

Report on

**Risk Management in Procurement and Supply Chain for Bangabandhu
Sheikh Mujib Shilpa Nagar Development Project**

Submitted By
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An internship report submitted to the BIGD in partial fulfillment of the requirements for the degree of
Masters in Procurement and Supply Management (MPSM)

BRAC Institute of Governance & Development (BIGD)
BRAC University
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Declaration

This is declared by Md. Afzal Hossain as below

1. This internship report submitted by me is my original work while completing my 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 that has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged my primary sources of assistance.

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Letter of Transmittal

Mir Mehbubur Rahman, MCIPS
Senior Trainer (BIGD)
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Kha 224 Bir Uttam Rafiqul Islam Avenue
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Subject: Submission of PSM-665: “Risk Management in Procurement and Supply Chain for Bangabandhu Sheikh Mujib Shilpa Nagar Development Project”

Dear Sir

This is my pleasure to report to you that, I have collected the primary data on “Risk Management in Procurement and Supply Chain for Bangabandhu Sheikh Mujib Shilpa Nagar Development Project” from essential resources as you suggested and completed the analysis based on the best practices available in the modern research methodology.

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 and hold it in my chest that the report will meet the desire outcomes of the purpose.

Yours sincerely

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June 5, 2024

Non-Disclosure Agreement in between BSMSNDP and the BRAC Student

This agreement has been established and entered into by the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) Development Project, BEZA, herein called the First Party, and the undersigned student at the BRAC Institute of Governance and Development (BIGD), BRAC University, the Second Party. The Master's in Procurement and Supply Management requirements include a report on "Risk Management in Procurement and Supply Chain for Bangabandhu Sheikh Mujib Shilpa Nagar Development Project" which the First Party has given the Second Party permission to create on this. The Second Party will have the chance to interact closely with the representatives of the organization specially Mr. Mohammad Nurul Islam, Executive Engineer (BSMSNDP) and give access to official information and statistics. The Second Party will create a report based on their professional experience, statistics, and information they have gathered. The second party may use any data and material for academic reasons, while safeguarding the interests of the First Party by not making it public and will preserve the interests of the First Party.

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Acknowledgment

All praise is due to Allah, the most merciful, gave me the opportunity to complete this course in good health. My mother's blessings and the support of my spouse have served as my biggest source of inspiration and motivation at this stage of pursuing my Procurement and Supply Management (MPSM) degree. My respected supervisor, Mr. Mir Mehbubur Rahman, MCIPS, Senior Trainer (BIGD), BRAC University, has given me the best support and guidance and gave me clear instructions for each step of preparing this report. In particular, I would like to express my sincere gratitude to the guardian of my institution Mr. Mohammad Nurul Islam (Executive Engineer), Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) Development Project, BEZA, for giving me the opportunity to complete this internship by his valuable suggestions. It was a great privilege and pleasure to work and study under his guidance. His professionalism (Especially engineering knowledge, procurement and risk aspects of procurement), dynamism, motivation all impressed me greatly. The MPSM program offered by BIGD, BRAC University gave me a lot of learning opportunities so that I am very grateful for this. To my MPSM colleagues, I would like to express my gratitude for their unwavering support, tolerance and inspiration. Finally, I would like to express my gratitude and humbleness to those who have continuously helped me to complete this report.

Executive Summary

There are risks in any work or development work. This is exactly what happened in the Bangabandhu Sheikh Mujib Shilpa Nagar Development Project. My report is on Risk Management in Procurement and Supply Chain for Bangabandhu Sheikh Mujib Shilpa Nagar Development Project. Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) is a big economic zone and has a total land area of thirty-three thousand acre. The BSMSN area is covered in the two districts (Chattogram and Feni), three upazila (Mirsarai, Sitakunda, and Sonagazi) under Chattogram division. The head office of the project is located at Agargaon, Dhaka.

A lot of development works is going on in this project to create an industrial friendly environment. These large development works require procurement of goods, works and services. Different methods were adopted to procure different items at different times. There are risks arises when procuring goods, works or services in BSMSN Development Project.

In this discussion, the report comprises a brief overview of the types of risks that arises in the procurement of goods, works or services and how these risks can be managed.

Keywords: BSMSNDP, Procurement and Supply Management, Risks

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List of Acronyms:

BSMSNDP	Bangabandhu Sheikh Mujib Shilpa Nagar Development Project
BEZA	Bangladesh Economic Zones Authority
ITT	Instructions to Tenderer
PPA	Public Procurement Act
PPR	Public Procurement Rules
PE	Procuring Entity
HOPE	Head of Procuring Entity
OTM	Open Tendering Method
EZ	Economic Zone
SCM	Supply Chain Management
CETP	Common Effluent Treatment Plant
STD	Standard Tender Documents
CPTU	Central Procurement Technical Unit
DPP	Development Project Proposal
WB	World Bank
IDA	International Development Association
PRIDE	Private Investment and Digital Entrepreneurship
PD	Project Director
QBS	Quality Based System
NCB	National Competitive Bidding
CCGP	Cabinet Committee on Government Purchase
BPPA	Bangladesh Public Procurement Authority
TOC/POC	Tender/Proposal Opening Committee
TEC/PEC	Tender/Proposal Evaluation Committee
ILO	International Labor Organization
PPP	Public Private Partnership

