

# **Compliance of PPR 2008: A Study on LGED Based on KPIs**

**Dissertation submitted in the partial fulfillment of the  
requirements for the Degree of  
Masters in Procurement and Supply Management**

**Submitted by  
Md. Mahfuzar Rahman  
MPSM, Batch II  
ID No. 13182016**

**Masters in Procurement and Supply Management Programme 2013**

**March 31, 2013**



**Institute of Governance Studies (IGS), BRAC University**

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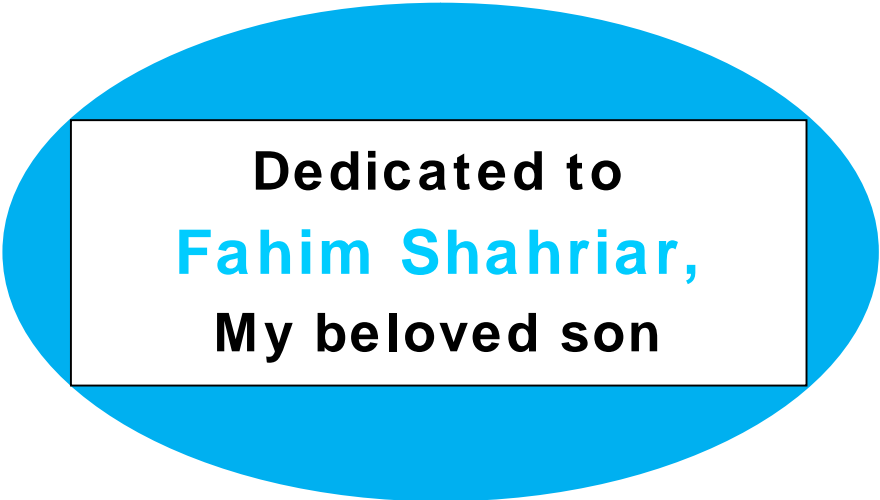
**Masters in Procurement and Supply Management Programme 2013**

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**March 31, 2013**



**Institute of Governance Studies (IGS), BRAC University**



**Dedicated to**  
**Fahim Shahriar,**  
**My beloved son**

## ***Statement of the Author***

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# ***Abstract***

Transparency, efficiency, accountability, competitiveness, equitable treatment and free & fair competition are essential to be ensured in the procurement using public funds. In Bangladesh, these could not be ensured earlier due to a lack of proper rules and regulation. To streamline the public procurement activities, the Government of the People's Republic of Bangladesh has enacted Public Procurement Act (PPA) 2006 and thereafter issued Public Procurement Rules (PPR) 2008. Since then government agencies are bound to abide by the Act and Rules very strictly in their procurement activities. The Central Procurement Technical Unit (CPTU) of the Implementation Monitoring and Evaluation Division (IMED) is continually monitoring the compliance of PPA 2006 and PPR 2008 by the target agencies in the light of 45 predetermined Key Performance Indicators (KPI).

Among the four target agencies, LGED is the largest in terms of budget allocation against the projects in the Annual Development Programme (ADP). It is generally said that a total of 80% of ADP allocation are spent for procurement of goods, works and services which are administered by PPR 2008. Thus, it seems to be a good consideration to have a look at the compliance issues of PPR 2008 in LGED's procurement activities.

The research has been designed under the questions if LGED is following PPR 2008 completely or not; and if not, then the causes behind that. The main objectives of the present study are to find out the extent of compliance of PPR 2008 by LEGD and to find out the gap of compliance and scope of improvement for implementation. The related literatures and reports, particularly from LGED and SRGB, have been thoroughly reviewed before conducting the main research work. The key findings of these reports have been compared and analyzed which helped to draw important conclusion of the study.

A questionnaire survey was carried out to collect primary data from different stakeholders related to procurement activities of LGED. For in-depth study on the compliance issues of PPR 2008, eight different projects were studied carefully to collect the qualitative data too. In addition to survey, key informant interviews have been conducted to get the perceptions of few senior officers of LGED and IMED.

The study result shows a clear adherence to the rules of PPR 2008 in LGED in carrying out most of the compliance related KPIs. The individual consultant's reports as well as SRGB's report also show a clear indication of compliance of PPR 2008 by LGED. Among the 11 different compliance issues, it has been revealed that respondents replied in an overall positive manner as satisfactory against 7 issues. For other 4 issues namely submission of report by the TEC, imposition of liquidated damage, days taken to release payment, and interest for delayed payment are not satisfactory and a clear improvement is required in these areas. Also, the perceptions of the respondents regarding the issue of releasing payment need to investigate more cautiously as there are ambiguity among the findings of present study, individual consultant's reports and SRGB's report. However, the scenario is more or less similar in other target agencies

For improvement of these situations, four specific recommendations have been drawn. These are (i) to induce a mechanism for ensuring that TER is directly submitted to the contract approving authority as per Rule 36(3) of PPR 2008, (ii) to ensure the timely payment to the contractors, tender should be floated only after availability of sufficient fund, (iii) a liquidated damage clause and (iv) payment of interest in case of delayed payment should be considered carefully to protect the interests of both the parties.

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***The Author***



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# ***Abbreviations***

AA	: Approving Authority
ADP	: Annual Development Programme
AO	: Authorized Officer
CAA	: Contract Approving Authority
CCGP	: Cabinet Committee of Government Purchases
CIPS	: The Chartered Institute of Purchasing and Supply
CPTU	: Central Procurement Technical Unit
DoFP	: Delegation of Financial Power
DPP	: Development Project Proposal
ERD	: Economic Relations Division
GCC	: General Conditions of Contract
GFR	: General Financial Rules
HOPE	: Head of Procuring Entity
ICD	: Intended Completion Date
IMED	: Implementation Monitoring and Evaluation
KPI	: Key Performance Indicators
LGED	: Local Government Engineering Department
LTM	: Limited Tendering Method
MoF	: Ministry of Finance
MoP	: Ministry of Planning
NOA	: Notification of Award
OECD-DAC	: Organization for Economic Co-operation and Development- Development Assistance Committee
OTM	: Open Tendering Method
PD	: Project Director
PE	: Procuring Entity
PM	: Project Manager
PPA 2006	: Public Procurement Act 2006
PPR 2008	: Public Procurement Rules 2008.
PPRP II	: Public Procurement Reform Project (Phase II)

PWD	:	Public Works Department
RADP	:	Revised Annual Development Programme
REB	:	Rural Electrification Board
RHD	:	Roads and Highways Department
SRGB	:	Survey Research Group of Bangladesh
TDS	:	Tender Data Sheet
TEC	:	Tender Evaluation Committee
TER	:	Tender Evaluation Report
TOC	:	Tender Opening Committee

## ***Operational Definitions: PPR 2008***

- (1) **"Advertisement"** means an advertisement published under Section 40 in newspapers, websites or any other mass media for the purposes of wide publicity;
- (2) **"Approval Procedures"** means the approval procedures of a Tender or a Proposal as detailed in Rule 36;
- (3) **"Approving Authority"** means the authority which, in accordance with the Delegation of Financial Powers, approves the award of contract for the Procurement of Goods, Works or Services;
- (4) **"CPTU"** means the Central Procurement Technical Unit, established by the in the Implementation Monitoring and Evaluation Division of the Ministry of Planning, for carrying out the purposes of the Act and these Rules;
- (5) **"Days"** means calendar days unless otherwise specified as working days;
- (6) **"Delegation of Financial Powers"** means the instructions with regard to the delegation of financial authority, issued by the from time to time, relating to the conduct of public Procurement or sub-delegation of financial powers under such delegation;
- (7) **"Head of the Procuring Entity"** means the Secretary of a Ministry or a Division, the Head of a Government Department or Directorate; or the Chief Executive, by whatever designation called, of a local Government agency, an autonomous or semi-autonomous body or a corporation, or a corporate body established under the Companies Act;

- (8) **"Intended Completion Date"** is the date on which it is intended that the Contractor shall complete the Works as specified in the Contract and may be revised only by the Project Manager by issuing an extension of time or an acceleration order;
- (9) **"Key Performance Indicators (KPI)"** are quantifiable measurements, agreed to beforehand, that reflect the critical success factors of an organization.
- (10) **"Procurement"** means the purchasing or hiring of Goods, or acquisition of Goods through purchasing and hiring, and the execution of Works and performance of Services by any contractual means;
- (11) **"Procuring Entity"** means a Procuring Entity having administrative and financial powers to undertake Procurement of Goods, Works or Services using public funds;
- (12) **"Public funds"** means any funds allocated to a Procuring Entity under Government budget, or loan, grants and credits placed at the disposal of a Procuring Entity through the Government by the development partners or foreign states or organisations
- (13) **"Public Procurement"** means Procurement using public funds;
- (14) **"Project Manager"** is the person named in the Contract or any other competent person appointed by the Procuring Entity and notified to the Contractor who is responsible for supervising the execution of the Works and administering the Contract.



***Chapter 1***  
***Introduction***

# Introduction

## 1.1 Background and context

"**Procurement**" means the purchasing or hiring of Goods, or acquisition of Goods through purchasing and hiring, and the execution of Works and performance of Services by any contractual means. When procurement is done with public money, then it is called public procurement.

Until 2003, there was no standard and legal framework for public procurement in Bangladesh and General Financial Rules (GFR) had regulated public procurement procedures and practices in Bangladesh. These rules were originally issued during the British period and slightly revised in 1951 under the Pakistani rule. After Bangladesh's independence, few changes were made to these rules in 1994 and 1999 respectively (Islam, 2011).

To ensure transparency and accountability in the procurement of goods, works or services using public funds, and ensuring equitable treatment and free and fair competition among all persons wishing to participate in such procurement, the Government of the People's Republic of Bangladesh has enacted Public Procurement Act 2006 (hereinafter called PPA 2006) on 06 July 2006. Under the framework of PPA 2006, the government issued Public Procurement Rules 2008 (hereinafter called PPR 2008) which has come into effective on January 31, 2008. All these were the outcomes of the reform process taken by the government to streamline the public procurement. Earlier in 2003, Public procurement Regulations 2003 which was effective till the PPR 2008 was issued (Hoque, 2010).

Upon issuance of the PPA 2006 and PPR 2008, the government agencies are bound to follow the Act and Rules in the day to day procurement activities of their own. The Central

Procurement Technical Unit (CPTU) of the Implementation Monitoring and Evaluation Division (IMED) of the Ministry of Planning have been established for carrying out the purposes of Section 67 of PPA 2006 which states as follows:

*Section 67: For carrying out the purposes of the Act, the Government shall, through a Central Procurement Technical Unit or any other unit established by it relating to procurement monitoring, coordination and management, perform the following responsibilities, namely –*

- a. Providing for monitoring compliance with and implementation of this Act through the authority as designated by the Government;*
- b. Arranging for performance of the necessary functions and responsibilities incidental thereto, through the authority as designated by the government and*
- c. Performing any other responsibilities as prescribed.*

To provide for monitoring compliance with implementation of this Act and Rules, the government of Bangladesh has undertaken Public Procurement Reform Project II (PPRP II) in 2009. The aim of project is to progressively improve the performance of public procurement system in Bangladesh, focusing largely on the target agencies, namely Bangladesh Water Development Board (BWDB), Roads and Highways Department (RHD), Local Government Engineering Department (LGED) and Rural Electrification Board (REB). Among the four components of PPRP II, the *Second* one is the strengthening procurement management at sectoral/agency level and CPTU to develop an MIS system for reporting procurement activities and M&E system for monitoring the compliance of PPA 2006 and PPR 2008 by the target agencies in the light of 45 predetermined Key Performance Indicators (KPIs) (**Appendix A**). The KPIs were developed taking cognizance of the OECD-DAC<sup>1</sup>

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<sup>1</sup> Organization for Economic Cooperation and Development-Development Assistance Committee

indicators within the overall framework of the PPA/PPR and its features within the local context.

