

Report
on
Role of Procurement to achieve the Sustainable Development of Rural
Infrastructure

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An internship report submitted to the BRAC Institute of Governance & Development (BIGD)
in partial fulfillment of the requirements for the degree of
Masters in Procurement and Supply Management (MPSM)

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Declaration

It is hereby declared that

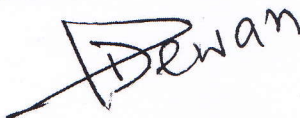
1. The internship report submitted is my own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain 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.

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Letter of Transmittal

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Attention: Tanzina Mizan, Training Officer,
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Subject: Draft submission of the dissertation for MPSM program.

Dear Sir / Madam,

This is my pleasure to submit the draft copy of the Report for my Masters in Procurement and Supply Chain Management (MPSM) program. I am cordially acknowledging your continuous support and guidance.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

I trust that the report will meet the desires.

Sincerely yours,



Shishir Kumar Shil

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Date: November 15, 2020

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Executive Summary

The report is motivated by the rural infrastructure development in Bangladesh, especially the benefit of implementing sustainable procurement. As all we know that, infrastructure development generates several negative impacts on humans and the environment. Our concern is how procurement practices can improve concerning the economic, social and environmental performances and make those improvements sustainable. To find the report results a systematic Literature review and secondary data analysis have been applied. The adopted procurement process in Bangladesh, the role of stakeholders, rural infrastructure procurement stages, the role of existing procurement in sustainable development have been discussed. Some procurement theories are also discussed to prove the relation between the sustainability of infrastructure and the procuring process. There are some barriers to implementing sustainability. To overcome these barriers the government should take more initiatives cooperating with the procurers.

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List of Acronyms

ADB	Asian Development Bank
CPTU	Central Procurement Technical Unit
EIA	Environmental Impact Assessment
GPP	Green Public Procurement
LGED	Local Government Engineering Department
OTM	open tendering method
PPA	Public Procuring Authorities
PCA	Public Contracting Authorities
RFP	Requests for Proposals
SPV	Special Purpose Vehicle
SPP	Sustainable Procurement Planning
VFM	Value for Money

Chapter 1

Introduction

1.1 Background

In terms of rural development, rural connectivity is a key component in Bangladesh. Rural roads are significant to increase rural people's incomes and help to generate productive employment opportunities, together with stimulating access to economic and social services. The scenario of Bangladesh rural roads network shows many of which were constructed by union parishads (rural councils) or zila parishads (district councils) back in 1990–2010 on earthen embankments. These roads are vital to the day to day life of villagers. As a dominant mode of transportation in Bangladesh, it carries more than 70% of passengers and 60% of freight traffic. The total road network of Bangladesh covers 374,245 km, of which 352,943 km (94%) are rural roads. To screen the condition of the transportation the road ownership is divided as follows: (i) the Roads and Highways Department (RHD) (ii) the Local Government Engineering Department (LGED) and (iii) local government institutions (LGIs). RHD owns and maintains national highways, regional highways, and zila (district) roads; LGED and LGIs own and maintain sub-district or Upazilla roads (UZRs), Union roads (UNRs), and village roads. Since 1995, the Government of Bangladesh is expanding and improving the rural road network with the support of the international development community. The annual records of LGED 2016 show that rural infrastructure in Bangladesh improved significantly from 1996–2016. Even with progress, only 28% of the rural roads in the country are now all-weather roads. So it is crucial to create a road network that would develop a sustainable rural economy. The government is making a sustained effort to increase the percentage of sustainable rural roads in the country in a progressive manner from 43% in 2016 to 80% in 2020. Several projects are taken for this purpose following such procedure. This study is about relating to the role of procurement in the development of rural infrastructure.

1.2 Concepts of the study

1.2.1 Role of Procurement

Procurement, generally characterized as purchasing, by private or public organizations is broadly defined as the act of obtaining goods and/or services (New Economic Foundation, 2005). In brief, Procurement is a make/buy process and it supports government purposes. The role of procurement in the sustainable development of rural infrastructure is to improve governments' capacity in climate change resilient infrastructure design, construction,

engineering, maintenance management, quality control, and environmental and climate change adaptation. To achieve sustainability, the procurement role is expected to examine, evaluate and address some scales and those are (i) environment, (ii) product responsibility, (iii) health and safety, (iv) human rights, (v) diversity, (vi) procuring from small and local suppliers, (vii) community development, and (viii) sustainable economic development (Brammer and Walker, 2011).

1.2.2 Sustainable Development

Sustainable development has received huge attention from the researchers, mass media, specialists, government agencies, investors, and people across the world as it cores on the continuity of human existence, which can only be achieved through the conservation of natural resources for future generations. In fact, the definition of sustainability has widely varied, public procurement actions have increasingly considered environmental, equity-driven values, and economic goals within the local constituency and beyond. Specifically, Rice (2009) suggests that the sustainable procurement is about to understand the three pillars of sustainable development (environment, society, and economy) and using this knowledge to make better informed, ethical choices about the products that we buy. This definition also aligns with the broader sustainable development agenda.

