

Report on
Preferred Method of Procurement Chosen by the Different
Government Procuring Entities

Submitted By

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An internship report submitted to the Department of 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
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Declaration

It is hereby declare 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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Dear Sir,

I am grateful to submit herewith my report on “**Preferred method of procurement chosen by the different Government Procuring Entities**” as a partial requirement for achieving the degree of Masters in Procurement and Supply Management. It is a great opportunity for me to work under your active supervision, care and guidance.

I have collected data from RHD, LGED, PWD, EED and different Upazila level offices of Narshingdi and Perojpur District for preparing the report. I am thankful to you for providing me this opportunity to work on this topic and I will be trying to answer all the questions that you have about the paper. I have tried my label best to complete this research paper meaningfully and correctly, as much as possible. I am submitting the report with the hope that it lives up to your satisfaction. However I would be glad to provide you with any clarification regarding this report.

Sincerely yours,

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Abstract

This report titled “Preferred Method of Procurement Chosen by the Different Government Procuring Entities” possesses an immense importance considering the similarity and difference among the various departments of Bangladesh. This paper considered two districts and four government departments who have greater number of e-contracts compared to other departments in a district. The data are collected from two districts are also verified from the official website of CPTU. This report compares between the last two financial year data of two districts representing in pie chart which indicates the percentage of methods applied by the four departments (LGED, RHD, EED and PWD). This report also tries to find out the similar number of contractor signed contract under the same procuring entity.

LGED Narshingdi choose mostly LTM tender in the last two financial years and LGED Perojpur did OTM, LTM and OSTETM tender and the similarity of same contractor is more greater in LGED Perojpur specially for OSTETM method.

RHD Narshingdi and Perojpur did 100% OTM tender in the last two financial years and only the big tenderer applied and responsive based on the (+/-) 10% limit and the calculation of past performance matrix. Only a few contractors were revolved in between them as they have the maximum turnover.

EED Narshingdi and Perojpur did mostly LTM tender and they also did some OTM tender which is larger in amount. There is the same picture in the OTM method that number of similarity of same contractor is high compared to LTM method and the big contractors are also revolved.

PWD Narshingdi and Perojpur did mostly LTM tender for maintenance work and some OTM tender for large work. For OTM tender the number of same contractor situation is found same as found for LGED and RHD for these two districts.

The turnover of a tenderer is the determinants for OTM tender and luck is the key factor for LTM tender. If the limitation for quoting tender amount is not restricted for OTM tender the scenario may be different from current situation.

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List of Acronyms

ADP	Annual Development Programme
BIGD	BRAC Institute of Governance and Development
CPTU	Central Procurement Technical Unit
DoFP	Delegation of Financial Powers
EED	Education Engineering Department
GCC	General Conditions of Contract
GOB	Government of Bangladesh
ITT	Instruction to Tenderers
LGED	Local Government Engineering Department
OTM	Open Tendering Method
PCC	Particular Conditions of Contract
STD	Standard Tender Document

1.0 Introduction

Public procurement is the purchasing of goods, works and services by the public fund. In Bangladesh public procurement shall conform the sections and rules of the Public Procurement Act 2006 and the Public Procurement Rules 2008 respectively. Bangladesh is one of the world's fastest growing economies. In 2031 fueled by vision 2021 Bangladesh dreams of becoming a middle income country and plans to become a developed country after 2041. Tk.2,05,145 Crore is the annual development program(ADP) of the FY-2021 of which almost 85% will be spent by public procurement and on an average 45 % of national budget of Bangladesh is spent by following the rules of PPR-2008. So public procurement is the pioneer and carries extra weightage in the national budget especially in the developing sectors. Public procurement can be done in different methods like Open Tendering Method, Limiting Tendering Method, and One Stage Two Envelop Tendering Method and so on. Different methods have different ways to prepare the tender documents and reasons for transparency to choose the accurate method for selecting the tenderer in a competitive way to ensure the best value for money. If the tendering method is not chosen appropriately the main purpose of tendering to spent public fund will not be achieved.

1.1 Objectives

1.1.1 Primary Objective

- ✚ To find out the reasons for giving preferences by the different Government Procuring Entities for choosing the methods of procurement.

1.1.2 Secondary Objectives

- ✚ To identify the percentage of methods used in the last two financial years under a procuring entity.
- ✚ To identify the percentage of same tenderer signed e-contract under the same procuring entity in the last two financial years?
- ✚ To understand if there is any advantage to get a tender for using any specific method of procurement.

1.2 Limitations

Tender process is one of the most crucial events for any procuring entity to hold the secrecy of tender documents and especially in the evaluation stage. There is a common practice in Bangladesh not to give any official information outside of the office for many valid reasons. As the report topic is a serious matter for the procuring entities so they tried not to give the data properly and in time especially in this Covid-19 situation. Face to face interview could not be arranged and most of the respondents give their answers by e-mail or telephone conversation. It took months to have a reply from the respondents for which time limit was challenged sometime. Though the data were collected are verified from the CPTU website otherwise it will be impossible to complete the report.

1.3 Ethical Considerations

Ethics is a matter of principled sensitivity to the rights of others. Researchers have responsibilities to the subjects of their research. In this research paper, I tried to follow all the consideration I have learned in my class and as practitioner of procurement. But there are some considerations those I cannot avoid. For my research paper, these are-

- **Expert Interview** was a planned procedure to complete the research. However, I tried my best to contact with experts of the topic for an interview; unfortunately I could not get their appointments for taking interviews in this Covid-19 situation and as they are really busy personals as well as not interested to talk in this touchy matter.

1.4 Methodology of Research

To reach the answers of the research questions for the paper, mostly primary and some secondary data were used. Because of the Covid-19 situation, the primary data were collected using telecommunication methods including email and telephone interview. Collected data also verified from the official website of CPTU.

As the sample of this research work, Two (2) different Districts were selected. These are:

- Narshingdi
- Perojpur

Primary data are collected through telephone interview and responds over email. The respondents of primary data were:

- ✓ Procuring Entities of LGED, RHD, PWD and EED
- ✓ Website: www.eprocure.gov.bd, www.cptu.gov.bd (all the data also verified from these official websites).

Secondary data are collected mainly from:

- ✓ Website: www.eprocure.gov.bd, www.cptu.gov.bd
- ✓ Related articles
- ✓ Journals
- ✓ Previous related research works

The questions were in the light of the findings of the samples.

The methods used to collect data are:

1. Questionnaire
2. E-mail responds
3. Telephone interview
4. Website analysis

1.5 Rationale

Rationale behind choosing these two districts is; the stakeholders of these district supportive to provide required information to the researcher. These districts stakeholders willingly provided answers of the questionnaire and responded over telephone and email.

There are many Government departments doing procurement for spending public fund but the larger amount of spent is done by a few departments like RHD, PWD, LGED and EED in the district level.

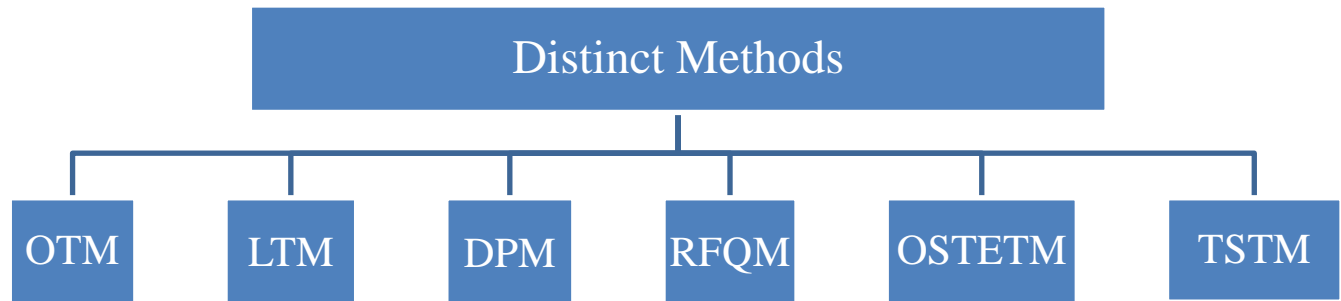
1.6 The ACT

The Public Procurement Act, 2006 (26 no. act of the year 2006) consists of 73 sections and the elaborations of these sections will be reflected by the Public Procurement Rules, 2008 which consists of 130 rules and 14 schedules.

In the section 68 (2) of PPA-2006 there is especial provisions on this laws only for the issue of national security and the national defense case. Only accept these two cases all other spending of public fund shall be followed by PPR-2008 if there is no national emergency or disaster case. This indicates the clear guidelines for all the public sectors to maintain and follow the rules and the standard tender documents time to time developed and amended by the controlling authority CPTU (Central Procurement Technical Unit).

2.0 Procurement Methods

Methods of Procurement (Goods & Works): As per PPR-2008 Rule no- 61 and 62, distinct methods are as follows-



2.1 Open Tendering Method (OTM): Preferred method, competition under non-discriminatory and equal terms.

Key aspects:

- Invite Tenders from Eligible Tenderers through public advertisement.
- Allowing minimum time for submission as specified.
- Allow Government owned factories or enterprises if they establish that they are legally and financially autonomous.
- Urgent National need; GoB may reduce time as per recommendation of CCEA.
- Issuance of TD to Pre-qualified applicants only in case of Pre-Qualification.

2.2 Limited Tendering Method (LTM):

Key aspects of LTM based on Rule 63& 64:

- A PE may maintain lists of enlisted Tenderers for use LTM, and in such cases the Person's qualifications shall be reviewed and updated on an annual basis.
- The PE may invite potential Suppliers and Contractors to submit documents in support of their qualifications for enlistment.
- The Limited Tendering Method shall not be used without prior approval of the HOPE or AO.

- The submission of Tender Security and Retention money shall not be mandatory but the submission of Performance Security shall be required.
- For Goods of a specialized nature invite from the potential limited Suppliers directly
- Procuring Entities, who maintain updated lists of enlisted Suppliers or Contractors, may invite Tenders from those enlisted Suppliers or Contractors.
- Parallel advertisement in PE's website, if any, and in brief in the local publications is recommended.

As per rule 63 of PPR-2008 there are two types of LTM.

1. Without threshold
2. With threshold

Table -1: LTM, Without Threshold (Rule-63)

Justification for LTM	Example
<ul style="list-style-type: none"> • Goods & Works of specialized nature • Available only from a limited number 	Aircraft, locomotives, specialized medical equipment, telecommunication equipment's, silos, ports & harbors
<ul style="list-style-type: none"> • An urgent need for Procurement • Competitive tendering impractical 	Not foreseeable and because of delay
<ul style="list-style-type: none"> • Policy of standardization to reduce maintenance cost & limit the stock of spare parts 	Computers laboratory equipment research equipment

Table 2: LTM, With Threshold (Rule-63)

Justification for LTM	Threshold value
<ul style="list-style-type: none"> From enlisted suppliers or contractors if contract price is relatively less compared to cost and time of Tender Processing. Tender price if exceeds the specified threshold. 	<ul style="list-style-type: none"> Max. Tk. 25 lakh for Goods and related services and Stand-alone service. Max. Tk. 3 Crore for Works and Physical services. Approval of Contract by next higher authority required.

2.3 One Stage Two Envelope Tendering Method (OSTETM):

Rule-68 (b): OSTETM Procedure

- PE invites tender to submit technical proposal and financial proposal in two separate envelopes at a time
- Tenderer shall submit Tender Security along with Technical Proposal

Rule-68 (c): OSTETM Opening and Evaluation of Technical Proposal

- Opening Committee shall open only Technical Proposal in designated place and time.
- Technical proposal shall not be corrected after receiving and opening.
- PE shall evaluate Technical proposal in pass/fail criteria based on technical qualification.
- Technical proposal shall be approved by the HOPE or AO.

Rule-68 (d): OSTETM Opening and Evaluation of Financial proposal

- PE shall only open the financial proposal of the technically responsive tenderer after approval of the technical report.
- The financial offer of the entire technically responsive tender shall be opened and finalize the lowest evaluated tenderer.
- After signing of the contract, the technically non-responsive tenderer shall be informed and returned the unopened financial offer.

Reasons for using OSTETM:

- In OTM, because of limit of +/-10%, the lowest rate becomes same.
- In case of tie for the evaluation price, the Tenderer shall be selected based on the past performance evaluation and rating matrix for different aspects to be used in assessing the tenderer’s quality.
- Total no. of works contract, Total value of works contract and Total value of on-going works & current commitment are considered for evaluation.
- Verify the various aspects of Tenderers are very difficult and no database is available.

In OTM, as per opening any Tenderer may become lowest irrespective of responsive or non-responsive Tenderer. It is very difficult to discard the lowest evaluated non-responsive tenderer despite of rejecting that non responsive tenderer in the technical evaluation stage.

Table- 3: A comparison chart of different types of Standard Tender Document (STD) used in various tendering method

Tendering Method	STD Type	Instructions to Tenderers
OTM	<ul style="list-style-type: none"> • e-PW3 (For values above BDT Tk. 3 Crore funded by GOB). 	<ul style="list-style-type: none"> • 43.3 Tenders having quoted the offer in percentage are more than 10 (Ten) percent above or below the official cost estimated of the proposed works, shall be rejected. • 44.2 In case of tie for the lowest evaluated price, the Tenderer shall be selected based on the ‘Past Performance Evaluation and rating matrix for different aspects’ to be used in assessing the Tenderer’s quality.
OTM	<ul style="list-style-type: none"> • e-PW2a (For values up to BDT 3 Crore, GOB Fund Only) 	<ul style="list-style-type: none"> • 30.3 Tenderers having quoted the tender price more than 10 (Ten) percent above or below the official cost estimate, the tender will be rejected.