### **1.2 Statement of the problem**

Procurement of Goods, Works, and Services are also covered by the IMED's existing way of undertaking implementation monitoring and evaluation tasks but not monitored and evaluated on the basis of any key performance monitoring indicators. That's why CPTU of IMED is monitoring procurement performance through the PPRP-II project. CPTU has appointed a Project Implementation Support Consultant for each of the four target agencies. These consultants are submitting the procurement performance report of each agency on quarterly basis. Also, a consultancy firm, Survey Research Group (SRG) Bangladesh, appointed by CPTU, is submitting quarterly the reports to CPTU based on KPIs. Though it is reported that procurement performance of the target agencies are improving day by day, it would be wise enough to have an independent study to ascertain the procurement performance of the target agencies.

### **1.3 Significance of the proposed research**

The procurement performance of the target agencies have been described and classified in terms of transparency, efficiency, competitiveness and compliance of government procurement rules and procedures. Among the four different categories, compliance of PPR 2008 is considered as the vital one. It is generally considered that if compliance is ensured, then the government purpose for ensuring value for money in the public procurement will be possible.

Among the four target agencies, LGED is the largest in terms of budget allocation against the projects in the Annual Development Programme (ADP). In the Revised Annual Development

Programme (RADP) 2011-2012, LGED had a total number of 85 on-going projects against which a total of 4472.11 crore taka (11% of RADP allocation) were allocated. On the other hand, in the ADP 2012-2013, LGED has 72 on-going projects with a total allocation of 4702.00 crore taka (9% of ADP allocation). In general, a total of 80% of ADP allocation are spent for procurement of goods, works and services which are administered by PPR 2008. Thus, it seems to be a good consideration to have a look on the compliance issues of PPR 2008 in LGED.

#### **1.4 Research Questions**

This study aims to know the extent of compliance of PPR 2008 by LGED procurement activities. Also it is intended to know the hindrances which have been faced by LGED while complying with the rules of PPR 2008. Thus, the research questions for the present study are:

*i) Is LGED following PPR 2008 completely?*

*ii) If NO, then what are the causes behind this?*

#### **1.5 Objectives of the Study**

The objectives of the present study are as follows:

i) To find out the extent of compliance of PPR 2008 by LEGD.

ii) To find out the gap of compliance and scope of improvement for implementation of PPR 2008 in LGED.

## **1.6 Scope of the Study**

Under the supervision of the Project Implementation Support Consultant appointed to LGED on behalf of CPTU, the procuring entity (LGED) is carrying out the monitoring and evaluation of their procurement performance in accordance with the set KPIs. But an independent study is intended from the concerned authorities to find out the gap of compliance of PPR 2008 in LGED. This study is such an approach for ascertaining the facts in LGED.

## **1.7 Limitations of the study**

The limitations of this study have come from both its scope and its methodology. Survey was confined to LGED HQ and Dhaka Office. The respondents were selected mainly from the organization's head office of Dhaka city. On the other hand, officers were selected on the basis of researcher's convenience. Key informant interview was conducted on few senior officers and with the consultant engaged in LGED from CPTU. Time constraint was also one of the major limitations of the study. Most of the respondents had gathered different types of experiences in different projects; sometimes experiences were not generalized rather project-specific. This issue had come across during the interviews. Also the officers were requested to give answers based on their own perception. As the perceptions on situation varied from person to person, this may have been a major limitation of the study.

## **1.8 Organization/Structure of the study (chapter details)**

The study has been arranged in six broad headings: Introduction, Literature Review, Methodology, Results and Discussion, Conclusion and Recommendations and References. In the introductory chapter, the areas which have been covered are the background and context, problem statement, significance, research questions, objectives, scopes and limitations of the

study. The second chapter starts with a brief view on PPR 2008, Key Performance Indicators (KPI) and Compliance followed by a thorough review of the compliance KPIs as set for the monitoring of PPR 2008. Also, a review of the Delegation of Financial Powers (DoFP) and quarterly and half-yearly reports of LGED and SRGB have been stated here. In the Methodology chapter which is the third chapter, sampling method, selection of study area, study period, sample size and data processing & analytical framework of the study have been described. The Results and Discussion chapter starts with the demographic overview of the respondents followed by an overview of the survey questionnaire and key informant interview. Then the findings of the questionnaire survey have been presented with an analysis and in-depth discussion. Thereafter, conclusion of the study has been drawn with some specific recommendations. Finally, References and appendices have been stated for a clear understanding of the study.

***Chapter 2***  
***Literature Review***



# Literature Review

## **2.1 Public Procurement Rules (PPR 2008): An overview**

Public Procurement Rules (PPR) 2008 was framed by the Government of People's Bangladesh under the Public Procurement Act (PPA) 2006 which came into effective on January 31, 2008. The main objective of enacting PPA 2006 & introducing PPR 2008 was, generally, of achieving value for money, ensuring transparency, accountability, fair treatment in all public procurement throughout the public sector organizations of our country.

There are 130 Rules in PPR 2008 under nine chapters. Most of the Rules have several Sub-Rules. In chapter one, there are 3 Rules (Rule 1 to Rule 3) where preliminary issues like definition of key terms, scope and application of the Rules are given. There are 9 Rules (Rule 4 to Rule 12) in chapter two. Guideline for preparation of Tender or Proposal document, constitution of different committees for disposal of Tender or Proposal are given in this chapter. In chapter three, principles of public procurement is given. This is a very big chapter divided into twelve parts. There are total 48 Rules (Rule 13 to Rule 60) under chapter three where, among others, procedure for preparation of technical specification, preparation of terms of reference, procedure for rejection of Tender, approval procedure of Tender, contract administration and management are described. Rule 61 to Rule 89 constitutes chapter four where methods of procurement for goods and related services, works, physical services and their use are given. Processing of procurement including advertisement, pre-qualifications, processing of Tenders etc. are given in chapter five where there are 13 Rules (Rule 90 to Rule 102). In chapter six, guideline for procurement of intellectual and professional services is given where there are 24 Rules (Rule 103 to Rule 126). Rule 127 and Rule 128 constitute chapter seven and chapter eight respectively. Professional misconduct is described in chapter

seven and E-government procurement is described in chapter eight. In chapter nine, miscellaneous issues are described where there are 2 Rules (Rule 129 and Rule 130)

As a part of literature review, the PPA 2006 and PPR 2008<sup>2</sup> with all amendments have been studied thoroughly. The rules which seemed as the basis of compliance KPIs were reviewed keenly.

## **2.2 Key Performance Indicator (KPI): Meaning and importance**

Key Performance Indicators, also known as KPI or Key Success Indicators (KSI), help an organization to define and measure progress toward organizational goals. These KPIs are quantifiable measurements, agreed to beforehand, that reflect the critical success factors of an organization. Once an organization has analyzed its mission, identified all its stakeholders, and defined its goals, it needs a way to measure progress toward those goals. Key Performance Indicators are those measurements.

KPIs allow an organization adequate measures of performances from the standardized activities. Importance of performance measuring is very significant, which also can be found in a proverb : *If you want to improve something, you have to measure it.* Velimirovic *et.al.*, (2011) stated that continual measuring is a base for continual improvements of organization performances which is one of the most important management principles.

## **2.3 Compliance: Meaning and significance**

Compliance means the act adhering to, and demonstrating adherence to, a standard or regulation. In the context of procurement, compliance is the state of being in accordance with the relevant policies, rules and regulations.

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<sup>2</sup> Operational definitions of PPR 2008 are given before the introduction

Compliance indicates to what extent the procuring entities adhere to the procurement rules and procedures specified in the PPA 2006 and PPR 2008. The level of adherence to government procurement rules attained by the procuring entities has been determined by 11 specific KPIs as shown in **Appendix B**. For the convenience of the study, all KPIs were measured in a 5-point Likert scale. These 11 KPIs are described below.

#### **2.4 KPI 6: Average number of days between publishing of advertisement and Tender submission deadline**

*Average number of days between publishing of advertisement and Tender submission deadline* (KPI 6) has been emerged from Rule 61(4) and 64 (5) of PPR 2008. This has been clearly explained in Schedule II of PPR 2008. According to the provisions of PPR 2008, the allowable maximum time between publishing of an Invitation for Tender (IFT) and tender submission deadline depends upon the estimated value of the IFT. In general, it is minimum 14 days and maximum 28 days. However, for an emergency, time can be reduced to 10 days (in case of OTM) to 7 days (in case of LTM).

#### **2.5 KPI 11: Percentage of cases TOC included at least ONE member from TEC**

Rule 7 of PPR 2008 expresses how the Tender Opening Committee (TOC) will be formed and this is the base for KPI 11 (*Percentage of cases TOC included at least ONE member from TEC*). According the to the provision of Rule 7, there should three members in the TOC one of them must be from Tender Evaluation Committee (TEC) and two others from concerned procuring entity and other organization.

## **2.6 KPI 13: Percentage of cases TEC included two external members outside the Ministry or Division**

*Percentage of cases TEC included two external members outside the Ministry or Division* (KPI 13) is adhered to Rule 8 which has explained in Schedule II of PPR 2008. As per provision of Rule 8, TEC should be constituted with minimum five (5) and normally not exceeding seven (7) members, two (2) of whom at least shall be from outside the Ministry or Division or agencies under it. However, for low value procurement, TEC should be formed with minimum three (3) members, one (1) of whom shall be from other agency or procuring entity.

## **2.7 KPI 14: Average number of days between Tender opening and completion of evaluation**

Rule 36 explains the procurement approval procedure which has been explained in more details in Schedule 3 of PPR 2008. KPI 14 (*Average number of days between Tender opening and completion of evaluation*) is based on the stated rule earlier. Depending on the contract approving authority (CAA), it varies from 2 to 3 weeks.

## **2.8 KPI 19: Average number of days taken between submissions of Tender Evaluation Report and approval of contract**

*Average number of days taken between submission of Tender Evaluation Report and approval of contract* (KPI 19) is also concerned with Rule 14 and 36 of PPR 2008. Depending on CAA, it varies from one (1) week (for PD, PM or AO) to two (2) weeks (HOPE, Ministry, CCGP).

## **2.9 KPI 20: Percentage of Tenders approved by the proper financial delegated authority**

Rule 36 also explains that Delegation of Financial Powers (DoFP) issued by Finance Division, Ministry of Finance (MoF) should be followed in case of approval of procurement/tender. This is a vital issue of ensuring transparency in procurement and has been base for KPI 20 (*Percentage of Tenders approved by the proper financial delegated authority*)

## **2.10 KPI 21: Percentage of cases TEC submitted report directly to the Contract Approving Authority where Approving Authority is HOPE or below**

Where the Approving Authority is at the level of the Head of a Procuring Entity or Project Director (PD), Project Manager (PM), or an authorized officer (AO) as per DoFP, it is the rule to submit the Tender Evaluation Report (TER) by the TEC directly to the Head of the Procuring Entity (HOPE) or the Project Director, Project Manager, or the authorized officer for approval [Rule 36(3)]. This is the basis of KPI 21 (*Percentage of cases TEC submitted report directly to the Contract Approving Authority where Approving Authority is HOPE or below*) which has been fixed for compliance monitoring of PPR 2008.

