



ENSURING GOODS IN RIGHT TIME!

A STUDY ON DIRECTORATE OF PRIMARY EDUCATION.

A Dissertation by

Md. Abu Yeasin

ID No. 13382006

Batch No. 3

Masters in Procurement and Supply Management



**BRAC Institute of Governance and Development (BIGD)
BRAC University
Bangladesh.**



December, 2014

ENSURING GOODS IN RIGHT TIME!

A STUDY ON DIRECTORATE OF PRIMARY EDUCATION.

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

Prepared by

Md. Abu Yeasin

ID No. 13382006

Batch No. 3

Masters in Procurement and Supply Management
BRAC Institute of Governance and Development (BIGD)
BRAC University

Approved by

Dr. Md. Zohurul Islam

Dissertation Supervisor

&

Academic Coordinator

BRAC Institute of Governance and Development (BIGD)
BRAC University

ENSURING GOODS IN RIGHT TIME!

A STUDY ON DIRECTORATE OF PRIMARY EDUCATION.

Dedicated
to
My beloved parents

LETTER OF TRANSMITTAL

December 06, 2014

Dr. Md. Zohurul Islam
Dissertation Supervisor
&
Academic Coordinator
BRAC Institute of Governance and Development (BIGD)
BRAC University

Sub: Submission of Dissertation Report.

Dear Sir,

I am grateful to submit herewith my dissertation report on “Ensuring Goods in Right Time! A study on Directorate of Primary Education” as a partial requirement for achieving the degree Masters in Procurement and Supply Management. It is a great opportunity for me to work under your active supervision, care and guidance.

I have collected data from the Finance and Procurement Divisions of Directorate of Primary Education for preparing the report. I was concentrated with my efforts to prepare this report in the most realistic and proficient way. If there is any mistake please take it in the eye of forgiveness. I will be available enthusiastically at any clarification when you need require. I believe and hope that you would be kind enough to accept my report for assessment and oblige thereby.

Sincerely yours

Md. Abu Yeasin
ID No. 13382006
Batch No. 3
Masters in Procurement and Supply Management
BRAC Institute of Governance and Development (BIGD)
BRAC University

SUPERVISOR CERTIFICATION

This is my pleasure to certify that Mr. Md. Abu Yeasin, ID No. 13382006, Batch No. 3, Masters in Procurement and Supply Management, BRAC Institute of Governance and Development (BIGD), BRAC University has prepared the dissertation entitled “Ensuring Goods in Right Time! A study on Directorate of Primary Education”. He was under my supervision to prepare this report. His effort to the report is praiseworthy.

I wish him every success in life.

Dr. Md. Zohurul Islam
Dissertation Supervisor
&
Academic Coordinator
BRAC Institute of Governance and Development (BIGD)
BRAC University

ACKNOWLEDGEMENT

Dissertation is a partial requirement for achieving the degree “Masters in Procurement and Supply Management”. I have completed my dissertation on Directorate of Primary Education (DPE). In this regard at first I am grateful to the Almighty Allah for his kindness who gave me the opportunity to prepare this report. I like to express my sincere gratitude to my supervisor Dr. Md. Zohurul Islam, Academic Coordinator, BRAC Institute of Governance and Development (BIGD), BRAC University for his guidance, supervision and help in all stages of carrying out the work and also in preparation of the report.

My special thanks to Mr. F. M. Enamul Hoque, Director (Finance), Directorate of Primary Education, and other officials of his division for their cooperation that helped me to complete the report.

Special thanks to Mr. Mridha Fuhad Ahmed, Training Manager, BRAC Institute of Governance and Development (BIGD), BRAC University and other officials and staff of BRAC University for their cooperation that drove me to make it possible to complete the report on time.

Lastly, I express my deep sense of gratitude and greetings to my beloved parents and friends for their continuous supports and encouragements.

Md. Abu Yeasin

STATEMENT FROM THE AUTHOR

I hereby declare that I am the sole author of this dissertation. I confirm that this report has not been accepted for any degree and is not currently submitted in candidature of any degree.

I authorize BRAC Institute of Governance and Development (BIGD) to lend this report to other institutions or individuals for the purpose of scholarly research only.

I further authorize BIGD to reproduce this report by photocopying or by any other means, in total or in part, at the request of other institutions for the purpose of scholarly research.

Md. Abu Yeasin

EXECUTIVE SUMMARY

The importance of developing standard public procurement system can be easily realized only from the volume of public procurement all over the world. Even in Bangladesh the amount is so big that the increasing volume of public procurement in this country demanded development of sound legal process in this arena. The annual volume of public procurement was estimated to be around US\$3.0 billion in Bangladesh (Islam, 2011 refered World Bank, 2002) where about 70 per cent of annual budget is spent through public procurement (Islam, 2011 refered Ellmers, 2011; The Daily Star, 2010).

Procurement of goods, works and services is the integral part of the development of a sector. The objective of the study was to evaluate the procurement performance of Directorate of Primary Education concentrating on the time consumption to complete a procurement cycle. The specific objective was to find out the bottlenecks that create delay in the procurement process and also to find out the areas of improvement. The evaluation was conducted on the basis of a set of selected Performance Indicators. Ninety procurement packages of the last two financial years (FY2012-13 and FY 2013-14) of Third Primary Education Development Program (PEDP 3), a program (not project) implemented by Directorate of Primary Education (DPE) were thoroughly studied to gather data that eventually translated into selected performance Indicators.

It was found that lack of good governance along with poor procurement management is considered to be the root cause of these problems. Procurement processing delays for late requisition from user division, late and improper specifications from Standard Technical Specification Committee, mismatch between the provision of PPR 2008 and Joint Financial Arrangement (JFA) of PEDP 3, tender evaluation and approval stages. It was observed that the higher the hierarchy levels of procurement decision-making, the higher the time consumption in the procurement cycle.

Efficient and effective procurement management is necessary to procure quality goods. By making the procurement system less time consuming DPE can attract larger number of suppliers, and thereby facilitate higher competition among the suppliers which will result in procurement of quality products with competitive price and will be able to ensure goods in time.

ABSTRACT

Public Procurement always tries to achieve value for money and assure best service in right time through transparency, accountability and efficiency. Spending of public fund provided by Government or other Development partners are regulated by Public Procurement Act (PPA 2006), Public Procurement Regulation (PPR 2008) and Development partners specific procurement guideline.

In a procurement cycle, there are many end to end steps. A step requires time to reach next step. The summation of time consumption for end to end steps is the total time of the procurement cycle. It is required to complete a procurement cycle from its inception to completion. It includes time required for identifying the need, preparing proper specification, tendering process, evaluation process, approval process, contract signing process, supply of goods by supplier and finally tests & received the goods as per specification by the purchaser. Through the process, Govt. organizations face some unexpected delays in receiving the goods in time.

This study was conducted to identify the areas of delay for receiving goods in Directorate of Primary Education and to suggest recommendations for reducing the required time to ensure goods in right time.

TABLE OF CONTENT

Letter of Transmittal.....	i
Supervisor Certification.....	ii
Acknowledgement	iii
Statement from the Author.....	iv
Executive Summary.....	v
Abstract.....	vi
Table of Content	vii
Abbreviations/Acronyms.....	xii

CHAPTER 1

INTRODUCTION.....	1-4
1.1 Background.....	1
1.2 Problem Statement	1
1.3 Objective of the Study	2
1.4 Scope of the Study.....	2
1.5 Research Methodology	3
1.6 Limitations.....	3
1.7 Chapter Outline	3

CHAPTER 2

ORGANIZATIONAL ORIENTATION	5-9
2.1 Background	5
2.2 Organizational Structure.....	5
2.3 Procurement Management.....	7
2.4 Organizational Structure of Procurement wing of Finance and Procurement Division.....	8
2.5 Procurement Approving Authority.....	9
2.6 Procurement Guidelines	9
2.7 Procurement Methods and Thresholds.....	9

CHAPTER 3

LITERATURE REVIEW	10-20
3.1 Introduction.....	10
3.2 Scope and Application of the Public Procurement Rules 2008.....	12
3.3 Methods of procurement.....	12
3.4 The Use of Other Methods for Procurement of Goods, Works, etc.....	13
3.5 Area of the study.....	14
3.6 Analysis of Rules influencing procurement time.....	17
3.7 Iron triangle for procurement.....	18
3.8 Generic Procurement Cycle.....	20

CHAPTER 4

RESEARCH METHODOLOGY	21-23
4.1 Performance Indicators.....	21
4.2 Research Scope.....	21
4.3 Data Collection.....	22
4.3.1 Sampling.....	22
4.3.2 Secondary Data.....	22
4.3.3 Primary Data.....	23
4.4 Data Analysis and Reporting.....	23

CHAPTER 5

RESULTS AND DISCUSSION.....	24-39
5.1 Findings against Indicators.....	24
5.1.1 Packages in the approved Annual Procurement Plan (APP).....	24
5.1.2 Procurement started as per planned time.....	25
5.1.3 Contract executed within respective Financial Year.....	26
5.1.4 Packages dropped and/or carried over to the next FY.....	27
5.1.5 Avg. No. of days between IFT & tender submission deadline.....	28
5.1.6 Avg. No. of days between tender opening & completion of evaluation.....	29
5.1.7 Avg. No. of days between submission of Bid Evaluation Report (BER) & approval.....	30
5.1.8 Avg. No. of days between final approval and Notification of Award.....	31

5.1.9	Avg. No. of days between NOA and contract signing.....	32
5.1.10	Avg. No. of days between tender opening and NOA.....	33
5.1.11	Avg. No. of days between IFT and contract signing.....	34
5.1.12	Percentage of cases tender evaluation completed within timeline.....	35
5.1.13	Percentage of contracts completed within original deadline.....	36
5.2	Key Informant Interview with officials.....	37
5.3	Key Informant Interview with suppliers.....	37
5.4	Summary of the Findings	38

CHAPTER 6

RECOMMENDATION AND CONCLUSION.....	40-41
6.1 Recommendation.....	40
6.4 Conclusion.....	40

APPENDICES

APPENDIX-A: BIBLIOGRAPHY.....	42
APPENDIX-B: TABLE OF PERFORMANCE INDICATORS	43-47

LIST OF TABLES

Table 2.1:	Procurement Methods and Thresholds.....	9
Table 4.1:	Performance Indicators.....	21
Table 4.2:	Number of Packages in the approved Annual Procurement Plan.....	22
Table 5.1:	Packages in the approved Annual Procurement Plan.....	43
Table 5.2:	Procurement started as per planned time.....	43
Table 5.3:	Contract executed within respective Financial Year.....	43
Table 5.4:	Packages dropped and/or carried over to the next FY.....	44
Table 5.5:	Avg. No. of days between IFT & tender submission deadline.....	44
Table 5.6:	Avg. No. of days between Tender Opening & completion of Evaluation.....	44
Table 5.7:	Avg. No. of days between submission of BER & Approval.....	45
Table 5.8:	Avg. No. of days between final Approval and Notification of Award (NOA).....	45
Table 5.9:	Avg. No. of days between NOA and Contract Signing.....	45
Table 5.10:	Avg. No. of days between Tender Opening and NOA.....	45
Table 5.11:	Avg. No. of days between IFT and Contract Signing.....	46
Table 5.12:	% of cases Tender evaluation completed within timeline.....	46
Table 5.13:	% of contracts completed within original deadline.....	47

LIST OF FIGURES

Figure 2.1:	Organogram of Procurement wing of Finance and Procurement Division.....	8
Figure 3.2:	Iron triangle – Quality, cost and time.....	19
Figure 3.3:	Generic procurement cycle.....	20
Figure 5.1:	Packages in the approved Annual Procurement Plan.....	24
Figure 5.2:	Procurement started as per planned time.....	25
Figure 5.3:	Contract executed within respective Financial Year.....	26
Figure 5.4:	Packages dropped and/or carried over to the next FY.....	27
Figure 5.5:	Avg. No. of days between IFT & Tender Submission Deadline.....	28
Figure 5.6:	Findings against Avg. No. of days between Tender Opening & Evaluation...	29
Figure 5.7:	Findings against Avg. No. of days between submission of BER & Approval.	30
Figure 5.8:	Findings against Avg. No. of days between final approval and NOA.....	31
Figure 5.9:	Findings against Avg. No. of days between NOA and Contract Signing.....	32
Figure 5.10:	Findings against Avg. No. of days between Tender Opening and NOA.....	33
Figure 5.11:	Findings against Avg. No. of days between IFT and Contract Signing.....	34
Figure 5.12:	Findings against % of cases tender evaluation completed within timeline.....	35
Figure 5.13:	Findings against % of contracts completed within original deadline.....	36

ABBREVIATIONS/ACRONYMS

AA	: Approving Authority
ADB	: Asian Development Bank
B/TEC	: Bid/Tender Evaluation Committee
B/TOC	: Bid/Tender Opening Committee
CIPS	: Chartered Institute of Purchasing and Supply
CPTU	: Central Procurement Technical Unit
DD Office	: Office of the Deputy Director
DPE	: Directorate of Primary Education
DPEO	: District Primary Education Officer
GoB	: Government of Bangladesh
HOPE	: Head of Procuring Entity
ICB	: International Competitive Bidding
IFT	: Invitation for Tender
IMED	: Implementation, Monitoring and Evaluation Division
MoPME	: Ministry of Primary and Mass Education
NAPE	: National Academy for Primary Education
NCB	: National Competitive Bidding
NCTB	: National Curriculum and Textbook Board
OTM	: Open Tendering Method
PE	: Procuring Entity
PEDP 3	: Third Primary Education Development Program
PROMIS	: Procurement Management Information System
PTTI	: Primary Teachers' Training Institute
RFQ	: Request For Quotation
UEO	: Upazila Education Officer
URC	: Upazila Resource Center
WB	: World Bank

CHAPTER 1
INTRODUCTION

1.1 Background

The mission of Directorate of Primary Education (DPE) is to reduce illiteracy by providing quality primary education to all eligible children in Bangladesh. Along with the Government, DPE is serving through a program and several projects. It provides supports up to more than 62,000 schools through Headquarter to Deputy Directors' Offices (Division level Office) to District Primary Education Officers' Offices and Primary Teachers' Training Institutes (District level Office) to Upazila/Thana Education Officers' Office and Upazila/Thana Resource Centers (Upazila/Thana level Office) to School. It has one of the largest administrative networks in Bangladesh. It is a great challenge for DPE to ensure the development of infrastructure, curriculum development, teachers training, more importantly text book at the hand of children on 1st January every year and other logistic supports in right time solely. It signed Memorandum of Understanding (MoU) with Local Government and Engineering Department (LGED) for developing infrastructure, National Curriculum and Text Book Board (NCTB) for developing curriculum and text books, National Academy for Primary Education for teacher training, etc.