Chapter-1: Overview of Bangabandhu Sheikh Mujib Shilpa Nagar Development Project (BSMSNDP)

1.1 Introduction:

The Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) site is located 200 kilometers (km) from Dhaka, 60 km from Chattogram, 70 km from Chattogram Port and the Shah Amanat International Airport and 330 km from Sylhet. The BSMSN Master Plan area is covered in the two districts, three upazilas, and 6 unions and comprised of 26 mouzas.

BSMSN has a total land area of 33,805 acres or 136.86 square kilometers (km²) (mostly reclaimed land) with a 25 km coastline along the Sandwip Channel in the Bay of Bengal. The land elevation on the site varies from the site's lowest point at -3.33 meters (m) MSL to the highest point at +8.71m MSL.

Before development of the BSMSN, the site was comprised of: i) 27.6% idle/barren lands, ii) 31.65% mangroves/forest/vegetation, iii) 8.71% water bodies/canals and iv) 6.53% under development.

The BSMSN Development Project named by BEZA (PRIDE- Private Investment and Digital Entrepreneurship named by World Bank) is about 6000 acres land within BSMSN in Chattogram division.

1.2 Objectives:

The report has the following objectives are as below

- To understand the organizational overview of BSMSN Development Project.
- To know the procurement types and method of this project.
- To understand the different types of risks that arises in this project.
- To identify how risks were managed.

1.3 Organization Overview:

The Honorable Prime Minister Sheikh Hasina of the current government announced that 100 economic zones will be developed in Bangladesh. In continuation of that, Bangladesh's largest economic zone has been developed in Mirsarai, Chattogram. Bangabandhu Sheikh Mujib Shilpa Nagar Development Project (BSMSNDP) is a major project located in Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN). Here many domestic and foreign industries are being established. As a result of which many people are getting employment and earning foreign profits. The Bangabandhu Sheikh Mujib Shilpa Nagar Development Project has been established to provide utility services for the development of industrial establishments. This project is being managed under the supervision of a competent Project Director (PD). Administrative team, engineering team, consultant team under the supervision of the Project Director are working tirelessly to achieve the goals of the project. Plot 2A, 2B, 12,13 are the main area under BSMSNDP. In this project there are many activities will be implemented under the project as like feasibility study, master plan, EIA/SIA, policy and regulatory form, Road Network (30Km), Storm Water Network (31Km), Power & Telecommunication Network, Water Supply & Sewerage Network (40Km), Gas Pipeline Network (28Km), Resilient Site Upgradation, Building Development, Security and Support Amenities, Effluent treatment plant, Desalination plant, Rooftop and floating solar, Steam network, Biogas plant, Waste sorting & material recovery facility, Reclamation of land by land filling.

1.4 Location of BSMSN

District	Upazila	Union
Chattogram	Mirsarai	Saherkhali
		Ichhakhali
	Sitakunda	Muradpur
		Saidpur
Feni	Sonagazi	Sonagazi
		Char Chandina

Table 1.4.1: Area distribution for BSMSN

1.5 Potential Investment Sector in BSMSN

1. Garments & Garment Supporting Industries
2. Agro-products and agro-processing products
3. Integrated Textiles
4. Leather and leather products
5. Shipbuilding
6. Motorbike Assembly
7. Food & Beverage
8. Paint & Chemical
9. Paper & Products
10. Plastics
11. Light engineering (including auto-parts and bicycles)
12. Pharmaceutical products
13. Power
14. Solar Park

