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GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

Ministry of Local Government, Rural Development & Cooperatives

LOCAL GOVERNMENT ENGINEERING DEPARTMENT

CAPACITY DEVELOPMENT PLAN

BANGLADESH AGRICULTURAL INFRASTRUCTURE DEVELOPMENT PROGRAM (BAIDP)

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CAPACITY DEVELOPMENT PLAN LOCAL GOVERNMENT ENGINEERING DEPARTMENT (LGED)

SECTION 1 INTRODUCTION

1.1 Objective:

The objective of this Capacity Development Plan (CDP) is to strengthen the Procurement and Financial Capacities of the Local Government Engineering Department (LGED) of the Government of Bangladesh (GOB). The United States Agency for International Development (USAID) led several discussions with LGED officials to better understand their processes, strengths, and challenges, and to brainstorm strategies on how to improve their overall operations. For an effective capacity development program it is essential that (i) close and mutually reinforcing links between recipient and donor are honored, (ii) careful benchmarking and assessments are carried out, and (iii) progress is closely monitored and evaluated during implementation. The goal of the CDP is to develop LGED into a world-class organization meeting International Standards on procurement and financial management systems that will encourage USAID and other donors to develop stronger business partnerships with LGED.

This CDP is intended as a guide and governing document pertaining to Activity Agreement No. 388-F-00-13-00001-00, the Bangladesh Agricultural Infrastructure Development Program (herein referred to as the "Ag-Infra Project"), under the Feed the Future (FtF) program in Bangladesh with a performance period ending December 31, 2016. However, it is recognized that, if successful, this CDP could serve as a model to strengthen the financial and procurement activities of other GOB entities and it is hoped that the CDP will remain a useful document following the completion of the Ag-Infra Project.

1.2 CDP and the GOB's Existing Laws

As LGED is a government agency, the CDP is aligned with the GOB's national goal for effectiveness and sustainability. The CDP is designed to be aligned and not to contradict with the Government of Bangladesh's Public Procurement Act (PPA) and Public Procurement Rules (PPR-2008). Rather the CDP is focused upon strengthening the existing GOB financial and procurement system by implementing enhanced procedures, which can be implemented by LGED without any modification of the existing laws. USAID is playing a key role by developing, designing, and assisting in the implementation of this CDP. It is recommended that USAID align their efforts around the already existing Bangladeshi national procurement and financial management systems. If the LGED CDP is successful, it can be used as model for other projects, with any necessary adjustments.

SECTION 2 OVERVIEW OF LGED

2.1 Institutional Context and Background

LGED is the largest public engineering agency in Bangladesh with over 10,000 full time employees and an annual budget of over \$700 million. LGED works closely with local stakeholders to ensure broad participation and bottom-up planning in all stages of the project implementation cycle. LGED dates back to the 1960s and was previously charged with the implementation of the Rural Works Program. The Engineering Cell was created in the 1970s. With the change of the GOB's policy on sustainable rural development in 1992, it was upgraded to its current Department status.

LGED's mission is to improve the socio-economic condition of Bangladesh through the development, building, and maintenance of local infrastructure, thereby increasing food production, promoting local governance, and creating employment opportunities at the local level. LGED is responsible for the planning and implementation of mainly rural, urban and small water resources infrastructure development programs at the local level. It works on a wide range of programs such as construction of roads, construction of bridges and culverts, development of market centers, and implementation of water resources projects. The agency works to fulfill the rural development goals of the GOB.

LGED is a decentralized organization where 99% of the workforce is employed at the field level. The Chief Engineer is the head of the organization and has all administrative, executive, and financial authorities. He also serves as the Head of the Procurement Entity (HOPE). The Chief Engineer is supported by five Additional Chief Engineers at Head Quarter level with respective supporting staff. LGED is divided into 14 distinct units including, planning, design, procurement, training, maintenance, monitoring & evaluation, quality controls, road safety, mechanical, electrical, geographic, and management information systems, urban management support, and water resources management.

Due to the nature of their work, all functions are carried out at the district levels with the Executive Engineer and Upazila Engineer, in each of the 64 districts, in charge of the tendering, awarding contracts, implementing, processing and payment to contractors. The Executive Engineers have the delegated authority on all financial and administrative functions.

LGED's vision is to be a professionally competent, efficient, and effective public sector agency for performing the interrelated and complementary functions of:

- Developing, maintaining, and managing transport, trading and small scale water resources infrastructure at the local level
- Ensuring community participation and addressing environmental and social issues
- Providing technical and institutional support to strengthen the local government institutions and serving local communities and other stakeholders

2.2 LGED Strengths and Reputation

LGED is widely known for closely working with the local stakeholders to ensure people's participation and bottom-up planning in all stages of project implementation cycle. It has a reputation of excellent for effective management practices in project implementation process compare to other government organizations. The reputation of LGED is also strong because of their continual willingness to undergo periodic reviews of the organization and its systems, and willingness to implement the recommendations of those reviews. LGED leadership stays focused on how to remain effective and efficient, and how to improve the process for the benefit of its stakeholders.

