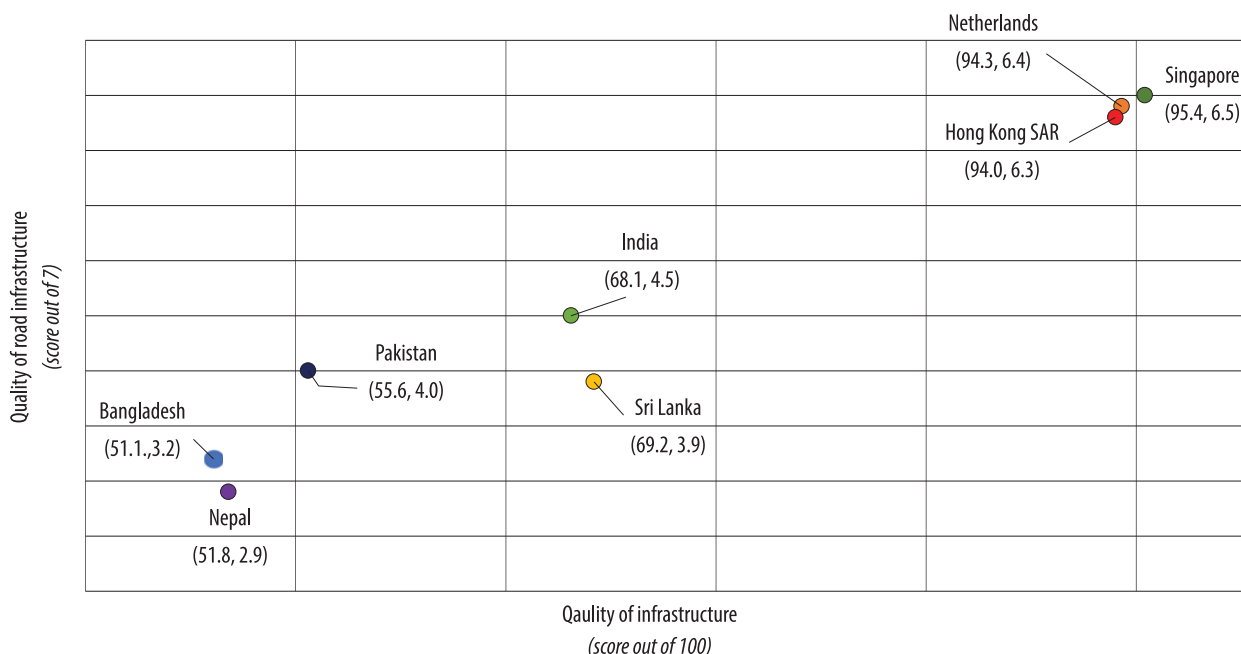
- Not implementing project according to the work and procurement plan mentioned in the Development Project Proposal (DPP)
- Coordination failure involving project implementation agencies at the field level
- Absence of transparency and accountability in project implementation
- Lack of regularity in holding PIC and Steering committee meetings
- Awarding contracts to such contracting agencies which do not have the required implementation capacity which then results in time overrun of projects
- Frequent request on the part of concerned contracting agencies to extend project completion timeline
- Frequent change of PDs
- PDs vested with the responsibility of overseeing multiple projects

Post-implementation phase of the project

- Not submitting Project Completion Report (PCR) to the IMED within the stipulated three months of project completion
- Lack of adequate budgetary allocation for maintenance of the project after the project has been completed
- Lack of proper preservation and supervision of the infrastructure and related equipments used in a project
- Absence of the required skilled human resources for managing PIP implementation which leads to signing of long term service agreements with foreign contractors

Source: Based on IMED (2021).

Figure 1 Bangladesh's Poor Performance in Infrastructure in the Global Competitiveness Index 2019



Source: Based on GCI report, 2019.

The Implementation Monitoring and Evaluation Division (IMED) of the Bangladesh Planning Commission is mandated to monitor the implementation and progress, and assess quality of implementation of the PIPs. In its various reports, the IMED has identified a number of challenges facing PIP implementation which speaks of the widely prevalent poor state of management and implementation of PIPs in Bangladesh.

