

**A study on Governance in Procurement Practices of Zila
Parishad, Nilphamari**

**A dissertation in partial fulfillment of the requirements for the
Degree of Master of Arts in Governance and Development**

**Submitted By
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**Bangladesh Institute of Governance and Development
BRAC University
Dhaka, Bangladesh
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Declaration

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Supervisor Authorization

I hereby recommended and certify that this dissertation “A study on Governance in Procurement Practices of Zila Parishad, Nilphamari” is a research work conducted by Md. Abdur Rashid, MAGD 6th batch BU ID-14272006, under my supervision for particular fulfillment of the requirements for the degree of MA in Governance and Development (MAGD), BIGD, BRAC University, Dhaka, Bangladesh.

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Abstract

Zila Parishad is one of the oldest institutions in Bangladesh. From the very beginning it plays important role to develop rural institutions like social, educational, religious etc. and rural communication network infrastructures like roads, bridges, culverts etc. To perform those service oriented activities Zila Parishad is engaged in procurement of goods and works from its journey in the region. In the year 1817 the then British Legislative Council passed the District Board Cess Committee bill and under this act District Board Cess Committee was formed in every district headed by the District Magistrate, which was the foundation of Zila Parishad. The duty of the committee was to collect tax and build roads. In 1885 self-government act was passed, District Board was established in sixteen districts under this act, among them five were in Bangladesh (Dhaka, Jessor, Khulna, Faridpur and Pabna). In 1969 under Basic Democracy Order District Board was renamed as District Council. In that time there was district councils in all 19 districts. In 1976 Local Government Ordinance was passed and District council was renamed as Zila Parishad. Now there are three hill district Zila Parishads having different structure with more autonomy and other 61 districts have Zila Parishads with limited autonomy. In 2010, Administrators in 61 Zila Parishads have been nominated by the government, and all are ruling party leaders. Now Administrators are the chairmen of Zila Parishad Development Coordination Committee and Upazila Chairmen, UNOs and head of the different development departments are the members. The principal duty of all Zila Parishads is to develop rural infrastructures, i.e. all Zila Parishads are engaged in procurements. Quality of governance in Zila Parishads mostly depends upon the quality of procurement. But excessive administrative control, lack of human resources, training and experience, lack of transparency & accountability and illegal interference of local elites, mastans and politicians are the main barriers in establishing good governance in procurement practices of Zila Parishads. During study it has been seen that role of committee members is not effective. The present dissertation has tried to evaluate how far good governance is prevailing and what are the barriers in establishing good governance in the procurement practices of Zila Parishads, what is the outcome of the prevailing procurement practices in developing rural infrastructure and service delivery and whether the citizens are satisfied or not, and at the same time through analysis identified the prevailing problems in contract management, time management, cost management, quality management and quantity management.

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List of Abbreviations:

BAPEX	-	Bangladesh Petroleum Exploration Corporation
CGEC	-	Consortium for Global Electronic Commerce
CGFR	-	Compilation of General Financial Rules
CPTU	-	Central Procurement Technical Unit
DEFRA	-	Department of Environment, Food, and Rural Affairs
DESCO	-	Dhaka Electric Supply Company
DNCC	-	Dhaka North City Corporation
DOFP	-	Delegation of Financial Powers
DPE	-	Directorate of Primary Education
DPHE	-	Department of Public Health Engineering
DSCC	-	Dhaka South City Corporation
e-CMS	-	Electronic Contact Management System
e-GP	-	electronic Government Procurement
GPPC	-	Government Procurement Practices Cycle
GTCL	-	Gas Transmission Company Limited
IBM	-	International Business Machines Corporation
IDA	-	International Development Agency
IGS	-	Institute of Governance Studies
LG	-	Local Government
LTM	-	Limited Tendering Method
MP	-	Member of Parliament
NILG	-	National Institute of Local Government
NOA	-	Notification of Award
OECD	-	Organization of Economic Cooperation and Development
OTM	-	Open Tendering Method
PA	-	Procuring Agency

PE	-	Procuring Entity
PGCB	-	Power Generation Control Board
PIC	-	Project Implementation Committee
PPPA	-	Public Procurement Processing and Approval Procedures
PPRP	-	Public Procurement Reform Project
PROMIS	-	Procurement Management Information System
PWD	-	Public Works Department
RAJUK	-	Rajdhani Unnayan Katripakkha
STD	-	Standard Tender Document
TEC	-	Tender Evaluation Committee
TOC	-	Tender Opening Committee
UNEP	-	United Nations Environment Program
UNO	-	Upazila Nirbahi Officer
UP	-	Union Parishad
WASA	-	Water and Sewerage Authority

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Chapter-1: Introduction:

1.1. Background:

Government procurement, or public procurement, is the procurement of goods, works and services by the government agencies for the betterment of the country and provide public services with 10 to 20% of GDP, which accounts a substantial part of the global economy. Procurement has been defined in the Public Procurement Act, 2006 (PPA 2006), as ‘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’. In case of public procurement public fund is used for purchasing, hiring or obtaining of goods, works or services by the public sector by any contractual means. The principal aim of public procurement is to procure or hire services for the people using public fund and the duty of the procuring agencies is to ensure best quality services in lowest cost. So, Public procurement has both economic and political implications. Public procurement is an important function of government to satisfy citizens’ requirements for goods/ works/ services. However public sector procurement is large and complex and requires fairness, accountability, and effectiveness. But in many countries the scenario is different; both politicians and public servants are exploiting their power for personal gain and tend to make procurement activities questionable. Lack of accountability and transparency in procurement, leads mainly to corruption, creates scope for wastage of public money and creates opportunity for rent-seeking activities of the parties, which is a barrier for need based investment. It is widely accepted that weaknesses in public procurement have a cumulative negative effect on investment and economic growth. So, good governance, in many ways depends upon the fairness in procurement. To prevent fraud, waste, corruption or local protectionism, most countries regulate the public procurement process by enacting laws. Since 2001 with the assistance of World Bank, Government of Bangladesh has taken number of steps to reform its procurement system. There was no unique procurement system in the country before the PPA and PPR came into force in 2008. Although most of the procurement and contracts in Bangladesh are often taken by open competitive method, yet poor governance is creating barriers to reduce corruption in procurement and achieving social objectives. That is why World Bank in agreement with the Government of Bangladesh assessed the procurement policy, framework, institutions and staffs skills in 2001, and prepared the Country Procurement Assessment Report (CPAR) identifying the major deficiencies, in the

procurement system of Bangladesh, and recommendations were given to the government to reform the procurement system.

The Government of Bangladesh, following the objectives and recommendations of the report took reform initiative to reform public procurement system to improve efficiency, transparency and accountability and gain people's confidence in country's procurement system. Government with financial assistance of World Bank undertook "Public Procurement Reform Project" in 2002. Under this project Government has established Central Procurement Technical Unit in IME Division of the Ministry of Planning to assist all the government agencies by making policies and introducing standard procurement documents. Consequently PPA '2006' and PPR '2008' were formulated and henceforth all government agencies that are spending public money should follow PPA '2006' and PPR '2008' in procurement process.

Local government is an organization deemed to engage in activities for the welfare of the local people and development of the local institutions with administrative and financial autonomy. By definition, local government means an intra-sovereign governmental unit within the sovereign state dealing mainly with local affairs, administered by local authorities and subordinate to the state government (Jahan, 1997). Governance has been defined as the manner in which power is exercised in the management of a country's economic and social resources for development (World Bank, 1994). Local government is acknowledged as a highly viable mechanism through which democratic system and practices can be established and participatory development ensured (Khan, 2000). Strong local government institutions are important for enhancing good governance and people's participation. Zila Parishad is the oldest local government institution in Bangladesh. It was founded in the year 1817 in the District Board, under the District Board Cess Committee bill passed by the then British Legislative Council with the duty to collect tax and build roads within the district. Then in 1969 it was renamed as District Council under Basic Democracy Order and in 1976 as Zila Parishad under Local Government Ordinance. From the very beginning of the institution it has been doing different types of procurements. Now there are 64 Zila Parishads in Bangladesh, among them there are three hill districts having different structure with more autonomy. Other 61 districts have Zila Parishads with limited autonomy. The research has dealt with those 61 district Zila Parishads, which are run under the control and guidance of Local Government Division following Local Government (Zila Parishad) Act, 2000. As a district level local government organization it was expected that Zila Parishad should be the

center of development activities of a district, but it has no/limited relationship with other local government organizations, like Upazila Parishad and Union Parishad. Development activities are implemented by Zila Parishad separately under the guidance of Local Government Division. The principal duty of all Zila Parishads is to develop rural infrastructures, i.e. all Zila Parishads are engaged in procurements. Quality of governance in Zila Parishad mostly depends upon the quality and fairness of procurement practices. So, procurement of Zila Parishads should be given importance to gain people's confidence and at the same time to establish good governance in Zila Parishads, and render better services to the people by proper use of public money.

1.2. Problem Statement:

Zila Parishads are spending money for rural infrastructural development of the country. The development projects are implemented in two ways, one is tendering method and another is community participation. There is a common perception that in public sector, money is misused and misappropriated in course of procurement. Huge amount of money is spent through local government institutions, but fairness in spending money by the local government bodies is always in question. It is assumed and reported in various sources that, in local Government Institutions about 50% of the allocated money is misused due to unfair practices in procurement. There are allegations that, procuring activities in Zila Parishads are controlled by the party men of the ruling party, and they create barriers in proper competition in procurement. There is also criticism that public money is utilized for political purpose through local government institutions, and projects are selected not need-based but to satisfy the party activists. It is also noted that due to inadequate efficient manpower and political intervention proper procurement management following the PPA and PPR is hardly possible for Zila Parishads. In implementing big projects Zila Parishads depend upon LGED for technical support if required. Although there is central auditing system controlled by the Local Government Division, the effectiveness of the auditing is largely in question.

1.3. Research Objectives:

The objective of the study is to assess the quality of governance in procurement practices of Zila Parishad Nilphamari.

1.4. Research Questions:

The study is based on the following questions:

1. To what extent people participate in, and are satisfied with the procurement practices of Zila Parishad.
2. To what extent the prevailing laws and rules are followed by Zila Parishads in procurement.
3. To what extent transparency and accountability are ensured in procurement.

1.5. Significance of the research:

Among the three tiers of local government institutions Zila Parishad is the district level institution run by non-elected government officers and staffs. Among all the local government institutions Zila Parishads are financially solvent and have the authority to spend money in different development activities all over the district. In spite of that, government allocates millions of Taka under ADP for development works all over the country. Today, the activities of Zila Parishads have strong influences on the socio-economic development of Bangladesh. So many arguments are coming from different corners to strengthen the local government institutions for the development of the rural areas and advocate decentralization of policy making process. But good governance is the prerequisite to success, which depends upon the fairness in procurement. Zila Parishads spend huge amount of money in development activities, and superficial criticisms come from different corners about the quality and fairness of procurement without empirical evidence, because no research has been done yet on procurement practices of Zila Parishad. Hence study on this subject has explored different factors affecting the governance in procurement practices in Zila Parishad over a period of time. The research and its findings and analysis have helped to represent the latest scenario of procurement practices as well as importance of Zila Parishads in the development of Bangladesh. We hope that the thesis would be placed as notable policy guideline at the time of policy formulation. The probable outcomes of this research will help the policy makers and those involved with the implementation process to change or reshape or rearrange the existing operational rules or procedures to make Zila Parishads effective, capable and people centric institutions for the socio-economic development of the rural area as well as rural people.

1.6. Methodology:

The research has been conducted with a focus on Zila Parishad, Nilphamari. Both primary and secondary data have been collected, processed, categorized and analyzed keeping in mind the objectives of the dissertation. The methodology followed included, focus group

discussion, interview of the stakeholders with structured questionnaire and visiting some finalized projects to assess the real picture of procurement. To find out the real picture, opinion of the general people with anonymity was taken on agreement to keep their identity secret. The present dissertation has tried to achieve its objective reviewing different existing literature and information related to procurement and through field level survey. In order to collect the primary data four sets of structured questionnaires have been used for the present dissertation. The collected data has been processed and analyzed with the use of MS Excel and other available methods of data analysis. In some cases, flow figures and tabular presentation have also been used to present the findings of the data in a graphic manner.

1.7. Study area of the research:

Nilphamari is a northern district in Bangladesh under Rangpur Division, with an area of 1140.76 sq km. the district consists of six Upazilas and sixty nine union Parishads (Source: District web portal). The upazilas are Sadar, Saidpur, Kishorganj, Domer, Jaldhaka and Dimla. Nilphamari Zila Parishad is doing development works all over the district covering all Upazilas. The projects implemented by Zila Parishad are construction of mosques, box-culvert, class rooms in the educational institutions, road reconstruction, sanitary latrine distribution, tube well installation and scholarship distribution among the poor meritorious students. The whole district has been selected for this research work. Several implemented projects under the study area were selected randomly.

For two purposes, Nilphamari Zila Parishad has been chosen for research. Firstly, the area is relatively backward and poor area, and secondly the area is well known to the researcher, as the researcher has previously visited the area several times and it was convenient to understand mass people's perception on procurement practices in Zila Parishad that has been traced out through this research.

1.8. Limitations of the research:

This study has some limitations. Due to time constraint only some selected projects of six Upazilas of Nilphamari district have been covered for this research. Among 61 Zila Parishads of the country a portion of a Zila Parishad is not enough for getting a complete and in-depth picture. Moreover the officials of Zila Parishad did not respond eagerly with the apprehension that, responses might be harmful for themselves. The contractors/ suppliers also hesitated to respond clearly with the apprehension of harming relationship with the office and other

stakeholders. Nonetheless, the study interviewed 175 respondents of four categories and tried hard to find out the real picture of the ongoing quality of governance in procurement practices of Zila Parishad, Nilphamari, which will help the policy makers to take steps for procuring quality goods/ services/ works by Zila Parishads to develop the rural infrastructures and ensure value for money.

1.9. Chapter Outline:

The present dissertation consists of six chapters each focusing on a distinctive aspect.

Chapter One: Introduction – This chapter introduces the topic of the dissertation, which contains background, Problem Statement, Research Questions, Research Objectives, Significance of the research, Research methodology, Study area of the research and Limitations of the research.

Chapter Two: Literature Review – This chapter consists of review of the existing procurement related literatures in the context of Bangladesh and other countries.

Chapter Three: Public Procurement, (Bangladesh Perspective): This chapter describes the background, history and evolution of public procurement in Bangladesh. It provides a past and present picture of public procurement scenario in Bangladesh and gradual development of its legal framework.

Chapter Four: Overview of procurement practices of Zila Parishad– This chapter contains the present scenario of procurement practices by Zila Parishads and their financial system.

Chapter Five: Analysis of Data and Findings– This chapter deals with the analysis of primary and secondary data collected from the research area Zila Parishad, Nilphamari and discussed the important information from field survey and data analysis.

Chapter Six: Conclusion and Recommendation- This chapter draws conclusion based on the information and data, analyzed in the previous chapter, and recommends ideas to improve the procurement system in Zila Parishad.

Chapter- 2: Literature Review

This chapter deals with the existing relevant literature on procurement at home and abroad. Overview of relevant previous research of public procurement is provided for better understanding of the research field. The existing literature are reviewed and analyzed to identify the relation of procurement with governance and public procurement related to the local government level.