2.3 LGED Goals for Capacity Development

A strong organizational structure and procedures is highly essential to keep LGED professionally competent and delivery its function quickly, effectively and transparently where both stakeholders and donors can be satisfied with results. Through this CDP, LGED's overall systems of financial, procurement and project execution must be improved to meet international standards of operation. In this regard, both Secretary of LGD and Chief Engineer of LGED are committed to reduce inefficiencies and appearance of corruption by improving transparency in all operational sectors.

SECTION 3 THE CAPACITY PLAN

3.1 The Plan

In light of the data gathered through discussions with various senior staff of LGED and other government agencies and review of the USAID Risk Assessment Report, a number of cross-cutting gaps in LGED capacities emerged. The persistent capacity gaps, which interlink or overlap, can be grouped into five distinct categories (Table 3.1).

1. Code of Ethics and Training
2. Financial Management
3. Internal Controls, Performance Assessment, and Audit System
4. Risk Identification System and Training
5. Contract Administration Manual

Table 3.1 Priority capacity development needs of LGED

The CDP's core components consist of (i) a range of concrete capacity developing activities to improve LGED's capacity, (ii) a competency framework to develop specific competencies, and (iii) retaining resources. At the same time, to make its approach more comprehensive, other components which build upon the core and contribute to its sustainability are also presented. Not all of these recommendations involve massive amounts of resources, additional funds or major reconfiguring of processes.

Capacity Gap	Capacity Development Goal	Recommended Strategy
Code of Ethics and Training	Improved Code of Ethics and training to prevent and detect fraud, promote segregation of duties, ethics and integrity, alignment of authority and responsibility, etc.	<p>Circulation of the Government of Bangladesh's Code of Ethics manual to each employee working directly and indirectly with USAID projects and required signature of acknowledgement.</p> <p>Required annual mandatory in-house training on ethics conducted by LGED employees.</p> <p>Promotion of ethical practices through enforcement of rules and punishment of employee for</p>

		<p>not following rules.</p> <p>Implementation of control mechanisms to mitigate risks of fraud including: strengthening of responsibilities and well-defined authority, segregation of duties, rotation of staff, controlling access to sensitive documents, transparent and well-publicized procedures for procurement, strict enforcement of laws, rules, and policies.</p> <p>Establishment of an easily accessible system for anonymous whistle-blowing for ethics violations.</p>
Financial Management	Improvement of a financial management system to track disbursements and monthly financial progress of projects.	<p>Review of current security and financial management system and process to ascertain if performance internal control gaps exist, proper controls are being enforced, and controls are effective in mitigating risk.</p> <p>Training on improved financial management system from conception, implementation, and daily application.</p> <p>Implement a more stringent workstation security system with controlled areas, log-on passwords and auto-screen locks for all personnel accessing financial management systems.</p>
Internal Controls, Performance Assessment, and Audit System	Developing and strengthening of internal controls, performance assessments, and an internal audit system to focus on anti-fraud activities, prevention, and detection and that analyzes the entire operating system and governance, especially financial	<p>Re-focus of current Internal Audit Department towards anti-fraud activities, prevention and detection of fraud and corruption.</p> <p>Strengthen the procurement unit to focus exclusively on fraud issues in procurement process.</p>



	<p>management systems and procurement.</p>	<p>Train LGED internal auditors on prevention, detection, and correction of fraud to ensure daily application and enforcement.</p> <p>Implementation of a centralized document repository at the project management level to ensure all documents are available; ensures that auditing procedures will be more effective. Train staff on record development and safeguarding systems.</p> <p>Development of a manual that will improve internal controls and performance assessments that could be used by internal auditors to perform assessments on procurement practices and overall performance.</p> <p>Review of current internal controls in place to ensure controls are operating properly and effectively and are being enforced. Internal controls not being implemented should be revised to improve their operations.</p> <p>Performance of independent procurement and financial audits on a routine basis to improve compliance with the PPR and PPA. Proper segregation of duties and hiring of auditors with suitable qualifications and experience.</p> <p>Train LGED staff on performance evaluation system on projects based on Schedule of Values, Progress Reporting Systems.</p>
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SCM

		Implement performance evaluation systems for contracts and enforce existing employee performance system.
Risk Identification System and Training	Development and implementation of a risk identification system and training staff on risk management.	<p>Define risk management process and create a risk management system that has capabilities to evaluate and report risks. A risk management system identifies, assesses, and prioritizes risks, or uncertainties, followed by the coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities.</p> <p>LGED should provide training to staff in the risk management system so they are capable of dealing with dynamic risks and managing system controls.</p>
Contract Administration Manual	Development of a manual to improve upon LGED's contract administration to ensure fairness and avoid the transfer of price fluctuation risk and major unforeseen circumstances to contractors.	<p>Implementation of contracts with "force majeure" clause. "Force majeure" condition should be strictly followed; train LGED staff on uniform bid template.</p> <p>Review of LGED's contractual clauses and dispute resolution processes to assess fairness and equal rights for both LGED and disputing party.</p> <p>Interest should be paid on late payments to contractors. Price escalation clauses should be included in contracts that are greater than one year in length to protect contractors from material price increases and possible</p>

		<p>material shortages. If materials price changes significantly for any reason outside the control of the contractors the adjustment of price is recommend as a change order with proper justification and backup documents.</p> <p>Implement a program to directly work with contractors in determining potential contractual issues prior to disputes.</p>
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SECTION 4

MODES OF DELIVERY

The CDP focuses on 1) implementation of improved policies, processes and procedures and 2) training of LGED staff in these new areas as identified by the CDP. Delivery of both is discussed in the following section.

