

Report On
Procurement Management Practices in the Public Sector in
Bangladesh: A Case Study on IDCOL

By

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An internship report submitted to the BRAC Business School in partial fulfillment of the
requirements for the degree of
Bachelor of Business Administration

BRAC Business School
BRAC University
December 2019

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Declaration

It is hereby declared that

1. The internship report submitted is my own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

Student's Full Name & Signature:

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Letter of Transmittal

Dr. Md. Mamun Habib
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Subject: Submission of Internship Report on “Procurement Management Practices in the Public Sector in Bangladesh: A Case Study on IDCOL”

Dear Sir,

I am very pleased to submit to you my Internship Report on the topic “Procurement Management Practices in the Public Sector in Bangladesh: A Case Study on IDCOL”, which I was appointed with under your direction as per the course requirement of BUS400. I would like to thank you for the constant support and guidance you have provided me with in this journey.

I have attempted my best to finish the report with the essential data and credibility, and constructed the report with integrity towards my organization of work. I trust that the report will meet the desires of all involved and will provide a pathway for further study on the matter.

Sincerely yours,

Nazia Hossain
Student ID- 15304071
BRAC Business School
BRAC University
Date: December, 2019

Non-Disclosure Agreement

This agreement is made and entered into by and between Infrastructure Development Company Limited (IDCOL), and the undersigned student at BRAC University.

I understand that in my internship tenure I have had access to information regarding the operations of the business, computer generated and written information and data related to the company. I certify that I have not disclosed any confidential data about the company in my internship report which may have an adverse effect on the values and reputation of the company and cause any breach of the confidentiality policy of the company.

Organization Supervisor's Full Name & Signature:

Sajjad Bin Siddique
Assistant Manager, Procurement
Infrastructure Development Company Limited (IDCOL)

Acknowledgement

First of all, I would like to show my gratitude's toward the Almighty who has given me strength to complete my report due on time. I would also like to thank my Supervisor Dr. Md. Mamun Habib for providing me with the necessary knowledge and the tremendous support he has given me all through my course of action.

Next, I would like to thank, Mr. Sajjad Bin Siddique (Assistant Manager, Procurement, IDCOL) and Mr. Saifullah-AL-Munsur (Senior Officer, Procurement, IDCOL) for their contiguous assistance and guidance in completing my internship.

In the end, it is necessary to mention that, this report is the result of days of hard work. I am thankful to the people who have contributed greatly behind the completion of the report, without their help this report would not have been completed within the deadline, let along being a helpful one.

Executive Summary

Procurement is the act of obtaining goods or services, typically for business purposes whereas public procurement involves acquisition through contracts of goods, works, or services required by governments. In Bangladesh, public procurement contributes directly to the development of our country. As a Government owned financial institution, IDCOL has been working to support the Government of Bangladesh (GoB) in meeting its national target and to attain significant progress of SDGs in Bangladesh using its intricate procurement process. It follows a certain plan and principles while being managed by an overseeing committee. Different kinds of procurement are done using approved selection methods for goods, works and non-consulting as well as consulting services. In terms of tenders, certain evaluation procedures are maintained.

Still, IDCOL faces some risks in their procurement management system. For this, certain measures are taken to minimize the risks, such as, Project Procurement Strategy for Development (PPSD), creating a bid evaluation committee introducing STEP system, identification of Procurement Focal Persons (PFP) and other due-diligence measures. However, huge downsides have been seen in dealing with the risks. For example, selection of contractors, protection, liquidated damage, charge installment etc. Enough budget allocation, commitment of timely payment, committed performance from the suppliers, application of liquidity damage clause, submission of enough portion of documents with every tender and implementation of E-Procurement system etc. can be up brought to address these risks.

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Chapter 1

Generalities to the Report

1.1 Origin of the Report

To complete Bachelor of Business Administration under BRAC Business School; it is required to complete an internship program under a company for three months period. Alongside with that, preparing an academic report which may reflect the learnings and work experience of internship phase. I got the chance to work with Infrastructure Development Company Limited (IDCOL). This internship helped me with the process mentioned above. Moreover, it helped me to understand how job world works and how to cope with the situation. Also, I got the chances to relate my theoretical knowledge to practical experiences. The core objective was to cope with the organizational culture before joining into the actual job world.

1.2 Objective of the Study

The objective of this report is to know thoroughly about Infrastructure Development Company Limited (IDCOL), Bangladesh and Public Procurement. IDCOL is a government organization dealing with infrastructural projects and financing and has huge budget plan each year that is directly related to the procurement activities both in procurement of goods and works. The objectives of the report are:

To get an overview scenario of the public procurement of Bangladesh

To know about the whole schematic view of IDCOL and it's procurement process

To know about different methods of public procurement

To know about the risks and management strategies of public procurement

1.3 Methodology

In order to achieve the objectives of my report set out in the above, the following data collection methods have been followed:

Primary Data Collection: I got the chance to complete my internship from IDCOL Head office. All Information are collected form the IDCOL Head Office. Face to face regular conversation, consultation and spontaneous interviews with the officials of the company, consulting with the reporting manager and in site mentor has been used instinctively. Most importantly practical work helped me to a great extent to relate and making of the report.

Secondary Data Collection: To collect the secondary data sources I have used

- The official website of IDCOL (www.idcol.org)
- Annual Reports from previous years of IDCOL
- IDCOL's Brochures and News letters

1.4 Scope of the Report

The scope of this report solely depends on the company's cooperation, functions, operation and performance. Infrastructure Development Company Limited (IDCOL) is on the growth stage and they have showed exceptional consistency in their operation in Bangladesh, and this company has promising future ahead. The internship was conducted at the head office.

1.5 Limitations

Information was not adequate in the secondary sources of data that is, total company information, records and evaluation of different performance, etc. are kept confidential. In addition, limitation of time was a major drawback while preparing with the report.

Chapter 2

Introduction

As a Government owned financial institution, IDCOL has been working to support the Government of Bangladesh (GoB) in meeting its national target and to attain significant progress of SDGs in Bangladesh. IDCOL has always focused on the need to “put people first” in development processes. And in doing so, IDCOL has supported the activities that are meant to promote social inclusion of the poor and vulnerable; by empowering people, building cohesive and resilient societies, and making institutions accessible and accountable to citizens.

Presently Government contributes nearly 90% of infrastructure financing in Bangladesh, while the private sector contributes only 10%. However, it is an achievement that our country is successfully leveraging private sector investment in infrastructure, through institutions like IDCOL, and this indicates that it is well serving its purpose. Within the 10% of private contribution, IDCOL’s sturdy appearance as the co-financier of major first of the kind green infrastructure projects, that caused significant mobilization of private finance is noteworthy. As its includes financing of (a) 2,674 MW IPP Power Projects (b) the 1st private river in Munshiganj (c) largest Central Effluent Treatment Plant (d) 1st PET Recycling Project and many more.

IDCOL has established itself as the face of solar home system in Bangladesh enriching lives of more than 12% of the population, with the help of its private sector partners. And now the initially unrecognized potential of solar energy has become a daily commodity in accessing electricity in every nook and corner of the country. IDCOL further added to the expansion of solar industry by promoting Solar Mini-grid and Solar Irrigation and continues to strengthen the ambition of renewable energy in Bangladesh through its R&D activities. Alongside,

IDCOL began its successful journey towards achieving 10% conservation of total power generation as per Government's power system Master Plan 2016. IDCOL's concessional funding to the industrial sector, which have a huge potential for energy savings have yielded ripple effects. IDCOL has been able to mobilize funds from various development partners like AFD, ADB, GCF and KfW, which provides an opportunity for the country to tap the energy savings in other sectors as well. IDCOL is also conscious about capitalizing on knowledge dissemination, through various national and international Advisory Services. And is aiding in the replication of IDCOL's Renewable Energy and Energy Efficiency interventions in other countries, thorough skill and knowledge sharing, which is creating new business opportunities abroad and is making IDCOL's presence felt globally. Bangladesh economy and the business/ macroeconomic environment is changing and demand for various infrastructure requirements is rising. The socio-economic aspirations of the people are also changing. And therefore, it is of significance that IDCOL suitably positions itself in this changing market. The ultimate goal is to leverage on the organizational strength to exploit the opportunities available. They are constantly exploring to introduce efficient technologies in renewable energy and enter different infrastructure sub-sectors to diversify revenue streams.