To support, its large network, beside the mentioned agency, DPE also has to procure goods and services centrally. Procurement of goods and services is the integral part of the socioeconomic development. The procurement process in DPE has been distorted due to delaying in preparing proper technical specifications, unwanted intervention in the procurement process, complexities of the tendering process, absence of uniform Technical Evaluation Committee (TEC), delay in hiring consultants and resolving disputes due to bureaucratic dilemma, false experience certificate submitted by tenderer(s), lengthy approval process as per Delegation of Financial Power (DoFP), etc. As a result, it takes extended time over the approved Annual Procurement Plan (APP) to complete the procurement cycle and receive the goods.

1.2 Problem Statement

Goods flow from suppliers to purchaser requires time. It is the total time required to complete a procurement cycle from its inception to completion. It includes time required for identifying

the need, preparing proper specification, tendering process, evaluation process, approval process, contract signing process, supply of goods by supplier and finally tests & received the goods as per specification by the purchaser. Through the process, DPE faces some unexpected delays in receiving the goods in time. As a result, DPE has been experienced some sort of threats to ensure the availability goods in right time for some national programs like Primary Education Terminal Examination held on November every year, National Education Week held on January every year, etc.

Procurement delay is a major challenge, affecting project implementation. The higher level of contract approving authority, the lesser is the efficiency of the procurement system. For large value contracts approved at the ministry or higher level, such delays are significant.

Based on the aforesaid discussion, a comprehensive knowledge about the effective use of time and identification of important factors for extending the time, need to be explored so that the suppliers, development partners and DPE itself can use these research findings for the analysis of their own requirements to achieve their objectives. The research objectives are formulated to address the research problem.

1.3 Objective of the Study

The objectives of the study are as follows:

- To identify whether goods are received as per schedule, approved in the Annual Procurement Plan.
- To recommend for reducing the required time in the procurement process.

1.4 Scope of the Study

The study was conducted on the procurement practices of the only Program of Directorate of Primary Education (DPE), named Third Primary Education Development Program (PEDP 3). As a Government organization, DPE uses public fund and have to practice the provisions of PPA 2006, PPR 2008 and applicable donor specific procurement Guidelines and approval procedures for its program and projects. The available provisions for PEDP 3 will be studied.

PEDP 3 procures both Goods and Services. As goods procurement has the largest share in the overall portfolio, this study will be concentrated on the procurement of goods only. In DPE, goods are procured following a number of methods, i.e. National Competitive Bidding (NCB)

Method, Request for Quotations (RFQ), Direct Procurement (DP) and International Competitive Bidding (ICB) Method. In this study Request for Quotations (RFQ), National Competitive Bidding (NCB) and International Competitive Bidding (ICB) were concentrated.

1.5 Research Methodology

This study was descriptive in nature. The purpose is to assess the procurement performance of the organizations using a set of performance indicators. Mainly secondary data were used in this study. Ninety procurement contracts proposed in the Annual Procurement Plan for the last two financial years (FY2012-13 and FY 2013-14) were thoroughly examined to gather information. Some primary data were collected through key informant interviews like face to face conversation with the respective officials and some selected suppliers.

1.6 Limitations

The study was limited to evaluate the procurement performance in terms of time consumption. There are other important dimensions of public procurement, i.e. transparency, effectiveness, competitiveness, value for money, accountability, which were not considered for this research. The study was limited to the procurement contracts following RFQ, NCB and ICB method of the project named, Third Primary Education Development Program (PEDP 3), only. Only goods procurement was considered for the study. Increasing the sample size would provide more representative results.

1.7 Chapter Outline

The whole report was presented in six major chapters, of which the first chapter is '**Introduction**'. The other chapters are as follows:

Chapter-2: '**Organizational Orientation**' covers brief history of Directorate of Primary Education, its key activities, organizational structures, position of procurement function within the structures and brief discussion on the procurement functions.

Chapter-3: '**Literature Review**' covers the main issues/key topics related to the study as a theoretical background which includes performance indicators used in similar type of studies to evaluate procurement performance.

Chapter-4: '**Research Methodology**' covers in detail how the study was conducted, data collection techniques, sampling and sources of data.

Chapter-5: '**Results and discussion**' is the main part of the report and covers in detailed discussion on the results found.

Chapter-6: '**Recommendation and Conclusion**' covers the outcome of the study with recommendation.

CHAPTER 2
ORGANIZATIONAL ORIENTATION

2.1 Background

Education is our national priority. Removal of illiteracy and ensuring quality primary education are the prime objectives of Directorate of Primary Education (DPE). To meet these objectives Directorate of Primary Education organized various projects for development of primary education under the Ministry of Primary and Mass Education. DPE was established in 1981 as a Directorate.

The objectives of Directorate of Primary Education (DPE) are following:

- To improve the quality of primary education in Bangladesh;
- To make primary education accessible for all children in Bangladesh;
- To increase enrolment, attendance and the rate of completion of primary education cycle;
- To adopt a child-centered approach in the classroom;
- To undertake institutional reforms in education management, effectively decentralization and develop decision making;
- To strengthen and build the capacity of the school management system at all levels;
- To ensure accountability and transparency at all levels;
- To supply textbooks and teaching and learning materials free of cost;
- To strengthen the role of communities and parents in running and supporting their schools.

2.2 Organizational Structure

The DPE is headed by the Director General. In DPE, there are eight divisions and each is headed by a Director. The Task and responsibilities of the division are as follows:

1. Administration Division: The responsibilities of this division include general administration of the central and field offices. This division coordinates among the Divisional, District, Thana/Upazila level Offices.

2. Planning & Development Division: The responsibilities of this division are drawing up of various development projects on priority basis to effect general and gradual development of primary education in the light of government policies, getting approval of projects, implementation, evaluation, supervision and winding up of completed projects. This division conducts the preparation of development budget, disbursement and allocation of funds and redistribution of foreign externally assisted funds. It also monitors, reviews and coordinates the activities of different projects.

3. Training Division: The responsibilities of this division are to work for qualitative improvement of primary education, to build up competent and efficient teacher for the classroom and school management. To do this, the division assesses training needs of the teachers as well as the officials at different levels, draws out plans and implements training of PTI instructors, various training of SMC and Parent-Teachers Association (PTA), staff members, sub-cluster training. Curriculum dissemination courses and orientation courses, management, training for the head teachers and short in service training for teachers.

4. Monitoring and Evaluation Division: This Division collects data on primary education from the field level. Analyses the collected data and publishes quarterly and annual reports.

5. Policy and Operation Division: This Division is responsible for evaluation of the progress of field level activities and onward transmission of the same to the administrative ministry for next courses of action. It is also responsible for recruitment of teachers at central level. Besides, this Division plays the advisory role to make field level administrative activities more effective.

6. Finance and Procurement Division: This Division is responsible for overall finance, procurement, audit, budget allocation, fund management, etc.

7. Information and Management Division (IMD): This Division collects data on selected primary education indicators. This cell is also responsible for computerizing and develop data bank.

8. Program Division: This is a newly created Division under PEDP 3. This Division is working as project management unit of PEDP 3.

2.3 Procurement Management

There are total eight procuring entities in DPE. Seven of them are projects and the other is a program. The name of the program is PEDP 3. All goods and service procurements under PEDP 3 are conducted at the Finance and Procurement Division and all works procurements are conducted by LGED.

2.4 Organizational Structure of Procurement wing of Finance and Procurement Division

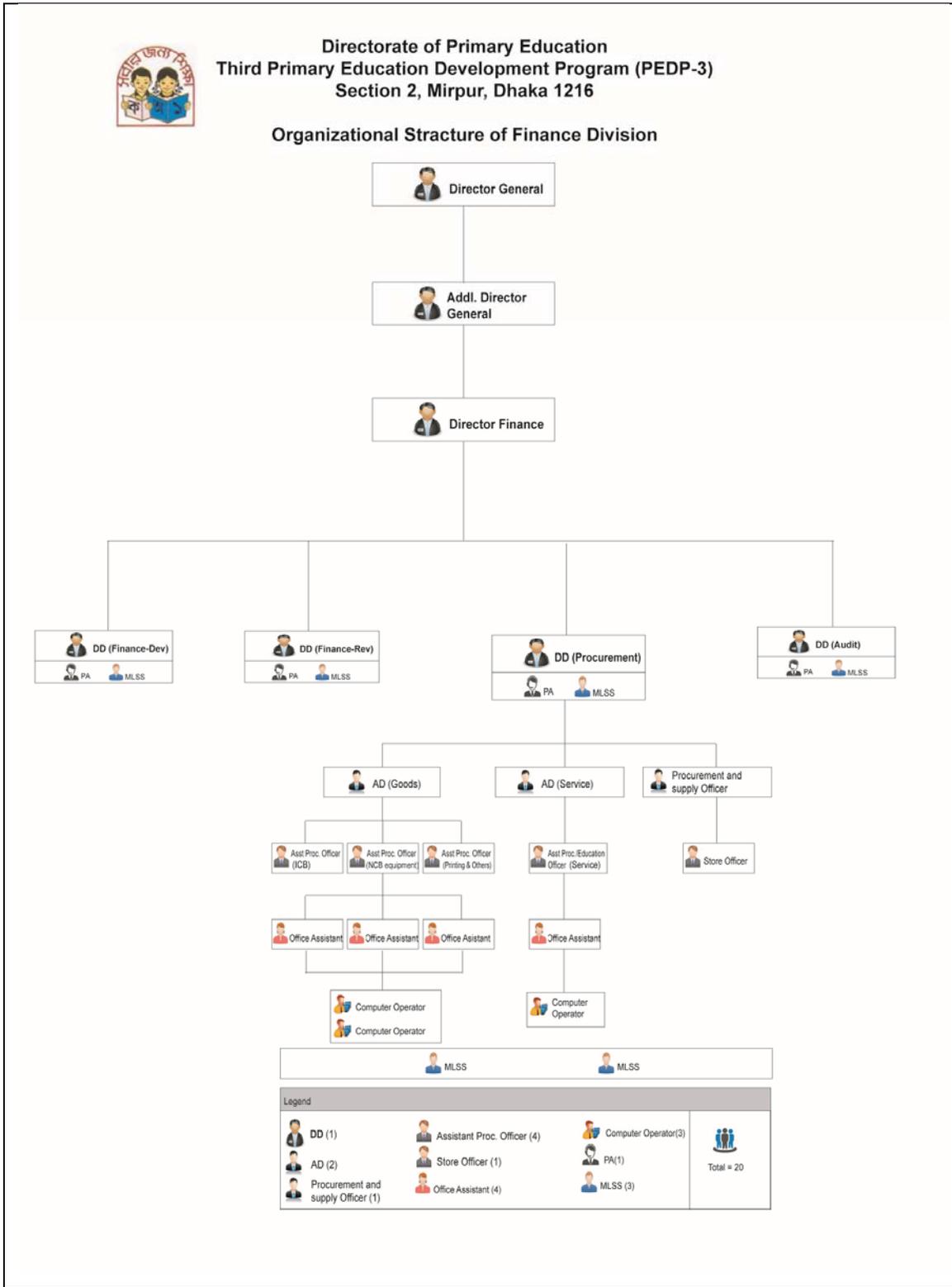


Figure 2.1: Organogram of Procurement wing of Finance and Procurement Division

Finance and Procurement Division of DPE is headed by Director (Finance). Deputy Director (Procurement) is in charge of all types of Goods and Service Procurement. Assistant Director (Procurement) with the assistance of his team prepares all the paper works for procuring goods. Director (Finance) sent all the procurement proposals to Director General as HOPE through Additional Director General for approval. As per Delegation of Financial Power (DoFP) Director General approve the proposal and if needed sent to MoPME.