## **2.11 KPI 25: Average number of days between final approval and Notification of Award (NOA)**

*Average number of days between final approval and Notification of Award (NOA)* (KPI 25) has emerged from Rule 36 (4) which has been described in Schedule II of PPR 2008. It is generally within seven (7) working days of receipt of the approval but before expiry of the tender or proposal validity date. This has been carefully noticed in compliance monitoring of PPR 2008.

**2.12 KPI 31: Percentage of Contracts having liquidated damage imposed for delayed delivery/completion**

As per Rule 39 (27), the contractor shall be liable to pay liquidated damages at the rate per day or week as specified in the contract for each day of delay from the Intended Completion Date (ICD) of the original contract or extended completion date provided that the total amount of liquidated damages shall not exceed the amount defined in the contract. On the basis of this, KPI 31 (*Percentage of Contracts having liquidated damage imposed for delayed delivery/completion*) has been formulated for studying compliance of PPR 2008.

**2.13 KPI 33: Average number of days taken to release payment from the date of certificate of PM/Engineer**

As a measure of compliance monitoring of PPR 2008, *average number of days taken to release payment from the date of certificate of PM/Engineer* (KPI 33) has been taken under consideration. This KPI 33 has been formulated from Rule 39(22). There it has been specified that the Procuring Entity shall pay the contractor the amounts certified by the Project Manager (PM) within twenty eight (28) days of the Project Manager's issuing a certificate of completion.

**2.14 KPI 35: Percentage of Contracts where interest for delayed payments was made**

Payment of interest is a mandatory requirement of PPR 2008. As a compliance monitoring, it has been looked for whether interest were paid for the delayed payment or not. KPI 35 (*Percentage of Contracts where interest for delayed payments was made*) was solely developed for this.

## **2.15 Delegation of Financial Powers for Development Projects and Sub-delegation**

Delegation of Financial Powers (DoFP) and sub-delegation thereof are important documents closely linked to the PPR 2008. These documents have been issued by the Finance Division of the Ministry of Finance, Government of the People's Republic of Bangladesh. As a part of literature review of the present study, Delegation of Financial Powers has been carefully studied and found out the contract approval capacity of different managers such as Project Director (PD), Head of Procuring Entity (HOPE), Ministry, CCGP etc.

## **2.16 Quarterly reports of LGED**

There is not much literature on the compliance monitoring of PPR 2008 in Bangladesh. In fact, compliance monitoring of PPR 2008 has actually been set in motion after the inception of PPRP II. To do this, four individual consultants have been appointed in four (4) target agencies namely Bangladesh Water Development Board (BWDB), Local Government Engineering Department (LGED), Roads and Highways Department (RHD) and Rural Electrification Board (REB). Another independent consultancy firm, Survey Research Group of Bangladesh (SRGB) has been appointed by CPTU to carry out the monitoring and Evaluation tasks/component of PPRP II.

Like other target agencies, the individual consultant appointed in LEGD from CPTU is keenly monitoring the procurement activities of LGED and submitting the report thereon on quarterly basis. As a part of literature review, these reports have been studied and found that LGED's performance in the line with the agreed 45 KPIs are improving day by day.

### **2.17 Quarterly and half-yearly reports submitted by Survey Research Group Bangladesh (SRGB)**

The consulting firm, SRGB has been appointed as Monitoring and Evaluation consultant in 2010 for PPRP II. Since then, the firm has been submitting reports both on quarterly and half-yearly basis. The firm has been assigned to monitor and evaluate the procurement activities of target agencies in respect of KPIs. The reports submitted by the firm to CPTU have been studied and clear and compared views of the extent of compliance in the target agencies have been found. On reviewing the reports, there shown an upward and down ward performance of the target agencies.



*Chapter 3*  
*Methodology*

# Methodology

## 3.1 Methods of collecting data/Sampling method

A combination of questionnaire survey and interview method was adopted for this study. Survey method was used as this is considered as the best method available to the social scientists interested in collecting original data. Also, the interview method was used as this is helpful to gather clear idea on the issue providing insight into the conversation. Both qualitative and quantitative methods were followed in this study.

Two types of questionnaires were used for this study which is given in the **Appendix C (C-1 and C-2)**. The questionnaire survey was adopted for collecting primary data from different stakeholders related to procurement activities of LGED and having an acquaintance with PPA 2006 and PPR 2008. Before asking for filling the questionnaire, the general idea of the research objectives were exchanged with them. After the exchange of general idea of the research objectives, the questionnaire was given to them. They were requested to fill the questionnaire based on the practical experience they had regarding compliance issues of PPR 2008 in LGED based on KPIs in Questionnaire 1. Both open end and close end questions were set in the questionnaire to reveal the real perception of the respondents. A 5-point Likert scale was set to measure the responses against all KPIs.

For the in-depth study on compliance issues of PPR 2008, Questionnaire 2 was given to 8 (eight) selected projects office of LGED with a general introduction of the research. Here both open and closed ended questions were stipulated for getting the in-depth essence of procurement activities.

For key informant interviews, few senior officers of LGED and IMED were interviewed. They were asked to give their perception in respect of compliance KPIs to monitor the PPRP II project.

### **3.2 Selection of Study Area**

Due to time constraint and convenience of the present study, LGED Head Quarters and Dhaka office were selected for collection of data in the questionnaire one. Also, data for questionnaire two were collected from the Office of the Executive Engineer, LGED, Dhaka. The study was mainly focused on the on-going development projects of LGED under ADP 2012-2013; especially those which are in the middle stage of their implementation were considered for the study, but some procurement information were collected from projects which ended in June 2012. Newly started project where procurement activities is slowly or has not yet started were excluded from the study to get more reliable data.

### **3.3 Study Period**

Survey was conducted at different offices like LGED, Planning Commission, IMED, and TEC members of LGED from Roads and Highways Department (RHD) and Public Works Department (PWD) Dhaka, Bangladesh from 05 August 2012 to 30 August 2012.

### **3.4 Sample Size**

For Questionnaire 1, the respondents were categorized in four different types namely i) LGED's employee, ii) TEC Members, iii) Persons who are dealing with LGED's projects such as officers of IMED, Planning Commission and Local Government Division. As there are numerous people are concerned with LGED's procurement activities, a total of 35 different officers were interviewed with Questionnaire 1.

There are 72 on-going projects of LGED in the ADP 2012-2013. In the last 2011-2012 RADP, the total projects of LGED were 85. From these projects, a total of 8 projects were selected for the compliance study under questionnaire two. These projects were selected randomly on the availability and suitability of the information.

Projects for the study were randomly selected, but there was a representation of projects from the ADP sectors under which LGED is having projects in the ADP.

### **3.5 Data processing and Analysis/Analytical Framework**

As a means of processing, collected data have been cleaned, edited, arranged and coded before statistical analysis. The main statistical analytical tool used in this study was Statistical Package for Social Science (SPSS) to analyze and interpret the subject matter of the study. 5-point Likert scale was used in the questionnaire to categorize the answers for easy analysis. Frequency distribution table and central tendency test have been done to see the findings of the sample. The graphical representations of the answers in the form of 'pie chart' have been given for easy understanding of the responses.

Microsoft Excel has been used for preparing the frequency table & other tables and for constructing pie charts. Microsoft Word has been used for preparing the report.

***Chapter 4***  
***Results and Discussion***

# Results and Discussion

The purpose of this study is to find out the extent of compliance of PPR 2008 by LEGD in its procurement activities. More specifically, the purpose of the study is to assess the gap of compliance and scope of improvement for implementation of PPR 2008 in LGED.

## 4.1 Demographic overview of the respondents

To do this, questionnaire survey has been conducted on the officers mainly from LGED but also from PWD, RHD, IMED and Planning Commission who are relevant and well known about the LGED's procurement. The respondents included in different ranks from different organizations. A summary of the information regarding the respondents different attributes are given in Table 1 below:

**Table 1: Summary of demographic information of the respondents**

<b>Respondent's Attribute/variants</b>	<b>Frequency</b>	<b>Percent</b>
<b><i>Organization</i></b>		
LGED	27	77.1
RHD	1	2.9
PWD	1	2.9
IMED	4	11.4
Planning Commission	2	5.7
Total	35	100.0
<b><i>Designation</i></b>		
Assistant Engineer	4	11.4
Senior Assistant Engineer	10	28.6
Executive Engineer	7	20.0
Administrator/Consultant	11	31.4
Project Director	3	8.6
Total	35	100.0
<b><i>Relevancy with LGED</i></b>		
Employee	14	40.0
TEC Member	10	28.6
Dealing with LGED projects	9	25.7
Others	2	5.7
Total	35	100.0

<b>Respondent's Attribute/variants</b>	<b>Frequency</b>	<b>Percent</b>
<b><i>Education Level</i></b>		
Masters'	17	48.6
Bachelor	17	48.6
Others	1	2.9
Total	35	100.0
<b><i>Training on PPA/PPR 2008</i></b>		
Yes	34	97.1
No	1	2.9
Total	35	100.0

#### 4.2 Overview of the survey questionnaire

The respondents were asked eleven (11) questions regarding compliance of PPR 2008 in LGED's procurement activities. To get their clear perception on the issue, the compliance KPI's of the questionnaire were asked to the respondents in a 5-point Likert scale where as 1 for "Very Poor", 2 for "Poor", 3 for "Neutral", 4 for "Good" and 5 for "Very Good". Frequency distributions for these questions are presented in Table 2 and Table 3 respectively below:

**Table 2: Frequency distribution of the responses for the questions regarding compliance KPIs**

<b>KPI No.</b>	<b>Frequency Distribution (Number)</b>					<b>Total frequency</b>
	<b>Very Poor</b>	<b>Poor</b>	<b>Neutral</b>	<b>Good</b>	<b>Very good</b>	
KPI-6	0	0	0	0	35	35
KPI-11	0	0	0	5	30	35
KPI-13	0	0	0	1	34	35
KPI-14	0	0	2	26	7	35
KPI-19	0	0	2	10	23	35
KPI-20	0	1	0	5	29	35
KPI-21	0	2	4	9	20	35
KPI-25	0	0	0	21	14	35
KPI-31	2	2	5	17	9	35
KPI-33	0	5	22	7	1	35
KPI-35	17	8	5	4	1	35

The percentages of responses for the questions are presented in Table 3 below:

**Table 3: Frequency distribution of the responses in percentages for the questions regarding compliance KPIs**

KPI No.	Frequency Distribution (%)					Total %
	Very Poor	Poor	Neutral	Good	Very good	
KPI-6	0	0	0	0	100	100
KPI-11	0	0	0	14.3	85.7	100
KPI-13	0	0	0	2.9	97.1	100
KPI-14	0	0	5.7	74.3	20.0	100
KPI-19	0	0	5.7	28.6	65.7	100
KPI-20	0	2.9	0	14.3	82.8	100
KPI-21	0	5.7	11.5	25.7	57.1	100
KPI-25	0	0	0	60.0	40.0	100
KPI-31	5.7	5.7	14.3	48.6	25.7	100
KPI-33	0	14.3	62.8	20.0	2.9	100
KPI-35	48.6	22.8	14.3	11.4	2.9	100

The central tendencies, *i.e.*, mean, median, mode and standard deviation of responses are presented in Table 4 below:

**Table 4: Central Tendencies and Standard Deviation of responses of compliance KPIs**

KPI No.	Central Tendency			Standard Deviation
	Mean	Median	Mode	
KPI-6	5.00	5.00	5	0.000
KPI-11	4.86	5.00	5	0.355
KPI-13	4.97	5.00	5	0.169
KPI-14	4.14	4.00	4	0.494
KPI-19	4.60	5.00	5	0.604
KPI-20	4.77	5.00	5	0.598



KPI No.	Central Tendency			Standard Deviation
	Mean	Median	Mode	
KPI-21	4.34	5.00	5	0.906
KPI-25	4.40	4.00	4	0.497
KPI-31	3.83	4.00	4	1.071
KPI-33	3.11	3.00	3	0.676
KPI-35	1.97	2.00	1	1.175

For a clear overview of the responses, graphical representation of the same are demonstrated in pie charts which are presented in Appendix-D.