IDCOL has borne full responsibility to make a positive contribution to the economic and social well-being of our country and this has been proven when IDCOL was awarded as Country's Top Tax Payer for the assessment year 2015-16 and 2014-15 in the category of "Non-Bank Financial Institutions" for depositing highest amount of taxes to the state as a gesture to influence others to be just as compliant.

2.1 Company Profile

The Infrastructure Development Company Limited (IDCOL), a government owned public limited company, incorporated on 14 May 1997, started its journey as a non-bank financial institution on February 1998 with a nominal paid-up capital of BDT 1 lac only. With an equity contribution of BDT 35 crore from the Government of Bangladesh (GoB), the company's paid up capital now stands at BDT 600 crore, remaining being generated out of company's retained earnings, portrays an exemplary performance of the company over the years.

Since its inception, IDCOL is playing a major role in bridging the financing gap for developing large infrastructure, renewable energy and energy efficiency projects in Bangladesh. After a couple of decades, the company now stands as the market leader in private sector energy and infrastructure financing in Bangladesh. The primary objective of the company is to promote significant participation of the private sector in investment and operation, ownership and maintenance of new infrastructure facilities. IDCOL has already emerged a development financial institution and a partner of choice.

IDCOL is managed by an eight-member independent Board of Directors comprising four senior government officials, three representatives from the private sector and a full time Executive Director and Chief Executive Officer. It has a small and multi-skilled work force comprising financial and market analysts, engineers, lawyers, IT experts, accountants and environmental and social safeguard specialists. IDCOL's stakeholders include the government, private sector, NGOs, multilateral and bilateral institutions, academics and the people of Bangladesh at large.

2.2 Vision, Mission & Values

Vision

To help ensure economic development of the country and improve standard of living of the people through sustainable and environment-friendly investments.

Mission

To catalyze and optimize private sector participation in promotion, development, and financing of infrastructure as well as renewable energy, and energy efficient projects in a sustainable manner through public-private-partnership initiatives.

Core Values

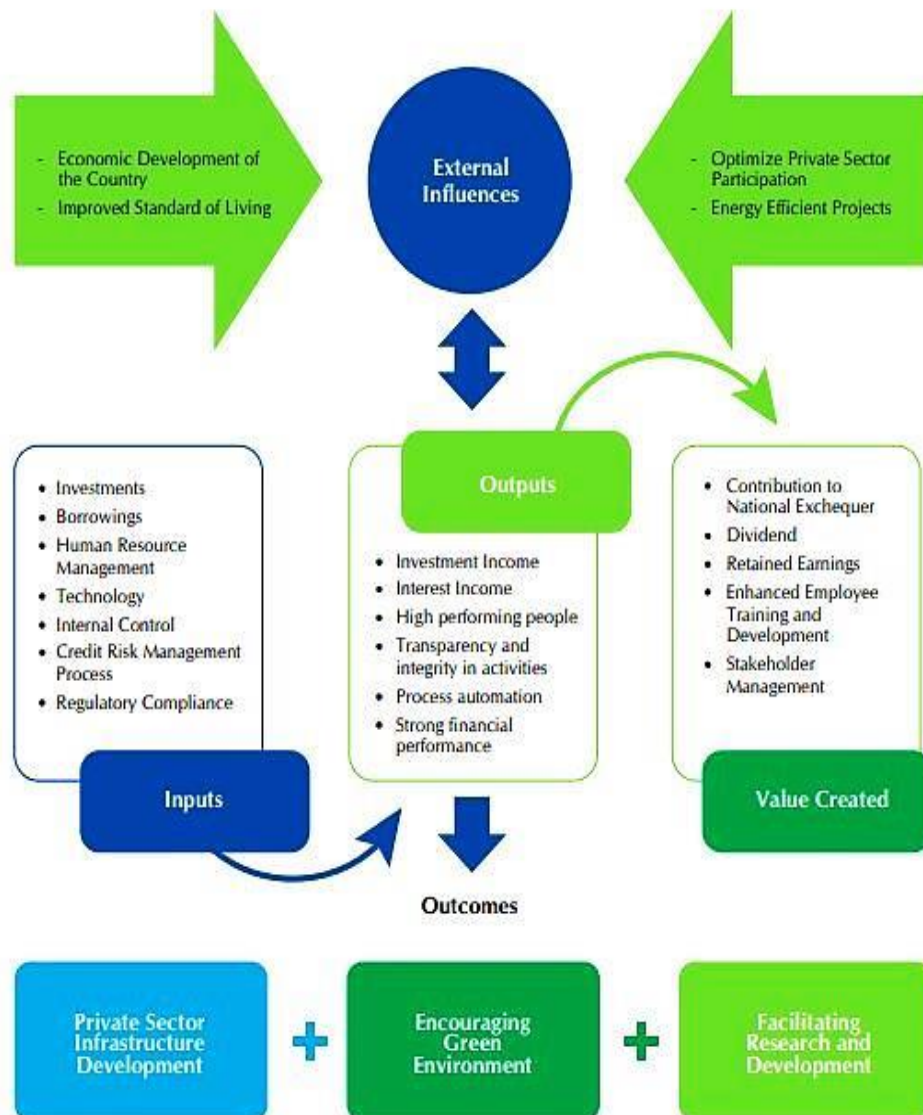
Global Standard and Competence: IDCOL is committed to deliver financial services to the clients maintaining global standards and competence.

Transparency and Integrity: IDCOL believes in maintaining transparency and integrity in all activities performed by the Company.

Social Responsibility: IDCOL is dedicated to perform as a development financial institution that articulates social responsibility.

Value Creation Structure

Value is created by taking inputs from the capitals and transforming them through business activities and interactions to produce outputs and outcomes that, over the short, medium and long term, create or destroy value for the organization, its stakeholders, society and the environment. IDCOL incorporates its vision, mission and core values to create the highest regard to its stakeholders.



2.3 Projects & Programs

To help ensure economic development of the country and improve the standard of living of the people through sustainable and environment friendly investments, IDCOL promotes and finances a diverse range of projects and programs. IDCOL's aim is to catalyze and optimize private sector participation in promotion, development, and financing of infrastructure, renewable energy and energy efficient projects in a sustainable manner through public-private-partnership initiatives.

IDCOL's specialist teams have spent years in developing their market knowledge across a wide range of sectors, which helped businesses manage their risks and supported their growth through various financial, structural and capacity building supports.

From extending grant and/or commercial/concessionary credit to offering advisory services and capacity development support, IDCOL offers a diverse range of financial and advisory products in its core business areas.

Infrastructure & Public Private Partnership (PPP)

IDCOL has diversified its portfolio to include power generation, ports, industrial energy efficiency, shipbuilding and shipyard, IT & telecommunication, social and tourism infrastructure, infrastructure backward linkage projects. IDCOL has also invested in LPG plant, Oil & Gas Refinery, Hospital, effluent/waste treatment plants, telecommunications, and environmental services sectors.

Projects:

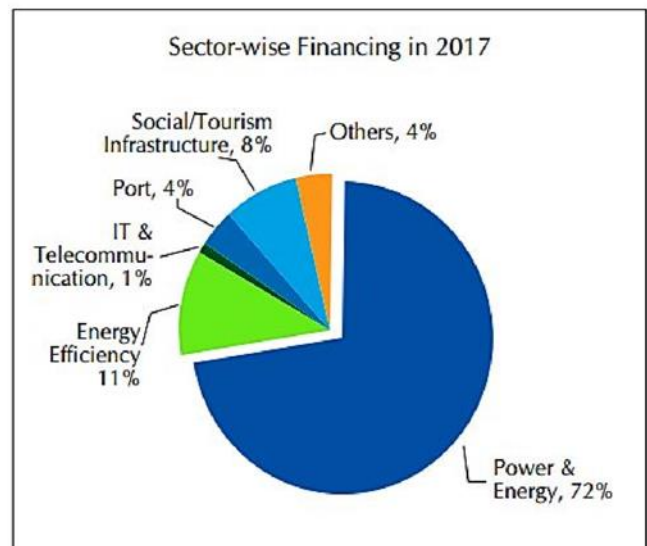
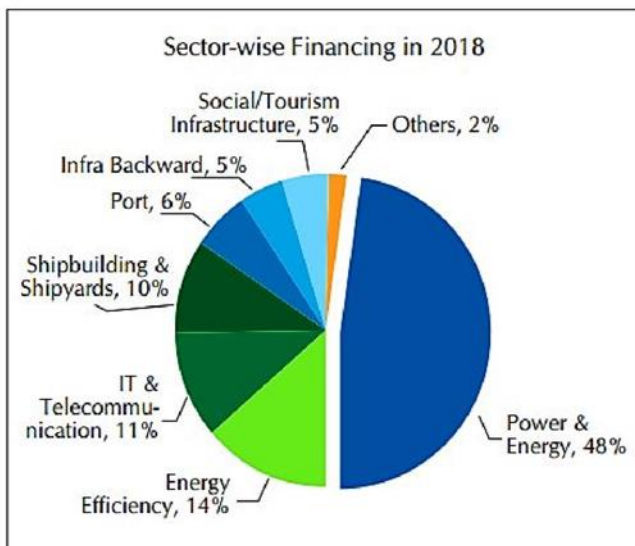
- 12% National Electricity Installed Generation Capacity
- IDCOL has made an aggregate investment of USD 357 million to 17 power plants, ranging from rental to IPP, engine based to combined cycle, HSD to natural gas that has installed generation capacity of more than 2,007 MW of electricity