2.5 Procurement Approving Authority

As stated earlier as per Delegation of financial Power (DoFP) Director General, as Head of Procuring Entity (HOPE), is empowered to approve all procurements of goods amounting up to BDT 10.00 crore. Anything above that goes to the Ministry of Primary and Mass Education for approval, and all procurement above BDT 50.00 crore must be approved by the Cabinet Committee on Government Purchases (CCGP). Most of the procurement of goods falls within the approving authority of HOPE.

2.6 Procurement Guidelines

Being a GoB entity, DPE follows PPA-2006 and PPR-2008 in all its procurement activities for GoB fund. As a donor funded project PEDP 3 follows PPA-2006 and PPR-2008 for procurement of goods through NCB and hereafter the provisions in Joint Financial Arrangement (JFA), the World Bank (WB) procurement guidelines for procurement of goods through ICB, the Asian Development Bank (ADB) procurement guidelines for procurement of services.

2.7 Procurement Methods and Thresholds

In DPE, procurement methods and corresponding threshold depend on the source of fund. Funding specific procurement methods are listed below:

Sl. No.	Method	Thresholds	
		Non development Budget	Development Budget
01	Direct Purchase	Up to BDT. 25.00 thousand	Up to BDT. 25.00 thousand
02	Request for Quotation	Up to BDT. 2.00 lac	Up to BDT. 5.00 lac
03.	National Competitive Bidding	Any amount above BDT. 2.00 lac	Up to BDT. 4.80 crore
04.	International Competitive Bidding	Any amount above BDT. 2.00 lac	Any amount above BDT. 4.80 crore

Table 2.1: Procurement Methods and Thresholds

CHAPTER 3
LITARATURE REVIEW

3.1 Introduction

Office of the Government Commerce, UK has defined public procurement as the process whereby public sector organizations acquire goods, services and works from third parties. It includes much that supports the work of government and ranges from routine items (e.g. stationery, temporary office staff, furniture or printed forms) to complex spend areas (e.g. construction). It is a specialized subject that requires a high degree of knowledge and skill of those who are engaged in the field. Absence of adequate rules, procedures and other standard documents in Bangladesh has created serious problems in the implementation of procurement functions.

Prior to the introduction of the Public Procurement Regulations there were no nationally applicable uniform comprehensive procurement regulations or procedures. Consequently, procurement under local funding has been performed in a somewhat haphazard fashion leading to delays in decision making and wastage of public resources. As a result public procurement reform in Bangladesh was very much essential as:

- Guidance for the procurement system was scattered among various outdated regulations and procedures;
- Little action was taken to ensure that the procurement process complied with established regulations and procedures;
- There were no clear lines of public accountability in the procurement process and little transparency;
- There was little institutional coordination;
- Operating through cash budgets and with inadequate financial planning, the government was an unreliable business partner and suppliers frequently suffered delays in receiving payment for goods and services supplied; consequently bidders sought to offset these risks by higher prices;
- The system suffered from various forms of malpractice and unethical conduct, including a high incidence of vested interests, interference and insider dealings and occasional cases of retrospective approval of contract awards; and

- There was a lack of professional knowledge and expertise in the purchasing and contracting function at all levels.

So with the assistance of IDA, the Government of Bangladesh embarked upon the task of reforming the procurement regime in the country in line with modern procurement practices. As a result, the Public Procurement Regulations 2003 were published in the official gazette on 1st October 2003 giving them immediate effect. In continuation of the process, The Public Procurement Act 2006 was passed by Parliament that was activated through issuing The Public Procurement Rules 2008 outlines the principles to be followed by all the public sector procuring entities.

The main objective of enacting PPA 2006 and introducing PPR 2008 was, generally, 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).

3.2 Scope and Application of the Public Procurement Rules 2008

These Rules shall apply to the following areas namely –

- Procurement of Goods, Works or Services by any procuring entity using public funds;
- Procurement of Goods, Works or Services by any government, semi-government or any statutory body established under any law;
- Procurement of Goods, Works or Services using public funds by-a company registered under the Companies Act, 1994 (Act No. 18 of 1994);
- Procurement of Goods, Works or Services under a loan, credit or grant agreement or under any other agreement with a development partner or with a foreign state or an organization, provided that if there is anything to the contrary in any such agreement entered into, the provision of that agreement shall prevail.

3.3 Methods of procurement

For goods and related services, works, physical services and their use are mentioned in part-1 of chapter four where Rules 61 is regarding the use of Open Tendering Method in the Procurement of Goods, Works, Etc. the related clauses of rules 61 are:

- The open Tendering shall be the preferred method of Procurement for Goods and related Services, Works and Physical Services, unless the threshold or special circumstances relating to a specific requirement make it more appropriate for one of the other Procurement methods to be used;
- Tenders shall be invited from all eligible Tenderers through public advertisement under Rule;

- Government owned factories or enterprises may participate in the public Tenders if they establish that they are legally and financially autonomous;
- The minimum time allowed for Tenderers to prepare and submit their Tenders for Goods, Works and Physical Services shall not be less than as specified in Schedule II, provided that the Tender Documents are ready for sale and made available by the date of publication of the advertisement;
- In the case of an urgent national need of Procurement the Government may, if so recommended by the Cabinet Committee on Economic Affairs (CCEA), reduce the time for Procurement processing;
- In cases where Pre-Qualification of Applicants has been carried out pursuant to Rules 91, 92 and 93 the Procuring Entity shall restrict the issue of Tender Documents to Pre-Qualified Applicants only;
- In the case of Procurement of Goods and related Services and Works and physical Services under Open Tendering Method process and proceedings in flow-charts as given in Part B of Schedule III shall be followed.

3.4 The Use of Other Methods for Procurement of Goods, Works, etc.

The use of other methods for procurement of goods, works etc is noted in rule 62.

- A Procuring Entity may use a Procurement method other than Open Tendering Method for Procurement of Goods and related Services and Works and physical Services in accordance with the requirements set out in these Rules, namely, Limited Tendering Method, Direct Procurement Method, Two-stage Tendering Method and Request for Quotations Method, provided that the selection of any Procurement method other than open Tendering, should be recorded stating the reasons or justifications for the method selected in compliance with the conditions specified in these Rules.
- In the case of Procurement of Goods and related Services and Works and physical Services under Limited Tendering Method, Two-stage Tendering Method, Request for

Quotations Method and Direct Procurement Method, process and proceedings as specified in Part C, D , E and F of Schedule III shall be followed.

3.5 Area of the study

One of the most important problems in procurement is using over time. So it is essential to define the actual causes of time overruns in order to minimize and avoid the delays. This study was concerning the major issues of time over runs in order to recognize the related information regard those issues. Following Rules and Sub-rules of PPR 2008 are related to the time of public procurement. These are presented here as cited in PPR 2008.

- **Rule-19 : Determination of Validities**

(1) The validity period shall be determined depending on the complexity of the Tender or Proposal and the time needed for its evaluation and approval and shall be within the limits specified in Schedule II.

(2) Notwithstanding anything contained in Sub-Rule (1), shorter or longer periods may be authorized by the Head of the Procuring Entity or an officer authorized by him or her to suit the requirements of a particular Procurement activity.

- **Rule-25 : Forfeiture of Tender Security**

(1) A Tender security shall be forfeited if the Tenderer-

(a) withdraws his Tender after the opening of Tenders but within the validity of the Tender security ; or

(b) refuses to accept a Notification of Award ; or

(c) fails to furnish performance security, if so required; or

(d) refuses to sign the Contract; or

(e) does not accept the correction of the Tender amount following the correction of arithmetic errors pursuant to Rule 98 (11).

- **Rule-27 : Performance Security**

(1) A Performance Security shall be furnished by the successful Tenderer in the amount specified in the TDS following the threshold specified in Schedule II.

(2) The Procuring Entity may increase the amount of the Performance Security above the amounts specified in the Schedule II , if the TEC considers the Tender unbalanced as a result of front loading.

(3) The Performance Security shall be in the form of a Bank draft, pay order or a Bank Guarantee, as specified in Schedule II, issued by a bank acceptable to the Procuring Entity.

(4) In the case of international procurement , the Performance Security shall be in the form of a Bank Guarantee as specified in the Tender Document shall be issued by an internationally reputable bank and it shall have correspondent bank located in Bangladesh, to make it enforceable.

(5) A Performance Security shall be required to be valid until a date twenty-eight (28) days from the intended completion date if there is no condition for deduction of retention money .

(6) If the intended completion date is to be extended, validity of the Performance Security shall be extended for the period until twenty-eight (28) days from the new intended completion date (7) The Performance Security shall be replaced by a new security covering (fifty percent) 50% amount of the Performance Security to cover the defect liability period if condition for deduction of retention money has not been applied.

(8) The amount of new Security to be provided under Sub-Rule (7) shall be calculated based on the final contract value.

(9) Furnishing Performance Security shall not be mandatory in the case of Procurement of spare parts from the original manufacturer or his sole agent.

- Sub-Rule 38(5)

Project management may require a review of the design in addition to the supervision of construction from inception to completion and handing over for the purpose of controlling time, cost and quality as well as fulfilling contractual obligations.

- Sub-Rule 38(14)

The Procuring Entity shall take follow-up steps as mentioned below in regard to payment of those liabilities for which the supplier or contractor shall be liable for payment of an agreed sum as specified in the Particular Conditions of Contract , for the cause of delay in the performance due under the contract such as -

- (a) recovery of the agreed sum to be paid per time-unit of delay;
- (b) recovery of the amount due under the liquidated damages;
- (c) not relieving the supplier or contractor of its contractual obligations by virtue of payment under the liquidated damages.

- **Sub-Rule 39 (1)**

For the purpose of controlling time, cost and quality, the Project Manager shall follow up the Work Programme and ensure that within the time stated in the contract-

- (a) the Contractor submits to the Project Manager for approval of a Programme showing the general methods, arrangements, order, and timing for all the activities in the Works;

- (b) the Contractor submits to the Project Manager for approval of an updated Programme at specified intervals, being not longer than the period stated in the contract conditions; and

- (c) the Contractor provides the Project Manager with an updated cash flow forecast when updating the Programme .

- **Sub-Rule 39(2)**

The Project Manager may withhold any payment certificates under the terms of the contract until the Works Programme has been submitted under Sub-Rule (1). .

- **Sub-Rule 39(3)**

The Procuring Entity shall extend the Intended Completion Date by the percentage specified in Schedule II, if a Compensation Event occurs or a Variation Order is issued which does not make it possible to complete the Works by the Intended Completion Date without the Contractor incurring additional cost.

- **Sub-Rule 39(4)**

The Procuring Entity shall decide whether and by how much to extend the Intended Completion Date, within the period specified in Schedule II.

- **Sub-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 of the original Contract or Extended Completion Date provided that -

- (a) The total amount of liquidated damages shall not exceed the amount defined in the contract.
- (b) The Procuring Entity shall deduct liquidated damages from payments due to the Contractor.

3.6 Analysis of Rules influencing procurement time

For controlling the time required between submission of Tender and issuance of Notification of Award (NOA), 'Tender validity period' is incorporated as mentioned in Rule-19. The validity period shall be determined depending on the complexity of the Tender and is usually 60 to 120 days. In Rule 25, provision of forfeiture of 'Tender security' is kept. These Rules help controlling time of Tender processing and thus in turn controlling total procurement time. For ensuring performance of the procurement with respect to control quality and completion time Rule 27 is introduced. As per this Rule, a sum of money in the form of a Bank draft, pay order or a Bank Guarantee, ranging from 5 to 10% of the contract price shall be furnished by the successful Tenderer. However, if the TEC considers the Tender unbalanced as a result of front loading or price quoting abnormally lower than the official estimated price of Tender, they may recommend to Procuring Entity for taking performance security up to 25% of the estimated price of the Tender for ensuring performance of the procurement. For the purpose of controlling time, cost and quality, Sub-Rule (5) under Rule 38 states: "Project management may require a review of the design in addition to the supervision of construction from inception to completion and handing over for the purpose of controlling time, cost and quality as well as fulfilling contractual obligations". For time and cost management, Sub-Rule (14) provides guideline as to how the agreed sum including liquidated damages from the Contractor will be recovered.

Detailed guideline for Works Contract Administration and Management is provided in Rule 39. For the purpose of controlling time, cost and quality, guideline is given in Sub-Rule (1) as to how the Project Manager shall ensure that within the time, the Contractor submits to the

Project Manager for approval of a Program showing general methods, arrangements, order and timing of all activities in the Works. Authority is given to the Project Manager in Sub-Rule (2) for withholding any payment certificates under the terms of the contract until the Work Program has been submitted by the Contractor. If a Compensation Event occurs or a Variation Order is issued which does not make it possible to complete the Works by the Intended Completion Date without the Contractor incurring additional cost, provision is given in Sub-Rule (3) and (4) for extending the Intended Completion Date. For controlling time of completion, approval from the Head of Procuring Entity need to be taken if more than 20% increase in time is required for a Contract. For controlling time of the Contract, provision is given in Sub-Rule (27), for deducting liquidated damage from the payment due to the Contractor for delay in execution.

