

## Report On

Impact of the “Public Procurement Rules, 2008” on the implementation of development projects-A Case Study on the National Board of Revenue

By

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A report submitted to the BRAC Institute of Governance and Development in partial fulfillment of the requirements for the degree of Masters in Procurement and Supply Management

BRAC Institute of Governance and Development  
BRAC University

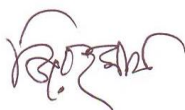
September 2020

## Declaration

It is hereby declared that

1. The 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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Full name of Supervisor

Designation,

Department

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Subject: Submission of Report on Impact of the “Public Procurement Rules, 2008” on the implementation of development projects-A Case Study on the National Board of Revenue

Dear Sir / Madam,

This is my pleasure to work for a report on Impact of the “Public Procurement Rules, 2008” on the implementation of development projects under National Board of Revenue, which I was appointed by your direction.

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,



---

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Date: September 30, 2020

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## Executive Summary

Public procurement refers to the purchase by governments and state-owned enterprises of goods, services and works. As public procurement accounts for a substantial portion of the taxpayers' money, governments are expected to carry it out efficiently and with high standards of conduct in order to ensure high quality of service delivery and safeguard the public interest.

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

Before 2001 there were no central and harmonized national procurement rules and guidelines in Bangladesh. Different ministries and offices or institutions under those ministries used to follow the procurement procedures inherited from the beginning. There was no central control or system of oversight by any authorized agency.

In 2001, the World Bank (WB), in agreement with the Government of Bangladesh and participation of other development partners, including Asian Development Bank (ADB) to improve public procurement performance, developed a Country Procurement Assessment Report. The report identified the key issues of any sound procurement process that needed to be addressed. The main issues were (i) the legal framework to govern public sector procurement, (ii) procurement planning (iii) standard bidding documents and proposals, (iv) evaluation of bids, (v) contract management (vi) mechanism for ensuring value for money, fairness, efficiency, transparency and accountability.

In 2002 with the financial assistance of WB, the Government undertook the Public Procurement Reform Project. The objective of this project was to contribute to improved performance in public procurement through introduction of measures to make the public procurement system compliant with internationally agreed norms of efficiency, transparency and accountability with the increase of procurement capacity through training creation of a pool of national procurement professionals. Under the project the Central Procurement Technical Unit (CPTU) was established. In 2003, the government issued Public Procurement Regulations (PPR 2003). CPTU undertook major reform activities in public procurement system like posting of government information on internet, a management information system, intensive training, and preparation of standard bidding documents for the

procurement of goods, works and services. The Public Procurement Act 2006 (PPA 2006) was ratified in Parliament.

Subsequently, the Public Procurement Rules (PPR) 2008 was developed under PPA 2006. The PPR 2008 included provision of framework and concession contracts, procedures for procurement of commodities and emergency procurement.

In Bangladesh, Public Procurement comprises a significant portion of the national budget. Public procurement contributes directly to the development of the country. It ensures timely delivery of goods to the public like construction of the roads, bridges and infrastructural development. Public procurement provides lots of job opportunities to the people directly and indirectly. It facilitates many firms, factories and organisations to participate in tenders for providing their goods and services, and as such it ensures social protection in the country. Public procurement ensures macro-economic development. It also contributes to the infrastructural development, human development, promoting good governance, and productivity and efficiency in science and technology.

The objective of the study was to find out the impact of the Public Procurement Rules 2008 on the implementation of development projects under National Board of Revenue (NBR).

Project Documents review, questionnaire survey, interview with Project personnel, contractors and suppliers were done to collect the necessary data.

The key findings of the study reveals that PPR 2008 has a significant impact on time, quality and cost of the projects.

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## List of Acronyms

ADB	Asian Development Bank
CCEA	Cabinet Committee on Economic Affairs
CCGP	Cabinet Committee on Government Purchase
CPAR	Central Procurement Assessment Report
CPTU	Central Procurement technical Unit
GOB	Government of Bangladesh
HOPE	Head of Procuring Entity
IRD	Internal Resources Division
NBR	National Board of Revenue
NGO	Non-Governmental Organization
NOA	Notification of Award
PPA	Public Procurement Act
PPR 2003	Public Procurement Regulations 2003
PPR 2008	Public Procurement Rules 2008
TCO	Total Cost of Ownership
TEC	Tender Evaluation Committee
TOR	Terms of Reference
VfM	Value for Money
WB	World Bank



# Chapter 1

## Introduction

### 1.1 Background of the study

In 1999 Government of Bangladesh (GoB) initiated reforms in public procurement. In 2001 Country Procurement Assessment Report (CPAR) was prepared with findings and recommendations. Findings of the CPAR were (i) Absence of legal framework (ii) Bureaucratic procedure (iii) Lack of competent staff (iv) Poor quality Bidding document and (v) Ineffective contract administration.