1.6 Location map of BSMSNDP

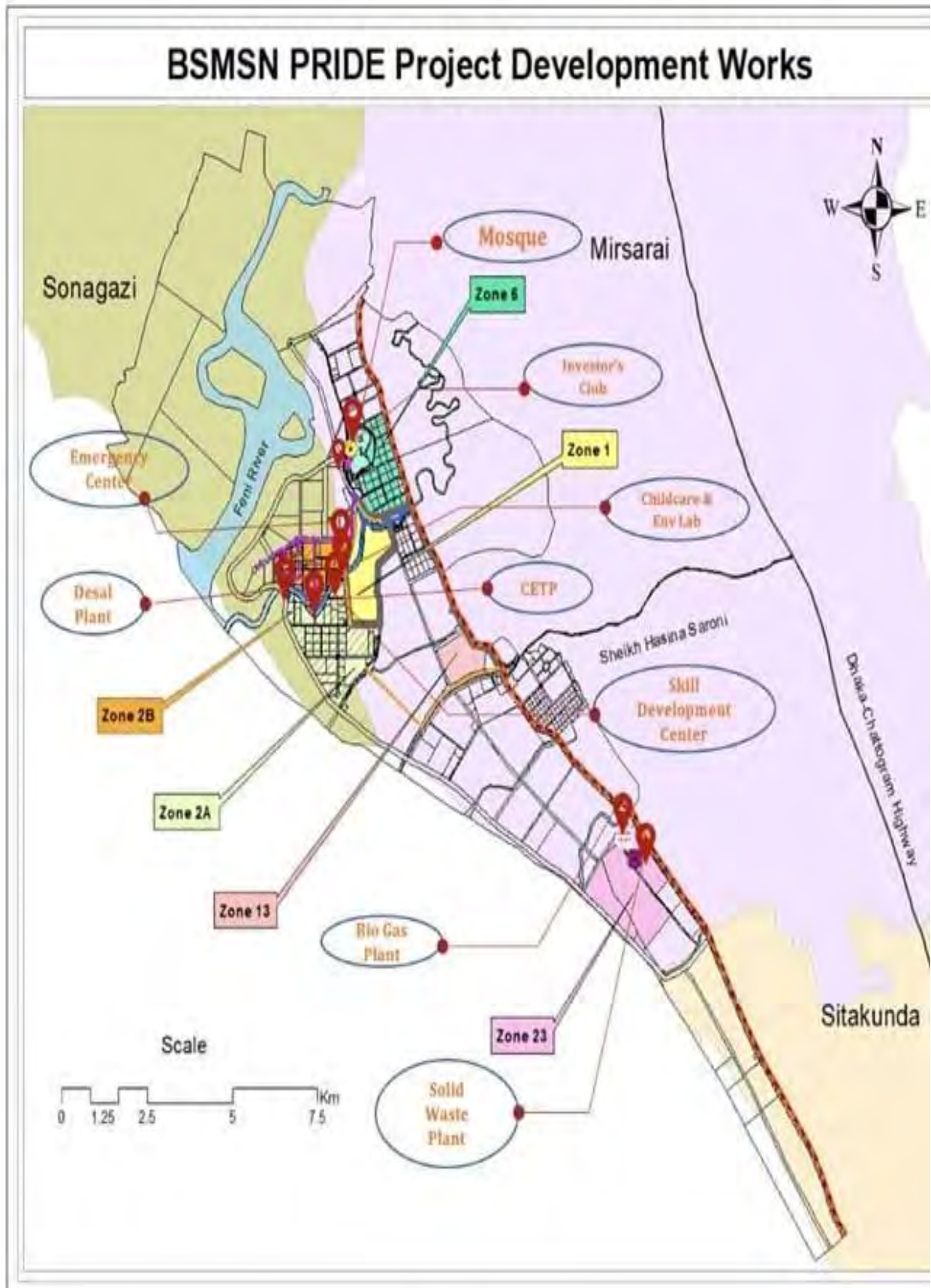


Figure 1.6.1: Location map of BSMSNDP

1.7 Project Implementation Unit of BSMSN Development Project

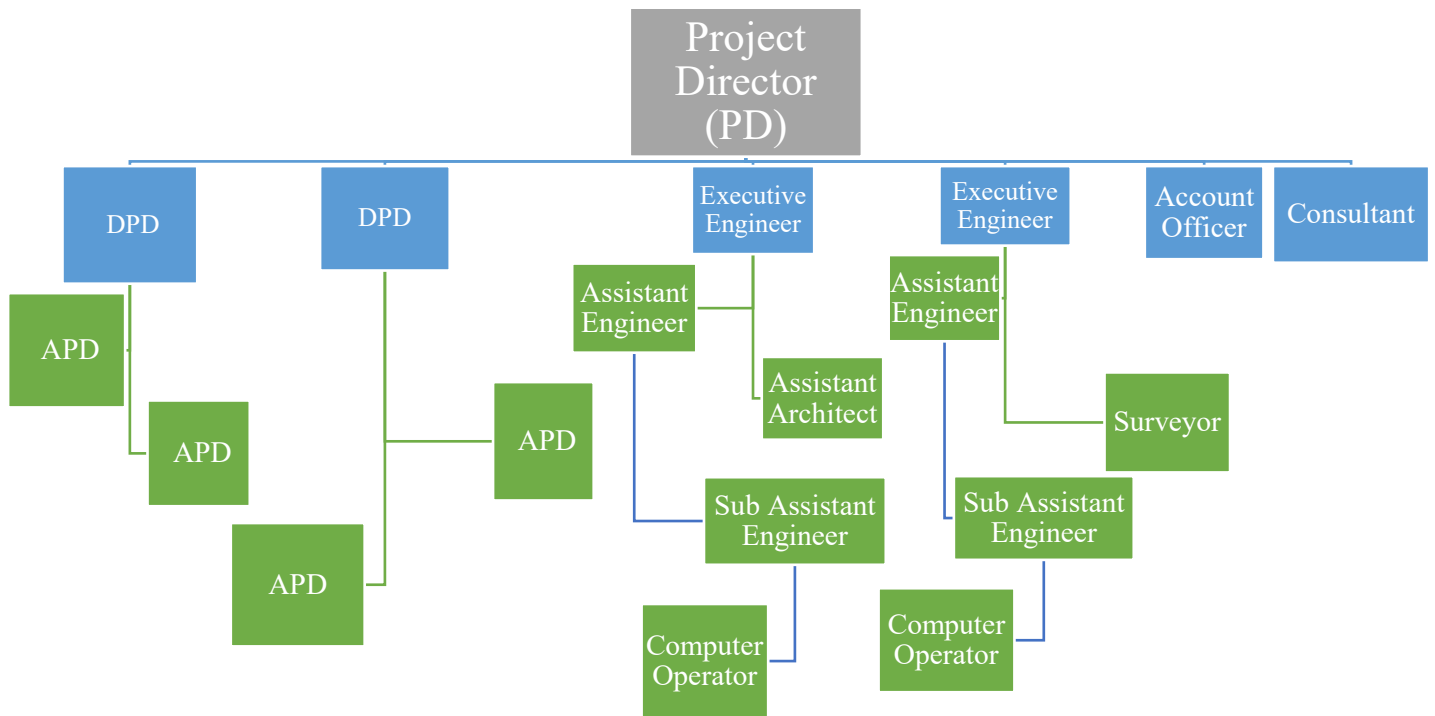


Figure 1.7.1: Project personnel of BSMSNDP

1.8 Vision of BSMSN

The Vision of Bangabandhu Sheikh Mujib Shilpa Nagar is to implement a grand initiative by the government of Bangladesh aimed at establishing an integrated industrial city named after the country's founding leader, Bangabandhu Sheikh Mujibur Rahman.

1.9 Mission of BSMSN

The mission of the Bangabandhu Sheikh Mujib Shilpa Nagar revolves around several key objectives aimed at transforming the designated area into a world-class industrial city while ensuring sustainable development and inclusive growth.

1.10 List of Projects

1. Skills for Employment Investment Program (SEIP)
2. Skills & Training Enhancement Project
3. Sudokkho
4. B-SEP Project
5. SEP-B Project

1.11 List of Development Partners

1. Asian Development Bank
2. International Labor Organization
3. The World Bank

Chapter 2: Literature Review

2.1 Risk

Probability of an unwanted outcome happening.

- Risk is always in the future
- Risk involves uncertainty- It may or may not occur
- There will be known risks and unknown risks
- Risks can be negative or positive and are identified as threats or opportunities

2.2 Procurement

Every activity involved in obtaining the goods and services a company needs to support its daily operations.

2.3 Supply Chain

The supply chain encompasses all organizations and activities associated with the flow and transformation of goods from the raw materials stage, through to the end user, as well as the associated information flow.

2.4 Examples of Supply Chain Risk Classification

RISK	COMMENTS
Supply risk	Arising from supplier failure, supply failure, the length and complexity of supply chains and so on
Compliance risk	Exposure of non-compliant or illegal activity
Reputational risk	Exposure of unethical, socially irresponsible or environment-damaging activity
Economic or financial risk	Risk of economic loss, as a result of poor investment or financial investment, loss of sales or cost blow-outs or macro-economic factors
Market risk	Economic or supply risk arising from factors or changes in the external supply market
Demand risk	Risks of fluctuation in demand for the finished product
Environmental risk	Risks of disruption or delay to supply or rising supply costs
Operational risk	Risks of operational failure, quality defects, health and safety incidents, transport failures or equipment breakdowns
Technological risk	Risks of operational problems and resulting economic losses, due to obsolescence, systems/equipment failure, data corruption/theft and so on

Table 2.4.1: Supply chain risk classification

2.5 Risk Scoring

Risk score = probability of event × magnitude of loss

Serial No.	SCORES FOR LIKELIHOOD	SCORES FOR IMPACT
1	Has never happened in this industry	Would have no perceptible effect
2	Has happened in this industry but never in this group	Would cost 10% of this business unit's net assets if it happened
2	Has happened in this group but never in this business unit	Would wipe out this business unit if it happened
4	Happens occasionally in this business unit	Would cost 10% of group net assets if it happened
5	Happens frequently in this business unit	Would wipe out the group if it happened

Table 2.5.1: Risk Scoring

2.6 Different Types of Procurement Risk

- Inaccurate internal needs analysis
- Poor vendor sourcing
- Inadequate vendor management
- Price instability
- Resistance to digitalization leading to poor e-procurement adoption
- Supply chain disruptions
- Manual procurement processes
- Inaccurate forecasting
- Budget overspends
- Talent shortage
- Inefficient contract management
- Fraud

2.7 Different Types of Supply Chain Risk

- Natural disasters
- Political unrest at home and abroad
- Economic fluctuations
- Supplier failures, as well as internal factors such as production delays, quality issues, or data breaches
- Product and raw materials shortages.
- Logistics risks.
- Demand volatility.

2.8 Importance of Risk Management in Procurement and Supply Chain

Risk Management on Procurement and Supply Management for BSMSNDP is very important. Failure to manage risks in a timely and proper manner will undermine the goals and objectives of this large-scale economic zone. Where this economic zone is associated with domestic and foreign companies such as Nippon, McDonald, ZuZu Chemicals, Bashundhara, SQ company, Asian Paints, Berger and many other big companies. Ineffective risk management can lead to cost overruns, budget constraints, and financial losses. A good risk management plan helps organizations understand the financial impact of different risks and make smart choices.

Risk management is key eliminate to waste and stimulating other best practices within the supply chain. Wasting resources can add risk to the organization and supply chain, so by planning ahead with a good risk management system, materials can be repurposed to avoid waste.

Chapter 3: Research Area and Methodology

3.1 Research Area

Bangabandhu Sheikh Mujib Shilpa Nagar Development Project (BSMSNDP) is the largest project within Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) under Bangladesh Economic Zones Authority (BEZA). This project area is about 5000 acres of land and spread through Mirsarai upazila under Chattogram district and Sonagazi upazila under Feni district. For establishment of this project, authority has taken several contracts like goods, works and services. Goods procurement are office stationery, office furniture, computer, laptop, printer, video conference system, motor vehicle, lab equipment's and so on. Works procurements are like roads, bridge, storm water network, building, power network, gas pipeline network, telecommunication network land filling, sluicagate, sub-station, production tubewell, renewable energy like solar panel, central effluent treatment plan. Services procurement are component coordinator, social consultants, environmental consultant, PPP Consultant, Monitoring and evaluation consultant, IT consultant, Skills development consultant. All packaged financed by World Bank and Government of Bangladesh (GOB). The above works are being implemented through Project Director (PD) and his engineering team, administration team, consultancy team (Social, Environmental, Infrastructure and so on). The study for this report is bounded to these IDA (World Bank) and GOB funded works only. The total funding of this project is around Taka 435619.50 Lac. Most of the funding came from the World Bank. Project duration time is from 01 January 2021 to 31 December 2025. The work is being conducted according to the rules and regulations of the Government of Bangladesh and the standard policies of the World Bank. World Bank delegation team often visit the site to check the quality of works, hygienic toilet facilities, safe drinking water, work protection equipment, social conditions of labor and personnel.



Figure 3.1.1: World Bank country director visited at BSMSNDP site with Project Director (PD) of BSMSNDP and PD's personnel.

3.2 Data Collection and Methodology

In this study qualitative and informative study has been followed as a research methodology. To perform this research study, data was collected at during initially stage of execution of project site works. So that all data are primary data. These data were collected through face-to-face inquiry. Total eight personnels have been interviewed for data collection as like Project Director (PD), Executive Engineer, Assistant Engineer, Sub-Assistant Engineer, procurement Consultant and Contractors of individual three package of this project. My own experience as a member of this project, also PPR-2008, PPA-2006, and Standard Tender Documents for procurement risks of works were also used for the study. Procurement and supply chain of goods, works, services at different times and the data were shown by MS Word. Moreover, the data required in this study are collected from project site office at Mirsarai, Chattogram and project head office at Agargaon, Dhaka. Then the data are scrutinized, reorganize, analyzed and represent. As the data are collected from BSMSNDP office, all the data are authentic and reliable. All tenders are prepared in accordance with CPTU standard tender documents (STD)



Figure 3.2.1: Different development works in BSMSNDP

Chapter 4: Data Analysis, Risk Find Out and Risk Management

4.1 Introduction

In this chapter discusses about some important procurement of goods, works and services in Bangabandhu Sheikh Mujib Shilpa Nagar Development Project. Below are discussed about when the risks were appeared in the procurement and supply stage.

4.2 Data Analysis

All the data in this section is taken from the development project proposal of Bangabandhu Sheikh Mujib Shilpa Nagar Development Project.

Some of the procurements of goods, works and service are shown in tabular form are as below

4.3 Year Wise Estimated Cost for BSMSN Development Project

Financial Year (FY)	GOB (FE)	PA		Own Fund (FE)	Others (Specify)	Total
		RPA	DPA			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
FY 1: 2020-21 (Jan.-Jun. 2021)	1892.50 (0.00)	1700.30				3592.80
FY 2: 2021-22	7656.00 (0.00)	80749.70				88405.70
FY 3: 2022-23	7576.00 (0.00)	79000.70				86576.70
FY 4: 2023-24	7576.00 (0.00)	79000.70				86576.70
FY 5: 2024-25	7576.00 (0.00)	79000.70				86576.70
FY 6: 2025-26 (Jul.-Dec. 2025)	6350.50 (0.00)	77540.40				83890.90
Grand Total:	38627.00 (0.00)	396992.50				435619.50

Table 4.3.1: Yearly cost breakdown for BSMSN Development Project

4.4 Different Types of Goods Procurement in BSMSN Development Project (According to DPP)

Package No.	Description of Procurement Package as per DPP	Unit	Quantity	Procurement Method & Type	Contract Approving Authority	Source of Funds
	GOODS					
1	2	3	4	5	6	7
	GOODS (Funded by WB)					
GD1-BSMSN-BEZA	Furniture and Fixtures	N/A	LS	OTM (NCB)	PD	IDA
GD2-BSMSN-BEZA	Office Equipment	LS	LS	OTM (NCB)	PD	IDA
GD3-BSMSN-BEZA	Multimedia Projectors	LS	LS	OTM (NCB)	PD	IDA
GD4-BSMSN-BEZA	Computer and Accessories	N/A	Desktop-50, Laptop-35, Tap-10, Printer-60 Photocopy-10, Scanner-15	OTM (NCB)	PD	IDA
GD5-BSMSN-BEZA	Smart City Equipment	LS	Hardware, Software equipments	OTM (NCB)	PD	IDA
GD6-BSMSN-BEZA	Testing Laboratories with Supply and Installation	LS	LS	OTM (NCB)	PD	IDA
GD7-BSMSN-BEZA	Computer Software	LS	LS	OTM (NCB)	PD	IDA
GD8-BSMSN-BEZA	Financial Management System Database	LS	LS	OTM (NCB)	PD	IDA
GD9-BSMSN-BEZA	Video Conference System	LS	LS	OTM (NCB)	PD	IDA
GD10-BSMSN-BEZA	Camera & Accessories	LS	LS	RFQ	PD	IDA
	GOODS (Funded by GoB)					
GD11-BSMSN-BEZA	Motor Vehicle	N/A	Jeep-1, Jeep (Standard)-2, Micro-4, Pickup-5 & Motorcycle-27	OTM (NCB)	PD	GOB
GD12-BSMSN-BEZA	Speed Boats	2	Heavy Duty Boat-1 Normal Boat-1	OTM (NCB)	PD	GOB

Table 4.4.1: Procurement for different types of goods for BSMSN Develop Project

4.5 Different Types of Works Procurement in BSMSN Development Project (According to DPP)

Package No.	Description of Procurement Package as per DPP	Unit	Quantity	Procurement Method & (Type)	Contract Approving Authority	Source of Funds
	WORKS					
1	2	3	4	5	6	7
	(Funded by WB)					
WD1-BSMSN-BEZA	Road & Storm Water Network for Mirsarai-2A EZ	km	10 (Road) & 18 (Drain)	OTM (ICB)	CCGP	IDA
WD2-BSMSN-BEZA	Road & Storm Water Network for Mirsarai-2B EZ	km	6 (Road) & 13 (Drain)	OTM (ICB)	CCGP	IDA
WD4-BSMSN-BEZA	Power Network	Lot	1	OTM (ICB)	CCGP	IDA
WD5-BSMSN-BEZA	Water Treatment Plant, Water Supply with Fire Hydrant	km	30	OTM (ICB)	CCGP	IDA
WD6-BSMSN-BEZA	Sewer Network	km	10	OTM (NCB)	PD	IDA
WD7-BSMSN-BEZA	Gas Pipeline Network	km	28	Deposit	CCGP	IDA
WD8-BSMSN-BEZA	Telecommunication Network	km	25	Deposit	PD	IDA
WD9-BSMSN-BEZA	Resilient Site Development (Lot-1)	N/A	N/A	OTM (NCB)	Ministry	IDA
	Environmental Lab & Monitoring System (Lot-2)	N/A	N/A	OTM (NCB)	PD	IDA
	Canal Development & Lining (Lot-3)	km	10	OTM (NCB)	Ministry	IDA
WD10-BSMSN-BEZA	Security & Support Amenities (Lot-1)	N/A	N/A	OTM (NCB)	CCGP	IDA
	Mosque (Lot-2)	N/A	N/A	OTM (NCB)	PD	IDA
	Emergency Response Centre (Lot-3)	N/A	N/A	OTM (NCB)	HOPE	IDA
	Construction of Investors Club (Lot-4)	N/A	N/A	OTM (NCB)	Executive Board	IDA
WD11-BSMSN-BEZA	Land Development	Million cum	10	OTM (ICB)	CCGP	IDA
	(Funded by GoB)					
WD01-GoB-BSMSN-BEZA	Construction of Skills Development Centre	N/A	LS	OTM (NCB)	Executive Board (BEZA)	GoB
WD02-GoB-BSMSN-BEZA	Construction of Child Care and Emergency Health Care Centre in BSMSN	N/A	LS	OTM (NCB)	PD	GoB

Table 4.5.1: Procurement for different types of works for BSMSN Develop Project

4.6 Different Types of Services Procurement in BSMSN Development Project (According to DPP)

Package No.	Description of Procurement Package as per DPP	Unit	Quantity	Procurement Method & Type	Contract Approving Authority	Source of Funds
	SERVICES					
1	2	3	4	5	6	7
IC-1 BSMSN- BEZA	Component Coordinator	MM	60	QBS (NCB)	PD	IDA
IC-2 BSMSN- BEZA	PPP Senior Advisors (International) (3 Nos)	Day	1300	QBS (ICB)	Ministry	IDA
IC-4 BSMSN- BEZA	PPP Consultant (Local)	MM	55	QBS (NCB)	PD	IDA
IC-5 BSMSN- BEZA	Legal Consultant	MM	58	QBS (NCB)	PD	IDA
IC-6 BSMSN- BEZA	Social Consultant	MM	60	QBS (NCB)	PD	IDA
IC-7 BSMSN- BEZA	Environmental Consultant	MM	60	QBS (NCB)	PD	IDA
IC-9 BSMSN- BEZA	Procurement Consultant (2 Nos)	MM	116	QBS (NCB)	HOPE	IDA
IC-11 BSMSN- BEZA	Financial Management Specialist (2Nos)	MM	118	QBS (NCB)	HOPE	IDA
IC-12 BSMSN- BEZA	Monitoring & Evaluation Consultant	MM	60	QBS (NCB)	PD	IDA
IC-13 BSMSN- BEZA	Investment Promotion Consultant	MM	55	QBS (NCB)	PD	IDA
IC-14 BSMSN- BEZA	Skills Development Consultant	MM	55	QBS (NCB)	PD	IDA
IC-15 BSMSN- BEZA	Administrative Support Consultant	MM	60	QBS (NCB)	PD	IDA
IC-16 BSMSN- BEZA	IT Consultant	MM	55	QBS (NCB)	PD	IDA
IC-18 BSMSN- BEZA	Social Councilors (15 Nos)	MM	750	QBS (NCB)	PD	IDA
IC-19 BSMSN- BEZA	Environmental Councilors (5 Nos)	MM	250	QBS (NCB)	PD	IDA
IC-19 BSMSN- BEZA	Contract Management Specialist	MM	58	QBS (NCB)	PD	IDA

Table 4.6.1: Procurement for different types of service for BSMSN Develop Project

4.7 Risk Find Out and Risk Management (Procurement Side)

4.7.1 Case-1 (Child Care and Emergency Health Care Centre)

From Table 4.5.1, Page-15, Package No. WD02-GoB-BSMSN-BEZA

Contract Information

Package No.	: WD02-GoB-BSMSN-BEZA
Name of the Package	: Construction of Child Care and Emergency Health Care Centre for BSMSN Development Project
Project Name	: Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) Development Project
Procuring Agency	: Bangladesh Economic Zones Authority (BEZA), Prime Minister's Office
Procuring Entity	: Project Director (PD), BSMSN Development Project
Procurement Method & Type	: OTM (NCB)
Source of Funds	: GoB
e-Tender ID Number	: 778843
Name of Contractor	: Khan and Sons (Bangladesh) Limited
Date of Contract	: 6 April,2023
Site Location	: Mirsarai Economic Zone, BSMSN Development Project

The procuring entity invites tenders for this package in national newspapers, local newspapers, BEZA website and CPTU website. Many bidders participate in it.

4.7.1.2 Tender Opening Process:

As per Bangladesh Public Procurement rules, a tender opening (TOC/POC) committee consisting of two (2) members opened the tender at opening time (twenty-eight days after the invitation of tender). The tender opening committee open the tender by digital system and closing the process and submitted it to PE for evaluation.

4.7.1.3 Tender Evaluation Process:

Then the tenders are evaluated by tender evaluation committee (TEC/PEC) consisting of 3 members. The committee involves to checking the tenderer documents against qualification criteria and assessment set out in the request for tender.

This committee mainly evaluates four aspects in which

- (1) Preliminary examination for responsiveness to formal qualification requirements
- (2) Evaluation for compliance with technical requirements
- (3) Price/financial evaluation
- (4) Post qualification/due diligence.

During technical evaluation, all tenders are found non-responsive due to non-comply of one criterion (i.e. one qualification requirement was minimum experience of Environmental and Social works 5 lac BDT in one contract). No tenderer had like this experience certificate.

4.7.1.4 Risk:

Here all tenders are canceled due to lack of experience in the environment and the tenders are exposed to risk.

4.7.1.5 Risk Management:

As per the proposal of the Tender Evaluation Committee, the Procuring Entity shall reject all the tenders and re-invite the tender where the experience condition on the environmental and social is omitted.

4.7.2 Case-2: Furniture and Fixtures

From Table 4.4.1, Page-14, Package No. GD1-BSMSN-BEZA

Contract Information

Package No.	: GD-1A-BSMSN-BEZA
Name of the Package	: Procurement of Furniture and Fixtures-IA for BSMSN Development Project
Project Name	: Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) Development Project
Procuring Agency	: Bangladesh Economic Zones Authority (BEZA), Prime Minister's Office
e-Tender ID Number	: 879455
Invitation Reference No. Date	: 03.07.0000.056.007.138.22-1622, : 24.09.2023
Tender Closing Date Time	: 17-Oct-2023 : 12:30
Opening Date Time	: 17-Oct-2023 : 12:30
Procuring Entity	: Project Director (PD), BSMSN Development Project
Procurement Method & Type	: OTM (NCB)
Source of Funds	: IDA

The above information was collected from DPP and Tender Data Sheet (TDS). It was mentioned in ITT, Clause 27(b) in Tender Data Sheet as “Manufacturer must have ISO 9001:2015 certificate for Furniture supply and the certificate must submit with the tender submission”

4.7.2.1 Risk:

For the above clause 27(b), no bidder had this type of certificate. Consequently, no bidder could participate in this tender.

4.7.2.2 Risk Management:

The procuring entity canceled the tender process and re-invite the tender where the experience criteria in ITT, Clause 27(b) was repealed.

4.7.3 Risk Find Out and Risk Management (Supply Chain Side)

4.7.3.1 Case-3: Furniture and Fixtures

From Table 4.4.1, Page-14, Package No. GD1-BSMSN-BEZA

From case-2, after Re-tender, another problem with this package was delivery delays.

Item No. 24 in the official B.O.Q was "split type air-cooler". But there was one condition as like "Origin/ brand manufactured or assembled should be JAPAN/ MALAYSIA/ SOUTHKOREA/ TAIWAN/ THAILAND/ USA/ EU Countries"

The contract period of this package was 6 months and at that time, the dollar crisis was evident in Bangladesh. As a result, the contractor could not pay for the AC due to dollar crisis.

4.7.3.2 Risk:

These products were not available within the contract period due to dollar shortage

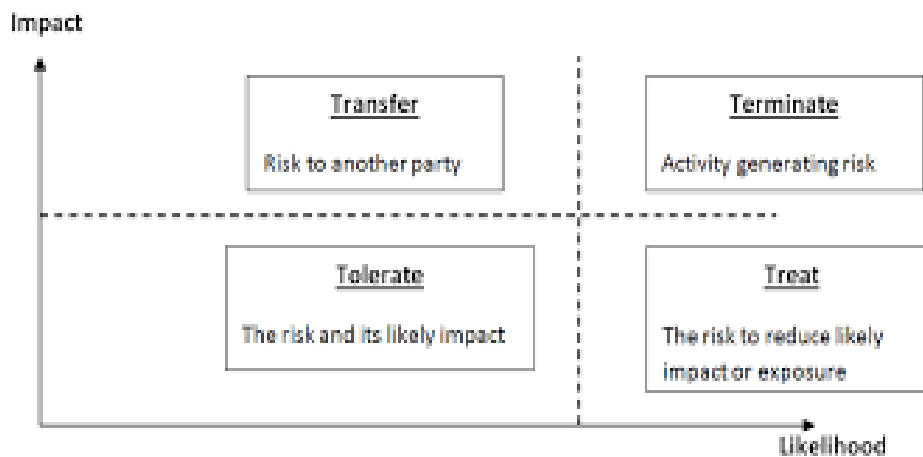
4.7.3.3 Risk Management:

For this package, an extra three months of time was increased from the original time and at that time the dollar crisis was becoming normal and AC supplied by the contractor.

Chapter 5: Findings

5.1 Risk management theory / 4T Theory

Adopting the 4Ts of risk management as known Tolerate, Terminate, Treat, and Transfer. This theory empowers organizations to make informed decisions, safeguard their interests and navigate the complexities of today's business environment.



5.2 Findings

5.2.1: From case 1 (Page:17-18)

Experience of Environmental and Social works of 5 lac BDT in one contract- Here likelihood is low but impact is high because without experience the tender could not be taken forward.

5.2.2: From case 2 (Page:19)

Certificate of “ISO 9001:2015 certificate for Furniture supply and the certificate must submit with the tender submission”- Here likelihood is high because this type of certificate is not available and also impact is high because without experience the tender could not be taken forward.

5.2.3: From case 3 (Page-20)

Dollar crises is temporary so here likelihood is low and its impact is also low

Chapter 6: Conclusion and Recommendation

6.1 Conclusion

In conclusion, this report shown several types of risks that related to the procurement in BSMSN Development Project. Risks may have significant adverse effects on performance of any organization. But in the above discussion of this project, risks were managed in a timely manner due to appropriate action taken by the procuring entity but there was some precious time wasted.

6.2 Recommendations

To address the causes of the risks in procurement, the recommendations are mentioned as below

- **Improved Planning:** Before procure of any items, proper planning is the pre requisite to successful completion of a project.
- **Establishing of a Competent Procurement Team:** An efficient procurement team facilitates project work by properly preparing tender documents.
- **Strong Communication Network:** A strong communication network should build in between project office and market. By this, project management can know about market condition and by which they make tender document.
- **Cross Functional Team:** A project team should be made by different department like administrative, engineer, architect, economist, marketing, procurement specialist, socialist, environmental specialist and so on. By this team, a project can identify any risk at an early stage and can overcome the risk as quickly as possible.

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