3.7 Iron triangle for procurement

As per Meredith, J.R and Mantel S.J. Jr, (2003), there is a tendency to think of any project solely in terms of its outcome- that is, its performance. But the time at which the outcome is available is itself a part of the outcome. The completion of a procurement cycle on time and on budget is quite a different outcome from the completion of the same 20 percent over budget or both. They identified three targets of every project. The targets are:

- i) Required quality:** The quality of work or in other words performance is also one of the important targets of a successful project. A project that is completed within budget limit and within due date cannot be called a successful one if the quality of work is not up-to the mark

- ii) Budget limit:** The resources necessary to complete a project must be limited to predetermined amount. Budget limit is one of the important targets of each project.

- iii) Due date:** There must have a time period for completion of every project. The success of a project depends on its completion within the specified date.

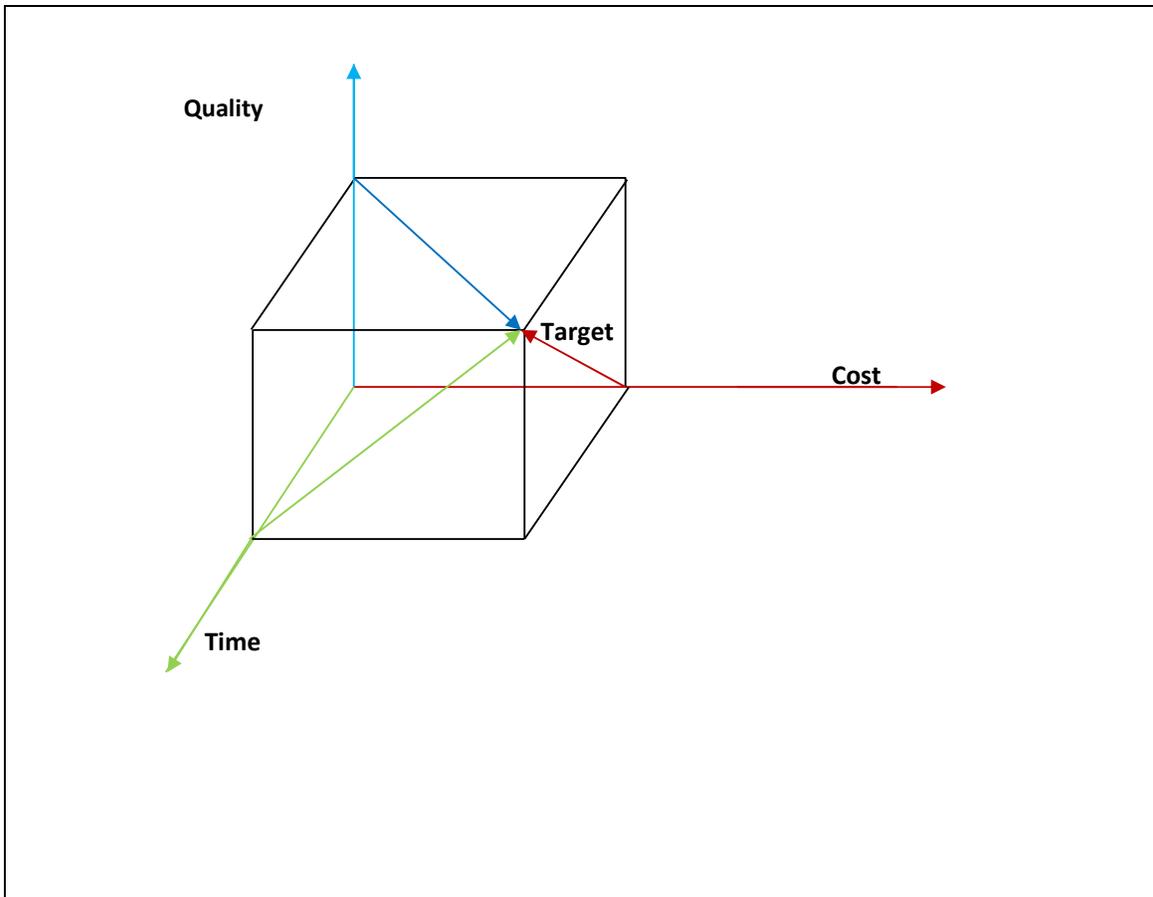


Figure 3.2: Iron triangle - Quality, cost and time

In the official course book on ‘Advanced Project Management’ of the ‘Chartered Institute of Purchasing & Supply’, the main objectives of most projects has been described as: quality, cost and time (QCT). This three parameters sometimes, conflicting to one another is termed as the ‘project objectives triangle’ or the iron triangle.

In an ideal world, every entity would like all projects to finish on time, within budget and to the highest level of quality. However, the relative importance of each objective may depend partly on the type of project concerned and a compromise is needed among these three variables. As Procurement is a time bound action, the relative importance of time should not be compromise by the other two variables.

3.8 Generic Procurement Cycle

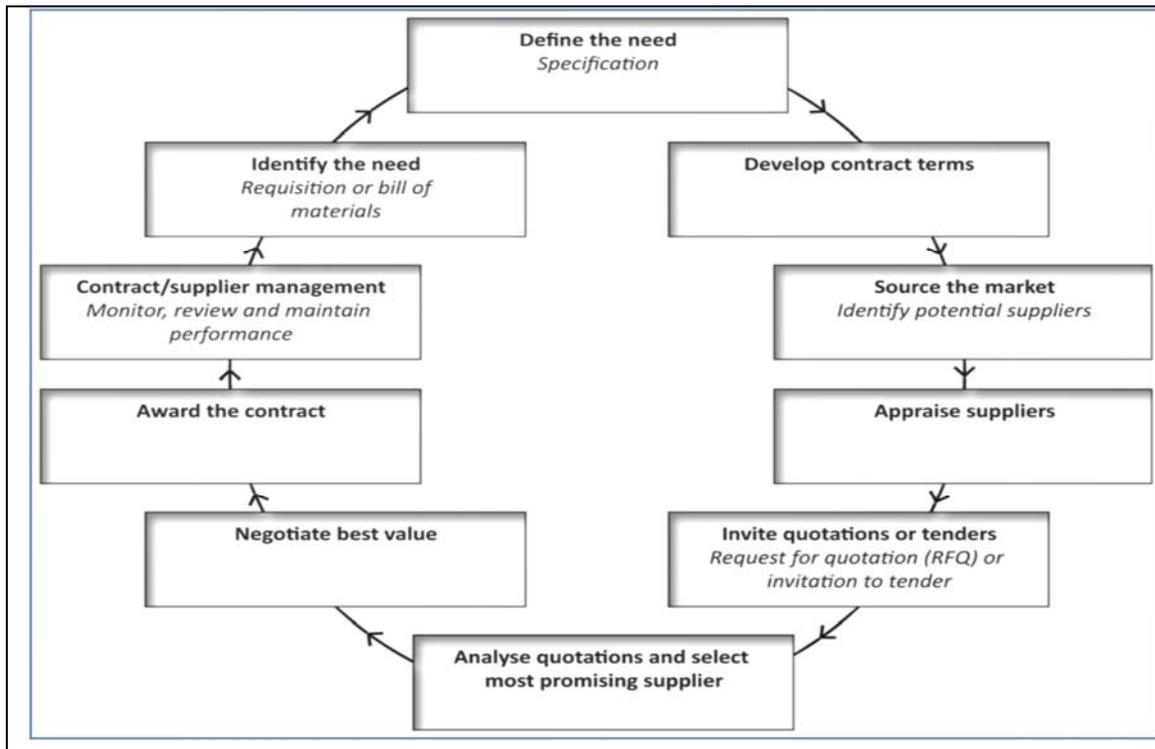


Figure 3.3: Generic procurement cycle

In the official course book on ‘Managing Purchasing and Supply Relationships’ of the ‘Chartered Institute of Purchasing & Supply’, it has been described that a procurement cycle started with identifying the need and completed with contract/supplier management. There are ten steps in the cycle. A step requires time to reach next step. The summation of time consumption for end to end steps is the total time of the procurement cycle. The lesser a step consumes time the shorter the lead time will be.

CHAPTER 4
RESEARCH METHODOLOGY

4.1 Performance Indicators

The main objective of the study was to evaluate, compare and contrast the procurement performance of PEDP 3 in terms of time consumption. The evaluation was conducted on the basis of a set of selected Performance Indicators covering the study area. Some of these were captured from the procurement performance indicators used by the World Bank for assessing the implementation of Public Procurement Regulations in Bangladesh (*The World Bank, 2009*) and procurement performance indicators used in the Procurement Management Information System (PROMIS) of Central Procurement Technical Unit (CPTU), Govt. of Bangladesh (*SRGB, 2012*).

Sl. No.	Performance Indicator
1.	Procurement started as per planned time
2.	Contract executed within respective Financial Year
3.	Packages dropped and/or carried over to the next Financial Year
4.	Avg. No. of days between IFT & tender submission deadline
5.	Avg. No. of days between tender opening & completion of evaluation
6.	Avg. No. of days between submission of Bid Evaluation Report (BER) & approval
7.	Avg. No. of days between final approval and Notification of Award
8.	Avg. No. of days between NOA and contract signing
9.	Avg. No. of days between tender opening and NOA
10.	Avg. No. of days between IFT and contract signing
11.	Percentage of cases tender evaluation completed within timeline
12.	Percentage of contracts completed within original deadline

Table 4.1: Performance Indicators

4.2 Research Scope

In DPE both goods and services are procured under Third Primary Education Development Program (PEDP 3). As goods procurement has the largest share in the overall portfolio, this study concentrated on the goods procurement only. This study is conducted through all the

methods i.e., Request for Quotation (RFQ), National Competitive Bidding (NCB) and International Competitive Bidding (ICB).

4.3 Data Collection

Both primary and secondary data sources have been used in this research.

4.3.1 Sampling

A total ninety procurement contracts for two financial years (FY2012-13 and FY 2013-14) were selected to gather data that eventually transformed into performance Indicators. The composition of ninety contracts taken as sample is shown in the following table:

Financial Year	Number of Packages in the approved Annual Procurement Plan							Total
	RFQ	NCB			ICB			
	Value ≤ BDT. 5.00 lac	Value ≤ BDT. 1.00 crore	Value >BDT. 1.00 crore	Total	Value ≤ BDT. 10.00 crore	Value > BDT. 10.00 crore	Total	
	1	2	3	4= (2+3)	5	6	7= (5+6)	
FY12-13	13	13	7	20	0	4	4	37
FY13-14	8	32	6	38	1	6	7	53

Table 4.2: Number of Packages in the approved Annual Procurement Plan

PEDP 3 follows both the procurement methods i.e. NCB methods for value up to BDT. 4.80 crore and ICB method value above BDT. 4.80 crore. According to PPR-2008 all Invitation for Tenders and contracts above BDT 1.00 crore need to be published in the Central Procurement Technical Unit's web portal. As per Delegation of Financial Power (DoFP), contracts up to BDT 10.00 crore shall be approved by the Director General as Head of Procuring Entity (HOPE). Any amount above BDT 10.00 crore has to be approved by the Ministry of Primary and Mass Education and in some cases by Cabinet Committee Government Purchase (CCGP).

4.3.2 Secondary Data

Procurement related documents for these ninety packages were thoroughly studied. A data collection format was used to capture the basic data that subsequently translated into the selected performance indicators.

4.3.3 Primary Data

Some primary data were also collected through key informant interviews. A questionnaire was developed to capture the key data regarding measurement of procurement performance. While most of the information were gathered through interviewing the concerned officials of the procuring entities and other stakeholders. This also provided a scope of data triangulation.

4.4 Data Analysis and Reporting

Analysis was made by studying the primary and secondary data thoroughly emphasizing the ultimate goal of this study. Aspects that were looked into were the time taken for carrying out each step of procurement from initiation of draft tendering documents to signing of contracts with successful tenderers and how effectively the progress of procurement is monitored against plans. Information extracted from documents was later supplemented by interviews with concerned officials where clarifications, additional details and background information were needed. Different charts were used to analyze and present the results.