1.2.3 Rural Infrastructure

Rural Infrastructure assets such as roads, pathways, bridges, irrigation schemes, water supplies, schools, health centers, and markets are needed for the rural population to live a social and economic productive life. Rural infrastructural development can help rural poor people to reduce poverty (by increased agricultural production, higher wages, lower input and transportation costs, better educational attainment, and higher output prices) and allows them to avail health, education, and nongovernment services as well as a wide range of economic opportunities

1.3 Objectives of the study

The objectives of the study are given as follow:

- To discuss the present procurement process and involvement of stakeholders
- To delineate the role of procurement in sustainable rural infrastructure development
- To find out the drawbacks in the procurement process

1.4 Research methodology

1.4.1 Data and Data Source

This report is fully based on secondary data. The literature on the role of local government in sustainable development is somewhat scant, especially for public procurement. Hence an exploration study was needed, and the study thoroughly searches for some internal publications, e.g. procurement policy documents, and external documents, including evaluation reports by the Department for Communities and Local Government (for example LGED).

1.4.2 Data Collection

The primary aim was to become familiar with the procurement processes in Bangladesh. Available literature on Tender Opening, Evaluation, Approval Process, Issuance of Notification of Award, Contract Signing etc. are collected firstly. To deal with the procurement rules and regulations in Bangladesh PDF of the Public Procurement Act, 2006, the Public Procurement Rules, 2008, the introduction of electronic government procurement in 2011 are downloaded and gone through. To find out the drawbacks several project reports were followed related to the sustainable development of rural infrastructure (for example, ADB project reports).

1.4.3 Data Processing and Analysis

After the data have been collected, the researcher turns to the task of analyzing them, and the analysis of data requires a number of closely related operations such as the establishment of categories, the application of these categories to raw data through coding, tabulation, and then drawing statistical inferences (Cothari R.C. 2015). In this study some procurement theories are discussed that will justify the role of procurement in any project to obtain sustainable development. In this study three theories, **Peter Kraljic model**, **Porter's Value chain** and **Element of sustainability** are mentioned in the analysis part.

Chapter 2

Literature Review

Minimizing economic inequalities, promoting social justice and achieving environmentally sustainable public procurement practices are being evaluated in line with the UN sustainable development outcomes as part of global efforts to encourage sustainable development. In the case of business production and consumption behaviors for the most part, governments use public procurement policy to make sure that operations of suppliers are socially environment friendly even as promoting sound economic welfare (Kusi-Sarpong and Sarkis, 2017). This is imposed through national Sustainable Public Procurement (SPP) policies and approaches developed in accordance with national priorities. Studies conducted by World Bank (2012) found that globally public procurement constitutes about 15%–20% of national revenues and also stress public procurement as major economic activities of governments. However, among developing economies these figures vary 20%–70% (World Bank, 2012). Towards national development, the government provides for its citizens' several varieties of public services and goods. Moreover, the government frequently fails to do due diligence in the process which entails inefficiencies and risks including corruption (Myint, 2000; Lio et al., 2011), which has socio-economic and environmental impacts (Walker and Brammer, 2012; Preuss, 2009), and legal losses. These irregularities hinder national development and terminate to failure of value to the citizens. Therefore, globally several reforms are experienced in government purchasing practice.

This study recognized only 10 articles on SPP, largely on countries from Asia and the majority of which are of green procurement (environment orientation). The term SPP is referred to as the act of spending taxpayers' monies on events, products, and services that support the view of sustainable development (Schwerin and Prier, 2013; McMurray et al., 2014).

Thus, prior studies McCrudden (2004) emphasized on green or environmental procurement and the social purposes of public procurement and also map the history and the present use of public procurement for social purposes. McCrudden (2004) identify human rights, ethnic, racial and gender equality as the main social outcomes promoted by public procurement with examples are drawn from both developed and developing countries in the world. In addition, Mansi (2015) advocates that through SPP, governments act in response to matters of efficient use of renewable resources, reduction of waste, competition, and effective participation of SMEs. Global SPP literature suggests several positive impacts, with limited focus on developing country context (Geng and Doberstein, 2008; Lund-Thomsen and Costa, 2011; Schwerin and

Prier, 2013) and largely focused on developed countries (Walker and Brammer, 2012). In the context of a developing country, Geng and Doberstein (2008) and Zhu et al. (2013) explore green public procurement (GPP) practices and found that reforming environmental laws and training suppliers assist to build capacity to manufacture and supply green products and services. Zhu et al (2013) highlighted some drivers including regulations, rewards, and stakeholder pressure for SPP adoption. McMurray et al. (2014) also, examine the extent of SPP practices amongst procurement managers in the public and private sectors of Malaysia. Combining the focus group discussion method with a survey of procurement directors from the public and private organizations, McMurray et al. (2014) found a wide variation of SPP adoption across sectors with the private sector in the lead. Improved working conditions, SPP disclosure, religion and sense of the humanity of employees, organizational image, organizational efficiency, and transparency also inform SPP (Mansi, 2015; McMurray et al., 2014). In these economies, more weight is however, placed on the environmental aspect than social issues in the SPP agenda (Geng and Doberstein, 2008; Bai et al., 2017). McCrudden (2004) eludes the situation to a lack of standardization of social procurement criteria. For example, while the environmental aspect demands that organizations assess the environmental effect of goods and services through the whole lifecycle in the procurement process (Schwerin and Prier, 2013; Ho et al., 2010), SPP also concerns social issues such as creating an opportunity for a small and local firm and promoting employees' work and safety (Jones, 2011; McMurray et al., 2014). This SLR examines the link between e-government and SPP in developing countries.