### 4.3 Overview of the Key Informant Interview

Key informant interview has been conducted with few officials of eight (8) different projects of LGED. Also, the monitoring and evaluation consultant engaged in LGED on behalf of CPTU has been considered as a key informant and interviewed as well. Most the key informants stated that before the introduction of PPR, General Financial Rules (GFR) was applied for the procurement of goods, works and services. The monitoring and evaluation of the then procurement activities were not so structured. Rather, these have been streamlined after the introduction of PPR 2003 and strengthen after PPR 2008.

All the key informants were asked about the compliance of KPIs and expressed that their in-depth opinion was expected for a clear view of the issue, understanding the same and concluding thereof. Also, the key informants were asked about the problems of compliance of PPR 2008 in their respective procurement activities and what they think about best solution of them. The opinion of the key informants were noted down and used for analyzing the findings of the questionnaire survey.

#### **4.4 Findings of the questionnaire survey, analysis and discussion**

While asked the respondents about the compliance issues of PPR 2008 in LGED, the respondents replied in a different ways in different questions. Findings of the survey are discussed below on individual questions basis:

***KPI 6: To me, LGED is maintaining time for ‘publishing Advertisement and Tender submission deadline’***

The perception of the respondents is very much consistent for this question where every respondent (100%) encircled ‘Very good’ option of the questionnaire, *i.e.*, LGED is maintaining the time frame for publishing advertisement and tender submission deadline strictly. No one answered it as ‘good’, ‘neutral’, ‘poor’ or ‘very poor’. This has been shown in Table 3 and graphically expressed in Chart 1. It is assumed that LGED is strictly following the rule as there is no standard deviation among the findings. The mean, median, and mode of the responses are 5.00, 5.00 and 5 respectively. While conducted the key informant interview, the similar results as questionnaire survey were found among the opinions of the interviewee.

According to Rule 61(4) of PPR 2008, the allowable maximum time between publishing of advertisement of an IFT and tender submission deadline depends upon the estimated value of the IFT. The minimum time allowed in this regard is 14 days for Procurement up to 2 (Two) crore taka, 21 days for Procurement of above 2 (Two) crore to 5 (five) crore taka, 28 days for Procurement of above 5 (five) crore taka, 10 days for re-tendering up to 2 (Two) crore take and in other cases 14 days, 42 days for International Tendering and 28 days for re-tendering. From the survey results, it can be said that LGED is strictly following the Rule 61(4) allowing sufficient time in publishing advertisement and tender submission deadline. This

result is supported by the findings of the quarterly report (April-June 2012) submitted to CPTU by the consultant appointed in LGED. LGED took on an average 30 days for this purpose and 97% of the tenders had sufficient tender submission time as reflected in the consultant's report. However, Monitoring and Evaluation consultancy firm, SRG Bangladesh appointed by the CPTU mentioned in its April-June 2012 quarterly report that 24 days on an average (ranging from 23-31days) which is the worse among the four (4) target agencies as BWDB took 22 days and RHD took 19 days on an average.

***KPI 11: To me, in LGED, TOC always consists of at least one member from TEC***

The choice of the respondent were limited in two options: 'Very good' and 'Good' where majority of the respondents (85.7%) answered the question as 'Very good' and rest of them (14.3%) answered it as 'Good'. No one answered it as 'neutral', 'poor' or 'very poor'. This has been shown in Table 3 and graphically expressed in Chart 2. This is meant that LGED is complying the Rule 7 of PPR 2008 in a good manner where Tender Opening Committee (TOC) is always consisted of at least one member from TEC. The standard deviation of the response is 0.355 which means an insignificant effect on the study result. The mean, median and mode of the responses are 4.86, 5.00 and 5 respectively. Key informant interview also shown a similar result.

According to Schedule II [Rule 7] of PPR 2008, Tender Opening Committee (TOC) must include one (1) member from Tender Evaluation Committee (TEC). From the perceptions of the respondents of questionnaire survey and responses of the key informants, it can be said that LGED is complying the Rule 7 of PPR 2008 as the responses are highly positive to this issue. The result of this study has similarity as reported by the consultant appointed by CPTU in LGED. In the quarterly report (April-June 2012) submitted in CPTU, it has been found that

TOC included 1(one) member from Tender Evaluation Committee in 92% of cases. However, SRGB's report in April-June 2012 quarter indicates that TOC included one member from TEC in 100% of cases signifying that LGED is serious about complying this mandatory requirement of PPR 2008. This is similar with all other target agencies of CPTU.

***KPI 13: To me, LGED followed the rule of including Two external members for TEC.***

Like the earlier question, the respondent kept themselves limited in answering this question in two options: 'Very good' and 'Good'. The majority of the respondents (97.1%) choose 'Very good' while the rest of them (2.9%) choose 'Good' to answer the question. No one answered it as 'neutral', 'poor' or 'very poor'. This has been shown in Table 3 and graphically expressed in Chart 3. The standard deviation of the response is 0.169 which means an insignificant effect on the study result. It indicates that LGED is complying the Rule 8 of PPR 2008 very minutely and always including two external members in the Tender Evaluation Committee. The mean, median and mode of the responses are 4.97, 5.00 and 5 respectively. While conducted the key informant interview, the similar results were found among the opinions of the interviewee.

According to Schedule II [Rule 8] of PPR 2008, Tender Evaluation Committee (TEC) must include two (2) external members outside the Ministry of procuring entity except in the case of low value purchase. From the perceptions of the respondents in the questionnaire survey, it is observed that LGED has gradually become more conscious about compliance of the requirement of PPR 2008. The findings of this question have been supported by the reported of the CPTU appointed consultant's reports in LGED. In the quarterly report (April-June 2012) submitted in CPTU, it has been found that in LGED, TEC included 2(two) external

members in 100% of tenders. This has also been supported by the SRGB's report (April-June 2012) where it has been mentioned that in 100% of the tenders of LGED two external members from outside the Local Government Division were included in TEC. It indicates the keenness of LGED about complying the Rule 8 of PPR 2008.

***KPI 14: To me, LGED followed standard time between tender opening and tender valuation***

In response to this question, the majority (74.3%) of the respondent have given their opinion as 'Good' while 20% reported as 'Very good' and the rest 5.7% shown 'Neutral' response to the question. No one answered it as 'poor' or 'very poor'. This has been shown in Table 3 and graphically expressed in Chart 4. The mean, median and mode of the responses are 4.14, 4.00 and 4 respectively. The standard deviation of the response is 0.494 which means an insignificant effect on the study result. It indicates that LGED is complying the Rule 36 of PPR 2008 keenly following standard time between tender opening and tender valuation. Key informant interviews also reflected in the similar manner.

According to Schedule III<sup>3</sup> [Rule 8(14), Rule 36], 2 weeks & 3 weeks time is allowed for evaluation where Approving Authority is PD or authorized officer (XeN) & HOPE respectively. The present study result on this issue indicated that LGED is following standard time between tender opening and tender valuation keenly. In most of the cases, the time required for Tender evaluation is within the time limit or slightly higher the threshold limit as mentioned in PPR'08. In the April-June 2012 quarter, it took 13 days on average for evaluation of tenders (days between tender opening and completion of evaluation) as reported by the consultant. This has been

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<sup>3</sup> Schedule III in Annexure 1

supported by SRGB's report (April-June 2012) where it was within the threshold limit. This is to be mentioned here as stated in SRGB's report that LGED is the best performer among the target agencies in compliance of this issue.

***KPI 19: To me, LGED followed standard time between submission and approval of Tender Evaluation Report (TER)***

This is one of the important questions to which the respondents have shown their responses in three ways: 'Very good', 'Good' and 'Neutral'. The majority of the respondents (65.7%) choose 'Very good' while 28.6% reported as 'Good' and the rest 5.7% shown 'Neutral' response to the question. No one answered it as 'poor' or 'very poor'. This has been shown in Table 3 and graphically expressed in Chart 5. The mean, median, mode and standard deviation of the responses are 4.6, 5.00, 5 and 0.604 respectively. While conducted the key informant interview, the similar results were found among the opinions of the interviewee.

According to the provisions of PPR 2008, timeline has been specified for completion of approval of TERs by the respective Contract Approving Authority (CAA) delegated with proper financial powers. As per schedule III & [Rule 8(14), Rule 36(6)], 1 week & 2 weeks time is allowed for approval of contract where Approving Authority is PD or authorized officer (XeN) & HOPE, Ministry and CCGP. From the results of this study, it indicates that LGED is complying this regulatory requirement in a fairly good basis, i.e., the average number of days taken between submission of tender evaluation report and approval of contract is within the threshold limit. In the consultant's April-June 2012 quarter's report, it has been stated that 78% of cases of contract award decision were made within timeline and on an average it took 11 days. However, SRGB's report indicates that LGED took a maximum of 6 days for this task which is the second highest among the four target agencies. This actually varies in different quarters, as found from the consultant's and SRGB's reports.

***KPI 20: To me, in LGED, tenders are approved by proper CAA with DFP***

In response to this question, the majority (82.8%) of the respondent have given their opinion as 'Very good' while 14.3% reported as 'Good' and the rest 2.9% shown 'Poor' response to the question. No one answered it as 'Neutral' or 'Very poor'. This has been shown in Table 3 and graphically expressed in Chart 6. The mean, median, mode and standard deviation of the responses are 4.77, 5.00, 5 and 0.598 respectively. Similar results were found among the opinions of the interviewee while conducted the key informant interview.

Delegation of Financial Powers is a document issued by the Finance Division of Ministry of Finance. As per Rule 36 of PPR 2008, this delegation has to be followed strictly for the approval of the contracts. From the responses of the questionnaire survey, it has been indicated that LGED is very much keen in following this Rule of PPR 2008. This is also supported by the consultant's April-June 2012 quarter report where it has been stated that 96% of tenders have been approved by the proper financial delegated authority while 4% of tenders have been approved by higher tier than the Contract Approving Authority (CAA). However, SRGB's report (April-June 2012) indicates that LGED 87% of tenders have been approved by proper CAA which is more or less similar with other target agencies.

***KPI 21: To me, in LGED, TEC submits TER directly to the CAA***

The perceptions of the respondents on this question in this question varied from 'Very good' to 'Poor' with a maximum frequency (57.1%) to the option 'Very good' while the minimum (5.7%) to 'Poor'. The other 25.7% respondents choose 'Good' and 11.5% remain 'Neutral' in their opinion. However, no 'Very poor' answer was received. This has been shown in Table 3 and graphically expressed in Chart 7. The mean, median, mode and standard deviation of the

responses are 4.34, 5.00, 5 and 0.906 respectively. While talked to the key informants, similar results revealed.

As per Rule 36(3) of PPR 2008, TEC should submit the Tender Evaluation Report (TER) directly to the Head of the Procuring Entity (HOPE) or the Project Director, Project Manager, or the authorized officer, as the case may be, for approval. In response to this key requirement of PPR 2008, though majority of the respondent's perception is 'Very good', but it can be said that LGED is complying this rule in a fairly basis as there some respondents choose 'Poor' option. This has been supported by the consultant's April-June 2012 quarter report where it has been mentioned that only 10% of cases, TEC submitted Tender Evaluation Report directly to the Contract Approving Authority. However, SRGB reported (April-June 2012) that 99% of TERs were submitted directly to the appropriate CAA which is major variation with the present findings. SRGB also mentioned that RHD had a 100% compliance with this requirement of PPR 2008 in April-June 2012 quarter.