Some of the key challenges and deficits identified in various IMED reports, some repeatedly, have been presented in Box 2.

The Global Competitiveness Index (GCI) considers infrastructure as a key pillar of assessment as regards the competitiveness scenario of a country. As is evident from Figure 1, Bangladesh does not fare well in terms of the GCI. The country's poor performance is reflected in Figure 1 which is based on the GCI 2019 report.

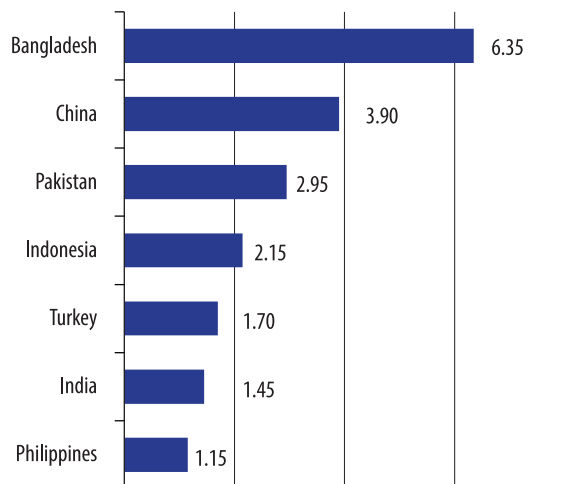
All the above points to the need for a 'good governance framework' which could serve as a reference point as regards the state and quality of governance in PIP implementation in Bangladesh.

1.4 Good governance in PIP implementation and the OECD framework

Infrastructure governance has the objective to ensure that projects are selected on objective basis, implemented in a cost-efficient and timely manner, generates the expected outcomes and impacts, and are implemented in a way that is trusted by citizens, users and beneficiaries (OECD, 2015). Managing public infrastructure efficiently, throughout its life cycle, is expected to generate substantial benefits, both upstream and downstream. Better governance in implementation generates good dividends in the form of better quality of PIPs, higher economic and financial returns on investment, and relatively low price of services to be provided by the concerned infrastructure. Lack of good governance on the other hand leads to time and cost escalation, undermines quality of delivery of services and raises the price of services delivered by the infrastructure.

As can be seen from Figure 2, per -kilometer cost of construction of four-lane urban arterial road (including traffic-controlled intersections) is the highest in Bangladesh when compared to some of the other developing countries.

Figure 2 Estimated Road Construction Cost per km
(in million USD)



Source: Asian Infrastructure Bank (2019).

Even if some of the contributing factors such as high cost of land, land reclamation and land requisition, riverine terrain and imported materials are factored into consideration, this high cost is still unjustified. Indeed, it is reckoned that as far as Bangladesh is concerned, good governance in PIP implementation is an agenda whose time has come.

In view of the myriads of challenges that afflict PIP implementation, and keeping in the perspective the potential significant benefits that could accrue from addressing and mitigating the attendant concerns, OECD has developed an infrastructure governance framework in support of better and cost-effective project management.

The OECD framework has 10 pillars and 47 indicators.

The ten pillars of the OECD framework are:

- ✓ Develop a strategic vision for infrastructure
- ✓ Manage threats to integrity
- ✓ Choose how to deliver infrastructure
- ✓ Ensure good regulatory design
- ✓ Integrate a consultation process
- ✓ Co-ordinate infrastructure policy across levels of govt.
- ✓ Guard affordability and value for money
- ✓ Generate, analyse and disclose useful data

- ✓ Make sure the asset performs throughout its life
- ✓ Public infrastructure needs to be resilient

Each of the ten pillars has three elements. These are: (i) why the pillar is important; (ii) what are the key policy questions; and (iii) what are indicators to assess the state of the pillar.

2. OECD FRAMEWORK AND THE STATE OF GOVERNANCE IN PIP IMPLEMENTATION IN BANGLADESH: A CRITICAL REFLECTION

This section elaborates on the pillars and indicators of the OECD framework (assessment criteria) and undertakes an assessment of the scenario in Bangladesh in view of this. The section documents the various measures taken by concerned authorities in Bangladesh towards improvement in project management, and comes up with suggestions as regards what needs to be done to improve the state of governance in PIP implementation in Bangladesh.