In a similar study, Yusuf et al. (2013) acknowledged firms still lacked the financial potential to execute sustainability measures. However, there is an importance of training procurement workforce and assurance from senior management to attain SP goals (Bowen et al., 2001; Carter and Dresner, 2001; Walker and Philips, 2008). Due to the risks, contractions, and complexity involved in implementing sustainability measures (Carter and Roger, 2008), some firms take on greenwashing practices just to enhance their public image while responding to the necessities for sustainable development (Crespin-Mazet and Dontenwill, 2012). An assumption that in developing countries there is low awareness of SP practices and is not far-fetched from existing SP literature (Brammer and Walker, 2011; Kalubanga, 2012; Lund-Thomsen and Costa, 2011; McMurray et al., 2014). In the literature, the role of the procurement function in managing operations environmental and social issues is distinguished. Yet, there remains a shortage of empirical and theoretical research, which evaluated the role of SP

practices in realizing SDGs in the current context. This research is therefore aimed to fill this gap.

Present-day public procurement is used as a tool for promoting the quality of public service, good governance and sustainable development (Preuss, 2009; Osei & Kojo, 2017). International reports including that of the World Bank argues “public procurement reform can contribute directly to improving a country’s business, investment, and social environments” (World Bank, 2012, p. 6). Reports on e-government also recommend that information and communication technology (ICT) may be used to estimate the demand for public utilities and to manage irregularities, risks, and challenges involved in the process (UNDESA, 2014).

Chapter 3

Procurement process and role of procurement

3.1 The public procurement regime in Bangladesh

The People's Republic of Bangladesh doesn't have direct constitutional provisions in the concern of public procurement. It has, however, explicitly embedded as the rule of law, democracy, and justice. With the decentralized Public Procurement System, it seems the Ministry of Finance and the Ministry of Planning fulfills some distinct responsibilities to ensure all departments can procure services and goods. Since 2002 the Central Procurement Technical Unit (CPTU) has been working to facilitate an open system of public procurement in our country. Before the Public Procurement Act 2006 (PPA) the legal procedure of public procurement in our country was based on the regime and practices used in the British era. Under the Act of 2006, later in 2008, the government issued Public Procurement Rules (PPR). The given procurement procedures of goods, works, and services in the PPA 2006 are to be followed for ensuring transparency and accountability using public funds, and for ensuring equal treatment and a free and fair competition amongst all people wishing to participate in public procurements.

3.2 Present procurement methods

The PPA 2006 delivers several methods of procurement and divides the procurement into domestic and international classes. The provided rules are to determine the prequalification of the potential/participating bidders and steps of the procurement processes. Some methods are known as the open tendering method (OTM), limited tendering method (LTM), direct procurement method (DPM), two-stage tendering method (TTM), and the request for quotation method (RQM). The most preferred method is the open tendering method (OTM).

3.3 Strategic procurement planning

Strategic procurement planning is necessary to find clarity on requirements and outcomes and a deeper shared understanding of the market and operating environment of the project. Strategic procurement planning focuses on ensuring procurement outcomes are aligned with project objectives. In addition, it focuses on delivering continuity of operations across all aspects of the project and faster decision-making capability. It prioritizes the efficient allocation of resources and funding. SPP highlights the environmental and social risks and establishes

mitigation. Through it, stakeholders develop contracts on the future direction. Strategic procurement planning has five key steps to follow.

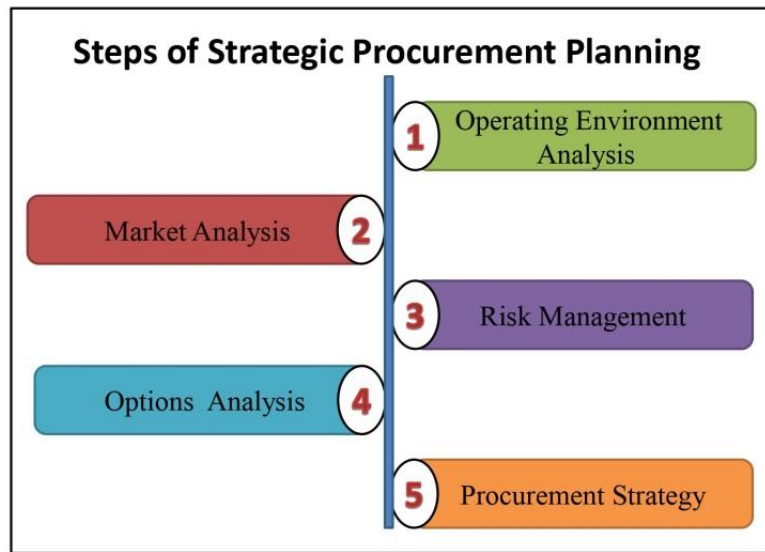


Figure 3.1: Steps of Strategic Planning

A detail strategic procurement Planning process map has been given by ADB in their report which is enlisted here to have the clear idea about these steps.