CHAPTER 5
RESULTS AND DISCUSSION

5.1 Findings against Indicators

As per the set performance indicators the sample data were calculated and analyzed. These are presented below:

5.1.1 Packages in the approved Annual Procurement Plan (APP)

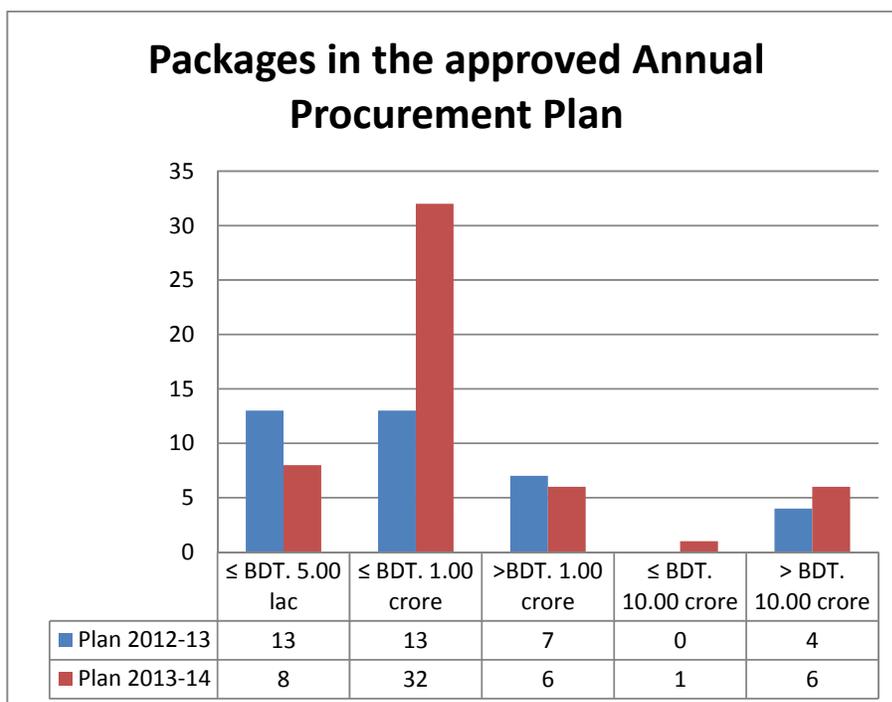


Figure 5.1: Packages in the approved Annual Procurement Plan

Annual procurement Plan (APP) was prepared in very beginning of each financial year after approval of Annual Operational Plan (AOP). The packages were classified into three categories according to the threshold i.e., RFQ, NCB and ICB method. For research purpose the packages were classified into five categories. Chart shows that in FY 2012-13 there was 37 packages while in FY 2013-14 the number was 53. Most of the packages were estimating less than BDT. 1.00 for both the financial year and some number above BDT. 10.00 crore.

5.1.2 Procurement started as per planned time

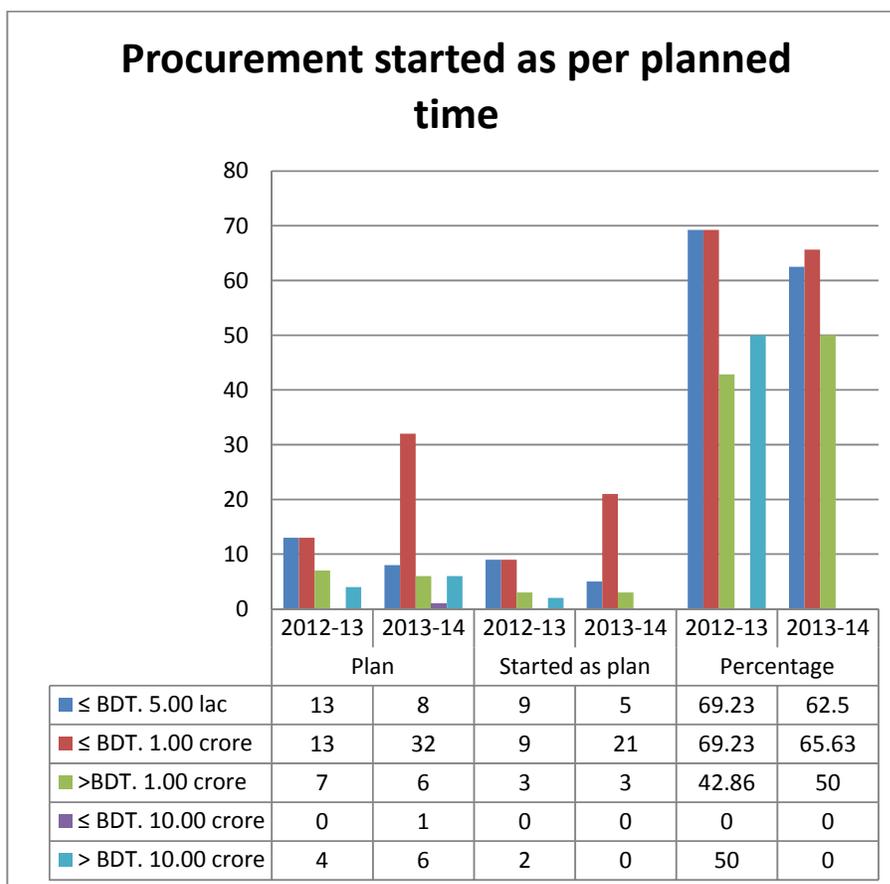


Figure 5.2: Procurement started as per planned time

Chart shows that at best 70% of the proposed packages were started according to the Annual Procurement Plan. PEDP 3 failed to start procurement process on time for the rest 30%. The percentages are much poor for high value contracts. In fact, DPE failed to start any of the contracts estimating more than BDT. 10.00 crore on time. In consultation with DPE officials, it was found that there are multiple reasons for that. User department delayed to send requisition, delay in preparing proper specification in high value contract, etc. DPE has to concentrate here to receive requisitions and specifications in time to ensure that procurement process start as per the Annual Procurement plan.

5.1.3 Contract executed within respective Financial Year

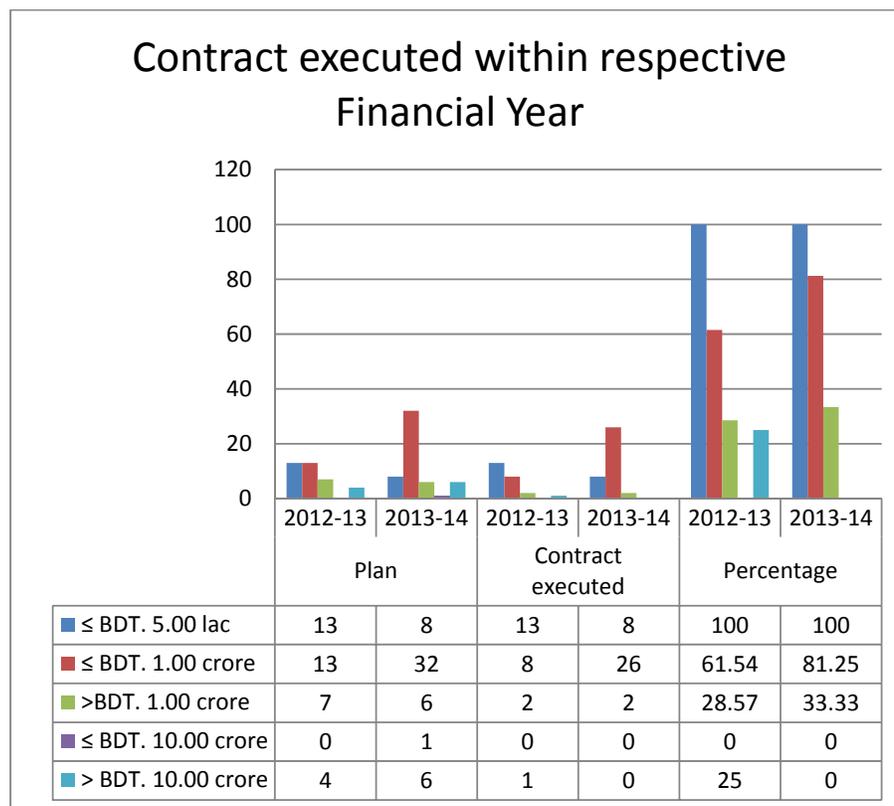


Figure 5.3: Contract executed within respective Financial Year

Chart shows that low value procurement contracts are executed within the financial year. Percentage of contract execution amounting more than BDT. 1.00 crore is very poor. DPE fails to execute any of the contracts amounting 10.00 crore within the Financial Year. In consultation with DPE official, it was discovered that the Approving Authority for low value contract is Director General himself as HOPE. But for high value contract, especially in the ICB method, the Approving Authority is the MoPME. Prior to that DPE has to take no objection on the Bid Evaluation Report from World Bank. It took more time than that of low value items. That's why it is very hard to execute a high value contract within the time frame as per the Annual Procurement plan.

5.1.4 Packages dropped and/or carried over to the next FY

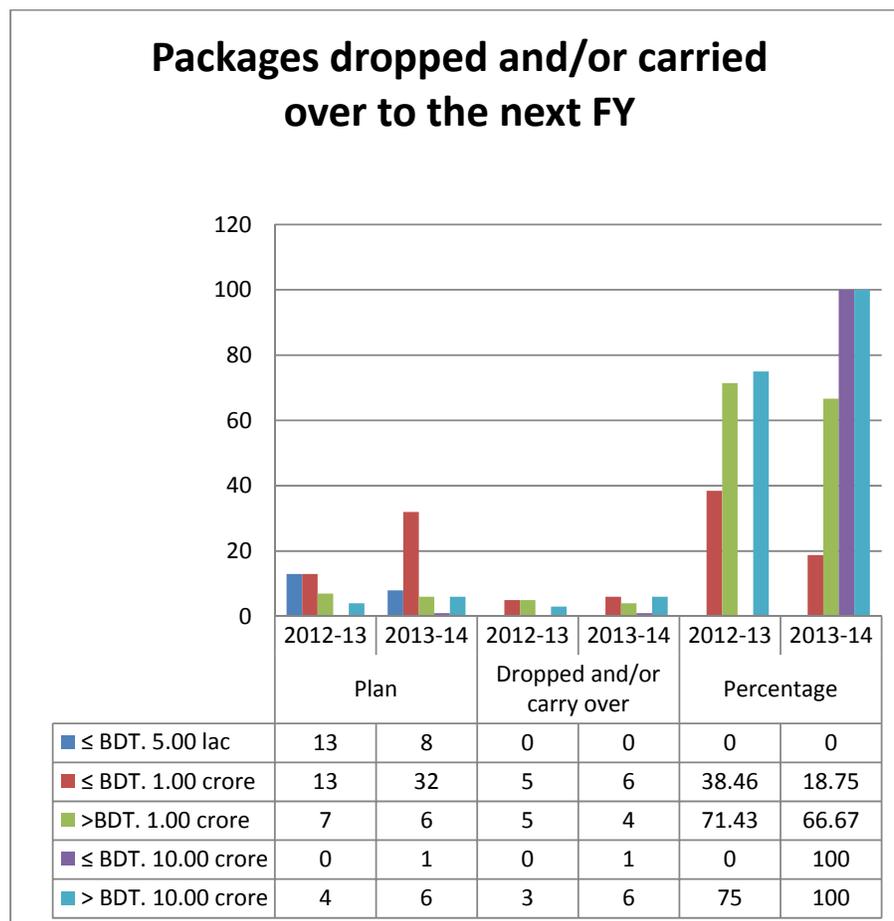


Figure 5.4: Packages dropped and/or carried over to the next FY

As stated earlier for high value contract, especially in the ICB method, the Approving Authority is the Minister. Prior to that DPE has to take no objection to the Bid Evaluation Report from World Bank. It took more time than that of low value items. That's why it is very hard to execute a high value contract within the time frame as per the Annual Procurement plan and the percentage of dropped and/or carried over is very high compare to the low value contract.

5.1.5 Avg. No. of days between IFT & tender submission deadline

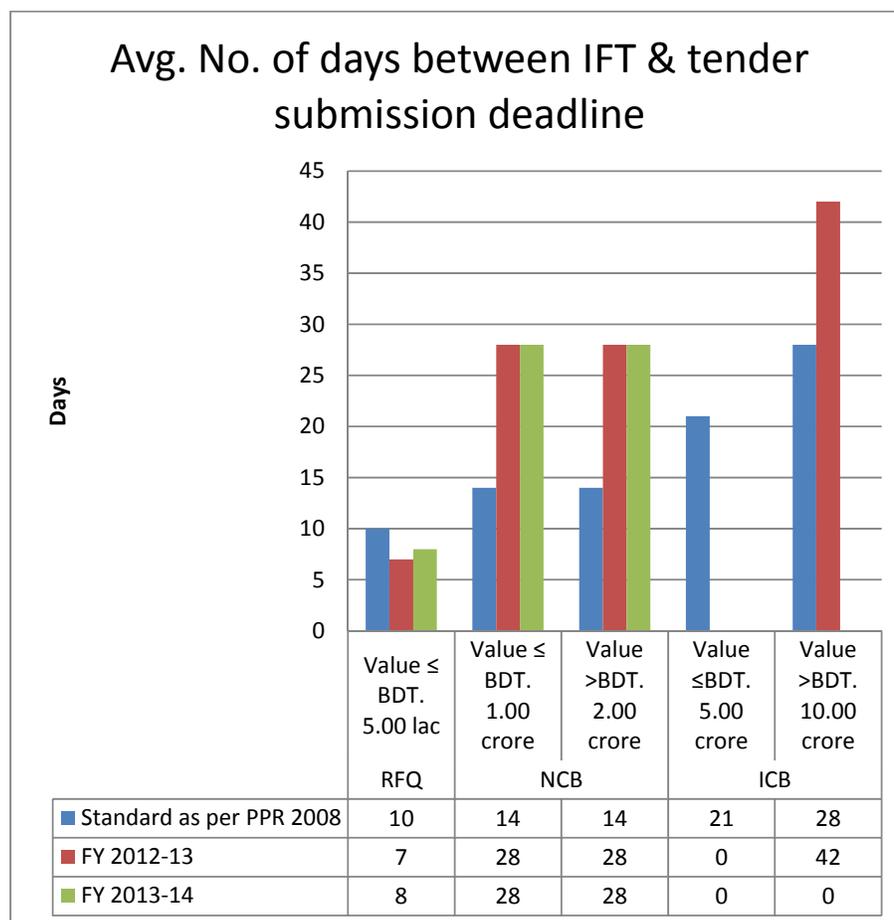


Figure 5.5: Avg. No. of days between IFT & Tender Submission Deadline

Allowing sufficient time between invitation of Tender and submission plays very significant roles in getting quality tenders from the competent tenderers, as adequate time is required for prepare and submit the tender properly. Adequate time also contributes towards better participation by the tenderers. On the other hand providing too much time indicates inefficiency of the procuring entities in managing procurement process.