- 22% export container handled by IDCOL financed port projects
- IDCOL has ventured into financing port projects and currently port projects financed by IDCOL cumulatively handles 268,000 TEUs p.a. This accounts for 22% of the total export container capacity of the country

- USD 526 million credit line added for infrastructure financing
- IDCOL secured the third credit line from the Asian Development Bank (ADB) amounting to USD 526 million for financing private sector infrastructure projects

- JPY 4.989 billion credit line for financing Energy Efficiency and Conservation (EE&C) Project
- Japan Government has extended a loan amounting JPY 9.978 billion to the GoB for financing energy efficiency and conservation (EE&C) projects. JICA is working as the donor agency and this fund will be partially channeled through IDCOL as Implementing Financial Institutions (IFI)

- USD 416.70 million shared credit line of IPFF II
- IDCOL became one of the PFIs (Participatory Financial Institutes) to avail USD 416.70 million fund of IDA & GoB for Infrastructure projects under Bangladesh Bank IPFFII Credit Line
- EUR 100 million credit line for financing Industrial Energy Efficiency Projects
- Agence Française de Développement (AFD), the French Development Agency, has approved EUR 100 million in 2018 for financing Industrial Energy Efficiency Projects through IDCOL



Renewable Energy

In its drive towards promoting alternative sources of energy, IDCOL finances projects and programs that utilize various forms of renewable sources. Through startup subsidy, concessionary credit, and capacity development support, IDCOL complements the Government's mission of generating five percent of the country's total electricity from renewable sources by 2015 and 10 percent of the total electricity from renewable energy by 2021. IDCOL's objective is to ensure financial and economic sustainability of the sector with an ultimate goal of commercialization.



Projects:

- 4.13 million Solar Home Systems (SHS)
 - The 4.13 million Solar Home Systems (SHS) installed under IDCOL SHS program provides clean electricity solution to 18 million rural people living in the off-grid areas of Bangladesh.

- 49,150 Biogas Plants
 - IDCOL has financed construction of more than 49,150 domestic biogas plants which provides clean energy solution to more than 221,000 rural people of the country.

- 1,429 Solar Irrigation Pumps
 - IDCOL secured the third credit line from the Asian Development Bank (ADB) amounting to USD 526 million for financing private sector infrastructure projects

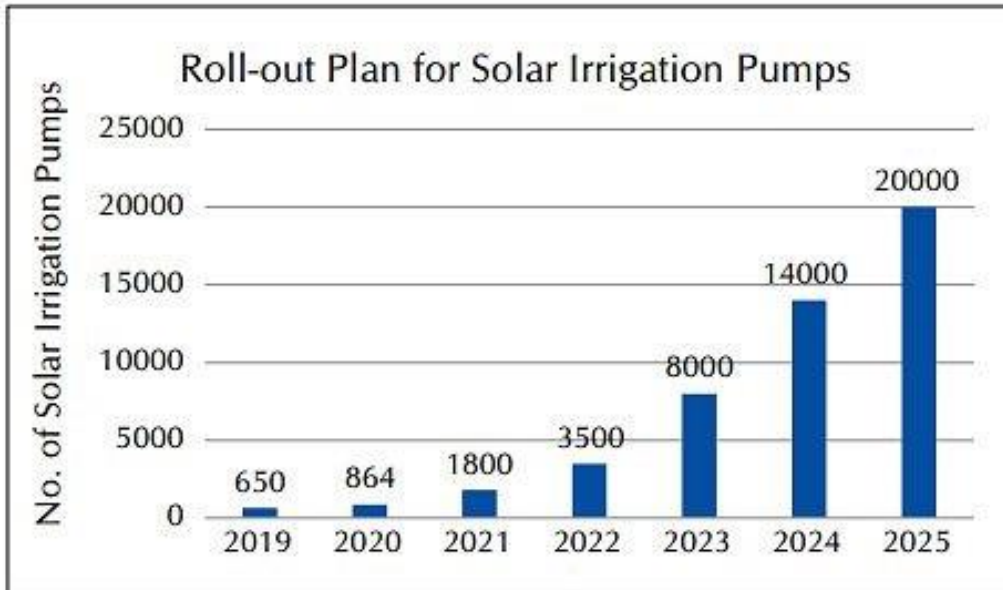
- 9 Biogas Based Power Projects
 - IDCOL has financed 9 biogas based power plants, having total capacity of 618 KW.

- 27 Solar Mini Grids
 - IDCOL has approved financing for 27 solar mini grid projects of which 21 are in operation and providing grid quality electricity in remote rural areas.

- 2 Biomass Based Power Plants
 - IDCOL financed two rice-husk based power plants having total capacity of 650 KW.

- 2 Rooftop Solar plants installed on the rooftop of 2 factories
 - IDCOL has already approved financing of 8 projects with total capacity of around 5 MWp. 2 projects from the approved ones are currently in operation stage and another 2 will be commissioned shortly.

- 138 Solar Powered Telecom BTSs
 - IDCOL has financed solar powered solution for 138 telecom BTSs in off-grid areas.



Installation plan under IDCOL solar irrigation program (2019-2025)



Installation plan under IDCOL Solar Mini-grid Installation program (2019-2025)

Green Climate Fund (GCF)

The Green Climate Fund (GCF) is a new global fund created to support the efforts of developing countries to respond to the challenge of climate change. GCF helps developing countries like Bangladesh to limit or reduce their greenhouse gas (GHG) emissions and adapt to climate change. It was set up by the 194 countries who are parties to the United Nations Framework Convention on Climate Change (UNFCCC) in 2010, as part of the Convention's financial mechanism. It aims to deliver equal amounts of funding to mitigation and adaptation, while being guided by the Convention's principles and provisions. In 2015, ERD nominated IDCOL as a potential applicant for accreditation as the National Direct Access Entity (DAE) in Bangladesh, in order to directly access, manage and distribute GCF in the country. Subsequently on September 2015, IDCOL initiated the three-stage accreditation application process for accessing senior concessional loans under GCF's on lending and blending criteria to implement mitigation projects/programs with intended size up to USD 250 million and having not more than Category B environmental and social risk impact. In June 2017, on the seventeenth board meeting of the GCF,

IDCOL received its accreditation to the Fund as a national level Direct Access Entities from Bangladesh. Presently, IDCOL is developing Funding Proposals for both the private and public sector, and expects to place its first proposal by 2019. IDCOL also received a grant of USD 301,563, as Project Preparation Facility to complete the comprehensive project preparation activities.

Energy Efficiency

The Industrial and Energy Efficiency Finance (IEEF) unit within IDCOL is committed to provide customized financing solutions to the private sector motivated to invest in energy efficient technological innovations falling under eligible industrial subsectors.

The industrial subsectors are:

- Energy Efficient Equipment Financing
- Energy Efficient Brick Kiln Projects
- Improved Cook Stove Program

Projects:

- BDT 4 Billion Financing Support
- 1.65 Million Improved Cook Stove (ICS)

Chapter 3

Literature Part

3.1 Procurement

Procurement is the act of obtaining goods or services, typically for business purposes. Procurement is most commonly associated with businesses because companies need to solicit services or purchase goods, usually on a relatively large scale.

Procurement generally refers to the final act of purchasing but it can also include the procurement process overall which can be critically important for companies leading up to their final purchasing decision. Companies can be on both sides of the procurement process as buyers or sellers though here we mainly focus on the side of the soliciting company.