		<ul style="list-style-type: none"> 30.4 In case of tie for the evaluated price, the tenderer shall be selected based on the “Past Performance Evaluation and rating matrix for different aspects” to be used in assessing the Tenderer’s quality.
OTM	<ul style="list-style-type: none"> e-PW3-D (For any value funded by DPs) 	<ul style="list-style-type: none"> Lowest responsive evaluated tenderer will be selected, here is no limit of +/- 10%.
OSTETM	<ul style="list-style-type: none"> e-PW3-A (For any value funded by GOB/ DPs) 	<ul style="list-style-type: none"> The contract award is being determined on the basis of lowest evaluated responsive Tender.
LTM	<ul style="list-style-type: none"> PW2b (For values up to BDT 2 Crore) 	<ul style="list-style-type: none"> 21.1 Tenderers shall quote on the basis of percentage above, below or at par” of the total estimated cost of the Works, both in figures and in words in the blank space provided in the priced BOQ. Any change or modification by the Tenderer in the unit rate(s) or price(s) of the line item(s) of the priced BOQ shall lead to rejection of that particular Tender. The price to be quoted in the Tender Submission Letter shall be the total price of the Tender. 21.2 Tenderers quoting the total price of the Tender more than five (5) % above or below the total estimated cost of the proposed works provided in the priced BOQ of the Tender Document, as stated under ITT Sub Clause 21.1, shall be rejected

3.0 Analysis:

Financial Year 2019-20

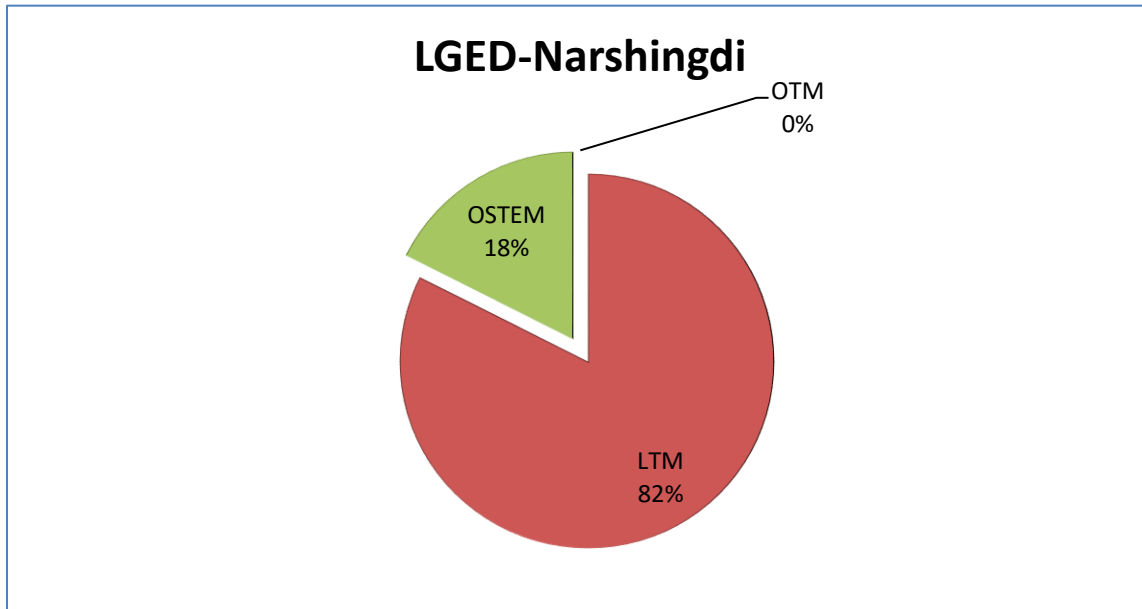


Fig: 1 Method of procurement (OTM, LTM, OSTEM) Percentage of E-Contracted

Financial Year 2019-20 (Same Contractor)

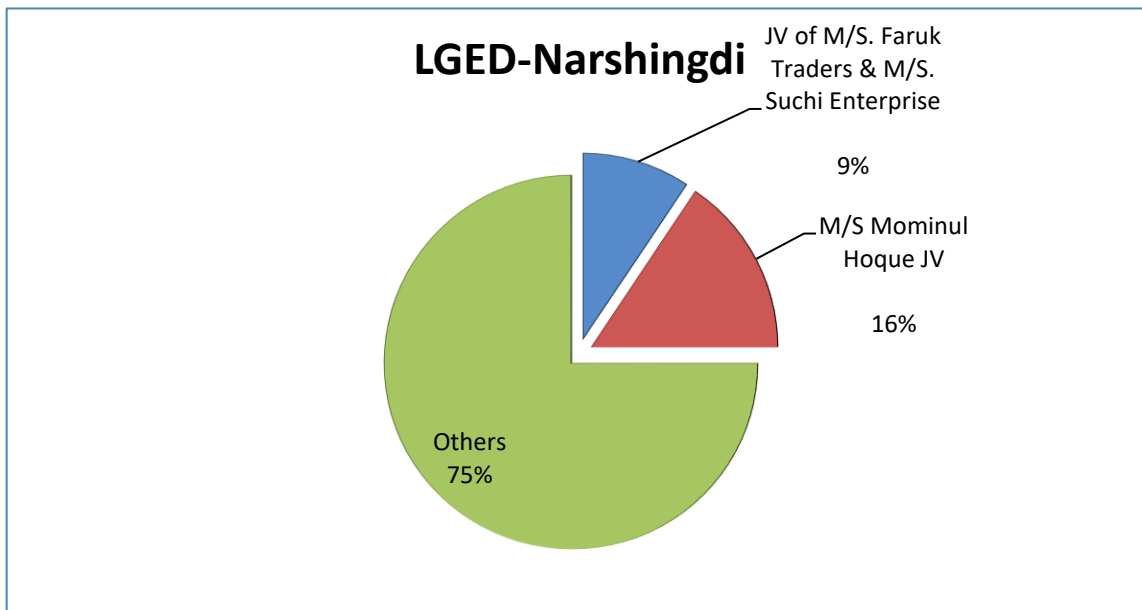


Fig: 2 For OSTEM method total 32 no's of E-Contract data considered in the financial year 2019-20

Financial Year 2020-21

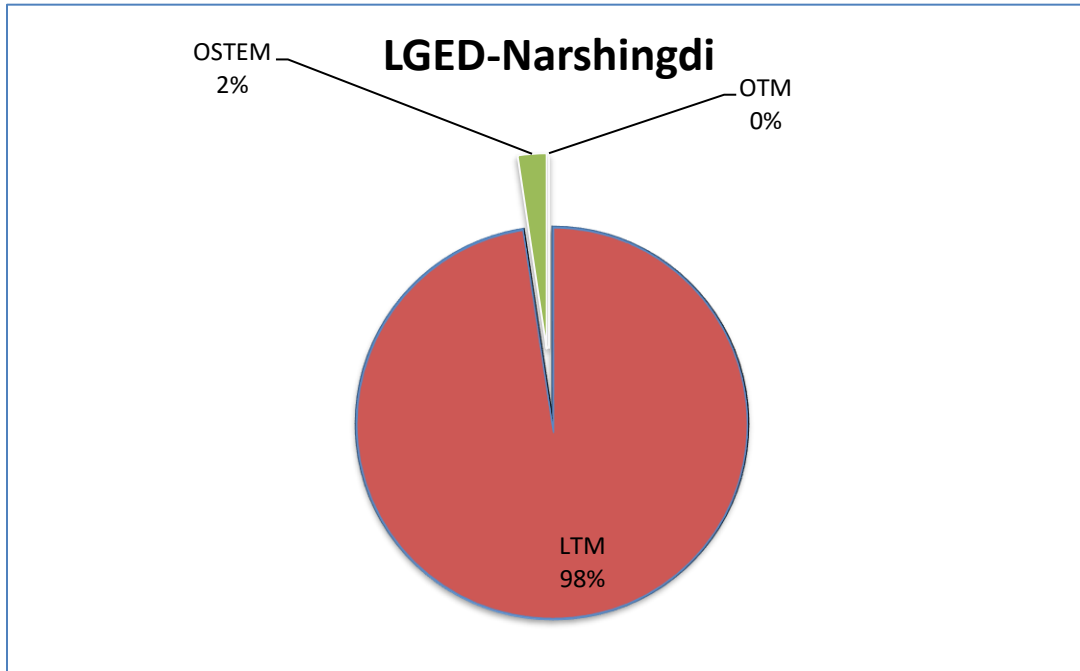


Fig: 3 Method of procurement (OTM, LTM, OSTEM) Percentage of E-Contracted Financial Year 2020-21 (Same Contractor)

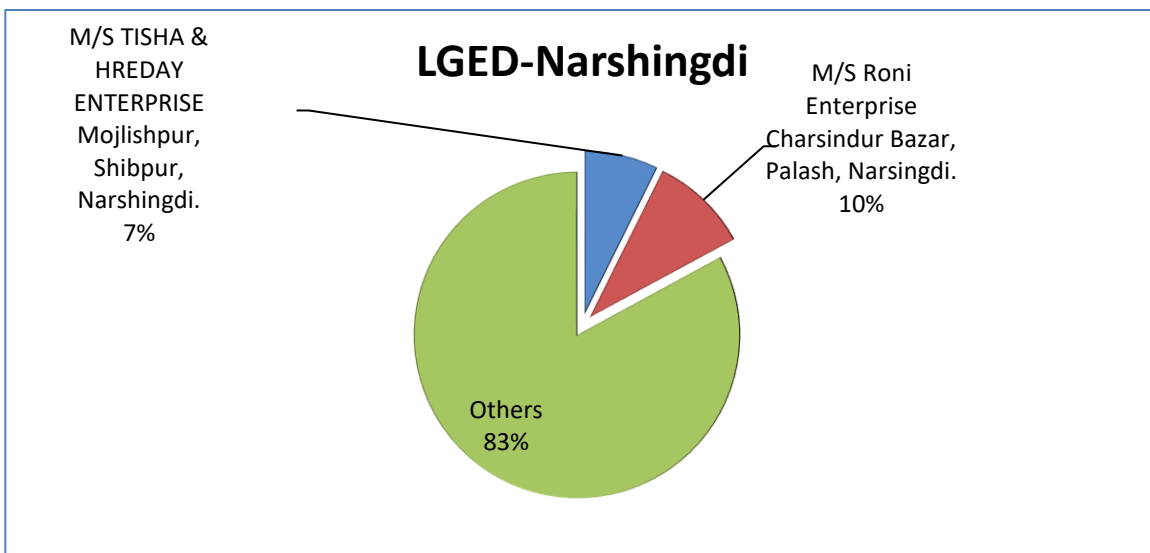


Fig: 4 For LTM method total 41 no's of E-Contract data considered in the financial year 2020-21

3.1 Findings from LGED Narshingdi

- The LGED Narshingdi had completed e-contract mostly using method of LTM in the last two financial years 2019-20 and 2020-21.
- They also did some OSTEM tender in both financial years.
- The PE of LGED Narshingdi is comfortable for using LTM method in tendering of works.
- There is an administrative order signed by the Chief Engineer of LGED for (Memo No: 46.02.0000.322.002.08.-238, Dated: 28-06-2019), which instructs how to choose tender methods based on the threshold value of the tender reflecting the PPR Rules- 63(1) (d) and 62(1). Though there is clearly mentioned in the instruction that proper reason should give for choosing methods instead of OTM method but researcher found in this point there is some influential tendency to do all the tender in LTM and this may be because of the easiness of tendering process as well as required short time in evaluation with giving chance to the enter the new tenderer in this tendering world.
- LGED Narshingdi doing the LTM tender using their database of tenderer which is called the enlistment of the tenderer for limiting tender but there is a conceptual mistake of this enlistment process. They are enlisting the tenderer of four districts under the regional office which is situated in Narayanganj. Narayanganj LGED is one of the regions of LGED which comprises 4 districts (Narayanganj, Narshingdi, Munshiganj and Kishoreganj). That's why in each tender there are more than hundreds of tenderer applied from these four districts. For an example a tenderer from kishoreganj is doing a road maintenance work of Palash Upazila of Narshingdi district. Now if this type of concept if used then why not OTM. The main concept of the LTM as per the rules of PPR-2008, 63(1)(a)(b)(c)(d) is overlooked by doing most of the tender in LTM and allowing other 3 districts tenderer with the tenderer of Narshingdi by not limiting the tender despite spreading those tender.
- The researcher found that in LGED Narshingdi did not conduct any OTM tender specifically using STD where +/- 10 percent bar is applicable and at the end of the evaluation only the highest turnover holder tenderer got the contract.

- The OSTEM method is a competitive method for choosing qualified tenderer with a competition in the quoted price. Because this type of method the PE did not know the quoted price of the tenderer and at first he or she has to complete the technical qualification and after that once the technical qualification is approved by the proper approving authority only after that the financial proposal is opened and the lowest one got the work.
- There is another finding of LTM method is that all the tenderer applied had been quoted their price is exactly 5% less of the official estimated cost. As we know there is a clause in the STD PW2b applies when the Procuring Entity intends to select a Tenderer for the Procurement of works and physical services under Limited Tendering Method (LTM), while the contract award is being determined on the basis of lowest evaluated responsive Tender. Again as per the ITT Clause 21.2 of STD PW2b Tenderers quoting the total price of the tender more than five (5) % above or below the total estimated cost of the proposed works provided in the priced BOQ of the tender document shall be rejected. But in practical case all the tenderer quoted their tender below 5% of the official estimated cost which clearly shows that the official estimated cost is disclosed to the all tenderer which is a misconduct of the PPR-2008. Now as all the tenderer knows the estimated cost of the works then they apply by as many licence they can and here if luck favours then he or she got the work but if that tenderer is outside of the working district then he just sold the contract to a local tenderer who will actually did the work and here only for this type of unlawful matter the development works delay and legal action is far away from procuring entity as whole tendering process is messed up already. Though the LTM method is a good one to give the chance to entry to the new tenderer as there is no requirement of experience criteria in the evaluation stage but this is okay for the type of work which is mentioned in the PPR 63(1) (a) (b) (c) (d) but not for the all construction or development work in a district which includes it's all Upazila works too.