CPAR Recommendations were (i) Establish policy unit (ii) Carry out reforms and (iii) Improve procurement capacity.

Some Procurement reform activities taken under Public Procurement Reform Project. They were:

- i. Central Procurement Technical Unit (CPTU) established in 2002.
- ii. Public Procurement regulation 2003 issued in 2003.
- iii. Public Procurement procedures issued.
- iv. Standard Tender Documents issued.

The regular responsibilities of CPTU are implementation of Public Procurement Act and Public Procurement Rules, Technical Support to procuring entities, support to procuring entities/tenderers on legal issues, support to approving authorities including Cabinet Committee on Government Purchase (CCGP) and Cabinet Committee on Economic Affairs (CCEA), managing standard tender documents, capacity building, review and monitoring of procurement plan and logistic support to review panel.

The National Board of Revenue (NBR) is the top authority for tax administration in Bangladesh. It is under the Internal Resources Division (IRD) of the Ministry of Finance. It works with three tax-type wings namely Customs Wing, VAT Wing and Income Tax Wing. There are two more wings IT Wing and Research & Statistics Wing under NBR.

Three development projects are ongoing under NBR. They are Bond Management Automation Project (BMAP), National Single Window (NSW) Project and Revenue Mobilization Program

for Results: VAT Improvement Program (VAT Online Project). Procurement includes in these projects are Goods, Works and Services. Most of the procurement activities are procurement of Goods and related services. GOB funded projects follow exclusively the Public Procurement Rules, 2008 (PPR, 2008) and the projects funded by development partners follow PPR, 2008 with the development partners' procurement guidelines as indicated in the financing agreement between GOB and the Development Partners.

## 1.2 Objectives of the Study

The objective of the study was to find out the impact of Public PPR 2008 on the procurement of Goods and related services. The main question for this study was whether introduction of Public Procurement Rules 2008 had positive impact on 'performance of procurement' of development projects and how the performance of development projects of NBR had been impacted by the PPR 2008? The author also intended to make some recommendations to improve the procurement procedure for implementation of PPR 2008.

### 1.3 Methods of Collecting Data

Questionnaire survey had been conducted in the National Board of Revenue to collect the primary data from the officials working under development projects of National Board of Revenue, suppliers and consultants. They were selected randomly. Primary data have been collected from about thirty personnel. Sample Questionnaire have been attached as Appendix-A. In addition to the survey, Key Informant interviews of the concerned NBR Officials, Consultants and Suppliers had also been consulted. Qualitative data had been collected regarding the impact of PPR 2008 on the three performance indicators of development project management- total procurement time, quality of work and total cost of the procurement. Data has also been collected from the reports and concern websites.

### 1.4 Limitations of the Study

There were some limitations of the study. Due to coronavirus pandemic it was not possible to communicate directly with the NBR officials and suppliers/contractors outside the Dhaka City. Questionnaire Survey and Personal interview with NBR Officials and Suppliers/contractors was done only at the Dhaka City. Respondents were those only who were interested.

## Chapter 2

### Literature Review

**2.1 Public Procurement:** Public Procurement means procurement using public fund (PPR, 2008). Public Procurement involves in Ministries and Offices under their Jurisdiction, Urban Local Bodies, Public Utilities, Public Sector Companies and Organizations established by the constitution of the country or any act of legislature. Complex expenditure areas of the public procurement are Construction, Public Private Partnership projects, defense equipment and support to major change initiatives. Public Procurement also includes growing expenditure of direct delivery of services to citizens through private and NGO sectors. (World Bank website [procurementinet.org](http://procurementinet.org))

Bangladesh's Public Procurement expenditure is \$3 billion (World Bank). Importance of public procurement in national policy space are addressing alienation in society, reducing poverty and creating a tolerant and safe society of well-educated citizens. (World Bank website [procurementinet.org](http://procurementinet.org))

The process of procurement is designed to achieve the right balance of five parameters. They are right time and place, right source, right quality, right quantity and right price. (World Bank website [procurementinet.org](http://procurementinet.org))

**Right Quality:** Procurement does not aim for best quality in the market. They best quality may have adverse implications on cost, technical aspects, maintenance and operations. Therefore, procurement tries to get just the right quality that suits the needs- no more, no less. (World Bank website [procurementinet.org](http://procurementinet.org))

**Right Quantity:** Buying large quantities is as wrong as buying the immediately required quantity. There are extra costs when buying frequently in small quantities or buying large quantities and storing. (World Bank website [procurementinet.org](http://procurementinet.org))

**Right Price:** It is incorrect to aim for the cheapest material. The price should be just right for the right quality and quantity. It should include concepts of life cycle costing, total cost of ownership, value for money. Consider the initial price and other costs like maintenance, operations and disposal costs. (World Bank website [procurementinet.org](http://procurementinet.org))

**Right Time and Place:** If we need material in three months, it is costly to get it too late or too early. If the vendor delivers the material in another city, we need extra time and money to transport it.