2.1. History of Procurement:

The Egyptians in 3000 BC used scribes to manage the supply for building Pyramids. Scribes were one of the first known in history to be in the procurement profession. They played clerical role, recording the amounts of materials and workers needed on papyrus rolls. But the organizational role in procurement was not truly recognized until the 1800s. Charles Babbage's book, "*On the Economy of Machinery and Manufactures, 1832*" is one of the earliest acknowledgements of the procurement activities. In this book he pointed to the need for a 'materials man' in the mining sector who selected purchases and tracked goods and services required. Babbage identified the need for a centralized procurement officer. During the Industrial Revolution, procurement solidified its importance. Marshall Kirkman's book "*The Handling of Railway Supplies - Their Purchase and Disposition, 1887*" described the procurement's strategic contributions to the railroad industry, specifically in transferring goods from developed parts of the country to the south and west. In the earlier time, purchasing was a clerical function of government. During the World Wars I & II, purchasing function got momentum due to increasing demand of raw materials, supplies, and services to keep the factories and mines functional (Wikipedia). Due to the scarcity of materials during war and depression, the objective of procurement had been to obtain enough raw materials, services, and supplies to simply keep the economy running. After the World Wars procurement initiatives were again shifted from a strategic role to strictly clerical. In the mid1960s procurement once again took on managerial role, and the concept of material management became the focus during this period as well as trained professionals were increased. Competitive bidding with price became the determining factor for most contracts. In the 1980s supplier competition increased giving organizations the scope to give more focus on supplier quality and dependability. Supplier management became an important factor in procurement and remains same today. In the late 1990s, modern procurement system was evolved looking at supplier as partners and encouraging long-term contract. Today

procurement professionals are key persons for the success of organizations and they're responsible for overall development management of an organization. In the 1960's a CPO (Chief Procurement Officer) was unheard of, but today procurement heads are helping their organizations to develop and reach strategic and operational goals. Now e-procurement is becoming popular all over the world to make procurement more efficient by using ICT. With the development of ICT, procurement shifted towards strategic sourcing and bidding, and vendor management software now save time and money in procurement which is beneficial for the organizations and at the same time it can focus on organization initiatives and supplier relationships. (Source Suite.com)

Though, procurement has a long history, yet its role as a strategic part of the organizational structure is still relatively new, which has been evolving quickly through the last 30 years. Introduction of ICT in procurement added a new momentum in the field of procurement. In the modern world so many procurement professionals trying to develop and expand procurement role and ability to directly affects successful organizations. Efficient procurement professionals are now highly demanded by the organizations.

2.2. Corruption and Public Procurement:

From Kautilla to modern experts, all recognize procurement as the laying chamber of corruption. Kautilla,s opinion is that, it is unusual for a person to distributes sweets without testing it from his fingertips. There are so many criticisms regarding the transparency, accountability and integrity in the public procurement system of Bangladesh. Other than that, the domination of mastans in public construction and procurement sector in Bangladesh is a common problem in governance in procurement. Most of the miscreant groups have ties with ruling political parties which makes them uncontrollable. Public officers have nothing to do but connive with them to make benefit sharing relationships. Courts can play vital role in controlling the miscreants in procurement sector, if there is proactive judiciary, which is respected for its competence and morality. For example, in Brazil and in the Philippines the Supreme Court did intervene in matters of privatization, in Australia court struck down presidential concessions for building an airport (Susan Rose- Ackerman, 1999). The extremely slow disposal of financial cases in Bangladesh shows the inability of the court and a systematic problem to check extra-legal acts. The more the companies get government contracts for procurement, construction or consultancy they will become from big to bigger, so companies are eager to bribe officials and politicians, who are in position to grant favors,

to get unethical privilege in winning contracts (TI Bangladesh, 2009). A survey of public official was undertaken in late 1999 by TIB. The respondents in the survey told that, there are strict procurement rules but sometimes due to oversight, mistakes in documents and influence of external parties, corrupt practices happen. In their opinion, corruption in public procurement practices has remained the same or worsened in recent years. Impunity and inability of taking proper action against corruption of high elected and appointed officials, low salary, low morality and low administrative capacity have allowed corruption to increase in Bangladesh (TI Bangladesh, 2009). The most prone areas of public procurement for corrupt practices are, contracting including contracting out and consulting, public works, energy sector including exploration and generation, public services delivery including healthcare and education, utility and municipal services, regulatory bodies including telecommunication and financial services. These are corroborated by Bribe Payers Index, BPI of Transparency International, TI (TI Bangladesh, 2009). Kelleher and Yackee (2008) have demonstrated that contracting out may provide new opportunities for special interests to influence policy making. A few studies examine situations in which procurement has been used as an empirical basis for discussing and analyzing corruption in general (Andersson 2002). Erridge and Greer (2002); Fornego and Ottoo (1997); Entwistle and Martin (2005) in their studies have analyzed the possibility of building relationship between public actors at the central government level and private suppliers in procurement relationships which creates win-win situation for both parties.

2.3. Competitive Tendering in Public procurement:

There are two main areas of research concerning procurement through competitive tendering at the local government level; one is different procurement reforms and the use of public procurement is at the local government level in various countries (Painter 1991; Boyne 1998), and another is the question whether it is cost effective to use competitive tendering in public procurement process in purchasing public goods or services (Arrowsmith 1998). Several studies have found that an initial cost reduction of approximately 20–30 percent when procuring through competitive tendering (Savas 2002). However, in some cases, the cost reductions decrease when the second round of tendering is conducted (Bekken et. al. 2006). It is seen on the basis of those studies that public procurement can act as a catalyst in achieving goal at the local government level in providing public services. Combination of market competition in procurement enhances transparency, accountability and efficiency. In economics view public bureaucrats have little or no incentive to provide the best possible

service at the lowest cost possible in competitive tendering; and competitive procurement is to shift operational decisions from bureaucrats to private firms competing for contracts. To win contracts through competition, firms should be efficient; otherwise others will take the opportunity (Boyne 1998; Martin et al. 1999). The system of contracts is also supposed to force politicians to specify targets and objectives more clearly (Nagel 1997; Christensen 2001). Nevertheless several studies have questioned whether procurement through competitive tendering actually increases accountability and efficiency or not (John et al. 2004; Erridge 2007; Lamothe and Lamothe 2009). Pinch and Patterson (2000) in their study analyze various contractual outcomes of UK and identified that competitive tendering has undermined the real and potential contribution of local public services to regional economics. It shows that competitive tendering has damaged the capability of local authorities to play direct role in promoting the economic, environmental and social development activities of their regions and a new and irregular pattern of regional economic development has emerged. The authors pointed out lack of competition between procurement models, and suggest that a more flexible procuring system would be beneficial (Pinch and Patterson 2000; Bivand and Szymanski 2000). One question also has been raised that whether government officials are giving preferential treatment to local firms or domestic firms from elsewhere in the country (Hoekman and Mavroidis 1997; Martinet et al. 1999). Bovaird (2006), pointing out the relationships between public and private actors and argues that collaboration between buyer and supplier in public procurement subsidizes the traditional concept of market competition.

2.4. Transparency in procurement to combat corruption:

Quality of governance in public sector mostly depends upon the fairness of procurement. Several studies demonstrated that public procurement is the fountain head of corruption and to combat corruption transparency in procurement is necessary. Studies also discuss that procurement is an important economic and political activity of governments and aid agencies, and a tool to transform development finance into developmental outcomes. Procurement has been conceptualized as one of the major economic activities performed by government (Thai, 2001). The main goal of procurement is to obtain right quality and right quantity of goods, works or services in right time with least cost. Empirical evidence shows that much of public procurement was conducted on a lowest cost basis and without a solid strategic plan (Murray, 2008). In both developed and developing countries public procurement is being used to provide employment opportunity for both able and disable persons, raise labor standard and promote gender, racial and ethnic equality (McCrudden, 2004). Shortcomings in

procurement process of both developing countries and aid agencies are the main constraints in effectiveness of aid. So donors have emphasized the procurement systems of developing countries as the first option, and committed to strengthen them (Ellmers 2011). Procurement of goods, works and other services by public bodies is alone about 15 percent to 30 percent of Gross Domestic Product (GDP), and in some countries even more. The economic share of public procurement is generally larger in developing countries than in developed countries (Eurodad, 2009). In case of LDCs and post conflict countries, it is as much as 70 percent of GDP (UNDP, 2010). It has also been globally identified as the root of corruption in the public sector due to rent seeking tendency and activities of the stakeholders. It gives riskless opportunities for corruption to both public servants and politicians, and causes damage normally between 10 percent and 25 percent and in some cases as high as 40 percent to 50 percent, of the contract value (Transparency International 2006). In Bangladesh public procurement consumes about 70 percent of annual development budget. So government of Bangladesh should reform public procurement policies and align its procurement systems with the objectives of national development strategy, in broad consultations with citizens, improve transparency and accountability in procurement, improve procurement officers' awareness and skills for sustainable public procurement and pro-poor procurement, make public its procurement plans so that they are known and accessible and can be monitored by stakeholders (Ellmers 2011). This large volume of procurement related transactions provide a fertile ground for corruption in public sector. The mismanagement of development projects due to bulk corruption in procurement is one of the major reasons behind Bangladesh's position in corruption perception index as the most corrupt country from 2001 to 2005. The cost of bad governance in the procurement activities in Bangladesh is significantly high, affecting the poor and the vulnerable (IGS Policy Note, 2012). The social and economic costs of corruption in public procurement are very high in developing countries (Schapper et al. 2006). Due to corrupt procurement practices citizens are not getting the services in expected level, and the result is poor quality healthcare, education and other essential services. Poor governance in procurement paves the way for corrupt officials and contractors/suppliers to take away the benefits of public procurement depriving the poor and marginal people. Making transparent public procurement process to ensure competition and equal access, integrity and accountability and public disclosure of all relevant information are necessary, but competition in public procurement has been seriously undermined by corrupt practices especially cronyism and nepotism, bribery, collusion, and fraud (Jones 2007). The risk of corruption is not only restrained by creating culture of promoting values such as, trust,

honesty and honor but procurement reform is the potential tool to fight against corruption (Lennfors, 2006). Transparency in governance as well as in procurement is the main tool in preventing corruption. Contract management process should be widely publicized and made easy accessible to all to enable transparency in the public procurement system, but in practice there are difficulties at achieving complete transparency (Osei-Afoakwa, 2014). Corruption in public procurement includes the unethical practices by participants in the procurement process to illegally exploit their positions of trust for private and selfish gains. (Osei-Afoakwa, 2012). Public procurement is increasingly recognized as a central instrument to ensure efficient and corruption-free management of public resources (OECD, 2007, p. 19). It has been argued that accountability of public officials in procurement is essential in deterring corrupt practices and it creates an enabling environment for energetic private sector activity (Kabaj, 2003); and problems of accountability arise when governments ignore or transgress social ethics and constitutional and legal provisions in conducting public affairs, administrative systems are fragmented, tasks to be performed are so complex or unspecified that it is difficult to identify who is responsible for what, activities are underfunded so that implementation is very difficult or impossible (Therkildsen, 2001).

2.5. Role of Local Governments in Service Delivery:

Devolving expenditure responsibilities to local governments can increase the participation of citizens in local decision-making process. A genuine decentralization requires autonomous and meaningful expenditure authority and responsibility of the local governments to ensure good public services and to create ability of the local government institutions, so that they can respond to local needs. For effective decentralization assignment of service responsibilities and accountabilities should be clearly assigned by a well-defined institutional framework that describes the roles and responsibilities of different levels of government. In many developing countries line ministries and other government agencies deliver services, like education, health, and social services at the local level, often in the same geographic area. For proper service delivery and equitable development clear assignment of expenditure responsibilities becomes even more important in sectors. The main problem in proper decentralization is the confusion in assigning roles and responsibilities between deconcentrated and decentralized units of government which is very much essential for local government institutions to fix up accountability and responsibility and shape relationships among various actors at the local level. Local governments also need the discretion to make their own expenditure allocation decisions (with necessary reporting, monitoring, and sanctioning). Decentralization generally

becomes a contest between the central and sub national levels. If the contest is not resolved, it can easily constrain local autonomy and reduce the local government's credibility and responsiveness in service delivery (Serdar, et al.,2008).

2.6. People's Participation in Development Process at Local Government Level:

People's involvement in development planning and selecting development projects at grass root level is very much important for harmonious local level development in Bangladesh. There are so many literatures on local government in Bangladesh, but a few of them exclusively focused on people's participation in development process at local level. The main points of those studies are pointed out below.

Though civil society and other groups from societies have been demanded for long for local level participatory planning but no such instructions are given in different official development projects guideline. Even in government publication named 'Union Parishad Training Manual' published by the National Institute of Local Government (NILG) importance of participatory planning is admitted and mentioned that, due to top down development planning the demand of the people is not reflected and people have no scope to share and participate in making plans; so the real development as desired by the citizens is still a propagation rather in practice. To fulfill the people's demand and for real development, importance is being given in local level participatory planning as well as national planning' (NILG, 2003:225). The 'exploitative class' means the UP representatives and local political leaders often control the destiny of the rural people by remaining close to the power circle (Asaduzzaman, 2008) and they often maneuver and exploit people's participation to their own benefits. As a result, despite huge external and internal pressure, people's participation in local development process is often ignored and remains only in papers as a striking slogan and rhetoric.

A research on people's participation on development planning was conducted by Khan and Asaduzzaman (1995) and this study identified that people's participation in development planning at local level is yet not in practice and still a misnomer. Top down approach in policy planning is still prevailing in the country. The inclusion of local people in the PIC, in implementing development projects is basically a political strategy to satisfy some local influential persons for political gains. It is the way by which UP chairman has to accommodate other UP members and local elites in order to satisfy them, keep them aloof from making any problem for him and strengthen his own power base, and at the same time

fulfill the requirements of rules and regulations. It is also revealed by the study that patron-client relationship in local institutions influences the political relationship and provides ground for the national leaders for developing political network with the rural factional leaders, and the factional politics totally affects the rural development activities. Thus the UPs are mainly dominated by the local elites bearing the color of ruling party who usurp the development resources for personal gain. Those elites are always against the mass people's involvement in local development process only to materialize their desire and ensure their own benefit.

More recently, Asaduzzaman (2008) in his article *“Governance in process : Decentralization and People's Participation in the Local Government of Bangladesh,”* expressed that people's participation in development practices is still an 'elusive golden deer' though the nation has demanded persistently yet it could not come into reality during the last three decades or more. Clientelism is identified in his study as a direct product of the undemocratic political culture of Bangladesh, which is a major threat to people's participation in local development programs /projects, and in addition, political reluctance and bureaucratic resistance is major challenges to it, which has been advocating since 1970s. In post-independent Bangladesh, almost all the development projects ever taken at grass-root level have been initiated and implemented under the supervision of UP. But the benefit of decentralization did not reach to the mass people, and livelihood of poor villagers, the real beneficiaries or victims of development initiatives has not been significantly improved. The participatory culture has not been institutionalized at UP level till today due to absence of proper guidance and will of both political and bureaucratic leaders. He identified one of the reasons is absence of proper research on this issue and lack of empirical evidence in favour of community people's participation in UP-led development projects and identification of the major factors for non-participation and its possible solutions.

Ali *et al* (1983) in the article *“Decentralization and Peoples Participation in Bangladesh”* commented that people's participation is the basic tool for achieving national goals of development. The real clients of the governmental development operations the people shall be involved at all stages of development intervention to implement government policies in the right perspectives. But because of bureaucratic predominance, distrust of the successive governments and selfish motive of the political leaders and elites, people's participation in local development process remained apart from the policy planning.

Afsar (1999) in the article *“The State of Urban Governance and People’s Participation in Bangladesh,”* demonstrated that poor people’s participation in local development activities is very limited; community participation in the decision-making process has been very minimal due to over-class bias and widespread corruption, where the poor and the disadvantaged are very much neglected in the decision-making process .

Nazneen (2004: 167) in her article *“Popular Participation in Local Administration: A Case Study of Bangladesh”* expressed that the participation of the poor and the marginalized, in rural development process and implementing development projects, has not been increased rather decreased or remains the same. Some touts and intermediaries using their social and political position enjoy more access to those projects and grasp its fruits and share project benefits. The general perception is that in present social structure the interest of the poor and the disadvantaged cannot be safeguarded without protection by legislation; but the study revealed that, despite the legislative protection of the rights of the underprivileged, the rural elites have been using their influence on local development activities ignoring the rights of the under privileged. So, legal coverage has tragically failed to provide any ground to bring local people into development project cycle.

