

Contract Management of Works and Post-Procurement Review Practice in LGED: A Case Study on LGED Manikganj

By

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A thesis submitted to the BRAC Institute of Governance and Development in partial fulfillment of the requirements for the degree of Masters in Procurement and Supply Chain Management (MPSM)

BRAC Institute of Governance and Development
BRAC University
August 2023

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Declaration

It is hereby declared that,

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2. The thesis 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 thesis does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
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Ethics Statement

This research upholds ethical principles and standards. Participation was completely voluntary. Participants were given a comprehensive briefing about the study's purpose and methods. They were guaranteed anonymity and told they could withdraw at any time without consequence. Identifiable information was removed from participant quotes and examples used in this thesis.

Rigorous efforts ensured complete accuracy and integrity of all data collected and analyzed. The procedures for data collection and analysis are described in sufficient detail to allow scrutiny and reproduction of the research. All potential conflicts of interest have been disclosed and addressed.

This thesis contains zero plagiarism. All sources have been properly cited and referenced using appropriate citation styles. This thesis has not been submitted to any other institution or university for any other degree or qualification.

I affirm this thesis presents a true and precise account of the research performed to the best of my knowledge and belief.

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Abstract/Executive Summary

This research examines contract management and post-procurement practices for works projects within Bangladesh's Local Government Engineering Department (LGED). Through an in-depth case study of LGED Manikganj, it aims to assess the efficiency and transparency of current procedures, identifying areas needing improvement. The study utilizes a qualitative research design approach including surveys, interviews, document analysis, and site visits. Preliminary findings reveal issues in time and quality management, record-keeping, stakeholder engagement, and sustainability, although alignment with regulations is satisfactory. There appear to be gaps in risk mitigation, relationship management, vendor assessment, and incorporating stakeholder feedback. To enhance outcomes, the study recommends developing a robust Contract Management Plan, strengthening vendor partnerships, implementing vendor ratings and key performance indicators, improving timeliness, and integrating comprehensive stakeholder evaluations into an action-oriented post-procurement review process. Ultimately, this aims to transform LGED's procurement landscape, fostering efficiency, transparency, and continuous improvement.

Keywords: contract management; post-procurement review; infrastructure procurement; public works; local government.

Acknowledgement

After an intensive period, today is the day: writing this note of thanks is the final change on my dissertation. Authoring this dissertation has had an important impact on me. I would like to reflect on the people who have supported and helped me so much throughout this period.

I would particularly like to express gratitude to my supervisor Mr. Shish Haider Chowdhury, MCIPS, Joint Secretary, Govt. of Bangladesh & Senior Trainer, BIGD, Brac University (E-mail: shish.1965@gmail.com, BRAC Institute of Governance and Development, BRAC University, Dhaka; for his constant supervision, guidance, suggestions, and constructive criticism. You gave me the tools I needed to choose the right direction and complete my dissertation. I would like to thank my colleagues and seniors' officials of LGED for their wonderful support and cooperation.

In addition, I would like to thank the staff of BIGD BRAC University for their valuable time to time cooperation.

Lastly, I express deepest gratitude to my family, relatives and friends for their support and encouragement.

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List Of Acronyms

BBS	Bangladesh Bureau of Statistics
BOQ	Bill of Quantities
CPTU	Central Procurement Technical Unit DLP Defect Liability Period
DoFP	Delegation of Financial Power
DPM	Direct Procurement Method
EWO	Extra Work Order
GCC	General Conditions of Contract
GoB	Government of Bangladesh
HOPE	Head of Procuring Entity
ITT	Instructions to Tenderers
JV	Joint Venture
KPI	Key Performance Indicators
LGED	Local Government Engineering Department LTM Limited Tendering Method
NCT	National Competitive Tender
NOA	Notification of Award
PCC	Conditions of Contract
PE	Procuring Entity
PPR	Public Procurement Rules
PM	Project Manager
PW	Procurement of Works
QCBS	Quality and Cost Based Selection OSTETM One Stage Two Envelop Tendering Method OTM Open Tendering Method
QS	Quantity Survey
RVQ	Request for Variation Quotation
RIMS	Risk Identification and Management System STD Standard Template Document
TSTM	Two Stage Tendering Method RFQM Request for Quotation Method UE Upazila Engineer
TDS	Tender Data Sheet
TEC	Tender Evaluation Committee
TEC	Tender Evaluation Committee
VO	Variation Order

Chapter 1: Introduction

This study investigates how LGED in Manikganj manages contracts for works and carries out reviews after procurement. LGED is vital for developing and upkeeping infrastructure projects, where good contract management and post-procurement review are crucial for success. The aim of this research is to examine how LGED Manikganj handles contracts in their works projects and to assess how well their post-procurement reviews work. Through an in-depth case study on LGED Manikganj, this research seeks to reveal the strengths and weaknesses of their current contract management and post-procurement review practices, identifying areas for improvement.

The research will use a mix of qualitative and quantitative methods like interviews, document analysis, and surveys to gather data. It will scrutinize various aspects of contract management, such as administration, monitoring, and compliance. Additionally, it will explore the post-procurement review practices adopted by LGED Manikganj.

This study's findings will add to the existing knowledge about contract management and post-procurement review practices in infrastructure development. The insights gained will not only help LGED Manikganj but will also offer lessons for similar organizations looking to enhance their contract management and post-procurement review processes.

The results of this research will be presented in a detailed report, outlining the current state of contract management and post-procurement review practices in LGED Manikganj. The report will emphasize key findings, strengths, areas needing improvement, and practical recommendations to boost contract management and post-procurement review practices in LGED Manikganj.

Ultimately, the research aims to improve the efficiency and effectiveness of infrastructure development projects by advocating for best practices in contract management and post-procurement review within LGED Manikganj and similar organizations.

1.1 Background of the Study:

In Bangladesh, a significant portion of public funds goes into various projects related to works. The Local Government Engineering Department (LGED), like other engineering departments, oversees the implementation of local infrastructure across rural, urban, and small-scale water sectors. All these projects adhere to the country's Procurement Act, Rules, and related documents. To ensure the effective

execution of LGED projects, practicing contract management within the department is crucial. Contract management, although a post-contract activity in the procurement cycle, is integral to the process.

Without efficient contract management, project and procurement objectives may not be met within the defined time, budget, and quality parameters, impacting the five rights of procurement. Surprisingly, there is limited research in this area, particularly in Bangladesh. Given the substantial public expenditure in the procurement of works in the public sector, ineffective contract management has the potential to render the entire procurement process void, leading to a possible loss of public funds.

1.2 Problem Statement

Within the framework of the Local Government Engineering Department's Manikganj district office (LGED Manikganj), the procurement and contract management processes for works projects encounter various challenges that constrain effectiveness. The primary issues include:

1. **Inefficient Contract Management:** LGED Manikganj grapples with deficiencies in overseeing procurement contracts, resulting in project delays, cost overruns, and suboptimal outcomes in some cases. Unclear contract terms, inadequate monitoring mechanisms, and insufficient coordination among stakeholders contribute as root causes.
2. **Transparency and Oversight Concerns:** Questions emerge regarding the transparency and fairness of the procurement and selection processes adopted by LGED Manikganj. This propagates apprehensions about potential irregularities and inadequate oversight controls.
3. **Timeliness and Quality Control Issues:** Several works' projects undertaken by LGED Manikganj suffer from delays and quality deviations. Shortcomings in planning, monitoring, and performance management appear as contributing factors.
4. **Limited Scope of Post-Procurement Review:** LGED Manikganj lacks well-defined post-procurement review processes to derive learnings from completed projects systematically. Absence of mechanisms to obtain user feedback further constrains evaluation endeavors.
5. **Sustainability Shortcomings:** Some completed works projects overseen by LGED Manikganj have confronted sustainability issues and deficiencies in delivering long-lasting community benefits. Underlying reasons include shortcomings in incorporating maintenance plans and inadequate local stakeholder involvement during project formulation stages.
6. **Compliance Management Constraints:** LGED Manikganj encounters challenges in ensuring strict adherence to relevant procurement regulations and contractual clauses throughout execution

phases of works projects. Key issues experienced include irregularities in following prescribed procedures for procurement, payment administration, and record-keeping.

7. Stakeholder Engagement Limitations: Contract administration processes adopted by LGED Manikganj do not encompass appropriate mechanisms to obtain systematic feedback from key stakeholders like contractors, end-beneficiaries of projects, and local communities. Such oversight results in critical perspectives being frequently excluded during planning, execution, and review stages.
8. Budgetary Control Issues: Cost overruns materialize in some works projects undertaken by LGED Manikganj due to suboptimal forecasting, monitoring, and financial management practices. Such deficiencies contribute towards resource mismanagement and undermine fiscal discipline.

In summation, the study seeks to meticulously identify and dissect key challenges and deficiencies in LGED Manikganj's contract management processes for works projects and post-procurement review practices. Effectively addressing these nuanced issues is imperative for enhancing the overall efficiency, effectiveness, and transparency of LGED Manikganj's project implementation processes, thereby fostering improved outcomes for infrastructure development and public services at the local government level.

1.3 Rationale for the Study

This study on analyzing contract administration and post-procurement practices for works projects in LGED's Manikganj District Office stems from the pressing need to address localized procurement inefficiencies and suboptimal project outcomes.

As Manikganj's infrastructure landscape shapes the region's advancement, optimized processes for project implementation and oversight within LGED's district office becomes imperative. Scrutinizing existing protocols around planning, budgeting, quality control, contractor coordination, and review mechanisms is key to unlocking process improvements that translate to infrastructure development, service delivery, and community upliftment within Manikganj.

The rationale also stems from the integral role effective contract management plays in project success. Assessing phase-wise processes from procurement to completion promises to reveal areas to strengthen oversight, execution, financial control, dispute resolution, and user engagement - thereby driving positive transformations in Manikganj's project implementation environment.

1.4 Significance of the Study

The outcomes from evaluating LGED Manikganj's procurement practices and review approaches are expected to produce multifaceted local impacts:

1. Enhancing transparency, trust, and anti-corruption mechanisms in Manikganj's administrative processes.
2. Creating opportunities for capability advancements for procurement staff administering local works projects.
3. Bolstering efficiency, quality, and sustainability of infrastructure projects transforming Manikganj's developmental landscape.
4. Strengthening field-level connectivity between communities in Manikganj and LGED structures spearheading localized infrastructure initiatives.

In summary, while the focus remains narrowly tailored to LGED Manikganj, wider ripple effects from enhanced localized systems promise improved services and sustained welfare for common citizens that form the crux of good governance practices.

1.5 Research Objectives

General Objective:

To assess and enhance the efficiency, transparency, and outcomes of contract administration procedures and post-procurement review practices adopted for works projects undertaken by LGED's Manikganj Office.