Right Source: The source of material has to be just right for our needs. (World Bank website [procurementinet.org](http://procurementinet.org))

Seven principles that differentiate Public Procurement from Private sector Procurement: Transparency, Responsiveness, Professionalism, Constitutional Provision, Multiplicity, Public Accountability and Transactions. Transparency principles include Clarity, Openness, Lack of secretiveness, Equal opportunities, Non-discrimination and absence of arbitrariness in processes.

Multiplicity principles of public procurement include Promote public trust, serve conflicting expectations. Transaction principles include compliance with rules and procedures. (World Bank website [procurementinet.org](http://procurementinet.org))

## 2.2 Value for Money in Public Procurement

Value for money (VfM) is a management concept related to the right price. (World Bank website [procurementinet.org](http://procurementinet.org)). Using VfM procurement official will be able to ensure optimum utilization of scarce budgetary resources and provide value added product. When the perceived value of a product matches or increases the perceived value of the amount of money or cost of products the procurement officials sees they have got the full value for money. This is called value for money. VfM will establish through a competitive process. A strong competition through a vibrant market will deliver a VfM outcome. VfM in public procurement is achieved through Fitness for purpose, a potential supplier's experience and performance history and flexibility including innovation and adaptability over the lifecycle of the procurement product, environmental sustainability such as energy efficiency and environmental impact and total cost of ownership (TCO). VfM is important for public procurement for procurement of right Goods, Works or Services of the right quality at the right price.

## 2.3 Cost, Time and Quality

There are several rules in PPR 2008 to control the time, quality and cost of procurement.

Related rules with their descriptions are given below:

Table 1: Rules influence on Time

Rules Objectives	Rule identification	Rule Descriptions
For controlling the time required between submission of Tender and issuance of Notification of Award (NOA), 'Tender validity period'	Rule-19	The validity period shall be determined depending on the complexity of the Tender and is usually 60 to 120 days. However, there is provision for extension of Tender validity period under exceptional circumstances.
For discouraging the submission of Tenders with ill motive to create disturbance in the procurement process, provision of 'Tender security'	Rule-22	(1) To discourage the submission of Tenders with ill motive, a Procuring Entity may include in the Tender Documents a condition that Tenders must be accompanied by a security in form of, at Tenderer's option, a bank draft, pay order, or bank guarantee using the standard format attached to the Tender documents, issued by a scheduled bank of Bangladesh. (2) In the case of international procurement, the Tender security in the form of a Bank Guarantee as specified in the Tender Document shall be and issued by an internationally reputable bank and shall require to be endorsed by its any correspondent bank located in Bangladesh, to make it enforceable. (3) The amount of Tender security shall be determined sufficient to discourage irresponsible Tenderers and shall be expressed in the Tender Documents as a rounded fixed amount and, shall not be stated as a percentage of the estimated total Contract value and such fixed amount shall be determined in accordance with Schedule II.
	Rule 25	provision of forfeiture of 'Tender security' is kept
For ensuring performance of the procurement with respect to control quality and completion time	Rule 27	As per this Rule, a sum of money in the form of a Bank draft, pay order or a Bank Guarantee, ranging from 5 to 10% of the contract price shall be furnished by the successful Tenderer. However, if the TEC considers the Tender unbalanced as a result of front loading or price quoting abnormally lower than the official estimated price of Tender, they may recommend to Procuring Entity for taking performance security up to 25% of the estimated price of the Tender for ensuring performance of the procurement.
For the purpose of controlling time, cost and quality	Sub-Rule (5) under Rule 38	Project management may require a review of the design in addition to the supervision of construction from inception to completion and

Rules Objectives	Rule identification	Rule Descriptions
		handing over for the purpose of controlling time, cost and quality as well as fulfilling contractual obligations.
For time and cost management	Sub-Rule (14) under Rule 38	The Procuring Entity shall take follow-up steps as mentioned below in regard to payment of those liabilities for which the supplier or contractor shall be liable for payment of an agreed sum as specified in the Particular Conditions of Contract , for the cause of delay in the performance due under the contract such as - (a) recovery of the agreed sum to be paid per time-unit of delay; (b) recovery of the amount due under the liquidated damages; (c) not relieving the supplier or contractor of its contractual obligations by virtue of payment under the liquidated damages.
For the purpose of controlling time, cost and quality of Works Contract	Sub-Rule (1) under Rule 39	(1) For the purpose of controlling time, cost and quality, the Project Manager shall follow up the Work Programme and ensure that within the time stated in the contract - (a) the Contractor submits to the Project Manager for approval of a Programme showing the general methods, arrangements, order, and timing for all the activities in the Works; (b) the Contractor submits to the Project Manager for approval of an updated Programme at specified intervals, being not longer than the period stated in the contract conditions; and (c) the Contractor provides the Project Manager with an updated cash flow forecast when updating the Programme .
		(2) The Project Manager may withhold any payment certificates under the terms of the contract until the Works Programme has been submitted under Sub-Rule (1). . (3) The Procuring Entity shall extend the Intended Completion Date by the percentage specified in Schedule II, if a Compensation Event occurs or a Variation Order is issued which does not make it possible to complete the Works by the Intended Completion Date without the Contractor incurring additional cost. (4) The Procuring Entity shall decide whether and by how much to extend the Intended Completion Date, within the period specified in Schedule II. (5) The Project Manager shall check the works executed by the Contractor and notify the Contractor of any Work Defects found