Assessment as regards Pillar 1

Pillar 1 Develop a strategic vision for infrastructure

Key assessment criteria:

- Presence of a long-term strategic plan
- Presence of a well developed strategic framework for public investment
- Presence of dedicated processes and units devoted to monitoring and assessing quality of PIPs

Bangladesh does have long-term strategic plans which put emphasis on infrastructure development. For example, The Perspective Plan 2021-2041 considers infrastructure as a key driver of accelerated and sustainable growth of Bangladesh to attain the targets set out in the Vision document (GED, 2020). The strategy has put emphasis on the development of an efficient and low-cost transport network to achieve the country's targets of accelerated growth and poverty reduction. However, implementation of these plans and coordination failure remain a key concern in Bangladesh. For example, the Vision 2041 document and the 8th FYP both mention consolidation and upgradation of the National Highway Networks as an important component of overall development strategy. In view of this, the Roads and Highways Department (RHD) was asked to prepare a mega plan to construct eight

national expressways by 2041. The network was also expected to consolidate regional transport connectivity, work on which has already been initiated. To recall, the idea of expressway networks was conceptualised earlier by the RHD, in 2018, with support of the Public-Private Partnership Authority (PPA). However, the detailed mega plan is yet to be drawn up (Sultana, 2020). An integrated planning needs to be put in place in alignment with the medium to long term strategic vision. The Public Financial Management (PFM) Action Plan (2018-23) asks that the strategic linkages between the ADP, FYP and the Medium-Term Budgetary Framework (MTBF) needs to be strengthened (MoF, 2018). However, the plan concedes that the link and coordination between the five year plans and projects proposed in the ADPs are rather weak.

A well-developed strategic framework for public investment is absent in Bangladesh which undermines the cause of sequencing and phasing of the implementation of the PIPs. For example, the practice of spending a high amount of budget in the last quarter of the fiscal year is widely prevalent in Bangladesh; indeed budget execution tends to remain very low in the first three quarters of a fiscal year. This raises concerns as regards the quality of spending and is indicative of lack of proper planning. During FY 2006-15, on average 39.3 per cent of the total ADP expenditure was made in the fourth quarter (April- June) of the fiscal year (CPD, 2016). A total of BDT 69 thousand crore (about one-third of the total ADP) was spent in the last two months of FY2021.

In Bangladesh, the IMED of the Planning Commission is mandated to monitor the implementation of ADP projects, evaluate completed projects, and ensure accountability, transparency, and efficiency of the government's procurement process. IMED lacks the needed human resources and logistics capacities to monitor and evaluate the large number of projects included in the ADP (IMED, 2020). Outsourced organisations and consultants often produce reports of poor quality. Fund constraints and lack of enough time for completing the consultancy work are also cited as reasons. The unit also lacks a technical, media wing, full-fledged training institute, laboratories, and decentralised offices. OECD framework asks that policymakers develop a strategic vision which would address the long term issues such as institutions, structures and human resources to ensure high quality delivery of project outputs.

Assessment as regards Pillar 2

Pillar 2 Manage threats to integrity

Key assessment criteria:

- Presence of a long-term strategic plan
- System of internal controls and financial reporting to monitor and identify irregularities
- Measures in place to control the integrity of firms wishing to contract with public bodies
- Mechanisms to report wrongdoings related to infrastructure projects

Table 2 Some existing mechanisms to manage threats to integrity and gaps

Existing laws/systems	Identified gaps
The Right to Information Act, 2009	<ul style="list-style-type: none"> • Journalists requesting for information were often denied the same on grounds of "national security". When the information was provided, this took a lot of time.
Whistleblower Protection Act, 2011	<ul style="list-style-type: none"> • Only very few people know about the existence of this act and how the act is to be taken advantage of to ensure accountability, transparency, and good governance in the public sector.
e-GP system	<ul style="list-style-type: none"> • The use of the system is limited to work order only, it is not being used by the concerned procuring entities in connections with the other types of procurement. • Quality of work is also impeded by the widespread practice of onward sub-contracting of the assigned work. • Some officials do not properly evaluate the tenders; some corrupt contractors provide fake documents to win contracts. • Political influence continues to play an important role in obtaining contracts.