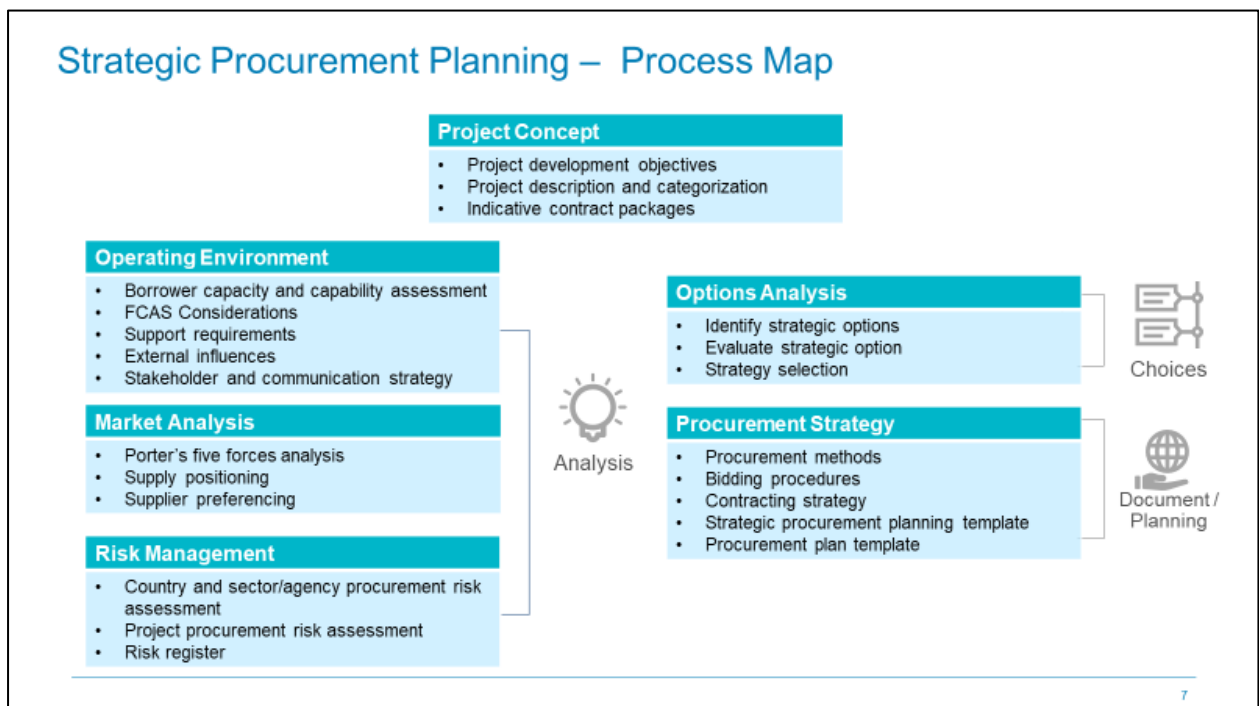


Figure 3.2: Strategic Procurement Planning –Process Map

From the above figure 3.2 the SPP is based on project concepts including project objectives, description, categorization of contracts, and contract packages. The first three stages are shown

in the analysis section. Before documentation of procurement strategy in the process, OA operates for strategy selection.

3.4 Procurement procedure

The procurement procedure includes some continuous steps. Those steps are a procurement plan, prequalification, bidding documents, bid opening, bid evaluation, and award of the contract.

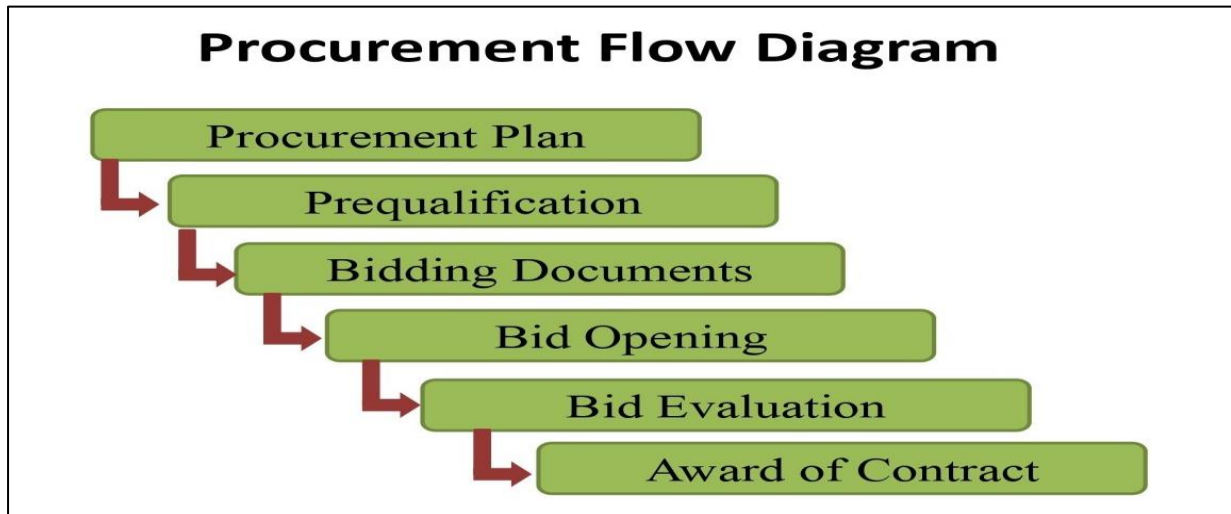


Figure 3.3: Procurement Flow Diagram

3.5 Stakeholders in the procurement process

During the implementation of infrastructure, the participation of all stakeholders is vital for achieving sustainable development. To understand the role of procurement in the sustainable rural infrastructure, the functions of stakeholders are also important. In the procurement phases, the stakeholders play a vital role to manage environmental and social risks for the success of the infrastructure projects. All stakeholders are interested in maintaining relevant regulations and to minimize the sustainability impact of the asset. Hence, stakeholders mostly keep the focus on environmental and social benefits that are given by the World Bank. In the deployment of infrastructure, the stakeholders are Sponsors, Government, Development Banks, Equity investors, Developers, Special Purpose Vehicle (SPV), and Debt investors.

