

**SUSTAINABLE PROCUREMENT: SCOPE AND
PRACTICE IN THE PUBLIC SECTOR IN
BANGLADESH**

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**SUSTAINABLE PROCUREMENT: SCOPE AND
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A DISSERTATION

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DECLARATION

It is hereby declared that the dissertation titled “**Sustainable Procurement: Scope and Practice in the Public Sector in Bangladesh**” has been performed by me and neither this dissertation nor any part thereof has been submitted elsewhere for the award of any degree or diploma.

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ABSTRACT

Sustainable procurement (SP) is procurement that is consistent with the principles of sustainable development, such as ensuring a strong, healthy and just society, living within environmental limits, and promoting good governance. Sustainable procurement is an approach that takes economic, environmental and social sustainability into account when making any purchasing decisions.

Public procurement is concerned with how public sector organizations spend tax payers' money on goods, works and services. Public procurement is guided by principles of transparency, accountability, and achieving value for money for citizens and tax payers.

An analysis through the review of public procurement documents to find out the possible scope of sustainable procurement in present public procurement framework reveals that although there are some provisions in the PPR, 2008 and STDs which relate to the sustainability issues, these are not sufficient in introducing sustainability in the public procurement.

The current scenario of sustainable procurement practice in the public sector has been studied through interviews with key procurement professionals from a number of public sector organizations addressing three aspects namely economic, environmental and social aspect of sustainable procurement. The analyses indicate that although there are a few cases where some sustainability issues are in practice, these are not very common as a whole in the public sector.

Existing tendering system in Bangladesh is still based on the lowest price approach and whole life costing approach is rarely considered in various public sector organizations. Majority of the public sector organizations do not have any provision as such an environmental management system with the exception of a few. The study indicates that at present there is virtually no mechanism in our public procurement system to check the environmental performance of contractors/ suppliers.

Public procurement ensures equal opportunity to all. The Public Procurement Rules, 2008 does not allow making specifications which may exclude some of the suppliers/contractors. Ethical labour practice is present, although not to a great extent, in the procurement system. Female labour participation is not adequately ensured though the contract terms, although contractors sometimes engage female labour force for their own interest.

Sustainability criteria should be embedded in the tendering system. Knowledge and awareness at the individual procurement professional level seem important in order to make active sustainable procurement choices. A clear commitment is necessary from the very top of government and down through the ministries, authorities and chief executives in all public bodies. It is necessary to formulate a sustainable procurement policy and to align the public procurement framework with the policy. Political willingness is required at the initial stage for such a policy.

The government needs to come forward to remove the barriers to sustainable procurement – whether actual or perceived. Awareness campaign should be arranged focusing on how to take account of non-monetary benefits of sustainable procurement. Finally, there is scope to further study about the sustainability issue. Advanced research needs to be conducted in order to get a deeper insight into the sustainability issue in relation to the public procurement.

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LIST OF ABBREVIATIONS

ADP = Annual Development Plan
BADC = Bangladesh Agricultural Development Corporation
BCIC = Bangladesh Chemical Industries Corporation
BJMC = Bangladesh Jute Mills Corporation
BPC = Bangladesh Petroleum Corporation
BSEC = Bangladesh Steel & Engineering Corporation
BUET = Bangladesh University of Engineering and Technology
BWDB = Bangladesh Water Development Board
CDM = Clean Development Mechanism
CFL = Compact Fluorescent Lamp
CGFR = Compilation of General Financial Rules
CPAR = Country Procurement Assessment Report
CPTU = Central Procurement Technical Unit
CSR = Corporate Social Responsibility
DESCO = Dhaka Electric Supply Company Ltd.
DoE = Department of Environment
DoFP = Delegation of Financial Powers
DPDC = Dhaka Power Distribution Company Ltd.
DPHE = Department of Public Health Engineering
DPM = Direct Procurement Method
EED = Education Engineering Department
EIA = Environmental Impact Assessment
EMS = Environmental Management System
ERD = Economic Relations Division
GCC = General Conditions of Contract
GoB = Government of Bangladesh
GHG = Green House Gas
HED = Health Engineering Department
HOPE = Head of Procuring Entity
IGS = Institute of Governance Studies

IMED = Implementation, Monitoring and Evaluation Division
ISO = International Organization for Standardization
KII = Key Informant Interview
KPI = Key Performance Indicator
LGED = Local Government Engineering Department
LTM = Limited Tendering Method
NGO = Non-government Organization
OTM = Open Tendering Method
PDB = Power Development Board
PE = Procuring Entity
PPA, 2006 = Public Procurement Act, 2006
PPPA = Public Procurement Processing and Approval Procedures
PPR, 2003 = Public Procurement Regulations, 2003
PPR, 2008 = Public Procurement Rules, 2008
PWD = Public Works Department
RFQM = Request for Quotation Method
RHD = Roads and Highways Department
SP = Sustainable Procurement
SRFP = Standard Request for Proposal
STDs = Standard Tender Documents
UN = United Nations
WLC = Whole Life Costing

CHAPTER - 1

INTRODUCTION

1.1 GENERAL INTRODUCTION

Sustainable procurement (SP) is procurement that is consistent with the principles of sustainable development, such as ensuring a strong, healthy and just society, living within environmental limits, and promoting good governance. According to United Nations procurement website, procurement is called sustainable when it integrates requirements, specifications and criteria that are compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs (UNGM, 2011).

Through sustainable procurement, organizations use their own buying power to give a signal to the market in favour of sustainability and base their choice of goods, works and services on:

- Economic considerations: best value for money, price, quality, availability, functionality;
- Environmental aspects, ie green procurement: the impacts on the environment that the product and/or service has over its whole lifecycle; and
- Social aspects: social variables refer to social dimensions of a community or region. This may reflect the effects of procurement decisions on issues such as poverty eradication, equity in the distribution of resources, labour conditions, human rights, education, access to social resources, health and well-being, quality of life, and social capital. This should also address issues such as unemployment rate, female labor force participation rate, relative poverty, health adjusted life expectancy.

Public procurement is concerned with how public sector organizations spend tax payers' money on goods, works and services. Public procurement is guided by principles of transparency, accountability, and achieving value for money for citizens and tax payers. Public sector expenditure is substantial as government is often the single biggest customer within a country, and government can potentially use this purchasing power to influence the behaviour of private sector organisations.

Environmental issues have been on the international agenda for several decades, and both public and private sectors are concerned about the role they play in environmental issues. More recently, the focus has expanded to broader topics such as sustainability. However, while sustainable procurement activities are common in many developed countries, the awareness and implementation of sustainable procurement is still comparatively low in most developing countries.

1.2 OBJECTIVES OF THE RESEARCH

In view of the context, the objective of this research is to gain a better understanding of how environmental, social and economic considerations can be advanced through public procurement. Efforts will also be made to analyse the possibilities and constraints for the integration and application of environmental criteria into the public sector procurement process.

1.3 RESEARCH QUESTIONS

In response to the objectives mentioned above, the following research questions have been proposed.

- i. What is the scope of sustainable procurement in the current public procurement framework?
- ii. If there is any scope, what is the existing level of preparedness of the Government of Bangladesh in introducing sustainability in the public procurement system?

1.4 SCOPE OF THE STUDY

The focus of this study will basically remain on public sector procurement. In this study, effort will be made to provide comprehensive insight into the state of sustainable procurement practice in public sector organisations in Bangladesh. Given the paucity of previous research on public procurement and its scale and significance especially on sustainability issues in public sector procurement, it is important to shed greater light on how public money is spent and on how green issues can be introduced in public procurement. Information gathered through Key Informant Interviews (KII) will lend support to the research on what the extent of sustainable procurement is and how the economic, environmental and social considerations can be integrated and applied into public procurement practices. Effort will be made to gather information from as many public sector organizations as possible.

1.5 METHODOLOGY OF RESEARCH

In order to achieve the research objectives mentioned above, initial approach will be to review the relevant literature to strengthen the knowledge background in order to proceed with the task.

It has been mentioned earlier that the sustainable procurement encompasses three dimensions e.g. economic, environmental and social aspects of procurement. The operational definitions of these three variables are described below.

- Economic considerations: Economic variables ought to be variables that deal with the bottom line and the flow of money. It may look at income or expenditures, business climate factors, employment, and business diversity factors. In procurement, this aspect may be addressed through best value for money, price, quality, availability, functionality of the goods or services. Public procurement should also look into job growth, employment distribution, participation of local firms etc.
- Environmental aspects, ie green procurement: Environmental variables should be concerned with measurement of natural resources and reflect

potential influences to its viability. It should incorporate various environmental variables including air and water quality, energy consumption, natural resources, solid and toxic waste, and land use/land cover etc. Ideally, having long-range trends available for each of the environmental variables would help organizations identify the impacts a project or policy would have on the area. The procurement decisions should be made after considering the impacts on the environment the product and/or service may have over its whole lifecycle. These may include emission of pollutants in the environment, electricity consumption, fossil fuel consumption, generation of solid/ hazardous waste, change in land use or land cover.

- Social aspects: Social variables refer to social dimensions of a community or region and could include measurements of education, equity and access to social resources, health and well-being, quality of life, and social capital. Examples of social variables may include unemployment rate, female labor force participation rate, relative poverty etc. In public procurement, this aspect may be addressed by considering the effects of procurement decisions on issues such as poverty eradication, equity in the distribution of resources, labour conditions, human rights etc.

An extensive interview has been performed for the research in order to achieve a better insight and understanding of the use of sustainable procurement in the public sector of Bangladesh. For this purpose, an interview schedule has been designed addressing the above mentioned three aspects of sustainable procurement. Then a number of government officials who are directly involved in large procurement, have been interviewed according to the planned interview schedule. Procurement professionals were selected from various organizations responsible for public procurement including Public Works Department (PWD), Roads and Highways Department (RHD), Local Government Engineering Department (LGED), Bangladesh Water Development Board (BWDB), Dhaka Electric Supply Company Ltd. (DESCO), Dhaka Power Distribution Company Ltd. (DPDC) etc. In addition to this, procurement professionals from different level of hierarchy have been

interviewed in order to get an overall picture about the sustainability issue in the public sector.

For the purpose of preparing the interview schedule, both open ended and close ended questions were included to gather the required information. Information regarding departmental expenditure on procurement, relative expenditure on procurement of goods, works or services was sought in the interviews. The main focus of the interviews was the preparedness and practice of the organizations through addressing the three aspects of sustainable procurement namely economic, environmental and social aspects. In addition, information on the factors that may act as driver or barrier to the sustainable procurement as, the respondents, being the procurement professionals, feel from their operational experience in the field of procurement in the public sector, was also gathered during the interviews in order to have the field level preparedness regarding the sustainable procurement. At the final stage of the interviews, suggestions or opinions were invited from the respondents in order to get a general perception of the public sector bodies about the sustainability issue.

The data collected through the key informant interviews have been analyzed based on the questions asked in the interviews. An individual analysis has been made on each of the questions which would help find a complete picture of the matter. Most of the analysis has been done qualitatively from the perception based interviews with the respondents. However, some quantitative analyses have also been made based on the supplied data by the respondents. The data and the detailed analysis have been presented using different analytical and presentation tools such as table, figures, pie chart etc.