Financial Year 2019-20

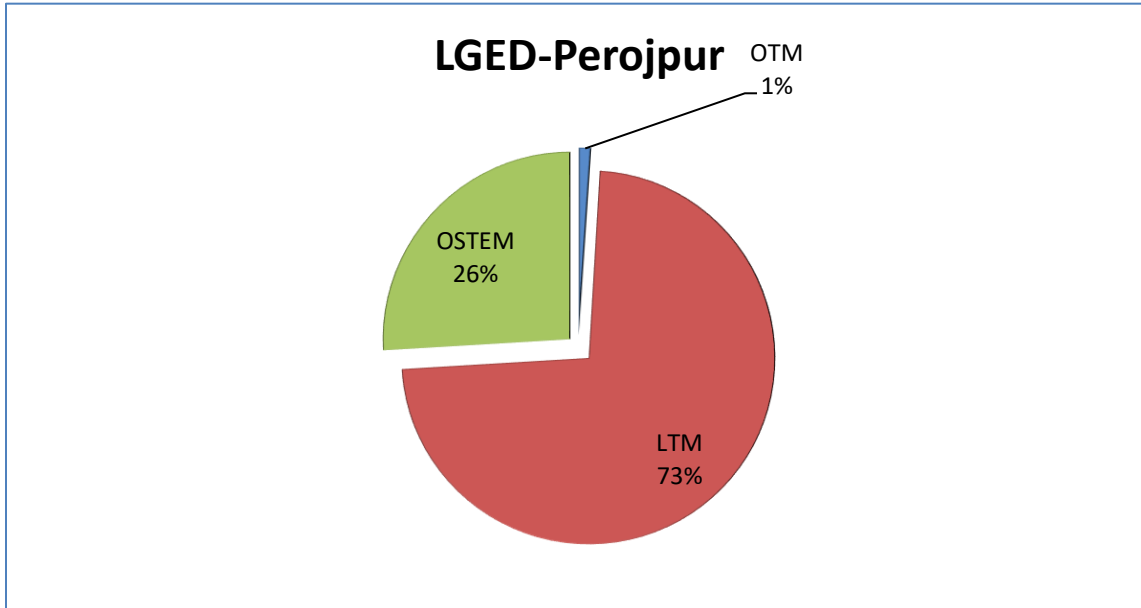


Fig: 5 Method of procurement (OTM, LTM, OSTEM) Percentage of E-Contracted

Financial Year 2019-20 (Same Contractor)

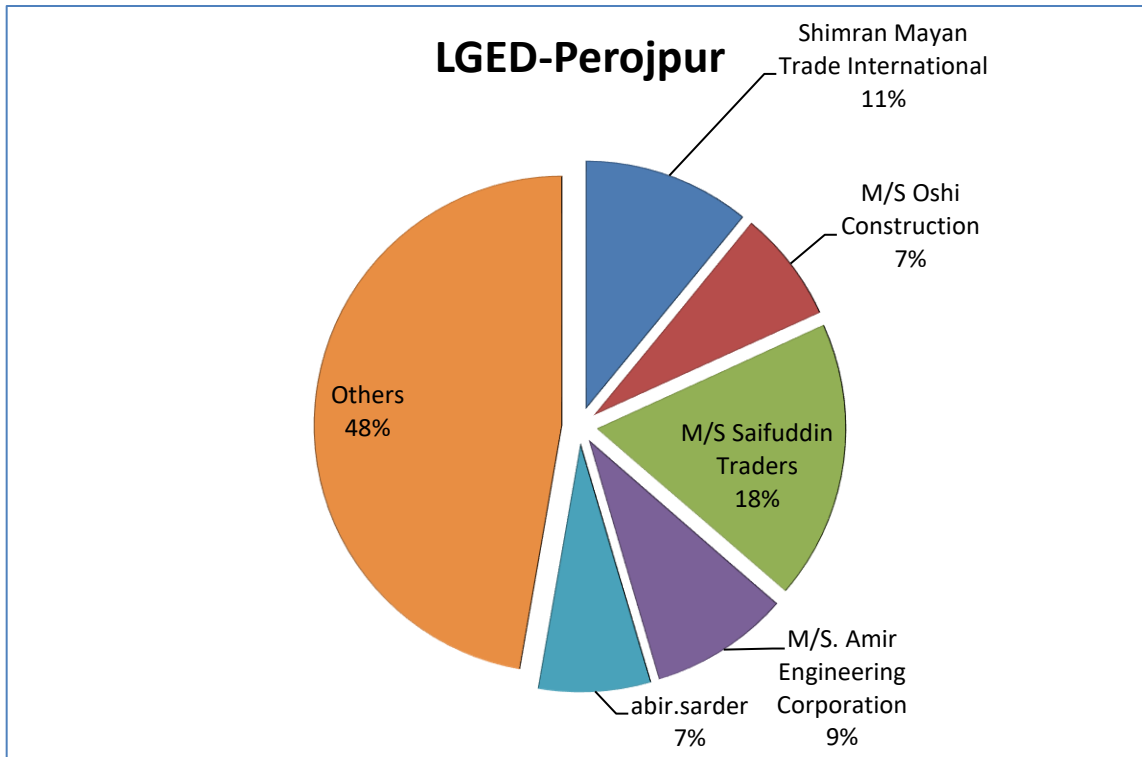


Fig: 6 For OSTEM method total 55 no's of E-Contract data considered in the financial year 2019-20

Financial Year 2020-21

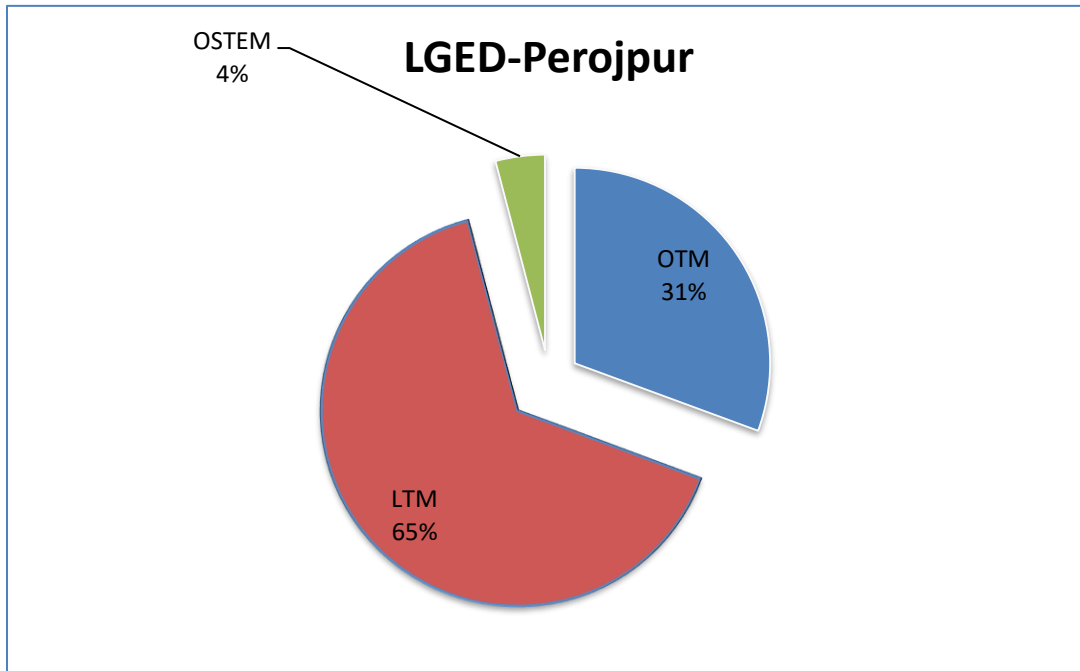


Fig: 7 Method of procurement (OTM, LTM, OSTEM) Percentage of E-Contracted

Financial Year 2020-21 (Same Contractor)

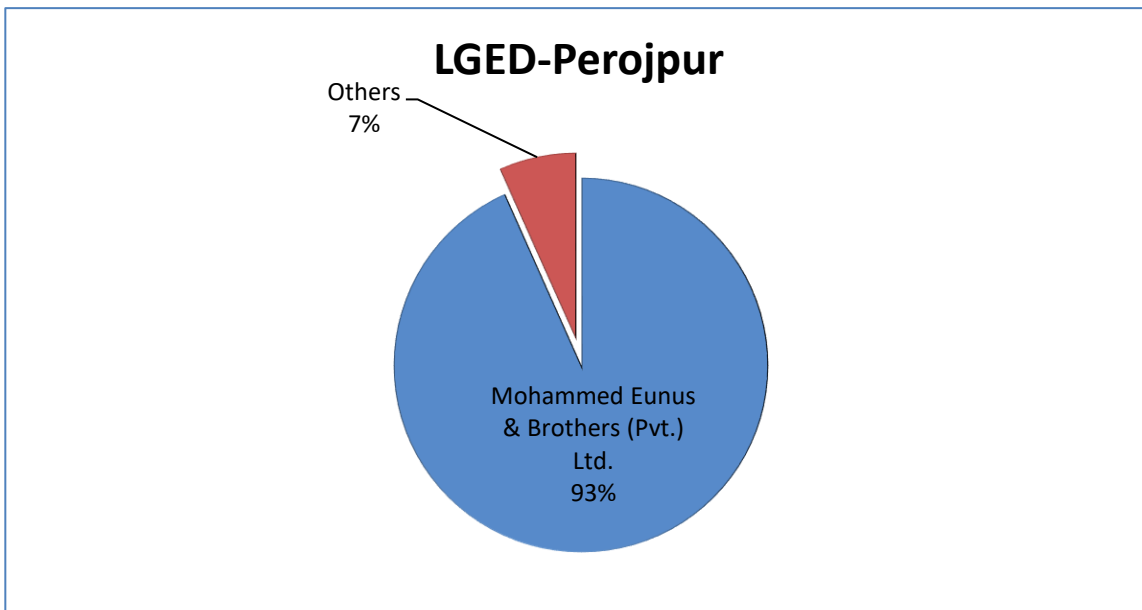


Fig: 8 For OTM method total 15 no's of E-Contract data considered in the financial year 2020-21

3.2 Findings from LGED Perojpur

- There are OTM, LTM and OSTEM method applied in the both financial year in this district.
- It is clear from the data that there are some big contractors who wish to get the big amount of tender and that is done by the OSTEM method specially.
- The small value of work is called by LTM method but also there is no reflection of the clause of PPR 63(1) (a) (b) (c) (d) and that is why the percentage of LTM is much higher as shown in the pie chart for both the financial year.
- Especially in the year 2020-21 is found that one tenderer got the maximum work (14 out of 15) under a particular PE by the OTM method and obviously this is the same game played by the PE and the selected tenderer in the name of past performance evaluation matrix.
- There is also found that in this district the number of the tender/proposal sold is very low compare to other districts or even compared to the LTM tender.
- When a tender called in the LTM method then the participants is higher than that of OTM or OSTEM method of tender and this is not only for the entrance of the new tenderer in the LTM method but also in the OTM and OSTEM method the big clouded tenderer shows interest to get the job and that's why now a days even there are some arrangements also made in that environment that who will get the job and those are previously selected by the cloud authority that who will attempted to bid in this process.
- This type of activity although completely prohibited by the rules of PPR-2008 in the sub clause of 127(2) (Ga) but these are now a days almost common in most of the cases of high value tender though it is implemented in the e-GP system.

Financial Year 2019-20

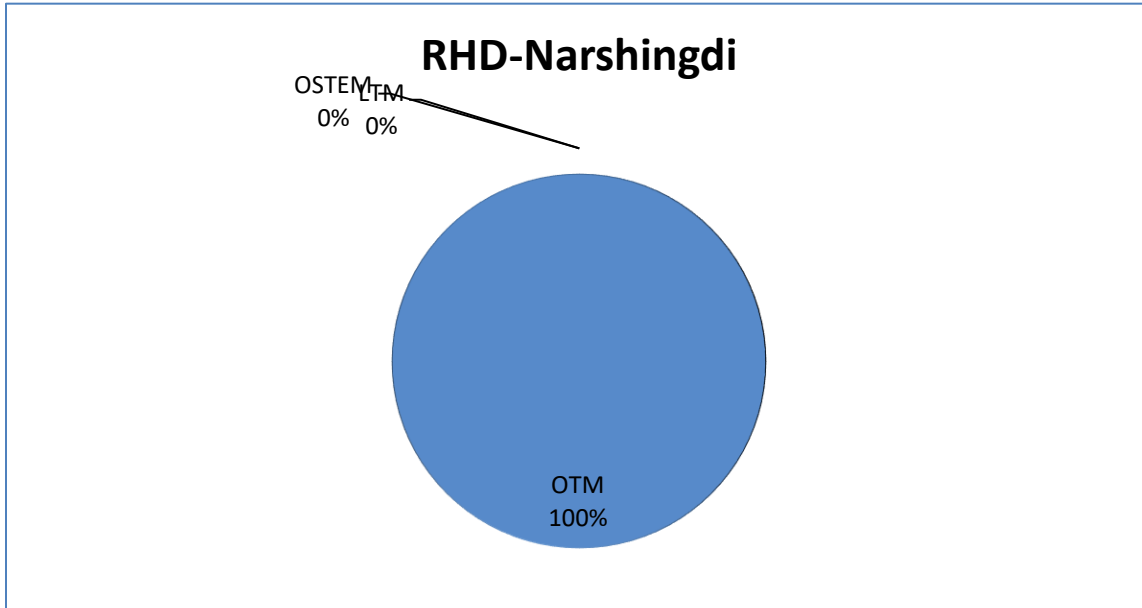


Fig: 9 Method of procurement (OTM, LTM, OSTEM) Percentage of E-Contracted

Financial Year 2019-20 (Same Contractor)