3.6 Procurement for sustainable rural infrastructure

Procurement for sustainable rural infrastructure is a complex process. It goes under some heavy preceding stages drawing the infrastructure project deployment cycle. It gives emphasis on the project technical and engineering feasibility studies, the analyses of bankability, the preliminary risk allocation and financial structuring. Governments usually call specialized

requirements for prequalification in the case of roads, bridges, transport, and information and communication infrastructure, notwithstanding the financial threshold and the dedication of supplier listings. The following discussion is on the infrastructure procurement process in detail, so that the description of the role of procurement in sustainable development can be imaged.

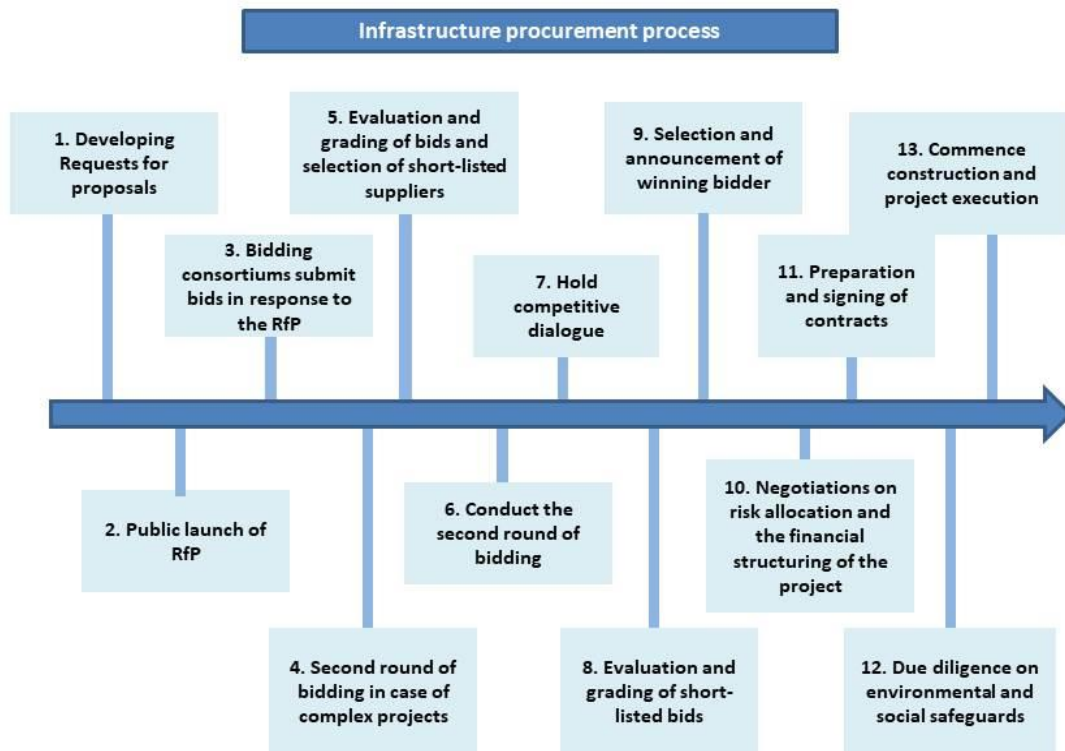


Figure 3.4: The Infrastructure procurement process

Indicated at each stage in the above figure, environmental and social performance can be integrated into the procurement cycle.

3.6.1 Develop Invitation of Bids

Government Invited for bids through IFBs to inform the markets that the government is deploying infrastructure. The announcement included technical specifications, evaluation criteria, and statements of work. In the technical specifications the government mentions the scope of works after conducting the necessary screening on environmental and social safeguards. It ensures the baselines of IFBs to follow safeguard policies of the investing MDB.

3.6.2 2nd round of bidding in the case of complex projects

Sometimes the complex project requires a more detailed technical specification on the environmental impact assessment, technical and engineering feasibility studies, and bankability analyses. This detailed specification can be developed more from thorough environmental screening.

3.6.3 Evaluation and grading of bids and selection of shortlisted suppliers

Environmental and social aspects are a priority to the bidding entity. The evaluation and awarding depend on the higher scores of environmental and social performance.

3.6.4 Conduct the 2nd round of bidding

In some projects, competitive dialogues replace the 2nd round of bidding. Shortlisted suppliers are invited to their full proposals. Here, Procuring units can inform bidders to give more attention to any update that is needed on the environmental and social aspects.

3.6.5 Hold competitive dialogue.

Procuring units asked for a competitive dialogue for shortlisted bidders (usually 2 or 3) in Complex projects. Competitive dialogues are usually held when the government seeks options from bidders to achieve the best outcomes. Competitive dialogues provide the first opportunity to discuss the scope of the environmental impact assessment and negotiate to mitigate the risks. In addition, both the bidders and the procuring entities discuss the merits and downsides of the proposed solutions where the original design needed to optimize VFM and other options on the financial structuring of the project.

3.6.6 Evaluation and grading of short listed bids

In this final stage of the evaluations, it is necessary to give environmental and social performances higher points.

3.6.7 Preparation and signing of contracts

The PPA and PCA ensure that the contracts included all elements related to the environmental and social performance that was previously discussed and agreed upon. This includes performance during the planning, design, and construction segments and, if applicable, the operation and maintenance segments as well. The winning bidder will be responsible for conducting the EIA, developing an EMP and obtaining all environmental permits, and clearances.