Furthermore, Aminuzzaman (2008) in his article *“Governance and Politics: Study on the Interface of Union Parishad, NGO and Local Actors”*, noted that some invisible but serious issues affect the practices of participation and governance of the rural local government; these are: (i) continued centralized administrative control over the UPs and the limitation of resources at its disposal; (ii) the over dominance of local MPs and critical role of other political stakeholders in development planning and management; and (iii) absence of effective institutional mechanism giving the poor and marginalized opportunity to take part in the development planning, supervision and/or implementation. All such factors have a direct impact on the level and quality of local level accountability and popular participation of the common people into the affairs of the LG.

Khan (2009) in his article *“Decentralization in Bangladesh: Myth or Reality”*, identified that, bureaucratic domination in the local councils, lack of knowledge, and lack of expertise in technical matters are the root causes for non-participatory development planning. Local elites in connivance with local Administrators bypass the needs of the mass for their own interests; so the rich have the opportunity to participate and participation of the rural poor is minimal or nil.

Hossain *et al.* (1978) examined people's participation in planning and implementation of development projects in his article "*Participatory Development Efforts in Bangladesh: A Case Study of Experiences in the Three Areas*" and observed that the scope of participation is very limited.

Siddiquee (1995) observed the same in his study and revealed that poor people are hardly included in PICs, rather committees are mostly dominated by people with strong socio-economic or political background. Inclusion of project committees have paved the way for sharing the benefits among the influential persons, and development projects are a means for the local representatives to build a future for themselves. He further identifies that prevailing socio-economic and political condition is a strong barrier against grassroots' participation in the development process.

2.7. Sustainable Procurement:

Sustainable procurement is a process whereby public institutions meet their needs for goods, services and works in a way that achieves value for money on a whole life cycle basis in terms of generating benefits not only to the organization, but also to the society and the economy, minimizing damage to the environment (DEFRA, 2006). Sustainable procurement addresses both social and environmental issues, and the ultimate goal of procurement is to create and promote economic opportunities for socially, historically and economically disadvantaged category of people to foster local politics and mediate equity concern (McCrudden, 2004). Sustainable procurement can be used as a technique for tackling social disadvantage and social exclusion (Boomsma, 2008). Procurement should be done recognizing social factors like, equality, diversity, compliance with core labor standards, ensuring fair working conditions, increasing employment and skills and developing local communities (United Nations, 2008; UNEP, 2012). Public procurement process concern with environment is called with different names, such as 'eco-procurement' (Erdmenger, 2003), 'environmentally preferable purchasing' (Coggburn & Rahm, 2005), 'environmental public procurement' (European Commission, 2004), 'greener public purchasing' (Maroon, 2003), 'green procurement' (Anonymous, 2001). The negotiations with the political and civil servants to enable procurement practices to reach environmental standards are difficult to find (Murray 2008). There are studies based on environmental issue in procurement, considering the public officials working in the procurement entity as the main studied category (Brown and Potoski 2003).

2.8. Public Procurement and New Public Management:

In some studies, the relationship between public procurement and new public management (NPM) has been examined. Like other political-administrative system public procurement also influenced by NPM models and some studies such as Graham and Prosser 1987; Prosser 1990; Painter 1991; Thompson 1993; Bivand and Szymanski 2000; Savas 2002; Wassenaar et al. 2010, have analysed procurement reform in relation to NPM model. Like NPM models public procurement is also in different state models, for example the “super-market model”, where it is presumed that the government has an efficient good quality service-providing role (Hood 1998, in Christensen and Laegreid 2003, p. 15). In some article procurement is considered as an example of a NPM mechanism (Milward and Provan 2000). Procurement through Public Private Partnership is now practiced in some sectors of many countries in relation with New Public Management theory.

2.9. The Procurement Planning and Decentralization:

Procurement plan guides the local government in procurement of goods, services and works for a particular financial year. The procurement plan contains useful information including the method, time of procurement and year of payment of the procurement. Procurement planning consist of answer the following questions: (a) what do you want to procure? (b) When do you want to procure it? (c) When are you to procure and when will you use the procured goods, services and works the procurement? (d) Where will you procure them? (e) When will resources be available? (f) Which methods of procurement will you use? (g) How will timely procurement or failure affect the user of the item(s) and the public procuring and assets disposal entity? (h) How can you be more efficient in the procurement practices? (i) Who will be involved in the procurement? (Basheka, 2008). There is a broad range of accountabilities such as, managerial accountability, political accountability, financial accountability and public accountability in procurement of Local Governments and of the public sector (Heeks, 1998). The decentralization includes decentralization of accountability; i.e. decentralization of political, administrative and fiscal accountability (Braun & Grote, 2000; Gurger & Shah, 2000, Rondinelli, 1999), but a few developing countries have adopted comprehensive political, fiscal and administrative decentralization (Elhiraika, 2006). In the local government procurement system, importance could be given all three types of accountability but emphasis is normally given to financial accountability. A significant number of African countries have taken measures for decentralization of government,

together with development planning and administration which became popular in the 1980s (Livingstone & Charlton, 2001). In 1990s a wave of procurement reforms were taken place to create a sound public procurement regime in Africa that was to be accountable, transparent, encouraging open competition, non-discriminative, and one which emphasized value for money. While decentralization of service delivery may be justified on a number of grounds, and a common factor is improve service delivery system (Ahmed et al., 2005; Mullins, 2003; Shah & Thompson, 2004). Donors and development agencies advocate decentralized governance as an instrument to ensure broader participation of citizens as well as to run poverty reduction activities from the bottom up (Jutting, et al., 2005). In some African countries, decentralization has been embraced with the hope of breaking the blockages of central bureaucracy and creating opportunity for the people to access to the government and for the government to access to the people, stimulating the whole nation to participate in nation development plans (Mawhood, 1983). In many developing countries however, decentralization has not been able to achieve the benefits of effective service delivery due to lack of adequate revenue accumulation, inadequate access to financial markets, and lack of necessary administrative capacity (Elhiraika, 2006). For effective decentralization establishing link between national and sub-national planning process is necessary to reflect national priorities in regional and local policies and to ensure that plans are realistically linked to resource constraints, and are effectively incorporated into sub-national budgets (Mullins, 2003). It has been argued that planning is not concerned with future decisions but rather with the future impact of decisions made today and thorough planning is critical as agencies are always facing budget constraints that cannot satisfy all capital acquisition needs (Drabkin & Thai, 2003). For efficient utilization of resources and accurate forecasting of what goods, services and works local governments should procure (through procurement planning), the officials who are involved in the acquisition process will be aware of the required items, time and methods, the people who are to be involved, the approval levels, etc. which will make all those processes transparent and close the door of serious corruption. The contribution of the proper planning process, the consideration of appropriate planning process, the involvement of the 'right' departments in planning and a realization of the value of procurement planning are critical parameters of ensuring accountability (Basheka,2008).

2.10. Strategic procurement:

Procurement includes purchasing, consumption management, vendor selection, contract negotiation and contract management. A proactive strategic procurement can give the organization competitive advantage by reducing waste in the value chain, and purchasing strategies need to be integrated with corporate strategy to succeed. Failure to take a proactive strategic role is one of the major problems faced by many organizations in procurement and supply activities. The traditional organizations allocate and organize much of the work on functional basis i.e. each function attempts to achieve its objectives without considering others. Now team approach is getting momentum and a more integrated management approach is required. The more integrated the system the better the chance of success. (Baily, et al., 2008)

2.11. E-Procurement:

There have been some academic studies conducted on e-procurement. Study on the value of B2B e-Procurement (Subramaniam & Shaw, 2002) identified that web-enabled applications for B2B procurement are expected to reduce transaction cost, increase competitive sourcing opportunities, enhance inter-organizational coordination and improve relationships among business partners. In the article “The relationship between information technology use and buyer-supplier relationships: an exploratory analysis of the buying firm's perspective” the impact of e-Procurement on buyer-seller relationships have been studied, and revealed that information technology is emerging as a key resource in the purchasing process and as a result buyer-supplier relationships are changing; information technology, the automated purchasing system, links supplier via electronic data interchange and computer-to-computer links with key suppliers; the information technology was significantly related to the information sharing, the richness of information shared and building trust among buyers and suppliers (Carr & Smeltzer, 2002). Study have been done on “e-Commerce in procurement process (Yen &Ng, 2003)” and identified that internet technology has been increasingly used to enhance the global competitiveness of various business applications through the widespread electronic commerce (EC) functions.

The beginning of the internet as a business systems platform has been a catalyst for major changes in the operation and status of organizational procurement (Croom & Brandon-Jones, 2004). A CGEC study (2002) has found that expected results could not be achieved due to problems related to technology, business process, and/or organizational issues. The success of e-Procurement implementation depends upon organization and management,

process and practices, and systems and technology, which has been identified in the “Local Authority Strategy for e-Procurement report”, (IBM, 2003). The report identifies the required changes in the procurement process, organization and technology, and creating a sustainable and competitive supply base, providing effective inventory management and logistics arrangements and improving transaction efficiency for adopting e-procurement. A study on e-procurement systems in Korea, USA, Australia and New Zealand conducted by Albano and Dae (2010) revealed that while the USA, Australia and New Zealand use e-procurement solutions for best value for money in awarding public contracts, Korea seems to emphasize on improving transparency and reducing transaction cost by using e-procurement. E-procurement in Bangladesh has been started in 2nd June 2011 and a research on "Public procurement system and e-Government implementation in Bangladesh: The role of public administration" was conducted by Shakeel Ahmed Ibne Mahmood. Objective of the research is to discuss the e-Government Procurement implementation and recommends measures to be adopted in public procurement system in Bangladesh. In his article he quoted references of different countries using e-GP and commented that introducing e-GP system is a way forward to “Digital Bangladesh” and the system of submitting tender online like the developed countries can help to ensure transparency and accountability, equal opportunity and fair competition, which will benefit the country as a whole.

2.12. International Conventions /Guidelines Relating to Public Procurement:

United Nations Convention against Corruption (UNCAC);

UNCAC is an international guidebook for governments and organizations both private and public all over the world, to combat corruption. Article 9 of UNCAC is related specifically to procurement and requires parties to “take the necessary steps to establish appropriate systems of procurement, based on transparency, competition and objective criteria in decision making, that are effective, inter alia, in preventing corruption.”

OECD anti-Bribery Convention:

The OECD’s 2007 publication on “Bribery in Public Procurement: methods, actors and counter measures” presents some preventative measures to reduce corruption in public procurement. In this convention direction for state parties given to investigate and sanction, where possible as a criminal offence, against individuals and companies for bribing foreign public officials in the course of business. This is especially related with public procurement contracts between the foreign governments and international bidders.

Inter-American Convention against Corruption (IACAC):

Article III, '5' of IACAC is the specific provision of this regional anti-corruption convention relating to public procurement. In this article states parties agree to consider creating, strengthening and maintaining "systems of government hiring and procurement of goods and services that assure the openness, equity and efficiency of such systems."

The African Union Convention on Preventing and Combating Corruption (AUCPCC):

In Article 5 of AUCPCC, states parties agree to "adopt legislative and other measures to create, maintain and strengthen internal accounting, auditing and follow-up systems, in particular, in the public income, custom and tax receipts, expenditures and procedures for hiring, procurement and management of public goods and services."

The Asia Pacific Economic Community (APEC):

The APEC has adopted broad principles of transparency standards and focused on enhancing transparency in the government procurement process.

The World Trade Organization (WTO)

WTO recently revised government procurement agreement for its members, setting minimum standards for procurement with the intention of allowing international access to national procurement without any discrimination with national bidders.

UN Commission on International Trade Law (UNCITRAL):

UNCITRAL developed a model law on public procurement in accordance with UNCAC procurement obligations, which is one of the internationally recognized public procurement codes. UNCITRAL Model Law is the guideline for governments to reform national public procurement legislation. It is also aimed at achieving value for money and avoiding abuses in procurement.

World Bank Procurement Guidelines:

These guidelines give direction and detail the policies for the projects, funded in whole or in part, by the World Bank and those guidelines can be used by other international financial organizations.

Open Contracting Partnership's (OCP):

OCP produced open contracting principles to guide “governments and other stakeholders to affirmatively disclose documents and information related to public contracting in a manner that enables meaningful understanding, effective monitoring, efficient performance and accountability for outcomes;” and encouraging civil society to increase its participation in public procurement practices.

OECD Principles for Integrity in Public Procurement:

These principles guide governments to develop and implement “an adequate policy framework for enhancing integrity in public procurement;” and describe the procedures and mechanisms for ensuring transparency, good management, prevention of misconduct, compliance, monitoring and accountability and control.

2.13. Summary of the literature review:

From the above literature review it is clear that many studies have been conducted considering different arenas of procurement. Procurement is considered as key weapon of governance of a country. Various studies have been conducted recommending various suggestions for ensuring good governance in procurement to get value for money in public procurement. Corruption in public procurement and its impact on development activities is recognized by many think tanks. Fairness and transparency in procurement is considered as the prime weapon to combat corruption. Most of the researchers are concern about corruption in procurement and day by day it is considered as national as well as international levels. To get maximum value for money open bid competition, decentralization and empowering local government organizations are suggested in some studies. International donor agencies are also concerned about procurement practices in relation to development assistance to developing and underdeveloped countries. So many countries have adopted e-procurement to make procurement practices transparent and corruption free. To attain good governance in procurement, sustainable procurement, strategic procurement planning, e-procurement, people's participation, integrated procurement, decentralization, empowering local government organizations etc. are focused in various studies.

Chapter – 3: Public Procurement: Bangladesh Perspective

This chapter describes the background and history of public procurement in Bangladesh. It provides a past and present picture of public procurement scenario and gradual development of its legal framework in the country.

3.1. History of Public Procurement in Bangladesh:

In the earlier days, purchasing was a clerical function of government and was not given much importance. But due to globalization and scientific development, peoples' needs crossed the boundary of the country and procurement became an internationally important work for governments all over the world. Day by day purchasing is getting importance and the function became more and more managerial rather than clerical. Involvement of major public bodies and intergovernmental organizations, such as the United Nations and multinational companies, in procurement has made this a well-recognized internationally important sector. In September 1983, Harvard Business Review has published Peter Kraljic's purchasing strategy which is widely considered as the pioneer of the transformation of the function from "purchasing," to highly strategic procurement or supply management (Wikipedia). Consequently, procurement function starts to become more and more significant in the organization and status of the Chief Procurement Officers is now recognized as important business leaders having broader and strategic responsibility of an organization. Now a day's public procurement is an essential part of government all over the world. Governments all over the world purchase or hire goods, works or services to provide essential services such as health, education, social security, defense infrastructure etc. to the citizens. So procurement now is an international issue all over the world.

In Bangladesh Constitution there is no article to guide public procurement and there was no law or decree before the passing PPA in 2006. The public procurement procedures and practices have been inherited from the procedures and practices of British and subsequently Pakistani rule. The public procurement procedures and practices have started when the then British government began to do welfare oriented works in this region, and for procurement guidance they published *Compilation of General Financial Rules (CGFR)*. This CGFR was slightly revised in 1951 and was followed subsequently by Pakistani ruler as procurement guideline. After liberation, CGFR was reissued in 1994 and revised in June 1999 with very few changes, and used as general principles for public procurement, and the departments were to frame detailed rules and procedures for their respective procurements. Since after

independence bulk of public procurement has been externally funded, the public procurement practices have been influenced by the World Bank, the Asian Development Bank, and other donors, so for procurement in externally funded projects, the Economic Relations Division (ERD) Guidelines issued in 1992, modeled on World Bank Procurement Guidelines has been followed at the time with the proviso that the loan conditions would prevail in case of conflict. Some departments, autonomous bodies had their own set of procedures or a manual, and the rest followed the Public Works Department (PWD) code as the guide for works, and *Manual of Office Procedure (Purchase)* compiled by the Department of Supply and Inspection as the guide for the purchase of goods i.e. there was no uniform system of procurement in Bangladesh. Different organizations used to use different systems which were creating problems in public procurement. Since a great number of development works have been funded by international donor agencies, Bangladesh has identified the need for procurement law and rules considering the international standard of procurement process. From 2001 Bangladesh started reforming the procurement with the guidance and assistance of World Bank. Now Bangladesh has international standard PPA 2006 and PPR 2008. E-procurement also introduced in some areas under the guidance and supervision of CPTU. Bangladesh is stepping forward in the way of modernization of procurement process.