The whole research work has been conducted under the supervision of an academic supervisor. The research outcome has been revealed through the production of a dissertation paper which was prepared under the guidance of the supervisor and as per the instructions given by the Institute of Governance Studies (IGS), BRAC University.

1.6 ORGANIZATION OF THE THESIS

The whole study has been represented in five distinct Chapters. Chapter 1 gives a general introduction of the sustainable procurement. The chapter also includes the overall objectives of the study including research question, the scope of research, methodology of the study and finally the chapter outline. Chapter 2 titled “Literature Review” introduces the concept of sustainability, sustainable development and sustainable procurement in order to give a theoretical view of the subject matter. The concepts of various sustainable procurement terminologies have also been elaborated in this chapter. The chapter also presents a brief overview of sustainable procurement practices in the best practice organizations in the world. In chapter 3, the theoretical background and the chronological evolution of public procurement in Bangladesh have been depicted. The chapter also describes the overall public procurement scenario in Bangladesh. In chapter 4, the data and information regarding sustainable procurement scenario in Bangladesh collected through key informant interviews with a number of procurement professionals in different procuring entity is analyzed and presented. This chapter gives a clear view of sustainable procurement practices in public sector in Bangladesh. Concluding remarks and recommendations came at the concluding Chapter. References and Appendices are placed at the end to support the research work.

CHAPTER - 2

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter introduces the theoretical background of the sustainable procurement under the study and explains on why it is a relevant issue from a public procurement perspective. Besides, the emergence of the phenomenon sustainable procurement and its connection to sustainable development has been described. Some of the concepts relevant to the sustainable procurement have also been presented and elaborated.

The research work started with a thorough and critical review of literature which focused basically on the concept of sustainable procurement, environmental management in the public sector procurement, potential drivers and constraints connected with sustainable procurement, public procurement regime in Bangladesh and so on. For getting in-depth knowledge of sustainable procurement, different books, journals, publications were reviewed. Besides, the websites of different organizations practising sustainable procurement and also different multi-national organizations were visited in order to know the latest advancement in this sector.

Public Procurement Act, 2006, the basic legal document for public procurement in Bangladesh and Public Procurement Rules, 2008 have been extensively reviewed to know the potential scope and current practice of sustainability in the public sector procurement in Bangladesh. Bangladesh government policy, previous reports etc. have also been gone through for identifying the current position in this subject matter.

Reports of different government organizations on procurement performance, reports of various development partners have helped a lot to enhance the knowledge base of the subject matter. Finally, the articles published in different newspapers on this issue have been reviewed in order to have the current exposure of the subject matter.

2.2 THE CONCEPT OF SUSTAINABILITY

According to Blackburn (2007), the concept of sustainability first emerged into mainstream discourse in 1972, during the United Nations Conference on the Human Environment. At a time when serious environmental concerns were beginning to be raised in relation to industrial development and practices (on issues such as deforestation, pollution and the use of toxic pesticides, for example), the conference delegates debated which was more important: economic development or environmental protection? After a series of discussions, the UN had recognized that economic development and environmental protection were inextricably linked – and potentially, mutually reinforcing. Economic development would be required to raise living and working conditions, and to support investment in environmental conservation and viable technologies. At the same time, any attempt to improve human well-being that threatened the environment was doomed to failure in the long run – because the depletion of resources, the degradation of environment and the pollution of air and water, for example, would impact on the well being and development potential of future generations

2.3 THE CONCEPT OF SUSTAINABLE DEVELOPMENT

Development is a term for a cluster of activities aimed at improving human and social well-being, through the creation and maintenance of wealth, social infrastructure, equity, education, employment, enabling technologies and so on. It thus embraces a range of social, economic, industrial and technological activity, with the broad aim of escalating the conditions of human life. Sustainable development can be considered as the development activity that can be sustained, or kept up, over the long term; that does not undermine or put at risk the conditions and resources, required to preserve well-being into future. So, we see that sustainable development has two distinct dimensions; one is to achieve economic development to secure higher standard of living, for present and future generations, and the other is to protect and enhance the environment, for present and future generations. The Brundtland Commission Report (1987), initiated by the UN, focused on the need to develop a stable relationship between human activity and the natural world, which would not reduce the prospects

of future generations to enjoy a quality of life at least as good as that of the present generations. These ideas were refined by the 1992 Rio Declaration on Environment and Development (issued by a UN Conference held in Rio de Janeiro), in which social justice and human rights issues were explicitly added to the mix.

This three-dimensional (economic-environmental-social) view of sustainability subsequently became widely adopted, and in 1997, the term 'triple bottom line' (TBL) was coined by John Elkington to highlight the need for nations and organizations to measure their performance in all three areas. Now This three-dimensional view of sustainable development is expressed as various forms like;

- ❖ 3Ps ie. Profit (economic performance), People (social sustainability) and Planet (environmental sustainability)
- ❖ 3Es ie. Economics, Environment and Equity (social justice)
- ❖ 2Rs ie. Resources (the wise use and management of economic and natural resources) and Respect (for people and other living things)

Sustainable development has been defined in many ways. However, the definition of the Brundtland Commission (1987) is widely used: 'Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.' So, humanity must take no more from the nature than nature can replenish or repair. There should be a balance between improving human and social well-being and preserving natural resources and ecosystems.

2.4 THE CONCEPT OF SUSTAINABLE PROCUREMENT

Sustainable procurement (SP) is procurement that is consistent with the principles of sustainable development, such as ensuring a strong, healthy and just society, living within environmental limits, and promoting good governance. Sustainable procurement is an approach that takes economic, environmental and social sustainability into account when making any purchasing decisions. It is about looking at what purchased items are made of, where they come from, how they are made and

by whom, how they will be used and whether they are in fact necessary. It looks at the answers of the following questions:

- Does procurement, in all these aspects, meet the present needs of the organization, its customers and its wider stakeholders, without compromising the ability to continue to do so in future?
- Does procurement, in all these aspects, protect or enhance the economic viability of the organization such as adding value, controlling costs, securing supply continuity, meeting the needs of internal and external customers, building beneficial supply chain relationships etc. without negative environmental or social impacts?

Sustainable procurement goes by many different names: ‘green procurement’, ‘environmental procurement’, ‘affirmative procurement’, ‘responsible procurement’, ‘socially responsible procurement’ and so on. There is no all accepted definition of sustainable procurement. The United Nations procurement website describes it in the following ways:

‘Procurement is called sustainable when it integrates requirements, specifications and criteria that are compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs (UNGM, 2011).

Through sustainable procurement, organizations use their own buying power to give a signal to the market in favour of sustainability and base their choice of goods, works and services on:

- Economic considerations: best value for money, price, quality, availability, functionality;
- Environmental aspects, ie green procurement: the impacts on the environment that the product and/or service has over its whole lifecycle; and

- Social aspects: effects of procurement decisions on issues such as poverty eradication, equity in the distribution of resources, labour conditions, human rights.’

Sustainable procurement should consider the economic, environmental and social consequences of design, non-renewable material use, manufacture and production methods, logistics, service delivery, use, operation, maintenance, re-use, recycling options, disposal and suppliers’ capabilities to address these consequences throughout the supply chain. In other words, sustainable procurement takes into account the whole lifecycle of a purchase and purchased items and the chain or network of supply relationships.

Two concepts are very closely linked with sustainable procurement. These are i) sustainable production and ii) sustainable consumption

2.5 SUSTAINABLE PRODUCTION

Any economic system depends on two basic processes: demand (arising from the consumption of goods and services) and supply (arising from the production of goods and services). Production can be used to describe a range of activities undertaken in the process of transforming the raw materials, resources and other inputs into goods and services. Each of the production activities has the potential to create negative environmental and social impacts. Sustainable production thus implies that the production activities will have the minimum adverse impact. Hence, sustainable products can be expected to be those which are

- Fit for purpose and providing value for money
- Energy and resource efficient
- Made with maximum use of sustainably managed, renewable or re-cycled materials
- The cause of minimal pollution, waste and GHG emissions in its supply, production and usage

- Durable, easily upgraded and repairable
- Re-usable, recyclable or safely disposable (with minimum waste impact)
- Ethically sourced, produced and supplied.

2.6 SUSTAINABLE CONSUMPTION

Sustainable consumption is closely related with sustainable production. Firstly, producers are themselves consumers (buyers and users) of labour, materials, components, products and services. Sustainable production implies the sustainable procurement and use of these resources. Secondly, the nature of market economies is that producers supply what consumers demand: unless the market is willing to engage in sustainable consumption, there will be no business benefit to sustainable production. Conversely, sustainable consumption is only possible where sustainable products are available. Thirdly, the idea of sustainable consumption imposes a responsibility on producers to think beyond the sustainability of their own inputs and processes, to how their outputs will be used, maintained and disposed of so that sustainable production actively supports sustainable consumption.

Examples of sustainable consumption for various organizations as well as individual consumers may be:

- Buying energy efficient equipment and appliances (eg as identified by certified energy efficiency rating systems) and reducing energy consumption (eg by raising awareness and switching off appliances not in use)
- Reducing unnecessary transport mileage, fuel usage and carbon emissions (eg using public transport or cycling, buying fuel efficient and clean fuel vehicles, telecommunicating, reducing unnecessary air travel etc.)
- Re-using and recycling, and purchasing re-usable and recyclable and biodegradable products, and products with recyclable and less packaging.
- Purchasing local, seasonal materials and produce in order to minimize transport miles, which is a major contributor to CHG emissions.
- Carbon offsetting: compensating for domestic or corporate carbon emissions, if they cannot be reduced, by purchasing offsets, (or credit carbons) on the

carbon credit market, or independently investing in renewable energy, energy efficiency, reforestation and carbon-reducing projects.

- Buying ethically sourced and produced goods (eg certified Fair Trade products which guarantee the ethical treatment of labour and suppliers).
- Using local, small and diverse suppliers where possible to support communities and equal opportunity and to reduce transport miles.
- Consuming less. (a controversial idea!!!)

2.7 THE TRIPLE BOTTOM LINE

The term triple bottom line indicates three pillars of sustainability namely, economic, environmental and social. The term was designed so that the corporate activity not only adds economic value, but also potentially adds environmental and social value. The triple bottom line is also expressed in other ways such as 'TBL', '3BL', 'People, Profit, Planet' etc. 'People' pertains to fair and beneficial business practices toward labour and the community and region in which a corporation conducts its business. 'Planet' refers to sustainable environmental practices. 'Profit' is the economic value created by the organization after deducting the cost of all inputs, including the cost of the capital tied up. It differs from traditional accounting definitions of profit. In a sustainability framework, the 'profit' aspect needs to be seen as the real economic benefit enjoyed by the host society. It is the real economic impact the organization has on its economic environment. It recognizes the need for organizations to measure their performance not just by how well they further the interests of their primary stakeholders (shareholders) through profitability, but also by how they further or protect the interests of their secondary stakeholders (including wider society), in relation to social and environmental sustainability.