3.6.8 Due diligence on environmental and social safeguards.

The winning bidder works with the PPA and PCA to ensure submission with safeguards. In some jurisdictions, they collaborate to demonstrate compliance with all safeguards before the contracts are signed. The challenge they face is to ensure that the EIAs and EMPs are relevant and comprehensive. In addition, the PCA and PPA are required to coordinate with other public agencies to ensure that permits and clearances are delivered with minimal administrative challenges and related delays to make the project realistically de-risked, and the project yield VFM for the bidder and the public sector alike.

3.6.9 Commence construction and project execution

Contracting authorities will liaise with other public agencies to monitor compliance with contract conditions including environmental and social performance.

3.7 Positive impacts of procurement

The Seventh Five Year Plan of Bangladesh identified sustainable economic growth as one of the strategic focus. The strategy is intended to increase productivity, diversity production, and stimulate off-farm activity by strengthening farm-to-market linkages to help the rural poor. In the duration of 2016-2020, the government recognizes that investment in infrastructure is critical to socio-economic development and poverty reduction. The development will help to reduce road user costs as well as costs of production. In addition, good transport facilities will create employment opportunities, increase women's involvement in work and mobility of working people, expand the markets, and support human capital resources development. In the following section, I will discuss some positive impacts of the procurement process in sustainable development.

3.7.1 Capacity Building of LGED

LGED is the project execution agency under the Local Government Division (LGD) of the Ministry of Local Government, Rural Development, and Cooperatives. Project implementers provide technical assistants and consultants for capacity building of LGED staff. The technical assistance prepares an initial feasibility study involving extensive consultation with all stakeholders and potential beneficiaries down to the grass-root level. Project components are selected by some criteria such as technical and engineering, economic, environmental, gender equity and others. Consultants are recruited for engineering design and supervision and Institutional Support and Monitoring.

3.7.2 Good Quality of Product

The Procurement of civil works and procurement of goods by the stakeholders gets approved by the government or local governments. There are two bidding stages: One-Envelop and Two-Envelop. Stakeholders apply for approval from the authority and after competitive bidding they achieve procurement packages of civil works, goods and services. The analysis, and evaluation of applications ensure the good quality of the product.

3.7.3 Rural connectivity

Procurement has a significant impact on rural connectivity and the economic and social opportunities of the rural population. Procurers help to develop rural road conditions, create new shops on the roadside and improve rural markets which reduce transport costs and time. Also ensures easier access to social services for rural people.



Figure 3.5: Rural road and bridge connectivity

From the above pictures, it can be clearly understood that an improved road and constructing a new bridge can help rural people to live an easier life.

3.7.4 Ensure Gender Equity

As economic opportunities are the key goal in procurement, local government concerns about gender equity by targeting economic opportunities. Local government search for the applications that aimed at women's increased mobility through the use of infrastructure, access to the market, extension and social services, uphold women's confidence and ensure their increased participation in local government, infrastructure planning and decision making. Thus, rural infrastructure procurement has a role in reducing rural poor women's poverty and facilitating their empowerment.

3.7.5 Environmental Impact

Procurers are supposed to look at major environmental impacts. They monitor energy, transports (logistics, packaging, and greenhouse gases), water, waste, air pollution, natural resources, biodiversity, hazardous waste chemicals, plastics, pollution, and health impacts. Thus, procurers planned for procurement to achieve sustainability in rural infrastructure development.

3.7.6 Social Impact

In rural infrastructure development, some major social aspects are investigated before implementing projects. The procurers need to assess Working Conditions, economic opportunities, Social Inclusion, and Social Economic Organizations. They ensure no discrimination in the workplace, avoid child labour and force labour, provide freedom of association and right to bargain, wage, health and safety in the workplace.

3.7.7 Sustainability

The Government believes in the product's life cycle cost rather than the lower initial cost to ensure sustainability. Because of the higher initial price of the greener (sustainable product) product is more than compensated by much lower usage and disposal costs. If the whole life cost of the product is low, then the procurement cost is also low. Procurers are using sustainable products in rural infrastructure development. In addition, the government launched the Rural Roads and Bridge Maintenance Policy in 2013. It commits to funding road maintenance on an incremental basis. The Road Maintenance and Road Safety Unit of LGED has developed a Road and Structure Database Management System which encompasses comprehensive and reliable road inventory and condition information. The information from that system allows LGED to assess yearly road maintenance.

3.8 Challenges in procurement

Some significant problems should be addressed. Some barriers to achieving sustainable procurement are the difficulty in changing procurement behavior, lack of suppliers of sustainable assets, suppliers or services, and the complexity of comparing costing/value for money assessments, the difficulty of including factors broader than environmental considerations, a perception that the process and outcomes are more costly or time-consuming. The procurers find some difficulties with the budget for sustainable procurement. However, the procurement of the performance-based maintenances and management contracts are time-consuming. The evaluation process causes lengthy preparation of tender documents and re-tendering of the packages in the procurement system.

3.9 Procurement Theories

There are so many theories used to justify the procurement by stakeholders in their projects. Some analysis shows the capability of financing projects, some shows how companies will manage their category wise product, some model shows that how much value will be adding to the industry with the establishment of a project, and some of the analysis shows how stakeholders will accept projects as a sustainable project. Here, I will describe 3 theories that are used in procurement by procurers.

3.9.1 Peter Kraljic Model

In 1983, Peter Kraljic introduced the purchasing portfolio model that is used to analyze the purchasing portfolio of a company. This model segment all products to be purchased and how the department should spend time on various projects. This model also describes how the department should maintain relationships with suppliers. Procurers follow this model to have a clear view of the segmented product that they buy.