It was found that PEDP 3 allowed adequate time for tender preparation for RFQ and ICB method which complies with standard time mentioned in the PPR-2008. But for NCB method too much time was allowed. In consultation with DPE officials it was found that the time for tender preparation was determined as per the Joint Financing Arrangement (JFA) between the Govt. and the development partners. In JFA it was found that any tender following NCB

method should provide at least 28 days and in ICB method 42 days without considering the estimated value

5.1.6 Avg. No. of days between tender opening & completion of evaluation

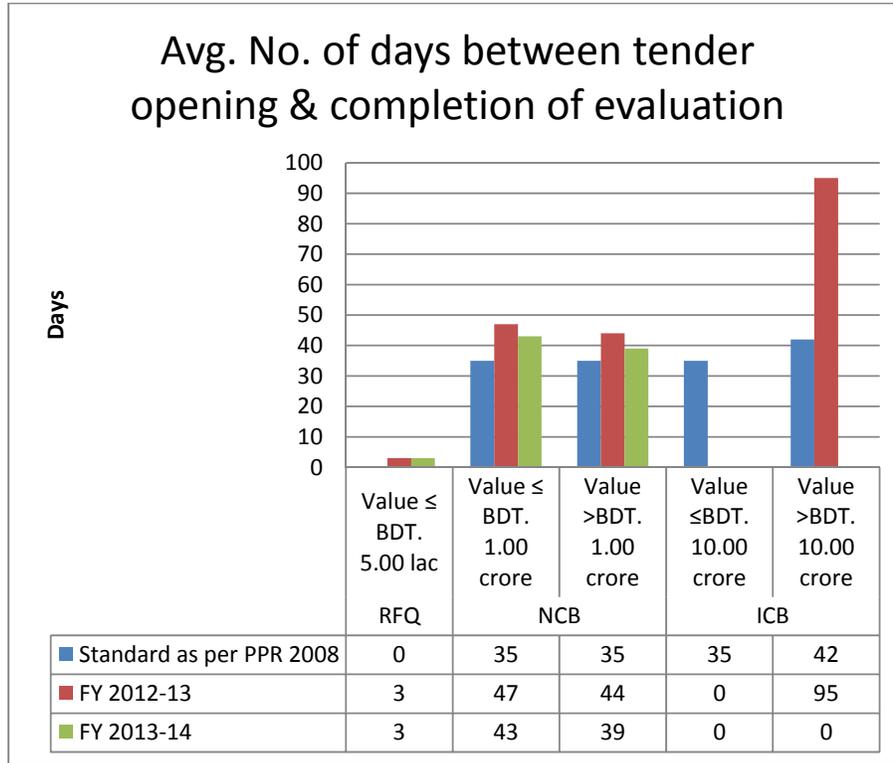


Figure 5.6: Findings against Avg. No. of days between Tender Opening & Evaluation

As per procurement processing and approval timetable of PPR 2008, any contract approved by HOPE i.e., contract value up to BDT. 10.00 crore, number of days between tender opening & completion of evaluation should be at best 21 and if there is Technical Sub Committee deployed then at best 35 days; any contract approved by Ministry i.e., contract value more than BDT. 10.00 crore, number of days between tender opening & completion of evaluation should be at best 21 and if there is Technical Sub Committee deployed then at best 42 days.

It was found that in PEDP 3 procurement contract value up to BDT. 5.00 lac average number of days between tender opening & completion of evaluation was less than the allocated time for RFQ method. It took one week more than the allocated time up to contract value less than BDT. 1.00 crore more than BDT. 1.00 crore in NCB method; contract value more than BDT. 10.00 crore, average number of days between tender opening & completion of evaluation was

far beyond allocated 42 days. PEDP 3 reduced its average tender evaluation time significantly from FY2012-13 to FY13-14 in NCB method and consistently doing well in both RFQ and NCB method i.e., contract value up to BDT. 10.00 crore. Average time taken in ICB method having estimated value more than BDT 10 million was higher than the standard allocation. In consultation with DPE officials it was found that the Tender Evaluation Committee for RFQ method was comprised with 5 members including 1 external member and the rest Committee was comprised with 7 members including 2 external members. DPE experienced unavailability of external members to arrange meeting. All the TEC members evaluated tenders in addition to their day to day work and hence took higher time. In addition, in high value and technically complex procurement it took more than one meeting to complete the evaluation. That's why it was very hard to complete the evaluation process within the time limit.

5.1.7 Avg. No. of days between submission of Bid Evaluation Report (BER) & approval

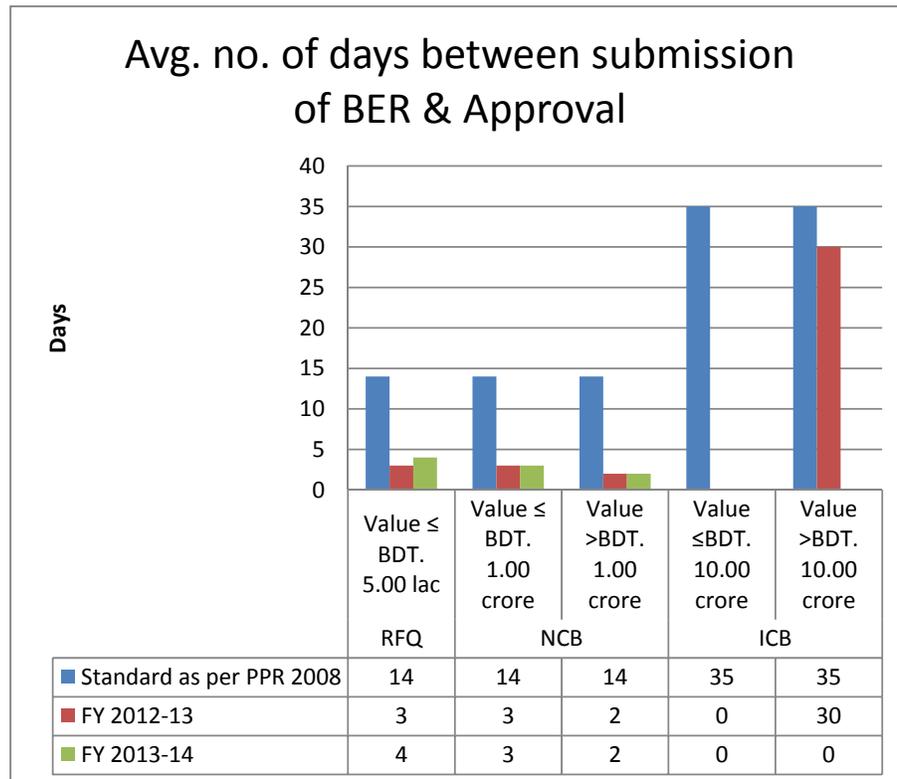


Figure 5.7: Findings against Avg. No. of days between submission of BER & Approval

As per procurement processing and approval timetable of PPR 2008, any contract approved by HOPE i.e., contract value up to BDT. 10.00 crore, number of days between submission of Bid Evaluation Report (TER) & approval should be at best 14; any contract approved by Ministry i.e., contract value more than BDT. 10.00 crore, number of days between submission of Bid Evaluation Report (BER) & approval should be at best 28.

Like other organizations, In PEDP 3 higher the contract value the higher approval time is required. From the chart it is very clear that PEDP 3 took much lower time than the standard for contract value up to BDT. 10.00 crore and contract value more than BDT. 10.00 crore, average number of days between submission of Bid Evaluation Report (BER) & approval was around allocated standard time. PEDP 3 performed consistently well in this area.

5.1.8 Avg. No. of days between final approval and Notification of Award

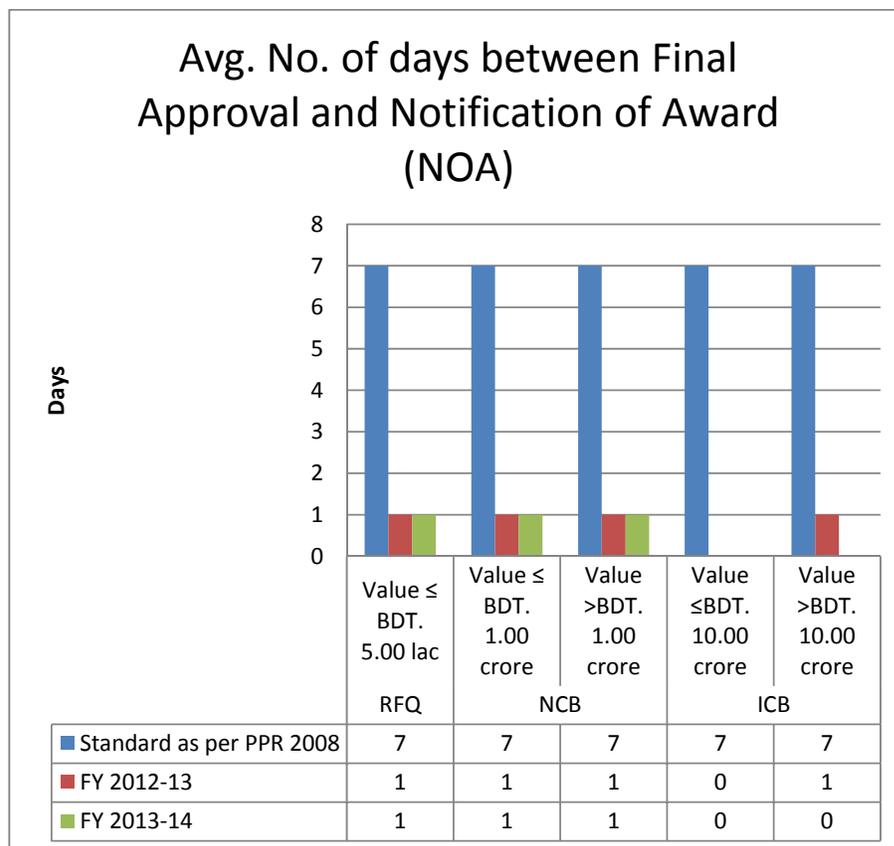


Figure 5.8: Findings against Avg. No. of days between final approval and NOA

As per procurement processing and approval timetable of PPR 2008, any contract without considering value, number of days between final approval and Notification of Award should be at best 7. From the chart it is very clear that average number of days between final approval and Notification of Award taken by PEDP 3 was much lower than the standard. PEDP 3 performed consistently well in this area.

5.1.9 Avg. No. of days between NOA and contract signing

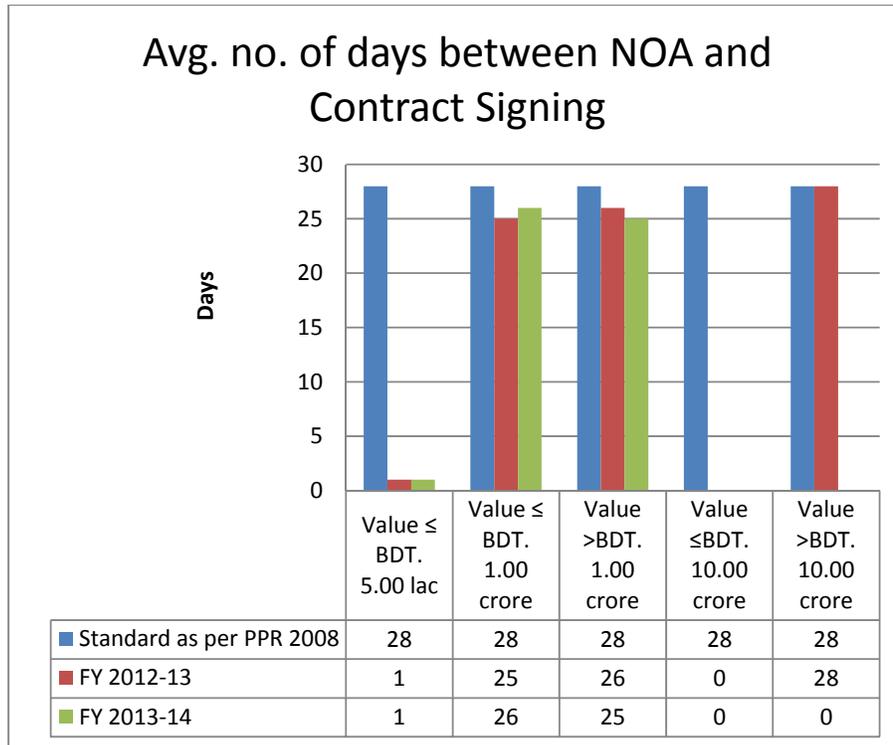


Figure 5.9: Findings against Avg. No. of days between NOA and Contract Signing

According to PPR-2008, contracts need to be signed with the awarded tenderer within 28 days from issuance of Notification of Award for any value of contract. From the chart it is very clear that average number of days between NOA and contract signing taken by PEDP 3 was around the standard. PEDP 3 performed consistently well in this area.