3.2. Reforms in Procurement system of Bangladesh:

Although most of the procurement and contracts in Bangladesh are often undertaken by open competitive method, yet corruption and poor governance are creating barriers in the development and reduction of poverty by achieving social objectives. So World Bank in agreement with the Government of Bangladesh assessed the procurement policy, framework, institutions and staff skills in 2001 and prepared the ‘**Country Procurement Assessment Report (CPAR)**’ identifying the following major deficiencies, in the procurement system of the Government of Bangladesh:

- Absence of sound legal framework governing public sector procurement.
- Complex bureaucratic procedure causing delay.
- Absence of planning.
- Multiple layers in the approval and review practices.
- Lack of adequate professional competence of staffs to manage public procurement.
- Generally poor quality bidding documents and bid evaluation.
- Ineffective administration of contracts.

- Absence of adequate mechanism for ensuring transparency and accountability.

In this report the following recommendations are given to the government to reform the procurement system in Bangladesh.

- Set up a public procurement unit.
- Issue public procurement rules.
- Streamline procurement process & financial delegation.
- Develop procurement management capacity.
- Introduce appeal procedures.

The Government of Bangladesh, following the objectives and recommendations of the report took reform initiative to reform public procurement system and the first "Public Procurement Reform Project" with IDA assistance, approved on 14 February 2002.

Objectives of the project are:

- (i) Improvement of governance in procurement;
- (ii) Improve efficiency, transparency and accountability;
- (iii) Gain people's confidence in country's procurement systems.

The elements of reform project are to:

- Establishing Public Procurement Policy Unit;
- Implementing reform by formulating law and rules;
- Improving Procurement Management Capacity.

The suggestion given in the report is to improve performance in public procurement by making the public procurement system compliant with internationally agreed norms and to increase the procurement capacity through training and creation of a pool of national procurement professionals. In order to reform public procurement system following the suggestions given in the report, the government established **Central Procurement Technical Unit (CPTU)** in 2002 as implementing unit in the field of procurement reform and reform implementation monitoring. The reform practices was started with the formulation of a unified procurement system by issuing the **Public Procurement Regulations 2003**, **Public Procurement Processing and Approval Procedures (PPPA)**, **Revised Delegation of Financial Powers (DOFP)** and several Standard Tender Documents (STDs)/Standard Request for Proposal and document for the procurement of Goods, Works and Services. Later on in 2006, the **Public Procurement Act** was passed by the Parliament and in 2008, a new set of **Public Procurement Rules (PPR 2008)** was issued and were made effective on 31/01/2008 replacing the Public Procurement Regulations, 2003. The main principles of the

Public Procurement Act, 2006 is to provide unique procedures to be followed for ensuring transparency and accountability in the procurement of goods, works and services using public funds and ensuring equal treatment and free and fair competition among all persons wishing to participate in such procurements to ensure equal opportunity for all, fair treatment, value for money, nondiscrimination, social and industrial development. By this time, the CPTU has finalized the Standard Tender Documents (STDs) for goods and works and the Standard Request for Proposals (SRFPs) for services. Ministry of Finance has already issued the revised Delegation of Financial Powers DoFP) for public sector departments, corporations and autonomous bodies, and appropriate authorities of different sectors are smoothly implementing the public procurement in the country from national level to Upazila level following the PPR, 2008 and using the Standard Tender Documents and Standard Request for Proposals prepared by the CPTU. Public Procurement System is decentralized in Bangladesh. Different departments and directorates under various ministries such as, Public Works Department (PWD), Roads and Highways Department (RHD), Bangladesh Railway, Local Government Engineering Department (LGED), Telephone and Telegraph (T&T) Board, Education Engineering Department (EED), Health Engineering Department (HED), Department of Public Health Engineering (DPHE), Directorate of Food etc. carry out their substantial amount of procurement through their central to local offices. The corporations like: Bangladesh Chemical Industries Corporation (BCIC), Bangladesh Petroleum Corporation (BPC) Bangladesh Steel & Engineering Corporation (BSEC), Bangladesh Agricultural Development Corporation (BADCO), Power Development (PDB), Bangladesh Water Development Board (BWDB), Bangladesh Jute Mills Corporation (BJMC) and some semi-government/ autonomous bodies like Dhaka Electric Supply Company (DESCO), Dhaka Power Distribution Company (DPDC), a number of companies under Petrobangla etc. also carry out a significant amount of procurement. After coming to power, Awami League government brought slight amendment in PPR 2008 to find the way to implement the provision more effectively by removing the lacunas in 2010. In the PPR 2008, there were mandatory provision of work experience and financial qualification of the bidders for submitting bids against any tender called by the government agencies to procure goods and works. In this amendment the provision of prior experience and prequalification in submitting bid up to Tk. 20 million is exempted. After the amendment implementing agencies have the discretion to allow fresh contractors without prior experiences and financial capability to bid any tender for public works and supply of goods up to Tk.20 million using limited tendering method instead of open tendering method. In this method the lottery system is re-introduced

and tenders coating more or less than 5 percent of the official estimated cost are considered invalid. Provision of 10 percent advance payment is introduced and no performance guarantee for contract up to Tk.20 million is required. This was highly criticized by World Bank since public procurement has been modernized and brought to international standard through the enactment of PPA 2006 and PPR 2008, and there is apprehension that this amendment would pave the way of mismanagement, corruption and terrorism in public procurement (Daily Star, 2010). After finalization of amendments in public procurement rules in 2009, World Bank commented that adoption of these changes could jeopardize its project aid including budget support for Bangladesh. The World Bank for the second time in a letter to the government opposed six points of the proposed amendments and commented that the proposed changes are inconsistent with good procurement practices and could affect the bank's budget support and could not rely upon the country's procurement system in future operations. The World Bank also threatened the government in a letter to the ERD that over 80 percent their ongoing procurement operations might be jeopardized. World Bank also commented that the amendments were only to give extra facilities to the party activists which would open the door of corruption (Mahmood, 2010). So government introduced another provision that, in case ODA assisted projects if there is inconsistency between the provision of the agreement and the PPR the provision of agreement will prevail.

3.3. E-GP introduction in Bangladesh:

After the economic reform and adoption of privatization in 1976, public procurement by contractual means in Bangladesh has been increasing day by day. In the World Bank's evaluation report it is quoted that the procurement process of Bangladesh is not satisfactory, and implementation of e-Government Procurement will help to eradicate corruption and save more than 15 percent of the government's procurement costs, and a positive step towards "Digital Bangladesh" (Mahmood, 2013). To improve the performance of the public procurement system focusing largely on the key sectoral ministries another reform project named Public Procurement reform Project II, has been taken. One of the objectives of the PPRP II is introduction of e-GP in selected agencies and CPTU on pilot basis. Under the PPRP II project CPTU officially started e-GP system on 2nd June 2011. The CPTU has launched online monitoring of the procurement performance through the Procurement Management Information System (PROMIS). So, any violation in the process will automatically be detected from the data provided by the PEs to the PROMIS.

The World Bank Country Director Ellen Goldstein said that, the Government of Bangladesh could save millions with a secure electronic procurement system. Through online bids government needs not to spend millions, which it spends for manual bidding annually, and supplies and contracts may soon be largely free from bid-rigging, delays and paper-based errors. She also mentioned that, through the web interface, procurement information becomes accessible, and competition and transparency are enhanced, making collusive bidding difficult and it could make public contracting more accessible, secure and efficient. She also said that procurement reform is the key to strengthening governance, public-sector management and accountability in Bangladesh.

Under Section 67(h) of PPA CPTU has given the responsibility to develop a public Procurement website which shall be structured as follows:

- Useful Documents which will provide the text of the Act, the Rules, procedures, the user guides and any new Document or instructions issued by the Government concerning public Procurement, and links to relevant international Treaties/Agreements/Regulations, e.g. the World Trade Organization (WTO), World Bank (WB), Asian Development Bank (ADB), Asia Pacific Economic Co-operation (APEC) and Association of South-East Asian Nations (ASEAN);
- Public Procurement opportunities to which users should be able to gain easy access, advertisements of Annual Procurement Plans, Tender or Proposal notices and Contract award notices exceeding a threshold value determined by the Government for national and international Procurement opportunities; and
- The CPTU Website shall maintain information as follows –
 - I. Statistics, including the statistical report on Procurement conducted in Bangladesh; and
 - II. Technical standards, providing a list of technical standards for reference by Procuring Entities to help them define the product/Works/Services they intend to procure.

Under Section 65 of PPA, rule 128 of PPR and the above direction under section 67(h) of PPA the complete e-GP system has been introduced under the Public Procurement Reform (PPR) Program, supported by the World Bank. National e-Government Procurement (e-GP) portal (<http://eprocure.gov.bd>) of the Government of the People's Republic of Bangladesh has been developed and is operated by the Central Procurement Technical Unit (CPTU), IME

Division of Ministry of Planning. The objective of e-GP is to enhance efficiency and ensure transparency in public procurement by introducing e-GP system for any or all government organizations. The e-GP system is hosted in e-GP Data Center at CPTU, and the e-GP web portal is accessible by the PAs and PEs through internet for their use. It provides an opportunity to carry out the procurement activities on-line by the Procuring Entities (PEs) for Public Procurement. The e-GP system is a single web portal from where and through which PEs are be able to perform their procurement related activities using a secured web based dashboard. The e-GP guidelines were approved by the Government of the People's Republic of Bangladesh in pursuant to Section 65 of the Public Procurement Act, 2006. As per approved guidelines, e-GP system has been introduced and implemented.

All stakeholders (general public, tenderers, applicants, consultants, procuring entities, payment service providers, development partners, media, e-GP system Administrators and auditors) get access to the e-GP system and collaboratively use information and communication technology in conducting all activities of Government Procurement Process Cycle (GPPC) for the acquisition of goods, works, and consultancy services with enhanced efficiency in procurement management. All users are required to get registered under an appropriate user category to have appropriate access point and to get working dashboards in the e-GP system through the e-GP portal. Registration shall be done through online registration page of the e-GP system followed by the necessary verification. Necessary documents such as, Scanned PDF copy of National ID or Passport (First 2 pages of passport), e-GP Registration Fee Payment Slip, One Passport Size Photo, Company Incorporation Certificate (in case of Company) OR Registration Document, Trade License, Valid Tax Identification Number (TIN) Certificate, Valid Value Added Tax (VAT) Certificate, Authorization letter from the Owner for the Firm/Company's Admin, etc. are required for registration.

The e-GP system has been developed and introduced in two phases. In the first phase, e-Tendering has been introduced on pilot basis in the CPTU and 16 other Procuring Entities (PEs) under 4 (four) sectoral agencies, namely: Bangladesh Water Development Board (BWDB), Local Government Engineering Department (LGED), Roads and Highways Department (RHD) and Rural Electrification Board (REB). Gradually 291 PEs of those 4 sectoral agencies are now included in this system. Now it is expanding to all the PEs of the government up to Districts and sub-Districts level. Decision has been made to include 14 more organizations (PWD, RAJUK, GTCL, PGCB, DESCO, BAPEX, WASA, DPHE,

DNCC, DSCC, DPE, Planning Division, Statistics Division, and Bridge Division) in the e-GP system to process their tender through electronic process and gradually all government organizations will be included. Now there are 17 ministries, 11 Divisions and 50 organizations are registered with e-GP system. Asian Development Bank (ADB) Japan International Cooperation agency (JICA), The People's Republic of China and World Bank are also registered with e-GP as development partners.

This online platform also helps them ensuring equal access to the Bidders/Tenderers and also ensuring efficiency, transparency and accountability in the public procurement practices in Bangladesh. Now there are 12861 national and 7 international Tenderers / Consultants are registered to participate in online procurement system. All financial transactions are done through online banking system and for this purpose 33 commercial banks are registered with e-GP.

In the second phase, e-Contract Management System (e-CMS) has been developed and introduced and implemented. e-CMS is a complete electronic contract management system which provides platform for preparation of work plan and its submission; defining milestone, tracking and monitoring progress, generating reports, performing quality checks, generation of running bills, vendor rating, generation and issuance of completion certificate.



E-GP System Access Diagram (Mahmud, 2010):

3.4. Procurement Practices in Local Government Organizations:

In procurement process local government organizations, like Zila Parishad, Upazila Parishad and Union Parishad are now practicing PPR-2008. During study it has been noticed that Zila Parishads are using manual system of tendering and there are some short comings in procurement practices due to lack of knowledge about PPA and PPR. Though CPTU has introduced e-GP system in procurement to ensure transparency, accountability and equal opportunity for all but local government organizations are not taking this opportunity due to the inability of using e-procurement system by their enlisted tenderers. It is also found that in procurement process only the local bidders are mostly participate in bidding and if some contractors are selected from outside the district, the selected contractors cannot work without the help of the local politicians or musclemen. So the quality of goods/works is hardly possible to maintain in the local level. The profit maximizing mentality of the contractors and rent seeking mentality of officials of local government organizations are the barriers in getting value for money in procurement which reduces the quality of services in local government organizations harming the key stakeholders, the poor and the disadvantaged section of people.

3.5. Summary:

Bangladesh started procurement practices following guidelines inherited from the British rule. There were no unique laws and rules of procurement; but now Bangladesh with the advancement of technology adopted latest methods of procurement. Now Bangladesh has universally acknowledged procurement rules and all government organizations are following the rules. There is CPTU to monitor and guide procurement activities of different organizations. e-GP system is becoming popular day by day and list of organizations registered with e-GP system is increasing rapidly. In spite of so many bottlenecks reform activities in procurement process is going on and under reform projects many procurement specialists have been developed in Bangladesh. Though there is increasing political intervention, yet day by day procurement process is becoming better. In spite of the progress in public procurement system people centric procurement policy is not progressing due to lack of political will in proper decentralization and misuse of power.

Chapter 4: Overview of Procurement Practices in Zila Parishad

Zila Parishad is the district level Local Government institution. It is an autonomous semi government organization and controlled by Local Government Division. It is run by the Local Government (Zila Parishad) Act 2000 and other rules and circulars circulated by Local Government Division. Under the act and other rules there are two types of fund in a Zila Parishad; one is its own revenue fund another is yearly budget allocation under ADP. A big amount of own fund is spent for establishment expenditure and a part of it is spend for local development. The ADP allocation is totally spent for development purpose. In 'Local Government (Zila Parishad) Act 2000' Zila Parishad is assigned with the duty to perform the following procurement related functions under section 27 (2), (3);

1. Construction, maintenance and development of Road, Bridge, Culvert etc.
2. Construction and maintenance of Duck bungalow and rest houses.
3. Construction and maintenance of libraries.
4. Implementation of development projects assigned by the government.
5. Establishment and maintenance of school.
6. Construction and maintenance of student hostel.
7. Activities to assist development of education.
8. Establishment of public hall and community center.
9. Establishment and maintenance of standard agriculture farm.
10. Development of irrigation by constructing dam,
11. Social welfare and social development activities.
12. Development activities for women and destitute.
13. Development activities for sports.
14. Development activities for cultural development.
15. Development activities for educational institutions.

Every year government spends about 2000- 3000 million Taka for rural infrastructural development of the country through 61 Zila Parishads, and Zila Parishads are utilizing the money for the infrastructural development of the districts. Preferably all Zila Parishads take hundreds of development projects for the development of local educational, religious, social institutions and for improving sanitation of the districts. All these functions are related with procurement. So governance in procurement is the key factor of quality of governance of Zila Parishad. The study has tried to find out the overall procurement management system in Zila

Parishad Nilphamari to see how far these institutions are aware of maintaining good governance in procurement and follow that system properly to ensure quality of goods/ works/ services and value for money in procurement.