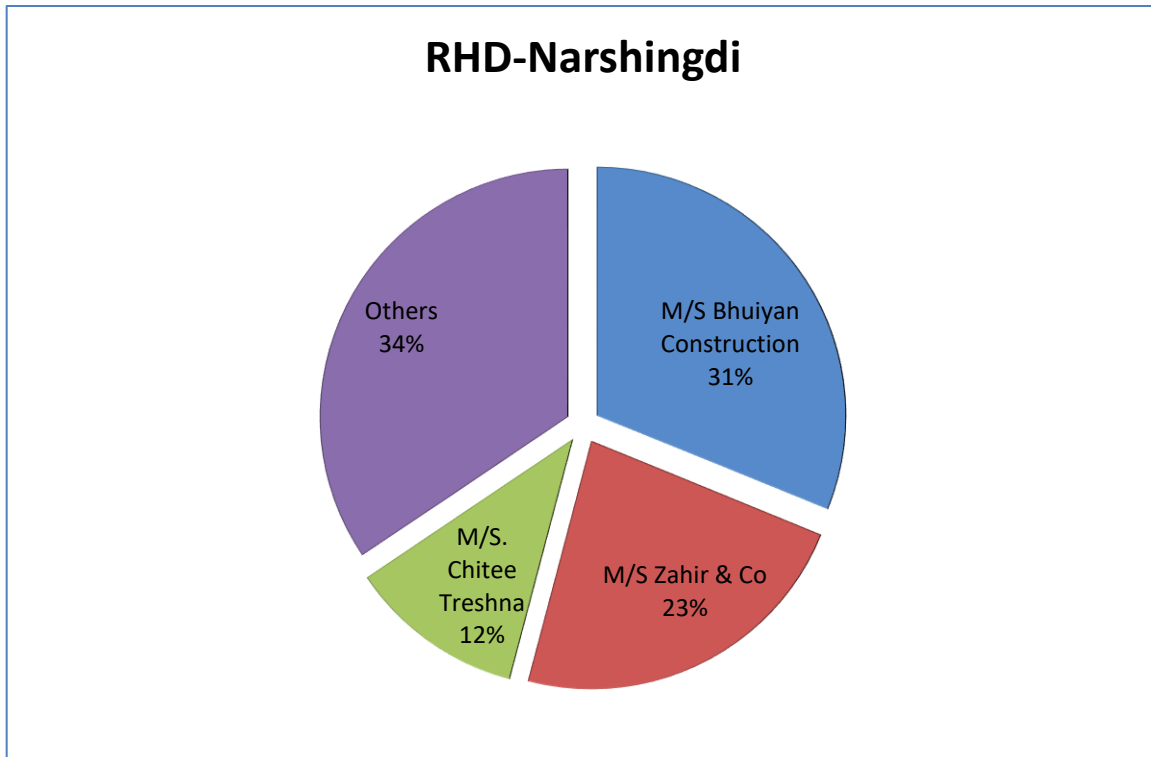


Fig: 10 For OTM method total 61 no's of E-Contract data considered in the financial year 2019-20

Financial Year 2020-21

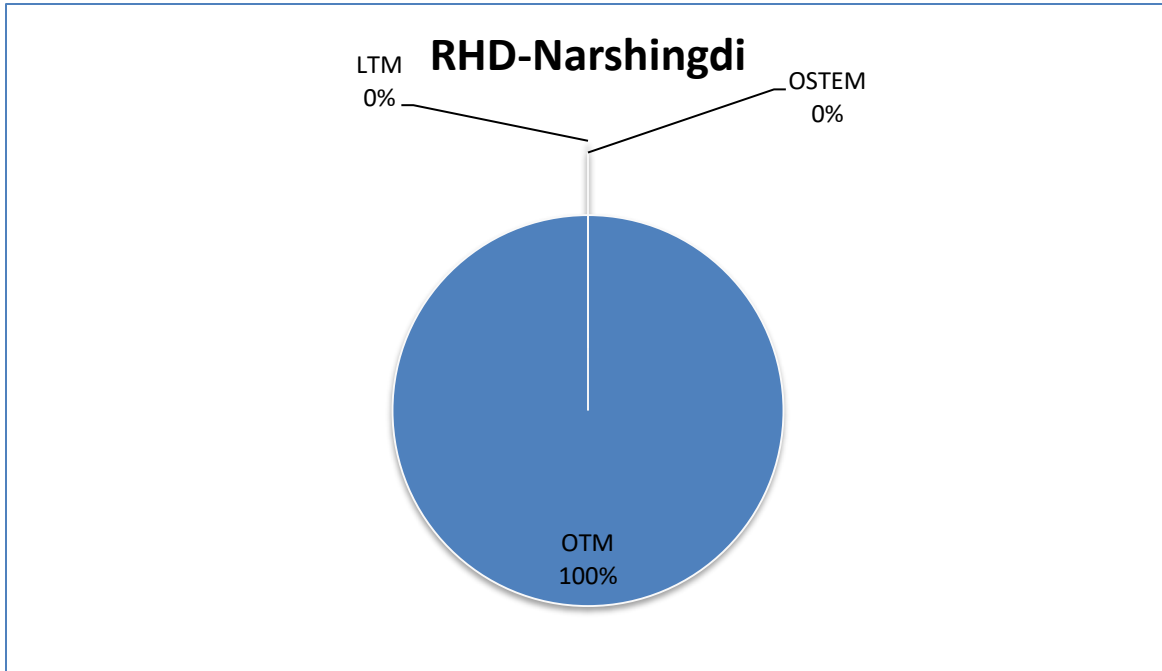


Fig: 11 Method of procurement (OTM, LTM, OSTEM) Percentage of E-Contracted

Financial Year 2020-21 (Same Contractor)

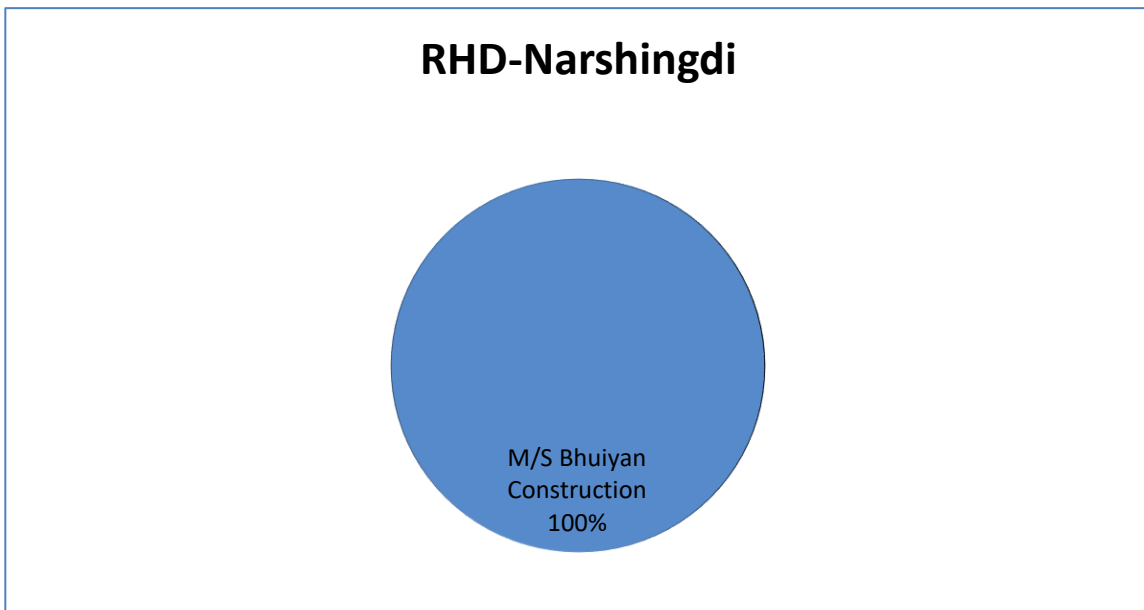


Fig: 12 For OTM method total 3 no's of E-Contract data considered in the financial year 2020-21

3.3 Findings from RHD Narshingdi

- The RHD Narshingdi did only OTM tender in the last two financial years as shown in the pie chart above.
- There are no e-contracts in LTM and OSTEM method.
- RHD mainly used STD which covers +/- 10% limit for quoted amount of tender.
- For using STD e-PW3 or e-PW2a all the tenderer quote their tender amount at same value and when there is some competitors occur it is (- 10%) of the official cost estimate.
- Though the amount of official cost estimate should not open to the tenderer but at a time actually they all are known about the official price.
- When all the tenderer quote same value then the appraisal matrix (past performance evaluation matrix) will determine the responsive tenderer.
- At this stage the maximum amount of turnover holder tenderer got the advantage.
- Though there should also require to evaluate the present performance of work and previous history of the tenderer but in these cases all the tenderer got same point as there is no systematic database therefor the TEC hesitate to give lower point of any particular tenderer and here is also possibility or the mechanism wherever TEC can apply to select a particular tenderer to get the job.
- For this reason all the tenderer keep in touch with the PE and takes a good relationship with the PE so that they can be informed about the ins and outs of the tender.
- By this way the monopoly of the same tenderer takes place in the bidding process though it is done in a sophisticated way in the e-GP system.
- For reason not using the STD e-PW3D where the lowest quoted tenderer will get the work is a large amount of less than the official cost estimate.
- This is also true that there are some tenderer in all the districts who give 30% less in a work and after a time they actually did not finish the contract and at the end the tender as well as the work fall in a deep black hole.
- By this way in the OTM method of tender there are some big tenderer create a cloud in each district and all the other small tenderer also known that those work is not for them and they are already selected by the office for that particular cloud and so there is no need to apply.

Financial Year 2019-20

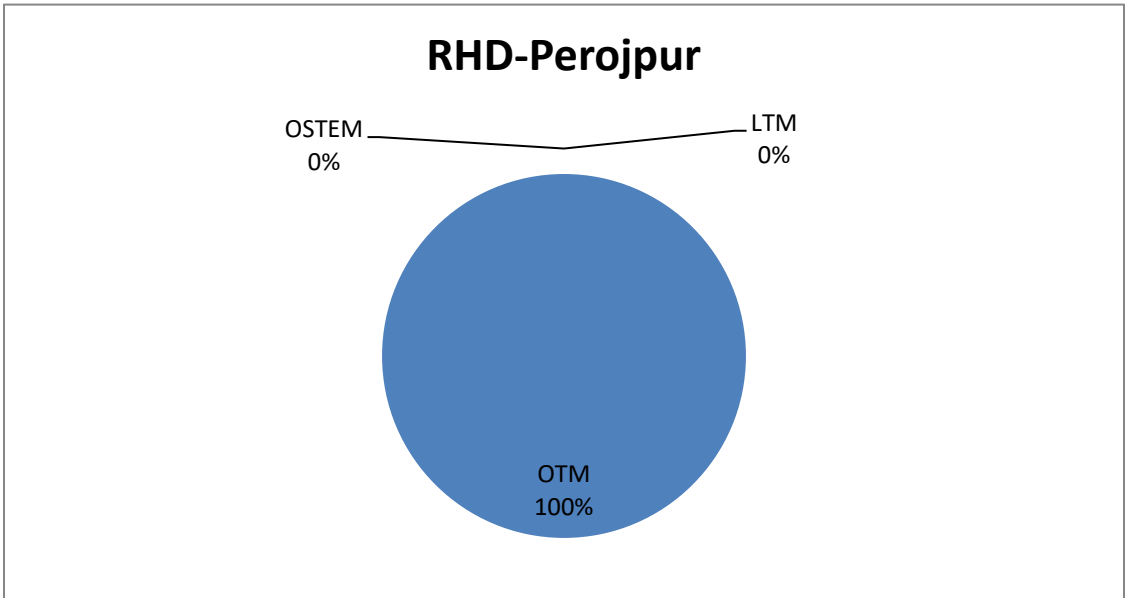


Fig: 13 Method of procurement (OTM, LTM, OSTEM) Percentage of E-Contracted

Financial Year 2019-20 (Same Contractor)

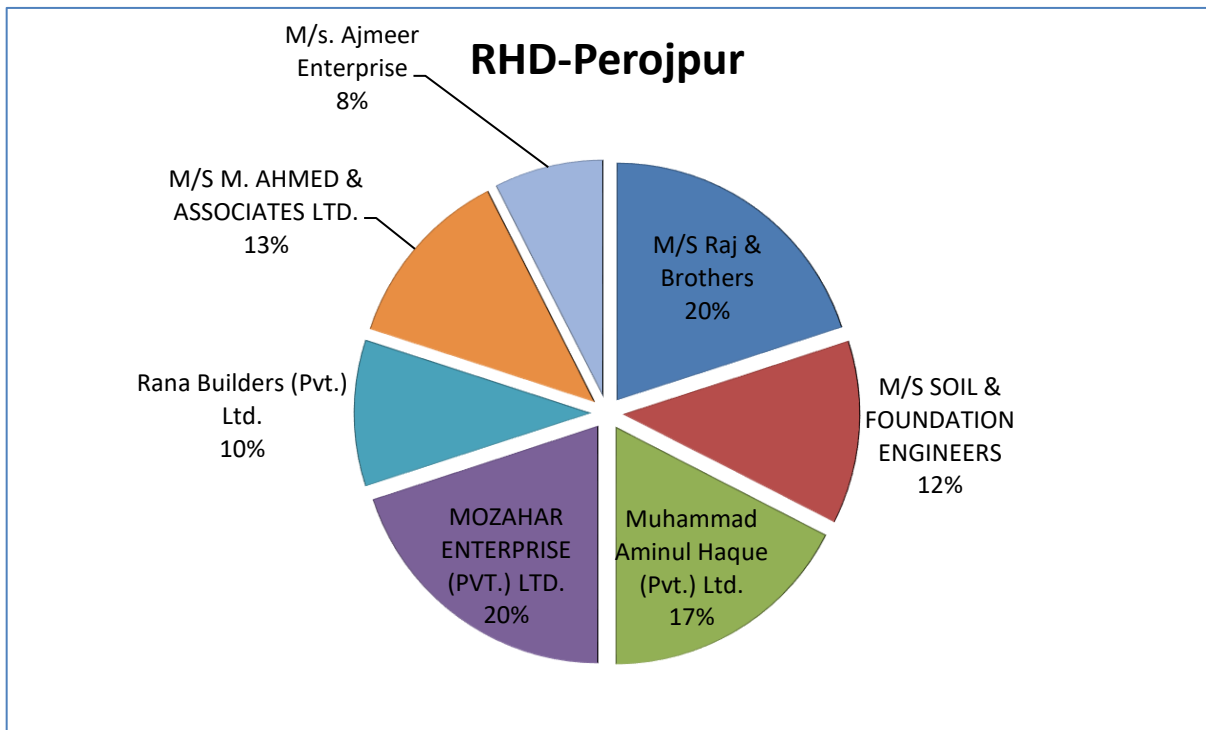


Fig: 14 For OTM method total 41 no's of E-Contract data considered in the financial year 2019-20