Source: Based on World Bank, 2020c; Hossain, 2020; Sourav, 2021; TIB, 2020.

It needs to be mentioned that the Bangladesh government has adopted a number of laws to deal with corruption in its various dimensions including in view of PIP implementation. These include the followings: Anti-Corruption Commission Act, 2004; Public Procurement Rules 2008; the Right to Information Act, 2009, and the Whistleblower Protection Act 2011.

Table 2 shows that there are system of internal controls and financial reporting to monitor and identify irregularities, measures in place to control the integrity of firms wishing to contract with public bodies, and mechanisms to report wrongdoing related to infrastructure projects. However, Table 2 also points out that there are significant gaps as regards the aforesaid system and measures in place and their actual delivery which are threats to ensuring integrity in the implementation of PIPs.

Assessment as regards Pillar 3

Pillar 3 Choose how to deliver infrastructure

Key assessment criteria:

- Formal set of criteria to determine project prioritisation, approval and funding
- Policy document to ensure good value for money
- Presence of procedures to ensure competitive tender process

There is a PPP Screening framework in Bangladesh, developed by the Public Private Partnership Office (at the PMO). The framework provides ten conditions and nineteen criteria which the concerned line ministry and implementing authority need to take cognisance of while identifying a PPP project (Public Private Partnership Office, 2013). A number of projects are earmarked in the ADP for implementation under PPP arrangements. However, such projects are often not selected and prioritised according to their appropriateness and on the basis of good value for money. Sometimes, not economic but political considerations define selection of projects to be implemented under the PPP arrangements.

In Bangladesh, the DPP of a development project is supposed to include financial and economic analyses. Estimation of Cost-Benefit Analysis (CBA) is the most widely used method for estimating whether a project is good value for money (GED, 2014). However, since projects in Bangladesh tend to be

implemented with considerable delay, the CBA exercise carried out at the initial period of a project's life often becomes outdated and redundant. Also, because of cost escalation, potential benefits and returns end up being lower than what was initially estimated.

In a welcome move, the Central Procurement Technical Unit (CPTU), with support of the World Bank, has digitalised the tender process in Bangladesh. However, in many instances, political influence, corruption in offices involved with procurement and collusive behaviour amongst bidders are found to undermine the integrity of the e-GP process. Although there is a provision of not disclosing the identity of the contractors before the tender is opened, this is not always followed and information is at times leaked out (TIB, 2020). There is also a requirement to hold pre-tender meetings to share relevant information as regards the tender but in many instances, this is not followed. The tenders are assessed manually by a large number of procuring entities whereas they are supposed to use digital technology for purposes of evaluation. The objective of good governance in procurement thus gets undermined.

Assessment as regards Pillar 4

Pillar 4 Ensure good regulatory design

Key assessment criteria:

- Use evidence-based tools for regulatory decisions
- Independence, accountability, and adequate scope of action of the regulators

The IMED is able to undertake ex-post evaluation for only a limited number of projects. It is, however, constrained by lack of adequate number of professionals to carry out the needed tasks on a more regular basis and with the expected quality. At present, the IMED is in the process of scaling up its ex-post evaluation activities by taking support from the Population Development and Evaluation Unit (PDEU). However, proper assessment of ongoing and completed projects continues to remain a problem (IMED, 2019b). The Line Ministries also often do not follow the recommendations of the IMED as per the PFM Action Plan 2018-23. However, if the IMED recommendations are not followed, quality of work performed by the line ministries can hardly be raised (MoF, 2018).

The regulators of PIPs in many instances lack independence, accountability, and adequate scope of action. For example, Bangladesh Bridges Authority (BBA) is one of the regulators of PIPs in Bangladesh. Lack of adequate number of staff and weak state of digitisation make the tasks of BBA difficult to carry out. There is also allegations of irregularities and corruption in toll collection. BBA is also in charge of setting rules and regulations regarding maintenance of bridges and monitoring. One concern, for example, relating to the weight limit which have been set by the regulatory authority, is that these are way higher than the standard weight limits recommended by experts. The regulations are hardly complied with and enforced. All these lead to damage and accelerated wear and tear of roads, and raises maintenance cost. Weakness in areas regulatory design and its inadequate enforcement remain endemic in PIP implementation in Bangladesh.