2.8 BENEFITS OF SUSTAINABLE PROCUREMENT

Buyers have a lot of control over what is manufactured, and how it is manufactured. Each time a product is purchased, the buyer is effectively "electing" or "voting" for

the company that has provided it. When products are purchased from companies that are ethically irresponsible, e.g. companies that exploit their workers, or companies that degrade the environment through their operations, then these companies engaged such un-sustainable practices are being encouraged to continue. So, the biggest purchasing power of government should be used to support companies that produce sustainable products. Government procurement therefore needs to consider sustainability issues as it is the only way that it can be sure to offer real value for money over a longer term without compromising environmental and social responsibilities. This would ensure that development targets are achieved through the acquisition of goods, works and services without much damage to society and the environment. With these considerations, sustainable procurement seeks long term impact on economic, social and environmental issues, by helping to:

- achieve value for money;
- sustain economic development;
- improve ethical behaviour of suppliers / contractors especially, and the general public at large;
- reduce harmful emissions and waste generation;
- improved air and water quality;
- make local industries applying sustainable procurement internationally competitive;
- increase the wealth and health of the society (hence improve living standards);,
- improve working conditions - health and safety, labour standards;
- reduce labour agitation;
- improve condition of disadvantaged groups in the country;
- help accelerate the achievement of the Millenium Development Goals, and
- create a better society, among other things.

2.9 POTENTIAL DRIVERS FOR SUSTAINABLE PROCUREMENT

Drivers are the factors that impel actions for sustainable procurement. So, factors such as resource scarcity, legislation, reputational risk/ opportunity, shareholder pressure

etc. are likely to drive organizational measures for sustainability. Drivers come before the introduction of a sustainability programme, as a contributing factor in it. Drivers for sustainable procurement may be classified as external and internal. Table 2.1 and Table 2.2 show some of the key general external and internal drivers for sustainable procurement.

Table 2.1 General external drivers for sustainable procurement

Drivers	Indicators of the drivers
Political factors	Government policy, targets and standards, incentives and penalties, Government practice as a buyer/ supplier and employer
Economic factors	Loss of market demand for unsustainable products/ services, rising market demand for sustainable products/ services
Social/ Ethical factors	Social attitudes and values creating media, public, labour and consumer pressure for sustainable practices, emerging social justice and ethical issues (eg corporate governance, citizenship, corruption, trading ethics, fair trade, human and labour rights), industry/ professional codes of ethical practice.
Technological factors	Competitor/ market innovation and take-up of sustainable technologies (new products, materials, processes), exposure of unsustainable technologies (eg resource usage, wastes), opportunities in new sustainable technology markets (eg alternative energy).
Legal factors	National and international legislation on sustainability (or threat thereof), waste, pollution, emissions, employment rights, health and safety, consumer rights, corporate governance, public sector procurement etc.
Environmental factors	Resource depletion and costs (especially energy costs), issues of concern to key stakeholders (eg climate change, GHG emissions, deforestation, water management, conservation, biodiversity, pollution, waste reduction), national targets under international agreements.
External stakeholder factors	Interest and pressure in any or all of the above factors, creating threats and opportunities for the organization in obtaining resources and collaboration (eg customers, labour, investors, pressure group activism, potential for cause-related marketing).

[Source: Sustainable Procurement, the official CIPS course book in partnership with PROFEX publishing]

Table 2.2 General internal drivers for sustainable procurement

Drivers	Indicators of the drivers
Corporate Goals	Corporate vision, mission and objectives including sustainability values and aspirations.
Organizational status	Existing CSR and/ or corporate citizenship objectives/ policies
Top level buy-in	Senior management visionaries, champions and supporters of sustainability.
Business factors	Business case arguments for sustainability, enhanced reputation, brand strength and sales revenue, cost/ waste reduction (eco-efficiencies), enhanced supply chain innovation and efficiency, reduced regulatory burden.
Accountability factors	Accountability mechanisms, which demonstrate seriousness, and make reward contingent on sustainability progress/ performance.
Risk awareness	Priority given to risk management, perception of business, reputational and supply risk from non-sustainability, reputational damage.
Stakeholder factors	Internal stakeholder demand for sustainability (eg need to attract and retain quality managers, employees, investors and supply chain partners).

[Source: Sustainable Procurement, the official CIPS course book in partnership with PROFEX publishing]

It should be obvious that some of these factors will be more immediately relevant and influential in some sectors than others. So, public sector organizations need to decide which drivers it might most effectively use as leverage to champion a sustainable procurement initiative.

2.10 BARRIERS TO SUSTAINABLE PUBLIC PROCUREMENT

In addition to drivers, there are also barriers of sustainable public procurement. Barriers are those factors which may obstruct an organization's progress towards sustainable procurement or the sustainable procurement agenda in general. Table 2.3 summarizes some of the barriers.

Table 2.3 Barriers to sustainable procurement

Barriers	Forms of the barriers
Cost	<p>Sustainable option may be more expensive because</p> <ul style="list-style-type: none"> • They may involve the purchase of products and services which are innovative, based on new technologies or new to the market • They may involve more labour and management intensive process. • They may involve additional risks. • They may prevent the organization to have the best available price. • They may require the development of new processes and capabilities, and the plant, equipment and systems associated with them. • They may generally involve significant change within the organization and its supply chain – which also requires investment of resources, possible loss of productivity, investment in training and development, audits and reviews, and so on. • They may require the organization to engage in carbon offsetting or compensatory investment in sustainability projects.
Stakeholder attitudes	<ul style="list-style-type: none"> • The attitudes, expectations and influence of stakeholder groups can act as barrier • Particular group of stakeholder may be indifferent to sustainability or even actively resistant to it.
Cultural barriers	<ul style="list-style-type: none"> • Different nations and cultural groups may have significantly different norms, values and assumptions, which influence how they do business and manage people, and how consumers develop product/ service preferences and buying patterns. National, ethnic and religious beliefs, values and behavioral norms can support sustainability – create a barrier to it. • Organizational and management culture may also act as a barrier because the sustainable procurement is likely to be shaped by: the mission and value expressed by senior management and the mottos, slogans and stories promoted within the organization; the types of people required and promoted within the organization; the behaviors celebrated and rewarded within the organization; the behaviors and values modelled by management, and so on.
Macro-economic barriers	<ul style="list-style-type: none"> • Economic growth can present a barrier to sustainability by encouraging over-consumption, excessive resource use, wastes and environmental impacts of economic development activities, investment risk-taking, over-staffing and demand pull inflation. • On the other hand, economic decline, downturn and recession create barriers to sustainable procurement by: placing the priority on cost reduction and profitability for business

Barriers	Forms of the barriers
	<p>survival, eroding business confidence, leading to reduced investment in projects with long or uncertain payback periods, increasing unemployment, creating and budget deficit which put pressure on public sector procurement to secure short-term cost-reductions, and so on.</p> <ul style="list-style-type: none"> • Protectionism, the policy of protecting domestic industry from the effects of outside competition, by imposing barriers to international trades, tariffs, and non-tariff factors, may present a support for sustainability, but may also present a barrier to it, to the extent that international trade contributes to the prosperity of developing nations, peaceful international relations and so on.
Policy conflicts	<ul style="list-style-type: none"> • Any policy broadly supports economic growth which can ensure better standard of living for the population as a whole: one of the aims of sustainable development. However, economic growth has some disadvantages including faster usage of scarce and non-renewable resources and more pollution and waste products. • Another trend in international policy is the stimulation of free trade and market globalization. However, this can act as a barrier by: encouraging the exploitation of low cost labour in the developing countries, eroding local cultures, exploiting developing markets, encouraging unsustainable environmental practices, creating unemployment in the local labour market etc. • Open tendering procedures for public procurement is intended to ensure open competition, but may also restrict a public authority's ability to impose sustainability criteria that are not directly related to the purchase – such as supplier diversity information.

[Source: Sustainable Procurement, the official CIPS course book in partnership with PROFEX publishing]

In addition to the above barriers, the Sustainable Procurement National Action Plan in the UK identifies a number of primarily internal barriers to sustainable procurement in the public sector. These barriers are shown in Table 2.4.

Table 2.4 Barriers to sustainable procurement in the public sector

Area	Identified barriers
Leadership, clarity and ownership	<ul style="list-style-type: none"> • Lack of leadership and commitment • Confusion about ownership • Poor incentive systems • Mixed messages to suppliers
Clarity on policy priorities	<ul style="list-style-type: none"> • Lack of clarity and proliferation of priorities. • Lack of cross-government buy-in • 'One size fits all' approach

Area	Identified barriers
Need to meet minimum standards now, while setting challenging future goals	<ul style="list-style-type: none"> • Guidance overload. • Lack of prioritization • Lack of enforcement of mandatory standards • Failure to signal future trends to the market • Failure to manage supply chain risk.
Developing capabilities	<ul style="list-style-type: none"> • Lack of helpful information, training and accountability • Ignorance of sustainability • Suspicion about benefits • Confusion arising from mixed messages.
Ensuring budgetary mechanisms enable and support sustainable procurement	<ul style="list-style-type: none"> • Failure to apply rules on whole life costing (WLC) • Focus on short-term efficiency saving at the expense of long-term benefits • Concerns regarding affordability, cost • Inability to offset WLC savings against short-term budget limits • Uncertainty on how to account for non-monetary benefits.
Smarter engagement with the market to stimulate innovation	<ul style="list-style-type: none"> • Supply chain management falling below good private sector practice • Resistance to innovative supplier solutions • Risk aversion • Risk of delivering poor value to taxpayers.

[Source: Sustainable Procurement, the official CIPS course book in partnership with PROFEX publishing]

2.11 DRIVERS VERSUS BARRIERS

From the above tables describing the drivers and barriers of sustainable procurement, we see that some of the factors are both drivers and barriers depending upon the situation or overall external and internal environment. For example, although economic growth supports better standard of living for the population as a whole: one of the aims of sustainable development, it can present a barrier to sustainability by encouraging over-consumption, excessive resource use, wastes and environmental impacts of economic development activities. Moreover, in spite of the sustainable procurement being expensive it should be supported in the public sector as the government is committed to the overall well being of the people. Similarly, one barrier indicating that a WLC approach requires a lower overall price is difficult to realise within the governmental budget structure.

2.12 REPRESENTATIVE KPIS FOR SUSTAINABLE PROCUREMENT

Key performance indicators (KPIs) are agreed, specific measures of the performance of a unit or organization, against which progress and performance can be evaluated. KPIs should be such that they are relevant, clear and unambiguous and capable of direct, consistent measurement at operational level. Table 2.5 shows some of the representative KPIs for sustainable procurement.