4.1. Sources of Funds:

All Zila Parishads of Bangladesh have two types of funds. One is their own fund and another is Annual Development Program (ADP) allocation. Establishment expenditure of all Zila Parishads is met up with their own revenue fund and some development projects are also implemented by their revenue surplus; a few have the capacity to take large notable development projects. All Zila Parishads mostly depend upon government allocation for development work. To ensure the availability of funds for establishment expenditure, some Zila Parishads invest in income generating projects, and mostly all Zila Parishads have fixed deposits in different commercial banks.

4.1.1. Sources of own fund:

The following are the sources of income of all Zila Parishads.

- i) 1 percent of land transfer registration fee of areas within its jurisdiction.
- ii) Lease money of leased land.
- iii) Selling mature and fallen trees.
- iv) Lease money of leased ferry Ghats.
- v) Lease money collected from markets.
- vi) Interests from fixed deposits.

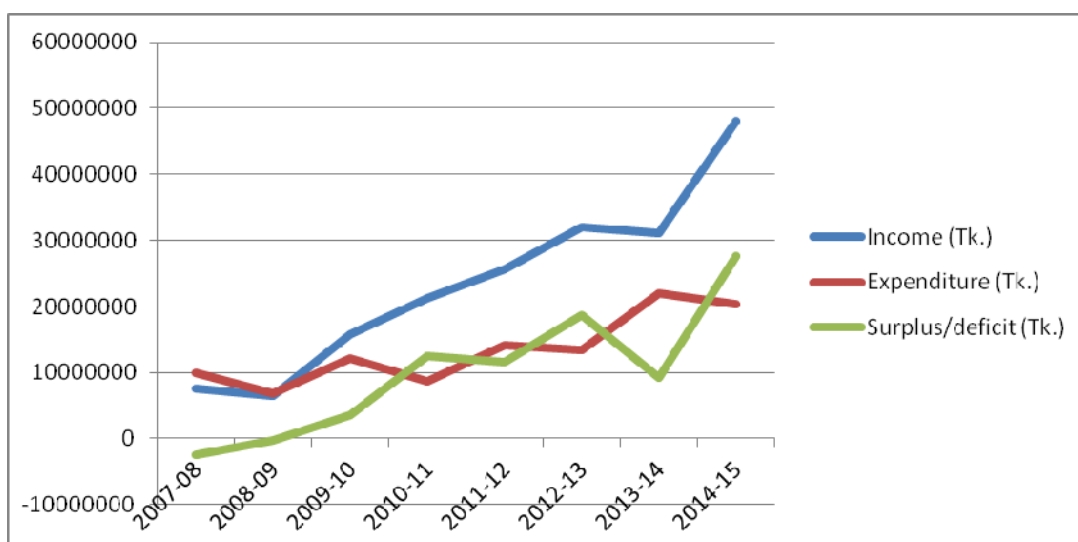
The income of Zila Parishads varies depending on the economic condition of the districts. There are some Zila Parishads with large amount of savings and at the same time some are critically meeting the establishment expenditures. Let us examine the scenario in Zila Parishad, Nilphamari.

Revenue income and expenditure of Zila Parishad Nilphamari since 2007-08 is given below:

Table-4.1: Eight years revenue income and expenditure

Fiscal year	Income (Tk.)	Expenditure (Tk.)	Surplus/deficit (Tk.)
2007-08	7548991.00	9970102.00	-2421111.00
2008-09	6467063.00	6785003.00	-317940.00
2009-10	15705830.00	12076548.00	3629282.00
2010-11	21237632.00	8741434.00	12496198.00
2011-12	25599446.00	14063456.00	11535990.00
2012-13	32048415.00	13347250.00	18701165.00
2013-14	31177011.00	22050791.00	9126220.00
2014-15	48035403.00	20409533.00	27625870.00

Figure-4.1: Eight years revenue income and expenditure



From the above table and figure we see that the revenue income has been increasing every year and side by side surplus also increasing. Now the Zila Parishad is financially solvent but remarkable development project was never implemented by this institution till now. Apart from that Zila Parishad Nilphamari has invested as fixed deposit in different banks Tk. 70

million and every year the Parishad is getting about Tk. 7 million from the investment as interest.

4.1.2. Sources of Development Fund:

Almost all Zila Parishads are mostly dependent on government allocation for development fund to run development activities. Some Zila Parishads are capable of implementing remarkable projects with their revue surplus, but most of them are implemented small projects with a very few amount of revenue surplus. Some Zila Parishads also invest in income generating projects for increasing income. Every year, government allocates Tk. 2000-3000 million to perform development activities through Zila Parishads. Zila Parishads get ADP allocation considering the area, population and backwardness. Other than that, local MPs bring special allocations using their relationship with the concern minister. The ADP allocation is allocated by the government yearly in four installments.

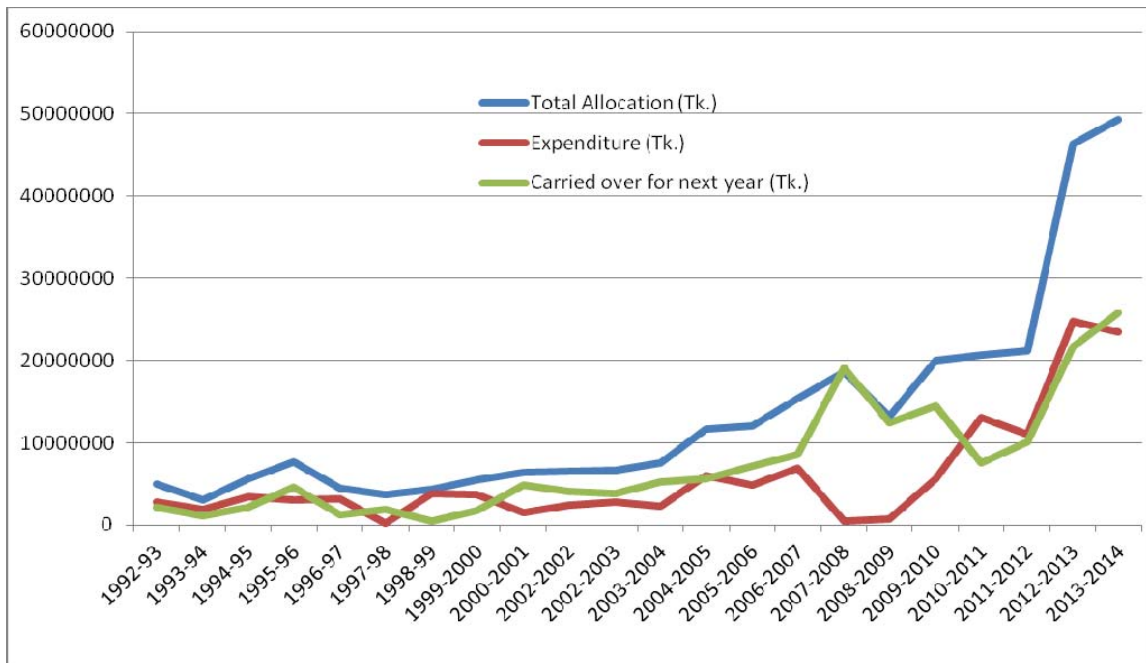
Like others, Zila Parishad, Nilphamari also mostly dependent on ADP allocation for development activities. It has started functioning from the year 1984, and from the very beginning it has been receiving yearly ADP allocation. The following budget allocations were given by the government to Zila Parishad Nilphamari to implement development activities from 1992-93.

Table-4.2: 22 years ADP allocation and expenditure of Zila Parishad Nilphamari

Sl. No.	Fiscal Year	Total Allocation (Tk.)	Expenditure (Tk.)	Carried over for next year (Tk.)
01	1992-93	4994000.00	2798524.00	2195476.00
02	1993-94	3014000.00	1912613.00	1101387.00
03	1994-95	5598000.00	3430783.00	2167217.00
04	1995-96	7693000.00	3093645.00	4599355.00
05	1996-97	4456000.00	3229561.00	1226439.00

06	1997-98	3760298.00	184490.00	1915408.00
07	1998-99	4300102.00	3797370.00	502732.00
08	1999-2000	5514113.00	3692134.00	1821979.00
09	2000-2001	6355000.00	1510539.00	4844461.00
10	2002-2002	6489000.00	2377225.00	4111775.00
11	2002-2003	6632000.00	2853704.00	3778296.00
12	2003-2004	7550000.00	2351318.00	5198632.00
13	2004-2005	11637000.00	5984856.00	5652044.00
14	2005-2006	12056000.00	4852837.00	7203163.00
15	2006-2007	15450000.00	6915935.00	8534065.00
16	2007-2008	18600000.00	454446.00	19064446.00
17	2008-2009	13172000.00	778802.00	12393198.00
18	2009-2010	20000000.00	5570283.00	14429762.00
19	2010-2011	20663000.00	13112786.00	7550214.00
20	2011-2012	21200000.00	11026949.00	10173051.00
21	2012-2013	46400000.00	24761514.00	21638486.00
22	2013-2014	49300000.00	23468825.00	25831175.00

Figure-4.2: 22 years ADP allocation and expenditure of Zila Parishad Nilphamari



From the above table and figure we see that the ADP allocation is increasing every year, but the allocated money was not spent in the year of allocation following the financial rules rather in most of the years more than half of the allocation was carried over for next year to spend in development works.

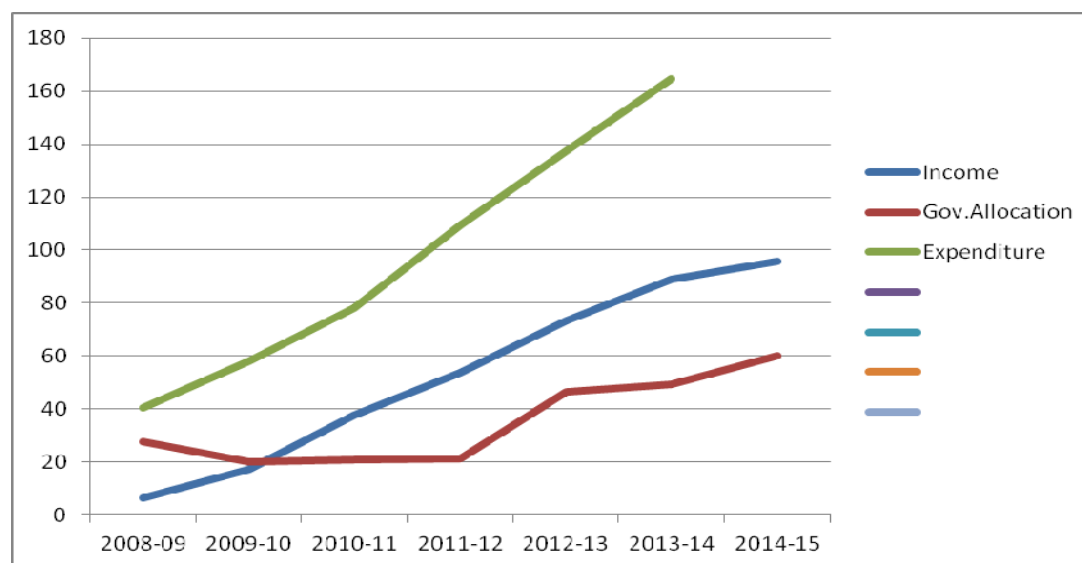
4.2. Expenditure:

Zila Parishads are engaged in two types of expenditure, one is revenue expenditure and another is development expenditure. Size of revenue expenditure is mostly depends upon the income of that Zila Parishad. So Zila Parishads getting big amount of money due to the economic condition of concern districts, have the ability to spend more lavishly than the Zila Parishads with minimum income to meet up critically the establishment expenditures. Development expenditure of Zila Parishads almost depends upon the government allocation. Size of development expenditure is varies from Zila Parishad to Zila Parishad basically due to differences in areas and population the Zila Parishads, but the local MPs play a vital role in allocating special allocation from the ministry. So, actual volume of development depends upon the capacity of the local MPs’ capability to convince the authority to bring extra allocation for the districts. Last seven years income and expenditure of Zila Parishad, Nilphamari is given below.

Table-4.3: Last seven years income and expenditure of Zila Parishad Nilphamari.

Sl. No.	Fiscal year	Pre. Balance (Mill. Tk.)	Income (Mill. Tk.)	Gov. Allocation (Mill. Tk.)	Total (Mill. Tk.)	Exp. (Mill. Tk.)	Balance (Mill. Tk.)
01	2014-15 (Es)	22.778351	95.780500	60.200	178.758851	164.550	14.208851
02	2013-14	21.508640	89.103417	49.4875	160.098657	137.320306	22.778351
03	2012-13	10.648781	73.546075	46.5500	130.744856	109.236216	21.508640
04	2011-12	13.875502	53.693696	21.3500	88.919198	78.270417	10.648781
05	2010-11	13.268734	37.801475	20.8130	71.883209	58.007707	13.875502
06	2009-10	16.259805	17.266249	20.214285	53.740339	40.471605	13.268734
07	2008-09	21.805409	6.507282	27.678730	55.991421	39.731616	16.259805

Figure-4.3: Last seven years income and expenditure of Zila Parishad Nilphamari



From above table and graph it is clear that income, government allocation and expenditure are rising rapidly. That shows that the activities of Zila Parishad are increasing day by day. But Zila Parishad authority failed to spend the allocated money due to some reasonable causes. The Zila Parishad has no development plan; and only after getting fund allocation development projects are selected for implementation, but the process is complex and

requires Local Government Division's approval. Prior getting allocation Zila Parishad cannot select development projects, because it does not know the resource amount. After getting allocation project selection and implementation are not possible in time. Due to influence of political activists and differences between the authorities concerned in project selection, long time is required for this task. Extra more time is required for getting approval of the project lists from Local Government Division for implementation. So the organization is obliged to violate the financial rules and spend the allocated money next year. During study it has been found that the ADP allocation of 2014-15 is still unspent due to conflict between one of the local MPs and the Zila Parishad Administrator.

4.3. System of Procurement Planning in Zila Parishads:

There is no systematic procurement planning in Zila Parishads. In the study it is found that, every year Zila Parishads prepare project lists for development works in the respective area after getting allocation from the ministry. According to the guidance of Local Government Division, development projects are to be selected in consultation with the local MPs and sent through Zila Parishad meeting after getting ADP allocation. The projects are implemented after getting approval from the Local Government Division. After the appointment of Administrators in Zila Parishads, some of them are reluctant to follow the instruction and they usually select development projects ignoring Local Government Division's order, which creates problems in timely implementation of the projects. Now Administrators are playing principal role in project selection and project are selected mainly considering the demand of local party activists and demands of their followers. Transparency and accountability are not considered as much in procurement planning; rather party players' satisfaction is considered the basis of procurement function. Though Upazila Chairmen and UNOs of concerned Upazilas of the district are the members of Zila Parishad Development Coordination Committee yet, they have no or minimum role in development planning. They have dissatisfaction regarding the project selection but they don't dare to raise their voice due to political influence and political identity of the Zila Parishad Administrators. Mostly they don't attend the meetings and the Zila Parishad staffs are compelled to go door to door for the signature of the members of the committee for giving a legal face to decisions. There is no coordination between Upazila Parishads and Union Parishads in planning process, so equity in development is far away rather persuasion is the basis of project selection, which hampers the equitable and proper development activities. Even the need assessment is never done before development planning. Development needs of the Unions and Upazilas have never

been prioritized and the development schemes for implementation have never been selected with the participation of the local communities in an open meeting at any level involving the elected representatives. Even over the year selection and changing of projects are going on. If Administrator is somehow dissatisfied he takes the initiatives to change some of the approved projects and Local Government Division approves the changes without any question.

4.4. Procurement Process of Zila Parishad:

There are two types of procurement methods for development projects in the Zila Parishad; one by tendering, another by community participation. The contingency commodities are bought using direct purchasing method. In this study it has been found that most of the development projects are small in volume (50000 Taka) and allocated to the institutions for development works. The educational, religious and other social institutions are getting projects of 50000 to 100000 Taka only to assist the ongoing development works of their institutions; and sometimes a small building of an institution has been constructed by getting assistance from Zila Parishad over a period of several years. Value of few projects is more than 200000 Taka. Projects of more than 200000 Taka and some projects of less value are selected for implementation by tender. In reality total number of projects is too much to supervise closely due to shortage of manpower. In Nilphamari Zila Parishad there are 500 projects in the year 2013-2014 and 700 in 2014-2015. It is hardly possible for the Zila Parishad authority to even see for once all the projects' site.