Financial Year 2020-21

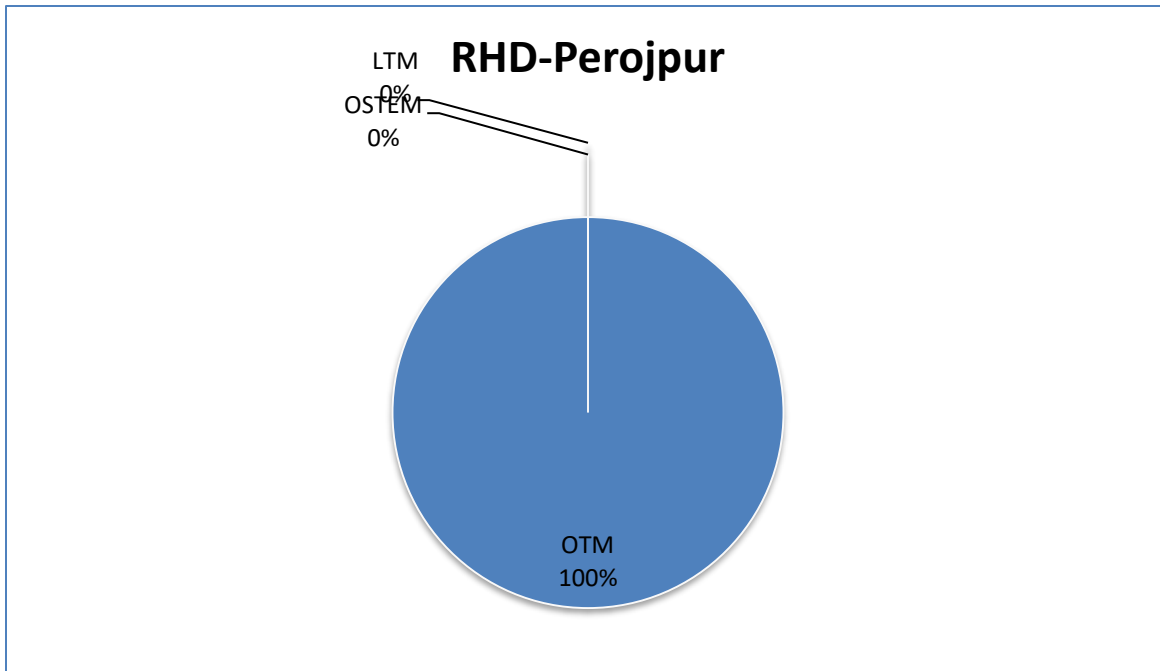


Fig: 15 Method of procurement (OTM, LTM, OSTEM) Percentage of E-Contracted Financial Year 2020-21 (Same Contractor)

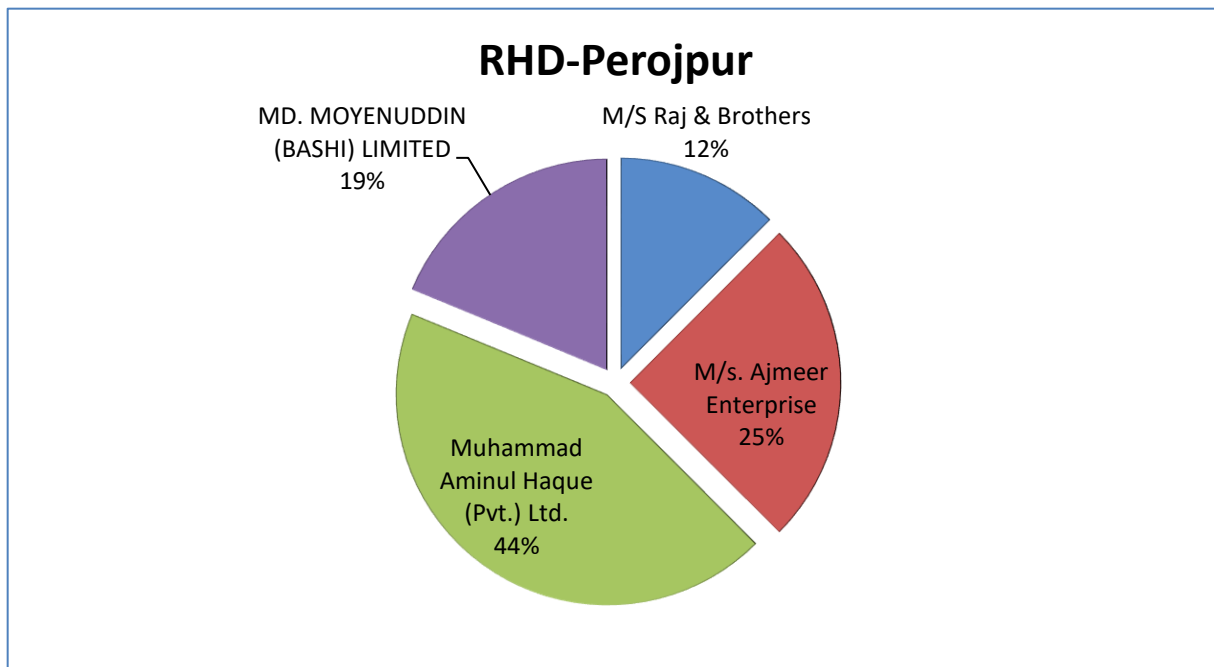


Fig: 16 For OTM method total 16 no's of E-Contract data considered in the financial year 2020-21

3.4 Findings from RHD Perojpur

- 100% tender called in the OTM method for both the previous financial year.
- Only the big tenderer applied and as well one of them got the work.
- As the requirements of the tenderer usually high for RHD work as they called tender for big work so it is quite reasonable that new and small turnover holder tenderer will not try to get the job.
- But to give the work in between 5 to 6 tenderer here is also applied the mechanism of (+/-) 10% limit for which only a few tenderer can get the job as because of maximum turnover.
- The name of the tenderer found in the research is highly common in most of the districts.
- These big tenderer are giving their license to the local tenderer to help them to get the job and for this reason they kept a large amount of money which is almost 1% of the total contract value.
- As the local tenderer are getting the tender in a less competitive way and value they are very much satisfied to give that money to the license holder.
- The big tenderer in this way are getting bigger from the every new tender he/she contracted.
- Though there is an option in the matrix to eliminate the more work holding license so that the license could not have such amount of work which will not carried by but this option or point is overlooked by the PE and giving this reason that how could he identify the total number of work contracted by a tenderer in the country as there is no automatic system at present except the PE gives a mail to the other PE to give a report of that particular tenderer mentioning the work under that PE. But this mailing process actually not helping the PE as a very few person gives a reply.
- The only way is to automate the tender database in the e-GP website so that system will automatically eliminate a tenderer when that tenderer reach the optimum level of doing a work.

Financial Year 2019-20

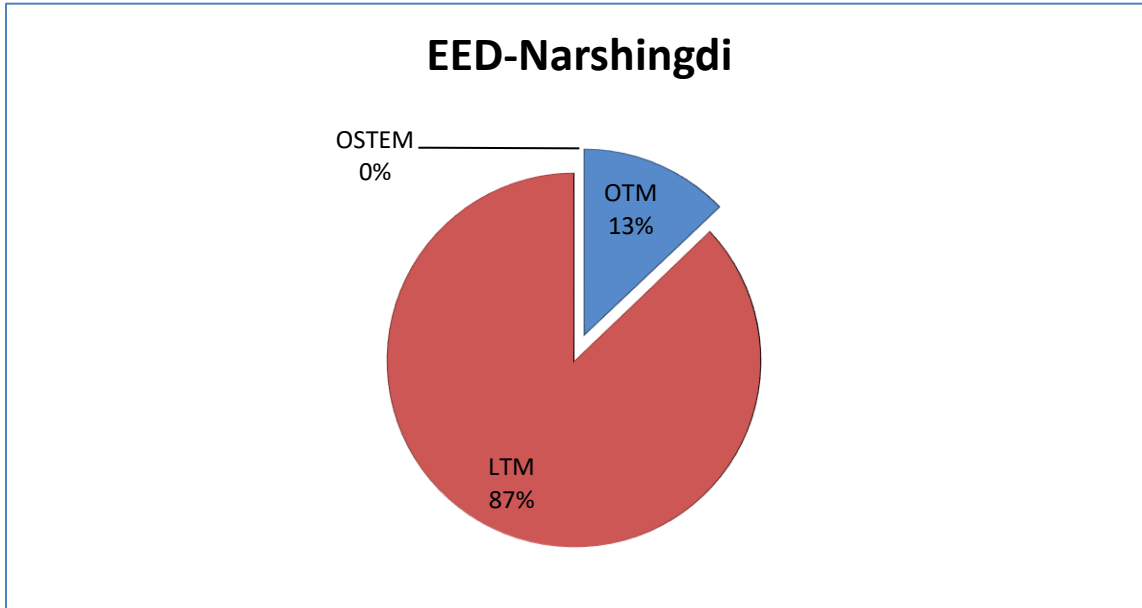


Fig: 17 Method of procurement (OTM, LTM, OSTEM) Percentage of E-Contracted

Financial Year 2019-20 (Same Contractor)

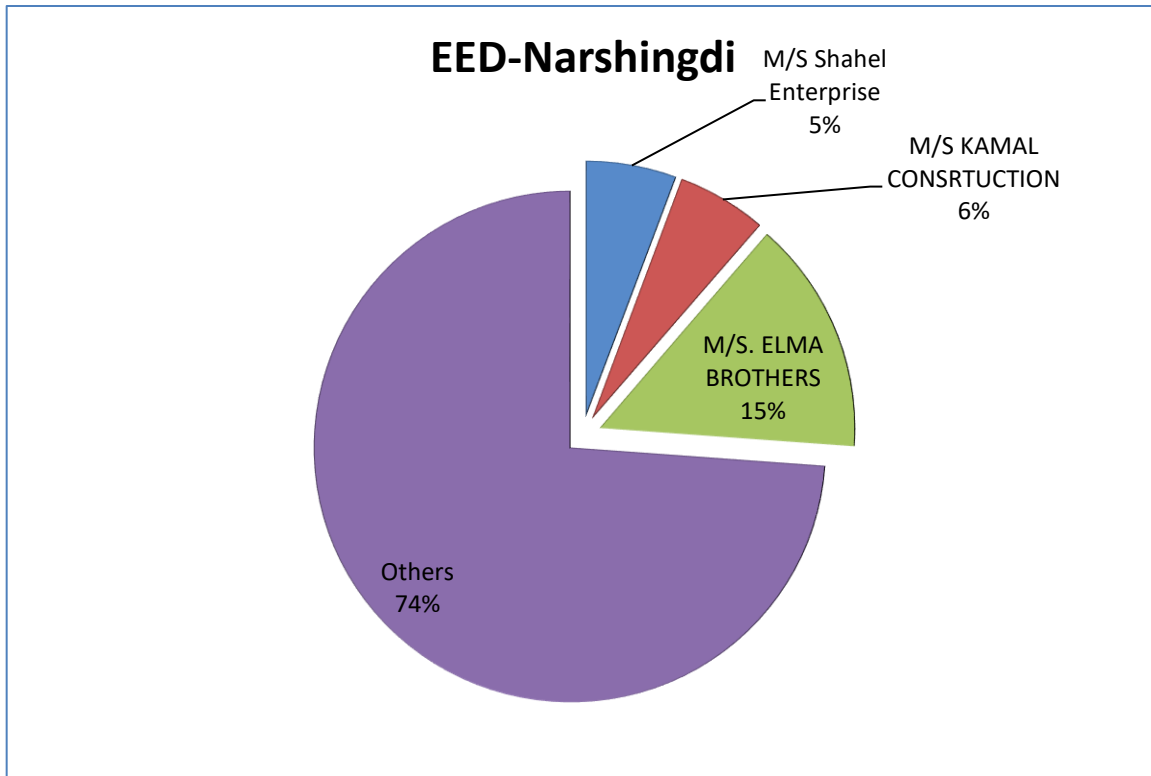


Fig: 18 For LTM method total 88 no's of E-Contract data considered in the financial year 2019-20

Financial Year 2020-21

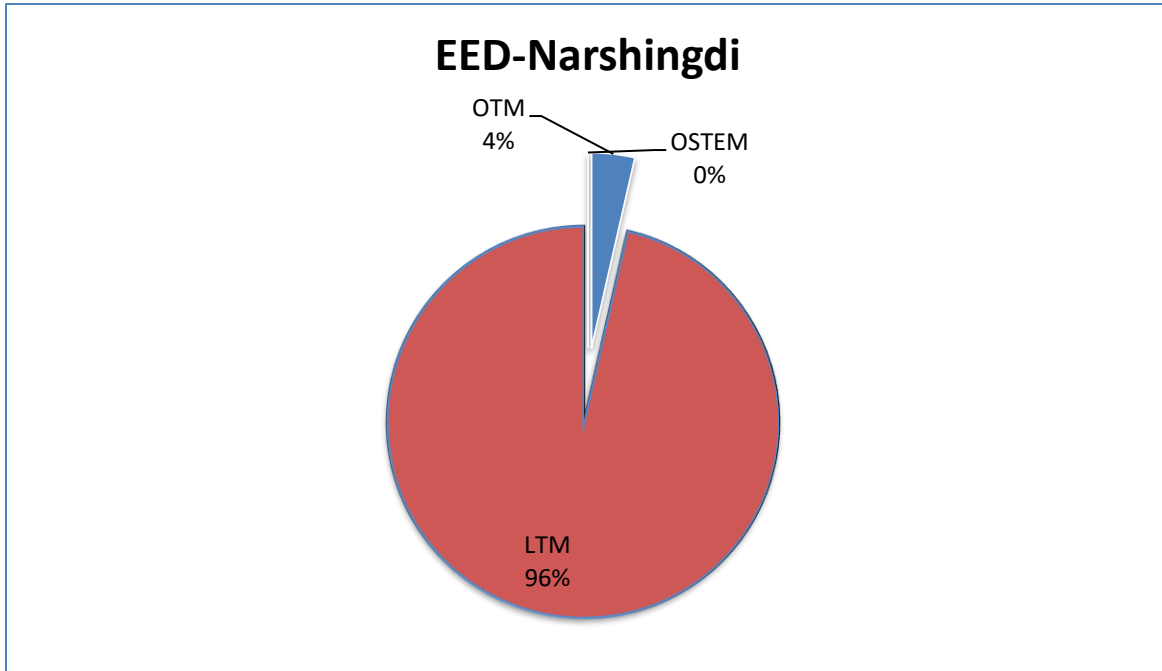


Fig: 19 Method of procurement (OTM, LTM, OSTEM) Percentage of E-Contracted

Financial Year 2020-21 (Same Contractor)