The Association for Project Management (APM, 1995) describes procurement as "the process of acquiring new services or products. It covers the financial appraisal of the options available, development of the procurement or acquisition of suppliers, pricing, purchasing, and administration of contracts. It may also extend to storage, logistics, inspection, expediting, transportation, and handling of materials and supplies."

United Nations Development Programme, (UNDP, 2008) defines procurement as overall process of acquiring goods, civil works and services which includes all functions from the identification of needs, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration through the end of a services-contract or the useful life of an asset.

In the Public Procurement Act 2006 of Bangladesh the term 'procurement' itself has been broadly defined to include purchasing or hiring of goods or acquisition of goods through

hiring and purchasing, execution of works and performance of any services by any contractual means.

3.2 How Procurement Works

Procurement and Procurement procedures can require a generous part of an organization's assets to manage. Procurement budgets typically provide authorities with a certain amount they can spend to purchase the necessities. Procurement is a very important part of a company as the ability to purchase certain materials or services can determine if operations will be profitable or not.

Procurement procedures not only involves purchasing necessities but also, this can involve purchase planning, standards, specifications, supplier research, selection, financing, price negotiation, and inventory control. Again, many large companies may require support from a few different areas of a company for successful procurement.

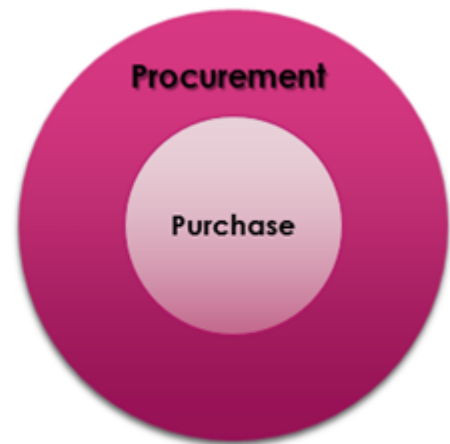
3.3 Difference between Procurement and Purchasing

Many people use the terms purchasing and procurement interchangeably, but despite their similarities, they do have different meanings. Let's clarify any confusion on the difference between procurement and purchasing.

Procurement involves the process of selecting vendors, establishing payment terms, strategic vetting, selection, the negotiation of contracts and actual purchasing of goods. Procurement is concerned with acquiring (procuring) all of the goods, services, and work that is vital to an

organization. Procurement is, essentially, the overarching or umbrella term within which purchasing can be found.

Procurement \neq Purchase



Procurement Process

Aligning your procurement function with your corporate strategy is only one part of the ultimate goal of procurement. Goods and services also need to be purchased.

The process of purchasing these good and services is known as the Procure-To-Pay Cycle.

These are the important stages in the procurement process flow:

- Identification of Requirement
- Supplier Research
- Value Analysis
- Raising a Purchase Request
- Review Phase
- Conversion to Purchase Order
- Contract Administration

- Monitoring/Evaluation of Received Order
- Three-way Matching
- Payment Fulfilment
- Record Keeping

Stages of a procurement process



Purchase Process

Purchasing is a subset of procurement. Purchasing generally refers simply to buying goods or services. Purchasing often includes receiving and payment as well.

Within the overarching Procure-To-Pay Cycle, the steps specifically related to purchasing are:

- Purchase Order Acknowledgement
- Advance Shipment Notice

- Goods Receipt
- Invoice Recording
- 3 Way Match
- Payment to Supplier

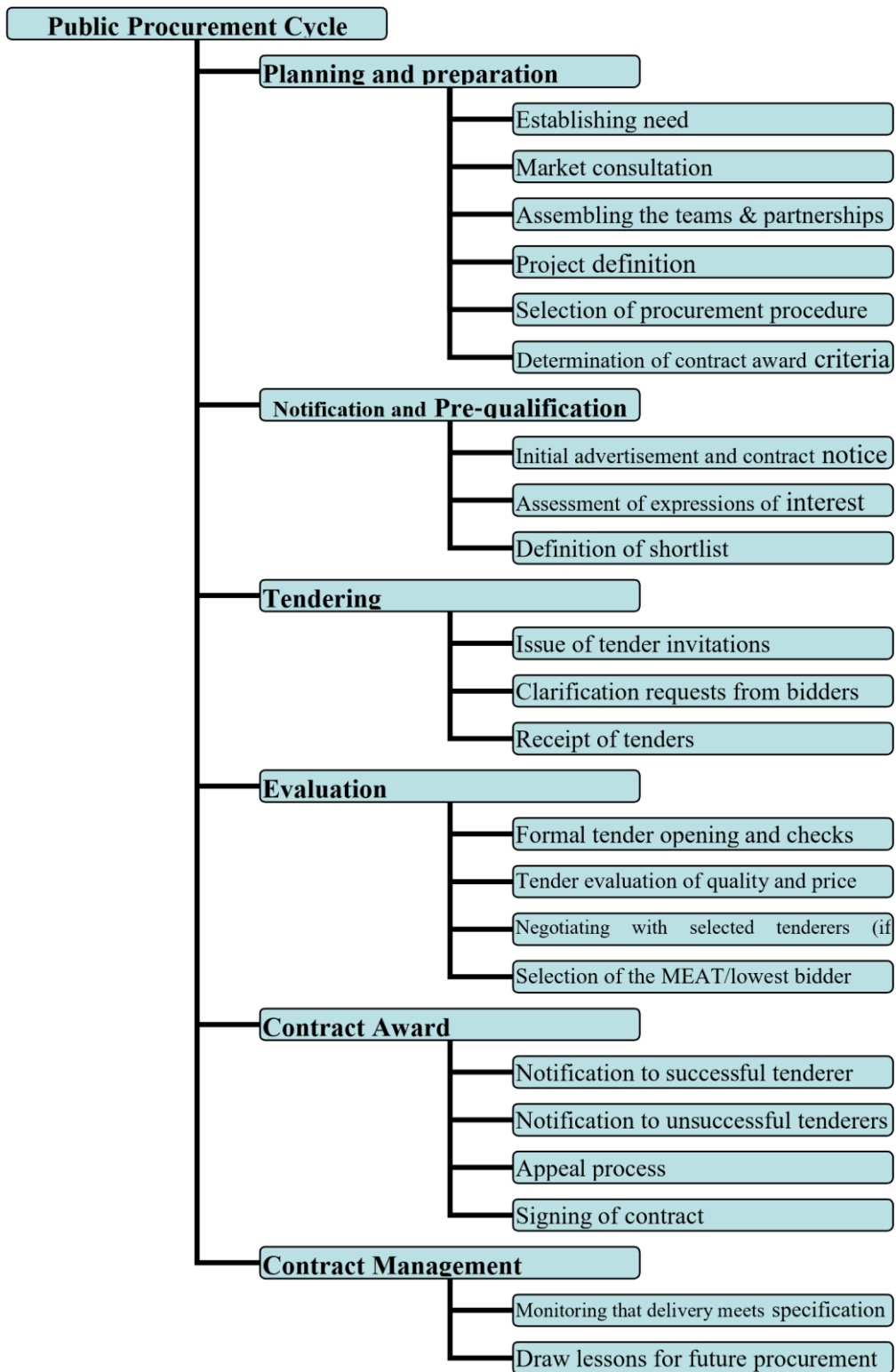
Unlike the entire Procure-To-Pay Cycle, the steps explicitly related to purchasing should not be tailored to suit the size and scope of each individual business. These are fundamental steps of good purchasing and should be employed routinely as a best practice in all businesses.

3.4 Public Procurement

Public procurement involves acquisition through contracts of goods, works, or services required by governments. It provides for public accessibility to procurement documents and related papers, the issuance of standard documents, and for the framing of one yearly procurement plan with regard to development budget and another plan concerning procurements under revenue budget. The procurement regime in Bangladesh is premised on the principle of non-discrimination. The procuring entity is under an obligation not to prevent any tenderer from entering into procurement processes on the ground of race, colour, sex or any other ground. The procuring entity has an obligation to facilitate competition by making available to all concerned all relevant documents, assessment criteria, and the process for evaluation of tenders/proposals, and so on. To facilitate competition, the procurement entity has to disclose well in advance the required qualification or standards of performance which it could require the tender to have possessed and to demonstrate. Importantly, giving a minimum time for the applicant/tenderer/ to respond has been mandated. There is also a general prescription as not to split a single procurement into several packages, unless it is

extremely urgent and unavoidable. It also provides that the 'validity period' of the procurement process/tender, that is the timeframe within which the whole process beginning from the advertisement to the awarding of contract, should be reasonable so that all necessary approvals be obtained by the procuring entity and the contract may be awarded. The law also mandates that the rules relating to deposit of security money, rate of charges of services, and whether any security money so deposited is to be later deducted or rejected in case of unsuccessful bidding, have to be clearly specified.