Rules Objectives	Rule identification	Rule Descriptions
		<p>without relieving the Contractor of his contractual obligations concerning the quality of the Works. (6) The Project Manager may instruct the Contractor to search for a Defect or to uncover and test any work that the Project Manager considers may have a Defect. (7) The Project Manager shall give notice to the Contractor of any Defects before the end of the Defects Liability Period, which begins at Completion, and is defined in the Contract; and the Defects Liability Period shall be extended for as long as Defects remain to be corrected. (8) If the Contractor has not corrected a Defect within the time specified in the Project Manager's notice, the Project Manager shall assess the cost of having the Defect corrected, and the Contractor shall pay this amount so assessed.</p>

Table 2: Rules Influence on Quality

Rules Objectives	Rule identification	Rule Descriptions
<p>For ensuring performance of the procurement with respect to control quality and completion time</p>	<p>Rule 27</p>	<p>As per this Rule, a sum of money in the form of a Bank draft, pay order or a Bank Guarantee, ranging from 5 to 10% of the contract price shall be furnished by the successful Tenderer. However, if the TEC considers the Tender unbalanced as a result of front loading or price quoting abnormally lower than the official estimated price of Tender, they may recommend to Procuring Entity for taking performance security up to 25% of the estimated price of the Tender for ensuring performance of the procurement.</p>
<p>For maintaining quality of procurements,</p>	<p>Rule 38</p>	<p>For maintaining quality of procurements, Sub-Rule (3) under Rule-38 states: "The Procuring Entity shall ensure that Goods, Works or Services to be procured conform to the technical requirements set forth in the procurement Contract, and for such purpose, the Procuring Entity may establish inspection and testing facilities, form inspection teams, enter into arrangements for the joint or collective use of laboratories and inspection and testing facilities, and contract with others for inspection or testing</p>



Rules Objectives	Rule identification	Rule Descriptions
		work as needed”. For the purpose of controlling time, cost and quality; Sub-Rule (5) under Rule 38 is incorporated in PPR 2008 as discussed earlier.
For the purpose of controlling time, cost and quality	Rule 39	Sub-Rule (1) of Rule-39 as discussed earlier. For controlling quality of Works, guideline is given in Sub-Rule 39(5), 39(6), 39(7) and 39(8). The Project Manager shall check the works executed by the Contractor and notify the Contractor of any Work Defects. The Project Manager may instruct the Contractor to search for a Defect or to uncover and test any work that the Project Manager considers may have a Defect. Sub-Rule 39(7) states: “The Project Manager shall give notice to the Contractor of any Defects before the end of the Defects Liability Period, which begins at Completion, and is defined in the Contract; and the Defects Liability Period shall be extended for as long as Defects remain to be corrected”. If the Contractor has not corrected a Defect within the time specified in the Project Manager’s notice, the Manager shall assess the cost of having the Defect corrected, and the Contractor shall pay this amount so assessed. For controlling quality, Sub-Rule 39(29) provides the Project Manager authority of issuing a Defects Liability Schedule, should there be any defects, stating the scope of the corrections or additions that are necessary. If the corrections or additions scheduled by the Project Manager have been completed, the Project Manager shall issue a Defects Correction Certificate. On the otherhand, if the Final Account of Works is unsatisfactory even after it has been resubmitted, the Project Manager shall decide on the amount payable to the Contractor and issue a payment certificate. For ensuring quality, Sub-Rule 39(32) provides the Project Manager authority of issuing a Certificate of Completion of the Works upon deciding that the work is completed with appropriate quality.