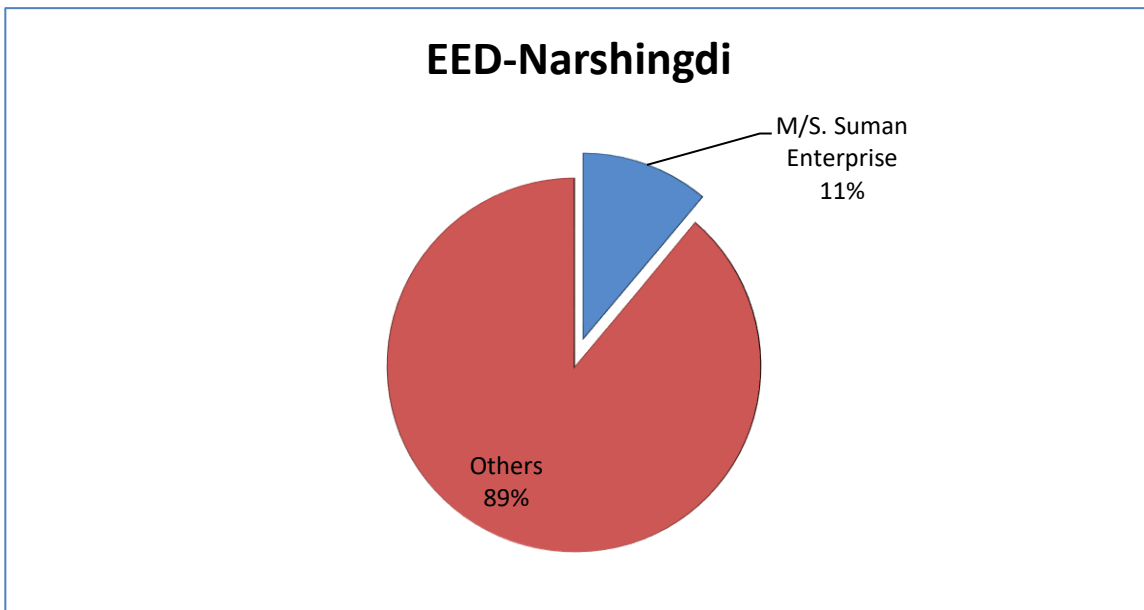


Fig: 20 For LTM method total 27 no's of E-Contract data considered in the financial year 2020-21

Financial Year 2019-20

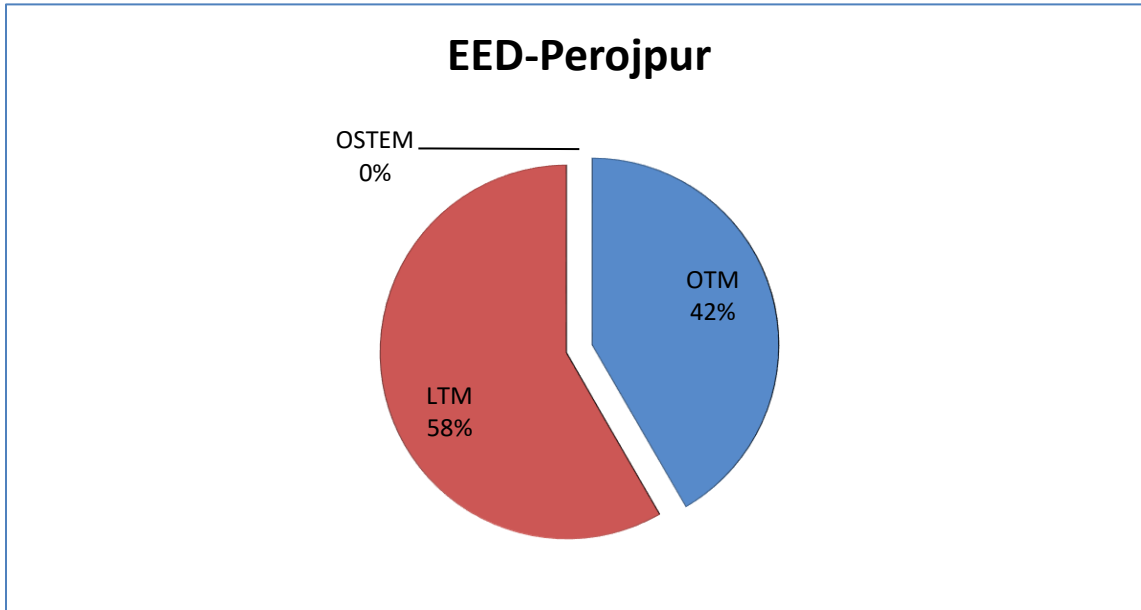


Fig: 21 Method of procurement (OTM, LTM, OSTEM) Percentage of E-Contracted

Financial Year 2019-20 (Same Contractor)

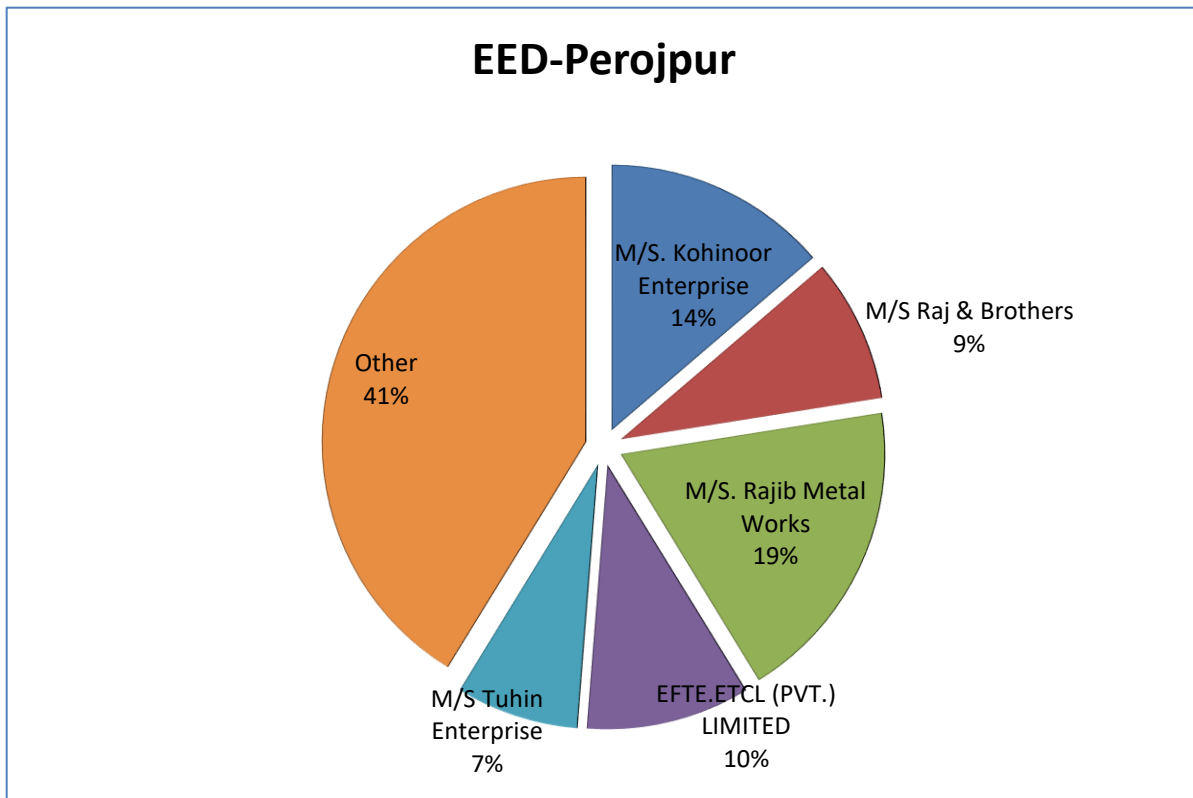


Fig: 22 For OTM method total 80 no's of E-Contract data considered in the financial year 2019-20

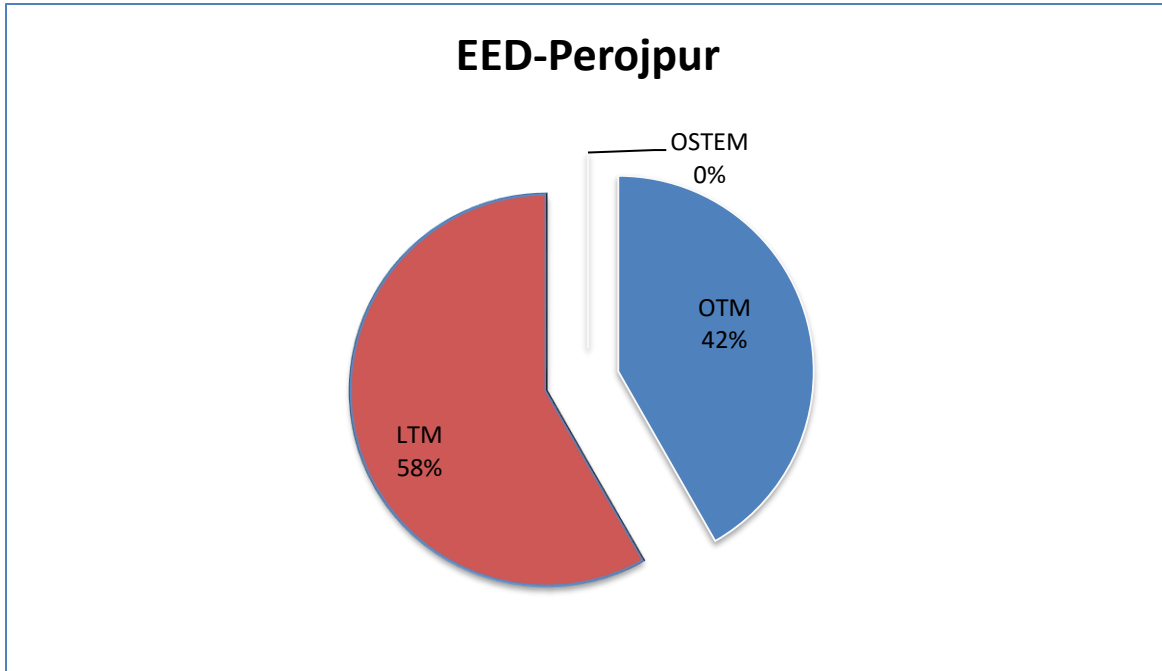


Fig: 23 Method of procurement (OTM, LTM, OSTEM) Percentage of E-Contracted
Financial Year 2020-21 (Same Contractor)

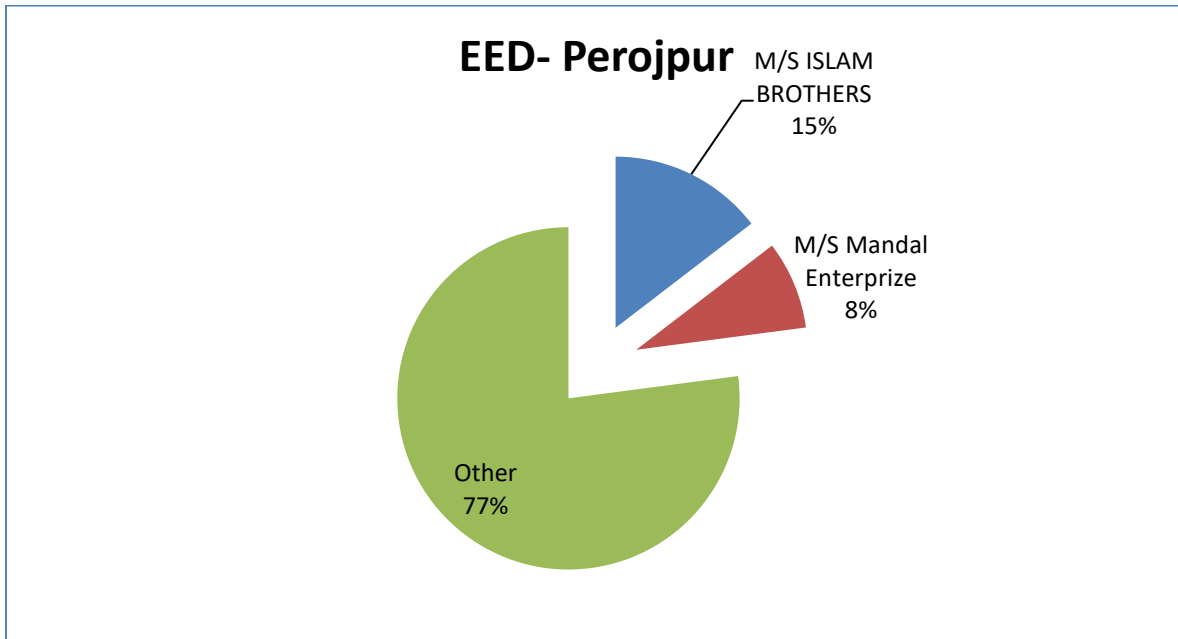


Fig: 24 For OTM method total 48 no's of E-Contract data considered in the financial year 2020-21

3.5 Findings from EED Narshingdi and Perojpur

- Most of the tender called in LTM method in the last financial year and there are some OTM tender did in the 2019-20 financial year.
- Small maintenance work is done by LTM tender and the large amount of work is done by OTM tender.
- The participants of the LTM tender are found quite reasonable which neither very high nor low in numbers.
- The tenderer are found in this research are divided by the choice of department for example some tenderer are expert in dealing with LGED, some are RHD and some are PWD or EED.
- A few big tenderer are doing business in the entire department simultaneously as well.
- The number of tender is also low for EED comparatively to other three departments.
- Though the LTM tender is also done in the e-GP system and the lottery is also happened in the system automatically but some tenderer got the job in a large number and that is a question for the other tenderer that is that lottery is doing fare or not.
- Though the EED also doing tender in the OTM method as well but the data shows that the same number of tenderer is low compare to other three departments.