Assessment as regards Pillar 5

Pillar 5 Integrate a consultation process

Key assessment criteria:

- Mapping of stakeholders
- Stakeholder consultation fora or participatory budgeting programmes
- Websites or other outreach tools to provide public information on infrastructure projects

In Bangladesh, the DPP manual, which the implementing agencies follow, puts emphasis on engaging stakeholders in the consultation process but doesn't talk of how mapping of stakeholders should take place to carry this out (GED, 2014). As a result, mapping is left to the Project Directors who often don't take it with due seriousness. As regards the stakeholder consultation fora or participatory budgeting programmes, consultations do take place concerning large infrastructure projects but in most other cases this is absent. However, often these tend to be proforma exercises. The state of participatory budgeting process is thus poor. This is revealed also by the International Budget Partnership's Open Budget Survey 2019. Bangladesh scored 36 out of 100 in 2019 while the score was 56 and 41 in 2015 and 2017, respectively, indicating a deterioration in terms of the indicator. As per public participation in budget decision-making, Bangladesh's score was only 13 (IBP, 2020).

The CPTU of the IMED has launched a 'citizen portal' that allows citizens to access public procurement data, with a view to ensure accountability and transparency in the public procurement processes (IMED, 2020). The portal provides an overview of all the steps involving public procurement, starting from needs assessment to contract management. However, effectiveness of the portal in terms of engaging citizens remains weak, and its use has been highly limited.

Assessment as regards Pillar 6

Pillar 6 Coordinate infrastructure policy across levels of government

Key assessment criteria:

- Formal bodies/mechanisms for coordination of public investment across the various levels of government
- Co-ordination mechanisms to have a multi-sector approach
- Co-ordination mechanisms are frequently used and produce clear outputs/outcomes

In Bangladesh, it is the Planning Commission which is in charge of coordinating projects and investment across sectors and levels of government. The commission's programming division is tasked to coordinate multi-sectoral projects. The commission sets objectives, goals, and strategies of short and medium-term plans under long-term national plans and formulates policy measures to achieve the goals (GED, 2014). However, coordination between the ministries and local level governments continues to remain rather weak. For example, the 8th FYP reports that weak coordination and inadequate communications with district and national level administration create difficulties for Local Government Institutions (LGIs) in implementing the PIPs. As a result, the cause of generating the expected outcomes is undermined.

Poor coordination among government bodies in PIP implementation remains a challenge particularly in view of implementation of the ongoing mega projects. For example, IMED report of 2020 had cautioned that timely implementation of projects within the specified time would be jeopardised if the supply of back feed power and grid infrastructure could not be ensured in a timely manner. According to the IMED report, construction of transmission lines, telecommunication infrastructure and other miscellaneous work has not

progressed in tandem with that of the plant's two units. Power Grid Company of Bangladesh (PGCB), Bangladesh Telecommunications Company Limited (BTCL), Bangladesh Inland Water Transport Authority (BIWTA), Public Works Department (PWD), Northern Electricity Supply Company Limited (NESCO), and Bangladesh Railway (BR) are the concerned authorities for carrying out the aforesaid tasks. On the other hand, coordination among the various involved agencies is crucial for timely construction of transmission lines, telecommunication infrastructure and other relevant works (Islam, J., 2020; Saif, S. and Sajid, E., 2021). Currently, there is serious gaps in this regard which seriously undermines the efficacy of project implementation in Bangladesh.

Assessment as regards Pillar 7

Pillar 7 Guard affordability and value for money

Key assessment criteria:

- Central Budget Authority in green-lighting infrastructure projects
- Presence of a supreme audit institution
- Tests and controls in place to assess maturity of the organisation responsible for delivering the project

The process of project approval doesn't include the Finance Division directly although it is the Central Budget Authority for purposes of financing. Only a representative of the Finance Division is included in the Project Evaluation Committee (PEC) which is responsible for project approval; this indicates the limited role of the Division in the approval process. The Division doesn't also set the criteria which need to be met for the approval of a project. Indeed, projects are often handed to the planning commission without substantive inputs from the Project Scrutiny Committee (PSC). Sometimes the members of the committee lack the needed knowledge and expertise to evaluate the concerned DPP.