4.4.1. Procurement by community participation:

It is guided by the Local Government Division that projects within the valuation of Tk.200000.00 may be implemented by community participation but the total value of the PIC implemented projects should not exceed 30 percent of the total allocation, but more than 50 percent Taka of the ADP allocation is spent through PICs, because most of the projects are of 50000 Taka. Usually letters from Zila Parishad are sent to the heads of the respective institutions to constitute PICs, consist of 5-7 members to implement the projects. The institutions in their board meeting constitute PICs headed by chairmen who are responsible for proper implementation of the projects. The chairmen of PICs apply to the Chief Executive Officer of Zila Parishad for advance to implement the projects. According to guidance of Local Government Division, Zila Parishad may disburse the allocated money in four installments but in most of the projects the money mainly disbursed in two installments one is before starting the work another is after finishing the task. Sometimes money is disbursed in

three or four installments in one to two lacs Taka projects to ensure proper implementation. Basically the disbursement installments are depended upon the size and the demand of the chairmen of PICs. Normally 45 days are given to finish the projects but in practices a few number of projects are finalized in time, most of the projects take more time even some requires more than a year.

4.4.2. Procurement by Tendering:

Local Government Division instructs the Zila Parishads to implement projects of at least 70 percent of the total allocation by tendering but less than 50 percent of the allocation is spent using tendering method. Since the development projects are small in financial size, Zila Parishad authority usually make packages combining several projects in one tender to make the amount a considerable one. Usually the sizes of the tender packages are Tk. 500,000 to Tk. 1,000,000 During study it has been found that though the limited tendering method is followed, yet STD-PW3 is used which is prescribed for open tendering method. There are 97 enlisted tenderers in Zila Parishad, Nilphamari. Most of the enlisted tenderers usually participate in bidding process and no prequalification is required for participation, the only requirement is to be enlisted in the Zila Parishad bidder list by giving 5000 Taka enlistment fee. The TEC meeting is held mainly to conduct lottery to select the tenderers for NOA. The forms usually used by the office for NOA, contract agreement and other purpose are in Bangla prepared locally without authentication from CPTU. This is a deviation from PPR, but that does not make any problem rather makes the procedural communication easier. In every tender notice tender validity date is given 120 days, but basically the tenders are processed within one month. The great problem in procurement which is found in the study that a very few number of projects are completed in time, most of the projects take more time than specified in the agreement, even without taking permission from the authority. So progress of implementation is very slow and more than half of the allocation carried over to next financial year violating the financial rules. Another problem is ensuring the quality and quantity of goods/works/services. Since most of the projects are to assist the ongoing development projects of the institutions, it is hardly possible for the authorities to separately identify the portion done by the assigned contractors/suppliers. For this reason though Zila Parishad spends Taka 40-50 million every year, yet the performance is rarely visible.

4.5. Supervision and Monitoring:

Though every Zila Parishad is implementing development activities costing Tk. 40/50 million yet the supervision and monitoring system is very weak. Most of the Zila Parishads have only one assistant engineer and one sub-assistant engineer and a surveyor to supervise the implementation activities of the projects. Other than that the number of projects is too much to supervise by only those limited number of field staffs, and the contractors/suppliers or PIC chairmen usually take the opportunity of inability of Zila Parishad to supervise and monitor the ongoing works properly. At the same time overburdened with too many supervisory task, the staffs also take the opportunity and make an unethical collusion with the contractors/suppliers or PIC chairmen to make illegal benefit, as a result the money is not utilized fully rather a big portion is misappropriated depriving the people, who are the main beneficiaries. It is heard from some beneficiaries that the heads of the office also have a portion in illegal earnings. Government in 2010 appointed Administrators in 61 Zila Parishads to expedite the development activities but the result is quite opposite. Since the Administrators are leaders of the ruling party, they always busy with political activities and use Zila Parishads as their political office. Bribery becomes the common practice in enlistment of institutions in the project lists. Other members of Zila Parishad development coordination committee are not so much interested in monitoring the implementation work of Zila Parishads; because they have their own activities as well as their observations do not get any importance to the Zila Parishad authorities. It is known that till now no high official from controlling offices had come to visit any development project of Nilphamari Zila Parishad. Through the study it is clear that no proper supervision and monitoring system of procurement prevails in the Zila Parishad. The quality of procurement specially depends upon the integrity and fairness of Administrator, Chief Executive Officer and Engineers but they are hardly aware about their accountability and responsibility. It is also not possible for higher authority to enquire the activities due to enormous number of projects. Though PICs are constituted with 5-7 members yet only chairmen of the PICs are doing everything and other members are merely ornamental, and in many cases they are not aware of the quality or quantity of works, rather they are willing to take a share in their pockets and chairmen also do the same. Some beneficiaries have told in anonymity that about 50 percent of the allocated money was spent to meet up the hidden cost of getting projects and bills and less than 50 percent money was spent to perform the work. In course of spending development fund a win-win relationship between the parties is prevalent in the organization.

Most of the contractors are less experienced and probably involved in procurement of Zila Parishad to gather experience and make money with limited investment. Usually they give more or less 50 percent of the project money to the institutions and take certificate of completion of work and submit bill for payment. Since the works are addition of ongoing works and it is hardly possible for the engineers to identify the particular works done by Zila Parishad fund bills are paid on the basis of the certificate which creates a way for unethical relationship between the parties. So attention should be given to ensure value for money in procurement practices by Zila Parishads.

4.6. Participation and public disclosure:

To ensure transparency and accountability and value for money participation and public disclosure is a tool. But in Zila Parishad the citizens are not aware about the development plan and the implementation of the projects, they are even less interested to know about the projects because every project is selected and implemented by the ruling party activists and people cannot raise their voice against them. The party men rather take extra credit for their ability to manage projects and convince them that big portion of the allocated money is spent in managing the leaders and officials to get the projects. This is happening due to absence of public disclosure and people's participation. There is no provision to arrange open meetings to inform the citizens about the development activities of Zila Parishad. Only people who are aware about the activities of Zila Parishad can know the procurement activities of Zila Parishad and manage development projects in favour of their institutions by frequent visits to the office. It is seen that several institutions are getting allocation every year but many institutions are kept aloof from the development work. Although information about different activities, are shown in the notice board but the procurement plan and project list are not available there. There is no provision to set signboard in the project site for making information available to the public to make procurement transparent and open and enhance community confidence. The budget reports are also kept out of the common people's reach and people don't know that they have the right to know about the annual budget of Zila Parishads.

4.7. Summary:

Zila Parishad started its journey in British Regime to develop rural infrastructures and the development activities have been going on till today. Now Zila Parishad is a government autonomous organization and controlled and regulated by Local Government Division.

Sources of funds for development works performed by Zila Parishad for local developments are mostly government grants and for its revenue expenditure it spends its own fund with the approval of Local Government Division. Some of the Zila Parishads are capable of taking development projects with its revenue surplus. Its procurement system is guided by Local Government (Zila Parishad) Act 2000 and other rules and circulars circulated by Local Government Division. Two types of procurement methods are followed by Zila Parishad, one is community participation method and another is tendering method. Every year government spends about Taka 2000- 3000 million for rural infrastructural development of the country through 61 Zila Parishads, and Zila Parishads take hundreds of development projects for the development of local educational, religious, social institutions and for improving sanitation of the districts. Every year government allocation and expenditure are rising rapidly but fairness is hardly ensured in procurement due to political intervention, lack of proper planning, lack of transparency and accountability and corruption. People's participation is not in the procurement process, and at the same time people are seldom aware about the procurement activities of Zila Parishad, but a group of middlemen are growing to avail easy money making facility, which is prevailing in the procurement practices in Zila Parishad. Since Bangladesh is going to be a middle income country, it can utilize money through Zila Parishad properly for rural development by streamlining the procurement practices and controlling the misuse of public money, and develop Zila Parishad as the center for district level development activities.

Chapter- 5: Findings and Analysis

Good governance in procurement ensures transparency, accountability, fairness and value for money with citizens' satisfaction. Three areas of governance are considered to measure the quality of governance in procurement; first people's participation and satisfaction, second following of prevailing laws and rules and third transparency and accountability in procurement. In Chapter 1, three research questions have been selected on those three components of governance, to measure the quality of governance in procurement practices of Zila Parishad, which are 1) To what extent people participate in and are satisfied with procurement practices of Zila Parishad; 2) To what extent the prevailing laws and rules are followed in procurement; 3) To what extent transparency and accountability is ensured in procurement. The objective of the research is, to assess the quality of governance in procurement of Zila Parishads; especially in Zila Parishad, Nilphamari. This chapter addresses the research questions and research objectives, and analyzes the procurement related information, collected during the study from the study area Zila Parishad, Nilphamari, to identify the quality of governance in procurement in the current procurement framework. Four sets of questionnaire were designed, related with those three areas of consideration, for four categories of respondents. The four categories are 'A' Zila Parishad officials, 'B' enlisted contractors, 'C' PIC chairmen and 'D' beneficiaries of development projects. The data have been collected through the interviews with four categories of stakeholders of procurement of Zila Parishad to achieve the research objectives mentioned in Chapter 1. Economic and social impact of procurement was slightly identified due to time constraint.

Five Zila Parishad officials, fifty enlisted contractors/suppliers, sixty chairmen of the PICs and sixty beneficiaries have been interviewed with four sets of questionnaires to conduct the survey (See Annexure for details). Among them first three categories are directly involved with procurement activities of Zila Parishad and the fourth category is the citizens getting benefits of procurement. Some procurement related files and papers also examined for authentication and taking a view of procurement file management. The research was done not only to find the quality of governance in procurement but also the information about the organization's prevailing procurement process and the quality of procurement personnel. The ultimate goal of the study is to get a perception about procurement management i.e. tender management, contract management, time management, cost management, quality management and quantity management in procurement process of Nilphamari Zila Parishad and finally the quality of governance of procurement practices. Valuable suggestions,

opinions or comments have also been sought from the respondents regarding governance in procurement from their experiences in this field. Some relevant files and papers of Zila Parishad are examined and analyzed in the study to comprehend the procurement practices. Some implemented projects have been visited to observe the present condition and socio-economic impact of the procured goods/ works and know about the general people's perception about the quality of procurement.

5.1. A Review of Procurement Rules:

At present the public procurement in Bangladesh is regulated by the Public Procurement Act, 2006 and the Public Procurement Rules, 2008. Besides these documents, the CPTU has prepared a number of Standard Tender Documents (STDs) for goods and works, and Standard Request for Proposals (SRFPs) for services depending upon basically the size or volume of procurement. Fairness, impartiality, openness and integrity are desired according to the provisions of present procurement law and rules. The following table shows some of the points of PPA and PPR which relate to the governance issues.

Area of consideration	Relevant directions in PPA and PPR
Economic consideration	<p>The Procuring Entity shall take into account the following when determining the method of Procurement and consolidating of Goods packages:</p> <ul style="list-style-type: none"> (a) availability of the relevant Goods in the local market; (b) quality, sources and brand of the Goods available in the local market; (c) price levels of the designated Goods; (d) risks related to supply in the local and international markets. <p>[Rule 15(2), PPR, 2008]</p>
Impartial treatment for all	<p>In the case of determining the method of Procurement for Works, the Procuring Entity shall consider the following: –</p> <ul style="list-style-type: none"> a) the prevalent conditions of the contracting industry; b) expected competition; <p>[Rule 15(7), PPR, 2008]</p> <p>c) Technical Specifications prepared by Procuring Entities shall,</p>

<p>Social consideration</p>	<p>where appropriate, be-</p> <p>I. expressed in terms of performance or output requirements, rather than specifications linked directly to design or descriptive characteristics which may tend to limit competition; [Rule 29(2), PPR, 2008]</p> <p>II. There shall be no reference, in technical specification of Goods, to a particular trade mark or trade name, patent, design or type, named country of origin, producer or service Supplier. [Rule 29(3), PPR, 2008]</p>
	<ul style="list-style-type: none"> • The Procuring Entity shall take into account the following when determining the method of Procurement and consolidating of Goods packages: <ul style="list-style-type: none"> (a) capacity of local Suppliers to supply the required quantities; (b) capacity of the national industry and quality of its products; (c) market conditions and expected competition; [Rule 15(2), PPR, 2008] • In the case of determining the method of Procurement for Works, the Procuring Entity shall consider the following: – <ul style="list-style-type: none"> • (a) capacity of local contractors; • (b) expected competition; • (c) geographical location; [Rule 15(7), PPR, 2008] • Procuring Entities shall, where possible, prepare the specifications in close cooperation with the concerned user or beneficiary of the Goods or Works or Services [Rule 29(5), PPR, 2008] • The Tender Document may allow for a domestic preference as defined in Schedule II. I to provide local manufacturers, suppliers and contractors with a price advantage over their international competitors for the purpose of promoting domestic products or industries. [Rule 83(1)(e), PPR, 2008]
<p>Transparency, Accountability</p>	<ul style="list-style-type: none"> • Every member of the TEC/TOC shall sign a declaration of impartiality and all member of the TEC/TOC shall sign a joint

**and Ethical
consideration**

declaration of properly following the act and rules in course of evaluation. [Rule 8(13)(a, b), PPR, 2008].

- A person shall always act professionally and selflessly seeking to assist in enhancing efficiency, competition, transparency and accountability in public procurement in Bangladesh by-
 - a) Complying with—
 - i. The act, Rules, guidelines, orders or other documents concerning public procurement in Bangladesh; and
 - ii. Any contractual obligations established between the procuring entity a person;
 - b) Maintaining the highest possible standard of integrity in all their dealings with public servants both within and outside the procuring entity;
 - c) Encouraging and developing the highest possible standard of professional competence amongst persons, and those who work under their supervision and for whom they are responsible;
 - d) Enhancing the proficiency and reputation of public procurement by acquiring and maintaining current technical knowledge, following best procurement practices and establishing the highest standard of ethical behavior;
 - e) Optimizing the use of resources under their control and supervision to provide the maximum output with minimum input to the procuring entity and to the nation. [Se.5. (1); (a),(b), (c), (d), (e); The Code of Ethics in Public Procurement; Schedule-XIII; PPR-2008]
 - 1) No officer or member or staffs engaged in the public procurement of goods, works, or services under this act shall undertake or attempt to undertake any procurement of goods, works, or services in contravention of any provisions of this Act or any rules made in pursuance of this act.
 - 2) A procuring entity shall during the process of procurement and execution of contract ensure that its officers and members or staffs do not engage in any corrupt, fraudulent, collusive or

coercive practices and similarly, a tenderer or a consultant or a person as defined in this Act, shall abide by the code of ethics and ensure that neither its any officer, nor any member or its any staffs or any other intermediaries working on its behalf, engage in any such practices. [PPA-2006].

Procuring entity and persons engage in procurement shall ensure'

- a) To abide by the article 68 of the act;
- b) To abide by the morals of schedule-XIII; and
- c) Ensure that neither any officer, nor any member or its any staffs or any other intermediaries working on its behalf, engage in any corrupt, fraudulent, collusive or coercive practices.

[Rule 127(1)(a, b, c), PPR, 2008].

5.2. Analysis of Procurement Related Files:

During study four procurement related files were analyzed to collect documentary information about the current procurement practices in the Zila Parishad.