***KPI 25: To me, in LGED, timeline between approval of TER and issuance of NOA is followed properly.***

In response to this question, the choices of the respondents were limited in two options: 'Very good' and 'Good' where majority of the respondents (60%) answered the question as 'Good' and rest of them (40%) answered it as 'Very good'. No one answered it as 'neutral', 'poor' or 'very poor'. This has been shown in Table 3 and graphically expressed in Chart 8. The mean, median, mode and standard deviation of the responses are 4.40, 4.00, 4 and 0.497 respectively. Key informant interview also revealed similar results.



According to Schedule II [Rule 36(4)] and Schedule III [Rule 8(14)], within 1 week after the approval of the approving authority, Notification of Award (NOA) should be issued. In response to this requirement of PPR 2008, the present study indicates that LGED is very much keen to comply with this timeline. As mentioned in the consultant's April-June 2012 quarter report, it was taken 7 days for issuance of NOA after approval of TER. This has been strengthened with the findings of SRGB in the April-June 2012 quarter's report where it was mentioned as 5 days. Thus, it can be said that LGED is complying the requirement of PPR 2008 fully in this regard.

***KPI 31: To me, in LGED, liquidated damage clause is imposed in the contracts where applicable as per Rule 39 (27)***

This is the question where the respondents covered all the options in their perceptions, from 'Very good' to 'Very poor'. Though majority of them (48.6%) answered the question as 'Good', there were other groups too as 'Very good' (25.7%), 'Neutral' (14.3%), 'Poor' 5.7% and 'Very poor' 5.7%. This has been shown in Table 3 and graphically expressed in Chart 9. Thus, there is an overall positive response to the question meaning. The mean, median, mode and standard deviation of the responses are 3.83, 4.00, 4 and 1.071 respectively. However, while interviewed the key informants, the majority shown a negative response in that liquidity damage clause is not often included in the contracts.

As per Rule 39 (27) of PPR 2008, it is mandatory to include the liquidated damage clause in the contracts where applicable. The present questionnaire survey though indicates an overall positive result towards imposing liquidated damage clause in the contract; however, the key informants' interview does not comply with this. While discussion the same, they informed that actually liquidated damage clause is there in the contracts, but as the contractor are not paid regularly for their bills because of shortage of fund, liquidated damage is not applied.

Individual consultant's report for April-June 2012 quarter also indicates that no liquidated damage had imposed for delayed delivery/completion in that quarter. SRGB in its April-June 2012 quarters' report has also mentioned the similar findings as the individual consultant that no liquidated damage was imposed on any of the defaulters. Thus, it can be concluded that LGED is not complying the Rule 39 (27) of PPR 2008.

***KPI 33: To me, in LGED, contractor payment is timely disbursed as per Rule 39 (22)***

In response to this question, the respondents had shown a mixed response of their perceptions. Majority (62.8%) of them remain 'Neutral' in their opinion while the second largest group (20.0%) was in favor of the opinion 'Good'. Among others, 14.3% respondents shown their perception as 'Poor' while the rest 2.9% only replied as 'Very good'. There was no one answered the question as 'Very poor'. This has been shown in Table 3 and graphically expressed in Chart 10. The mean, median, mode and standard deviation of the responses are 3.11, 3.00, 3 and 0.676 respectively. While talked with the key informants, there found a perception that contractor's payment is timely disbursed.

According to Schedule II [Rule 39(22)], the Procuring Entity shall pay the contractor the amount certified by the Project Manager within 28 days from the date of certificate of PM/ Engineer. As seen from the questionnaire survey of the present study, the majority remains neutral in their perception; the key informants were asked the same to explain in a broad aspect. It was then found that most of them argue that payment is not made with the stipulated time. However, there found a gap in understanding about the submission of bill by the contractor and the payment of the same and many of them started to count the date from submission of bill. The days should actually be counted from the certificate issue date by the project

manager and thus the findings was somewhat distorted. The individual consultant's April-June 2012 quarter report indicates that payments were settled within 4 days. In April-June 2012 quarter the time has further reduced to 1.90 days as stated by SRGB. This indicates the promptness of releasing payment in LGED. However, it needs further close study carefully.

***KPI 35: To me, in LGED, interest is paid for delayed payment regularly***

This is the question where the majority (48.6%) of the respondents shown a 'Very poor' as their perception. The second largest group (22.8%) was in favor of the 'Poor' opinion while 14.3% remain 'Neutral' in their perception. However, 11.4% stated their perception to this question as 'Good' and the rest 2.9% was in favor of 'Very good' option. This has been shown in Table 3 and graphically expressed in Chart 11. The mean, median, mode and standard deviation of the responses are 1.97, 2.00, 1 and 1.175 respectively. Key informant interview also revealed similar results as questionnaire survey.

Payment of interest for delayed payment is a mandatory requirement of PPR 2008. However, from the present study, it can be said that LGED is not paying any interest for a delayed payment. This has been concluded from the survey result where majority (more than 70%) respondent's perception is 'Poor' in this regard. While conducting key informant interview, the respondents expressed their opinion candidly that as there no provision of sufficient fund in the contract, the contractors never paid for a delayed payment. The individual consultant's April-June 2012 quarter report indicates that no interest had been paid for delayed payments. SRGB's report in this regard states that neither agencies including LGED paid interest to the contractors for a delayed payment. This is clearly a violation of the PPR 2008 and improvement is needed in this area.

***Chapter 5***  
***Conclusion and***  
***Recommendation***

# Conclusion and Recommendations

## 5.1 Conclusion

Compliance monitoring of PPR 2008 is a vital issue for insuring good standards and value for money in the public procurement. The PPRP II has added a new dimension in the field of monitoring in the sense that it envisages to assess the compliance of the provisions of PPA-2006 and PPR-2008. This has made a shift from the existing approach and methods in dealing with procurement using public funds. Though awareness to some extent about PPA 2006 and PPR 2008 has already been developed within the officials and staffs of LGED through mandatory application of PPR 2008 in practice and training, it will certainly take some time to get momentum of the reform activities.

The present study results both in the form of questionnaire survey and key informant interviews, shows a clear adherence to the rules of PPR 2008 in LGED in carrying out most of the compliance related KPIs. The individual consultant's report as well as SRGB's report related also shows a clear indication of compliance of PPR 2008 in LGED. Though varied in different quarters of the years, however it shows a gradual improvement since starting of monitoring.

In respect of KPI 6 (Average number of days between publishing of advertisement and Tender submission deadline), KPI 11 (Percentage of cases TOC included at least ONE member from TEC), KPI 13 (Percentage of cases TEC included Two external members outside the Ministry or Division), KPI 14 (Average number of days between Tender opening and completion of evaluation), KPI 19 (Average number of days taken between submission of Tender Evaluation Report and approval of contract) and KPI 20 (Percentage of Tenders approved by the proper financial delegated authority) and KPI 25 (Average number of days

between final approval and Notification of Award (NOA)), LGED is doing fine. Yet there is scope and need for improvement in these areas as to have a 100% compliance of PPR 2008. However, LGED's performance in the areas of KPI 21 (Percentage of cases TEC submitted report directly to the Contract Approving Authority where Approving Authority is HOPE or below), KPI 31 (Percentage of Contracts having liquidated damage imposed for delayed delivery/completion), KPI 35 (Percentage of Contracts where interest for delayed payments was made) are not satisfactory and needs to improve these to a great extent. Moreover, compliance of KPI 33 (Average number of days taken to release payment from the date of certificate of PM/ Engineer) need to investigate more cautiously as there are ambiguity among the findings of present study, individual consultants reports and SRGB's report.

## **5.2 Recommendations**

From the present study, it is seen that in LGED PPR 2008 is being complied with nearly 100%. This is purely seen from the view point of compliance KPIs which are only 11 out of 45 key procurement performance indicators. For further improvement, following recommendations are drawn based on the study:

- Instead of traditional procedure, submission of TER directly to the Contract Approving Authority where Approving Authority is HOPE or below, should be practiced properly to ensure the compliance of Rule 36(3) of PPR 2008. The TEC should be empowered and every member of the TEC should have an understanding of this regulatory requirement. Proper mechanism should be developed within LGED so that it can be complied.
- Tender should be floated only after having availability of sufficient fund. This would ensure the timely payment to the contractor [Rule 39 (22)]

- Liquidated damage clause to be properly applied as per Rule 39 (27) of PPR 2008. The amount of liquidated damage per day or per week should be calculated on the basis of approximate real monetary loss for delay, not just on the basis of blind guessing. Compensation event needs to be properly incorporated in the tender document so that contractors can get appropriate compensation if the situation arises so.
- Provision for payment of interest in case of delayed payment should be kept in the contract and implemented accordingly so that the rights of the contractor can be protected

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# *Appendices*


## Key Performance Monitoring Indicators

Sl. No.	Indicator Category	Process Indicator	KPI No.	Performance Data
1	<b>Invitation for Tender</b>	Advertisement of Tender opportunities in Newspaper	1	Percentage of Invitation for Tender (IFT) published in Newspaper
		Advertisement of Tender opportunities in CPTU's website	2	Percentage of Invitation for Tender (above threshold) advertised in CPTU's website
		Tenders following GoB Procurement Rules	3	Percentage of Tenders following GoB Procurement Rules
		Tender following Development Partner Rules	4	Percentage of Tenders following Development Partner Rules
2	<b>Tender Submission</b>	Multiple locations submission Tenders	5	Percentage of Tenders allowed to submit in multiple locations
		Tender preparation time in Open Tendering Method	6	Average number of days between publishing of advertisement and Tender submission deadline
		Tender time compliance	7	Percentage of Tenders having sufficient tender submission time
		Sale of Tender documents	8	Average number of Tenderers purchased Tender Documents
		Tenderer Participation	9	Average number of Tenderers submitted Tenders
		Tenderer Participation Index	10	Ratio of number of Tender submission and number of Tender document sold
3	<b>Tender Opening Committee (TOC) and Tender Evaluation Committee (TEC)</b>	Tender Opening Committee formation	11	Percentage of cases TOC included at least ONE member from TEC
		Tender Evaluation Committee formation	12	Percentage of cases TEC formed by Contract Approving Authority
		External member in TEC	13	Percentage of cases TEC included Two external members outside the Ministry or Division

<b>Sl. No.</b>	<b>Indicator Category</b>	<b>Process Indicator</b>	<b>KPI No.</b>	<b>Performance Data</b>
4	<b>Tender Evaluation</b>	Tender evaluation time	14	Average number of days between Tender opening and completion of evaluation
		Compliance of Tender evaluation time	15	Percentage of cases Tender evaluation has been completed within timeline
		Tender Acceptance	16	Average number of responsive Tenders
		Re-Tenderding	17	Percentage of cases TEC recommended for Re-Tenderding
		Tender Cancellation	18	Percentage of cases where Tender process cancelled
5	<b>Tender Evaluation Report (TER) approval</b>	Tender Evaluation Approval time	19	Average number of days taken between submission of Tender Evaluation and approval of contract
		Compliance of financial delegation	20	Percentage of Tenders approved by the proper financial delegated authority
		Submission of evaluation report to appropriate authority	21	Percentage of cases TEC submitted report directly to the Contract Approving Authority where Approving Authority is HOPE or below
		TER approval compliance	22	Percentage of cases contract award decision made within timeline by Contract approving Authority after submitting Tender evaluation report
		Additional review of TER	23	Percentage of cases TER reviewed by person/ committee other than the Contract Approving Authority
		Higher tier approval	24	Percentage of Tenders approved by higher tier than the Contract Approving Authority
6	<b>Contract Award</b>	Time for issuance of NOA to Tenderder	25	Average number of days between final approval and Notification of Award (NOA)
		Tender processing lead time	26	Average number of days between Tender opening and Notification of award (NOA)