4.1 Implementation of new processes

The CDP's goal for LGED is increased effectiveness, efficiency, and sustainability in operations, especially in procurement and financial management. In order to achieve these improvements on their existing processes, it is recommended to engage an outside consultant who can provide the necessary training and implementation strategies. LGED requires a breakdown of their existing processes, finding the performance gaps, and implementing new ways of completing tasks while continuing to remain in compliance with the PPA and PPR.

USAID, or its designated procurement advisor(s), will assist LGED in strengthening and monitoring its procedures and practices as further described in Activity Agreement No. 388-F-00-13-00001-00 dated January 6, 2013, Attachment 1 "Activity Description." USAID, or its designated procurement advisor(s), may make amendments to the existing CDP, which will be finalized following consultation between USAID and LGED. A specific Implementation Order will then be issued to amend the CDP.

4.2 Training

The mode of delivering training programs determines the structure, nature, and content of the training modules and learning materials. A sustainable cost effective training program for LGED members will require face-to-face training workshops on a group by group basis.

While open and distance learning has been gaining global popularity, this option is limited for LGED because of the low level of infrastructure and limited access in much of the rural regions. As the GOB is instituting Digital Bangladesh program, the future of web based distance learning has strong and encouraging potential. For now, training modules using online workshops and live classroom instruction are viable options.

The creation of peer-to-peer networks to enable LGED staff from different regions to come together and learn from one another is also a strong option. Such delivery could play a key role in ensuring that relevant skills are transferred among those who hold similar functional roles. Where possible, the organization should enable staff members who have undertaken training to work with their colleagues who have not taken training to facilitate transfer of information between these peer networks. The 'train-the-trainers' course which aim to aid the embedding of capacities within the organization, should help enable this process. It is also encouraged that if LGED has a favored training methodologies that are currently in place; it should continue using such methodologies to train its staff.

Instructional materials will facilitate self-directed learning as well as peer group interactions. Use of an appropriate format is very important so that materials are easy to read and understand and maintain sustained interest.

Materials should take into consideration the best practice in the development of self-instructional learning materials. Some of these include:

- Clear set of learning objectives/outcomes at the beginning of each unit of the course
- Clear introduction
- Keeping sentences short, simple and structured
- Consistent
- Local context
- Relevant examples
- Logical structuring of information
- User-friendly material

4.3 Workplace Learning

The course material should be developed to facilitate learning at the workplace. The problem-solving exercises, case studies, assignments, group works contained in the learning material should be relevant to the nature of work. These materials should provide opportunities for learners to demonstrate their ability to apply skills to improve their performance.

4.4 Trainers Manual

Development of materials should include a trainer's manual, which covers facilitation techniques for mentoring and coaching learners, presentations and small group activities. Trainers should act more in the role of mentors and as motivators to encourage learners' self-esteem and incite active participation in the training programs.

SECTION 5 MONITORING & EVALUATION

5.1 Monitoring Requirements

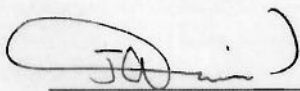
Once the CDP is implemented, one of the first actions items would be to survey the staff by using a capacity assessment questionnaire. This will allow LGED to monitor progress throughout the process, and give a good picture of results. This will also be beneficial to the donor and bidding community showing LGED's commitment to excellence and transparency. Completed yearly or quarterly data collected with this instrument would enable LGED to benchmark their capacity development through the collection of longitudinal data sets, as the plan unfolds.

LGED monitoring office could then tabulate the data across LGED to see how capacity development was occurring either across specific sectors or within the LGED community as a whole. The instrument could also be modified for donors who are contributing to capacity development via the plan to ensure that data necessary for their compliance needs is also included in the model.

5.2 LGED Action Plan

As a way to demonstrate improvements in LGED procurement/financial processes; as the CDP is implemented, LGED should create an action plan that documents the implementation and progress made of the CDP. The Action Plan should document the steps that LGED will take to implement, monitor, and evaluate the CDP. Specifically, LGED should document time frames, deadlines, goals, points of contact and responsibilities, progress made based on a time line, and follow-up mechanisms to ensure goals are met.

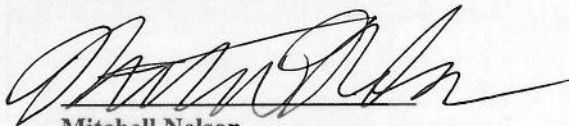
While it is important to recognize that USAID will develop and help with the initial implementation of the CDP; ultimately the responsibility of implementation falls with LGED and its stakeholders.



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04.05.2014

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04-05-2014

Date