The Office of the Comptroller and Auditor General (OCAG) of Bangladesh is the highest audit institution in Bangladesh. The organisation is vested with the responsibility of maintaining all government accounts, and audits all receipts and expenditures to ensure good value for the taxpayers' money spent (OCAG, 2021). OCAG prepares audit reports and presents the report to the President of the Republic. However, the OCAG doesn't use any Internal rate of return (IRR) or Economic rate of return

(ERR) to examine whether good value for money has been ensured in the project. Concerned officials only go through vouchers and reports to check whether compliance has been ensured in spending the money and whether there were any irregularities. A major weakness of the OCAG's work is that it is not able to publish the annual reports in a timely manner. The latest performance audit report is available only for FY 2017-18 (OCAG, n.d.). Moreover, none of the audit reports published on its website concerned the major ongoing infrastructure projects.

The OCAG needs more professional cadres to perform value for money analyses. Experts in forensic investigation and auditing are needed to assess development projects which are becoming increasingly large and complex.

Assessment as regards Pillar 8

Pillar 8 Generate, analyse and disclose useful data

Key assessment criteria:

- Central unit for the collection, disclosure and analysis of data
- Choice of delivery modality and projects are based on data
- Key Performance Indicators (KPIs) to assess infrastructure performance

IMED collects, analyses and discloses data related to infrastructure projects in Bangladesh. The agency compiles project-wise information and prepares quarterly, annual, and periodic progress reports. These reports are disclosed publicly on the IMED website. However, there is no dedicated website where data is disclosed in an open format and it lacks human and financial resources to undertake this task on an ongoing manner. This impedes systematic dissemination of relevant information. A single data portal for all public investment projects, particularly the PIPs, should be established to facilitate open access to relevant data and information.

Lack of systematic data collection undermines the process of proper selection of infrastructure projects and their effective delivery. Adequate data is often not available at the inception stage of the project which is required to undertake proper feasibility study and formulate the DPP appropriately. This results in repeated revisions of the DPPs. There is also shortage of adequate data to compare various forms of infrastructure

delivery models. Thus, in many instances, decisions regarding infrastructure projects are not data and evidence-driven.

As would be recalled, the Government of Bangladesh had introduced the Annual Performance Agreement (APA) in July 2015 which is a contract between the Cabinet Division as the first party and all other ministries/divisions as the second parties as regards performance of the concerned entity. The APA includes KPIs to measure progress vis-à-vis the targets set for the ministry/division (Cabinet Division, n.d.). However, KPIs do not go deep enough to measure if concrete results such as timely completion of the PIPs under the concerned Ministry has been actually delivered. On the other hand, this could be a very effective tool to ensure proper delivery of the expected results on the part of the PDs.

Assessment as regards Pillar 9

Pillar 9 Make sure the assets perform throughout life

Key assessment criteria:

- Policy document for assessment of performance of the concerned asset
- Clear remit of the sectorial ministries and authorities to develop, assess and monitor infrastructure policy and performance
- Ex-post evaluation of value for money

There is no policy document in Bangladesh which mentions about assessment of performance of the PIPs. The Public Procurement Rules (PPR) 2008 mentions that the defect liability period should be one year to ensure asset performance. This has been further extended to three years in recent RHD contracts. 50 per cent of the security money is to be paid one year after completion of the project while the remaining 50 per cent is to be paid to the contractors after the completion of the stipulated period. However, the defect liability period isn't followed on a regular basis; this results in poor performance of the infrastructure projects. The latest survey undertaken by the RHD, conducted from November 2020 to March 2021, illustrates the aforesaid picture. The survey found that of the 18,500 kilometre roads in the country about 3,647 kilometre are in a bad shape (about a-fifth). On the other hand, when concerned authorities assign concrete responsibility for routine and periodic maintenance of the roads, it is found to contribute to better results (Rahman, S., 2021).