<b>Sl. No.</b>	<b>Indicator Category</b>	<b>Process Indicator</b>	<b>KPI No.</b>	<b>Performance Data</b>
		Total Tender processing time	27	Average number of days between Invitation for Tender (IFT) and Notification of Award
		Publication of award information	28	Percentage of Contract awards published in CPTU's website
		Efficiency in Contract Award	29	Percentage of contracts awarded within initial Tender validity period
7	<b>Delivery/ Completion</b>	Delivery time	30	Percentage of Contracts completed/ delivered within the original schedule as mentioned in the contract
		Liquidated damage	31	Percentage of Contracts having liquidated damage imposed for delayed delivery/completion
		Completion rate	32	Percentage of Contracts fully completed and accepted
8	<b>Payment</b>	Payment release compliance	33	Average number of days taken to release payment from the date of certificate of PM/ Engineer
		Late payment	34	Percentage of cases (considering each installment as a case) with delayed payment
		Interest paid for delayed payment	35	Percentage of Contracts where interest for delayed payments was made
9	<b>Complaints</b>	Tender procedure complaints	36	Percentage of Tender procedures with complaints
		Resolution of complaints with award modification	37	Percentage of complaints resulting in modification of award
		Resolution of complaints	38	Percentage of cases complaints have been resolved
		Independent Review Panel	39	Percentage of cases review panel's decision upheld
10	<b>Contract amendments</b>	Contract Amendment/ variation	40	Percentage of contract amendments/variations
11	<b>Contract dispute resolution</b>	Unresolved Disputes	41	Percentage of Contracts with unresolved disputes

<b>Sl. No.</b>	<b>Indicator Category</b>	<b>Process Indicator</b>	<b>KPI No.</b>	<b>Performance Data</b>
12	<b>Fraud &amp; Corruption</b>	Fraud & Corruption	42	Percentage of cases Fraud & Corruption detected
13	<b>Procurement Management Capacity</b>	Procurement training	43	Average number of trained procurement staff in each procuring entity
			44	Percentage of procuring entity which has at least one trained/ certified procurement staff
			45	Total number of procurement persons in the organization with procurement training

 Shaded KPI's are Compliance KPIs

## Compliance Key Performance Indicators (KPI) for PPR 2008

Serial No.	KPI No.	Description of KPI	Related Rules of PPR 2008
1.	6	Average number of days between publishing of advertisement and Tender submission deadline	Rule 61(4), 64(5), Schedule II
2.	11	Percentage of cases TOC included at least ONE member from TEC	Rule 7, Schedule II
3.	13	Percentage of cases TEC included Two external members outside the Ministry or Division	Rule 8, Schedule II
4.	14	Average number of days between Tender opening and completion of evaluation	Rule 8 (14), 36(6), Schedule III
5.	19	Average number of days taken between submission of Tender Evaluation Report and approval of contract	Rule 8 (14), 36(6), Schedule III
6.	20	Percentage of Tenders approved by the proper financial delegated authority	Rule 36, Delegation of Financial Power
7.	21	Percentage of cases TEC submitted report directly to the Contract Approving Authority where Approving Authority is HOPE or below	Rule 36(3)
8.	25	Average number of days between final approval and Notification of Award (NOA)	Rule 8 (14), 36(4), Schedule II, Schedule III
9.	31	Percentage of Contracts having liquidated damage imposed for delayed delivery/completion	Rule 39(27)
10.	33	Average number of days taken to release payment from the date of certificate of PM/ Engineer	Rule 39(22), Schedule II
11.	35	Percentage of Contracts where interest for delayed payments was made	TDS/GCC



**Institute of Governance Studies (IGS)  
BRAC University**

## Survey Questionnaire

### Research Topic: *Compliance of PPR 2008: A study on LGED based on KPIs*

This is a survey questionnaire for conducting a case study to find out how the compliance KPIs are being practiced in LGED's ongoing selected projects. The aim of this research is to find out the extent of compliance of PPR 2008 in LGED and if there any hindrance to follow PPR 2008. It is a part of academic necessity for the **Masters in Procurement and Supply Management** in the Institute of Governance Studies (IGS), BRAC University. Your honest response is valuable for the researcher. The researcher assures you that the information given by you will be kept confidential & will be used only for the academic purpose.

#### Part A: Respondent's Profile [Please encircle (○) where appropriate]

1.	Name of the respondent	:						
2.	Designation	:						
3.	Name of the organization	:						
4.	Job Experience (years)	:	<5	5-10	11-15	15-20	20-25	>25
5.	Relevancy with LGED (Pls Tick one)	:	Employee	TEC Member	Dealing with LGED's projects		Others (specify pls)	
6.	Educational qualification (Last degree obtained)	:						
7.	Do you have training on PPA and PPR 2008?	:	Yes / No.					

**Part B:** The following statements ask you about **LGED's practices of the KPIs as compliance of PPR 2008**. Please circle (O) only one number that best reflects your opinion on the following 5 points scales (1= *Very Poor*, 2= *Poor*, 3= *Neutral*, 4= *Good*, 5= *Very Good*).

KPI No.	KPIs practices in LGED	Scale 1 to 5				
KPI-6	To me, LGED is maintaining time for 'publishing Advertisement and Tender submission deadline'.	1	2	3	4	5
KPI-11	To me, in LGED, TOC always consists of at least one member from TEC.	1	2	3	4	5
KPI-13	To me, LGED followed the rule of including Two external members for TEC.	1	2	3	4	5
KPI-14	To me, LGED followed standard time between tender opening and tender valuation.	1	2	3	4	5
KPI-19	To me, LGED followed standard time between submission and approval of Tender Evaluation Report (TER)	1	2	3	4	5
KPI-20	To me, in LGED, tenders are approved by proper CAA with DFP	1	2	3	4	5
KPI-21	To me, in LGED, TEC submits TER directly to the CAA.	1	2	3	4	5
KPI-25	To me, in LGED, timeline between approval of TER and issuance of NOA is followed properly.	1	2	3	4	5
KPI-31	To me, in LGED, liquidated damage clause is imposed in the contracts where applicable as per Rule 39 (27)	1	2	3	4	5
KPI-33	To me, in LGED, contractor payment is timely disbursed as per Rule 39 (22)	1	2	3	4	5
KPI-35	To me, in LGED, interest is paid for delayed payment regularly.	1	2	3	4	5

Signature (optional)

**Institute of Governance Studies (IGS)  
BRAC University**

**Survey Questionnaire**

**Research Topic: *Compliance of PPR 2008: A study on LGED based on KPIs***

*This is a survey questionnaire for conducting a case study to find out how the compliance KPIs are being practiced in LGED's on-going selected projects. The aim of this research is to find out the extent of compliance of PPR 2008 in LGED and if there any hindrance to follow PPR 2008. It is a part of academic necessity for the **Masters in Procurement and Supply Management** in the Institute of Governance Studies (IGS), BRAC University. Your honest response is valuable for the researcher. The researcher assures you that the information given by you will be kept confidential & will be used only for the academic purpose.*

**Part A: Demographic information**

1. Name of the respondent :
2. Designation :
3. Job Experience (years) :
4. Name of the project :
5. Location :
6. Project cost (*Tk. in crore*) : Total:                      GoB:                      PA:

**Part B: Opinion about compliance of PPR 2008. Please provide your candid opinion regarding the following questions:**

1. To what extent PPR 2008 is followed in your project/LGED you think?
2. What are the main hindrances for complying PPR 2008 in your project/LGED?
  - i)
  - ii)
  - iii)
  - iv)
3. Please mention your proposal to tackle the hindrances stated above
4. What improvements/amendments you think need to make the PPR 2008 more effective in use?

**Part C:** The following questions are based on the compliance KPIs for monitoring of PPR 2008 to evaluate practices in your project. Please encircle (○) where appropriate

Please provide at least 10 (ten) tenders/packages information separately according to the following table.

1.	Tender/Package No	:				
2.	Tender Type	:	Open	Limited	Quotation	others ( <i>pls specify</i> )
3.	Tender/Package Name	:				
4.	Tender value ( <i>Tk. in lakh</i> )	:				
5.	Date of publication of Invitation for Tender (IFT)	:				
6.	Last Date of Submission:	:				
7.	Date of Tender Opening	:				
8.	Is the Tender Opening Committee (TOC) included at least one member from TEC?	:	Yes / No. If No, then why?			
9.	Is the Tender Evaluation Committee (TEC) included two external members?	:	Yes / No. If No, then why?			
10.	Date of Submission of Tender Evaluation Report (TER)	:				
11.	Date of Approval of TER	:				
12.	Who approved the TER/tender as per DoFP?	:	PD	HOPE	Ministry	CCGP
13.	What was the route of submission of TER by the TEC to CAA?	:	Directly to CAA	Via PD	Via Hope	Via Ministry
14.	Date of issuance of NOA:	:				
15.	Is the Liquidated Damage imposed in the contract?	:	Yes / No. If yes, how much?			
16.	Number of days taken to release the payment	:				
17.	Is the payment delayed?	:	Yes / No. If yes, is the contractor paid any interest for the delayed payment? Yes / No.			

Signature (optional)