1. **Case No. 1: Construction of School & College building.** Estimated cost-4000000.00 Taka; Fiscal year-2013-14; Contracted cost- 3800000.00 Taka;

The project was selected under the guidance of Local Government Division and implemented by allocating 1500000 Taka from reserve ADP fund and 2500000 Taka from own fund. Tender notice was published and well circulated inviting the enlisted contractors for bidding using the Limited Tendering method. Total 97 bidders submitted their bids in 5 percent less of the estimated cost. Since all the bidders submitted same cost of the work, lottery was held to select the contractor and first was selected primarily and four bidders were kept serially to accommodate another one if the first or the following others failed to fulfill the preconditions. The bank guarantee of the first bidder was not authenticated and reported as false by the respective bank, so TEC of the Zila Parishad selected the second one whose bank guarantee was authenticated by the respective bank. The resolution of TEC meeting was written in Bangla and all members of the TEC signed accordingly but the formats for TOC and TEC report given in the PPR 2008 were not used. Accordingly the bidder submitted performance security and performed agreement deed with the Zila Parishad authority. According to the

agreement the completion date of the project was 12-07-2014 but the work was actually finished on 16-11-2014. There is no evidence of extending implementation time officially in the file. To ensure quality of work some testing report were collected from Dinajpur Polytechnic Institute and LGED, Nilphamari. In the file it was seen that the tendering process was open and fair and quality management technique also taken but authority was reluctant about time management. The school authority is not so satisfied and they reported that quality of work was not up to the mark.

2. **Case No. 2: Construction of Jamey Mosque.** Estimated cost-7100000.00 Taka; Fiscal year-2013-14; Contracted cost- 6745000.00 Taka.

The project was selected by Local Government Division allocating 7100000 Taka from block grant of ADP fund and sent to Zila Parishad for implementation. Tender notice was published and well circulated inviting the enlisted contractors for bidding using the Limited Tendering method. Total 67 bidders submitted their bids in 5 percent less of the estimated cost. Since all the bidders submitted same cost of the work, lottery was held to select the contractor and first was selected primarily and four bidders were kept serially to accommodate another one if the first or the following others failed to fulfill the preconditions. The bank guarantee of the first bidder was authenticated by the respective bank, so TEC of Zila Parishad selected the bidder for the work and sent the proposal to the Local Government Division for administrative approval since the tender value was above 5000000.00 Taka. The resolution of TEC meeting was written in Bangla, all formats for TOC and TEC report prescribed in the PPR 2008 were filled up properly and all members of TOC and TEC signed accordingly. After getting administrative approval from Local Government Division NOA issued to the selected bidder and accordingly the bidder submitted performance security and signed agreement with the Zila Parishad authority on 15-04-2014. According to the agreement the completion date of the project was 20-09-2014. The contractor applied for extending the time and time was extended up to 30-06-2015 but the work has not been finished till today. There is no evidence of further extending implementation time officially in the file. To ensure quality of work some testing report were collected from Dinajpur Polytechnic Institute and LGED, Nilphamari. In the file it was seen that the tendering process was open and fair and quality management technique also taken but authority was reluctant about time management. During study it was known from the citizens that they have tried to compel the contractor to do proper quality work.

3. **Case No. 3: *Construction of boundary wall.*** Estimated cost-1500000.00 Taka; Fiscal year-2013-14; Contracted cost- 1425000.00 Taka.

The project was not a complete work; it was a small part of the boundary wall of the college and was selected by Local MP and approved in Zila Parishad Development Coordination Committee meeting. MP got special allocation from Local Government Division and reallocated 1500000.00 Taka for this project. The money was sent to Zila Parishad for implementation of projects selected by the Local MP. Tender notice was published and well circulated inviting the enlisted contractors for bidding using the Limited Tendering method. Total 80 bidders submitted their bids in 5 percent less of the estimated cost. Since all the bidders submitted same cost of the work, lottery was held to select the contractor and first was selected primarily and another bidder was kept waiting to accommodate if the first would have failed to fulfill the preconditions. The bank guarantee of the first bidder was authenticated by the respective bank. In TEC meeting of the Zila Parishad the bidder was selected. The resolution of TEC meeting was written in Bangla and all members signed accordingly but formats for TOC and TEC report prescribed in the PPR 2008 were not filled up or used in preparing reports. On the basis of TEC report Assistant Engineer of Zila Parishad issued NOA in favor of the contractor with the approval of the Administrator. After receiving NOA the bidder submitted performance security and signed agreement with the Zila Parishad authority on 22-06-2014. According to the agreement the completion date of the project was 23-08-2014, but the project was finished on 14-10-2014 without formally extending the finishing time; even the contractor did not apply for time extension. In the file it was seen that the tendering process was open and fair but there was no evidence of taking any quality management technique to ensure good quality work. It is evident in the file that authority was reluctant about time management.

4. **Case No. 4: *Procurement package of four small projects, development work of two mosques, one madrasha and one temple.*** Estimated cost-300000.00 Taka; Fiscal year-2012-13; Contracted cost- 285000.00 Taka.

The projects were implemented from general ADP fund allocated to Zila Parishad. The projects were selected mainly by the Administrator and sent to Local Government Division through Zila Parishad Development Coordination Committee. After getting approval from Local Government Division tender notice was published and well circulated inviting the enlisted contractors for bidding using the Limited Tendering method. Total 49 bidders submitted their bids in 5 percent less of the estimated cost. Since all the bidders submitted

same cost of the work, lottery was held to select the contractor and first was selected primarily and another bidder was kept waiting to accommodate if the first would have failed to fulfill the preconditions. In TEC meeting of the Zila Parishad the first bidder was selected. The resolution of TEC meeting was written in Bangla and all members signed accordingly but formats for TOC and TEC report prescribed in the PPR 2008 were not filled up or used in preparing reports. On the basis of TEC report Assistant Engineer of Zila Parishad issued NOA in favor of the contractor with the approval of the Administrator. After receiving NOA the bidder submitted performance security and signed agreement with the Zila Parishad authority on 10-06-2013. According to the agreement the completion date of the project was 14-08-2013, but the project was finished on 20-04-2014 without formally extending the finishing time; even the contractor did not apply for time extension. Among the four procurement files it is the typical procurement file of Zila Parishad. More than 90 percent procurement files are of same nature. The projects were one kind of financial assistance projects to the institutions. In the file it was seen that the tendering process was open and fair but there was no evidence of taking any quality management technique to ensure good quality work. It is evident in the file that authority was reluctant about quality management and time management.

Among the four procurement files only one procurement file (Case no.1) consists of a complete project "Construction of Jame Mosque" and this is the biggest project ever implemented by Zila Parishad during last 30 years time. The project was selected by Local Government Division and estimated by Local Government Engineering Department. Construction of school building was a part of a big project. The authority planned to build a four storey academic building for the school and only two slabs were built in this phase. Construction of College boundary wall project was a small part of the boundary wall. Before this allocation 50,000.00 Taka also had been allocated earlier to build a small part of the boundary wall. The fourth one is the typical procurement file; most of the procurements by tender, are of this nature. It is found in the project lists of different year that almost size of all projects are of 50,000.00 to 100,000.00 Taka and packages are formed combining 5-10 projects. During study it is known that in most of the cases contractors do not perform the work according to the estimate but they give 50% - 60% of the estimated value of the projects and take certificates from the head of the institutions, and by producing the certificates contractors take bills from Zila Parishad. Some beneficiaries also told with anonymity that most of the projects of Zila Parishad are implemented in the same way misappropriating

about 50% of the allocated money. Since the packages are combination of several scattered projects, it is obvious that contractors getting contract are very much reluctant to implement the projects rather they are eager to meet the deal with the head of the institutions by providing 50%-60% of the estimated cost. Since the project are scattered and real implementation is not cost effective for them, to maximize their profit they take the easy way of making profit. If the head of the institutions are strong and rigid they oblige to perform the work physically. It was identified that many projects were not finished in time due to contractor's negligence and impunity even after negligence. During study no complete construction project was found except the construction of a Jame Mosque. During study 23 files of 2013-2014 fiscal year have been studied and found that, 13 works were finished within the deadline and other 10 works were finished later without formally extending the finishing time.

5.3. Annual Volume and Type of Procurement:

The volume of procurement in Nilphamari Zila Parishad is Tk. 65-70 million per annum and mostly (75%) the amount is spent in procuring works, only 25 percent of the procurement is goods and no service was procured during the last 20 years' time. Since the amount of money allocated for most of the projects was only Tk. 50,000.00, and hundreds of institutions were covered every year, most of the institutions utilize the money adding with their own fund to perform development works for the institutions.

5.4. Characteristics of Respondents:

Four categories of respondents were interviewed with four sets of questionnaires; set 'A' for Zila Parishad officials; set 'B' for enlisted contractors/suppliers; set 'C' for chairmen of PICs and set 'D' for local beneficiaries. Comments and suggestions were sought from all respondents but nobody gave any comment or suggestion, which shows the avoiding attitude of the stakeholders to know about the procurement process. During survey some persons with anonymity gave information about the procurement process and the prevailing procurement practices in selecting and implementing development projects. In this section different aspects of characteristics of four categories of respondents are demonstrated.

5.4.1 Characteristics of Zila Parishad Officials:

Five Zila Parishad officials were interviewed; all are male and are directly involved in procurement process. The Chief Executive Officer did not agree to respond as he joined recently in the Zila Parishad. The respondents are assistant Engineer, Sub- Assistant

Engineer, Accountant, and two Upper Division Clerks. Three of them are middle aged (40-60) having more than ten years' experience and two of them are young (20-40) having less than ten years' experience in procurement. All the officials had undergone short training during their service. Their knowledge about PPA and PPR ranges from 80 percent to 60 percent according to their own perception, though except Assistant Engineer and Sub-Assistant Engineer no other staffs have fully read PPA and PPR.

Table-5.1: Characteristics of Zila Parishad Officials

Age (year)	No. of Res.	Qualification	No. of Res.	Experience (year)	No. of Res.	Knowledge about PPA and PPR	No. of Res.
20-40	02	General	03	1-10	03	80 %	03
40-60	03	Technical	02	Over 10	02	60 %	02

5.4.2 Characteristics of Enlisted Contractors:

Fifty enlisted contractors/suppliers among 97 were interviewed; among them 45 are male and only 05 are female and most of them (60%) are middle aged (40-60) and 40 percent are young (20-40). According to the information given by them, most of them (52%) have 5-10 years experience, 20 percent have 10-05 years and 15 percent have less than 5 years experience in procurement. Half of them have 60 percent, 23 have 80 percent and only 2 have 40 percent knowledge about PPA and PPR. Education levels of the respondents are 50 percent secondary level, 25 percent higher level and 25 percent primary level education. Though they think that they have 80 percent - 60 percent knowledge about PPA and PPR, they admitted that they did not read the books at all. They assume that by practicing tender activities they get the knowledge and they need not to read the procurement related books or other documents. They over estimated themselves without reading the books.

Table-5.2: Characteristics of enlisted contractors

Age (year)	No. of Res.	Qualification	No. of Res.	Experience (year)	No. of Res.	Knowledge about PPA and PPR	No. of Res
20-40	20	Primary	08	1-5	02	80%	23
40-60	30	Secondary	35	5-10	26	60%	25
60+	00	Higher	07	Over 10	23	40%	02

5.4.3 Characteristics of PIC Chairmen:

Sixty chairmen of PICs among more than 600 PICs from different Upazilas were interviewed on random sampling basis; all of them are male and, and most of them (57%) are middle aged (40-60), 13 percent are old (over 60) and 30 percent are young (20-40). Most of them have 20% or no knowledge about PPR. Education level of the respondents is 75 percent higher level, 15 percent secondary level and 10 percent primary level education. A part of the PIC chairmen are influential persons of the society bearing the identity as ruling party members. Actually they managed the allocation by managing the Administrator or other leaders or influential persons closed to the authority concerned. Some of the PIC chairmen are institutional heads and they basically managed the allocations for institutional development and in most of the cases they spent about 50 percent of the allocation in managing the allocation and then utilized the money adding with their own fund.

Table-5.3: Characteristics of PIC Chairmen

Age (year)	No. of Res.	Qualification	No. of Res.	Knowledge about PPA and PPR	No. of Res.
20-40	18	Primary	6	80%	01
40-60	34	Secondary	9	60%	04
Over 60	8	Higher	45	40%	11
				20%	44

5.4.4 Characteristics of Beneficiaries:

Sixty persons from six Upazilas, who are neighbors and beneficiaries of some finished development projects, were interviewed on random sampling basis; among them 57 are male and 03 are female, and most of them (53.3%) are middle aged (40-60), 3.3 percent are old (over 60) and 43.3 percent are young (20-40). Education level of the respondents is 50 percent secondary level, 47 percent higher level and 3 percent primary level education. They are the main focus of procurement of Zila Parishad. If transparency is ensured they might have more satisfaction but most of them have negative perception about the procurement of Zila Parishad except those who were involved in managing allocation. So many people commented negatively with anonymity because they did not dare to raise their voice openly due to involvement of powerful factions of society in the procurement process.

Table-5.4: Characteristics of Beneficiaries

Age (year)	No. of Res.	Qualification	No. of Res.
20-40	26	Primary	02
40-60	32	Secondary	30
Over 60	02	Higher	28

Primarily they were asked how they got the allocation; 50 percent answered that they got the allocation via middlemen 20 percent said that they got allocation by applying for development assistance and 30 percent told they got allocation communicating with the Administrator. Some of them commented that they have spent a portion of allocation to get the development projects.

5.5. Reliability of Respondents:

Three categories are directly involved in procurement practices of Zila Parishad, so it is natural for them to be biased in favour of Zila Parishad. Their answers were mostly exaggerated or overestimated to highlight the activities performed by Zila Parishad, because they don't want to harm their relationship with the Zila Parishad authority in apprehension of being deprived from getting more allocation. A few numbers of respondents from B and C categories were somehow dissatisfied with the activities of Zila Parishad and expressed their negative perception about the procurement practices. On the other hand, most of the respondents from category D have negative perception about the procurement activities of Zila Parishad, and expressed about the mismanagement and corruption in procurement which seems at times exaggerated, except those who were directly involved in getting allocation. A few of them with their influence or their relationship with the authority or by spending some amount of money, able to manage the allocation and expect that, they will get more allocation, so they don't want to damage the relationship by expressing the actual scenario of procurement prevailing in Zila Parishad. So all respondents cannot be fully reliable, and their answers seemed biased both in favour and against Zila Parishad. Since respondents were from both sides and their answers were quantified, average of the score has reliability and the average result gives the real picture of governance in procurement practices of Zila Parishad and more or less same with the common people's perception and observation of procurement files and documents.

5.6. Survey Results:

This section presents the findings and analysis of the survey data. Most of the analysis has been done quantitatively from the perception based interviews with the respondents. However, some qualitative analyses have also been made based on observation, focus group discussion and comments of local citizens about the procurement practices to justify the result of quantitative analysis. A total of 175 respondents from four different categories were covered under the direct interviewing by structured questionnaire. The score of each statement is five, in category A responses on 25 statements, in category B responses on 22 statements, in category C responses on 19 statements and in category D responses on 21 statements were collected and calculated. The score collected based on the statements through the key informant interviews have been analyzed to find out the prevailing governance in procurement practices of Zila Parishad, Nilphamari. Five types of governances have been measured on the basis of the percentile scales of the collected score. The scales are 'Good Governance =(100-84)%; Fair Governance =(83-68)%; Average Governance =(67-52)%; Poor Governance =(51-36)%; Bad Governance =(35-20)%. All statements are analyzed on the basis of respondents' responses and an average result has been calculated to get the answers of the three research questions and measure the quality of governance in procurement practices. Perception analysis has also been done on each category, which indicates a picture of governance in procurement practices of Zila Parishad, Nilphamari.

To find out the answer of the three research questions, based on three components of governance, four categories of respondents were interviewed with four sets of questionnaires. Component wise results of the interviews are demonstrated and analyzed below (for details see Annexure II).

5.6.1. People's Participation and Satisfaction:

People's participation and satisfaction is now considered as one of the major components of development planning. To assess people's participation and satisfaction in procurement practices of Zila Parishad, nine statements were placed before the respondents. About people's participation most of the respondents of four categories disagreed with the statement "people participate in the development planning". Some respondents agreed in different degrees without knowing the proper meaning of the term people's participation. Their view is that since the projects are selected by the Administrator and the local MPs collecting applications and information from local leaders, so by this way people can participate. Actually people have no scope to participate in the development planning of Zila Parishad.