Table 3: Rules influence on total cost of procurement

Rules Objectives	Rule identification	Rule Descriptions
For controlling contract price	Sub-Rule (2) under Rule 28	On completion of the whole Works, half the total amount retained shall be repaid to the Contractor and the remaining amount may also be paid to the Contractor if an unconditional Bank guarantee is furnished for that remaining amount.
For the purpose of controlling time, cost and quality	Sub-Rule (5) under Rule 38	Project management may require a review of the design in addition to the supervision of construction from inception to completion and handing over for the purpose of controlling time, 36 cost and quality as well as fulfilling contractual obligations.
For controlling the cost of the project	Sub-Rule (9) under Rule 38	The price of a contract shall usually be fixed in which case the unit prices may not be modified in response to changes in economic or commercial conditions except when a Contract for Works has a provision for price adjustment". In the case of contracts with price adjustment, clear guideline is given in Sub-Rule 38(10) for such adjustments. There is also clear guideline regarding increase in the Bill of Quantities for Works exceeding permissible percentage of the initial contract price in Sub-Rule 38(11). For time and cost management, Sub-Rule 38(14) provides guideline as to how the agreed sum including liquidated damages from the Contractor will be recovered.
For the purpose of controlling time, cost and quality	Sub-Rule (1) under Rule 39	(1) For the purpose of controlling time, cost and quality, the Project Manager shall follow up the Work Programme and ensure that within the time stated in the contract - (a) the Contractor submits to the Project Manager for approval of a Programme showing the general methods, arrangements, order, and timing for all the activities in the Works; (b) the Contractor submits to the Project Manager for approval of an updated Programme at specified intervals, being not longer than the period stated in the contract conditions; and (c) the Contractor provides the Project Manager with an updated cash flow forecast when updating the Programme.

## 2.4 Summary of Literature Review

Public Procurement is the procurement of Goods, Works and Services using public fund. Quality, cost and time, these three parameters are very important for procurement as well as project success. There are several Rules in Public Procurement Rules, 2008 for achievement of required quality, best price and optimum time. By following those rules properly, project can be successful. Proper project and procurement planning is very important at the planning stage of the project. Due to lack of proper planning, the project has to change the design at the implementation stage and project cost overruns and implementation delayed. Procurement activities should be done following PPR, 2008 and achieve Value for Money.

## Chapter 3

### Findings and Observation

The overall findings of the study exposes that PPR 2008 has a significant positive impact on time, quality and cost of the procurement.

Responses Distribution in percentage for question no. 2 (i) to 2 (xiii) of the questionnaire.

Question	Frequency Distribution of responses (%)					Total %
	High positive impact	Low positive impact	No impact	Low negative impact	High negative impact	
How much, do you think, tender/proposal validity period impacts 'tender processing time'?	54	46	0	0	0	100
How much, do you think, the limitation of procuring entity to extend the completion time in PPR 2008 controls the completion time of contract?	24	52	24	0	0	100
Provision of 'liquidated damage' is incorporated in PPR 2008 for implementing project timely. How much, in your perception, is this rule impacts project implementation time?	36	50	14	0	0	100
How much, do you think, inclusion of external members in Tender/Proposal Evaluation Committee in PPR 2008 impacts tender evaluation?	34	66	0	0	0	100

Question	Frequency Distribution of responses (%)					Total %
	High positive impact	Low positive impact	No impact	Low negative impact	High negative impact	
How much, do you think, inclusion of 'technical sub-committee' in PPR 2008 impacts tender evaluation?	66	34	0	0	0	100
How much, do you think, performance security Provision in PPR, 2008 ensures quality of Works/Goods/Services?	46	36	18	0	0	100
How much, do you think, increase of performance security Provision in PPR, 2008 ensures measures against unbalanced tender as a result of front loading?	10	28	62	0	0	100
Rule 29(4) states, "Notwithstanding anything contained in Sub-Rule (3), if a Procuring Entity does not possess adequate technical expertise for preparing generalized technical specifications to make the specifications fully understandable to Tenderers, it can make a reference to a particular branded product, but in such case shall add the words "or similar or equivalent" to the specification.". How	28	42	15	15	0	100

Question	Frequency Distribution of responses (%)					Total %
	High positive impact	Low positive impact	No impact	Low negative impact	High negative impact	
much is this rule impacts achieving quality?						
Sub-Rule (3) under Rule 38 states, “The Procuring Entity shall ensure that Goods, Works or Services to be procured conform to the technical requirements set forth in the procurement Contract, and for such purpose, the Procuring Entity may establish inspection and testing facilities, form inspection teams, enter into arrangements for the joint or collective use of laboratories and inspection and testing facilities, and contract with others for inspection or testing work as needed. ”. How much is this rule impacts achieving quality?	54	35	11	0	0	100
How much, do you think, adopting PPR 2008 impacts influencing tender processing cost of a procurement?	36	54	0	0	0	100
Sub-Rule (14) under Rule 38 states: “The Procuring Entity shall take follow-	36	52	12	0	0	100