Chart 1: Responsiveness to KPI 6

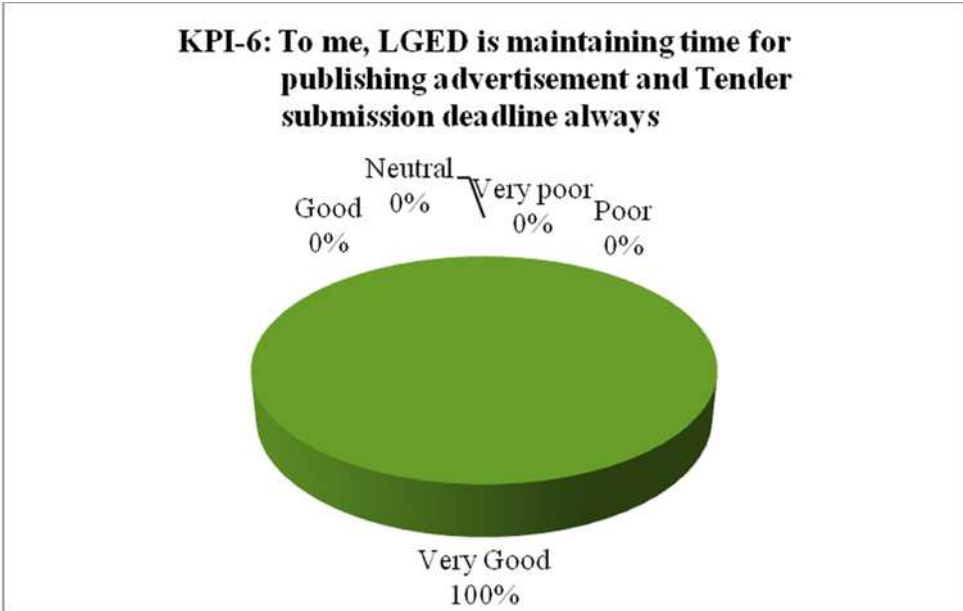
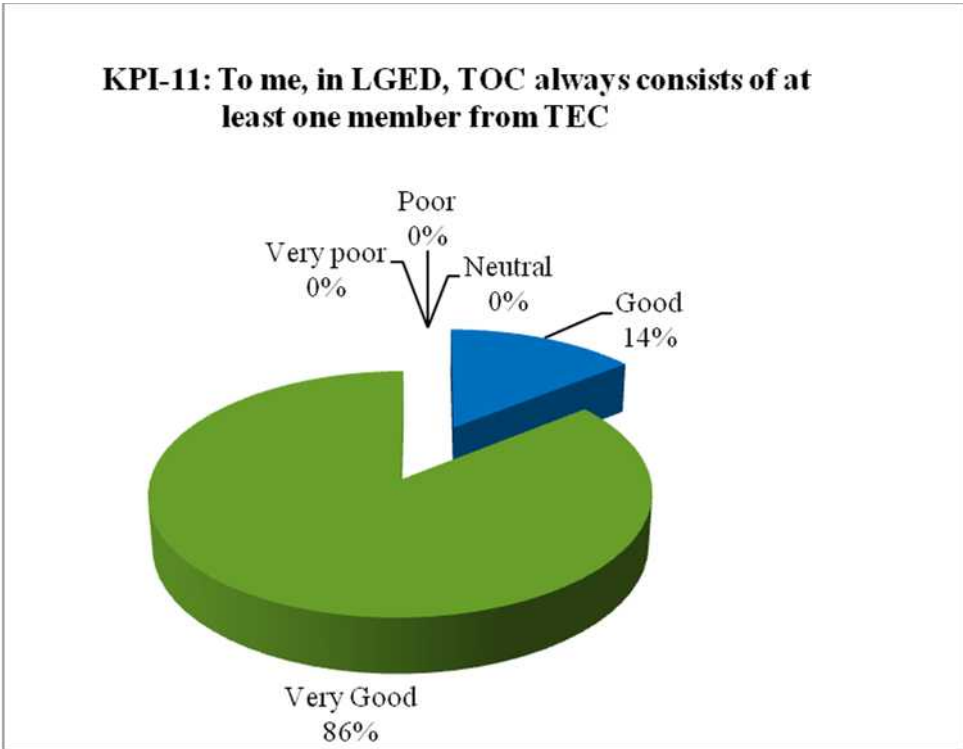
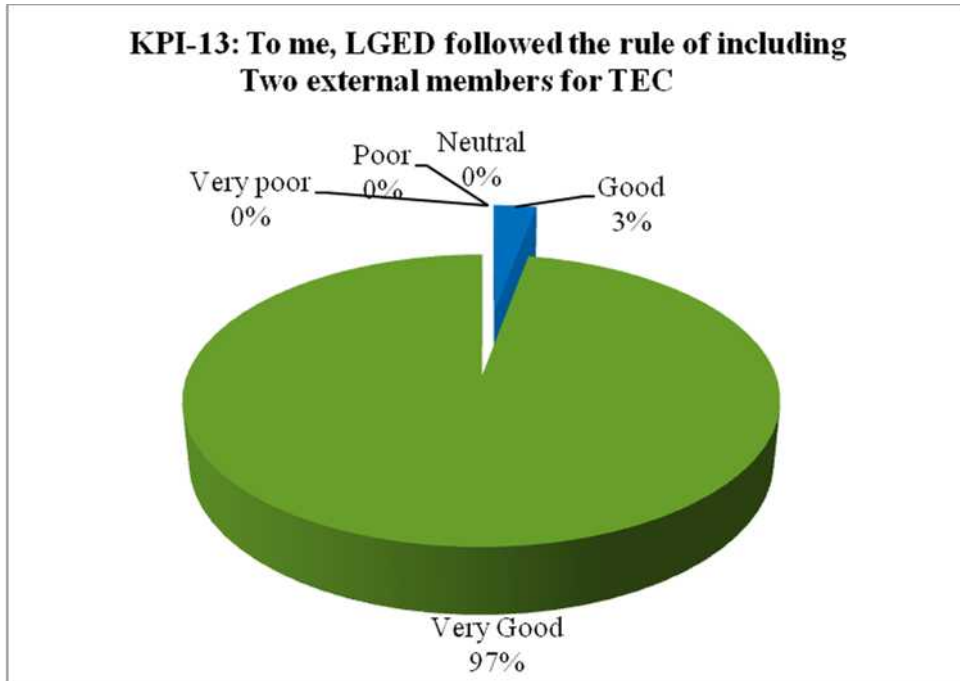