Financial Year 2019-20

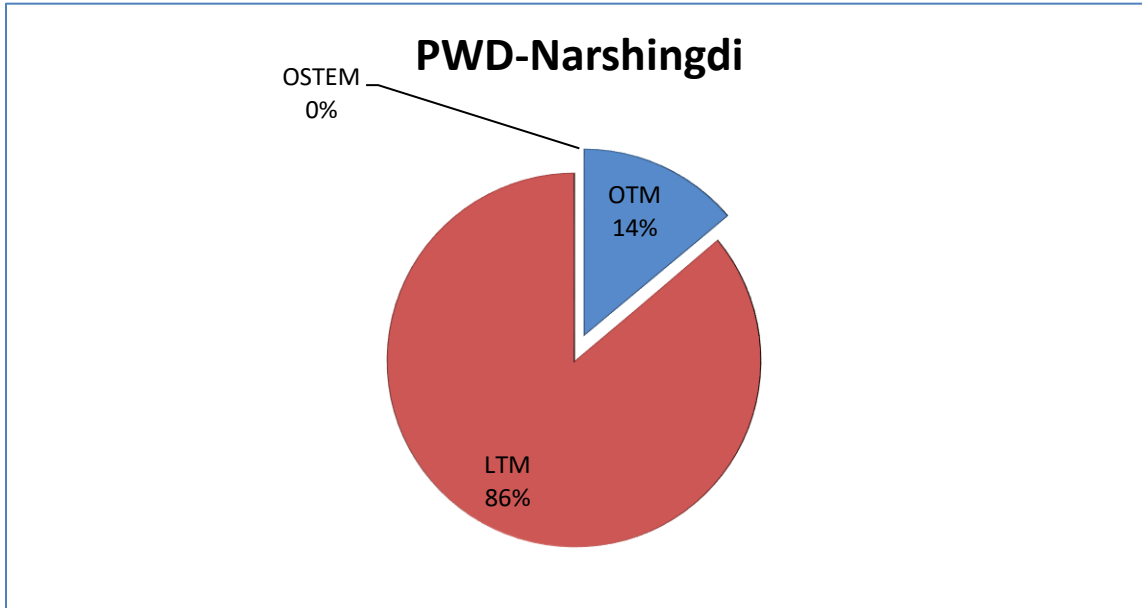


Fig: 25 Method of procurement (OTM, LTM, OSTEM) Percentage of E-Contracted

Financial Year 2019-20 (Same Contractor)

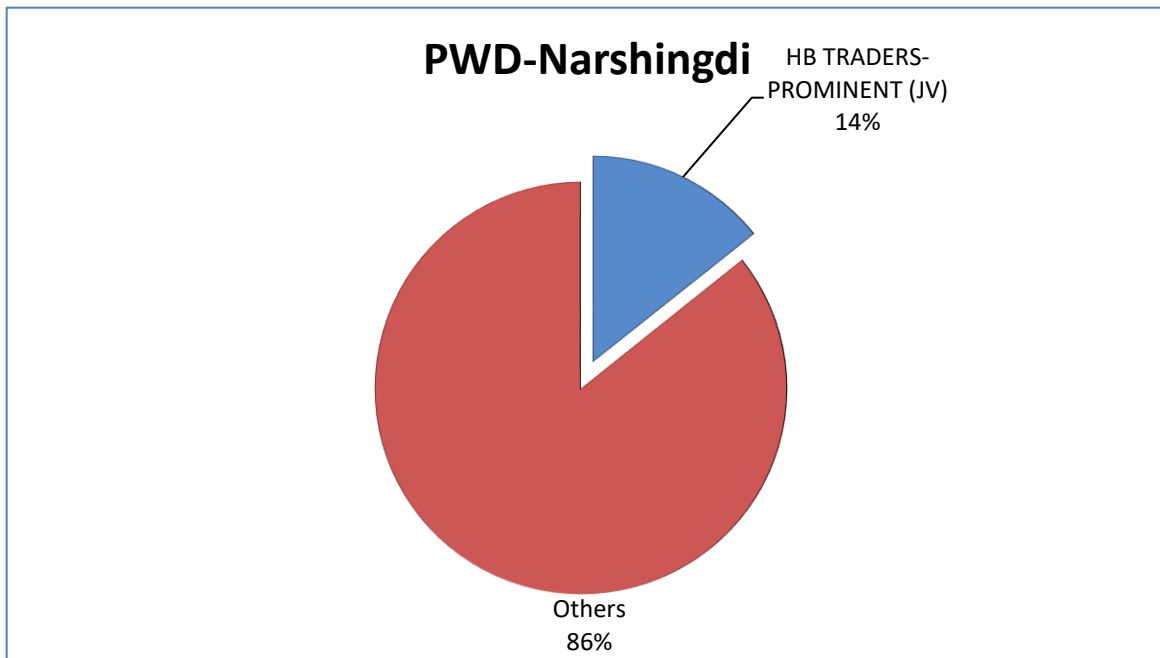


Fig: 26 For OTM method total 14 no's of E-Contract data considered in the financial year 2019-20

Financial Year 2020-21

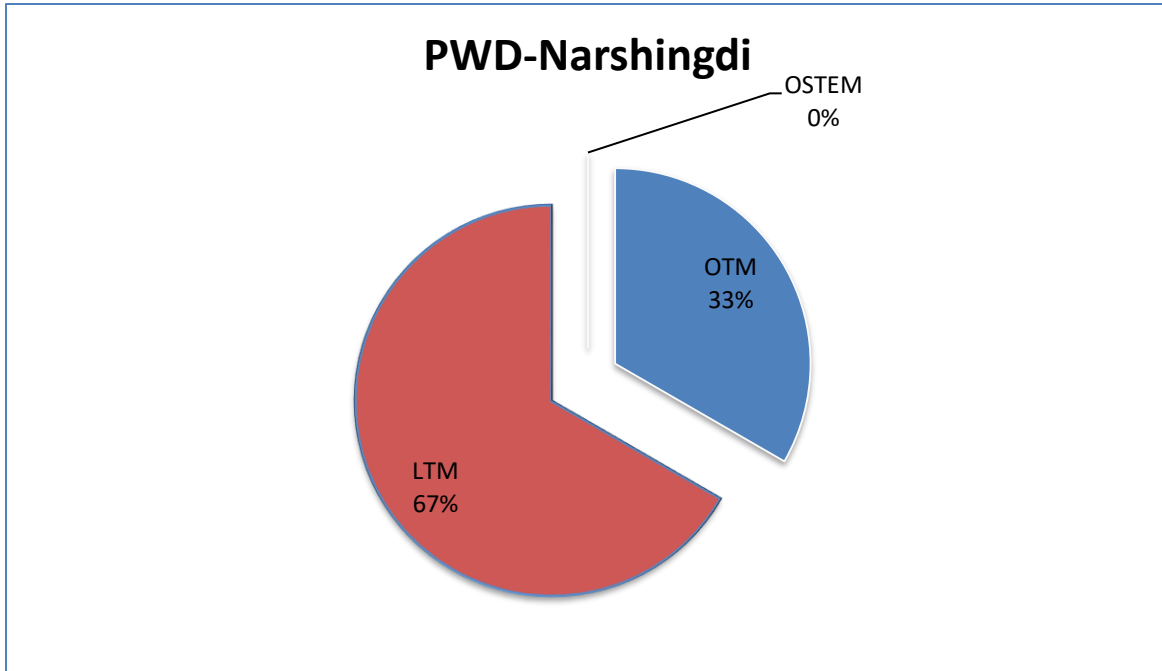


Fig: 27 Method of procurement (OTM, LTM, OSTEM) Percentage of E-Contracted
Financial Year 2020-21 (Same Contractor)

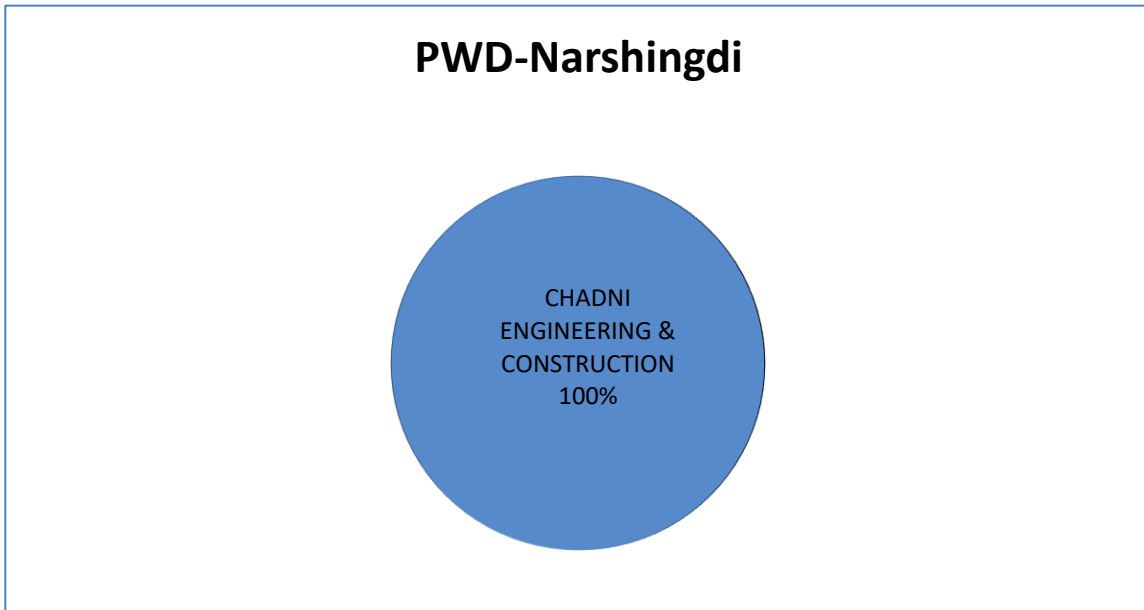


Fig: 28 For LTM method total 2 no's of E-Contract data considered in the financial year 2020-21

Financial Year 2019-20

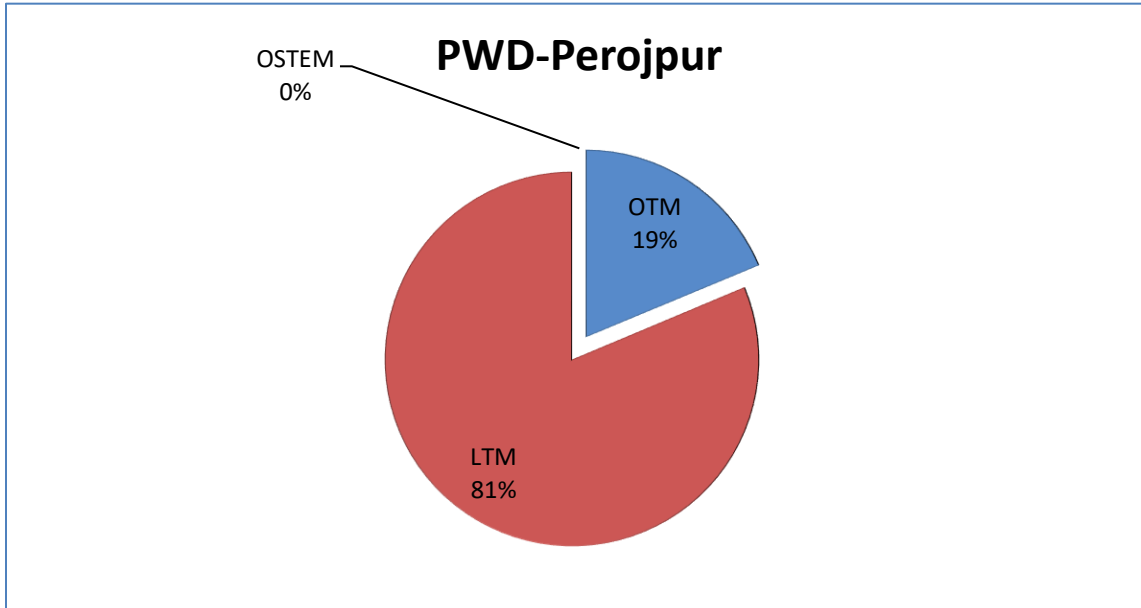


Fig: 29 Method of procurement (OTM, LTM, OSTEM) Percentage of E-Contracted

Financial Year 2019-20 (Same Contractor)