Question	Frequency Distribution of responses (%)					Total %
	High positive impact	Low positive impact	No impact	Low negative impact	High negative impact	
up steps as mentioned below in regard to payment of those liabilities for which the supplier or contractor shall be liable for payment of an agreed sum as specified in the Particular Conditions of Contract , for the cause of delay in the performance due under the contract such as -(a) recovery of the agreed sum to be paid per time-unit of delay;(b) recovery of the amount due under the liquidated damages;(c) not relieving the supplier or contractor of its contractual obligations by virtue of payment under the liquidated damages. ”. How much is this rule impacts influencing project-cost?						
Sub-Rule (2) under Rule 28 states “On completion of the whole Works, half the total amount retained shall be repaid to the Contractor and the remaining amount may also be paid to the Contractor if an unconditional Bank guarantee is furnished for that remaining amount”. How much is this rule impacts influencing project-cost?	54	46	0	0	0	100
How much PPR 2008, as a whole, impact ‘total project-cost’?	42	58	0	0	0	100

Most of the time, total time for selection of supplier/contractor have been reduced due to introduction of tender validity date between 60-120 days and limitation of the approval of tender validity date as that the procuring entity may request for extension of tender validity for maximum two times. In such cases, the first extension of validity, the approval of the Head of the Procuring Entity (HOPE) and for second extension of such validity, the approval of the next higher level of authority shall be obtained.

Following PPR, 2008, there is a mixed effect on the quality of goods, works and services. In most of the cases, for procurement of Goods, procuring entity is unable to prepare the technical specifications with proper performance characteristics so that they can procure the quality goods as required. Most of the procurement officials concern with public procurement of Goods opined that due to the preparation of generic technical specifications they are failing to select the supplier and offered goods of quality goods. For most of the cases, procuring entity cannot prepare the TOR for consultancy services perfectly. Due to lack of knowledge, negotiation cannot be done perfectly. As a result, during implementation of the project, procuring entity face a lot of difficulties.

PPR 2008 has a significant effect on cost. Usually unit cost is fixed and unit prices may not be modified.



## **Chapter 4**

### **Conclusion and Recommendations**

From the study it is apparent that PPR 2008 has a significant positive impact on procurement processing and contract management of the project. For proper application of PPR 2008, the procurement capacity of the procurement agency should be improved. Capacity building training in public procurement should be increased. In NBR, there is no procurement unit/wing. NBR should take necessary steps in establishing a procurement unit/wing in NBR. NBR does not have any planning unit. As a result most of the time Development Project Proposals (DPPs) are being prepared with a lot of unrealistic plans. At the implementation stage, they are facing a lot of problems to start the procurement processing following PPR 2008. NBR should establish a strong planning unit/wing.

## Appendix-A: Sample Questionnaire Survey

Research Title: Impact of the “Public Procurement Rules, 2008” on the implementation of development projects-A Case Study on the National Board of Revenue

This survey is being carried out for a case study on the National Board of Revenue to assess the impact of the “Public Procurement Rules, 2008” on the implementation of development projects. The purpose of this study is to assess the impact of PPR 2008 on time, quality and cost of procurement. It is a part of academic necessity for the fulfillment of ‘Masters in Procurement & Supply Management’ under BRAC Institute of Governance & Development (BIGD), BRAC University. I hereby assure you that all the information given by you will be used only for academic purpose and will be kept confidential.

Please fill the following questionnaire:

1. For how long are you serving/working at NBR?
  - O Less than 10 years
  - O 10-15 years
  - O 15-20 years
  - O more than 20 years.
2. Please on your view choose the most appropriate option for the following questions regarding impact of Public Procurement Rules, 2008 (PPR, 2008) on development projects.