A procurement entity has a duty to maintain the confidentiality of the process from opening of tenders up to awarding of a contract. Further, any person's attempt to influence the process shall lead to the rejection of his pre-qualification, tender, or proposal. However, following the signing of a contract with the tenderer, the winning tenderer may have necessary information about his application. Any other tenderer may seek information as to why his or her application or tender was unsuccessful. The procurement entity is obliged to maintain records and to administer efficient management of the contract awarded, and to conduct post-procurement review within nine months of each fiscal year.

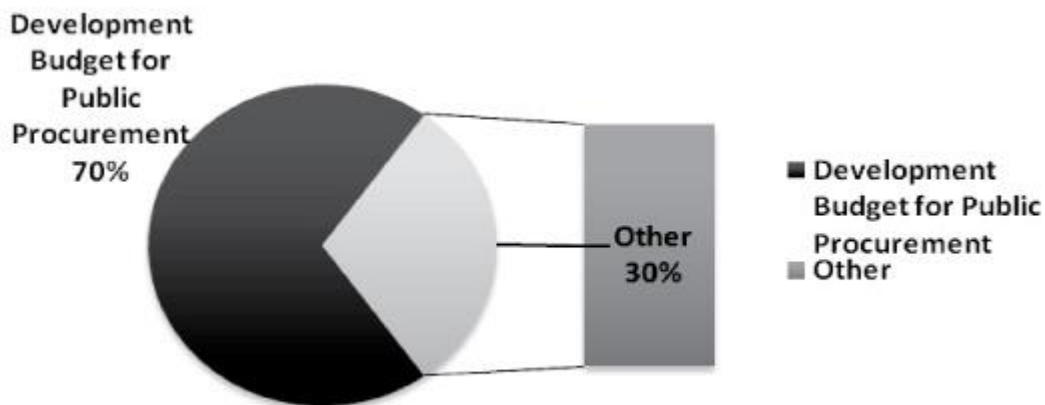


Source: Lewis 2003

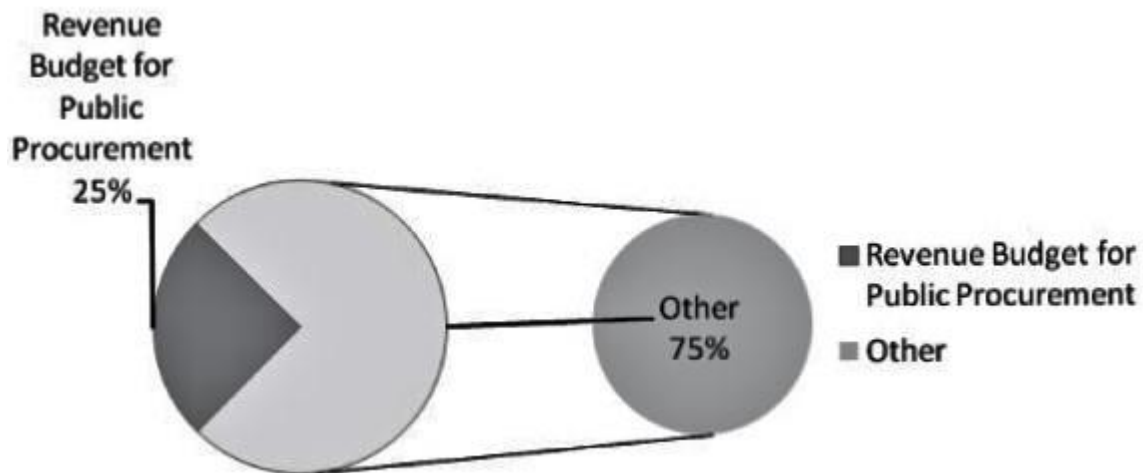
3.5 Public Procurement of Bangladesh

Procurement is a quiet relevant economic part of the government. In basic term, any procurement that is done by the public money is public procurement. In Bangladesh, 70 per cent of the development budget and 25 per cent of the revenue budget are spent for public procurement.

Following charts show the state of public procurement in development and revenue budget in the country:



Public procurement is the second largest category of expenditure in the revenue budget of the government of Bangladesh.



Revenue Budget Expenditure in Public Procurement in Bangladesh

In Bangladesh, public procurement contributes directly to the development of our country. It delivers goods like construction of the roads, bridges and infrastructural development. Public procurement provides lots of job opportunities to the people. It encourages and enables many firms, factories and organizations to participate in tenders for providing their goods and services. As a result, social protection is ensured. It also contributes to the infrastructural development, human development, promoting good governance, and productivity and efficiency in science and technology. The procurement by different government agencies has an influence on citizens directly or indirectly as users of the services or as suppliers of the products or at least as taxpayers.

However, in developing countries like Bangladesh, public procurement is not an appealing matter to the mass people. This must change. Since a huge amount of money is involved in public procurement and the money comes from the public, public procurement and its whole process needs to be understood by everyone.

There are no direct provisions in the Constitution of the People's Republic of Bangladesh that concern public Procurement nor explicitly provided a right to honest and open governance.

The Constitution has, however, expressly entrenched such basic values as the rule of law, democracy, and justice, which can be interpreted to be the sources of public obligation of integrity in state activities. Despite the absence of direct constitutional provisions, the institutional and legal frameworks for public procurement in Bangladesh, which are of recent origin, can be seen to have derived their legitimacy from the Constitution of Bangladesh.

3.6 National Procurement Laws of Bangladesh

Since 2002, Central Procurement Technical Unit has been providing information required in public procurements to facilitate an efficient and open system of public procurement in Bangladesh. Again, the Ministry of Finance has been issuing instructions to financial powers regarding which public entities may exercise in procuring goods or services.

Two principal legal instruments to deal with public procurement are the Public Procurement Act 2006 (PPA) and Public Procurement Rules 2008 (PPR). Until the introduction of the Public Procurement Act in 2006, public procurement in Bangladesh was based upon practices that go back to the British era. Such as, the Compilation of General Financial Rules (CGFR), originally issued under the British rule, which broadly outlined the principles governing government contracts, remained the primary legal framework for public contracts and procurements (World Bank, 2002). Based on CGFR principles, several government departments and public entities and corporations developed their own regulations of practices for public contracts and largesse to follow. Interestingly, these regulations were greatly influenced by international development agencies and banks such as the World Bank, partly because Bangladeshi public procurements tended to rely mostly on external aid.

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 making 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. Further later, in order to intensify the improvement measures in the public procurement system, the House of the Nation enacted the much desired law, the Public Procurement Act 2006. Under the Act of 2006, the Public Procurement Rules 2008 were framed and issued, which replaced the Public Procurement Regulations 2003 which until then continued to have effect.

Chapter 4

Framework

4.1 Procurement of IDCOL

The Procurement Plan includes:

- a. a brief description of the activities/contracts
- b. the selection methods to be applied
- c. cost estimates
- d. time schedules
- e. the company's review requirements
- f. any other relevant procurement information.

For Emergency Situations, the simplified Procurement Plan is usually done.

4.1.1 General Principles

The following principles should be adhered to in the procurement of goods and services:

Fair Competition: All suppliers/bidders/service providers should be treated fairly and equitably and it should be ensured that they are given equal opportunity to do business with the Organization.

Value Optimization through prudent business judgment: Quotations and tenders should be evaluated not only on competitiveness in pricing but also factors such as the quality of the products/services and track records of the suppliers/bidders/service providers.

Cost-effectiveness and expediency: Procurement method should be chosen in such a way that the costs in terms of expenses, time, administrative efforts, etc. are outweighed by the benefits derived from it.

Transparency and accountability: To ensure transparency and accountability, procurement related procedures should be followed and documents should be kept to ensure the transactions are appropriately authenticated and documented.

4.2 Procurement Committee

A Procurement Committee will be the primary focal point for approving procurement-related issues. The committee will consist one member-secretary and at least three other members. The ED and CEO, as Head of Procuring Entity (HOPE), will select the chairman and members of the Committee. Presence of at least 3 members will fulfill quorum requirement. The composition of the committee will be as follows:

1. CFO and Head of Operations - Member
2. Director (Legal) & Company Secretary - Member
3. Director (Investment) - Member
4. Head of Renewable Energy - Member
5. Others, as selected by the HOPE - Member
6. Legal Counsel / Administrative Officer / Procurement Officer – Member Secretary

4.3 Initiation of Procurement Requisition

Procurement requisition will be initiated by the concerned head of department.