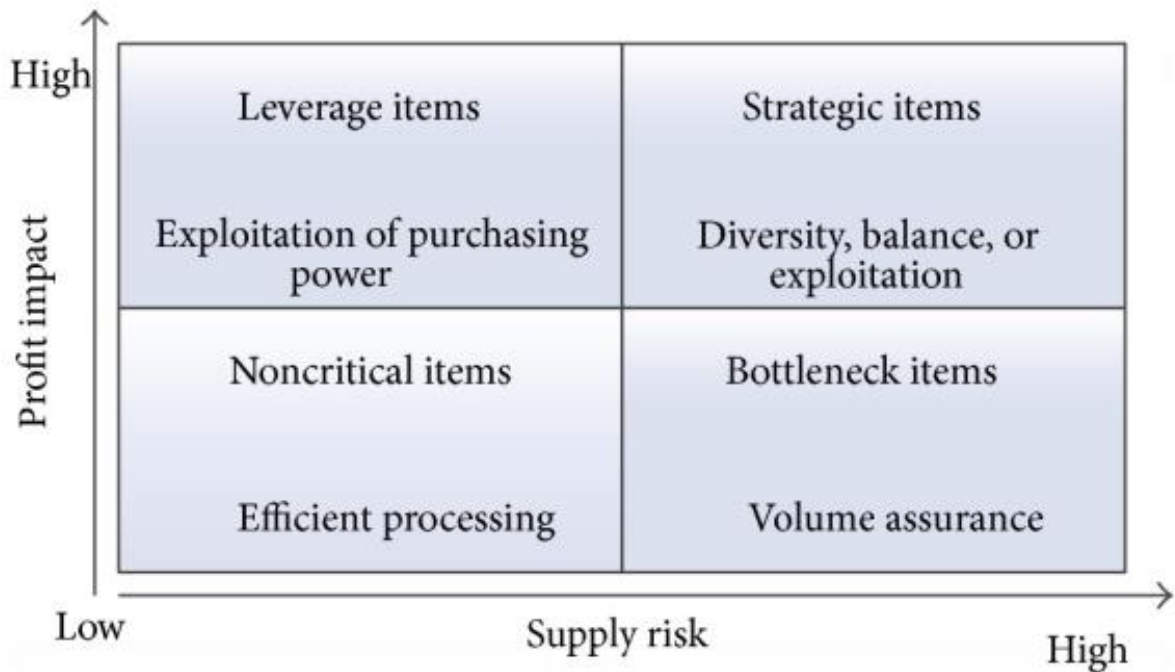


Figure 3.6: Peter Kraljic Model

3.9.1.1 Non-critical item

This segmented item has low impact and is low risk item upon organizational profitability. Most commonly used example for this segment is stationery items and regular items. Framework agreements are the best way to manage to purchase on a regular basis where the call-off purchase method may be implemented.

3.9.1.2 Leverage item

This segmented item has high profitability with low-risk factors where the bargaining power of the buyer is high, therefore the buyer has the leverage to obtain a greater return. These items are available to be found locally and the availability of these items is high.

3.9.1.3 Bottleneck items

This segment is the opposite side of the leverage item. These items are very critical and have really limited sources available for purchasing, which is why the bargaining power of the supplier is very high.

3.9.1.4 Strategic items

Lastly, high supplier risk and high-profit impact items cover all strategic suppliers. This segment explains the key supplier of the company, so they need to maintain a predictable and effective relationship with sources.

3.9.2 Porter's Value Chain

The value chain was first established by Michael Porter in 1985. When companies create or implement something different from their competitor and add value to the company with a series of activities, it is known as the value chain. Following Porter's theory, procurers introduce different items that could help the company to get more market share and competitive advantages.