Sl. No.	Questions	High Positive Impact	Low Positive Impact	No Impact	Low Negative Impact	High Negative Impact
i)	How much, do you think, tender/proposal validity period impacts ‘tender processing time’?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ii)	How much, do you think, the limitation of procuring entity to extend the completion time in	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Sl. No.	Questions	High Positive Impact	Low Positive Impact	No Impact	Low Negative Impact	High Negative Impact
	PPR 2008 controls the completion time of contract?					
iii)	Provision of 'liquidated damage' is incorporated in PPR 2008 for implementing project timely. How much, in your perception, is this rule impacts project implementation time?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iv)	How much, do you think, inclusion of external members in Tender/Proposal Evaluation Committee in PPR 2008 impacts tender evaluation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
v)	How much, do you think, inclusion of 'technical sub-committee' in PPR 2008 impacts tender evaluation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
vi)	How much, do you think, performance security Provision in PPR, 2008 ensures quality of Works/Goods/Services?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
vii)	How much, do you think, increase of performance security Provision in PPR, 2008 ensures measures against unbalanced tender as a result of front loading?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
viii)	Rule 29(4) states, "Notwithstanding anything	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Sl. No.	Questions	High Positive Impact	Low Positive Impact	No Impact	Low Negative Impact	High Negative Impact
	<p>contained in Sub-Rule (3), if a Procuring Entity does not possess adequate technical expertise for preparing generalized technical specifications to make the specifications fully understandable to Tenderers, it can make a reference to a particular branded product, but in such case shall add the words “or similar or equivalent” to the specification.”. How much is this rule impacts achieving quality?</p>					
ix)	<p>Sub-Rule (3) under Rule 38 states, “The Procuring Entity shall ensure that Goods, Works or Services to be procured conform to the technical requirements set forth in the procurement Contract, and for such purpose, the Procuring Entity may establish inspection and testing facilities, form inspection teams, enter into arrangements for the joint or collective use of laboratories and inspection and testing facilities, and contract with others for inspection or testing work as needed. ”. How much is this rule impacts achieving quality?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Sl. No.	Questions	High Positive Impact	Low Positive Impact	No Impact	Low Negative Impact	High Negative Impact
x)	How much, do you think, adopting PPR 2008 impacts influencing tender processing cost of a procurement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
xi)	Sub-Rule (14) under Rule 38 states: “The Procuring Entity shall take follow-up steps as mentioned below in regard to payment of those liabilities for which the supplier or contractor shall be liable for payment of an agreed sum as specified in the Particular Conditions of Contract , for the cause of delay in the performance due under the contract such as - (a) recovery of the agreed sum to be paid per time-unit of delay;(b) recovery of the amount due under the liquidated damages;(c) not relieving the supplier or contractor of its contractual obligations by virtue of payment under the liquidated damages. ”. How much is this rule impacts influencing project-cost?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
xii)	Sub-Rule (2) under Rule 28 states “On completion of the whole Works, half the total amount retained shall be repaid to the Contractor and	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Sl. No.	Questions	High Positive Impact	Low Positive Impact	No Impact	Low Negative Impact	High Negative Impact
	the remaining amount may also be paid to the Contractor if an unconditional Bank guarantee is furnished for that remaining amount”. How much is this rule impacts influencing project-cost?					
xiii)	How much PPR 2008, as a whole, impact ‘total project-cost’?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Appendix B: Results of Questionnaire Survey and Key Stakeholder'

### Interview (Officers, Contractors, Suppliers, Consultants)

#### **(1) On the project implementation time**

***Question 1: How much, do you think, tender/proposal validity period impacts 'tender processing time'?***

54% of the respondents opined that tender/proposal validity period has a high positive impact and 46% of the respondents opined that tender/proposal validity period has a low positive impact on tender processing time.

***Question 2: How much, do you think, the limitation of procuring entity to extend the completion time in PPR 2008 controls the completion time of contract?***

52% of the respondents opined that the limitation of procuring entity to extend the completion time in PPR 2008 has a low positive impact and 24% of the respondents opined that that the limitation of procuring entity to extend the completion time in PPR 2008 has a high positive impact on the completion time of contract. 24% of the respondents opined that that the limitation of procuring entity to extend the completion time in PPR 2008 has no impact on the completion time of contract.

***Question 3: Provision of 'liquidated damage' is incorporated in PPR 2008 for implementing project timely. How much, in your perception, is this rule impacts project implementation time?***

50% of the respondents opined that the provision of liquidated damage in PPR 2008 has a low positive impact and 36% of the respondents opined that the provision of liquidated damage in PPR 2008 has a high positive impact on the completion time of contract. 14% of the respondents opined that the provision of liquidated damage in PPR 2008 has no impact on the completion time of contract.

## **2. On the Quality**

***Question 1: How much, do you think, inclusion of external members in Tender/Proposal Evaluation Committee in PPR 2008 impacts tender evaluation?***

66% of the respondents opined that the inclusion of external members in Tender/Proposal Evaluation Committee in PPR 2008 has a low positive impact and 34% of the respondents opined that the inclusion of external members in Tender/Proposal Evaluation Committee in PPR 2008 has a high positive impact on the tender evaluation.

***Question 2: How much, do you think, inclusion of 'technical sub-committee' in PPR 2008 impacts tender evaluation?***

66% of the respondents opined that the inclusion of technical sub-committee in PPR 2008 has a high positive impact and 34% of the respondents opined that the inclusion of technical sub-committee in PPR 2008 has a low positive impact on the tender evaluation.

***Question 3: How much, do you think, performance security Provision in PPR, 2008 ensures quality of Works/Goods/Services?***

46% of the respondents opined that the performance security provision in PPR 2008 has a high positive impact to ensure quality of works/goods/services and 36% of the respondents opined that the performance security provision in PPR 2008 has a low positive impact to ensure quality of works/goods/services. However, 18% of the respondents opined that the performance security provision in PPR 2008 has no impact to ensure quality of works/goods/services.