5.1.10 Avg. No. of days between tender opening and NOA

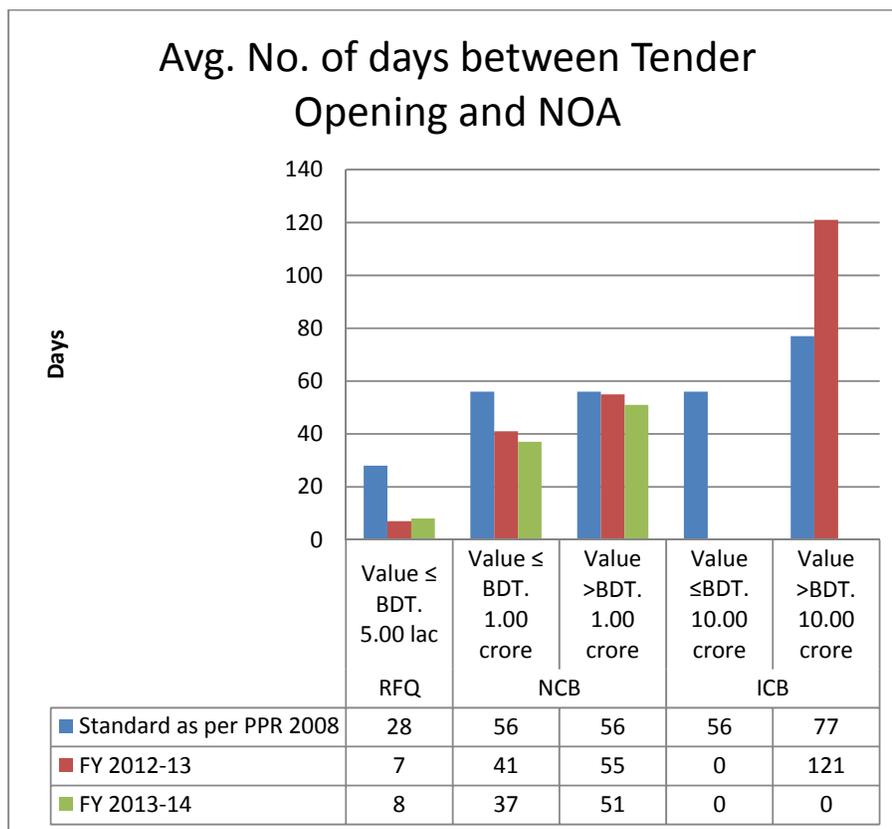


Figure 5.10: Findings against Avg. No. of days between Tender Opening and NOA

This shows actual tender processing time. Chart shows PEDP 3's performance in case of RFQ and NCB were consistent over the years while ICB took much time to issue NOA. The higher the value of the contract the higher time is required to process the tender.

5.1.11 Avg. No. of days between IFT and contract signing

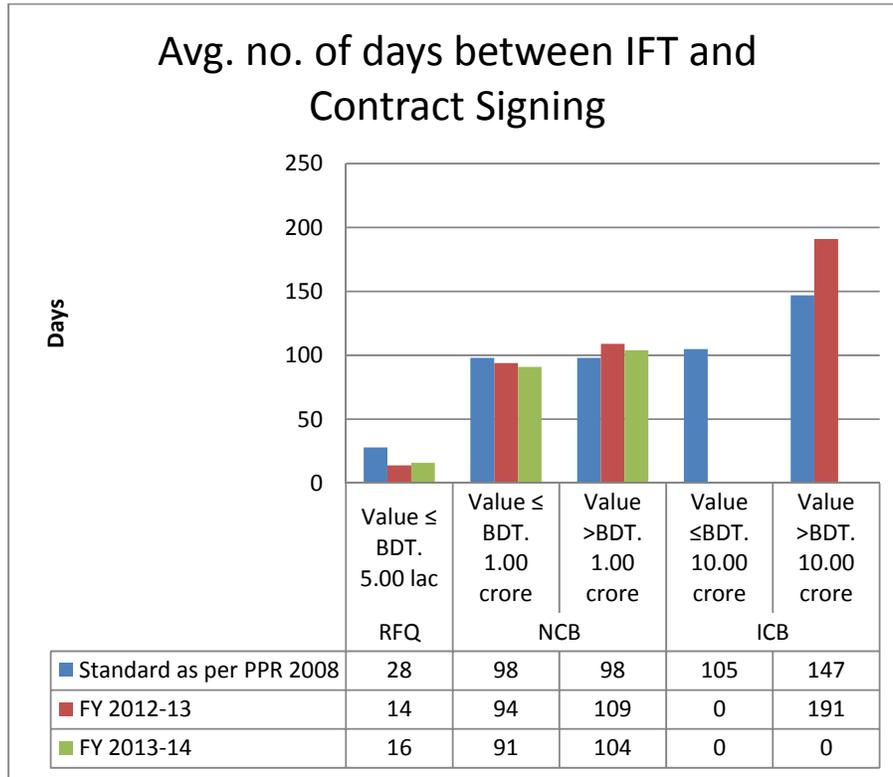


Figure 5.11: Findings against Avg. No. of days between IFT and Contract Signing

This chart demonstrates total procurement time. Chart shows in PEDP 3 it took only 14 to 16 days to sign a contract (issuing purchaser order) in RFQ method and was consistent over the years. In NCB method with value less than 1.00 crore it took 91 to 94 days but value more than 1.00 crore it took 104 to 109 days against allocated 98 days to sign a contract. In both cases its performance improved significantly from FY 2012-13 to FY 2013-14. In ICB method it took much time to sign a contract.

5.1.12 Percentage of cases tender evaluation completed within timeline

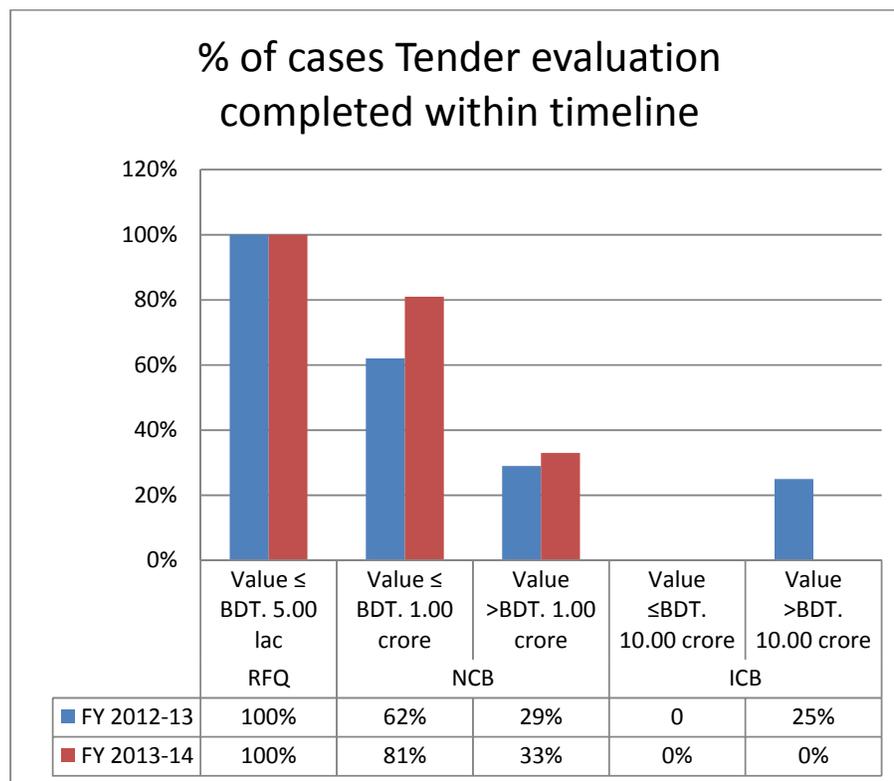


Figure 5.12: Findings against % of cases tender evaluation completed within timeline

The performances of the Tender Evaluation Committee in completing tender evaluation have been assessed based on procurement processing and approval timeline as specified in PPR-2008. There is a possibility of existence of a Technical Sub Committee in the evaluation process with very highly technical items.

In PEDP 3 the Tender Evaluation Committee completed evaluation within the timeline 100% of the RFQ procurement. Evaluation of contracts value less than BDT. 1.00 was satisfactory and improved significantly from FY 2012-13 to FY 2013-14. But contracts value more than BDT. 1.00 in NCB method was much poor and ICB method was as well. In consultation with DPE officials it was found that the Tender Evaluation Committee for RFQ method was comprised with 5 members including 1 external member and the rest Committee was comprised with 7 members including 2 external members. DPE experienced unavailability of external members to arrange meeting. All the TEC members evaluated tenders in addition to

their day to day work and hence took higher time. In addition, in high value and technically complex procurement it took more than one meeting to complete the evaluation. That's why it was very hard to complete the evaluation process within the time limit.

5.1.13 Percentage of contracts completed within original deadline

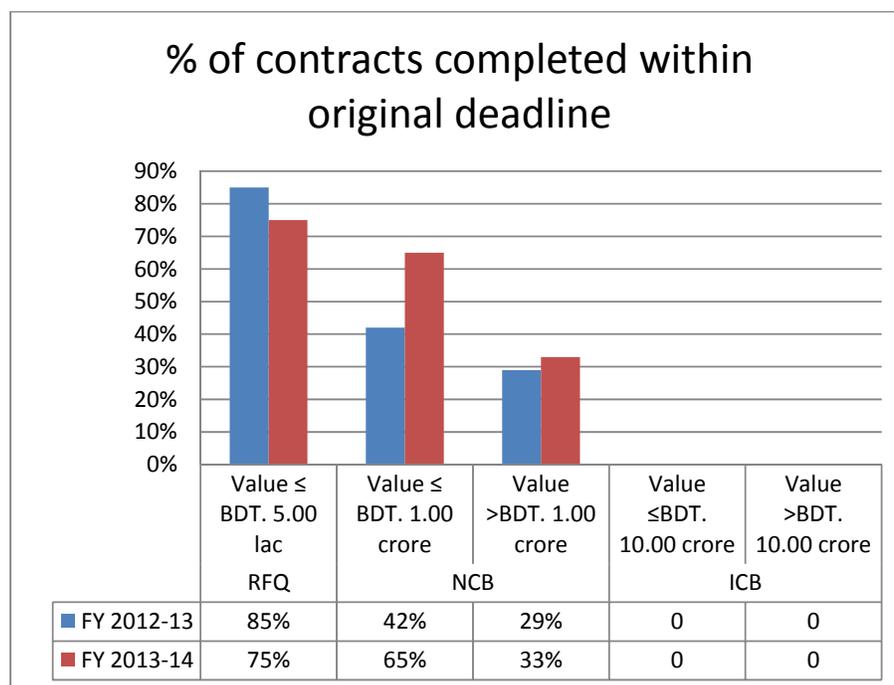


Figure 5.13: Findings against% of contracts completed within original deadline

This indicator reflects the efficiency of the organizations. RFQ method demonstrated better performance over the years but high value contract completed unsatisfactorily with a minimum percentage of achievement. It was discusses earlier high value contract rather than RFQ took much time in every steps in the procurement process especially in the evaluation. At the end of the financial year contract were running behind the schedule. Both the financial year PEDP 3 failed to complete any ICB contract. It completed a minimum percentage of NCB contract that period. PEDP 3 is in a risky position in term of ensuring goods in time.

5.2 Key Informant Interview with officials

Key informant interview has been conducted with few senior officers of Directorate of Primary Education. Most of them have given opinion that ICB procurement is more time consuming. It was found in the interview that, In accordance with the Section 8 of Joint Financing Arrangement (JFA) of PEDP 3 “Goods with estimated cost of US\$ 600,000 and above, and works estimated cost of US\$ 2,000,000 and above, are being procured using International Competitive Bidding (ICB) methods following the World Bank’s Guidelines (IDA) [Para 55]” and “All procurement of goods and services under ICB and all engagement of consulting services will be subject to prior-review respectively by IDA and ADB [Para 57]”. As a result, DPE has to take no objection at every steps of the process in ICB procurement. In addition of IDA guidelines, DPE has to align with PPR 2008 and General Financial Rules to finalize a procurement process. It takes much time to complete a procurement cycle that resulting unnecessary delay. They referred to a package for a procurement process for 3930 Nos. of Multimedia Projector. World Bank did provide no objection to the Bid Evaluation Report for awarding the Notification of Award but MoPME did not approve the same. As a result the package was cancelled that never ensure good in right time.