Specific Objectives:

1. To Evaluate existing contract oversight processes within LGED Manikganj concerning efficiency, timeliness, cost control, and stakeholder coordination.
2. To Examine the scope, findings usage, and actionability of post-procurement reviews conducted for completed works projects overseen by LGED Manikganj.
3. To Formulate targeted recommendations to mitigate identified shortcomings in contract and project administration practices and augmentation of review mechanisms.

Research Questions:

1. What are the primary challenges and inefficiencies in LGED's contract management process for works projects?
2. How transparent and fair is the procurement process in LGED, especially concerning contractor selection and contract awarding?
3. What factors influence the quality and timeliness of project execution in LGED's works projects?
4. How effective are LGED's post-procurement review practices in identifying lessons learned and enhancing future project implementations?
5. To what extent do complete works projects in LGED meet sustainability goals and deliver long-term benefits to local communities?

Chapter 2: Literature Review on Contract

Management and Procurement Practices

Contract management and procurement practices are critical aspects of project execution, ensuring the successful implementation of infrastructure projects. This literature review aims to explore key concepts and strategies outlined in the Works Contract Management Manual (June 2017) by LGED, providing insights into best practices, risk management, contract registers, program monitoring, delays, quality control, cost control, conflict management, termination, dispute resolution, and completion procedures.

Best Practices in Contract Management:

Effective contract management involves adhering to established best practices. The Works Contract Management Manual emphasizes the importance of clear documentation, including detailed records of tests, inspections, decisions, and actions. These practices help in ensuring accountability, transparency, and fulfillment of contractual responsibilities.

Risk Management in Construction Projects:

The concept of risk management is integral to successful project outcomes. The manual defines risk management as addressing the uncertainties that may impact project objectives. Risks, whether related to cost, time, quality, or legal issues, should be systematically identified, evaluated, and managed through appropriate techniques, policies, and procedures.

Contract Registers:

Contract registers serve as user-friendly tools for recording correspondence details and contractual matters. These registers are crucial for maintaining clear lines of authority, defining responsibilities, and facilitating effective communication between project managers, contractors, and subcontractors.

Programme of Works and Delays:

The Programme of Works is a key tool for monitoring project progress. Project managers are responsible for approving and regularly reviewing the program submitted by the contractor. Delays, a common challenge in project management, can stem from various sources, including procurement agencies, contractors, and public authorities. Recognizing and managing these delays are vital for successful project completion.

Quality Control and Inspection:

Quality control is emphasized throughout the project lifecycle, from commencement to completion. Regular inspections, conducted based on specifications and quality control requirements, ensure that works align with drawings and technical specifications. The Project Manager plays a crucial role in identifying defects and ensuring their rectification.

Cost Control and Payment Procedures:

Cost control is critical for project success, involving calculations based on measurements, certification of payments, and monitoring progress against the budget. The manual outlines detailed payment procedures, including advance payments, interim payments, final payments, and payments upon contract termination. Adherence to these procedures ensures fair compensation and fiscal responsibility.

Conflict Management and Termination:

Effective conflict management strategies seek to mitigate negative aspects and enhance positive outcomes. The manual highlights that conflict can be valuable when managed properly, emphasizing the importance of learning and improved group outcomes. Termination, while a last resort, is outlined as a recourse in cases of fundamental breaches by the contractor or instances of bankruptcy or insolvency.

Settlement of Disputes and Arbitration:

Dispute resolution mechanisms, such as amicable settlement, adjudication, and arbitration, are integral to the contract management process. The manual provides a structured approach to resolving disputes, ensuring a fair and timely resolution through these mechanisms.

Completion Procedures:

Completion procedures involve key contractual events, including taking over, handover to ultimate beneficiaries, the Defect Liability Period, and final closure. These procedures ensure that the project is completed satisfactorily, defects are addressed, and the contract is formally closed.

Responsibilities of Different Bodies:

The literature underscores the responsibilities of the procuring entity, project manager, and contractor. These responsibilities encompass quality assurance, timely payments, approvals of work plans, and adherence to safety and environmental standards.

Methods of Public Procurement in Bangladesh:

The Public Procurement Rules (PPR), 2008, provide a framework for various procurement methods, such as Open Tendering Method, Limited Tendering Method, Two Stage Tendering Method, Request for Quotation Method, and Direct Procurement Method. These methods are applied based on project requirements, urgency, and other specified conditions.

In conclusion, a comprehensive understanding of contract management and procurement practices, as outlined in the Works Contract Management Manual, is essential for ensuring the success of construction projects. This literature review provides a foundation for further exploration of these concepts, emphasizing the need for adherence to best practices, effective risk management, and structured dispute resolution mechanisms in the context of infrastructure projects.

Chapter 3: Methodology

Research Design

This study adopts a qualitative research design, emphasizing an in-depth exploration of the contract management of works and post-procurement review practices within the Local Government Engineering Department (LGED) public sector in Bangladesh. The qualitative approach is chosen to capture diverse perspectives and experiences of key stakeholders, facilitating a comprehensive understanding of the subject matter.

Data Sources

The primary data sources for this study include selected personnel involved in various projects within LGED. This encompasses Executive Engineers, Procurement Function officials, Upazila Engineers, members of the Tender Evaluation Committee, and Major Contractors associated with LGED. Additionally, key documents such as the Public Procurement Rules of 2008 (PPR-2008), the Public Procurement Act of 2006 (PPA-2006), and tender documents used in the procurement of works contribute to the dataset.

Data Collection Tools

The research employs a combination of a questionnaire survey and a comprehensive literature review. The questionnaire survey is administered among selected personnel involved in various projects, capturing insights into contract management and post-procurement review practices. The literature review references studies similar to the current research and key documents such as PPR-2008 and PPA-2006, along with tender documents utilized in the procurement of works.

Sampling Technique

Purposive sampling is employed to target personnel directly involved in various projects, ensuring relevance to the research objectives. The criteria for selection include individuals with roles such as Executive Engineers, Procurement Function officials, Upazila Engineers, members of the Tender Evaluation Committee, and Major Contractors associated with LGED.

Data Analysis Methods

Collected data is processed using MS Excel and other statistical tools, with findings presented in tables and graphs for clarity. Thematic analysis is applied to qualitative data obtained from the questionnaire survey and literature review, categorizing information based on emerging patterns and themes. This integration of qualitative and quantitative data ensures a comprehensive and rigorous examination, leading to an informed analysis and the generation of practical recommendations for improving contract management and post-procurement review practices in LGED Manikganj.

Chapter 4: LGED At A Glance

4.1 Background

The Local Government Engineering Department (LGED) stands as a cornerstone in Bangladesh's public sector, tasked with orchestrating and executing projects at the grassroots level. With a particular emphasis on developing water resource infrastructure, LGED employs a distinctive approach that ensures active community involvement and grassroots planning across every phase of project execution.

Historical Evolution of LGED

LGED traces its origins back to the early 1960s with the initiation of the Works Program (WP). This program, encompassing the Rural Works Program (RWP), the Thana Irrigation Program (TIP), and the Thana Technical Development Committee (TTDC), laid the foundation. A significant milestone occurred in the 1970s with the establishment of a 'Cell' within the Local Government Division (LGD). Subsequent transformations led to the creation of the Local Government Engineering Bureau (LGEB) in 1984, evolving into the fully-fledged Local Government Engineering Department (LGED) in 1992.

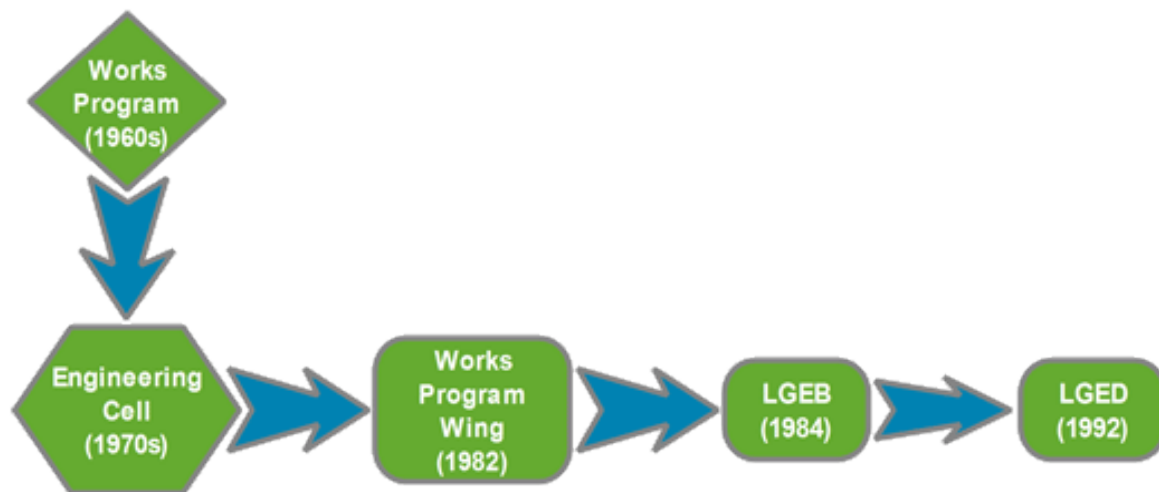


Figure 1: Historical Evolution of LGED

LGED's Sectoral Focus

Agriculture, being the backbone of Bangladesh's economy, necessitates a dedicated focus on rural development. LGED operationalizes three out of the four programs established under the Comilla model, excluding the Two-Tier Cooperatives. These programs are strategically implemented across Rural,

Urban, and Small-Scale Water Resources Development sectors. With a workforce distribution of ninety-nine percent at the District and Upazila levels, LGED adopts a highly decentralized organizational structure.

LGED's Impact and Functionality

LGED's influence extends from the remotest corners of the country to urban centers. The department plays a pivotal role in strengthening the rural economy through the development of transportation infrastructure, improvement of rural markets, and the establishment of growth centers. This impact is evident in the improved lifestyle and reduced poverty levels, with people in rural areas now having access to metaled roads within two kilometers.

Beyond rural development, LGED actively participates in urban infrastructure development, providing technical assistance, governance improvement, and capacity building for Urban Local Bodies. The department's contribution to augmenting agricultural and fish production through small-scale water resources (SSWR) development projects is noteworthy. These initiatives create employment opportunities and involve local stakeholders in planning, implementation, and maintenance.

LGED's Role in Technical Assistance and Capacity Building

In addition to its primary functions, LGED extends technical assistance to Local Government Institutions and various ministries. The department also plays a crucial role in developing infrastructure databases, maps, technical specifications, manuals, and regularly conducts training courses to enhance the skills of its employees and stakeholders.

LGED's multifaceted role in local development, commitment to sustainable practices, and proactive engagement with communities and stakeholders underscore its pivotal contribution to Bangladesh's socio-economic progress.

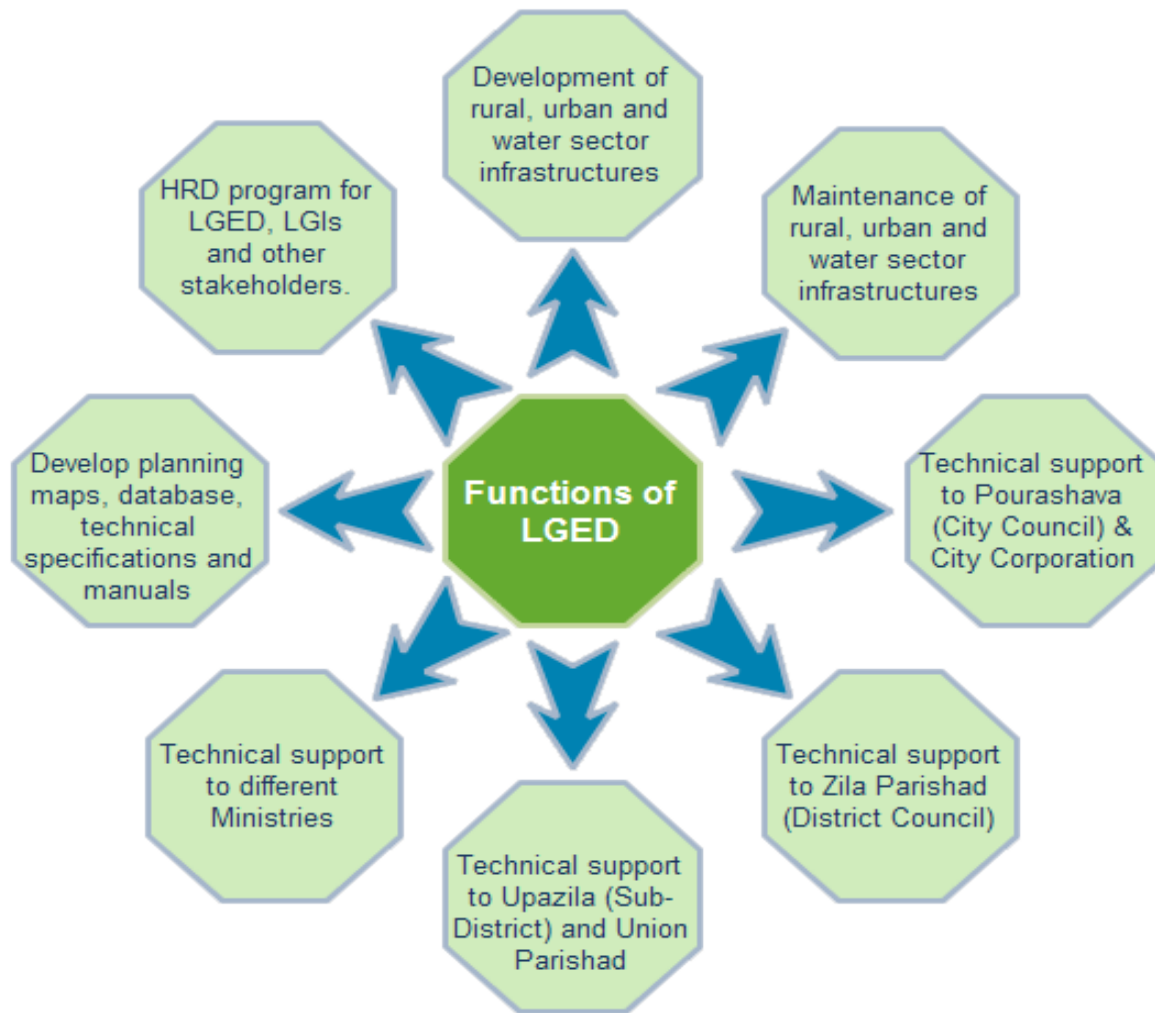


Figure 2: Functions of LGED

4.2 LGED procurement history and present practice:

LGED plays a crucial role in the government's annual development budget, with an average allocation of Tk. 20,000 Crore. This funding spans a wide array of procurements, including works, goods, and services. Works procurement involves infrastructure projects like roads and bridges, while goods procurement includes acquisitions ranging from construction equipment to office supplies. Before the enactment of the Public Procurement Act 2006 (PPA-06), contracts were governed by 'The Law of Contract.' The introduction of PPA-06 marked a significant advancement, leading to the establishment of the LGED Procurement Unit in January 2004 to align with the changing landscape.

The Procurement Unit, situated at the headquarters, provides technical support to all Procuring Entities within LGED, ensuring compliance with PPA-06, PPR-08, and Electronic Government

Procurement (e-GP). LGED adheres to PPR-2008 rules and tender papers from the Central Procurement Technical Unit (CPTU) to uphold transparency. For international competitive bidding, LGED occasionally adopts criteria and papers from donor agencies like the World Bank, ADB, KFW, and JICA.

LGED stands as a focal point for the Public Procurement Reform Projects (PPRP-I & PPRP-II) led by the Government of Bangladesh and supported by the World Bank. PPRP-II focuses on policy reforms, capacity building, e-GP implementation, and stakeholder engagement, emphasizing transparency and accountability.

4.3 LGED procurement Unit:

The LGED Procurement Unit is instrumental in promoting openness, accountability, and fair competition in public procurement, aligning with global standards. Before the implementation of PPA-2006, procurement contracts fell under the broader "The Contract Law." The introduction of PPA-2006 and the Public Procurement Rules 2008 brought significant improvements. The subsequent move to electronic government procurement in 2011 elevated transparency and ensured Value for Money (VfM).

LGED, as a public sector engineering organization, adheres to the Country Procurement System, guided by PPA-2006, PPR-2008, and Electronic Government Procurement Guidelines, 2011. With over 800 procurement entities across different levels, TEC/PEC committees are approved by the Chief Engineer. Most procurement processes occur in the e-GP system, and an Annual Procurement Plan is published through e-GP. Tender processes, including opening, evaluation, approval, award notification, and contract signing, are conducted online. Debarment information is published on various platforms, ensuring transparency and integrity in the procurement process.

In response to the Public Procurement Regulations 2003 (PPR-03), LGED established a separate procurement unit in January 2004, comprising qualified specialists to adapt to evolving procurement dynamics.

Chapter 5: A Case Study on LGED Manikgonj

5.1 Executive Summary

Background:

According to Public Procurement Act (PPA) -2006 Section 24 and Public Procurement Rule(PPR) -2008 Rule 46 a post-procurement review should be conducted by the individual consultant. According to Rule 46 of PPR-2008, the review shall cover at least 15% of the total number of the contract awarded that year and should the value of at least 30% of all contracts awarded. For post procurement review of FY 2021-2022 LGED has appointed an individual consultant who has reviewed three Districts (Satkhira, Potuakhali and Jamalpur). To conduct more post-procurement reviews internally Chief Engineer of LGED has formed 10 committees for 10 district post-procurement internal reviews. Committee no 5 has conducted a post-procurement review of Manikgonj district.

Table 1: Summary of Contracts Reviewed for Post-Procurement Audit

Procuring Entity	: Executive Engineer, LGED, Manikgonj District.
Financial Year	: 2021-2022
No. of Contracts Signed	:122 nos
No. of Contracts Reviewed	: 19
Total Value of Contracts Reviewed	: 756,874,283 BDT
% No. of Contracts Reviewed	: 15% (in Number) and 30% (in Value)
No of Asset Verification	: 9 nos.
Procurement post Review Conducted by	: Post Procurement Internal Review Committee of Manikgonj
Date	: November 2022

Post Review Objectives:

The objectives are to:

1. Determine whether the procurement processes and contracting proceedings of LGED Manikgonj are in accordance with the Public Procurement Act and Rules.

2. Review and assess the capacity of the Procuring Entity (Executive Engineer, LGED, Manikgonj District) in handling procurement from procurement planning to contract implementation and maintaining documentation as per Rules & required standards;

Key Findings/ Issues:

1. APP is not prepared at the starting of the year.
2. Personnel capacity and Equipment Capacity is not filled correctly in Tender Data Sheet.
3. In LTM tender document it is mentioned that liquid asset can be given in JV. But JV is not allowed in PW2b document.
4. LTM tender is advertised in 3 newspaper which is unnecessary and not cost effective.
5. RFQ is not issue to 5 potential tenderers. Only 3 RFQ issued.
6. In 2 tenders there is miss match between meeting minutes and e-GP system Tender evaluation reports.
7. e-GP Tender Evaluation Report especially TER-1 and TER-2 is not filled correctly.
8. The reason of not responsiveness of a tenderer is not mentioned in e-GP system.
9. Post qualified verified documents are not kept in record file.
10. There is delay in tender evaluation of 4 tenders (out of 19).
11. There is delay in approval of 6 tenders (out of 19).
12. One tender NOA is issued after 29 days (about 4 weeks) of approval.
13. Commencement Notice is not issued in correct format.
14. No Programme of works is submitted by the contractor.
15. Time extension is given in 2 contracts without compensation event.
16. In 2 contracts the time extension request is forwarded to PD, but no reply in 2 months.
17. Site order book is not found in site.
18. No Contract management related letter or site visit report is found in the file.

Recommendations:

- Procurement planning should be conducted in a timely manner at the start of each fiscal year and updated quarterly to streamline processes.
- The tender advertisement process should be synchronized across e-GP portals and print newspapers to ensure consistency and transparency. Widely circulated newspapers may be prioritized to increase outreach.

- Tender documents and evaluations should closely adhere to "Tender Preparation and Evaluation Guidelines" issued by oversight authorities. This would strengthen compliance.
- Extensive trainings on Public Procurement Rules, e-GP systems usage, contract management, and insurance should be provided to procurement staff especially Senior Assistant Engineers. This would build internal capacity.
- Timelines for tender evaluation should be set and monitored to prevent unnecessary delays. Regular progress reviews are imperative.
- Proper on-site documentation such as work order books must be maintained for transparency.
- Management should arrange periodic coordination meetings to address pressing issues proactively.
- Contract terms on delays and non-performance should be enforced appropriately by issuing warnings and notices. Options like liquidated damages and termination clauses should be considered after reasonable thresholds.

5.2 Analysis of the data of Total Contract Awarded in FY 2021-2022

The Convenor of the PPIR Committee has requested the Executive Engineer, LGED, Manikgonj to provide the required information about the contracts awarded in FY 2021-2022 on 02/10/2022. The list of the contract awarded in FY 21-22 is attached in *Annex 1*. From the provided information by the Executive Engineer, LGED, Manikgonj the following things are found:

Table 2: Contract Award Details for FY 2021-2022

Description	Quantity
Total Number of Contracts Awarded in FY-2021-2022	122 Nos
Total Amount of Contract Price	2,508,381,900 BDT (250 Crore)
OTM	29 Nos
LTM	52 Nos
OSTETM	26 Nos
RFQ	15 Nos
No of Single Drop Tender	14 Nos
Maximum Value Above Percentage	(+)14%
Minimum value Less Percentage	(-) 22%
Total no of Contract Award in Less	79 Nos (65%)
Total no of Contract Award in Above	22 os (18%)

5.3 Selection of the Contract Samples Reviewed

To review the contract for Post Procurement, Review the committee has selected the contracts randomly from the list provided by the Executive Engineer, LGED Manikgonj. The Committee selected 18 Contracts (15% of the total no of contracts). The value of the total selected contracts is 646,679,967 BDT (25% of the total Contract Value). The contract selected for the PPIR is attached in *Annex 2.1 and Annex 2.2*. The summary of the selected contracts is mentioned below:

Table 3: Details of Contracts Selected for Post-Procurement Review

Description	Quantity
Total No of Selected Contracts	19 Nos
LTM	7 Nos
OTM	7 Nos
OSTETM	3 Nos
RFQM	2 Nos
Total no of Site Visit	9 Nos
Total Value of Selected Contacts	756,874,283 BDT (75.68 Crore)

5.4 Documents reviewed in PPIR

To conduct the PPIR the selected contracts are reviewed thoroughly. The committee reviewed the contracts from file and e-GP system. The annual Procurement plan is checked from the e-GP. The official cost estimate committee formation, Tender Documentation, Tender Evaluation, and Contract award are reviewed from the file and e-GP. The contract implementation and asset verification are checked by site visits. The list of reviewed documents is attached in *Annex 3*.

5.5 Findings on Procurement Processes

Selected contracts are reviewed thoroughly. The findings on the procurement process are mentioned below:

5.5.1 Annual Procurement Planning:

To ensure transparency in procurement as per Rule 16 the procuring entity shall prepare a separate Annual Procurement Plan (APP) for the revenue and development budget and publish it. All the tender approved APP is found in e-GP. But APP is not done at the start of the year it is done just before the tender go live.

5.5.2 Official Cost Estimate Preparation:

According to PPR-2008 Rule 16 (5Ka) Official Cost estimate committee should prepare the official cost estimate. The sign of the official cost estimate committee is found in the estimates. But confidentiality of the official cost estimate is not maintained properly for OTM and OSTETM tenders.

5.5.3 TEC and TOC Formation:

The Tender Evaluation Committee and Tender Opening Committee are formed according to e-GP Guidelines and HOPE's Instruction. The formation of TEC and TOC complied as per rules.

5.5.4 Preparation Tender Documents:

According to Rule 4(1) Schedule -1 Procuring Entity should use the correct STDs for preparation of Tender Document. In TDS preparation it is found that in qualification criteria the personnel capacity and equipment capacity are not filled correctly. In Personnel capacity PE had given an option like the Experience of the personnel should be 5 or 10 Years, which is not specific.

In all LTM tender, it is found that in liquid asset PE have mentioned JV and is allowed to give liquid asset separately in case of JV. But in LTM (STD PW2b) JV is not allowed.

In some PCC insurance is not filled properly. PE should follow the tender preparation and evaluation guidelines of LGED. Senior Assistant Engineer should give more attention for Tendering Procedures.

5.5.5 Advertisement of Tender:

Procuring Entity is solely responsible for advertising IFT, which is found satisfactory. But it is found that all the LTM tender IFT had published in 3 newspapers. But as per Rule 64(3) for LTM advertisement in one local paper is enough. In some cases, advertisements were published in less widely circulated newspapers. For RFQM minimum 5 nos. potential tenderer should be requested as per Rule-62 (2) Shedule-3. But no list of request letter not found.

5.5.6 Tender Evaluation:

Preliminary Evaluation: In preliminary evaluation completeness of the tender is check. In most of the cases it is seen that in e-GP TER-1 (Tender Evaluation Report-1) is not filled correctly. In OTM tenders JV Information is filled as N/A. In some tender legal capacity is filled as no. Although in meeting minutes preliminary evaluation is done correctly but in e-GP it is not filled correctly. In Tender ID: 617040 M/S Oboni Enterprise is not accepted in e-GP TER-1 but accepted in preliminary evaluation of meeting minutes. Need more training on e-GP evaluation process. In RFQ most of the submitted documents are not signed properly and documents are incomplete, but the evaluation is not done properly.

Technical Evaluation: In Technical Evaluation the qualification criteria is checked. Most of the technical evaluation complied with the rules, ITT, and TDS. But for non-responsive tender reason for non-responsiveness is not mentioned in e-GP system. In e-GP all comments are mentioned as "OK." In tender Id 561454 the tender capacity of Lead Partner Sunflower is not mentioned in the evaluation report.

In Tender ID: 651248 and 627484 there is a discrepancy in the number of the non-responsive tenderer in e-GP and Meeting Minutes. Despite quoted rate by the tenderers being found unbalanced, TEC did not seek rate analysis from them. In Tender ID 672873 tenderer AT-NCEL JV is found non-responsive in all criteria in TER-2, but it is not correctly evaluated.

Post Qualification: Post qualification is done properly and verified documents are uploaded in e-GP system, but no record is kept in file. Insufficient documentation is preserved in the record files to support the evaluation of the tenderers.

5.5.7 Contract Approval, NOA (Notification of Award) Issue and Contract Signing

According to PPR Schedule-III, if the approving authority is below HOPE, he will get 7 days and 14 days (about 2 weeks) to decide on tender approval. In most of the cases the time is not maintained.

According to PPR-2008 Rule 36(4 Ka) and ITT 57.1 of PW3, Prior to the expiry of the tender validity period and within seven (7) working days of receipt of the approval from the Approving Authority, PE shall issue NOA to the successful tenderer in e-GP. In most cases, PE complies with the rule.

According to ITT Clause 69 of PW3, the contract should be signed within 28 days (about 4 weeks) after the issuance of NOA. In all tenders, the contract signing time complied with the rule.

5.5.8 Contract Documentation in e-GP and File

Contract Agreement means the agreement between the PE and the Contractor, together with the contract documents referred to therein, including all the attachments, appendices. Contract documents means the documents listed in GCC Clause 6. The contract documents should be set in priority order. Most of the contract agreements are found uploaded in e-GP except Tender ID: 691367.

In the reviewed contracts in most of the cases the contract documents found in the file in order of its priority. But all pages of the contract documents and annexures are not signed by PE and contractor. But in tender id: 656354 the contract documents were not in the correct sequence. In Tender ID:587346 and 665670 Insurance is not found in the file. In some files (tender id: 691367, 665670) the winner contractor is a JV entity, but JV agreement is not found in the file.

5.5.9 Timeliness of Tenders:

Tender Publication: The tender should be live for at least the minimum days mentioned in PPR Schedule II. All the tender satisfies the minimum date. But it is seen that the advertisement is published in the newspaper a day before it publishes in e-GP. It is good practice to publish both in the newspaper

and e-GP in the same day otherwise, documents will not be found available at e-GP after the advertisement has already been published in the newspaper. According to Rule 98(1) after the advertisement, PE must ensure the availability of tender documents to potential tenders. If the tender document is not available after the advertisement, then the tenderer can file a complaint according to Rule 56(1) (Kha 2).

Tender Evaluation: According to PPR Schedule III the TEC will get 2 weeks for evaluation if the approving authority is below HOPE and 3 Weeks if the Approving authority is HOPE. In some tenders TEC has taken more time than allocated as per PPR, these are listed below:

Table 4: Time Taken for Tender Evaluation Compared to PPR Schedule

Tender ID	Method	Time Taken for Evaluation	Time allocated as per PPR Schedule-III	Remarks
561456	OSTETM	76 Days	14+14=28 Days	Late by 48 Days
617040	OTM	26 days	14 Days	Late by 12 Days
587346	OSTETM	Tec: 19 Days Fiancial:30 Days	14+14=28 Days	Late by 21 Days
672873	OTM	53 Days	14 Days	Late by 39 Days
559328	OTM	38 Days	14 Days	Late by 24 Days

Contract Approval: According to PPR Schedule-III, if the approving authority is below HOPE, he will get 7 days and 14 days (about 2 weeks) to decide on tender approval. In most of the tender the approving authority has taken more time than allocated, these tenders are listed below:

Table 5: Time Taken by Approving Authority Compared to PPR Schedule

Tender ID	Project Name	Time Taken by Approving Authority	Time allocated as per PPR Schedule-III	Remarks
618403	VRRP	35 Days	7 Days	Late by 28 Days
656354	CBU	25 Days	7 Days	Late by 18 Days
627484	GDP-3	21 Days	7 Days	Late by 14 Days
561454	CAFDRIRP	16 Days	7 Days	Late by 9 Days
621073	IPCP	10 Days	7 Days	Late by 3 Days
688450	CAFDRIRP	9 Days	7 Days	Late by 2 Days
559328	RTIP-2	17 Days	7 Days	Late by 10 Days

NOA Issue: According to PPR-2008 Rule 36(4 Ka) and ITT 57.1 of PW3, Prior to the expiry of the tender validity period and within seven (7) working days of receipt of the approval from the Approving Authority, PE shall issue NOA to the successful tenderer in e-GP. In most cases, PE complies with the rule. But in tender id: 561454 it is delayed by 29 days (about 4 weeks).

Contract Award: According to ITT Clause 69 of PW3, the contract should be signed within 28 days (about 4 weeks) after the issuance of NOA. In all tenders, the contract signing time complied with the rule.

5.6 Review of Contract Management & Administration

5.6.1 Contract Management

Commencement Notice: PE should issue commencement notice after the signing of the contract and giving the possession of the site. But the commencement notice is not issued in the correct format as mentioned in STD. In some cases, commencement date is delayed. It is observed that in tender id 688450 and 691367 commencement date is delayed by 5 months. Procurement plan should be done properly to avoid these types of delays.

Programme of Works: According to GCC Clause 41 of PW3 the contractor should carry out the work in accordance with submitted work programme and the programme should be updated regularly with the approval from the Project Manager. But no work programme is found in any contract. Contractor did not

submit any work programme before starting the work. PM has not acted on this. There is also provision in PCC to withheld a amount of money if updated work programme is not submitted but it is not followed.

Progress of Work: No progress report is found in the file. There is delay in work but no letter of warning is found in file. Management meeting with contractor should be held to review the progress. No site order book is found on site. Site order book is an essential document to maintain the record of visit and recommendations. There is lack of supervision in progress of work.

5.6.2 Contract Administration:

The focus for contract management and contract administration of works procurement is Time Control, Quality Control and Cost Control.

Time Control: According to Rule 39 and GCC Clause 45 (PW3) time extension can be given only if there a compensation event (GCC Clause 69) occurred. If there is no compensation event occurred or variation order issued time extension cannot be given. Then for the delay, liquidated damage should be applied. As per HOPE’s instruction, time extension application should be placed at least 28 days (about 4 weeks) before the expiry of the intended completion date (ICD). But it is found that no application is placed before 28 days (about 4 weeks) of ICD. In most cases, it is applied several days before the ICD. It is also found that the time extension is given on the invalid ground. In the application, the contractor applied for time extension mentioning the reason of COVID and high price of the labour or material. But at the time of application COVID was under control and the high price of labour and material is not a compensation event. So, in these cases liquidated damage should be applied. It is also found that in some cases 2nd time extension letter is sent to PD (Project Name: IPCP, TULO), 2months have passed yet not replied from PD office. But as per rule 39, HOPE/AO should decide about time extension within 21 days (about 3 weeks). The summary of the time extension of the reviewed contract is given below:

Table 6: Review of Time Extensions Granted by Procuring Entity

Tender ID	1st Time Extension by PE	2nd time extension
621073	Time extended up to 01/10/22. But PE sign not found in the approval.	2 nd time extension (up to 01/04/23) requested on 28/09/22 to PD but no reply yet from PD(IPCP). 2 months passed.

Tender ID	1st Time Extension by PE	2nd time extension
618403	Time extended up to 25/04/22 by PE	2 nd time extension approved. Applied for 3 rd time extension requested.
617040	1 st Time extension by PE. Time extension reason COVID and material rate which is not justified.	-
651248	1 st time extension by PE up to 24/08/22	2 nd time extension request sends to PD(TULO) on 25/09/22 still pending (2 months)
604485	1 st time extension by PE. Time extension cause COVID and High Labour price. Which is not justified.	-

Quality Control: Quality control is a part of quality management that ensures executing the work with quality standards. Here material testing, measurements of work had been maintained properly but regular inspection and documentation of progress of works are not found in file.

Cost Control: PE's office should be more careful regarding the payment schedule and issue of payment certificates. Delayed payment should be avoided. One or two in the review list need to issue the variation order and variation procedure was maintained properly.

Contract Amendments: No contract amendments are not found in the file. If anything of the contract document changes an amendment of the contract should be signed. Although there are time extensions but no amendment contracts are signed. PE and Contractor should sign contract amendments according to the suggested format of STDs.

5.7 Asset Verification:

Works procured under various contracts were found at site except some quality and finishing problems which are defects that might be corrected by the contractor before issuance of the completion certificate.

Shoulders are not properly prepared & trimmed by the contractors and in some cases no steps were taken to maintain minimum shoulders. At places Earth Work has not been done according to road design standards.

Quality of accomplished works of Construction of Sayesta Union land office under Singair Upazila, District: Manikganj (Package No. TULO/MAn/W-09) is unsatisfactory. In most cases, aggregate gradation is unsatisfactory, particularly the quantity of fine aggregates was inadequate in bituminous surfacing works.

Poor contract management Especially package: Construction of Sayesta Union land office under Singair Upazila, District: Manikganj (Package No. TULO/MAn/W-09) and Widening and Strengthening of Singair-Paragram GC via Manikganj GC & Sirajpur Hat road at Ch.00-9000m (about 5.59 mi) under Upazila: Singair, District: Manikganj. Road ID No-356822001 (Salvage Value-1312550.00) (Package No. DDIRWSP/Manikganj/Singair/21-22/RD- 01). Careful contract Management is needed to ensure the timely completion of mentioned works.

No site order book is found on any site. No site visit report is found in the file of any ongoing work. The work progress is slow in some contracts, but no warning letter is found in the file. Management meetings with contractors should be arranged frequently.

5.8 The capacity of Procuring Entity and TEC Members

The Capacity of PE: The PE capacity in processing the tenders is good. APP is done properly in e-GP. Although APP is not created at the start of the year. The document preparation capacity is good. NOA is given on time and the contract is signed. But contract documents are not signed on every page. Only contract agreement is signed. Although there are time extensions, no contract amendments are found in the file. PE has given a time extension without a compensation event. The contract management capacity of the PE is poor. No contract management record found in file. The work progresses are not satisfactory. Most of the work is behind the schedule. No work program is submitted from the contractor. Overall, the capacity of PE is good but needs to improve contract management and contract administration capacity.

The Capacity of TEC Members: In some evaluations, there is a difference between meeting minutes and e-GP evaluation. The reason for non-responsive tenderers is mentioned as “OK” in the e-GP system. The reason of non-responsiveness is not mentioned in e-GP. It is found that although a tenderer is not non-compliant with one qualification criteria, but TEC has declared non-compliant with all criteria. Market rate analysis is not asked in the unbalanced tender. TEC has not filled TER-1 correctly in e-GP system. TEC needs more training regarding the evaluation of e-GP system. The capacity of TEC should be increased.

5.9 Governance Issues

Procurement Process Governance:

Several gaps were identified in governance of the procurement processes:

- Only 3 quotations were requested from suppliers in RFQ processes instead of minimum 5 as mandated. This limits competitiveness and value for money.
- Documentation like signed letters from suppliers were missing in some RFQ files, indicating lapses in record-keeping.
- Some discrepancies were found between Tender Evaluation Committee (TEC) minutes and e-GP evaluation reports. This signals the need for stricter validation controls.
- 4 out of 18 TEC evaluations missed stipulated timelines, while 6 contract approvals exceeded allotted duration. This points to delays in decision-making.

Contract Management Governance:

Deficiencies surfaced in governance of contract management:

- No site visit reports or work progress supervision documentation were found on record. This denotes inadequate monitoring.
- Site order books were missing, implying improper maintenance of on-site records.
- No functional work programs were submitted by contractors or enforced by Project Managers. This showcases oversight in progress tracking.
- Despite changes to contract scope or timelines in certain cases, no contract addendums were signed. This falls short of procedural requirements for modifications.

Cost Control and Oversight:

- While cost and payment management processes were largely consistent, no instances were found of penalties imposed for delays or variations disputed by contractors. This hints at lenient oversight on cost escalations.
- No cases of price adjustments were initiated in contracts below 18 months duration, although permissible in rules. This indicates an unwillingness to exercise fair compensation.

Dispute Resolution and Enforcement:

- Time extensions were provided in absence of adequate 'compensation events', circumventing the need for liquidated damages for delays. This exhibits a reluctance to enforce penalties.
- Dispute resolution mechanisms utilized (amicable settlement, adjudication, arbitration) were narrower compared to options available. This constraints options for contractors.

In short, while no malpractices or fraud were identified, several aspects of governance, oversight and enforcement were found wanting in relation to procurement and contract management processes. Tighter controls, proactive monitoring and stricter enforcement would reduce gaps.

Chapter 6: Results

This study relies on existing public procurement documents, rules, and regulations, as well as a survey questionnaire designed to examine the implementation of the current set of Public Procurement Regulations (PPR) in the public procurement processes of various development projects managed by the Local Government Engineering Department (LGED). The study includes interviews with 31 respondents, consisting of LGED officials at different managerial levels, including Executive Engineers, Upazila Engineers, and Sub-Assistant Engineers, as well as contractors.

LGED officials display familiarity with PPR and rules, actively engaged in procurement practices, particularly in the acquisition of works. The respondents, mostly seasoned professionals directly involved in the procurement of works, add to the survey's legitimacy by sharing insights drawn from their direct experience in procurement processes.

Given that LGED manages a considerable percentage of the government budget allocated for development works, it appears as a vital organization accountable for substantial public fund expenditures. The firm implements comprehensive procurement processes at multiple Project Management Unit (PMU) levels. The study's findings suggest that about 95% of the entire yearly budget is allocated to the procurement process for procuring works and related services, underlining the great financial volume and significance of the procurement activities carried out by LGED.

6.1 Familiarity of Contract Management System:

In accordance with the Chartered Institute of Procurement and Supply advice, Contract Management, or Contract Lifecycle Management, is stated as the systematic and efficient process of overseeing and administering the creation, execution, and analysis of contracts. The main objective is to deliver optimal operational and financial performance while limiting risks. In the context of my research findings, it is evident that individuals in administrative positions are largely conscious with the notion of the Contract Management System, but field-level staff members display a lower level of familiarity with this word.

As illustrated in Table 7.1 above, the survey reveals that 25.8% of the respondents had a degree of knowledge with the contract management system. This shows that a large number of the assessed persons exhibit awareness and understanding of the principles related with good contract administration.

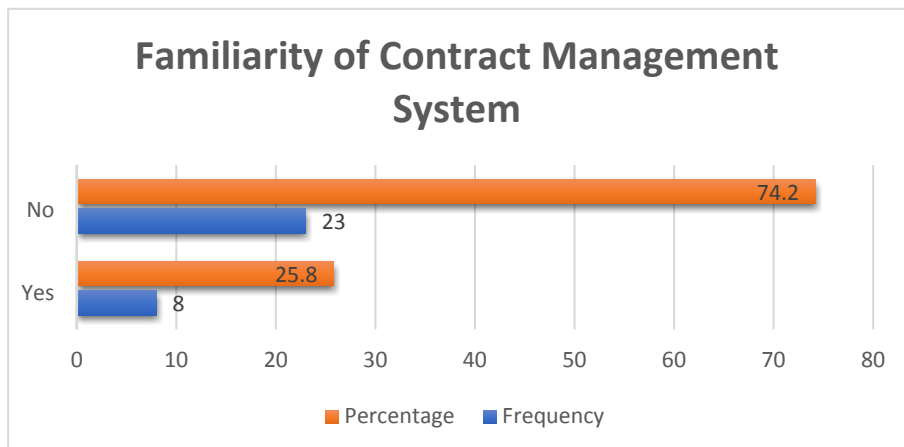


Figure 3: Familiarity of Contract Management System

6.2 Compliance of Contract Management Practice in LGED with the PPR-2008:

In the procurement of works, LGED applies numerous documents such as PW2, PW3, and PW5 in distinct instances. These agreements, along with their terms and conditions, are indicative of the concepts described in the Public Procurement Act-2006 (PPA-2006) and the Public Procurement Rules-2008 (PPR-2008). They comprise key phrases like Liquidity Damages, Provisional Sum, Performance Security, Tender security, Defect Liability Period, Force Majeure, Variation of Work, Payment phrases, and Arbitration, harmonizing with the requirements set forth in the PPR-2008.

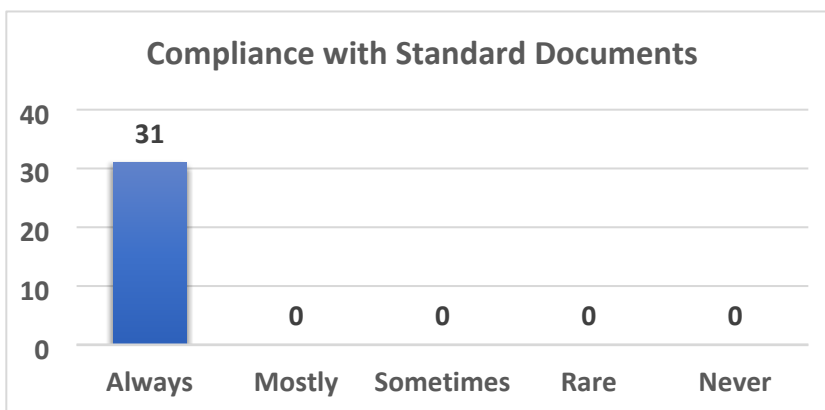


Figure 4: Compliance with Standard Documents

The Contract Management Plan (CMP) assumes a crucial function as a management tool across the full procurement life cycle. It covers from the initial identification of needs and subsequent planning phases to the long-term administration of the contract. The CMP is vital for establishing ownership and

accountability between parties, fostering partnerships and teamwork between owners and contractors, and strengthening mutual awareness of each other's needs and duties in maintaining contract safety. A majority of the respondents express the belief that the present contract management plan is in line with the PPR-2008, however some respondents suggest a lack of information on this topic. The table below provides a summary of the respondents' viewpoints.

6.3 Record Keeping System:

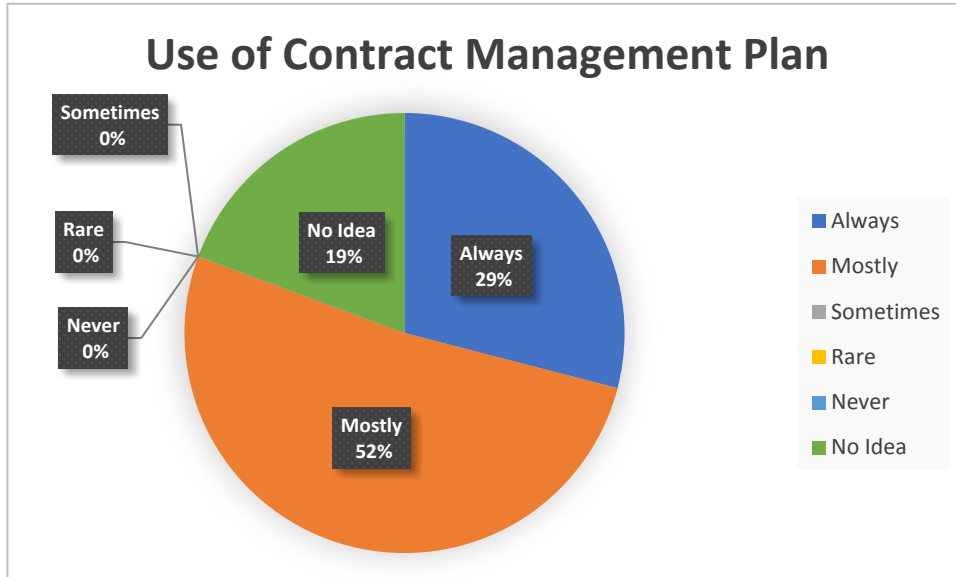


Figure 5: Use of Contract Management Plan

The construction of an accurate and orderly filing system is crucial for keeping site data successfully. This system assists to prevent duplication, allow easy retrieval of documents, and maintain an organized storage arrangement. According to regulations, the Procuring Entity is obligated to preserve procurement files for a period of 5 years. The record-keeping system is built to incorporate both hard copies and soft copies at the Procuring Entity level, although field-level staff and contractors largely rely on hard copies for data storage.

At LGED, Project Directors play a vital role in the procurement record-keeping process, engaging in numerous tasks to ensure careful documentation:

- Maintenance of different sets of paperwork and registers for each procurement.
- Preservation of payment records.
- Recording change records and collecting appropriate approvals.
- Safeguarding critical papers and information relating to the procurement process.

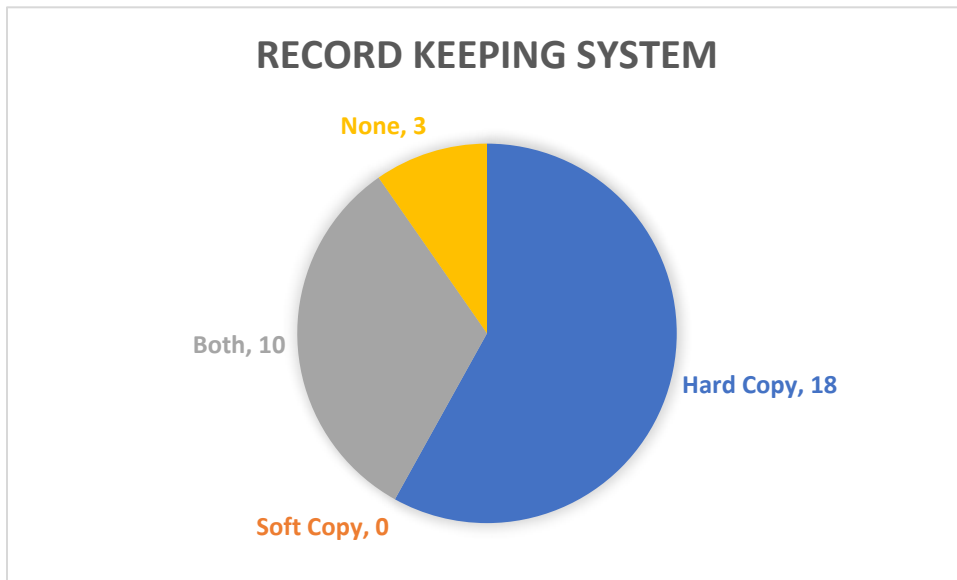


Figure 6: Record Keeping System

As indicated in Chart 7.3, the study suggests that 58% of respondents prefer to maintain their records in hard copy formats, utilizing record books, register books, and measuring books. Notably, top-level offices such as Project Director's office and Executive Engineer's office employ a more complete approach, storing data in both hard copy and soft copy versions. This dual-storage method reflects a higher level of technology integration at the managerial levels inside the firm.

6.4 Commencement Meeting and Work Program:

The launch of a commencement meeting carries particular significance before the commencement of any project. The Procuring Entity or Project Manager normally extends invites to all relevant individuals and organizations for this meeting. The study's findings suggest that a majority of the respondents routinely arrange a contract commencement meeting before the project's commencement. In certain circumstances, invites are sent to the contractor, contractor's site engineer, project manager, and any other LGED staff assigned by the project manager.

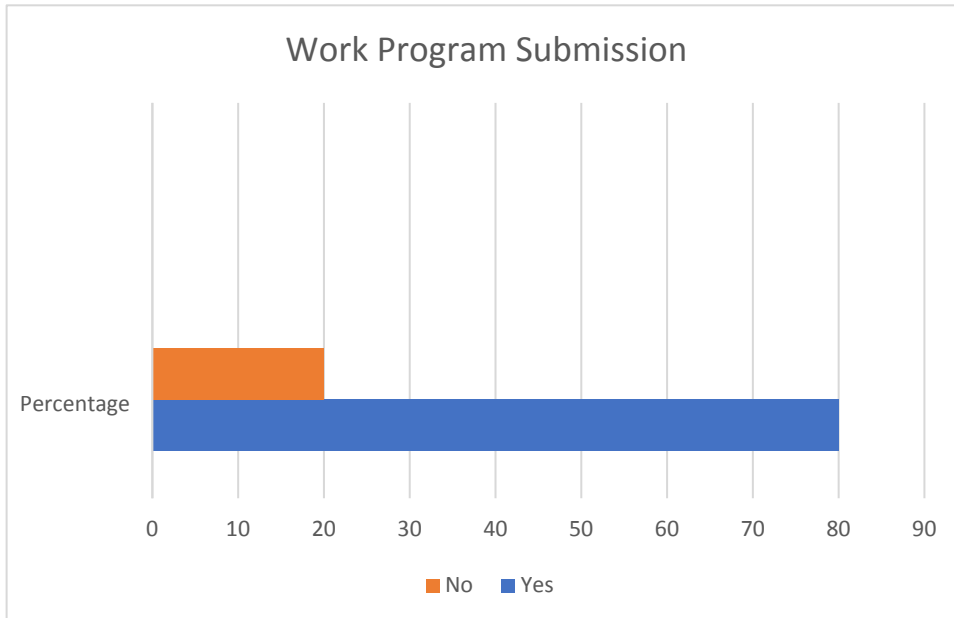


Figure 7: Work program Submission

As under PW3, GCC 41.1, it is the contractor's responsibility to submit a work program to the Project Manager by the due date indicated in the clause, normally within 15 days (or around 2 weeks) after the contract signature.

The study further suggests that 80% of the Procuring Entity and Project Manager respondents acknowledge that contractors routinely submit the work program. In cases where contractors fail to submit the work program, respondents claim that they employ a withholding mechanism, withdrawing a specified amount from the future payment. This technique is in line with contractual commitments and indicates a proactive approach to assuring adherence to project timeframes and deliverables.

6.5 Quality Control

Inspection and testing serve as the fundamental components of quality control within the LGED framework. The study's findings underline a consistent procedure within LGED, where staff members regularly conduct inspections at project locations and assess materials through testing before commencing building operations. The process entails verifying that test findings align with the design parameters. Once the test results fulfil the required criteria, the Project Manager grants authorization for the contractor to undertake the work. This technique is designed to sustain rigorous quality standards and conform to project specifications.

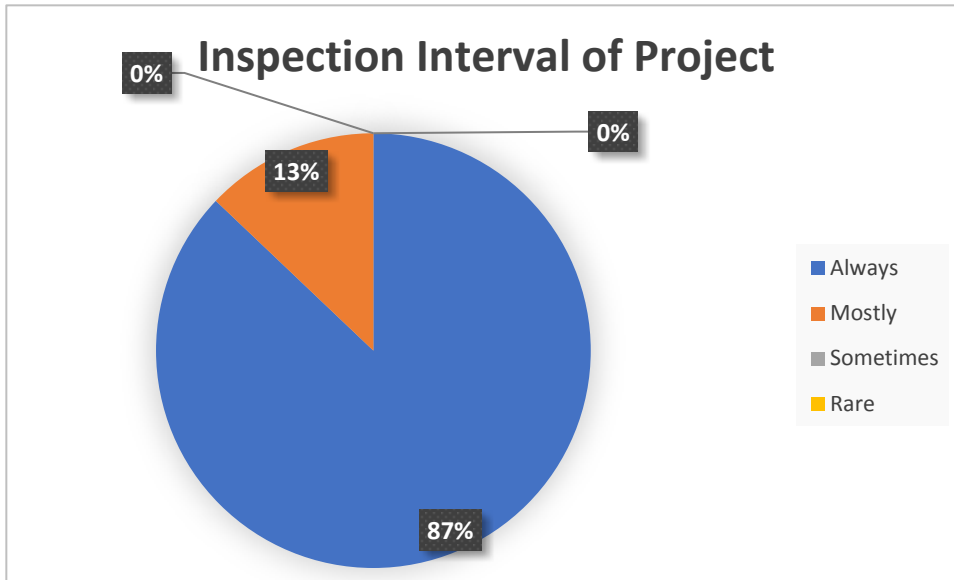


Figure 8: Inspection Interval of Project

According to the data shown in Chart-4.6, a large 87% of respondents express a commitment to continued site supervision. The consensus among these responses is that regular and thorough supervision is vital to preserving the right quality of the work. This emphasis on regular site monitoring coincides with the larger purpose of ensuring that construction operations fulfil the requisite standards, contributing to the overall success and quality assurance of the projects conducted by LGED.

6.6 Time Management:

The successful completion of a project is dependent upon the timely execution of tasks, as project time delays can inflate project expenses. LGED officials highlight various causes of delays, including issues such as delays in providing the Contractor possession of the site, sluggish approval of the Program of Works, delays in processing payments as per the schedule, tardy response to Contractor's claims, delays in approval processes, interruptions due to Works suspension ordered by the Project Manager, delays in conducting inspections and tests, delays in issuing Completion Certificates, and delays in promptly issuing warning notices to the Contractor. Conversely, delays on the side of the contractor may be attributed to the late initiation of work, insolvency, and delays in wage payments to labor.

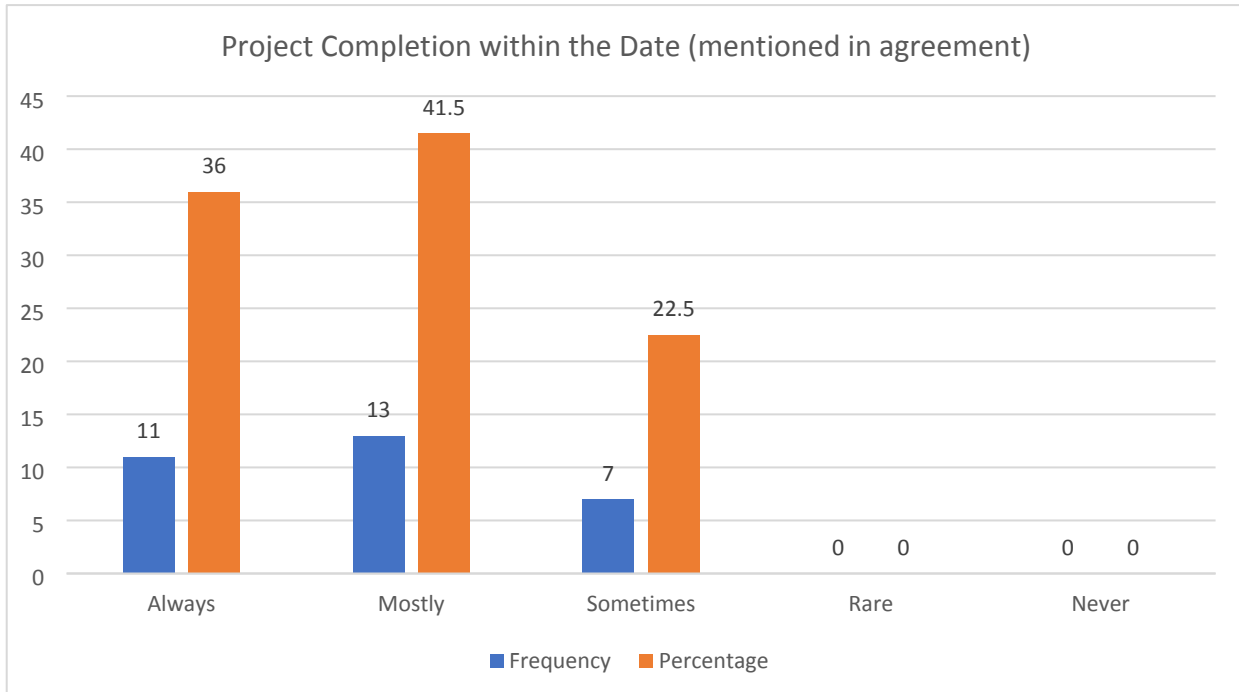


Figure 9: Project Completion Time

Within LGED's operational structure, contracts for procurement works are frequently completed within the required periods. The majority of respondents in the study claim that time schedules are adhered to, with only a few expressing occasional discrepancies. This favorable outcome can be attributed to LGED's standing as a technical institution with a staff of experienced procurement personnel. Moreover, LGED distributes a considerable percentage of the Government of Bangladesh's budget to development initiatives. The combination of technical competence and large financial investment adds to the proficient time management procedures of LGED's Procuring Entities, assuring the timely and successful completion of projects.

Chapter 7: Discussion

7.1 Managing Contract Risk:

Comprehensive risk management is notably absent in the public procurement procedures of Bangladesh, particularly at the field level of LGED. The predominant technique comprises acquiring acceptable performance guarantees from contractors, and the evaluation process also takes into account the litigation history of suppliers. In contrast, international standards incorporate more extensive procedures for minimizing contract risks, such as:

- Insurance coverage
- Assurance from a third party
- Implementation of indemnity clauses
- Vigilant surveillance of the supplier's financial standing
- Establishment of an alternate Plan 'B'

7.2 Contract Documents:

Contract is a legal agreement, usually between two companies, which involves doing work for a stated sum of money and enforced by law. According to PPR-2008 the documents forming the Contract shall be interpreted in the following order of priority:

1. the signed Contract Agreement
2. the Notification of Award
3. the completed Tender and the Appendix to the Tender
4. the Particular Conditions of Contract the General Conditions of Contract
5. the Technical Specifications
6. the General Specifications
7. the Drawings
8. the priced BOQ and the Schedules
9. any other document listed in the PCC forming part of the Contract.

7.3 General Findings:

In LGED, Procurement Practice mostly complies with PPA and PPR. Compliance is there but commitment for ensuring best value for money is not visible. In brief, the overall study findings are as follows:

1. Major clauses used in tender document are in accordance with the requirement of PPR and Standard Tender Documents published by CPTU are used.
2. There is no robust Contract Management Plan in LGED.
3. Payment schedule is appreciably followed in LGED for suppliers' billpayment.
4. There is no practice of vendor rating, key performance index (KPI) among the contractors in LGED.
5. No scope for contractor development.
6. Price adjustment clause is not used in projects which are less 18 months (about 1 and a half years)project durations.
7. Relationship management is poor.
8. For dispute management, only three options are expressly used. Dispute resolution clauses are sometimes not understandable by the parties, because of which contract management process is hampered.
9. Record keeping is good in LGED's works contract management practice. Webbased project management system has been launched in some projects.
10. Contract risk management system is not up to the mark.

However, the overall findings of the study are satisfactory to the researcher and the trend of contract management practice in LGED is very much positive despite of everything.

7.3.1 Key Findings/ Issues:

- Contract documents not prepared as per rules 4(7) of PPR-2008.
- Several times Contract Agreement not Signed by the tenderer.
- Tender evaluation not done as per published Tender Documents. Tender Capacity not calculated for any tenderer.
- Estimate not signed by the CE's approved estimate committee.
- Tender documents not prepared as per requirements of STD.
- LTM tender notice published in single Newspaper.
- Approving authority decided the amount of Performance security instead of TEC.
- All members of TEC and Procuring Entity received 3weeks Procurement Training and online Tender (e-GP) Training. But not applied their knowledge in their work.
- Approving authority spend more than 14 days (about 2 weeks) for Tender Approval in several tenders.

7.3.2 Findings on the Review of Procurement Processes

Findings on Procurement Processes: All necessary documents forming the Contract were not included in the signed contract and not organized according to the order of priority as specified in Contract Agreement and Rule 4 (7) of PPR 2008, i.e., they understand contract means only contract agreement.

7.3.3 Procurement Planning:

- Approved Annual Procurement Plan for Operational Budget [Rule-16(6)] and Development Budget (RFQ) [Rule-16(7)], were not published on CPTU & LGED websites.
- For most of the tenders, estimate preparation committee was not formed and not activated by the procuring entity according to Rule 16 (5Ka) and CE, LEGD instructions dated 26/04/2018.

7.3.4 Publications:

IFT publication was done according to the rule 90 of PPR-2008.

Tendering: Except RFQ and DPM, all Tender was invited using e-GP System. Method used NOTM, LTM and OSTETM. Tender documents were not prepared as per requirements of CPTU's STD.

7.3.5 Tender Evaluation:

In many times, tender evaluation was not done as per published Tender Documents. Tender capacity calculation not done for any tender. In RFQ method, no approval obtained from the authority, which is a pre-condition of using this method according to Rule 69 (3). STD of CPTU were not used for RFQ. TER approved by the PE, which violates the instruction of DoFP as well as CE, LEGD. Most of the trade licenses were expired. Bank solvency statement was not found in the record of procurement that does not comply with the Rules 70(2) and minimum 5 (five) tenderers were not requested to submit the quotation, which does not comply with the procedure mentioned in the flow chart of Request for Quotation Method according to Rule 62 (2). Also, successful tenderer did not confirm the receipt of purchase order according to Rule 73 (6).

7.3.6 Awards and timeliness of Procurement:

Procurement Processing and Approval Timetable as specified in Schedule-3 part-ka of Rule 36(6) were maintained in most cases. In 14 out of 37 tenders, evaluation was not done within the time limit. But some cases Approving authority spend more than 14 days (about 2 weeks) for approval. Annexures and all pages of contract were not signed by PE and Contractor, and priority of documents were not

maintained. In few cases, contract agreement was not signed by the parties, even in one case payment was made without signing the contract. Contract Agreement means the Agreement entered between the PE and the Contractor, together with the Contract Documents referred to therein, including all attachments, appendices, and all documents incorporated by reference therein to execute, complete, and maintain the Works (as example updated PCC, drawing etc). Contract Documents means the documents listed in GCC Clause 6, including any amendments thereto. In practice contract agreement are not prepared incorporating all necessary documents only Contract Agreement is signed between the parties without all documents. Besides all documents are not properly uploaded in the e-GP system.

7.3.7 Findings on the Review of Contract Administration & Management

Findings on Contract Administration: Work program has neither been submitted nor updated quarterly by the contractors according to GCC Clause 42. Programme of Works, even not attached with the application for deadline extension; To enhance pro rata progress, management and progress review meetings are not being held according to GCC Clause 42 or notice of progress acceleration is not being issued regularly, which showing poor contract management. According to GCC clause 38 of e-PW3, either the Project Manager or the Contractor may require the other to attend a management and progress meeting. The business of such meeting shall be to review the progress and plans for remaining work and to deal with matters raised in accordance with the early warning procedure. No management and progress review meetings were held and no contract monitoring meeting minutes were found in the record for poor and non-performing contracts. No notice of progress acceleration for the contracts, whose progress are much lagging behind the schedule, to the contractor was found in the record. According to GCC clause 41 of e-PW3, the Contractor shall carry out the Works in accordance with the Programme of Works submitted by the Contractor and as updated with the approval of the Project Manager as stated under GCC Clause 42 to complete them in all respects by the Intended Completion Date, but in most of the cases Programme of Works are not submitted or not updated quarterly. According to GCC clause 37 of e-PW3, the Contractor shall provide, in the joint names of the PE and the Contractor, insurance cover from the Start Date to the end of the Defects Liability Period, in the amounts and deductibles specified in the PCC for the four events which are due to the Contractor's risks, but in real cases no insurance coverage had been submitted by the contractor or no steps were taken by the procuring entity where applicable. No supervision reports of consultants hired for the purpose of contract supervision has been found in the records. Similarly, no supervision reports from project incremental staff were found in the records.

Chapter 8: Recommendations

The culmination of this comprehensive study offers a gateway to strategic recommendations aimed at enhancing the efficacy and transparency of contract management practices and post-procurement review within the Local Government Engineering Department (LGED). These recommendations, categorized into Contract Management and Post-Procurement Review, are tailored to address specific facets requiring attention and improvement.

8.1 Contract Management:

8.1.1 Strategic Recommendations

8.1.1.1 Development of Robust CMP:

A foundational strategic initiative involves the formulation and implementation of a robust Contract Management Plan (CMP). This entails a comprehensive framework outlining contract objectives, performance metrics, communication protocols, and risk management strategies. The CMP serves as a guiding document, aligning stakeholders and ensuring a unified approach to contract administration.

8.1.1.2 Enhanced Relationship Management:

Recognizing the pivotal role of relationships in procurement, LGED should institute measures to enhance relationship management with contractors. This involves fostering transparent communication, addressing concerns promptly, and establishing collaborative partnerships that contribute to the overall success of the contract.

8.1.1.3 Implementation of Vendor Rating and KPI Practices:

To elevate the procurement process, the incorporation of Vendor Rating and Key Performance Indicator (KPI) practices is recommended. This entails the systematic assessment of vendor performance and the establishment of measurable performance indicators, fostering accountability and continuous improvement.

8.1.2 Operational Recommendations

8.1.2.1 Improving Time Management:

Addressing time management inefficiencies is imperative for operational excellence. LGED should institute measures to streamline processes, adhere to timelines, and enhance the efficiency of project delivery.

8.1.2.2 Strengthening Financial Management:

Operational enhancements should extend to financial management practices. LGED should implement measures to ensure adherence to payment schedules, compensation for overdue payments, and overall financial prudence in contract management.

8.2 Post-Procurement Review

8.2.1 Scope Recommendations

8.2.1.1 Comprehensive Evaluation Process:

The scope of post-procurement review should extend beyond mere compliance checks. LGED should adopt a comprehensive evaluation process that assesses the entire procurement lifecycle, from planning to contract management and delivery. This holistic approach ensures a nuanced understanding of strengths and areas for improvement.

8.2.1.2 Incorporation of Stakeholder Feedback:

To enrich the review process, LGED should actively seek and incorporate feedback from all relevant stakeholders, including end-users, suppliers, and procurement team members. This inclusive approach provides diverse perspectives, contributing to a more thorough and objective assessment.

8.2.2 Reporting Recommendations

8.2.2.1 Transparent Communication of Findings:

The reporting phase of post-procurement review should prioritize transparent communication of findings. LGED should disseminate results to all relevant stakeholders, providing insights into successes, challenges, and proposed improvements. This fosters a culture of openness and accountability.

8.2.2.2 Actionable Improvement Plans:

Reports generated from post-procurement review should not merely serve as documentation but as blueprints for actionable improvement. LGED should develop detailed action plans based on review findings, outlining specific steps, responsibilities, and timelines for implementing identified improvements.

In conclusion, these recommendations serve as a strategic roadmap for LGED, guiding the organization toward a future characterized by optimized contract management practices and robust post-procurement review processes. The implementation of these measures is anticipated to foster a culture of continuous improvement, transparency, and efficiency within LGED's procurement landscape.

Chapter 9: Conclusions

The culmination of this extensive study allows for a comprehensive understanding of the intricate landscape surrounding contract management of works and post-procurement review practices within the Local Government Engineering Department (LGED). The journey through the research has been marked by the exploration of key facets, resulting in a nuanced perspective on the existing situation.

9.1 Summary of Findings:

Throughout the course of the study, a multifaceted analysis unfolded, shedding light on various dimensions of LGED's contract management practices. The findings reveal a commendable alignment with the Public Procurement Act (PPA) and the Public Procurement Rules (PPR) in LGED, exemplified by the incorporation of clauses in tender documents in accordance with regulatory requirements. However, a notable gap surfaces concerning the commitment to ensuring the best value for money, with instances of underutilization of procured works detected. The absence of a robust Contract Management Plan (CMP), coupled with deficiencies in time management and relationship management, further underscores the need for strategic enhancements.

9.2 Main Outcomes:

The study underscores critical outcomes that necessitate attention and remediation within LGED's procurement landscape. Contract risk management and relationship management emerge as areas of concern, demanding targeted interventions. The lack of vendor rating and Key Performance Indicator (KPI) practices, deemed crucial in organizational contexts, signals a potential avenue for improvement. The revelations regarding the inadequacies in record-keeping and financial management processes accentuate the need for a systematic overhaul.

9.3 Significance of Research:

This research holds paramount significance in contributing to the body of knowledge related to public sector procurement practices, particularly within the domain of works contract management. By unraveling the intricacies and nuances embedded in LGED's procedures, the study not only serves as a reflective mirror for the organization but also provides a benchmark for similar entities. The insights garnered from this research lay the foundation for informed decision-making, offering LGED a roadmap for refining its procurement strategies, fortifying compliance, and fostering a culture of continuous improvement.

In conclusion, this study serves as a compass guiding LGED toward an era of heightened efficiency, transparency, and best practices in works contract management and post-procurement review. The identified areas of improvement, coupled with the presented recommendations, aim to empower LGED in its pursuit of excellence in the prudent utilization of public funds and the attainment of overarching procurement objectives. As this research journey concludes, it opens the door for further exploration and refinement, contributing to the continual evolution of procurement practices within the public sector.

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Appendix

Works Contract Management Practice in the Public Sector in Bangladesh: a case study of LGED

Questionnaire

General Information of respondent:

1. Name:
2. Address:
3. Designation and Organization:
4. Age:
5. Gender: Male/Female/Others:
6. Length of service in present position:
7. Years of experience in public procurement:
8. Work as Contract Management level: Procuring Entity/Project Manager/Contractor
9. Did you get training or familiar with the following concepts? (Please Tick mark)
 - a. Public procurement of Works..... Yes/No
10. Do You Familiar with Contract Management System.....Yes/No

Please tick (√) your option

(Your choice can be more than one where appropriate)

1. Does existing contract management practice in LGED comply with the PPR-2008
 - a) Always b) Mostly c) Sometimes d) Never
2. What Kind of standard document do you use in procurement of works.
 - a) PW2 b) PW3 c) PW2(b) d) PW5
3. Is there any agreed contract management plan (CMP) you practice in your contract administration process for procuring Works?
 - a) Always b) Mostly c) Sometimes d) Never
4. What record-keeping system does you practice in your contract administration process for procuring Works?
 - a) Hard Copy b) Soft Copy c) Both
5. Do you maintain Contract Register?
 - a) Always b) Mostly c) Sometimes d) Never
6. Do you arrange Contract Commencement Meeting? – Yes / No
7. If yes, who are invited at the meeting? (Please tick (√) your option/options)
 - a. Procuring Entity
 - b. Project Manager and any other LGED staff assigned by Project Manager
 - c. Contractors site engineer
 - d. Sub contractor's nominated representative (if any)
 - e. Representatives from Utility companies (if required)

- f. Representatives from emergency entities- hospitals/Fire service (if required)
 - g. Any others
8. Do you take any compensation events for late commencement works? - Yes/ No
9. Does Contractor submit Program of works timely? Yes / No
10. If not, what compensation events do you follow? (Please tick (√) your option/options)
- a. Fine for late submission
 - b. Withholding an amount form the next payment.
11. In case of managing construction contracts what are the main causes of delays held by LGED staffs? (Please tick (√) your option/options)
- a. Delays of issuing Drawing/ specifications
 - b. Delay of possession of site
 - c. Delays of approving Program of works
 - d. Late responding of Contractor's Claims
 - e. Delay of approving process

What are the causes of delays held by Contractors?

- a. Late submission of Work Program
 - b. Late submission of Performance Guarantee
 - c. Delays of commencing work
 - d. Delays due to insolvency.
 - e. Delays in paying wages to its labor
12. Do you record suspension and it's cause in your register? Yes /No
13. What are the major clauses / terms that you incorporate in your tender/contract document

to manage on time delivery as per PPR-2008?

- a) Time is the essence of the contract.
- b) Liquidated damage clause
- c) Termination due to delay
- d) Force majeure clause
- e) Time extension provision
- f) Others (please specify)

14. Do you use Inspection and Testing Plan? Yes / No

15. What is the Inspection interval of projects that you supervise?

- a. Always b. Mostly c. Sometimes d. Never

16. Do you take any remedial works?

- a. Always b. Mostly c. Sometimes d. Never

17. What is/are the major quality assurance activities according to you?

- a. Supervision b. Inspections c. Measurements b. Tests c. All

18. Do you use photographs to control your projects? Yes / No

19. Do you use following clauses in contract document?

- a. Advance payment
- b. Price Adjustment
- c. Interim payments
- d. Liquidity Damages
- e. Provisional sums

20. Do you handle any compensation events claimed by the contractor?

- a. Always b. Mostly c. Sometimes d. Never

21. What is/are the main causes for compensation events do you think? (Please tick (√) your option/options)

- a. LGED does not give contractor access to the site.

- b. LGED modified the schedule of other contractors.
- c. PE/PM orders delay or does not issue instructions required for execution of works.
- d. The PE/PM unreasonably does not approve subcontract to be let.
- e. The advance payment is delayed.
- f. The effect on contractor of any LGED risks
- g. The occurrence of Force majeure as defined in GCC.
- h. Other Contractors, public authorities, utilities, or PE cause
- i. PE/PM instruct Contractor to carry out additional test resulting in finding nodefects.

22. Do you terminate any contract recently? Yes / No

23. What are the causes of termination?

- a. LGED or Contractor causes the fundamental breach of contract (GCC sub-clause 36.1 (PW2), Sub-clause 87.1(PW3))
- b. Contractor delaying of works.
- c. Contractor not doing works as per specifications.
- d. Delinquent payment by the PE
- e. When Contractor become Bankrupt or insolvent

24. What methods do you mention in your contract document for dispute/conflict management?

- a) Negotiation
- b) Adjudication
- c) Arbitration
- d) Litigation
- e) Conciliation
- f) Others (please specify)

25. What method/methods of procurement do you usually follow in your projects for the procurement of Works and related services?

- a) International Competitive Bidding

- b) National Competitive Bidding
- c) RFQ
- d) Direct purchasing
- e) Limited Tendering
- f) Others (please specify)

26. With the existing rules & system, you can ensure the procurement of best quality worksthat can bring best benefit to the project.

- a) Always b) Mostly c) Sometimes d) Never

27. What measures do you take to manage contract risks?

- a) Insurance coverage
- b) Guarantee from third party.
- c) Sufficient Performance Security
- d) Indemnity clause put in place.
- e) Robust monitoring of supplier’s financial status

28. Do you think that present contract management practice in LGED is competent enoughfor achieving procurement objectives? Yes/No

29. What is the importance of contract management in LGED?

.....

30. What Kind of challenges do you face during contract management practice?

.....

31. What is/are your suggestion(s) for effective contract management for the procurement of Works?

Thanks for your Cooperation.