4.4 Types of Procurement

Procurement methods may be fall under any of the categories described in the following. The Procurement Committee/ concerned officials will exercise prudent judgement in this regard taking into consideration the nature of goods/services, urgency of requirement and value of transactions, among other factors.

Open Bidding: Notice of bid/ tender invitations shall be advertised in at least one national newspaper as well as in the official website of IDCOL for free response by all interested suppliers/ contractors/ service providers.

Restricted Bidding: This type of bidding will be applicable to procurements of goods or services that can only be provided by a limited number of suppliers or suppliers who are sole agents or patented distributors. Therefore, only limited number of suppliers or contractors will be invited to submit written bids/ tenders.

Procurement through bidding should be initiated only in case it is deemed to be appropriate/ feasible in terms of cost-benefit analysis, time and administrative efficiency. Sufficient justification in writing should be made for prior approval by the Procurement Committee before proceeding with the bidding exercise.

Direct Solicitations: It refers to directly soliciting price quotation(s) – single or multiple, depending on the nature of procurement - from competent suppliers/ service providers. IDCOL may also exercise the option of maintaining a list/ panel of pre-qualified suppliers/

service providers. The Procurement Committee will decide on the appropriate criteria for pre-selection. This list/ panel will be subject to periodic review by the Procurement Committee.

Besides the above, procurement may take place under the following categories:

Urgent Procurement: Under emergency and exceptional circumstances, at least any two members of the Procurement Committee – including the CEO or the Company Secretary – may jointly authorize procurement with the value not exceeding Tk 500,000. Any such act of procurement will require adequate justification from the procurement initiators and post-facto approval will have to be obtained from the Procurement Committee to validate the transaction.

General/ Consumables Procurement: Office supplies, stationery items, food items, books/journals, other miscellaneous items, etc. will come under this category. Procurement up to a threshold amount of Tk 50,000 may be allowed under the approval from Accounts Department which will then necessitate approval being obtained from the Procurement Committee

Special Procurement: In cases of procurement of specialized professional services, e.g. legal, valuation, audit, specialized consultancy, etc. to meet requirements of non-recurring/ one-off nature, the Procurement Committee will apply their discretion in deciding on the appropriate procurement method as long as the value of the contract does not exceed Tk 100,000. However, in case there is a requirement for a specific procurement mandated by any statutory or contractual stipulation, this limit will not be applicable.

As for meeting the requirements of a regular/ recurring nature, e.g. annual external audit, legal service, etc., the Procurement Committee will follow a pre-defined criteria-based (inclusive of both cost and quality parameters) selection procedure. Acceptable rating lists, if

available (for instance, Bangladesh Bank rating for audit firms), may be used for initial selection screening.

4.4.1 Approved Selection Methods Goods, Works and Non-consulting Services

The following are the approved selection methods for Goods, Works and Non Consulting Services:

- a. Request for Proposals (RFP);
- b. Request for Bids (RFB);
- c. Request for Quotations (RFQ); and
- d. Direct Selection.

Request for Proposals (RFP)

A RFP is a competitive method for the accepting of Proposals. It is because of the nature and complexity of the Goods, Works, or Non-consulting Services to be procured, the Borrower's business needs are better met by allowing Proposers to offer customized solutions or Proposals that may vary in the manner in which they meet or exceed the requirement of the request for proposals document. A RFP is a multi-stage process.

Request for Bids (RFB)

A RFB is a competitive method for the receiving of Bids. It is used because of the nature of the Goods, Works, or Non-consulting Services to be provided, the Borrower is able to specify detailed requirements to which Bidders respond in offering Bids.

It is a single-stage process. Minimum requirements normally evaluated on a pass/fail basis as qualifying criteria are normally used with RFB.

Request for Quotations (RFQ)

A RFQ is a competitive method that is based on comparing price quotations from firms. This method is more efficient than other methods for procuring limited quantities of readily available off-the-shelf Goods or Non-consulting Services.

Direct Selection

Approaching and negotiating with only one firm is required in direct selection approach. This selection method may be appropriate when there is only one suitable firm or there is justification to use a preferred firm.

4.4.2 Approved Selection Methods Consulting Services

The following are approved selection methods for Consulting Services:

- a. Quality Cost Based Selection (QCBS);
- b. Fixed Budget Based Selection (FBS);
- c. Least Cost Based Selection (LCS);
- d. Quality Based Selection (QBS);
- e. Consultant's Qualifications Based Selection (CQS); and,
- f. Direct Selection.

Quality and Cost-based Selection (QCBS)

QCBS is a competitive process among Shortlisted consulting firms on the basis of the quality of the proposed Proposal and the cost of the services. The request for proposals document shall specify the minimum score for the technical Proposals. The relative weight to be given to the quality and cost depends on the nature of the assignment. Among the Proposals that are responsive to the requirements and are technically qualified, the Proposal with the highest combined (quality and cost) score is considered the accepted Proposal.

Fixed Budget-based Selection (FBS)

FBS is a competitive process among Shortlisted consulting firms on the basis of the quality of the Proposal and the cost of the services. In the request for proposals document, the cost of services is specified as a fixed budget that shall not be exceeded.

Least Cost-based Selection (LCS)

LCS is also a competitive process among Shortlisted consulting firms on the basis of the quality of the Proposal and the cost of the services. LCS is generally appropriate for assignments of a standard or routine nature (such as engineering designs of non-complex Works), for which well-established practices and standards exist. The request for proposals document specifies the minimum score for the technical Proposals. Among the Proposals that score higher than the minimum technical score will be approved.

Quality-based Selection (QBS)

The Proposal quality is evaluated without using cost as an evaluation criteria, under QBS. If the request for proposals requests both technical and financial Proposals, the financial Proposal of only the highest technically qualified firm is opened and evaluated to determine the most responsive Proposal. However, if the request for proposals document requests only technical Proposals, the firm with the highest-ranked technical Proposal is invited to submit its financial Proposals for negotiations.

Consultant's Qualification-based Selection (CQS)

Under CQS, the Borrower attaches Requests Expressions of Interest (REOI) with TOR. At least three qualified firms shall be requested to provide information about their relevant experience and qualifications. From the firms that have submitted an EOI, the Borrower selects the firm with the best qualifications and relevant experience and invites it to submit its technical and financial Proposals for negotiations.

CQS is appropriate for small assignments or Emergency Situations in which preparing and evaluating competitive Proposals is not justified.

Direct Selection

Direct selection may be appropriate under the following circumstances:

- a. If an existing contract for Consulting Services, that is not originally financed by the company but awarded in accordance with procedures acceptable to the company, may be extended for additional Consulting Services of a similar nature;

- b. For tasks that represent a natural continuation of previous work carried out by a Consultant within the last 12 months, where continuity in the technical approach, experience acquired, and continued professional liability of the same Consultant may make continuation with the initial Consultant preferable to a new competition, if performance has been satisfactory in the previous assignment(s);
- c. If there is a justifiable requirement to re-engage a firm that has previously completed a contract with the Borrower to perform a similar type of Consulting Service. The justification shows that the firm performed satisfactorily under the previous contract, no advantage may be obtained by competition, and the prices are reasonable;
 - e. If the procurement is of both very low value and low risk;
 - f. If the situation is Emergency;
 - g. If there is only one qualified firm, or one firm has experience of exceptional worth for the assignment;

4.5 Price Quotation

Written quotations should be sought from at least 3 suppliers as far as practicable. If a list/ panel of suppliers is used, quotations should be sought from at least 3 suppliers on the list. The lowest quotation meeting the requirements should be accepted. In cases where the nature and value of procurement do not warrant multiple price quotations, a single price quotation may suffice. Written justification will be kept in the procurement records as far as practicable.

Evaluation

Preliminary Examination:

Sl. No	Name of Quotationers	Trade License	VAT Reg. Certificate	Income Tax Certificate	Accepted for detailed Examinations

Technical Responsiveness:

Sl. No	Name of Quotationers	Conformity with Specification	Remarks

Financial Comparison of Quotations:

Sl. No	Name of Quotationers	Quoted Price (in BDT)	Any Arithmetic Correction?	Is Price Inclusive VAT and Taxes?	Evaluated Price (in BDT)	Position

4.6 Tendering Procedures

In case the bidding/ tendering method is used for procurement, the following procedures will be followed:

4.6.1 Tender Documents/Quotations

Designated members of the Procurement Committee should prepare the tender documents/quotation proforma and provide all the required information in the documents to facilitate bidding from tenderers. The information should include tender specifications and requirements, conditions of contract, required quantity of items and service and timing of provision, assessment criteria, tender closing date and time, the place for depositing the tender, the contact person, and the officer to whom enquiries may be made.