***Question 4: How much, do you think, increase of performance security Provision in PPR, 2008 ensures measures against unbalanced tender as a result of front loading?***

28% of the respondents opined that the performance security provision in PPR 2008 has a low positive impact to ensure measures against unbalanced tender as a result of front loading and 10% of the respondents opined that performance security provision in PPR 2008 has a high positive impact to ensure measures against unbalanced tender as a result of front loading. However, 62% of the respondents opined that performance security provision in PPR 2008 has no impact to ensure measures against unbalanced tender as a result of front loading.



***Question 5: Rule 29(4) states, “Notwithstanding anything contained in Sub-Rule (3), if a Procuring Entity does not possess adequate technical expertise for preparing generalized technical specifications to make the specifications fully understandable to Tenderers, it can make a reference to a particular branded product, but in such case shall add the words “or similar or equivalent” to the specification.”. How much is this rule impacts achieving quality?***

42% of the respondents opined that making reference to a particular branded product with “or similar or equivalent” to the specification in PPR 2008 has a low positive impact to ensure quality and 28% of the respondents opined that making reference to a particular branded product with “or similar or equivalent” to the specification in PPR 2008 has a high positive impact to ensure quality. 15% of the respondents opined that making reference to a particular branded product with “or similar or equivalent” to the specification in PPR 2008 has no impact to ensure quality. However, 15% of the respondents opined that making reference to a particular branded product with “or similar or equivalent” to the specification in PPR 2008 has a low negative impact to ensure quality.

**Question 6: Sub-Rule (3) under Rule 38 states, “The Procuring Entity shall ensure that Goods, Works or Services to be procured conform to the technical requirements set forth in the procurement Contract, and for such purpose, the Procuring Entity may establish inspection and testing facilities, form inspection teams, enter into arrangements for the joint or collective use of laboratories and inspection and testing facilities, and contract with others for inspection or testing work as needed. ”. How much is this rule impacts achieving quality?**

54% of the respondents opined that establishing inspection and testing facilities, form inspection teams, enter into arrangements for the joint or collective use of laboratories and inspection and testing facilities and contract with others for inspection or testing work in PPR 2008 has a high positive impact to ensure quality and 35% of the respondents opined that establishing inspection and testing facilities, form inspection teams, enter into arrangements for the joint or collective use of laboratories and inspection and testing facilities and contract with others for inspection or testing work in PPR 2008 has a low positive impact to ensure quality. However, 11% of the respondents opined that establishing inspection and testing facilities, form inspection teams, enter into arrangements for the joint or collective use of

laboratories and inspection and testing facilities and contract with others for inspection or testing work in PPR 2008 has no impact to ensure quality.

### **On the project cost.**

#### **Question 1: How much, do you think, adopting PPR 2008 impacts influencing tender processing cost of a procurement?**

54% of the respondents opined that adopting PPR 2008 has a low positive impact influencing tender processing cost and 36% of the respondents opined that adopting PPR 2008 has a high positive impact influencing tender processing cost. However, 10% of the respondents opined that adopting PPR 2008 has a low negative impact influencing tender processing cost.

#### **Question 2: Sub-Rule (14) under Rule 38 states: “The Procuring Entity shall take follow-up steps as mentioned below in regard to payment of those liabilities for which the supplier or contractor shall be liable for payment of an agreed sum as specified in the Particular Conditions of Contract , for the cause of delay in the performance due under the contract such as -(a) recovery of the agreed sum to be paid per time-unit of delay;(b) recovery of the amount due under the liquidated damages;(c) not relieving the supplier or contractor of its contractual obligations by virtue of payment under the liquidated damages. ”. How much is this rule impacts influencing project-cost?**

52% of the respondents opined that the above mentioned rules in PPR 2008 has a low positive impact influencing project cost and 36% of the respondents opined that the above mentioned rules in PPR 2008 has a high positive impact influencing project cost. However, 12% of the respondents opined that the above mentioned rules in PPR 2008 has no impact influencing project cost

#### **Question 3: Sub-Rule (2) under Rule 28 states “On completion of the whole Works, half the total amount retained shall be repaid to the Contractor and the remaining amount may also be paid to the Contractor if an unconditional Bank guarantee is furnished for that remaining amount”. How much is this rule impacts influencing project-cost?**

54% of the respondents opined that the above mentioned rules in PPR 2008 has a high positive impact influencing project cost and 46% of the respondents opined that the above mentioned rules in PPR 2008 has a low positive impact influencing project cost.

**Question 4: How much PPR 2008, as a whole, impact ‘total project-cost’?**

58% of the respondents opined that PPR 2008 has a low positive impact influencing project cost and 42% of the respondents opined that the above mentioned rules in PPR 2008 has a high positive impact influencing project cost.

## References

[1] World Bank website [procurementinet.org](http://procurementinet.org)

[2] Mr. Ajoy Kumar Chakraborty, December 2012