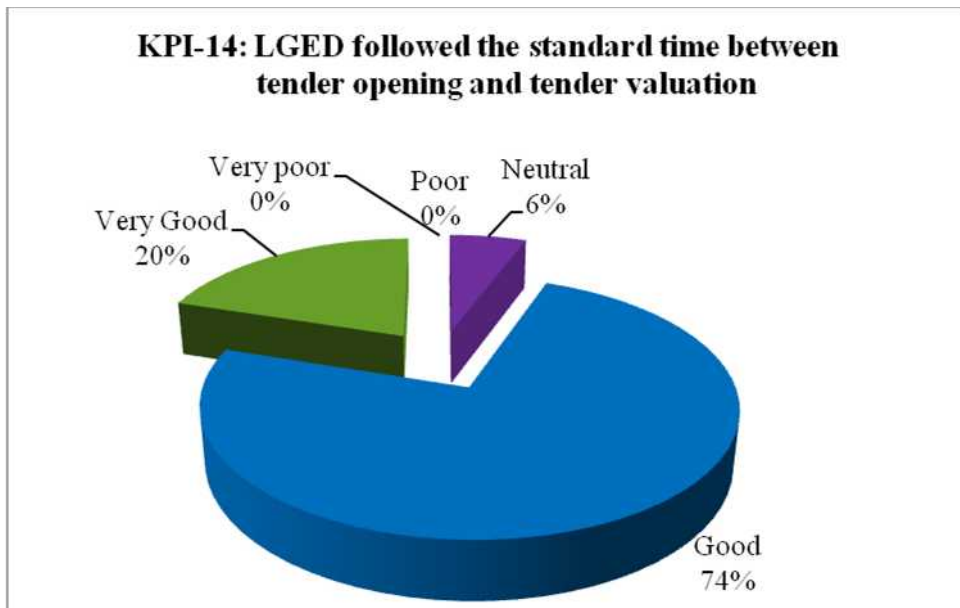
Chart 2: Responsiveness to KPI 11



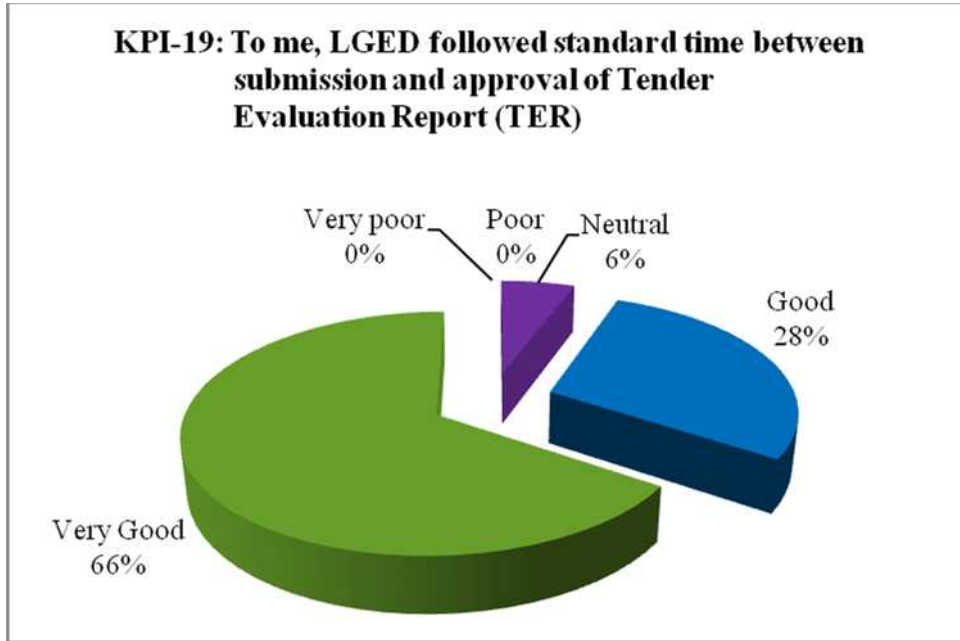
**Chart 3: Responsiveness to KPI 13**



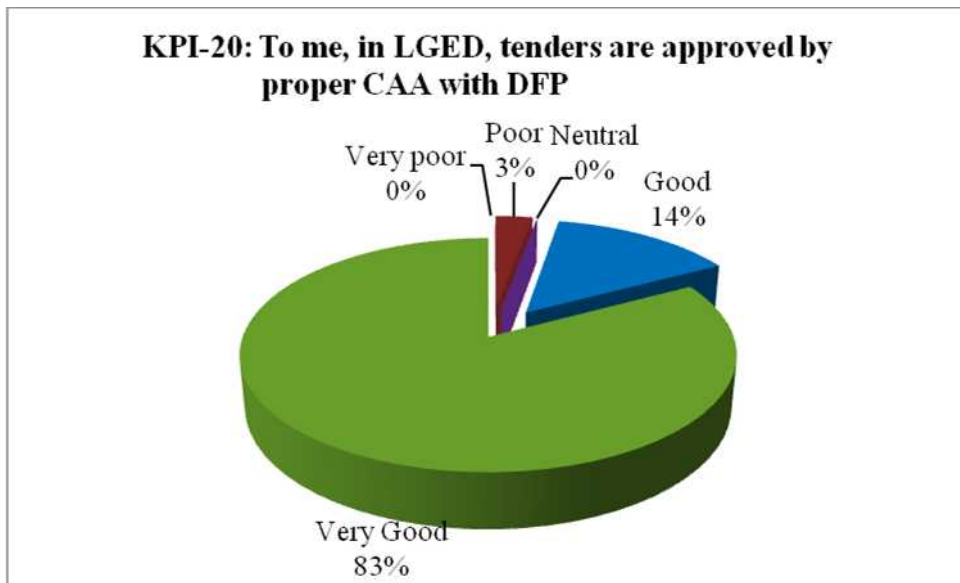
**Chart 4: Responsiveness to KPI 14**



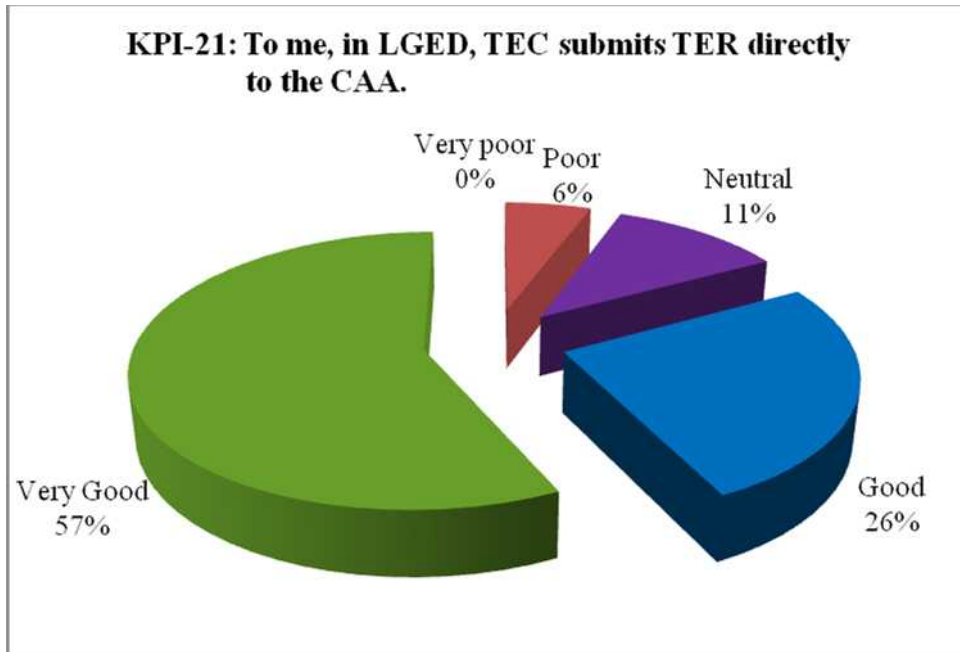
**Chart 5: Responsiveness to KPI 19**



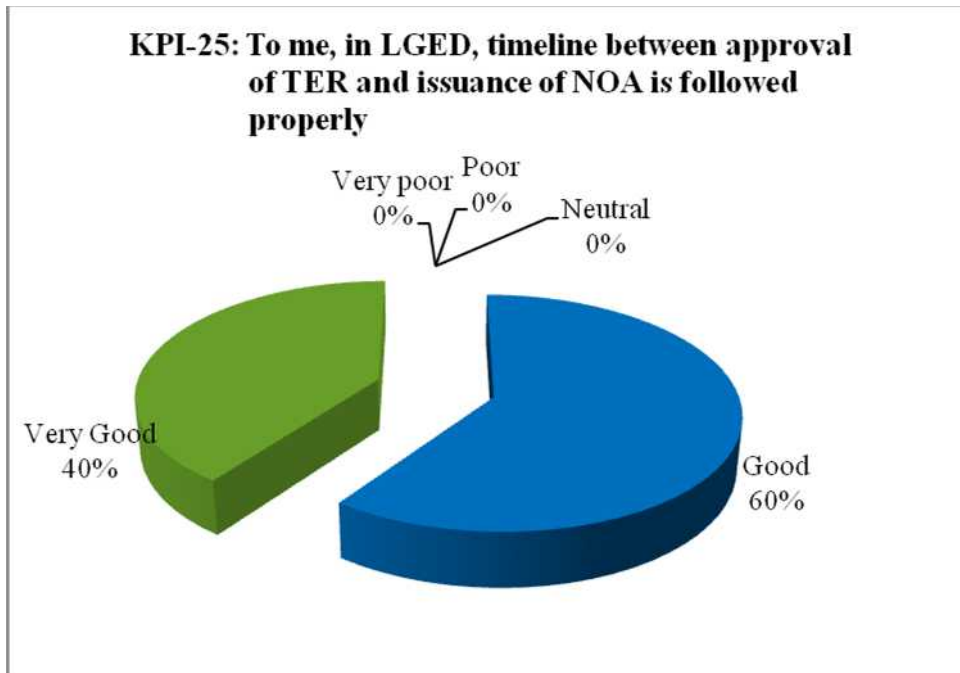
**Chart 6: Responsiveness to KPI 20**



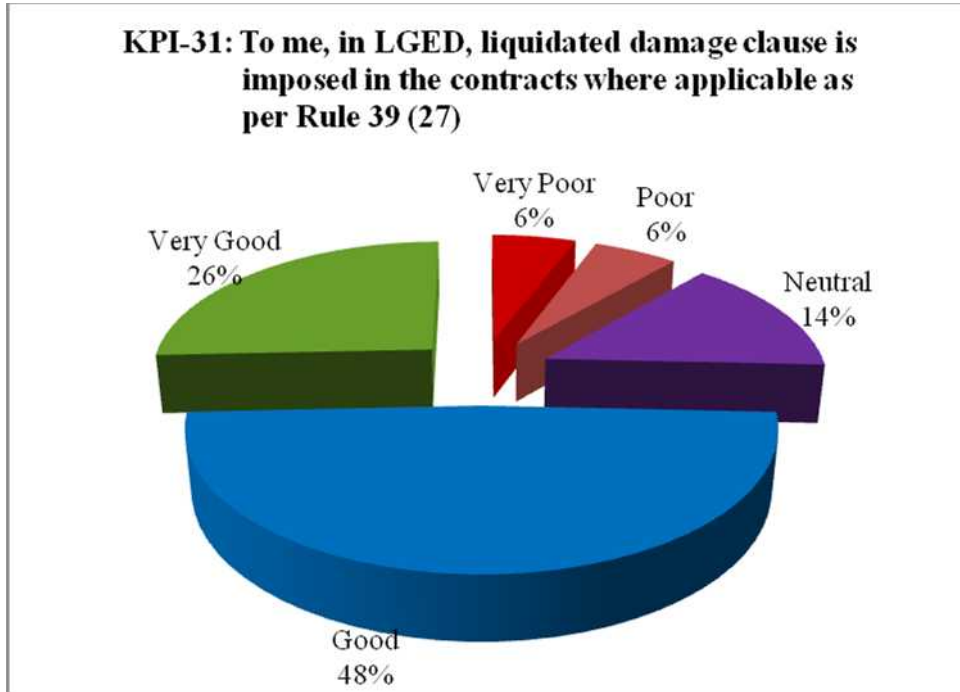
**Chart 7: Responsiveness to KPI 21**



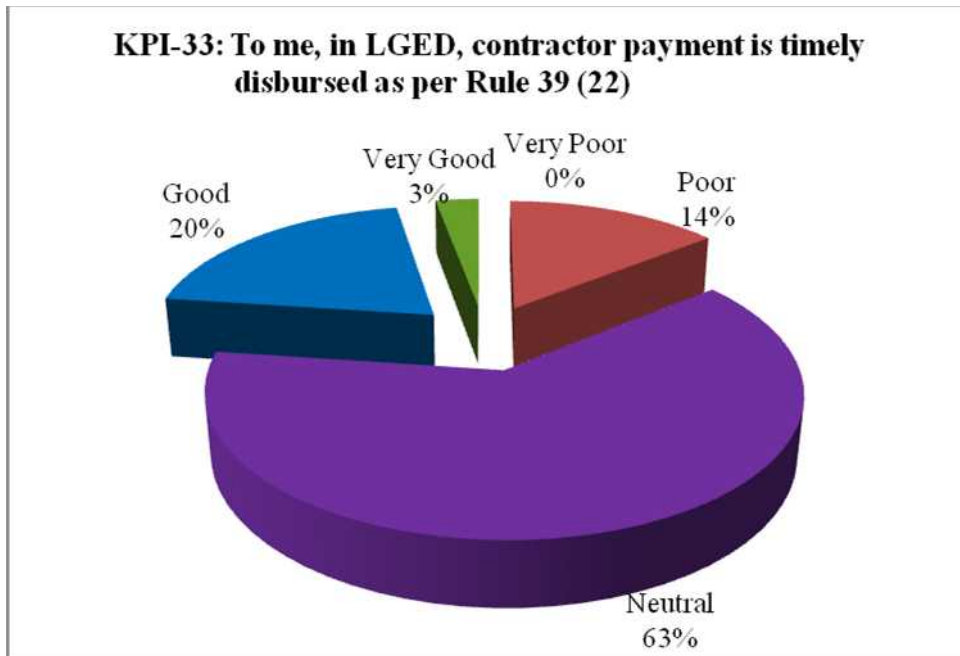
**Chart 8: Responsiveness to KPI 25**



**Chart 9: Responsiveness to KPI 31**

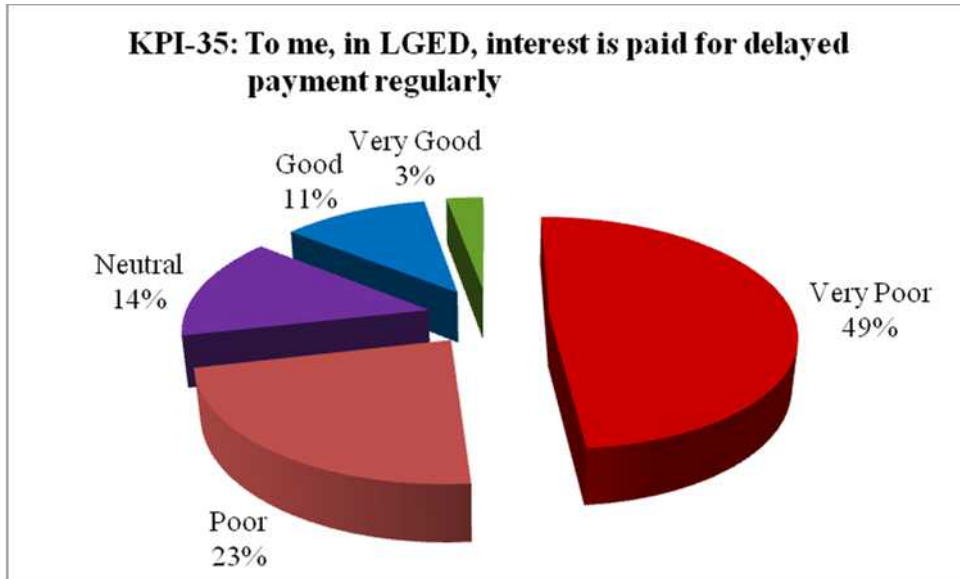


**Chart 10: Responsiveness to KPI 33**





**Chart 11: Responsiveness to KPI 35**



# *Annexure*

**SCHEDULE- III**  
Part-A : [Rule 8(14)]  
**Procurement Processing and Approval Timetable )**

Approval Approving Authority	Technical Sub-committee (TSC) [If required]	Tender Evaluation Committee (TEC)/ Proposal Evaluation Committee (PEC)*	Project Director/Project Manager/Authorized Officer/ Head of Procuring Entity (HOPE)	Board of Directors	Ministry Minister/ Secretary	Cabinet Committee on Government Purchase (CCGP)	Total Period when Technical Sub-Committee is	
							Not Required	Required
Project Director (PD), or Project Manager (PM), Authorized Officer (AO)	2 weeks	2 weeks	1 week Approval ↓ & 1 week issue of NOA	NA	NA	NA	4 weeks	6 weeks
Head of Procuring Entity (HOPE)	2 weeks	3 weeks	2 week Approval ↓ & 1 week issue of NOA	NA	NA	NA	6 weeks	8 weeks
Board of Directors	3 weeks	3 weeks	2 weeks CE Scrutiny & observation ↓ & 1 week issue of NOA	2 weeks Approval by Board	NA	NA	8 weeks	11 weeks
Ministry/Minister	3 weeks	3 weeks	2 weeks HOPE/ Scrutiny & observation ↓ & 1 week issue of NOA		2 week Secretary Recommendation ↑↓ 1 week Minister Approval	NA	9 weeks	12 weeks
Cabinet Committee on Government Purchase (CCGP)			2 weeks HOPE Scrutiny & observation ↓ & 1 week issue of NOA		3 weeks Secretary Scrutiny & observation ↓ 1 week Minister Recommendation	As required if expeditious decision before expiry of tender validity period	10+ weeks	13+ weeks
A. simple Cases	3 weeks	3 weeks			1 week Minister Recommendation			
B. Complex Cases	4 weeks	4 weeks	2 weeks HOPE Scrutiny & observation ↓ & 1 week issue of NOA		3 weeks Secretary Scrutiny & observation ↓ 1 week Minister Recommendation	As required if expeditious decision before expiry of tender validity period	11+ weeks	15+ weeks

**Note :** 1. For aided project/programme where prior review of a development partner is required at any stage of Procurement processing and approval the time required for such review shall be added to the above time table.  
2. For all cases of evaluation of consultancy proposals one week's time in addition to above time table shall be allowed to the PEC for evaluation/negotiation etc.