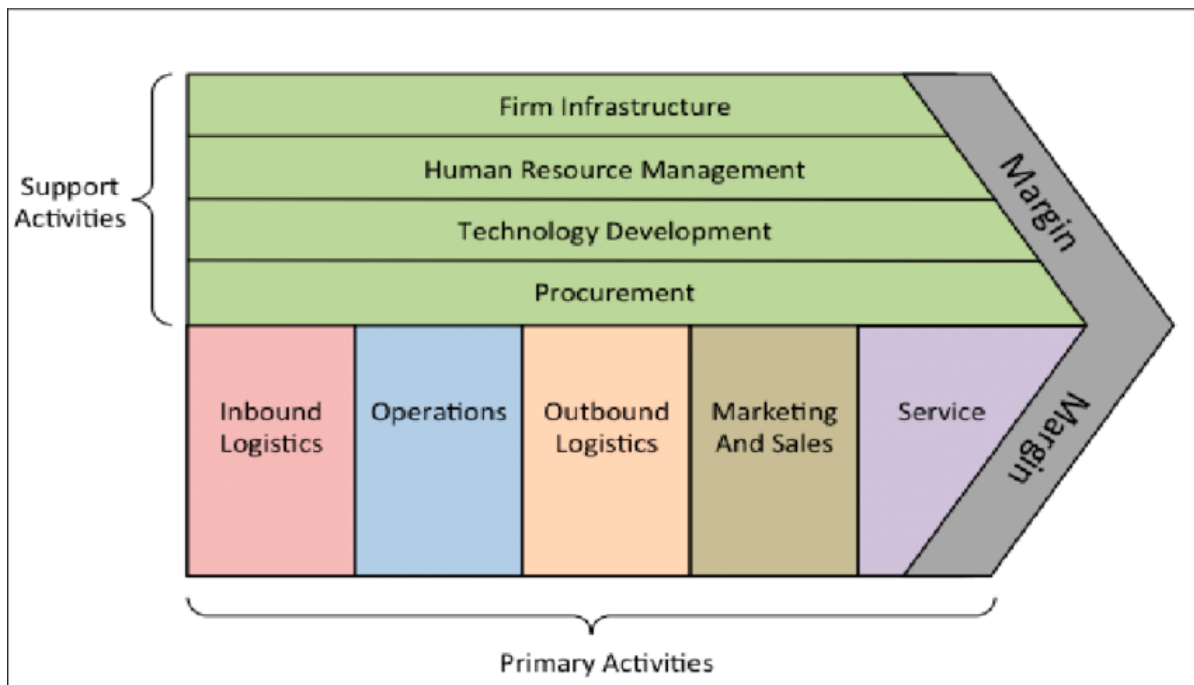


Figure 3.7: Porter's Value Chain Model

In Porter's Value chain there are a number of activities. All activities are divided into two parts named primary activity and support activity. Primary activities include production, maintenance, sales, and support service. Both primary and support activities create the margin for the organization, and that is value-adding.

3.9.2.1 Primary Activity

Inbound logistic

The Inbound logistic process involves all functions related to raw materials. A positive relationship with the supplier is essential to create value. So, the pre-condition for smooth

production must be the availability of raw materials that could maintain both financially and professionally a smooth relationship.

Operation

Operation processes are the guideline for adding value where all activities are included regarding converting inputs to outputs. The input will be raw materials and will be processed to the final product or semi-final products.

Outbound logistic

The outbound logistic process means storage, distribution, transport, and delivery of the final product to customers.

Marketing and sales

Strategies to enhance visibility and target appropriate customers (advertising, promotion, and pricing) are included in marketing and sales. In this stage, companies try to maintain a good relationship with customers to get the final product to the market and create a demand for it.

Service

This includes customer service, maintenance, repair, refund, and exchange. Customer satisfaction brings profit and goodwill, so selling a quality product and providing a quality product to customers is the biggest part of good service for organizations.

3.9.2.2 Support Activities

The value chain support, or secondary, activities generally work as to support the primary activities.

Firm's Infrastructure

A good infrastructure is necessary to support primary activities of a company and add values to the product.

Human Resource management

Effective hiring of employees is a need for an organization to perform all activities. Employee management is very useful for all primary activities.

Technology Development

Technological development includes equipment, hardware, software, procedures, and technical knowledge. In procurement, research on technical development including designing, manufacturing techniques, and automatic processes are done by the stakeholders.

Procurement

Porter added procurement as a support activity where companies negotiate prices of raw materials with suppliers.

3.9.3 Sustainability

Sustainability is the goal of sustainable development. In the field of procurement, organizations need to improve their efficiency and achieve a competitive position considering environmental issues from a competitive point of view. Procurement organizations are now more serious to design and implement sustainable procurement policies focusing on the pillars of sustainability. In the following sustainable model, I will discuss the 3 pillars of sustainable development to understand the role of procurement in sustainability.

The three pillars of sustainable development are Economic, Environmental, and Social.



Figure 3.8: Pillars of Sustainability

3.9.3.1 Social aspects

People have to have the accessibility to enough resources and facilities in order to keep their family and community healthy. Keeping in mind the social aspect of sustainability, companies should focus on some major issues. Such as poverty eradication, inequality in the distribution of resources, labor conditions, human rights, Fair-trade, avoid child labor, equal opportunity and payment for women, easy access to safe water and sanitary of workers etc. All these compliances and social aspects should be monitored and evaluated on a regular basis by Accord and Alliances.

3.9.3.2 Environmental aspects

Environment is the first motto of sustainability. Companies should do all the necessary works by maintaining ecological integrity. In procurement, they must focus on the environmental effects that the assets, supplies and/or services have over the whole lifecycle ("green

procurement"). Procurement is in a unique position to help influence the industry by encouraging it to develop and adopt policies and practices that ensure a cleaner and safer environment.

3.9.3.3 Economic aspects

Economics is conserving resources, and the concept is used to define and explain the value of resources today and their possible value in the future. The value of resources can be explained with the help of added value, properties and debts, investments, patent, and intangible assets. Raw material can be bought from the local market which will help the local community to grow economically. Besides that, organizations should increase the value of property and assets of that local area in terms of development. In terms of Bangladesh, the future value of the local property will be high because of community development.

To this end, this report has discussed three methods that may be employed to effectively and transparently integrate sustainable procurement within the tender evaluation process.

Chapter 4

Conclusion

To get sustainable development in Bangladesh there is no alternative to sustainable rural infrastructure development. Only good public governance with efficient and accountable public procurement can make that happen. This study shows the public procurement processes and their systematic stages during developing the infrastructure of our county. Needless to mention about the complex procurement process in Bangladesh, environmental and social performance hold higher attention in infrastructure development projects. For procurement, still, the bidding system, to execute projects, gives more transparency and efficiency in public procurement. In this case, the government should ideally improve the system and demand sustainable development through better procurement performances. Sustainable development in rural infrastructure may cost more, but it is more effective and add additional value. If environmental and social performance is addressed and awarded by providing incentives for green and clean innovation, stakeholders will change the procurement process to add more value for sustainable infrastructure development. It is expected, the Bangladesh government will make its public procurement regime more transparent and operational and also by encouraging the officials concerned to avoid bureaucratic dilatory practices but not at the cost of transparency. Then the utmost development in rural infrastructure will be sustainable.

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