As far as possible, the member of the Procurement Committee responsible for seeking quotations from the suppliers/contractors should not be the approving official for the acceptance of the quotations in the same procurement exercise.

4.6.2 Submission of Tenders / Quotations and Opening of Tenders

Unless in exceptional circumstance of urgency, tenderers should be allowed sufficient time to submit their tenders. Tenderers must submit their tenders before the tender closing date and time specified in the tender documents. Any tenders received after the tender closing time shall not be considered.

Tenders/quotations should be deposited in the tender box by tenderers in person. For confidentiality, the tender box should be properly locked with two separate locking devices, and the respective keys should be separately kept by two designated members of the Procurement Committee. To ensure fairness of the procedures, the tenders/quotations should be taken out of the tender box immediately after the tender closing time. All tenders/quotations received after the tender closing time will not be processed. At least two (2) members of the Procurement Committee shall open the tenders/quotations simultaneously and shall each initial beside the each quotation figures as confirmation.

4.6.3 Tender/ Quotation Evaluation

Tender evaluation should be carried out by an assessment panel consisting of at least two (2) members from the Procurement Committee. Evaluation of quotations of small amounts may be carried out by one member.

A two-envelope system should be used for procurement involving the technical aspects and service quality. Tenderers should be required to submit price/ financial information and technical information in separate envelopes. Weights and scores, as appropriate, should also be given to the two areas. The Procurement Committee, given the nature of procurement, may also specify a minimum threshold limit for technical and financial aspects (one or both) for each tender to be eligible for final evaluation.

The assessment panel should conduct a preliminary evaluation of the tenders based on the required information and documents stipulated in the tender documents. This will ascertain full compliance with the stipulated conditions and requirements.

The assessment panel should select the most competitive and cost-effective tender among the eligible tenders by evaluation according to the pre-set assessment criteria. For contracts involving higher costs or requiring higher standards in technology and service areas, a scoring system should be adopted for giving scores in terms of tender price, technical quality, tenderer's reputation, track records and management quality, as well as the professional and technical standard of staff for installation/implementation of the product/service, and so on.

The assessment panel shall prepare a tender evaluation report to state clearly its recommendations and the justifications. Where a scoring system has not been adopted and the successful tenderer is not the lowest bidder, full and sufficient justifications must be stated in the evaluation report.

Evaluation

Verification items	Tenderer 1	Tenderer 2	Tenderer 3	Tenderer 4
Verification of Submitted Tender Documents				
Eligibility of Bidders and Goods				
Tender Security				
Completeness of Tenders				
Substantial Responsiveness of Tenders				
Comments by TEC (Acceptable/ Acceptable with minor deviations/ Unacceptable)				

4.6.4 Acceptance of Tender

The assessment panel should submit the evaluation report to the Procurement Committee for approval and subsequently for ratification by at least two members from the Board of Directors. After endorsement and approval of the selection result, the successful tenderer should be officially notified by post and be invited to enter into a contract with the Organization. For protection of commercial secrets, it should be ensured that disclosure of the details shall not lead to revelation of any tender information provided in confidence by other tenderers.

Should none of the tenders received can fulfill the required specifications and conditions, the tendering exercise should be canceled. The original specifications and conditions should be amended as necessary for purpose of re-tendering.

TOR 1		TENDER SUMMARY				Goods
TENDER OPENING REPORT						
Ministry ID and Name						
Procuring Entity ID and Name						
Tender Package No. and Name						No. of Lots
Procurement Data	Proc. Type	<input type="text"/>	Proc. Method	<input type="text"/>	Funding By	<input type="text"/>
Procurement Plan	Approval Status	<input type="text"/>	Package/Lot No	<input type="text"/>	App. Authority	<input type="text"/>
					Budget	<input type="text"/>
Advertisement Details						
Posted in CPTU's Website (if required)	Posted in PE's Website(if any)					
Tenders Submitted at	Opening Location	<input type="text"/>	Other Locations	<input type="text"/>	<input type="text"/>	<input type="text"/>
Tenderers/Rep's attended (No.)	<input type="text"/>	Actual Date of Opening	<input type="text"/>	Original Date	<input type="text"/>	Revised Date
Tender Opening	Start /Finish Time	<input type="text"/>	<input type="text"/>			
Tender Documents (No.)	Issued	<input type="text"/>	Received	<input type="text"/>	Withdrawn	<input type="text"/>
	Opened	<input type="text"/>	= (Substituted <input type="text"/> + Modified <input type="text"/> + Original <input type="text"/>)			Late
Tenders handed over to	Name of Person	<input type="text"/>	Designation	<input type="text"/>		
Tender securities handed over to	Name of Person	<input type="text"/>	Designation	<input type="text"/>		
We, the members of the Tender Opening Committee certify that the above details are correct						
	Signature of Chairperson	Signature of Member No 1	Signature of Member No 2	Date of Signing		
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		

4.6.5 Procedure of Handling Complaints

IDCOL will be committed to maintaining a fair and open procurement system. Tenderers who consider themselves being treated unfairly can lodge a complaint with the Organization.

4.7 Evaluation of Price Quotations under Direct Solicitation

Evaluation of price quotations will be performed by designated member(s) of the Procurement Committee on the basis of the following factors in general:

- Price (after discount, if any)/ Professional fees/ Charges
- Professional/academic/technical qualifications and experience (for professional services)
- Technical standards Quality of product/service Management quality Supply lead time
- Quality of product/service
- Management quality
- Supply lead time
- Installation service
- After-sales repair/Maintenance service
- Supply of spare parts
- Warranty/Guarantee
- Business experience of supplier/ service provider
- Market reputation of supplier/ service provider

- Previous transaction record with IDCOL, if any
- Name of clients served

The above evaluation criteria may be contracted or expanded according to the nature and value of the procurement.

For a quantified assessment, a scoring table (with or without appropriate weights) may be used.

Illustration: Weighted scoring table (scoring scale: 1 – 10)

Evaluation		Supplier – 1		Supplier – 2		Supplier – 3	
Criteria	Weight	Score	Weighted score	Score	Weighted score	Score	Weighted score
Price	30%	8	2.4	6	1.8	7	2.1
Technical specification	25%	6	1.5	5	1.25	8	2.0
Quality	25%	8	2.0	7	1.75	6	1.5
After-sales service	10%	5	0.5	6	0.6	7	0.7
Spare parts	10%	6	0.6	8	0.8	6	0.6
Total	100%	33	7.0	32	6.2	34	6.9
Recommendation: On the basis of weighted score, Supplier-1 being the highest scorer may be awarded the contract.							

As far as practicable, a statement of justification and recommendation, if warranted by the nature of the procurement, should be kept in the procurement file.

4.8 Approval Authority and Sanction Limit of the ED and CEO

The ED and CEO of IDCOL, in his/ her capacity as the head of organization, will have the authority to sanction procurement up to a limit of Tk 5,000,000. If the value of procurement exceeds that limit, approval from the Board of Directors will have to be obtained.