Table 2.5 KPIs for sustainable procurement

Area of Performance	Procurement KPIs
Economic performance	<ul style="list-style-type: none"> • Cost (eg procurement costs as a percentage of spend) or cost savings (annual cost savings as a percentage of spend) • Productivity (eg cost per procurement cycle, time taken per procurement cycle) • Supplier leverage (eg percentage of suppliers providing 80% or more of annual spend) • Customer satisfaction (eg percentage of deliveries received on time in full)
Environmental performance	<ul style="list-style-type: none"> • Percentage reduction in energy, water purchase • Percentage reduction in supplier (or logistics or procurement), GHG emissions. • Percentage reduction in supplier water and energy usage. • Percentage purchase of recycled materials • Percentage of vehicle fleet which is hybrid • Volume of waste to landfill (buyer and supplier) • Percentage of spend with suppliers who report on environmental impacts, or operate Environmental Management System (EMS).
Social/ Ethical performance	<ul style="list-style-type: none"> • Diversity and equal opportunity among procurement staff • Training/ development opportunity (and percentage of take-up) • Compliance with workplace law and standards, ethical sourcing and trading standards/ objectives. • Reduction in health and safety incidents, grievance proceedings etc. • Supplier diversity (number of women-owned, minority-owned, small suppliers) • Percentage supply chain monitored and managed for compliance • Supply chain compliance (eg year on year reduction in

Area of Performance	Procurement KPIs
	incidents of non-compliance)

[Source: Sustainable Procurement, the official CIPS course book in partnership with PROFEX publishing]

2.13 SUSTAINABILITY AND PUBLIC PROCUREMENT

Environmental issues have been on the international agenda for several decades, and both public and private sectors are concerned about the role they play in these matters. More recently, the focus has expanded to broader topics such as sustainability. However, while sustainable procurement activities are common in many developed countries, the awareness and implementation of sustainable procurement is still comparatively low in most developing countries.

Public procurement is concerned with how public sector organizations spend tax payers' money on goods, works and services. Public procurement is guided by principles of transparency, accountability, and achieving value for money for citizens and tax payers. Public sector expenditure is substantial as government is often the single biggest customer within a country, and government can potentially use this purchasing power to influence the behaviour of private sector organisations.

The public has particular reasons for demanding greater levels of sustainability from its supply chain as it is directly and explicitly responsible for ensuring the public money spent on goods, works and services is applied in such a way as to maximize benefits to the society.

Sustainable procurement worldwide is heavily driven by public procurement agendas, and is often viewed as a public sector initiative. However, the view is slowly changing as the legal and commercial pressures are raising the priority of corporate social responsibility in the private sector.

In summary it can be said that sustainable procurement is a new dimension for the procurement professionals who generally base their procurement decisions primarily

on price, quality and time. Through sustainable procurement, an organization not only considers the self interest but also looks after the interests of the wider community by taking into account the economic, environmental and social considerations in their decision making. Public procurement accounts for a substantial part of the economy of any country. As such, public procurement is an attractive policy instrument for effecting positive changes in the broader economy. In particular, public procurement could be used to stimulate the production of innovative and sustainable products.

CHAPTER - 3

PUBLIC PROCUREMENT: BANGLADESH PERSPECTIVE

3.1 INTRODUCTION

This chapter describes the general background of public procurement including its history and evolution. It provides a picture of public procurement scenario in Bangladesh by incorporating the legal framework, under which public procurement is done and regulated, the general principles and features of public procurement currently in practice.

In the Public Procurement Act, 2006 (PPA 2006), the term ‘procurement’ has been defined as ‘the purchasing or hiring of goods, or acquisition of goods through purchasing and hiring, and the execution of works and performance of services by any contractual means’. Public procurement can broadly be defined as the purchasing, hiring or obtaining of goods, works or services by the public sector by any contractual means. Public procurement is alternatively described as the acquisition of goods, works or services if such acquisition is effected with resources from public funds.

Governments all over the world have to ensure essential services, such as health, education, defence infrastructure etc. to the people. To be able to meet the demand for these services, governments purchase goods, works and services from the open market. Public procurement thus has both economic and political implications. Yet the subject of public procurement has received little attention by academic researchers and policy makers, because it has been considered merely as an administrative function of the government.

The items involved in public procurement range from simple goods or services such as clips or cleaning services to large commercial projects, such as the development of infrastructure, including road, power stations and airports etc.. Procurement in the public sector differs from that in the private sector. The purpose of procurement in the private sector is basically straightforward whereas that in the public sector complex as

it considers the economic development and welfare of the country rather than the commercial profits. Furthermore, unlike private procurement, public procurement needs to address the considerations of integrity, accountability, national interest and effectiveness.

3.2 HISTORY OF PUBLIC PROCUREMENT

In the earlier time, purchasing was regarded as primarily clerical. During the World War I & II, purchasing function increased due to the importance of obtaining raw materials, supplies, and services required to keep the factories and mines operating (Wikipedia). Gradually purchasing continued to gain importance as the techniques for performing the function became more refined and as the number of trained professionals increased. The function became more and more managerial rather than clerical. Besides this, with the introduction of major public bodies and intergovernmental organizations, such as the United Nations, procurement has become a well-recognized sector. In September 1983, Harvard Business Review published a ground-breaking article by Peter Kraljic on purchasing strategy that is widely cited today as the beginning of the transformation of the function from "purchasing," something that is viewed as highly tactical to procurement or supply management, something that is viewed as very strategic to the business. (Wikipedia) Consequently, procurement starts to become more integrated into the overall corporate strategy. As a result, the status of procurement function has elevated significantly as the Chief Procurement Officers of Heads of Procurement are recognized as important business leaders having broader and strategic responsibility of an organization.

3.3 PUBLIC PROCUREMENT EVOLUTION IN BANGLADESH

The public procurement procedures and practices have evolved over the years from the days of British and subsequently Pakistani rule. A *Compilation of General Financial Rules* (CGFR) originally issued under British rule was slightly revised in 1951 under Pakistani rule and was reissued in 1994 and again in June 1999 with very

few changes. The CGFR, *inter alia*, outlines broad, general principles for government contracts to follow, leaving it to the departments to frame detailed rules and procedures for their respective procurements. It also refers to the *Manual of Office Procedure (Purchase)* compiled by the Department of Supply and Inspection as the guide for the purchase of goods and the Public Works Department (PWD) code as the guide for works. Both date back to the 1930s and have not undergone any revision worthy of mention. The CGFR also refers to the Economic Relations Division (ERD) Guidelines issued in 1992, modeled on World Bank Procurement Guidelines at the time, for procurement in externally funded projects, with the proviso that the loan conditions would prevail in case of conflict. Since independence in 1971, the public procurement practices have been influenced by the World Bank, the Asian Development Bank, and other donors since the bulk of public procurement is externally funded. Some departments, autonomous boards, and public undertakings have drafted their own set of procedures or a manual, and the rest follow the PWD code.

The public procurement procedures and practices have some unsatisfactory features as outlined in the Country Procurement Assessment Report prepared by the World Bank in 2002 including poor advertisement, a short bidding period, poor specifications, nondisclosure of selection criteria, award of contract by lottery, one-sided contract documents, negotiation with all bidders, rebidding without adequate grounds, other miscellaneous irregularities, corruption and outside influence etc.

In order to address these issues, in August 1998, the World Bank Country Director wrote to the government urging it to streamline the procurement process and to make the process more efficient. In the context of escalating concerns for streamlining the country's public procurement system, the government undertook an array of reforms in order to strengthen the public procurement regime. The reform process ultimately led to the formulation and issuance of Public Procurement Regulations in 2003, providing a unified procurement processing system. The PPR, 2003 was supplemented by Public Procurement Processing and Approval Procedures (PPPA), a revised Delegation of Financial Powers (DoFP) and several Standard Tender Documents (STDs) and Standard Request for Proposal Documents for the procurement of goods, works and services.

In order to strengthen the legal basis of public procurement, the Public Procurement Act, 2006 (PPA, 2006) was passed by the Parliament, Under the Act, the Public Procurement Rules, 2008 (PPR, 2008) was issued, replacing the Public Procurement Regulations, 2003.

3.4 LEGAL FRAMEWORK OF PUBLIC PROCUREMENT IN BANGLADESH

In the CPAR, 2002, the World Bank made some recommendations with the objective of bringing the public procurement system in a broad legal framework. Some of the recommendations include:

- i) To create a Central Procurement Policy Unit that will be responsible for *Public Procurement Policy, Public Procurement Rules and Procedures, and Standard Bidding and Contract Documents*, as well as oversight of public procurement.
- ii) To prepare and issue *Public Procurement Rules and Procedures* that should be a public document., covering procurement of goods, works and professional services that will apply to all ministries, departments and public bodies.
- iii) To prepare and issue a set *Standard Bidding and Contract Documents* for goods, works, and professional services that are applicable to all public procurement, using the World Bank and other similar documents as models.
- iv) To review and revise delegation of powers to public sector corporations and autonomous bodies, as well as to department heads, chief engineers, and project directors
- v) To review and revise the layering in the approval process.

In response to the above recommendations, the Government of Bangladesh established the Central Procurement Technical Unit (CPTU) under the Implementation, Monitoring and Evaluation Division (IMED) of the Ministry of Planning in 2002. Since then, the CPTU has been working for maintaining the public

procurement rules, standard bidding documents and oversight of the overall public procurement in the country.

At present the legal regime of public procurement in Bangladesh is based on two principal legal instruments which are the Public Procurement Act, 2006 and the Public Procurement Rules, 2008. Besides these documents, the CPTU is working for finalizing the Standard Tender Documents (STDs) for goods and works and the Standard Request for Proposals (SRFPs) for services. Ministry of Finance has already issued the revised Delegation of Financial Powers DoFP to public sector corporations and autonomous bodies, as well as to department heads, chief engineers, and project directors for smoothly implementing the public procurement in the country.

Public Procurement System is decentralized in Bangladesh. Different departments and directorates under various ministries carry out the actual procurement functions through their offices from national level to upazila level following the PPR, 2008 and using the Standard Tender Documents and Standard Request for Proposals prepared by the CPTU. At the central level, the ministries handle very little procurement functions essentially food grains, printing, and stationery (World Bank, 2002). The major Government Departments, such as, Public Works Department (PWD), Roads and Highways Department (RHD), Bangladesh Railway, Local Government Engineering Department (LGED), Telephone and Telegraph (T&T) Board, Education Engineering Department (EED), Health Engineering Department (HED), Department of Public Health Engineering (DPHE), Directorate of Food etc. carry out the substantial amount of procurement through their central to local offices, spread all over the country.

Apart from the departments/directorates of ministries, as pointed out earlier, the corporations under the Ministries also undertake large scale procurement activities. The corporations like: Bangladesh Chemical Industries Corporation (BCIC), Bangladesh Petroleum Corporation (BPC) Bangladesh Steel & Engineering Corporation (BSEC), Bangladesh Agricultural Development Corporation (BADC), Power Development (PDB), Bangladesh Water Development Board (BWDB), Bangladesh Jute Mills Corporation (BJMC) are some of the leading procurement agencies of the government. In addition some semi-government/ autonomous bodies

like Dhaka Electric Supply Company (DESCO), Dhaka Power Distribution Company (DPDC), a number of companies under petrobangla etc. also carry out a significant amount of procurement. The corporations and autonomous bodies in addition to their own fund generally get allocation under Annual Development Plan (ADP) from the national budget.