Implementing agencies of infrastructure projects in Bangladesh have monitoring and evaluation wing to develop, monitor and assess infrastructure performance. They prepare reports on findings and suggest various corrective measures. However, these reports are not published and are not publicly available so that it is not known to what extent the measures are actually being implemented.

IMED's Monitoring & Evaluation Policy document mentions that the unit should carry out an ex-post evaluation for assessing sustainability of the projects and using the lessons learned to improve project outcomes (IMED, 2019a). However, as stated earlier, the unit only carries out ex-post-evaluation exercise and that also on a limited scale and for a small number of projects. An absence of adequate number of professionally-equipped officials remains a concern in this context (IMED, 2019b). The pillar calls for addressing these lacunae towards proper PIP implementation and good governance.

Assessment as regards Pillar 10

Pillar 10 Public infrastructure needs to be resilient

Key assessment criteria:

- Presence of a disaster risk assessment plan
- Presence of designated authorities responsible for tackling disasters

The DPP prepared by the implementing agencies of the infrastructure projects is required to undertake risk analysis and specify mitigation measures in anticipation of disasters. However, DPPs can not be accessed publicly in Bangladesh in view of which whether the proposed measures are adequate and effective remain largely unknown.

The Ministry of Disaster Management and Relief (MoDMR) is responsible for the coordination of national disaster management efforts across all agencies in Bangladesh. The National Plan for Disaster Management (2021-2025) emphasises the importance of investing in resilient infrastructure. The Plan mentions that MoDMR is to offer technical support to different ministries and their executive agencies so that they can include Disaster Impact Assessment (DIA) could be included in preparing development plans

(MoDMR, 2020). However, this support is limited only to a few ministries and concerned executive agencies. Many implementing agencies dealing with key infrastructure projects do not coordinate their work with the MoDMR. The DIA is not always included in the process of preparing project plan. Also, there is no proper guideline in this regard, particularly concerning disaster risk assessment plan for infrastructure projects. In the particular context of Bangladesh, a disaster-prone country, such risk assessment plan is critically important from the perspective of both proper implementation and sustainability of the implemented PIPs.

3. Recommendations

In the preceding sections a number of arguments and examples have been presented as regards importance of the OECD framework pillars in the context of Bangladesh and the gaps that exist in Bangladesh in this regard. The analysis has also shown how some of the good initiatives and measures that have been put in place in Bangladesh by the concerned agencies, over successive years, could be improved and strengthened to deliver the expected results. Suggestions have also been put forward as regards adjustments to the OECD framework that could be made by drawing on the reality and experience in the particular context of Bangladesh.

The discussion has drawn attention to a number of initiatives which may be added to the OECD framework to better cater to the specific needs of Bangladesh. Some of these include the followings.

3.1 Ensure Adequate Legal Support

The GoB doesn't have any dedicated law cadre in the Ministries to deal with various court cases when an infrastructure project's implementation is contested by an 'aggrieved party' on various legal grounds. In Bangladesh these often concern ownership and acquisition of land, relocation, compensation and others. Project implementation is delayed for unacceptably long periods when cases are lodged and stay orders are issued by the lower courts. Legal experts sent from the pool of law Ministry to the various Ministries and government entities tend to be frequently transferred and the concerned officials also lack the motivation to work outside of their parent Ministry. There is a need for developing legal

capacities of their own particularly in Ministries that have large number of PIPs such as Ministries of energy and roads and highways. Such professionals may be deployed at the disposal of PIP implementing authorities. This requirement may be added to the OECD framework.

Indicators to "Ensure Adequate Legal Support" may include:

- (a) Presence of a dedicated law cadre in Key Ministries to deal with legal issues involving PIP implementation
- (b) Number of cases which have been successfully dealt with
- (c) Development of appropriate legal document articulating how land acquisition related transactions should be carried out to ensure minimum legal hassles.

3.2 Take APAs to Field Delivery Levels

The APA introduced by the GoB is an excellent initiative towards good governance and accountability. This can be further strengthened by ensuring vertical accountability, i.e.; taking it beyond sectoral Ministries, Divisions and agencies to more micro-level, to the level of, for example, assessing performance of PDs of important projects. Till now APA has worked primarily on the basis of rewards but not sanctions based on the level of performance. The framework for Bangladesh could include both.