Moreover, some dishonest bidders often do fraudulent practice like submission fake bank guarantee, experience certificate, etc. The procuring entity has to spend more time now on this issue and hence tender disposal process becomes lengthy.

5.3 Key Informant Interview with suppliers

Key informant interviews have been conducted with few contractors who are presently working in different packages under PEDP 3. They have been asked to give their views regarding the timely delivery of goods. Most of them have given their view that tender processing is not as quicker as the provision of PPR 2008. The mentioned that in most packages they are asked to extend their bid validity period. Those automatically increase the total procurement time.

Some suppliers for printing of goods mentioned that they did face problems as DPE officials took more time than the standard for proof reading and providing print order prior to mass production. DPE officials waste more time and suppliers were asked to supply the goods

within shorter period of time that were often not practical. Suppliers strongly took their position that DPE itself responsible for delayed delivery of printing items.

They have cited some issues like submitting huge amount of performance security before contract signing creates liquidity problem during contract execution that is also responsible for delayed delivery of goods.

5.4 Summary of the Findings

The main objectives of the study are to identify whether goods are received as per schedule, approved in the Annual Procurement Plan. The specific objectives were to find out the bottlenecks that create delay in the procurement process and to find out areas of improvement. The following are found in the study:

- Any RFQ and NCB package that started as per schedule as mentioned in APP were completed within the timeframe. ICB packages took more time than the allocation. It was found that if requisition and specification for RFQ and NCB packages placed in time, Finance and Procurement Division can ensure the goods in time.
- PEDP 3 is finance by development partners. As per Act 3 (2) (d) of Public Procurement Act (PPA) 2006 Procurement of Goods, Works or Services under a loan, credit or grant agreement or under any other agreement with a development partner or with a foreign state or an organization, provided that if there is anything to the contrary in any such agreement entered into, the provision of that agreement shall prevail. As per PPR 2008 the time between IFT and Bid submission date, of any package with estimated cost up to BDT. 5.00 (five) crore, shall be minimum 21 (twenty one) days and above BDT. 5.00 (five) crore, shall be minimum 28 (twenty eight) days but as per Joint Financial arrangement (JFA) regardless the estimated cost any package though NCB the time must not be below 28 (twenty) days and any package though ICB the time must not be below 42 (forty two) days. It increases the lead time.
- Annual Procurement Plan (APP) was prepared as per the approved Annual Operational Plan (AOP). AOP is approved by the Steering Committee of MoPME. It takes almost first three months of the financial year. That is responsible for delaying start the procurement process on time. As a result some packages are dropped or carry

forward to the next financial year. This is one of the barriers to ensure the goods on time.

- There are two separate standard Technical specifications Committee in DPE. The Committee often delays in preparing technical specification. That delays the procurement process.
- Most often Finance and Procurement Division receives incomplete and inappropriate technical specifications.
- Bid Evaluation Committee took more time than allotted to evaluate bids or proposals.
- For large value procurement especially on ICB contract DPE have to take no objection on the Bid Evaluation Report from World Bank. Then sent it to MoPME for approval prior to issuing the Notification of Award. Both World Bank and MoPME took more time. That delays the process and goods in time.

CHAPTER 6

RECOMMENDATION AND CONCLUSION

6.1 Recommendation

From the above discussion it is clear that improper planning, provision in the contract with development partners and lack of cross functional team function are responsible delaying the procurement process and ensure goods in time. To minimize delays in the procurement process it is recommended to ensure:

- Annual Operational Plan (AOP) should be finalized earlier in the financial year.
- Annual Procurement Plan (APP) should be practical and realistic.
- Requisition and specification from the user divisions should be placed in time.
- A well composed Standard Technical Specification Committee should be formed with the external assistance to prepare appropriate technical specifications.
- Specifications should be aligned with the allocated budget.
- User department should place requisition on time and involve in the cross functional team to ensure that Standard Technical Specification Committee finalize the specification on time.
- Revisit the Joint Financial Arrangement (JFA) to align, the areas especially the time between IFT & Bid submission, with the PPR 2008.
- E-Procurement system should be introduced.
- Bid Evaluation Committee with the proper technical skills is identified, selected and approved early enough and is available to begin the evaluation process on schedule.
- Approving process of Bid Evaluation Report should be monitored for compliance of PPR 2008.

6.2 Conclusion

Avoiding delays in the procurement process not only saves time and money, it also permits the timely award of contracts. A delayed contract award could cause a chain reaction of delays on other dependent procurements. This is especially important in project procurement management because it could delay the completion of the project. All stakeholders: the Procuring Entity, Bid Evaluation Committee, Approving Authority, user department, etc., involved in the bidding, evaluation and selection phase are responsible for making every

effort to avoid delays in the procurement process. No single department can do this. It has to be a collective and collaborative effort.

APPENDIX -A: BIBLIOGRAPHY

1. CIPS (2011). **Measuring Purchasing Performance**. Chartered Institute of Purchasing and Supply, UK.
2. Directorate of Primary Education's website: www.dpe.gov.bd accessed date: December 01, 2014.
3. GoB (2011). Joint Financial Arrangement (JFA) for Third Primary Education Development Program (PEDP 3) between Government of Bangladesh and development partners.
4. GoB (2011). Program Document, Third Primary Education Development Program (PEDP 3).
5. Kothari, C.R. (2008). **Research Methodology Methods and Techniques. India.**
6. Public Procurement Acts, (2006). People's Republic of Bangladesh, Dhaka.
7. Public Procurement Rules, (2008). People's Republic of Bangladesh, Dhaka.
8. Siddique, I. (2012). Procurement performance in power sector of Bangladesh: a comparative study of a government agency and a public limited company. **Master's Thesis, Institute of Governance Study (IGS), BRAC University.**
9. WB (2002). The Country Procurement Assessment Report for Bangladesh.
10. WB (2006). Guidelines Procurement Under IBRD Loans And IDA Credits.
11. Yousuf, M. (2012). Measurement of Efficiency and Effectiveness of PPR in terms of time and cost overruns for Roads and Highways Department and Identification of important factors for time and cost overruns. **Master's Thesis, Institute of Governance Study (IGS), BRAC University.**

APPENDIX-B: TABLE OF PERFORMANCE INDICATORS

Table 5.1: Packages in the approved Annual Procurement Plan

Financial Year	RFQ	NCB			ICB			Total
	Value ≤ BDT. 5.00 lac	Value ≤ BDT. 1.00 crore	Value >BDT. 1.00 crore	Total	Value ≤ BDT. 10.00 crore	Value > BDT. 10.00 crore	Total	
	1	2	3	4= (2+3)	5	6	7= (5+6)	
FY12-13	13	13	7	20	0	4	4	37
FY13-14	8	32	6	38	1	6	7	53

Table 5.2: Procurement started as per planned time

Financial Year	RFQ	NCB			ICB			Total
	Value ≤ BDT. 5.00 lac	Value ≤ BDT. 1.00 crore	Value >BDT. 1.00 crore	Total	Value ≤ BDT. 10.00 crore	Value > BDT. 10.00 crore	Total	
	1	2	3	4= (2+3)	5	6	7= (5+6)	
FY 12-13	9	9	3	12	0	2	2	23
FY 13-14	5	21	3	24	0	0	0	29

Table 5.3: Contract executed within respective Financial Year

Financial Year	RFQ	NCB			ICB			Total
	Value ≤ BDT. 5.00 lac	Value ≤ BDT. 1.00 crore	Value >BDT. 1.00 crore	Total	Value ≤ BDT. 10.00 crore	Value > BDT. 10.00 crore	Total	
	1	2	3	4= (2+3)	5	6	7= (5+6)	
FY 12-13	13	8	2	10	0	1	1	24
FY 13-14	8	26	2	28	0	0	0	36

Table 5.4: Packages dropped and/or carried over to the next FY

Financial Year	RFQ	NCB			ICB			Total
	Value ≤ BDT. 5.00 lac	Value ≤ BDT. 1.00 crore	Value >BDT. 1.00 crore	Total	Value ≤ BDT. 10.00 crore	Value > BDT. 10.00 crore	Total	
	1	2	3	4=(2+3)	5	6	7=(5+6)	
FY 12-13	0	5	5	10	0	3	3	13
FY 13-14	0	6	4	10	1	6	7	17

Table 5.5: Avg. No. of days between IFT & tender submission deadline

Avg. No. of days between IFT & tender submission deadline		FY 2012-13	FY 2013-14
RFQ	Value ≤ BDT. 5.00 lac	7	8
NCB	Value ≤ BDT. 1.00 crore	28	28
	Value >BDT. 2.00 crore	28	28
ICB	Value ≤BDT. 5.00 crore	-	-
	Value >BDT. 10.00 crore	42	-

Table 5.6: Avg. No. of days between Tender Opening & completion of Evaluation

Avg. No. of days between Tender Opening & completion of Evaluation		FY 2012-13	FY 2013-14
RFQ	Value ≤ BDT. 5.00 lac	3	3
NCB	Value ≤ BDT. 1.00 crore	47	43
	Value >BDT. 1.00 crore	44	39
ICB	Value ≤BDT. 10.00 crore	-	-
	Value >BDT. 10.00 crore	95	-

Table 5.7: Avg. No. of days between submission of BER & Approval

Avg. no. of days between submission of BER & Approval		FY 2012-13	FY 2013-14
RFQ	Value \leq BDT. 5.00 lac	3	4
NCB	Value \leq BDT. 1.00 crore	3	3
	Value $>$ BDT. 1.00 crore	2	2
ICB	Value \leq BDT. 10.00 crore	-	-
	Value $>$ BDT. 10.00 crore	30	-

Table 5.8: Avg. No. of days between final Approval and Notification of Award (NOA)

Avg. No. of days between final Approval and Notification of Award (NOA)		FY 2012-13	FY 2013-14
RFQ	Value \leq BDT. 5.00 lac	1	1
NCB	Value \leq BDT. 1.00 crore	1	1
	Value $>$ BDT. 1.00 crore	1	1
ICB	Value \leq BDT. 10.00 crore	-	-
	Value $>$ BDT. 10.00 crore	1	-

Table 5.9: Avg. No. of days between NOA and Contract Signing

Avg. no. of days between NOA and Contract Signing		FY 2012-13	FY 2013-14
RFQ	Value \leq BDT. 5.00 lac	1	1
NCB	Value \leq BDT. 1.00 crore	25	26
	Value $>$ BDT. 1.00 crore	26	25
ICB	Value \leq BDT. 10.00 crore	-	-
	Value $>$ BDT. 10.00 crore	28	-

Table 5.10: Avg. No. of days between Tender Opening and NOA

Avg. No. of days between Tender Opening and NOA		FY 2012-13	FY 2013-14
RFQ	Value \leq BDT. 5.00 lac	7	8
NCB	Value \leq BDT. 1.00 crore	41	37
	Value $>$ BDT. 1.00 crore	55	51
ICB	Value \leq BDT. 10.00 crore	-	-
	Value $>$ BDT. 10.00 crore	121	-

Table 5.11: Avg. No. of days between IFT and Contract Signing

Avg. no. of days between IFT and Contract Signing		FY 2012-13	FY 2013-14
RFQ	Value ≤ BDT. 5.00 lac	14	16
NCB	Value ≤ BDT. 1.00 crore	94	91
	Value >BDT. 1.00 crore	109	104
ICB	Value ≤BDT. 10.00 crore	-	-
	Value >BDT. 10.00 crore	191	-

Table 5.12: % of cases Tender evaluation completed within timeline

Contract executed within timeline		FY 2012-13	FY 2013-14
RFQ	Value ≤ BDT. 5.00 lac	13	8
NCB	Value ≤ BDT. 1.00 crore	8	26
	Value >BDT. 1.00 crore	2	2
ICB	Value ≤BDT. 10.00 crore	-	-
	Value >BDT. 10.00 crore	1	-
% of cases Tender evaluation completed within timeline:			
RFQ	Value ≤ BDT. 5.00 lac	100%	100%
NCB	Value ≤ BDT. 1.00 crore	62%	81%
	Value >BDT. 1.00 crore	29%	33%
ICB	Value ≤BDT. 10.00 crore	-	0%
	Value >BDT. 10.00 crore	25%	0%

Table 5.13: % of contracts completed within original deadline

Contracts completed within original deadline		FY 2012-13	FY 2013-14
RFQ	Value ≤ BDT. 5.00 lac	11	6
NCB	Value ≤ BDT. 1.00 crore	5	21
	Value >BDT. 1.00 crore	2	2
ICB	Value ≤BDT. 10.00 crore	-	-
	Value >BDT. 10.00 crore	-	-
% of contracts completed within original deadline			
RFQ	Value ≤ BDT. 5.00 lac	85%	75%
NCB	Value ≤ BDT. 1.00 crore	42%	65%
	Value >BDT. 1.00 crore	29%	33%
ICB	Value ≤BDT. 10.00 crore	-	-
	Value >BDT. 10.00 crore	-	-