3.5 GENERAL PRINCIPLES OF PUBLIC PROCUREMENT

The main principles of a unified procurement systems are outlined in the rationale for the enactment of the Public Procurement Act, 2006 as says that it is and Act to provide for procedures to be followed for ensuring transparency and accountability in the procurement of goods, works and services using public funds and ensuring equal treatment and free and fair competition among all persons wishing to participate in such procurements. So it can be said that the common objectives of public procurement are equal opportunity for all, fair treatment, value for money, non-discrimination, social and industrial development.

3.6 MAIN FEATURES OF PUBLIC PROCUREMENT

The Public Procurement Rules, 2008 prescribes several methods of procurement, dividing the procurement into domestic and international classes. For the domestic procurement, the preferred method is the Open Tendering Method (OTM) which ensures equal opportunity to all bidders, open competition and proper advertisement. However, a number of procurement methods alternatives to the OTM are also allowed under certain circumstances. These methods must be justified on technical and economic grounds. Prior permission of the Head of Procuring Entity (HOPE) has to be sought for the methods other than the OTM. These alternative methods include i) Limited Tendering Method (LTM), ii) Two Stage Tendering Method (TSTM), iii) Request for Quotation Method (RFQM) and iv) Direct Procurement Method (DPM).

There are some essential conditions that need to be considered when applying the alternative methods. The LTM can be used when suppliers are limited in number or

the time and cost required to receive and evaluate tenders would outweigh the value of the contract or in an urgent situation. Two stage tendering method may be followed for complex and large projects or when preparing complete technical specifications is not possible at one stage or where alternative solutions may be available but not known to the procuring entity due to rapidly changing technology. The RFQM may be used for standardized, low value goods easily available in the market or low value works and physical services subject to the value being within the prescribed threshold value. However, for resisting the misuse of this method, the application of this method is strictly controlled by the head of procuring entity. Direct procurement method is allowed when, goods are procured from sole proprietor due to patent or copyrights, or additional goods or services are procured from the original supplier/manufacturer, or the goods are available only from the sole dealer or manufacturer, or a special type of good is procured from a local manufacturer, or for the procurement of goods, works or services of very urgent and essential nature

For international procurement, the methods mentioned above are also applicable but with certain differences to maintain standards and competition. For example, in international procurement, specifications should be made conforming to the international standards, provisions for alternative dispute resolution should be incorporated in the contract etc.

3.7 TOWARDS THE SUSTAINABLE PROCUREMENT

Public procurement is more than a simple act of purchase by governments. It is a major economic activity and it accounts for the largest share of government spending besides wages. It can also be used as a public policy tool to foster particular economic and social outcomes. Procurement practices determine the ultimate destination and beneficiary of a large share of public spending (*Ellmers, 2011*). As the government of any country is the single biggest purchaser of goods, works or services, this purchasing power of the public sector could play a significant role in initiating the sustainable procurement practices both in public and private sector. By doing so, the public sector can set an example and act as an important “norm setter” towards a sustainable development. The recent spectrum of attitudes have shifted towards the

adaptation of a more environmentally and socially responsible ethos. Sustainable procurement is a broad policy concept and a basic value that is gaining legitimacy in business practices. Environmental pressures are increasingly becoming recognized as new market opportunities in which good environmental performance will be seen as a pre-requisite for good management practices. So, it is not sufficient to put only the price and quality criteria in procurement, it is equally important to put sustainability criteria in procurement.

CHAPTER - 4

SUSTAINABLE PROCUREMENT: AN ANALYSIS

4.1 INTRODUCTION

This chapter represents an analysis of the data collected through the interviews and provides the detailed information on the findings from the survey. The data have been collected through the interviews with responsible procurement professionals in order to achieve the research objectives mentioned in Chapter 1.

Sustainable procurement encompasses three dimensions e.g. economic, environmental and social aspects of procurement. The operational definitions of these three aspects are outlined in Chapter 1. A questionnaire was designed including a number of questions which covered not only the above mentioned three aspects of sustainable procurement but also the information about the organization's procurement. Some general questions have been set at the end of the questionnaire to get the perception of the respondents about the potential drivers and obstacles of sustainable procurement in their respective organization. Valuable suggestions, opinions or comments have also been sought from the respondents regarding sustainable procurement from their operational experiences in this field.

A total of twenty five government officials have been interviewed with the same questionnaire to conduct the survey. These officials have been selected because of their direct involvement in public procurement activities in their respective organizations. The public sector organizations from which procurement professionals have been selected for interviews include Public Works Department (PWD), Roads and Highways Department (RHD), Local Government Engineering Department (LGED), Bangladesh Water Development Board (BWDB), Dhaka Electric Supply Company Ltd. (DESCO) and Dhaka Power Distribution Company Ltd. (DPDC). Table 4.1 shows the number of respondents from various organizations.

Table 4.1 Number of respondents from various organizations.

Name of the Organization	Number of respondents
Public Works Department (PWD)	8
Roads and Highways Department (RHD)	5
Local Government Engineering Department (LGED)	5
Bangladesh Water Development Board (BWDB)	4
Dhaka Electric Supply Company Ltd. (DESCO)	2
Dhaka Power Distribution Company Ltd. (DPDC)	1

In addition to this, the respondents from different level of hierarchy from the above mentioned organizations have been selected in order to get an overall picture about the sustainability issue the public sector. The span of hierarchy covered for interview purpose has been represented by Assistant Engineer, Sub-divisional Engineer, Executive Engineer and Superintending Engineer. Besides, a number of respondents are designated as Assistant Manager and Deputy Manager.

4.2 A REVIEW OF PUBLIC PROCUREMENT DOCUMENTS

In Chapter 1, two research questions have been proposed which are i) what is the scope of sustainable procurement in the current public procurement framework?, and ii) if there is any scope, what is the existing level of preparedness of the Government of Bangladesh in introducing sustainability in the public procurement system?

This section addresses the 1st of the research question and represents a search for any component of sustainability in the current public procurement framework. At present the public procurement in Bangladesh is regulated by two principal documents which are the Public Procurement Act, 2006 and the Public Procurement Rules, 2008. Besides these documents, the CPTU has prepared a number of Standard Tender Documents (STDs) for goods and works and Standard Request for Proposals (SRFPs) for services depending upon basically the size or volume of procurement. Table 4.2 shows some of the points made in the public procurement documents which relate to the sustainability issues.

Table 4.2 Sustainability issues in the public procurement documents.

Area of Performance	Relevant points in the procurement documents
Economic performance	<ul style="list-style-type: none"> • The Procuring Entity shall take into account the following when determining the method of Procurement and consolidating of Goods packages: <ul style="list-style-type: none"> (a) availability of the relevant Goods in the local market; (b) quality, sources and brand of the Goods available in the local market; (c) price levels of the designated Goods; (d) risks related to supply in the local and international markets. <p style="text-align: right;">[Rule 15(2), PPR, 2008]</p> • In the case of determining the method of Procurement for Works, the Procuring Entity shall consider the following: – <ul style="list-style-type: none"> (a) the prevalent conditions of the contracting industry; (b) expected competition; <p style="text-align: right;">[Rule 15(7), PPR, 2008]</p> • Technical Specifications prepared by Procuring Entities shall, where appropriate, be- <ul style="list-style-type: none"> (a) expressed in terms of performance or output requirements, rather than specifications linked directly to design or descriptive characteristics which may tend to limit competition; <p style="text-align: right;">[Rule 29(2), PPR, 2008]</p> • There shall be no reference, in technical specification of Goods, to a particular trade mark or trade name, patent, design or type, named country of origin, producer or service Supplier <p style="text-align: right;">[Rule 29(3), PPR, 2008]</p>
Environmental performance	<ul style="list-style-type: none"> • The Contractor shall throughout the execution and completion of the Works and the remedying of any defects therein: <ul style="list-style-type: none"> (a) take all reasonable steps to protect the environment on and off the Site and to avoid damage or nuisance to persons or to property of the public or others resulting from pollution, noise or other causes arising as a consequence of the Contractors methods of operation. <p style="text-align: right;">[GCC 27.1, STD-PW3]</p> • The Contractor, in particular, shall provide proper accommodation to his or her labourers and arrange proper water supply, conservancy and sanitation arrangements at the site for all necessary hygienic requirements and for the prevention of epidemics in accordance with relevant regulations, rules and orders of the government. <p style="text-align: right;">[GCC 29.2, STD-PW3]</p>
Social/ Ethical performance	<ul style="list-style-type: none"> • The Procuring Entity shall take into account the following when determining the method of Procurement and

Area of Performance	Relevant points in the procurement documents
	<p>consolidating of Goods packages:</p> <p>(a) capacity of local Suppliers to supply the required quantities;</p> <p>(b) capacity of the national industry and quality of its products;</p> <p>(c) market conditions and expected competition;</p> <p style="text-align: right;">[Rule 15(2), PPR, 2008]</p> <ul style="list-style-type: none"> • In the case of determining the method of Procurement for Works, the Procuring Entity shall consider the following: – <ul style="list-style-type: none"> (a) capacity of local Contractors; <p style="text-align: right;">[Rule 15(7), PPR, 2008]</p> <ul style="list-style-type: none"> • Procuring Entities shall, where possible, prepare the specifications in close cooperation with the concerned user or beneficiary of the Goods or Works or Service <p style="text-align: right;">[Rule 29(5), PPR, 2008]</p> <ul style="list-style-type: none"> • The Tender Document may allow for a domestic preference as defined in Schedule II. I to provide local manufacturers, Suppliers and Contractors with a price advantage over their international competitors for the purpose of promoting domestic products or industries. <p style="text-align: right;">[Rule 83(1)(e), PPR, 2008]</p> <ul style="list-style-type: none"> • The Contractor shall throughout the execution and completion of the Works and the remedying of any defects therein: <ul style="list-style-type: none"> (a) take all reasonable steps to safeguard the health and safety of all workers working on the Site and other persons entitled to be on it, and to keep the Site in an orderly state; <p style="text-align: right;">[GCC 27.1, STD-PW3]</p> <ul style="list-style-type: none"> • The Contractor shall not perform any work on the Site on the weekly holidays, or during the night or outside the normal working hours, or on any religious or public holiday, without the prior written approval of the Project Manager. <p style="text-align: right;">[GCC 28.1, STD-PW3]</p> <ul style="list-style-type: none"> • The Contractor shall comply with all the relevant labour Laws applicable to the Contractor’s personnel relating to their employment, health, safety, welfare, immigration and shall allow them all their legal rights. <p style="text-align: right;">[GCC 29.1, STD-PW3]</p> <ul style="list-style-type: none"> • The Contractor, further in particular, shall pay reasonable wages to his or her labourers, and pay them in time. In the event of delay in payment the Procuring Entity may effect payments to the labourers and recover the cost from the Contractor. <p style="text-align: right;">[GCC 29.3, STD-PW3]</p> <ul style="list-style-type: none"> • The Contractor shall not employ any child to perform any work that is economically exploitative, or is likely to be

Area of Performance	Relevant points in the procurement documents
	<p data-bbox="630 254 1377 422">hazardous to, or to interfere with, the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development in compliance with the applicable labor laws and other relevant treaties ratified by the government.</p> <p data-bbox="1079 426 1377 457" style="text-align: right;">[GCC 30.1, STD-PW3]</p> <ul style="list-style-type: none"> <li data-bbox="586 464 1377 667">• The Contractor shall provide, in the joint names of the Procuring Entity and the Contractor, insurance cover from the Start Date to the end of the Defects Liability Period, in the amounts and deductibles specified in the PCC for the following events which are due to the Contractor's risks: <ul style="list-style-type: none"> <li data-bbox="630 636 987 667">(d) Personal injury or death. <p data-bbox="1079 669 1377 701" style="text-align: right;">[GCC 37.1, STD-PW3]</p>

However, although these points in the public procurement documents as mentioned above relate somehow to the different aspects of sustainable procurement, these are not sufficient for introducing sustainability issues in the procurement system. It is noticeable here that very few points are made regarding environmental performance in the public procurement documents.

4.3 SURVEY QUESTIONS AND RESULTS

This section presents the findings and analysis of the survey data. A total of twenty five respondents were covered under the questionnaire survey. The data collected through the key informant interviews have been analyzed based on the questions asked in the interviews. An individual analysis has been made on each of the questions which would help find a complete picture of the matter. Most of the analyses have been done qualitatively from the perception based interviews with the respondents. However, some quantitative analyses have also been made based on the supplied data by the respondents. The questions set to the respondents are presented along with an analysis of the responses.

The nature of procurement done by various organizations, from which respondents have been selected, is basically the procurement of works with small amount of goods and services. Four of six organizations namely PWD, RHD, LGED and BWDB spend more than 80% of their respective procurement on works while the rest on goods and

services. The category of procurement in the state owned company DESCO is approximately – 50% goods, 35% services and 15% works while that in another state owned company DPDC is approximately – 60% goods, and 40% works as mentioned by the respondents from the respective organizations.

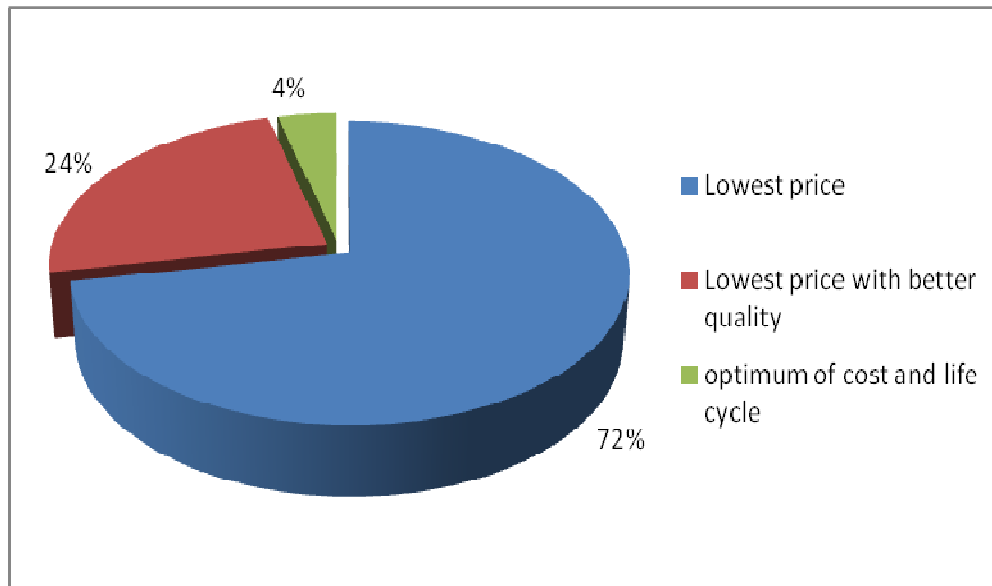
4.3.1 ECONOMIC ASPECT OF SUSTAINABLE PROCUREMENT

It has been mentioned earlier that the sustainable procurement encompasses three dimensions e.g. economic, environmental and social aspects of procurement. The respondents were asked a number of questions about the economic aspect of sustainable procurement.

Preparing specifications

In order to know the view of the respondents about the criteria used in preparing specifications, most of the respondents opined that lowest price is the main criteria used in preparing the specifications. But ensuring better quality is also one of the major considerations along with the lowest price as mentioned by a number of respondents. However, it is evident from the responses that whole life costing is rarely considered in various public sector organizations. Out of 25 respondents, 18 respondents mentioned the lowest price as the main criteria while 6 officials mentioned both lowest price and better quality. Only one respondent has gone for optimum of whole life costing approach. The responses from the procurement officials give the view that our procurement system is basically based on lowest price. Figure 4.1 shows the responses made by the respondents in answering this question.

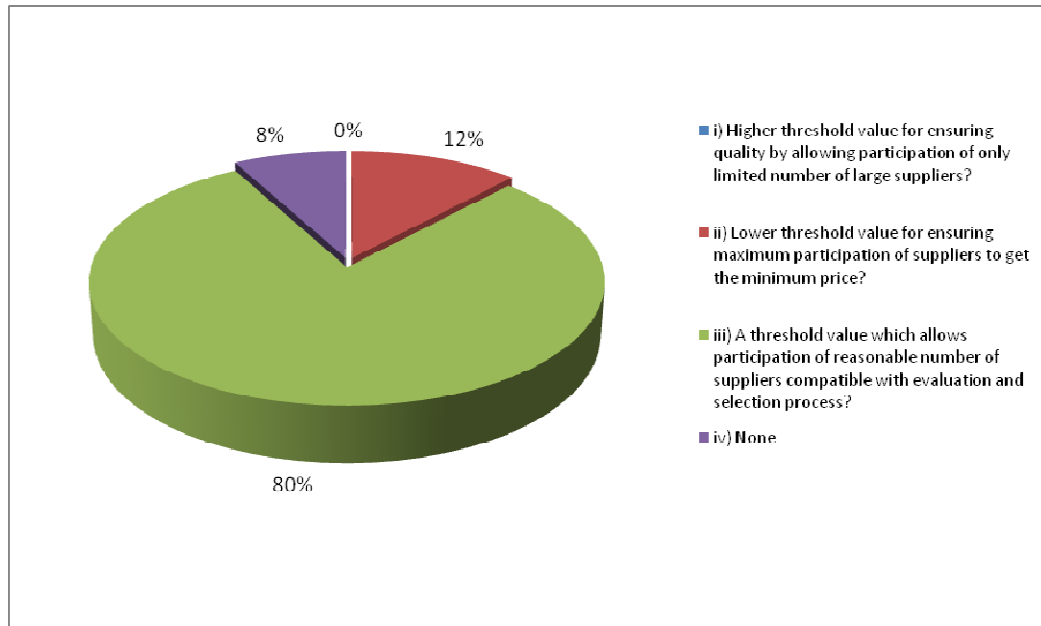
Figure 4.1: Criteria used in preparing specifications.



Threshold value of procurement

The respondents were asked how they selected the threshold value of procurement while making lots in a package. All of the twenty five persons responded to this question. A mix of responses has been found from the respondents. Just over two thirds of the respondents mentioned that package or lots should be based on the threshold value which allows participation of reasonable number of suppliers compatible with evaluation and selection process. Some of the respondents have added points to it. Two of them have said that it depends mainly on the context of the procurement. It also depends on the volume or size of the whole project as mentioned by a number of respondents. Only three of the respondents have put the lowest threshold value as the consideration for making lots for ensuring maximum participation of suppliers to get the minimum price. Interestingly, two respondents rejected the possibility of any of the options mentioned. According to them, the decision is entirely dependent on the Procuring Entity (PE) or Head of the Procuring Entity (HOPE). Figure 4.2 shows the responses made by the respondents in answering this question.

Figure 4.2: Selection of threshold value of procurement for making lots in a package



Participation of local firms

The respondents were also asked whether they use any criteria in the tender documents to encourage participation of local firms. Almost all the respondents are on the similar opinion regarding the question. It is clear from the responses that all the public sector procuring entities have to follow the standard tender document prepared by the CPTU, which does not include any criteria for encouraging participation of local firms in the case of national competitive bidding. However, a significant number of respondents (nine out of twenty five) added that in international competitive tendering, there is a provision for encouraging participation of local firms using a term known as ‘domestic preference.’ It is evident from this question that there is little scope in our procurement practice to involve local firms for development of the local community.

4.3.2 ENVIRONMENTAL ASPECT OF SUSTAINABLE PROCUREMENT

Environmental aspect is another dimension of sustainable procurement. Efforts were made to gain the view of the respondents about the environmental aspect through a number of questions.

Environmental policy/ management system/ reviews

The respondents were asked whether they have any environmental policy/ environmental management system/ environmental reviews in the organizations they work for. Majority of the officials provided a negative response in this question. Five of the respondents have mentioned the Environmental Impact Assessment (EIA) as the mechanism for the management of environmental issues for a new project. They explained that generally for small projects no EIA is done. It is done for starting a large project. Another respondent mentioned the requirement of environmental clearance certificate issued by the Department of Environment (DoE) in support of a project. One of the respondents has informed about the existence of a special unit in their department which looks after the environmental issues. Another respondent stated that they purchase electrical distribution equipments and related accessories which consume less energy and efficiency is higher resulting in the reduced system loss and the savings of fossilized fuel in generating electricity. However, a number of respondents (four) were silent on this question. It can, therefore, be said from the analysis of the responses on this question that the environmental issues are not extensively incorporated in the public procurement process.

Environmental performance of contractors/ suppliers

Regarding the environmental performance of contractors/ suppliers, the respondents were requested to describe in brief the mechanism to check the environmental performances of the contractors/ suppliers. Again majority of the respondents provided a negative response to this question. A few number of officials acknowledged the ignorance about the existence of any such mechanism to check the

environmental performance of contractors/ suppliers in their organizations. One respondent said they provide criteria in the tender document stating that contractors have to have ISO 14000 and in many cases CE certifications to qualify as a tenderer. Another respondent has mentioned that there is environmental guideline in their department which is checked from time to time through filling log sheet by the relevant authorized person. However, it is not clearly described how it checks the environmental performance of the contractors or suppliers.

Environmental initiatives

Regarding the environmental initiatives taken in the public organizations, a question was set like this, 'are there any environmental initiatives you are carrying out/have carried out? If yes, please give details.' This question also acquires negative response from most of the respondents as out of twenty five, twenty one respondents have said that they have carried out no such environmental initiatives. Only four respondents have mentioned about some environmental initiatives taken by their department. For example, the respondent from the DPDC has informed that they have taken a project of purchasing Compact Fluorescent Lamp (CFL) under Clean Development Mechanism (CDM). One respondent from DESCO has mentioned that they replaced about 10,00,000 normal light bulb by energy saving bulbs, and in the case of taking new electricity connections, using solar energy is mandatory for most of the cases. All these initiatives will lead to the savings of huge amount of energy resulting in the reduction of carbon emission in the atmosphere. Other respondent has mentioned about the environmental initiative taken in the land filling of a bridge project where measures were taken so that the extracted sand from the river bed is not polluted. However, these initiatives are limited in very few projects. It is evident from the above analysis based on the responses that public sector organizations are not fully aware of the environmental issues.

Criteria to enhance supplier's/ contractors environmental performance

A question was also set to know whether the respondents use any criteria which could enhance supplier's/ contractors environmental performance such as fuel consumption. This is the question where almost all the respondents (twenty four out of twenty five) have given the similar response which is no. Since the procuring entities have to follow the standard tender document prepared by the CPTU, it is the CPTU which can put some criteria in order to enhance contractor's or suppliers environmental performances. Procuring entities have the little scope of introducing any major criteria in the tender document. Only one respondent mentioned about the use of ISO 14000 as a criteria which can enhance supplier's/ contractors environmental performance.

Compliance of the minimum legal standard

The respondents were asked whether they use any criteria so that the suppliers/ contractors comply with the minimum legal standard such as noise level. Here also majority of the procurement professional interviewed have mentioned that in order for the suppliers/ contractors to comply with the minimum legal standard regarding environment, no criteria is used in the contracts. Some of the respondents further added that there are a number of criteria in place for complying with minimum legal standards, but these are not environment related. Three of the respondents gave their positive responses about the inclusion of such criteria in the tender document. They explained that legal standards related to the environment are sometimes put into the tender document depending on the type of procurement. For instance, while procuring generators for any government project, the maximum noise level of the generator is specified which must be complied by supplied generators.

Managing the end use

The public sector officials responded to a question about the end use or disposal of products or works in the organizations. According to the response from majority of

the respondents (fifteen out of twenty five), there is no specific guideline for disposal of products or works procured in the public sector organizations. They explained that the current practice for disposal of products or works is either storing them or selling them by auction. The latter is the most common process of end use of materials. Four respondents are in the opinion that criteria are put in the contract document so that the contractors are obliged to ensure the proper disposal of waste materials. For example, in a construction project, the rubbish or disposable waste produced during the construction, need to be collected and removed by the contractor at their own cost and responsibility as per the conditions of contract. Two of the respondents expressed their ignorance of any specific process for managing the end use of products/ works procured in their organization. Another two respondents, however, kept silent in this question.

4.3.3 SOCIAL ASPECT OF SUSTAINABLE PROCUREMENT

The respondents were asked a number of questions about the social aspect of sustainable procurement.

Equal opportunity to all

A question was set about the equal opportunity of the suppliers like this; ‘do your specifications apply equally to all the potential suppliers/ contractors or exclude some suppliers/ contractors from participating?’ Twenty three out of twenty five respondents have given the straightforward answer to this question and that is equal opportunity to all. They explained that while preparing specifications, all the potential suppliers/ contractors are treated equally. The Public Procurement Rules, 2008 does not allow making specifications which may exclude some of the suppliers/ contractors. For ensuring equal opportunity to all, it is prohibited to mention any brand name or country of origin according to PPR, 2008. This is also one of the objectives of public procurement as opined by one respondent. Only two of respondents are of the opinion that sometimes the specifications are not equally applicable to all the suppliers. They continued that there is scarcity of knowledgeable

specification writer. So, in the absence of clear and comprehensive idea about the specifications, sometimes specifications are written following the specifications of branded products which may be the cause of favouring some of the suppliers.

Ethical labour practices

The respondents were requested to give their views about the ethical labour practices (terms & conditions, health & safety, equality, diversity, compliance with ILO standards etc.). About two thirds of the respondents (eighteen) have said yes to this question. According to their view, there are criteria, at least to some extent, for evidence of ethical labor practices from the contractors/ suppliers. One example of such criteria is insurance coverage for the labourors which is the responsibility of the contractors and binding upon them as per the terms of the contract. They also explained that these criteria are extensively used in international tendering as well as in the foreign aided projects. Four of the respondents said that no such criteria are used in the contract document. However, three officials expressed their view that as they are using the standard document of CPTU, they are not aware of such criteria.

Female labour force participation

‘Do the suppliers/ contractors ensure female labour force participation?’ was the last question about the social aspect. To answer the question the respondents are almost equally divided in two groups. Respondents in one group expressed their negative response saying that there is no such provision in the tender document or contract document that can enforce the suppliers or contractors to ensure female labour force participation. It depends entirely upon the contractors or suppliers. However, the respondents in the other group expressed their positive response in this regard. According to them, although it is not enforced through the terms of contract, suppliers or contractors engage female labour force especially in the work contract. They also added that the contractors are interested in engaging female labour force not because of ensuring female labour force participation but because of cheap and available female labour force. Engaging female labour force help the contractors to save

significant amount of money by paying less wage to the female labourers as well as to manage them more easily.

4.3.4 GENERAL COMMENTS ABOUT SUSTAINABLE PROCUREMENT

In addition to the questions asked about the three aspects of sustainable procurement, a number of questions were also set in order to seek general comments from the respondents about sustainable procurement.

Initiative to achieve any aspect of sustainable procurement

The respondents were requested to mention the initiatives that can help achieve any of the three aspects of sustainable procurement. A variety of suggestions have been found from the respondents. Twenty of the respondents come up with one or more suggestions for achieving sustainability in the procurement system. Formulation of a national policy or guideline for sustainable procurement is necessary for introducing sustainability issues in the public procurement system. The policy needs to be properly implemented irrespective of the sector or organization. Political willingness is a pre-requisite for this purpose, as viewed by one of the respondents. Capacity building of public sector procurement officials about sustainable procurement can also be a step towards the development of the sustainable procurement practice in the country. The CPTU has been conducting various awareness programs about the public procurement. Similarly awareness programs should be arranged addressing the necessity of sustainability issues in the public procurement system. Inclusion of Corporate Social Responsibility (CSR) issues in the procurement system, taking environmental policy initiatives, taking steps for reducing carbon footprints etc. have also been suggested by a number of respondents. Two respondents have made points of empowering the regulatory bodies so as to ensure compliance of environmental protection in different industries. As suggested by some other respondents, whole life costing approaches to be introduced instead of lowest price in selecting the suppliers. Unnecessary over specification should be avoided not only to reduce extra cost but also to ensure free and fair competition. In this regard, a proposal for formation of a

cross functional specification preparation committee in every department in order to update the specifications regularly has been suggested by one of the respondents. Improving process efficiency through the introduction of e-tendering may be advancement for a sustainable public procurement system. Ensuring stakeholder participation in various stages of procurement, encouraging participation of local suppliers are also some of the suggestions made by the respondents. Besides, health and safety, child labour, female labour participation are some of the issues suggested by the respondents to be included in the tender documents. Five of respondents refrained themselves from putting any specific suggestion.

Obstacles of sustainable procurement

They were also requested to state the obstacles of sustainable procurement in their organization. Barriers are those factors which may obstruct an organization's progress towards sustainable procurement or the sustainable procurement agenda in general. Apart from the barriers of sustainable procurement described in Table 2.3 and Table 2.4 of Chapter 2, some other barriers have been identified by nineteen of the twenty five respondents; the rest six remained silent, in the context of public procurement in Bangladesh. These are summarized below:

- Lack of political willingness
- Lack of awareness of procurement professionals
- Bureaucratic culture
- Lack of education and contemporary knowledge of many of the contractors
- Lack of knowledge of sustainable procurement
- Using lowest price as the main selection criteria
- Traditional procurement practices
- Lack of professional commitment about sustainable procurement
- Conception that sustainable procurement is expensive
- Lack of proper guidelines
- No sustainable procurement policy

- Lack of top management support
- Intangibility of the benefits of sustainable procurement

Any more suggestions/ opinions/ comments regarding sustainable procurement

Apart from the suggestions made in previous questions, a few respondents have come up with some additional comments. Restructuring of contract conditions to become stricter on socio-economic issues, giving priority to the environmental aspects and CSR, developing supply market which is aware of the sustainability issues, formulating a national sustainable procurement policy etc. have been basically focused by the respondents. Although sustainability issue is emphasized in the developed world, it is not considered so seriously in the developing countries like Bangladesh. So, the government should take timely initiatives to introduce this sustainability concept in the procurement process, as viewed by the respondents. However, most of the respondents did not give any comment in this part of the interview.

4.4 SUMMARY OF ANALYSIS

In this chapter, analysis has been done dividing the whole study into two parts. The first part was the analysis of procurement documents to determine whether there is any provision in the procurement documents which address the issues of sustainable procurement. The analysis indicates that although there are some provisions in the PPR, 2008 and STDs which relate to the sustainability issues, these are not sufficient in introducing sustainability in the public procurement.

The second part of the analysis was based on the current scenario of sustainable procurement practice in the public sector. As mentioned above, twenty five procurement officials have been interviewed with the objective of gathering their perception about the sustainability issues. To do this, the interview questions were divided into three categories addressing three aspects of sustainable procurement

which are economic, environmental and social aspects. Besides, a number of additional questions have been asked in order to get some extra comments or suggestions from the respondents. The analyses done on the responses against the set questions indicate that although there are a few cases where some sustainability issues are in practice, these are not very common in the whole of the public sector.

The analysis made from the questionnaire gives a realistic picture of procurement practices in the public sector in Bangladesh. Lowest price is still the key criteria for selection of suppliers. Participation of local firms is not adequately encouraged through the criteria put in the tender documents. Any type of environmental policy or environmental management system does not exist in most of the public sector organizations. Moreover, the present public procurement system provides little scope for ensuring environmental performances by the suppliers/ contractors. On the other hand, equal opportunity to all the participants is generally ensured. Ethical labour practice, female labour force participation etc. are present in the current procurement system. However, the broader view achieved from the perceptions of the respondents suggests that sustainability issues are not well embedded in the public procurement in Bangladesh.

CHAPTER - 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

For a long time economic factor has been the single most important indicator in the practice of public procurement. Environmental and social factors have always been neglected in the procurement system. However, the importance of non-economic factors in public procurement increased significantly with the development of the concept of sustainable development worldwide.

Government in any country is the largest buyers, so, it is evident that what and how governments buy and acquire in terms of goods, works and services contribute significantly, both to its ability to deliver sustainable development and to its credibility with its development partners. By using their market leverage to opt for goods, works and services that also respect the environment and the society, they can have a major influence on suppliers and stimulate the production of more sustainable goods, works and services. Public procurement, therefore, needs to consider sustainability issues seriously as it is the only way that can ensure real value for money over a longer term without compromising environmental and social responsibilities. This would further ensure that development targets are achieved through the acquisition of goods, works and services without much damage to the society and the environment.

Sustainable procurement indicates that the government supply chain and public service will become more and more low carbon, low rubbish and energy/water conservation, and beneficial to broader sustainable development goals. In Bangladesh, sustainable procurement is not a legal concept under the current public procurement laws or other related laws. However, perceptions gathered through the interviews with different procurement professionals in the public sectors give a positive indication about the awareness of sustainability issues and it can be expected that this will lead

to development of the sustainability issues embedded in the public procurement framework.

5.2 CONCLUSIONS

In order to find the answers of the research questions made in Chapter 1, effort has been made in this dissertation paper to explore the scope of sustainable procurement in the current public procurement framework as well as the current character of sustainable procurement practice in public sector organizations in Bangladesh.