Indicators of the proposed Pillar "Take APAs to Field Delivery Levels" may include:

- (a) KPIs to assess performance of PDs
- (b) Presence of an independent body to monitor the assessment process of implementing agencies to ensure better accountability
- (c) Reward and sanctions based on performance of PDs of nationally important PIPs

The above two suggested pillars could also be subsumed under the existing pillars of the OECD framework and put as indicators of performance of PIPs under the concerned Pillar.

3.3 Implement IMED Recommendations

IMED in successive reports have drawn attention to recurring problems that impede PIP implementation in Bangladesh. It

has also made a number of suggestions to address the attendant problems. These include filling up vacant posts, proper training of human resources, more effective use of digital platforms, setting up of a dedicated project implementation institution, setting up a specialised lab to help carry out monitoring and assessment work appropriately and greater capacity to carry out post-project completion monitoring activities.

Concerned authorities may like to take needed steps to implement these suggestions which would contribute significantly to improving the state of governance in PIP implementation in Bangladesh.

Indicators for measuring whether this has been actually done could be:

- (a) A plan to implement IMED recommendations
- (b) Progress made in view of the aforesaid plan
- (c) Assess improvements in view of implementing the plan

3.4 Strengthen Monitoring and Evaluation

As was mentioned earlier, citizens' monitoring initiatives could be a powerful ally in the evaluation work carried out by the IMED. There is a need to strengthen both the formal (IMED) and informal (citizens' initiatives) forms of monitoring towards better governance in PIP implementation in Bangladesh.

The OECD framework has a dedicated pillar and indicators that concern strengthening monitoring and evaluation of PIP implementation which, in the particular context of Bangladesh, could be addressed and further strengthened through the followings: (a) Enhance IMED's human resources (123 out of 338 posts in the IMED remained vacant as of FY 2020-21); (b) Take concrete initiatives to raise IMED's M&E capacity by setting up a dedicated professional development institute; (c) Decentralise IMED work through Divisional level offices; (d) Put in place a dedicated laboratory at the IMED for testing quality of construction works; (e) Set up a media wing towards greater transparency and accountability in the work of the IMED; (f) There is a need for capacity building of non-state actors in areas of monitoring the quality of PIP implementation in their localities.

The pilot exercise that has been initiated by the BRAC Institute of Governance and Development (BIGD), in agreement with the GoB, should be strengthened and promoted further. Lessons learned from the pilot initiative should be carefully assessed for its wider dissemination and scaling up. Such an exercise will advance the cause of accountability in PIP implementation in Bangladesh. This will also strengthen pillar 5 of the framework (Integrate a consultation process).

Indeed, these involve cross-cutting areas which would improve PIP implementation across all the Pillars.

4. CONCLUDING REMARKS

The Policy Brief has highlighted a number of points for raising the efficacy of PIP implementation in Bangladesh. Given the significant amount of resources being spent on PIPs and in the backdrop of substantive resources that are planned to be deployed in this area over the coming years, good governance in PIP implementation has emerged as a task needing urgent attention on the part of Bangladesh's policymakers. This brief has taken the OECD framework as a reference point towards ensuring good governance in PIP implementation in Bangladesh. The brief has documented various initiatives undertaken by the GoB to raise the quality of PIP implementation and identified the gaps therein when juxtaposed to the pillars and indicators of the OECD framework. However, the brief mentions that the specific context and concrete needs of Bangladesh have to be factored into consideration while developing a PIP implementation framework for the country. In this connection the brief has identified a number of considerations that merit inclusion in the specific context of Bangladesh. These were identified based on insights drawn from field level visits and discussion with relevant experts. It is hoped that findings of the study will contribute to ensuring good value for money and delivering the expected results from investment in PIPs. This in turn will hopefully improve the state of good governance in PIP implementation in Bangladesh and raise the quality of outputs and impacts to be accrued from investing in Bangladesh's infrastructure.

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ABOUT THE STUDY

This policy brief is based on the research study titled “Ensuring Good Governance in Implementation of Public Infrastructure Projects (PIPs)” implemented by the Centre for Policy Dialogue (CPD) in collaboration with The Asia Foundation (TAF), Bangladesh.

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