4.9 Category-Wise Procurement Method – General Guideline

Sl.	Category of Goods/ Services	Procurement Method (Tendering / Direct solicitation)	Special criteria
1.	Furniture	Direct solicitation – multiple quotations	
2.	Fixtures/fittings/furnishings	Direct solicitation – single/multiple quotations	
3.	Office equipment	Direct solicitation – multiple quotations	
4.	Computer	Direct solicitation – multiple quotations	

Sl.	Category of Goods/ Services	Procurement Method (Tendering / Direct solicitation)	Special criteria
5.	Computer accessories/supplies	Direct solicitation – single/multiple quotations	
6.	Vehicles	Direct solicitation – single/multiple quotations or, Tendering – open/restricted	Due to the potential high-value nature of purchase order, tendering may be justified.
7.	Promotional materials	Direct solicitation – single/multiple quotations	
8.	External audit service	Direct solicitation –multiple quotations	Only the top-ranking firms, as per Bangladesh Bank rating, may be contracted to ensure quality of work
9.	Legal service	Direct solicitation – single/multiple quotations	Only the top-ranking firms/professionals with high reputation may be contracted to ensure quality of work
10.	Advertising/media service	Direct solicitation – multiple quotations	
11.	IT/MIS data entry/consultancy services	Direct solicitation – multiple quotations	

Sl.	Category of Goods/ Services	Procurement Method (Tendering / Direct solicitation)	Special criteria
12.	Other professional consultancy services	Direct solicitation – multiple quotations	Only firms/professionals with high reputation may be contracted to ensure quality of work
13.	Traveling service	Direct solicitation – single/multiple quotations	
14.	Hospitality service	Direct solicitation – single/multiple quotations	
15.	Chauffeur service	Direct solicitation – single/multiple quotations	
16.	Event management service	Direct solicitation – single/multiple quotations	
17.	Interior decoration	Direct solicitation – single/multiple quotations	
18.	Utility services	Direct solicitation – single/multiple quotations	
19.	Marketing and promotional service	Direct solicitation – multiple quotations	

4.10 Procurement Audit

IDCOL, at regular basis, will conduct procurement audit on its ongoing procurement management activities both by internal and external auditors. Internal procurement audit of IDCOL will be included both in IDCOL's Annual Audit Plan and in the Commercial Audit conducted by IDCOL every year. External audits (audit by the development partners and the government audit) will be conducted for procurement activities under applicable projects.

The objectives of these audits will be as follows:

- a) To ensure that an adequate management control framework with respect to governance and internal control is in place to effectively support contracting and procurement activities;
- b) To validate contracting and procurement activities are processed in a manner that is compliant with applicable policies, procedures and regulations;
- c) To check whether procurement activities are being implemented in transparent, efficient and effective means;
- d) To verify appropriate delegated financial signing authorities are applied; and
- e) To assess whether value for money is obtained in regular procurement management activities.

Chapter 5

Discussion

5.1 Procurement Risk Analysis

The following chart shows IDCOL's risks in procurement and their mitigation:

Sl. No.	Risk Description	Risk Mitigation	Risk Owner
01.	Delay in processing procurement	Following agreed processing time of the procurement plan.	Borrower/ the Bank
02.	Lack of knowledge of the borrower in NPF	Provide adequate training on NPF to the implementing agency staffs	The Bank
03.	Lack of expertise on Contract Management	Provide adequate training on Contract Management to the implementing agency staffs. Establish contract management system like MS project.	Borrower
04.	Record Keeping & Document Management Systems	PIU will preserve project related documents separately to facilitate internal and external audits, as well as reviews by the World Bank.	Borrower
05.	Suppliers and Supplier Relationship	Making on time payment and adhere to both parties' contractual obligations	Borrower
06.	Business and Operating	IDCOL shall nominate a procurement	Borrower

Sl. No.	Risk Description	Risk Mitigation	Risk Owner
	Environment	focal person under the project who will follow up day to day procurement.	
07.	Quality issues with goods, works, or services delivered	IDCOL will strengthen contract management capacity through training and will assign contract wise responsibility to its staffs.	Borrower
08.	Quality of bid evaluation	Procurement Consultant of the agency will be a mandatory member of the bid evaluation committee. IDCOL will form a Bid / Proposal Evaluation Committee for goods, works, and consulting services. The committee will consist of 5-7 members including Procurement Consultant, project personnel and two other members from outside of the IDCOL.	Borrower

5.2 Managing Procurement Risks

In order to minimize the procurement associated risks, the following measures have been agreed upon with the implementing agencies:

1. **Project Procurement Strategy for Development (PPSD) and Procurement Plan:**

A PPSD has been prepared by IDCOL in agreement with the Bank, taking into account the volume of items to be procured, prevailing market conditions, activity level risks etc. The PPSD spells out the appropriate procurement strategy for the project. PPSD is a live document and it is to be updated at least annually. For each contract to be financed under the project, the different selection methods for procurement, market approach, contracting arrangement, evaluation options, estimated costs, prior review requirements and timeframe will also be agreed between IDCOL and the Bank in the procurement plan.

2. **Bid/Proposal Evaluation Committee:** The implementing agencies shall ensure that the bid/proposal evaluation committees are formed in a manner acceptable to the Bank, and Bank's no objection shall be required on the formation, as well as alteration in the composition or membership, of the bid/proposal evaluation committee. BEC for NCB contracts will be formed in accordance with Public Procurement Rules 2008. Formation of such BEC shall be subject to Bank's acceptance.

3. **Introducing STEP System:** Systematic Tracking of Exchanges in Procurement (STEP) will be introduced to prepare and manage procurement plan and procurement transactions under the project. The procurement plan will be updated semi-annually (or as required) using STEP system. The procurement transactions will be uploaded in the STEP system for prior review and post review contracts. For prior review

contracts required documents (e.g. draft bidding document, evaluation report, TOR and RFP etc.) will be shared with IDA through STEP for review and clearance.

4. **Procurement consultant:** To partly mitigate procurement associated risks, a full-time procurement consultant will assist IDCOL in conducting its procurement. The procurement consultant(s) will be mandatory member in bid/ proposal evaluation committee.
5. **Identify Procurement Focal Persons (PFP) in the agency:** IDCOL shall nominate a procurement focal person under the project who will help them in day to day procurement follow up and preparation of periodical procurement reports. The appointed focal person will take necessary training, if required.
6. **Operation Manual:** Operation Manuals will be prepared to guide POs and other stakeholders, and necessary capacity building support will be provisioned in the Project. POs should follow the Operation Manual in addition to the provisions mentioned in the OM and the grant agreement
7. **Due-diligence measures (others):** Other measures include: (a) all bid evaluation reports will include verification of recommended bidders' post-qualification information; (b) preserve records and all documents regarding procurement (including correspondences with the potential bidders as well as complaints/clarification requests etc.) to facilitate smooth post procurement reviews; and (c) publish contract award information at the Central Procurement Technical Unit (CPTU) and the respective agencies website within two weeks of contract award (and in UNDB online for international contracts).

8. The following shall apply for RFB (National, Open):

- I. Post bidding negotiations shall not be allowed with the lowest evaluated or any other bidder;
- II. Bids should be submitted and opened in public in one location immediately after the deadline for submission;
- III. Lottery in award of contracts shall not be allowed;
- IV. Bidders' qualification/experience requirement shall be mandatory; and
- V. Bids shall not be invited on the basis of percentage above or below the estimated cost and contract award shall be based on the lowest evaluated bid price of compliant bid from eligible and qualified bidder.

5.3 Prior Review Thresholds

The Procurement Plan shall set forth those contracts, which shall be subject to the company's prior review. All other contracts shall be subject to post review by the Bank.

5.4 Use of Standard Procurement Documents

For service procurement under the project, the Bank's standard procurement documents shall be used. In case of unavailability of a procurement document, the implementing agency will use model tender documents (MTD) agreed with the bank.

5.5 Clarification of Procurement Documents

Potential Applicants/Bidders/ Proposers/ Consultants may request, in writing, clarifications of Procurement Documents issued by the PIU. A PIU's response to a request for clarification shall not divulge information that might give an unfair advantage. All clarifications and addenda of prequalification/ request for bids/request for proposals documents, shall be in writing and shall be sent simultaneously to each recipient of the original documents and all potential Applicants/Bidders/ Proposers/Consultants on record, in sufficient time to enable them to take appropriate action.

Chapter 6

Conclusion

6.1 Recommendations

The following recommendations can be made regarding the ways to improve risk management in IDCOL:

Enough budget allocation, commitment of timely payment and committed performance from the contractors/suppliers are the main motivating factors to get better. Since contractors/suppliers often have to take loan from commercial bank at high interest rate, if they do not get payments timely their business will not bring reasonable profit. For this reason, they should be paid for the progress they made, or they would stop working.

Liquidity damage clause should be applied strongly. To avoid this damage, periodic meeting should be held between contractor and the authority.

During the process of tender evaluation, it must be strongly taken care that it is done on the MEAT (Most Economically Advantageous Tender) rather than low cost selection.

Submitting huge number of documents with every tender, irrespective of value of procurement, needs to be changed. A national web portal may be developed where such documents of eligible contractors will be available in electronic form. Training on procurement risks along with its rules and regulation can be provided right from field level to high level officers. Procuring entities as well as contractors should also be provided with such kind of training.

E-Procurement system must be implemented in IDCOL. Tender should be floated only after ensuring availability of enough fund. By This timely payment to the contractors can be ensured.

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