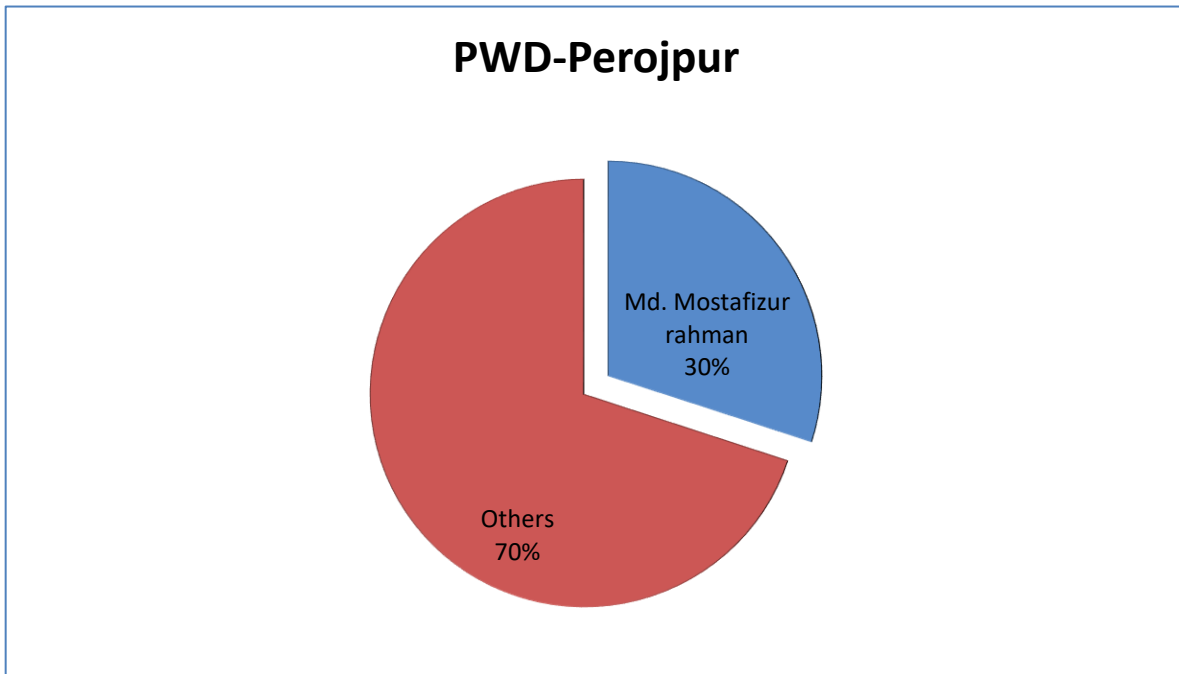


Fig: 30 For OTM method total 20 no's of E-Contract data considered in the financial year 2019-20

Financial Year 2020-21

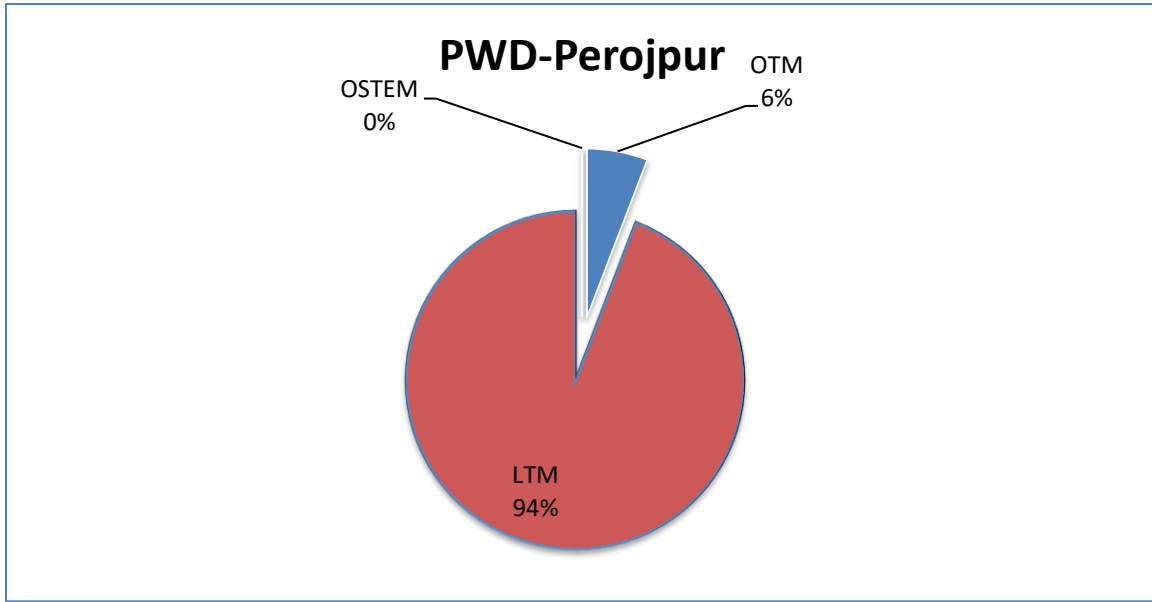


Fig: 31 Method of procurement (OTM, LTM, OSTEM) Percentage of E-Contracted
Financial Year 2020-21 (Same Contractor)

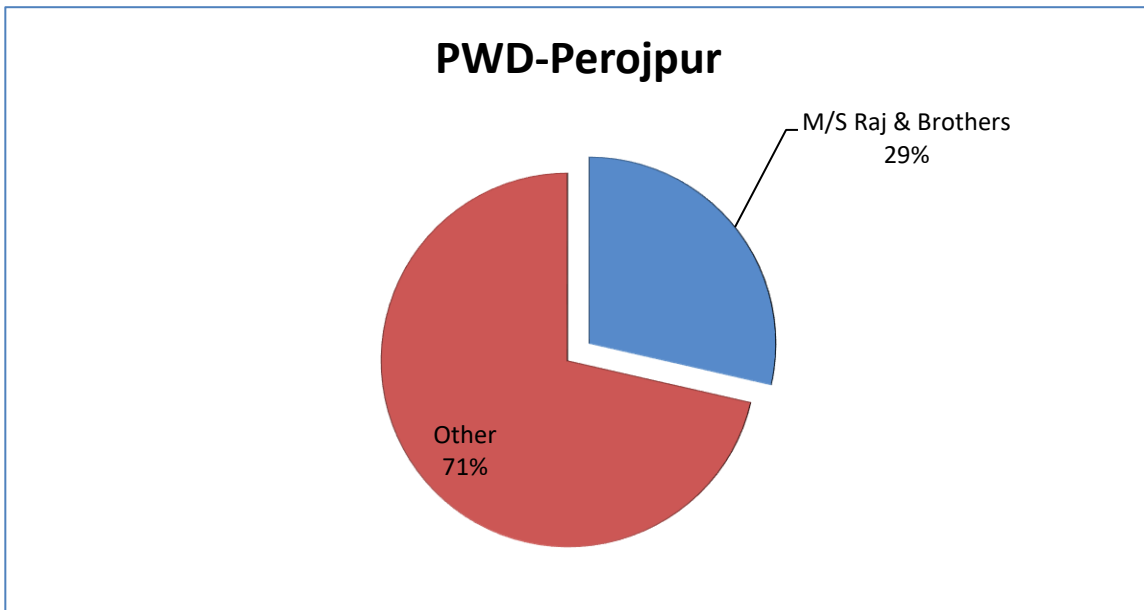


Fig: 32 For OTM method total 7 no's of E-Contract data considered in the financial year 2020-21

3.6 Findings from PWD Narshingdi and Perojpur

- In the last two financial years both the district did LTM and OTM tender.
- PWD did LTM tender for mostly the maintenance work of different buildings with low value contract.
- There is no OSTEM tender done in both the districts in the last two financial years.
- For OTM tender the number of same tenderer situation is found same as found for LGED and RHD for these two districts.
- The scenario of limiting the evaluation within (+/-) 10 % and selecting the tenderer based on the matrix is similar to the LGED and RHD of these two districts.
- The same tenderer contracted 6 out of 14 tender with the PE of PWD Perojpur in the financial year 2019-20 which indicates the same calculation and perspectives of getting a tender similar to the other two department like LGED and RHD.

4.0 SWOT analysis of public procurement, i.e. the Bangladesh case:

4.1 Strength:

- Legal framework (PPA-2006 and PPR-2008)
The main strength of public procurement for a developing country like Bangladesh is the PPA-2006 and PPR-2008 with the standard documents for both the tenderer and procuring entity and for the all through supply chain management activities personnel and for ensuring quality not only the product but also quality procurement which includes time management, cost saving and value for money.
- Central Procurement Technical Unit (CPTU)

CPTU is the government authority for monitoring, coordinating and management of public procurement and perform activities under the section 67 - (a), (b), (c) of PPA-2006 and in addition to these also perform the responsibilities of rules 130 of PPR-2008. As a sum CPTU is the platform where the tenderers and the purchasers can reach for any kind of problem relating to a tender from the proposal stage to contract completion and even post procurement review and not only this but also to update the rules and regulation comparing with the modern world speed.

- **Electronic Government Procurement (e-GP)**

The e-GP system shall be used by all concerned, for procurement of goods, works and services using public fund, following the 'Government Procurement (e-GP) Guidelines' prepared under the provision of Section 67 of the PPA -2006 and Rule 128 of PPR-2008.

It is further noted in the rule- 128(2) of PPR-2008 that if any conflict arises between the PPR-2008 and the Government Procurement (e-GP) Guidelines then the later will ruled.

For a developing country like Bangladesh, the presence of such an updated e-GP system is the main strength of all kind of tender using public fund because it is the platform where no need to open the wooden box of the tender in front of the competitor neither required to go to the office to purchase the schedule of the tender and to drop the tender passing the faces of the opponents.

4.2 Weakness:

- Evaluation of tender is done manually especially for calculation of past performance matrix in the OTM method when (+/- 10) % applied.
- No online tenderer data base available currently to identify the actual ongoing works in hand.
- OSTETM takes larger time.

4.3 Opportunity:

- Electronic contract management system (e-CMS)
- E-payment (ibass++)

- Code of ethics and national integrity strategy
- Training on e-GP system

4.4 Threat:

- Procurement method (RFQ and DPM)

There is a tendency to do the RFQ and DPM method, which actually decrease the participation of tenderers and inspire to fall in a collusive practice in the public procurement.

- External influence

In this case the procuring entity (PE) is fully helpless in the public procurement. Not listening to the external influence PE may face mental torcher, posting threat and at last physical assault. If this situation couldn't be change will be a threat for clean procurement.

- Official Cost Estimate

Though it should not be disclosed to the tenderers but it is very common that everyone got the official cost estimate which is violation of the PPR-2008.

- Lack of online trade license

The trade license issued by the local authority like union parishad and municipalities most of them are manually issued. So if any one wish can take multiple trade licenses with same name from different union parishad or municipalities and this creates the problem to identify them in the case of debarment and also for the tender capacity to evaluate the tender. For an example if "X" is the proprietor of M/S "Y" traders and the tenderer got debarment for 5 years for all kind of tender in the public sector, but after few months the same tenderer "X" got a different trade license named "Z" traders then with this trade license this debarred tenderer can apply for tender and PE in this case is helpless to find out.

5.0 Recommendations

- ✚ Methods of procurement should be selected based on the PPR-2008, Rule-61 and otherwise following Rule-62.
- ✚ Online tenderer database will be very helpful for OTM method to evaluate the responsive tenderer.
- ✚ Evaluation process in the e-GP system should be complete automatic for OTM and OSTETM method of tender.
- ✚ Online trade license is required to identify the tenderer accurately which will reflect in LTM tender and also in the calculation of past performance matrix.
- ✚ (+/-) 10 percent limit for OTM tender should be withdrawn for open competition and instead of this limit Tender Evaluation Committee can justify the quoted price compared with the market price.
- ✚ (+/-) 5 percent limit of the LTM method should be withdrawn as all the tenderer quote same value and only the lottery will select the winner in practical case.

7.0 Conclusion

The public procurement starts from annual procurement plan (APP) and complete after post procurement review. In this journey there are lots of activities involved and if the journey goes as per the rules and regulations then every stakeholder will achieve the best value for money. This is the main target of sustainable procurement. Though there are lots of negative incidents of public procurement sector but the success story and the improvement plan by CPTU is much wider and obviously public procurement will carry extra weightage in the national budget of Bangladesh to ensure the increasing GDP in upcoming future.

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2. National e-Government Procurement (e-GP) portal of the Government of the People's Republic of Bangladesh, <http://www.eprocure.gov.bd> (Retrieved on 27.07.2020-04.07.2020)
3. The World Bank (June 5, 2020). "Assessment of Bangladesh Public Procurement System". Governance Global Practice South Asia Region. Report No: AUS0001404

Appendix

Survey Questionnaire for Research

Title of Dissertation: Preferred method of procurement chosen by the different Government Procuring Entity (PE).

INFORMATION REGARDING RESPONDENT

Name, Current position and experience

1. Name:
2. Designation:
- Address:
- Email:
- Mobile:
3. Length of time in current position (Year):
4. Total length of service in the public sector (Year):
5. Length of service linked to public procurement (Year):

Dear Sir,

This is a survey questionnaire for conducting a research on “Preferred method of procurement chosen by the different Government Procuring Entity (PE)”. It is a requirement for the fulfillment of the degree ‘Masters in Procurement & Supply Management (MPSM)’ at the BRAC Institute of Governance and Development (BIGD) of BRAC University that I am pursuing. Your sincere reply is precious for the researcher. The researcher does assure that the information given by you will be kept off the record and will be used only for the academic purpose.]

Can you kindly go through the questions and kindly send back the answers)

Thank you

Questionnaire:

1. There are different methods for procurement i.e. OTM, LTM, OSTEM, RFQ, etc. In your point of view which method of procurement is the most comfortable in preparing the tender documents?

Reply:

2. In the previous 2(Two) Financial Years which method you applied most for procurement.

Reply:

3. Is there any instruction (by authority) to choose the method as in Q.2 based on the amount of tender / official estimated cost.

Reply:

4. When you choose LTM method, tenderer from which area can apply.

Reply: Please tick

- Only your District
- Only your Upazila
- Within your Zone
- Others (please mention).....

5. Do you have any data base of tenderer under your office or any enlistment of tenderer under your office? Please elaborate

Reply:

6. For OTM method in case of STD e-PW3D is used, what percentage less was below the OCE quoted by the tenderer.

Reply:

7. Did you feel any organizational pressure to select the lowest price offering tender to avoid Audit objection?

Reply:

8. Did you face any hindrance to implement the work given to the lowest price offering tender referring to Q.7?

Reply:

9. Do you think there is a possibility of manipulation in the time of evaluation in (+)/ (-) 10% bar or the past performance evaluation and rating matrix.

Reply:

10. If you are given authority to choose a preferred method of procurement, then which method would you choose? Please describe with reason.

Reply: