

Report On

**Sustainable Public Procurement Practice in Bangladesh  
: Reviewing the Legal Documents**

By

Student Full Name: **Arpita Mozumder**

Student ID: **21382018**

A thesis report submitted to the BIGD in partial fulfilment of the requirements  
for the degree of  
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## Declaration

It is hereby declared that

1. The internship report submitted is my own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

*Student's Full Name & Signature:*

---

**Arpita Mozumder**  
Student ID: 21382018

*Workplace Supervisor's Full Name & Signature:*

---

**Md. Jasim Uddin**  
Superintending Engineer, LGED

*Academic Supervisor's Full Name & Signature:*

---

**Mir Mehbubur Rahman MCIPS**  
Senior Trainer, BIGD BRAC University

## Letter of Transmittal

Mir Mehbubur Rahman  
MCIPS, FIEB  
Senior Trainer, BIGD  
BRAC University  
66 Mohakhali, Dhaka-1212

**Subject: Submission of Report titled “Sustainable Public Procurement Practice in Bangladesh: Reviewing the Legal Documents”**

As a requirement toward obtaining a master's degree in procurement and supply chain management, I humbly submit my report, “Sustainable Public Procurement Practice in Bangladesh: Reviewing the Document” with gratitude. I am honored to have the privilege of working under your constant supervision and direction.

I have made every effort to complete the report using the pertinent information from LGED procurement specialists regarding the public procurement practices in LGED as well as other government sector.

Hopefully, the report will fulfill the expectations.

Sincerely yours,

---

**Arpita Mozumder**

Student ID: 21382018

BIGD, BRAC University

Date: December 31, 2023

## **Non-Disclosure Agreement**

The undersigned student Arpita Mozumder of BRAC University and the Local Government Engineering Department have made and engaged into this agreement. I now work for the organization, thus I have access to confidential information regarding it. I pledge to maintain the utmost confidentiality regarding all the information and I will never disclose it with anybody outside the organization.

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**Arpita Mozumder**  
Student ID: 21382018

**Workplace Supervisor's Full Name & Signature:**

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**Md. Jasim Uddin**  
Superintending Engineer, LGED

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## **Executive Summary**

Sustainable Public Procurement (SPP) is a growing concern of the time to seek balance between three fundamental cornerstones of sustainable procurement – social, environmental, economic- along with ensuring good governance by adopting fairness, competitiveness, transparency, accountability in the procurement of goods, works and services using public fund. To ensure good governance specially in public procurement, Government of Bangladesh showed it's commitment by adopting Public Procurement Act, Public Procurement Rule and developing Standard Tender Documents from early decade of the century. It is also mentionable that electronic government procurement is an excellent tool used by government agencies over time towards meeting the commitment. Government is now looking forward to respond the call of time through Sustainable Public Procurement Policy which is recently developed.

The study report tried to scrutiny public procurement legal documents under practice and attempted to sketch up the strength and weakness of these documents and way forward. Current documents have some excellent command over various sustainability issues, like social, economic, environmental considerations through addressing labor issues, environmental issues, local enterprise encouragement issues. Yet these are inadequate to meet the current demand of sustainability considerations.

Bangladesh Public Procurement Authority (BPPA) has recently developed SPP policy paper and now working to develop necessary follow up documents. SPP policy considers climate change issues, the cost of ownership, whole life cycle costing, most economically advantageous tender and other modern concepts to ensure sustainability in public procurement.

Following the best practices in the world Bangladesh is committed to develop globally accepted documents for proper implementation of SPP. Qualified resources and manpower is a prime concern in this regard to achieve the target of a sustainable green world and contribute for future generation.

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## **List of Acronyms**

CIPS	Chartered Institute of Procurement and Supply
CPTU	Central Procurement Technical Unit
BPPA	Bangladesh Public Procurement Authority
EGP	Electronic Government Procurement
UK	United Kingdom
WLCC	Whole Life Cycle Costing
GCC	General Conditions of Contracts
MEAT	Most Economically Advantageous Tender
LGED	Local Government Engineering Department
VFM	Value For Money
PPA	Public Procurement Act
PPR	Public Procurement Rule
ADB	Asian Development Bank
UN	United Nations
SP	Sustainable Procurement
SPP	Sustainable Public Procurement
STD	Standard Tender Document
SRFPs	Standard Request for Proposals
SOE	State Owned Organization
PE	Procuring Entity

## Glossary

Procurement	Procurement is the process of acquiring goods, services, or works from an external source, often through purchasing or contracting, to obtain the required goods or services at the right quality, quantity, price, and time to meet the needs of the organization or project.
Public Procurement	Public procurement refers to the process by which government agencies or public sector organizations acquire goods, services, or works. It involves the use of public funds to purchase goods or services that are necessary for the functioning of government institutions or for providing public services to citizens.
Sustainable Public Procurement	Sustainable public procurement involves integrating environmental, social, and economic considerations into the purchasing process of goods, services, or works by public sector organizations to promote sustainable development goals.
Sustainability	Sustainability is the practice of meeting present needs without compromising the ability of future generations to meet their own needs, through balanced consideration of environmental, social, and economic factors.
Total Cost of Ownership	Total cost of ownership (TCO) refers to the comprehensive assessment of all costs associated with owning, operating, and maintaining a product or asset throughout its lifecycle to determine its true economic impact.
Whole Life Costing	Whole life costing is a comprehensive approach that considers all costs associated with a product or asset over its entire lifespan, from acquisition to disposal, to make informed decisions that optimize value.

## CHAPTER 1

### Introduction

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#### 1.1 Background

The term 'Sustainability' refers to the concept of maintaining a consistent standard of living over time. Specifically, it emphasizes that present actions should not compromise or jeopardize future comfort or well-being. Sustainable procurement is an approach that takes into account economic, environmental, and social sustainability when making purchasing decisions.

Public procurement primarily involves the responsible use of taxpayers' money to acquire goods, services, and works for the benefit of taxpayers and citizens, managed by public sector organizations. In today's global context, sustainability has become a significant global concern. Unfortunately, it is regrettable that the attention and implementation of sustainable procurement practices still lack sufficient emphasis in many developing countries, such as Bangladesh.

As part of academic purpose of MPSM by BRAC University it has been pursued a scope to find out the present scenario of sustainability in public procurement of Bangladesh.

#### 1.2 Objective

The main objective of the study to find out existing opportunities of sustainable procurement in public sector of Bangladesh. The main objective of the study can be divided into two sub-objectives to find out the final objective:

- i. To understand existing act, rules and other related documents;
- ii. To identify any recent development related this domain.

### 1.3 Research Question

To attain the research objective three questions were studied

- i. What are the scopes of sustainable procurement in Public Procurement Act and Rule?
- ii. What are the scopes of sustainable procurement in Standard Tender Documents?
- iii. Is there any recent development related to sustainable public procurement?

### 1.4 Scope of the study

The study is basically focused on available documents related to public procurement which are widely practiced in Bangladesh. As a government official, it was an opportunity for me to go through the documents and resourceful trainings related to public procurement. Moreover, Local Government Engineering Department (LGED) is one of the largest engineering departments in the public sector of Bangladesh with deeply-rooted all over the country. LGED uses huge amount of public fund every year in procuring infrastructure in rural and urban level. Procuring of such social infrastructures in sustainable way will lead Bangladesh as a sustainable nation in the world.

### 1.5 Limitation of the study

Some limitations of the study can be stated as below:

- **Time Constrain** :

Time constraint can be enumerated as main limitation of this study. Due to lack of adequate time the study has to be bound within document reviews only. To find out the total scenario it would have been better to find out the real practice of different government entities.

- **Limited Access to Data** :

The study was performed only on easily available documents like Public Procurement Act-2006, Public Procurement Rules-2008, Standard Tender Documents. Procurement documents of different development partners would have enriched the study along with the practices.

- **Lack of Previous study** :

Given the limited number of research works conducted on this topic, there is a need for thorough study and analysis within the constrained timeframe to formulate an effective methodology that aligns with the research objectives.

## 1.6 Research Methodology

The study was basically developed on reviewing available documents like, Public Procurement Act, Public Procurement Rules, Standard Tender Document. Different data are collected from websites of some development partners, scholarly articles, practicing agencies etc.

## CHAPTER 2

### Literature Review

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This chapter centers on the theoretical understanding of sustainability, sustainable development, and sustainable procurement. It involves an analysis of the concepts of sustainable development and sustainable procurement, exploring their potential benefits in the public sector. To deepen our understanding, various resources such as books, journals, publications, and websites have been thoroughly examined. The Public Procurement Act-2006 and Public Procurement Rules-2008 play a significant role in this study, as the public procurement system in Bangladesh is closely tied to adhering to these guidelines.

#### 2.1 The concept of Sustainability

Sustainability is inherently a normative concept, grounded in what people value or consider desirable. The pursuit of sustainability involves bridging scientific knowledge with practical applications in the quest for a future aligned with people's aspirations. The term as we know it today was shaped by the Brundtland Commission under the UN Commission on Environment and Development, notably in the 1987 Brundtland Report, "Our Common Future." This report defined sustainable development as meeting the present needs without compromising the ability of future generations to meet their own needs, contributing significantly to making sustainability a central topic in policy discussions and popularizing the notion of sustainable development.

Several key concepts help elucidate the meaning of sustainability:

- It can be a somewhat nebulous concept, but its positive sense emphasizes that goals take precedence over specific approaches or means.
- Sustainability is intertwined with other critical concepts such as resilience, adaptive capacity, and vulnerability.
- Choices are pivotal; it is impractical to sustain everything, everywhere, forever.
- Both spatial and temporal scales matter, as does the specific context.

In everyday language, sustainability often emphasizes the environmental dimension. While scholars acknowledge the difficulty of pinning down a single, specific definition for sustainability,

the concept remains valuable. Various attempts to define it include:

- "Sustainability can be defined as the capacity to maintain or improve the state and availability of desirable materials or conditions over the long term."
- "Sustainability [is] the long-term viability of a community, set of social institutions, or societal practice. In general, sustainability is understood as a form of intergenerational ethics in which the environmental and economic actions taken by present persons do not diminish the opportunities of future persons to enjoy similar levels of wealth, utility, or welfare."
- "Sustainability means meeting our own needs without compromising the ability of future generations to meet their own needs. In addition to natural resources, we also need social and economic resources. Sustainability is not just environmentalism. Embedded in most definitions of sustainability, we also find concerns for social equity and economic development."

## 2.2 Historical usage and Current concept

The term "sustainability" finds its roots in the Latin word "sustinere", meaning to maintain, support, uphold, or endure, reflecting its essence of the ability to persist over an extended period. The concept of sustainability, known as "Nachhaltigkeit" in German, can be traced back to Hans Carl von Carlowitz (1645–1714), who initially applied it to forestry. In his 1713 work, "Silviculturae oeconomica," Carlowitz emphasized the importance of conserving and replanting timber to ensure continuous, ongoing, and sustainable use.

The evolution of the term "sustainability" from a focus on preserving forests for future wood production to a broader perspective encompassing the preservation of environmental resources for the well-being of future generations can be attributed to Ernst Basler. In 1972, Basler, drawing from a series of lectures at M.I.T., presented this shift in his book. However, the idea itself has ancient roots, with communities throughout history expressing concerns about the capacity of their environment to sustain them in the long term. Many traditional societies, ancient cultures, and indigenous peoples have implemented restrictions on the use of natural resources.

The terms "sustainability" and "sustainable development" are closely intertwined, often used interchangeably and linked to the "three dimensions of sustainability" concept. While both terms

share this connection, a distinction exists—sustainability is a broader concept, whereas sustainable development can function as a policy or organizing principle. Scholars note that sustainability encompasses a wider scope, emphasizing a holistic perspective, while sustainable development tends to focus more specifically on enhancing human well-being.

Sustainable development pursues two interconnected goals: meeting human development objectives and ensuring the sustainable use of natural resources and ecosystem services essential for economies and society. Over time, the concept of sustainable development has evolved to prioritize economic development, social progress, and environmental protection for the benefit of future generations.

## 2.3 Sustainable Procurement

According to CIPS, UK Sustainable procurement aligns with an organization's sustainability objectives and aims to optimize the environmental, social, and economic impacts throughout the life cycle of a product or service. Below are some typical sustainable procurement practices:

### 2.3.1 Sustainable Procurement Practices

#### 1. **Compliance with Environmental Laws and Targets:**

Ensuring adherence to environmental regulations and targets to minimize the ecological footprint of the procurement process.

#### 2. **Removal of Hazardous/Forbidden Materials and Waste in the Supply Chain:**

Striving to eliminate harmful or prohibited materials and waste from the supply chain to promote environmental responsibility.

#### 3. **Thorough Vetting of Suppliers for Fair Labor Practices:**

Conducting comprehensive assessments of suppliers to ensure adherence to fair labor practices, promoting ethical and responsible employment conditions

### 2.3.2 Importance of Sustainable Procurement

Sustainable procurement is designed to provide organizations with a competitive advantage while "future-proofing" their long-term objectives. It goes beyond immediate gains and considers the broader impact on the environment, society, and the economy.



Social issues within the supply chain, such as slavery, forced labor, and human trafficking, pose challenges across various industries, including electronics, steel, agriculture, seafood, textiles, and more. Despite the global illegality of modern slavery, it persists in different forms. Addressing these social issues in procurement involves vigilant efforts to detect and eradicate such practices, ensuring that the entire supply chain operates ethically and responsibly. By incorporating sustainable procurement practices, organizations contribute to the broader goal of mitigating social and environmental impacts within their spheres of influence.

### **2.3.3 Impact of the absence of Sustainable Procurement**

Governments and consumers are increasingly advocating for, if not insisting on, organizations adopting ethical and sustainable practices. Failing to implement sustainable actions and functions within the supply chain can lead to various negative impacts for organizations. Some of these include:

#### **1. Reputational Damage:**

Organizations may suffer reputational harm if they are discovered to be sourcing from suppliers engaged in exploitative labor practices, using forbidden materials, or employing inadequate waste disposal methods. Public perception and trust can be significantly affected.

#### **2. Legal:**

Failure to meet minimum legal requirements in terms of ethical and sustainable practices can expose organizations to legal action. Non-compliance with regulations may result in fines, penalties, and legal repercussions.

### **2.3.4 Role of Procurement Professionals**

Procurement professionals play a crucial role in ensuring that suppliers are recognized and rewarded for implementing good sustainability practices. They can actively contribute to fostering positive environmental and social impacts. Key environmental issues, such as pollution, carbon emissions, deforestation, recyclable materials, energy usage, and end-of-life disposal, should be addressed to minimize adverse effects on the planet. By prioritizing sustainable practices, organizations not only align themselves with societal expectations but also contribute to a healthier and more responsible global business environment.

### **2.3.5 Different Aspects of Sustainable Procurement**

According to Oxford Dictionary, Sustainable procurement involves the process through which businesses can recognize and diminish the environmental impacts of their supply chains. This encompasses various practices, such as:

**1. Identifying Low-Impact, Fair Trade, or Environmentally Friendly Suppliers:**

Actively seeking and engaging with suppliers who have low environmental impact, adhere to fair trade practices, or prioritize environmental friendliness in their operations.

**2. Using Responsibly Sourced Production Materials:**

Choosing production materials that have been responsibly sourced, such as opting for recycled paper, to minimize the ecological footprint of the supply chain.

**3. Waste Reduction Through Reusable Packing Materials:**

Minimizing waste by opting for reusable packing materials instead of disposing of them after a single use. This practice contributes to a more sustainable and circular approach to resource utilization.

**4. Maintaining a Healthy Work Environment:**

Cultivating a work environment that prioritizes the well-being of employees, ensuring they feel respected and valued. This may include initiatives such as paying living wages when feasible, fostering a positive workplace culture, and supporting employee welfare.

By integrating these sustainable procurement practices, businesses actively contribute to reducing their environmental impact, promoting responsible sourcing, and creating a workplace that values both ethical considerations and employee satisfaction. This approach aligns with the broader goals of sustainable business practices and contributes to the overall well-being of the planet and its inhabitants.

### **2.3.6 Benefits of Sustainable Procurement**

- **Risk Reduction and Reputation Enhancement:**

By avoiding suppliers with unethical practices, such as child labor or pollution,

organizations can mitigate financial risks and protect their brand reputation. This aligns with the growing demand for ethical business practices

- **Decreased Cost:**

Sustainable suppliers often contribute to cost reduction by minimizing waste and optimizing energy use. Lower energy consumption directly translates to lower energy bills, promoting both financial and environmental efficiency.

- **Revenue Growth:**

Embracing sustainability can attract a growing segment of consumers actively seeking ethical and sustainable products. These environmentally conscious consumers are often willing to pay a premium for products or services with a demonstrated commitment to sustainability and ethical sourcing, contributing to revenue growth.

- **Future Proofing:**

Developing a sustainable procurement plan not only addresses current environmental and ethical concerns but also serves as a strategy for future-proofing the organization. By considering potential supply shortages and adapting to changes in social, economic, and environmental factors, organizations can enhance their resilience and sustainability over the long term.

In summary, sustainable procurement goes beyond just ethical considerations; it brings about tangible benefits such as cost savings, revenue growth, and strategic resilience. It aligns with the evolving expectations of consumers, investors, and the broader community, positioning organizations for long-term success in an increasingly sustainability-focused business landscape.

### **2.3.7 Necessity of Sustainable Procurement**

#### *2.3.7.1 Financial Improvement and Future-Proofing:*

Sustainable procurement contributes to financial improvements and helps organizations future-proof themselves against potential disruptions in supply chains. This strategic approach enhances flexibility and supports efforts to decrease carbon footprints, contributing to the fight against climate change.

#### *2.3.7.2 Consumer Demand for Transparency and Sustainability:*

Consumers are increasingly interested in the origins and environmental impact of the products they purchase. The current trend in procurement involves seeking sustainable and renewable resources, such as bamboo or hemp. However, innovation is crucial to help businesses meet evolving sustainability goals and consumer expectations. As an example, buyers and users of Bangladesh's garments products are increasingly being concern about the wages and work condition of sourcing countries.

#### *2.3.7.3 Progress and Innovation:*

Encouragingly, progress has been made in recent years, with organizations exploring options like product repurposing, reducing single-use plastics, and minimizing transportation-related emissions. Innovation plays a pivotal role in driving sustainability initiatives forward.

#### *2.3.7.4 Broad Applicability Beyond Traditional Sectors:*

Sustainable procurement is not limited to industries traditionally associated with natural resources. It extends to all sectors, emphasizing the importance of environmental protection through procurement practices. This inclusivity ensures that various industries contribute to sustainable and responsible business practices.

#### *2.3.7.5 Corporate Social Responsibility (CSR):*

Sustainable procurement is a crucial element of corporate social responsibility (CSR). It allows industries and organizations to take a leading role in addressing issues like food scarcity, global warming, and the environmental impact of human activities. It signifies an awareness of future impacts and demonstrates a commitment to responsible decision-making.

#### *2.3.7.6 Long-Term Impact and Change:*

While change may not happen instantly, your closing statement emphasizes the significance of long-term commitment and patience. Organizations, through sustained efforts, can make a meaningful difference in fostering sustainability, contributing positively to the planet and society.

In essence, sustainable procurement is a holistic and forward-thinking approach that aligns with both business success and societal well-being.

## 2.4 Triple Bottom Line

### 2.4.1 Environmental

Environmental concerns are a primary justification for sustainable procurement, reflecting a 21st-century consensus that current consumption patterns place excessive demands on available resources. Sustainable procurement aims to foster conservation and responsible resource management by prioritizing renewable or recycled materials, reducing waste, and ensuring production practices have minimal negative environmental impacts, such as pollution, biodiversity loss, or habitat disruption. Green procurement, specifically focused on environmental considerations, compares alternatives based on their environmental impact at various stages of the procurement process, from design to realization.

Examples of green procurement range from purchasing energy-saving light bulbs to commissioning buildings with renewable sourced timber. Transparency in production enables informed and sustainable purchasing choices, such as choosing textiles dyed with natural or nonhazardous substances in response to concerns about textile dye pollution in waterways.

In support of sustainable development, organizations should develop and publish guidelines and procedures for sustainable development procurement. However, some corporate giants, despite public acknowledgment of adopting sustainable procurement and reducing their carbon footprint, have faced criticism for failing to match their promises.

### 2.4.2 Social

Sustainable procurement is instrumental in addressing social policy issues such as inclusiveness, equality, international labor standards, diversity targets, regeneration, and integration. It extends to addressing the needs of various groups, including ethnic minorities, children, the elderly, those with disabilities, adults lacking basic skills, and immigrant populations. Socially responsible procurement criteria can be applied throughout the supply chain, from mining to assembly and distribution.

### 2.4.3 Economic

While differences in the purchase price between non-sustainable and sustainable alternatives are often negligible, even when the sustainable option incurs higher upfront costs, the lifetime savings

in energy, water, and waste can provide significant financial benefits. Macro-economically, incorporating whole-life costing into decision-making can lead to efficiency gains. Sustainable markets contribute to long-term growth and innovation, fostering fair trade, ethical practices, and directing extra investment toward developing countries.



**Figure 1: Triple Bottom Line**

Micro-economically, sustainable procurement presents opportunities for economic redistribution, targeting the creation of jobs and wealth in regeneration areas or supporting small and/or ethnic minority-owned businesses.

## Sustainable Public Procurement

### 3.1 Sustainable Public Procurement in Development partners and UN

There are practices of sustainable procurement among different development partners. Some enlightenment of sustainable procurement from Asian Development Bank (ADB) are as below:

#### **3.1.1 Planning Stage:**

During the strategic procurement planning phase of Sustainable Public Procurement (SPP), several considerations need to be addressed:

**1. SPP Needs, Opportunities, and Risks:**

Identify sustainability benefits and manage risks as per the project's conceptualization phase. This involves actions outlined in the project procurement risk assessment.

**2. Legal or Policy requirements:**

State any legal or policy requirements related to sustainable, social, or green procurement. Include an overview of legal and regulatory requirements in Southeast Asian countries.

**3. Anticorruption:**

Include a statement on anticorruption requirements relevant to SPP, ensuring alignment with ADB policy.

**4. Procurement Items with Sustainability Targets:**

Identify products and services with sustainability targets. Consider sustainable aspects like minimizing embodied energy or promoting social impacts such as the involvement of local SMEs.

**5. Supply Markets Ability:**

Assess the market's ability to deliver new or customized solutions. Consider anticipated costs and the Value for Money (VFM) proposition.

## **6. Evaluation and Contracting Approach:**

Define how the procurement strategy addresses sustainability, incorporating SPP priorities into requirements. Explore interventions like prequalification, sustainability standards, merit points, or life cycle analysis.

## **7. Implementation and Support Requirements:**

Identify project champions and professional services support requirements for design, specifications, bid evaluations, and implementation supervision. Assess options for including SPP in consulting services recruitment.

## **8. Performance Incentives:**

Identify performance incentives linked to SPP and how they address sustainability. Incorporate SPP performance incentives into requirements

### **3.1.2 Bidding Stage:**

In the bidding stage, sustainability requirements and performance incentives identified in the planning stage are developed and included in bidding documents. Considerations include:

#### **1. Identify Relevant Sustainability Standards:**

Identify relevant standards, classifications, and indicators. Assess sustainability priorities throughout the life cycle.

#### **2. Develop Sustainability Criteria:**

Develop sustainability criteria, including rated criteria, weightings, industry standards, and verification methods.

#### **3. Acceptance of Alternative Bids:**

Decide if alternative bids are acceptable. Specify minimum requirements for alternative bids and required information.

#### **4. Reflect Sustainability Priorities:**

Reflect sustainability priorities in technical specifications. Ensure cross-references between sustainability provisions in specifications, pricing schedules, and conditions of contract.



## 5. Check Contract Terms:

Ensure contract terms align with sustainability priorities and are attractive to bidders in the specific country context.

### 3.1.3 Sustainability Evaluation Criteria and Submission Requirements:

Sustainability evaluation criteria can be categorized into required/mandatory and desirable/optional criteria. Consideration should be given to air pollution, biodiversity and habitats, climate change, resource use and intensity, transport, waste, and water quality.

### 3.1.4 Terms of Reference:

Sustainable Public Procurement (SPP) aspects in terms of reference should cover laws, regulations, and policies on sustainable procurement, use of hazardous substances, waste management, workers' health and safety, resource efficiency, and the use of alternative substances. The terms of reference should also address waste management, workers' health and safety, construction practices, resource efficiency, and monitoring and reporting.

The provided information emphasizes a comprehensive approach to integrating sustainability considerations across the procurement process, aligning with best practices for sustainable and responsible procurement.

United Nations has developed some indicators of Public Procurement which can be described in a table:

**Table 1: UN Sustainable Public Procurement Indicator**

UN Sustainable Procurement Indicator		
Pillar	Sustainable Procurement Indicator	Example of Tender Requirement
Environment	1. Prevention of pollution to air, land, and water	Environmental Management System, corporate environmental policy, waste management, policy on hazardous materials and chemicals
	2. Sustainable resource use	Ecolabels: circular design, energy-saving, recycling, bulk packaging
	3. Climate change mitigation	Energy efficiency, renewable energy

	and adaptation	purchasing, greenhouse gas reporting, offsetting, clean transportation and logistics, resilient infrastructure
	4. Protection of the environment, biodiversity, and restoration of natural habitats	Ecolabels: sustainable or organic agriculture, forestry, fishing
Social	5. Human rights and labor issues	Universal Declaration of Human Rights, International Labor Organization core conventions, freedom of association and collective bargaining, elimination of child and/or forced labor and discrimination at work, health and safety, fairly traded goods, inclusion of disadvantaged groups such as people with disabilities, inclusiveness and accessibility considerations in design
	6. Inclusion of persons with disabilities	Requirements accessible for persons with disabilities, disability-inclusive suppliers
	7. Gender equality and women's empowerment	Gender mainstreaming, reserved procurement for women-owned businesses
	8. Social health and well-being	Avoidance of hazardous chemicals, labelling of chemicals
Economy	9. Whole life cycle cost	Total cost of ownership, life cycle costing
	10. Local communities and small and medium-sized enterprises	Reserved labor for local communities; local materials and services; local micro, small, and medium-sized enterprises
	11. Promoting sustainability throughout the supply chain	Extend sustainability requirements to tier 2 suppliers, identify and approve primary subcontractors
General	12. Global compact	Considerations promoting vendors' participation in the UN Global Compact
	13. Suppliers' monitoring and auditing	Contract conditions and/or key performance indicators that stipulate verification of suppliers' environmental and social claims through "spot checks" and audit provisions

## 3.2 Public Procurement practice in Bangladesh

In today's global landscape, prioritizing transparency, accountability, equitable treatment for all and fostering perfect competition in public procurement stands as a universal concern. Implementing robust governance in public procurement, alongside well-defined procurement frameworks and strong management capabilities, emerges as a fundamental priority for any government.

Government of Bangladesh has introduced act regarding Public Procurement on 2006 and related rules on 2008 which is named as Public Procurement Act 2006 (PPA-2006) and Public Procurement Rule 2008 (PPR-2008). In the preamble of the PPA-2006 which is Act no. 24 of 2006, it is specifically mentioned “An Act to provide for procedures to be followed for ensuring **transparency and accountability** in the procurement of goods, works or services using public funds and ensuring **equitable treatment free and fair competition** among all persons wishing to participate in such procurement including the matters incidental thereto”.

### 3.2.1 Procurement methods and practices in Bangladesh

Chapter 4 under PPR-2008 containing Rule no. 61 – Rule no. 82 describes different methods and procedure for National Tenders, Rule no. 83 – Rule no. 88 for International Tenders, Rule 89 for Framework Tender for goods and works. Approved tendering methods according to law are:

- Open Tendering Method (OTM)
- Limited Tendering Method (LTM)
- Two Stage Tendering Method (TSTM)
- One Stage Two Envelop Tendering Method (OSTETM)
- Request For Quotation Method (RFQM)
- Direct Procurement Method (DPM)

OTM is the most preferred and suggested procurement method to ensure flexibility, fairness, competition in public procurement. PPA and PPR elaborately describes the suitability and procedure of choosing alternate method to apply as well.

### 3.2.2 Sustainability in current practicing documents

Currently, the regulation of public procurement is primarily overseen by the Public Procurement Act of 2006 and the Public Procurement Rules of 2008. Additionally, the Central Procurement Technical Unit (CPTU), currently Bangladesh Public Procurement Authority (BPPA), prepares various Standard Tender Documents (STDs) for goods and works which are tailored based on the scale or magnitude of the procurement. Following tables outline the several sustainability factors that have been incorporated into public procurement documents.

#### 3.2.2.1 Acts addressing sustainability

The following table gives a view regarding the acts to address sustainability in public procurement. PPA clearly ensures fairness, participatory approach, competitive environment which is fundamental to ensure good governance hence sustainability. As a commitment towards social sustainability PPA denotes its prohibition on child and forced labour, occupational health and safety, non-discriminatory approach to all. To achieve economic sustainability PPA encourages fair competition, domestic preferences, joint venture with local enterprises. As a part of environmental sustainability fewer movement will contribute positively on carbon footprint to be encouraged by enhancement of local production capability.

Detailed statement of the related acts under PPA-2006 is enumerated in the table below:

**Table 2: Acts related to Sustainable Public Procurement**

Act No	Enumeration
Act 15(1)	“... it shall be ensured that such description is not restrictive.”
Act 16	No procuring entity shall include any condition inconsistent with provisions relating to standard wages of workers and pertaining to social benefits, occupational health and safety and prohibition of child labour in the procurement-related document.
Act 25	Non-Discrimination- The procuring entity shall not, unless the Government decides, restrain a person from participating in public procurement on the basis of colour, nationality or race, or any criterion not related to the qualifications as specified in the procurement-related document or any decision taken against a Person under this Act

Act 32(b)(ii)	Direct contact with local community with related in projects poverty alleviation objectives if provided in the project document
Act 33(c)(vii)	Provision for domestic preference at rates as prescribed by the rules are made, in the case of supply of goods at final destination exclusive of customs duties and taxes, and, in case of works inclusive of customs duties and taxes; provided that the goods, and the tenderers for works meet the prescribed requirements for application of such preference
Act 33(c)(viii)	Joint Venture with local partnership are encouraged, but shall not be imposed as a mandatory condition

### 3.2.2.2 Rules regarding sustainability

Rules are developed for elaborated better understanding of acts to ensure proper implementation. PPR-2008 is developed with the same view for ensuring proper implementation of PPA-2006. Rules related to the sections of act is not reiterated here to avoid repetition. Apart from early mentioned sections some other rules emphasis on developing the technical specification in a non-restrictive way where procuring entity should not refer any specific trademarks, trade names, patents, designs, countries of origin, producers or service suppliers in order to maintain impartiality and fairness in the procurement process.

**Table 3: Rules related to Sustainable Public Procurement**

Rule No	Enumeration
Rule 4(5)	Technical specifications shall be prepared in a non-restrictive manner so that a fair and open competition is possible and shall be consistent with drawings included in the Tender Documents.
Rule 29(1)	A Procuring Entity shall at the time of describing requirements in respect of a particular object of Procurement provide, inter alia, the following information, namely – <ul style="list-style-type: none"> <li>a. name or description of the Goods, Works or Services to be procured;</li> <li>b. quality of Goods, Works or Services;</li> <li>c. required performance Standards and life span;</li> <li>d. safety Standards and limits;</li> <li>e. symbols, terminology to be used in packaging, marking and labelling of the Goods to be procured;</li> </ul>

	<p>f. processes and methods to be used in the production of the Goods to be procured, where applicable; and</p> <p>g. test procedure, if any, for conformity assessment of Goods.</p>
Rule 29(2)	<p>Technical Specifications prepared by Procuring Entities shall, where appropriate, be-</p> <p>(a) expressed in terms of performance or output requirements, rather than specifications linked directly to design or descriptive characteristics which may tend to limit competition;</p>
Rule 29(3)	<p>There shall be no reference, in technical specification of Goods, to a particular trade mark or trade name, patent, design or type, named country of origin, producer or service supplier</p>

### *3.2.2.3 Condition of Clauses mentioning sustainability*

Government of Bangladesh has further developed Standard Tender Documents (STD) for procurement of Goods, Works and Services in public procurement. Considerations of sustainability is denoted in some General Condition of Contract (GCC) which is mentioned detailed in Table 4.

The GCC clauses highly focus on labour safety, site facilities like food, accommodation, welfare etc., working hour, prohibition of Child and Forced labour to ensure social sustainability. Procurement documents of development partners like, World Bank, incorporates issues like Gender Based Violence (GBV) as well.

As a responsibility to address environmental sustainability GCC clauses enforces Contractor to take all necessary measures to safeguard the environment both on and off the site. This includes preventing any harm or inconvenience to individuals or public or private property caused by pollution, noise or other factors resulting from the Contractor's operational methods.

To ensure economic sustainability GCC encompasses insurance related provisions in the document. The document clearly mentions ownership of risks for procuring entity and contractor to clarify roles and responsibilities. The document clarifies any ambiguity and way forward for proper implementation and ensure sustainability.

**Table 4: Rules related to Sustainable Public Procurement**

<p><i>26. Safety, Security and Protection of the Environment</i></p>	<p><i>26.1</i> The Contractor shall throughout the execution and completion of the Works and the remedying of any defects therein:</p> <ul style="list-style-type: none"> <li>a. take all reasonable steps to safeguard the health and safety of all workers working on the Site and other persons entitled to be on it, and to keep the Site in an orderly state;</li> <li>b. provide and maintain at the Contractor’s own cost all lights, guards, fencing, warning signs and watching for the protection of the Works or for the safety on-site; and</li> <li>c. take all reasonable steps to protect the environment on and off the Site and to avoid damage or nuisance to persons or to property of the public or others resulting from pollution, noise or other causes arising as a consequence of the Contractors methods of operation.</li> </ul>
<p><i>27. Working Hours</i></p>	<p><i>27.1</i> The Contractor shall not perform any work on the Site on the weekly holidays, or during the night or outside the normal working hours, or on any religious or public holiday, without the prior written approval of the Project Manager.</p>
<p><i>28. Welfare of Laborers</i></p>	<p><i>28.1</i> The Contractor shall comply with all the relevant labor laws applicable to the Contractor’s personnel relating to their employment, health, safety, welfare, immigration and shall allow them all their legal rights.</p>
	<p><i>28.2</i> The Contractor, in particular, shall provide proper accommodation to his or her labourers and arrange proper water supply, conservancy and sanitation arrangements at the site for all necessary hygienic requirements and for the prevention of epidemics in accordance with relevant regulations, rules and orders of the government.</p>
	<p><i>28.3</i> The Contractor, further in particular, shall pay reasonable wages to his or her labourers, and pay them in time. In the event of delay in</p>

	<p>payment the Procuring Entity may effect payments to the labourers and recover the cost from the Contractor.</p>
<p><i>29. Child Labor</i></p>	<p><i>29.1</i> The Contractor shall not employ any child to perform any work that is economically exploitative, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development in compliance with the applicable labour laws and other relevant treaties ratified by the government.</p>
<p><i>32. Procuring Entity's Risks</i></p>	<p><i>32.1</i> From the Start Date until the Defects Correction Certificate has been issued, the following are Procuring Entity's risks:</p> <ul style="list-style-type: none"> <li>(a) the risk of personal injury, death, or loss of or damage to property (excluding the Works, Plant, Materials, and Equipment), which are due to <ul style="list-style-type: none"> <li>i. use or occupation of the Site by the Works or for the purpose of the Works, which is the unavoidable result of the Works or</li> <li>ii. negligence, breach of statutory duty, or interference with any legal right by the Procuring Entity or by any person employed by or contracted to him except the Contractor.</li> </ul> </li> </ul> <p>the risk of damage to the Works, Plant, Materials, and Equipment to the extent that it is due to a fault of the Procuring Entity or in the Procuring Entity's design, or due to war or radioactive contamination directly affecting the country where the Works are to be executed.</p>
	<p><i>32.2</i> From the Completion Date until the Defects Correction Certificate has been issued, the risk of loss of or damage to the Works, Plant, and Materials is Procuring Entity's risk, except loss or damage due to:</p> <ul style="list-style-type: none"> <li>(a) a Defect which existed on the Completion Date;</li> <li>(b) an event occurring before the Completion Date, which was not itself Procuring Entity's risk; or</li> </ul> <p>the activities of the Contractor on the Site after the Completion Date.</p>



<i>Contractor's Risks</i>	33.1 From the Start Date until the Defects Correction Certificate has been issued the risks of personal injury, death, and loss of or damage to property including without limitation, the Works, Plant, Materials, and Equipment, which are not Procuring Entity's risks are Contractor's risks.
36. Insurance	<p>36.1 The Contractor shall provide, in the joint names of the Procuring Entity and the Contractor, insurance cover from the Start Date to the end of the Defects Liability Period, in the amounts specified in the PCC for the following events which are due to the Contractor's risks:</p> <ul style="list-style-type: none"> <li>(a) loss of or damage to the Works, Plant, and Materials;</li> <li>(b) loss of or damage to Equipment;</li> <li>(c) loss of or damage to property (except the Works, Plant, Materials, and Equipment) in connection with the Contract; and</li> </ul> <p>personal injury or death.</p>
	36.2 The Contractor shall deliver policies and certificates of insurance to the Project Manager, for the Project Manager's approval, before the Start Date. All such insurances shall provide for compensation to be payable in the types and proportions required to rectify the loss or damage incurred.
	36.3 If the Contractor does not provide any of the policies and certificates required, the Procuring Entity may effect the insurance which the Contractor should have provided and recover the premiums the Procuring Entity has paid from payments otherwise due to the Contractor or, if no payment is due, the payment of the premiums shall be a debt due.
	36.4 Alterations to the terms of insurance shall not be made without the approval of the Project Manager.
	36.5 Both parties shall comply with conditions of the insurance policies.

### 3.3 Recent Development:

Central Procurement Technical Unit (CPTU), recently reformed by strengthening as Bangladesh Public Procurement Authority (BPPA), has published a draft document for Sustainable Public Procurement (SPP) Policy of Bangladesh drafted on February, 2023 and published on December, 2023 admits that Bangladesh Public Procurement does not have adequate provision for sustainable public procurement. Yet it is good that government has focused in the issue and developing a policy regarding.

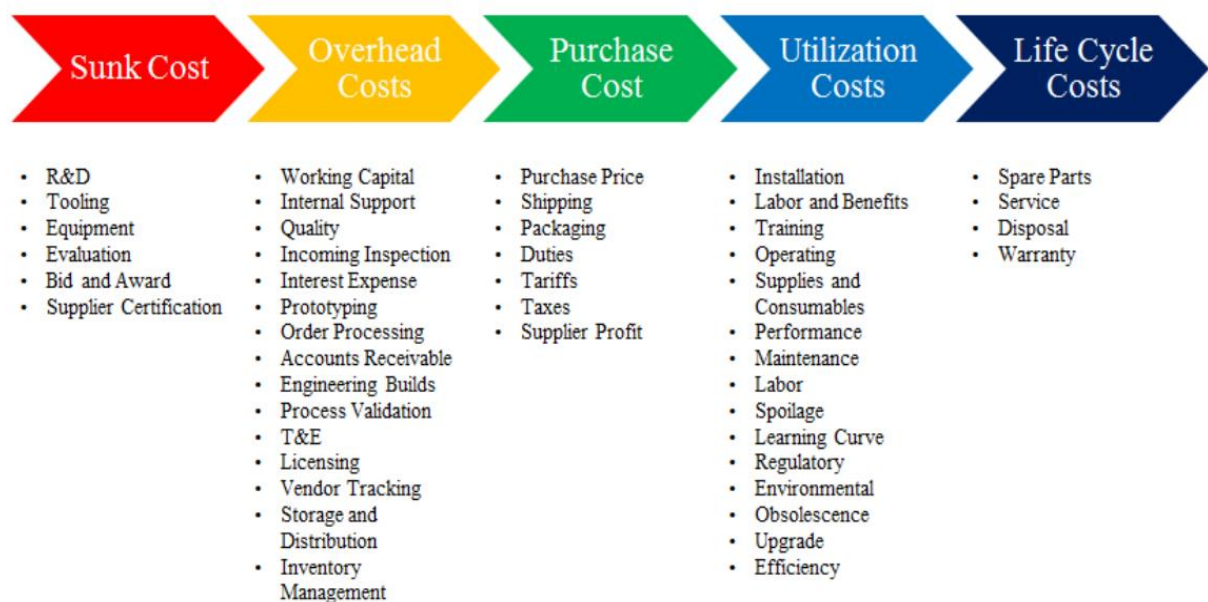
#### 3.3.1 Key Components of the proposed SPP Policy

Here's an overview of the key components of the proposed sustainable public procurement policy:

##### 3.3.1.1 Climate Issue

The policy places a significant emphasis on addressing climate-related concerns. This implies that procurement decisions will be guided by a commitment to environmental sustainability, reduction of greenhouse gas emissions, and other climate mitigation measures.

## Total Cost of Ownership Model



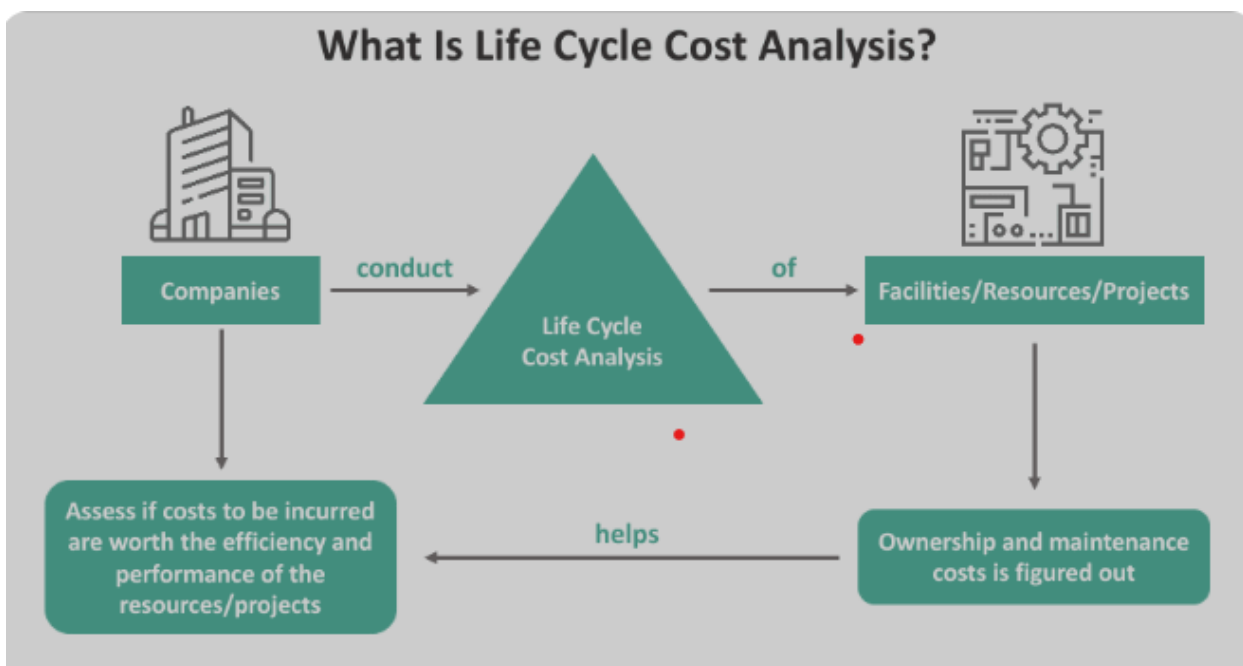
*Figure 2: Total Cost of Ownership Model*

### 3.3.1.2 Total Cost of Ownership

The policy recognizes the importance of considering the total cost of ownership in procurement decisions. This involves evaluating not only the initial acquisition cost but also factoring in the long-term costs associated with the entire life cycle of the procured goods or services. This comprehensive approach ensures a more accurate assessment of the economic impact over time

### 3.3.1.3 Most Economically Advantageous Tender (MEAT)

The MEAT principle underscores the objective of selecting the tender that offers the most economical advantage, taking into account various factors beyond just the price. This includes considerations such as quality, sustainability, and life cycle costs.



**Figure 3: Whole Life Cost Cycle Model**

### 3.3.1.4 Whole Life Cycle Cost (WLCC)

The policy explicitly integrates the concept of Whole Life Cycle Cost into the procurement process. WLCC involves assessing the total cost of a product or service throughout its life cycle, encompassing aspects like acquisition, operation, maintenance, and disposal. This approach allows for a more informed decision-making process that considers the economic impact over the entire lifespan of the procured item.

### *3.3.1.5 Maximize Benefit*

By incorporating climate considerations, total cost of ownership, MEAT, and WLCC into the procurement policy, the overarching goal is to ensure that the country maximizes the benefits derived from its procurement activities. This could include long-term cost savings, environmental sustainability, and the selection of suppliers and products that align with broader national objectives.

In summary, the proposed sustainable public procurement policy reflects a forward-looking and comprehensive strategy that goes beyond traditional cost considerations. It aligns with the principles of sustainability, climate responsibility, and economic efficiency, with the aim of achieving the maximum advantageous outcome for the country.

### **3.3.2 Implementation Strategy**

Proposed SPP Policy is focused on goods procurement only with piloting some selected Procuring Entities to be selected and primarily on low-cost goods like

1. Paper and paper products;
2. Office supplies;
3. Computer and other electronic equipment and supplies;
4. Office and other furniture or related wooden appliances;
5. Vehicles and other transportation equipment;
6. Official paper-made publications

### **3.3.3 SPP policy is expected to guide PEs to ensure**

1. Development of knowledge about the sustainability (social, economic & environment) in procurement;
2. Improvement of the ability to effectively respond to the sustainability agenda;
3. Improvement of visibility and understanding of, and engagement with, the sustainability agenda in the supply chain; and
4. Improvement of contract management processes to actively manage and report the performance of sustainable supply.

## CHAPTER 4

### Findings and Recommendations

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#### 4.1 Findings

Sustainability in public procurement is still far away in current practice of Bangladesh. Still there are some considerations in light of sustainability in the practice of Bangladesh public procurement.

4.1.1 First of all, the primary focus of PPA-2006 and PPR-2008 is equitable treatment, fairness, competition and transparency which is primary requirement for public procurement to be sustainable.

4.1.2 The procurement documents focus on prohibition of child labor, forced labor, standard wages, occupational health and safety to be considered in estimation and planning stage of a procurement.

4.1.3 Existing procurement documents focus on environmental degradation and preserve provision for positive measures in this regard.

4.1.4 To encourage local entrepreneurs and agencies current documents incorporates the provision of domestic preference. For nation building in industrial sector government also encourages State Owned Enterprises to come forward through current practices.

4.1.5 Government has understanding about the gap in sustainable public procurement and as a part of commitment towards addressing climate change, living standard of people it made a foot step by developing SPP policy. Government iterates to review the policy in every 6 (six) months to make it a live document and up to date with time.

4.1.6 The proposed sustainable public procurement policy has a specific focus on addressing climate issues and aims to incorporate the concept of the total cost of ownership. This strategic approach aligns with the principle of seeking the 'Most Economically Advantageous Tender (MEAT)' by considering the 'Whole Life

Cycle Cost (WLCC).<sup>1</sup> This approach is designed to ensure that the country maximizes the benefits derived from its procurement processes.

#### 4.2 Recommendations

As a part of social and ethical responsibility towards planet and future generation as well as mankind, it is high time to look forward towards sustainable procurement for public sector organizations. At initial stage there shall be many obstacles like, potential threat of corruption if the guideline is not carefully developed, low level of understanding of different procuring entities, etc. Proper commitment, dedication, adequate training, consistent review will help Bangladesh to achieve sustainable public procurement and set another example as government has successfully implemented electronic government procurement (e-GP).

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