The first part of the research questions was about the scope of sustainable procurement in the current public procurement framework. In response to the first part of the research questions, a critical analysis of the procurement documents currently in practice has been done and it suggests that there is limited scope of practicing sustainable procurement in the current public procurement framework in Bangladesh. The analysis made in Chapter 4 from the response of procurement officials in the public sector gives the similar view that sustainability issues are not well embedded in current procurement practice.

Our tendering system is still based on the lowest price approach. Ensuring better quality is also considered along with the economic considerations for preparing specifications. However, environmental and social factors are not used consciously in the specifications and whole life costing approach is rarely considered in various public sector organizations. While making lots in a package, sometimes, the issue of local participation is ignored.

It is mandatory for all the public sector procuring entities to follow the standard tender documents prepared by the CPTU, which does not include any criteria for encouraging participation of local firms in the case of national competitive bidding. Although a few points are made in the PPR, 2008 as outlined in Table 4.2, these do not directly address the issue. However, in international competitive tendering, there is a provision for encouraging participation of local firms using a term known as ‘domestic preference.’

Majority of the public sector organizations do not have any type of environmental management system. Although some environmental criteria seem to be used in large procurement contracts like Environmental Impact Assessment (EIA), most of the contracts have been pointed out by the respondents as problematic as regards environmental considerations in the public procurement. The study also indicates that there is virtually no mechanism in our public procurement system to check the environmental performance of contractors/ suppliers.

Generally, the public sector organizations do not take any kind of environmental initiative in their procurement with the exception of a very few cases where this type of initiatives have been taken as viewed by the respondents. Actually, the procuring entities in the public sector have very limited scope of using any environmental criteria in the tender document for enhancing the contractor's or suppliers environmental performances. Similarly, they lack the mechanism to make the contractors or suppliers comply with minimum legal standard regarding environment.

At present there are few specific guidelines for disposal of products or works procured in the public sector organizations. The current practice for disposal of products or works is either storing them or selling them by auction, the latter being the most common. However, for procurement of works, some criteria are put so that the rubbish or disposable waste produced during the construction, are collected and removed by the contractor at their own cost and responsibility as per the conditions of contract.

In addressing the social aspect of sustainability, public procurement ensures equal opportunity to all. The preferred method is the Open Tendering Method (OTM) which ensures opportunity for participation of all interested suppliers through sufficient advertisement. It is also mentioned that while preparing specifications, all the potential suppliers/ contractors are treated equally. The Public Procurement Rules, 2008 does not allow making specifications which may exclude some of the suppliers/ contractors. For ensuring equal opportunity to all, it is prohibited to mention any brand name or country of origin. However, this reminds the requirement of skilled and experienced specification writer which many of the organizations lack.

Another issue of social aspect of sustainability is the ethical labour practice which is present, although not to a great extent, in the procurement system. As outlined in Table 4.2, some points have been made in the procurement documents regarding health and safety of all workers, prohibition of working in the holidays, complying with the relevant labour laws, wages of labourers, prohibition of engaging child labourers, insurance in case of personal injury or death etc. Participation of female labour force is not ensured though the contract terms in the public sector procurement. But, suppliers or contractors sometimes engage female labour force especially in the work contract mainly because of cheap and available female labour force.

The second part of the research questions was that - if there is any scope, what is the existing level of preparedness of the Government of Bangladesh in introducing sustainability in the public procurement system. In spite of very limited scope of sustainable procurement practice, some normative tendencies as regards sustainable procurement in the public sector can be identified. The findings of this study indicate that the idea that economic, environmental and social criteria are equally important as other criteria is gaining acceptance in the public sector procurement. These changing perceptions of the procurement professionals in the public sector will help to form a basis for increasing the level of preparedness of the Government of Bangladesh in introducing sustainability.

Interviews with the procurement professionals did highlight a number of barriers for sustainable procurement. The lack of high level political commitment and support seem to be most potential barrier to developing any sort of sustainable procurement policy. Apart from the financial issues, organizational attributes, particularly senior management support, act as the most salient barriers for sustainable procurement. The potential barriers mentioned by the interviewees include; lack of political willingness, lack of awareness of procurement professionals, bureaucratic culture, lack of education and contemporary knowledge of many of the contractors, lack of knowledge of sustainable procurement, using lowest price as the main selection criteria, traditional procurement practices, lack of professional commitment about sustainable procurement, conception that sustainable procurement is expensive, lack

of proper guidelines, no sustainable procurement policy, lack of top management support, intangibility of the benefits of sustainable procurement etc.

5.3 RECOMMENDATIONS

Although sustainable procurement is an important issue in most of the developed countries, it has not become an important matter of concern in developing countries like Bangladesh. However, it is a matter of hope that this issue is gaining acceptance in our country which may be a potential driver for introducing sustainability in the public procurement. Sustainable procurement is particularly important in the public sector as the public has reasons for demanding greater levels of sustainability from its supply chain as it is directly and explicitly responsible for ensuring the public money spent on goods, works and services in order to maximize benefits to the society. So, in order to introduce sustainable procurement in the public sector it is necessary to take steps as the short-term, medium-term and long-term solutions.

As a short-term activity, sustainability criteria should be embedded in the tendering system. For example, Environmental parameters can be considered in various stages of tendering: it can be used in the pre-qualification of the tenderers; environmental requirements that must be fulfilled in the contract; and environmental criteria applied in the tender evaluation. The criteria should be focused on environmental management measures and the way the contractors are planning to perform the work. Similarly social criteria should also be included in the tendering process. The criteria can thus be regarded as a way of selecting a contractor or supplier that is likely to fulfill the environmental and social requirements along with the economic requirements. In this way, requirements, prequalification criteria and evaluation criteria can be combined in order to support each other.

A sustainable procurement policy should be formulated and the public procurement framework should be aligned with the policy. This policy formulation should be considered as a medium-term activity to introduce sustainability. Political willingness is required at the initial stage for such a policy.

A clear commitment is necessary from the very top of government and down through the ministries, authorities and chief executives in all public bodies. Many public sector procurement professionals lack clear direction from the top of their organizations on the priority to be given to delivering sustainable development objectives through procurement. This should be cascaded down through both government targets and performance management systems and progress monitoring.

Education and training on sustainable procurement at the individual procurement professional level seem necessary in order to increase knowledge base for implementing sustainable procurement. Only the formulation of a policy and including sustainability criteria in the documents are not enough to introduce a sustainable procurement system. It should be considered in long-term basis. There is lack of capacity to address the issue of sustainable development within the context of procurement. Procurement professionals suffer from lack of proper information and training and lack of tools showing how to put sustainability into practice. This indicates that cognitive aspects such as knowledge and awareness at the individual procurement professional level seem important in order to make active sustainable procurement choices.

All procurement should be carried out by people whose procurement skills have been developed appropriately. Because sustainable procurement cannot be undertaken effectively unless procurement activities are carried out professionally and effectively. So, procurement should be done by the full-time procurement people; and people who do procurement as a significant element of their work

The government needs to come forward to remove the barriers to sustainable procurement – whether actual or perceived. Awareness campaign should be arranged focusing on how to take account of non-monetary benefits of sustainable procurement. All public sector organizations should be called upon to examine their budgeting arrangements to make sure they encourage and support sustainable procurement. CPTU may play the leading role in this regard. They have been conducting various awareness programs about the public procurement. Similarly awareness programs should be arranged addressing the necessity of sustainability issues in the public procurement system.

Finally, there is scope to further study about the sustainability issue. Till now, the concept of sustainable procurement has not been well embedded in the public procurement system in Bangladesh and hence, this paper gives an overall scenario of sustainable procurement practices in the public sector in Bangladesh. Advanced research needs to be conducted in order to get a deeper insight into the sustainability issue in relation to the public procurement.

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APPENDIX A:

QUESTIONNAIRE

APPENDIX A: QUESTIONNAIRE

Title of Dissertation: **Sustainable procurement: Scope and Practice in the Public Sector in Bangladesh.**

Name: **Md. Kamruzzaman**, Sub-divisional Engineer, Public Works Department.

[This is a survey questionnaire for conducting a research on scope and practice of sustainable procurement in the public sector in Bangladesh. It is a requirement for the fulfillment of the degree 'Masters in Procurement and Supply Management' at the Institute of Governance Studies, BRAC University. Your honest response is valuable for the researcher. The researcher does assure that the information given by you will be kept confidential and will be used only for the academic purpose.]

1.0 General

1.1 Name of the Department/ Organization

.....

1.2 Type of the Department/ Organization

(a) Govt. (b) Semi-Govt. (c) Autonomous (d) Semi-autonomous (e) State owned company (f) Other. (Specify)

1.3 Designation of the Officer

.....

2.0 Information Regarding the Department's Procurement

2.1 Annual volume of procurement? (in approx. Taka)

.....

2.2 Type of procurement (Goods, works or services with %)

.....

.....

3.0 Information Regarding Economic Aspect

3.1 While preparing specifications, which one do you consider first, lowest price or lowest whole life costing?

.....
.....
.....

3.2 How do you select the threshold value of procurement (i.e. making lots in a package)?

- i) Higher threshold value for ensuring quality by allowing participation of only limited number of large suppliers?
- ii) Lower threshold value for ensuring maximum participation of suppliers to get the minimum price?
- iii) A threshold value which allows participation of reasonable number of suppliers compatible with evaluation and selection process?
- iv) Any other? Please specify

.....
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.....

3.3 Do you put any criteria in the tender documents to encourage participation of local firms?

.....
.....
.....

4.0 Information Regarding Environmental Aspect

4.1 Do you have any environmental policy/ environmental management system/ environmental reviews in your organization?

i) Yes

ii) No

If Yes, Please specify

.....
.....

4.2 Do you have any mechanism in your organization to check the environmental performance of your contractors/ suppliers? Please describe if brief

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.....
.....

4.3 Are there any environmental initiatives you are carrying out/have carried out? If yes, please give details.

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.....

4.4 Do you use any criteria which could enhance supplier's/ contractor's environmental performance such as fuel consumption?

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4.5 Do you use any criteria so that the suppliers/ contractors comply with the minimum legal standard (e.g. noise level)?

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.....

4.6 How do you manage the end use (i.e. disposal) of products/ works procured in your organization?

.....
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.....

5.0 Information Regarding Social Aspect

5.1 Do your specifications apply equally to all the potential suppliers/ contractors or exclude some suppliers/ contractors from participating?

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5.2 Do you put any criteria for evidence of ethical labour practices (terms & conditions, health & safety, equality, diversity, compliance with ILO standards etc.) from the suppliers/ contractors?

.....
.....
.....

5.3 Do the suppliers/ contractors ensure female labour force participation?

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6.0 Your comments about the sustainability issue.

6.1 Could you please suggest any initiative that can help achieve any of the three aspects of sustainable procurement in your organization?

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6.2 Which, do you think, are the obstacles of sustainable procurement in your organization?

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.....

6.3 Any more suggestions/ opinions/ comments regarding sustainable procurement from your experience in public procurement in Bangladesh.

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Thank you very much for your heartiest co-operation.