There is no evidence of people's participation in the official records; so Zila Parishad staffs admitted the fact and disagreed with the statement. From the responses of the respondents and observation of official records it is clear that there is no scope for people to participate in development planning. This element is totally ignored by the authority of Zila Parishad and also by the central government.

Development works are done for the betterment of the people. So it is expected that people should be satisfied with the development activities. People will judge properly about the quality of procurement. Since people are the taxpayers and money is allocated from their taxes, people have the right to know whether their money is being properly utilized and they get maximum benefits of public expenditure. During study some people reported that they were not properly informed about the allocation, and they did not know the amount of money allocated and the amount spent. So there seems to be absence of transparency in the procurement practices. Most of the respondents from categories A, B and C were of the opinion that people are somehow satisfied with the development work of Zila Parishad, but the actual beneficiaries the respondents from category D have different views as most of them responded negatively. From the observation it is found that people are less concerned about the development activities of Zila Parishad. Annual budget, project lists, annual development planning, expenditure reports etc. are not open for public scrutiny and information. Respondents from categories A, B and C are somehow involved with the procurement process, and thus some of them are aware of the procurement practices of the organization.

Government allocates millions of Taka to the Zila Parishads, but the question is always raised whether the allocation is properly utilized to ensure maximum benefit for the people. Most of the respondents from categories A, B and C agreed in different degree that allocations are properly utilized, but most of the respondents from category D either disagreed or agreed in a lesser degree. People really don't know the amount of yearly allocation and about the use of allocation except those who are directly involved with the process. During study some people reported that almost 50 percent money was spent in actually getting the allocation and the money was taken by different officials including the local brokers. People's perception is different and perhaps right excepting a few persons who are somehow annoyed with the procurement activities of Zila Parishad. That indicates that Zila Parishad has failed to acquire public confidence fully. Yet it is clear that on an average 50 percent money was utilized for local development. Nonetheless so many institutions have got allocations for several times and developed their institutions, which is a positive side of the procurement of the Zila

Parishad; however if the money was utilized properly the development would have been about 30 percent more or even higher.

In observing some development projects of Zila Parishad physically, it is known that with the assistance of Zila Parishad, many educational and religious institutions were developed and people are getting benefits of the development works, and if the money were properly utilized people would have got more benefits. Though people’s perception is different and it has been seen that, Zila Parishad has failed to acquire public satisfaction, yet it is clear that the development works benefited the people of the locality.

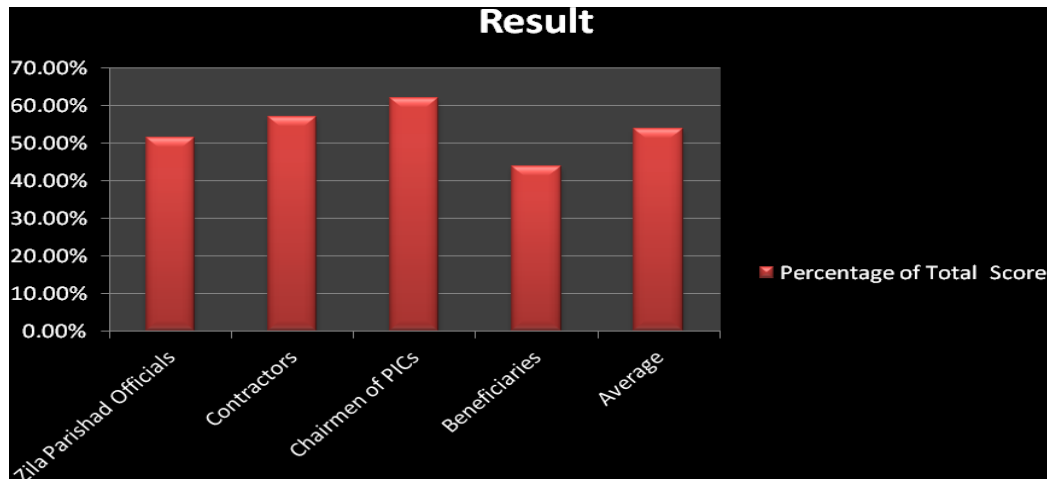
Since Administrator of Zila Parishad is playing the principal role in project selection and he is one of the ruling party leaders of the district, it is obvious that political influence overpowers the fundamental principle of project selection, and usually the main actors are the party activists of different Upazilas and people close to the Administrator. Development projects are then selected without consulting with the people the real beneficiaries. It is expected that project selection should be fair and impartial. It was found that, some local elites and some PIC chairmen have somehow managed / manipulated the Administrator and got allocations according to their desire, but the role of local MPs are only in the official order not practices d properly. In course of study, it has been found that, though the projects were selected through unfair relationship between the parties, yet the selection was covered almost the whole district. Though people’s perception is different and Zila Parishad has failed to acquire public confidence, yet it can be assumed that the development works have to a certain extent benefited the people of the whole district.

To find out the answer of question no. 1, nine statements based on nine elements of the component “**People’s participation and Satisfaction**” were placed before the respondents. Results on the basis of the score, counted from the responses of the respondents are given below. (For details see Annexure-2.)

Table-5.5: Result of interviews of question no. 1

Category of Respondents	Total Score	Average of Total Score	Percentage of Total Score	Result
Zila Parishad Officials	103	20.6	51.5%	Poor Governance
Contractors	1283	25.66	57.02%	Average Quality Governance
Chairmen of PICs	1676	27.93	62.07%	Average Quality Governance
Beneficiaries	1184	19.73	43.84%	Poor Governance
Grand Total		20.25	53.84%	Average Quality Governance

Figure-5.1: Result of interviews of question no. 1.



According to the result drawn from the respondents' responses average governance in procurement practices is prevailing considering the component of people's participation and satisfaction. The result of observation of this component is not the same. It is known that a very important element of good governance, i.e. people's participation and satisfaction is either ignored or willingly kept aside, though it is important to combat corruption in procurement process. So rules should be formulated to ensure people's participation and satisfaction in procurement.

5.6.2. Following of Procurement Law and Rules:

After PPA and PPR coming into force all government agencies are obliged to follow the rules in procurement process. According to PPR annual procurement plan should be made every year. Respondents from category 'A' the staffs of Zila Parishad, responded that every year annual procurement plan is made accordingly, because they thought that making project lists is identical to making procurement plan. But in fact it has been found that systematic procurement plan is not regularly prepared. Every year after getting allocation from the government, Zila Parishad makes a list of projects for the year to implement.

It was found in the official records, that five years ago TOC and TEC were formed following the rules properly, and TEC and TOC are working accordingly in procurement process. The tender notices are circulated properly and so many enlisted tenderers participate in tenders. No deviation has been found in tendering method. The committees are working accordingly in evaluating tender documents and tender approval process is followed properly by the Zila Parishad authority. Procurement related meetings are held to select the contractors/suppliers. Papers are clear and regular but during study it has been known that the Zila Parishad

Development Coordination Committee meeting is held only on paper and members of the committee are reluctant to attend the meeting; they only sign the attendance register. The meeting is held only to maintain official formalities; and in practice the resolutions of the meetings are usually prepared according to the desire of the Administrator. All other procurement related meetings are held properly. In the office records it was found that NOA is issued in Bangla translated from the English version without the approval of CPTU for easy communication between the parties. Other than that all the related rules are being followed properly.

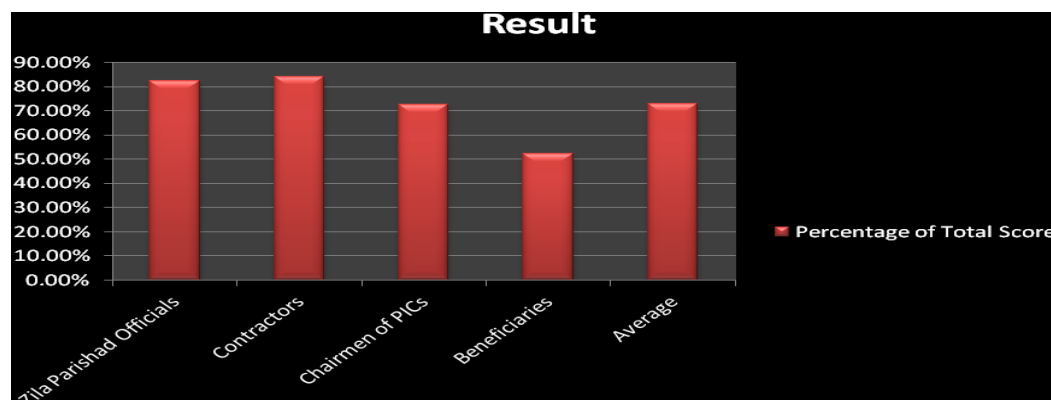
More than 50 percent of the ADP fund is spent in implementing projects by community participation. There is guidance from Local Government Division about the formation of PICs. Zila Parishad issues notice to the head of the institutions to form PICs following the guidelines, but whether the institutions are following the guidelines properly or not it is hardly possible for the authority to examine. During study it has been discovered from some beneficiaries that, some notices delivered to the persons who are involved in managing the allocations though in the notice delivery book it is mentioned that the staffs served the notices to all relevant stakeholders in the concerned area. Nonetheless most of the notices are properly distributed otherwise problem might be occurred in project implementation. During study some people informed that PICs are formed in the office room without discussing the matter properly in the committee. Another information about serving notices has been unearthed that notice related to the projects, implemented by tender, are not usually sent to the institutions, rather they collect the information about the project by their own initiatives.

To get the answer of the question no. 2, eight related statements were placed before the concerned respondents. Since most of the statements are related with tender management, respondents of category A and category B were asked to give opinion in most of the statements only and in case of PIC related issues a few statements were placed before respondents of category C and category D. The result, calculated on the basis of their responses, is given below. (For details see Annexure-2.)

Table-5.6: Result of interviews of question no. 2.

Category of Respondents	Total Score	Average of Total Score	Percentage of Total Score	Result
Zila Parishad Officials	165	33	82.5%	Fair Governance
Contractors	1051	21.02	84.08%	Good Governance
Chairmen of PICs	435	7.25	72.5%	Average Governance
Beneficiaries	314	5.23	52.3%	Average Governance
Average			72.85%	Fair Governance

Figure-5.2: Result of interviews of question no. 2.



According to the results drawn from the respondents' responses it seems that fair governance in procurement practices is prevailing considering the component of governance "Following of Law and Rules". The result of observation of this component is also of the same. The Following of Laws and Rules is somehow satisfactory. Most of the works related with the prevailing rules are conducted under the supervision of Chief Executive officer and he is a government servant, so he is obliged to follow the rules.

5.6.3. Transparency and Accountability in Procurement:

Transparency and accountability is the principal component of good governance. Fourteen related elements of transparency and accountability have been observed in the study by placing fourteen statements before the concerned respondents. In the office records it was found that threshold value of lots/packages are selected properly and neutrally, unbiased to anybody. It is basically depends upon the desire of authority concerned to make the process easier without giving any extra privileges to anybody. The bidding competition is always open, fair and unbiased to anybody. In every tender more than 50 bidders participate, which indicates that no unfair practice is there in bidding competition. By observing the office

records it was found that contractors/suppliers are selected properly and neutrally by lottery, unbiased to anybody, and no allegation was raised till now. During study it was known from some beneficiaries that most of the projects are implemented taking long time, due to negligence of the office and the implementing agents. It is found that both the office staffs and contractors are less care about time management and no punitive action were taken ever since against anybody for negligence in time management. During study it was discovered from some beneficiaries that most of the projects are visited by the Zila Parishad staffs, but quality is hardly ensured in most of the works. During visit to some projects it has been observed that, quality is not up to the standard. Bill payment system is very clear, but during study some respondents from categories B, C and D reported that it is hardly possible to get the bill without paying bribe as PC; even sometimes the intermediaries also involved in taking undue benefits.

About 50 percent of the allocated money is spent by PICs. In formation of PICs political intervention is evident, and during study respondents of categories C and D reported that, since governing body of most of the institutions are dominated by the ruling political party activists, political influence cannot be overcome in formation of PICs. Some beneficiaries informed that some of the projects were implemented collecting money from other sources to cover the portion of money misused in getting bills. During study it was known from some beneficiaries from category D that about 50 percent of the allocated money is misused in most of the projects, and some institutions covered the misused money from other funds of those institutions. Some of the respondents told that though they received the cheque of the allocated money except 5.5 percent VAT, in reality they have spent a portion of the received money as grease money. Some of the respondents told that PIC chairmen received the money and a portion of the money was spent for the works, and they heard that some of the allocated money was spent otherwise. During visit to some projects it was also seen that the volume of work was much less than the allocated amount except a few sites, and some works also have been done with other sources. In some projects it was hardly possible to identify the work done by the allocated money, because a small amount of money was received by the institutions against a big project, costing more than 1 million Taka. There is thus corruption in procurement of Zila Parishad, which also has been supported by observation during study. During study some respondents told with anonymity that money is required in both project selection and in project implementation. Study shows that sometimes there are alliances between the parties to share the undue benefits. Some of the respondents told that due to

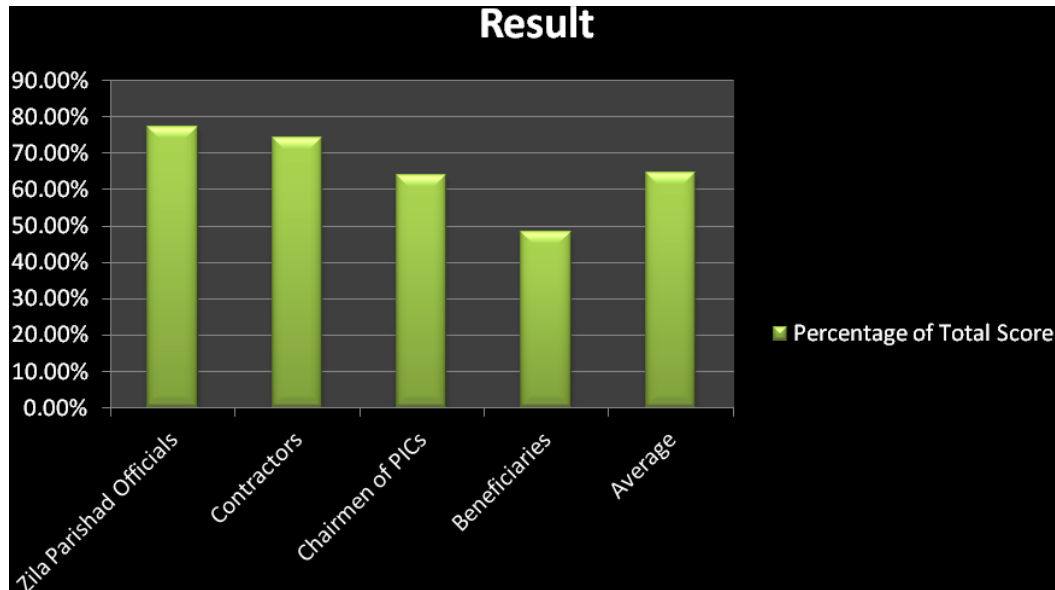
unholy alliances they are not getting proper benefits of the government money. Some of the respondents told that planned works were not completed or portion has been done but not usable. Some respondents questioned about the quality and quantity of works done and some others were of the view that half of the allocated money was misused. During study it has been informed from respondents of category 'A' that political intervention is prevalent during project selection, but in procurement process no such intervention is found. Some respondents from other categories informed that in implementation stage they are disturbed by local political activists if they are not satisfied.

To get the answer of the research question no. 3, fourteen related statements based on fourteen elements of the most important component of governance, transparency and accountability were placed before the concerned respondents to gather information. Their responses were counted and compiled to get the result of research question no. 3 (For details see Annexure-2). The result is shown below.

Table-5.7: Result of interviews of question no. 3.

Category of Respondents	Total Score	Average of Total Score	Percentage of Total Score	Result
Zila Parishad Officials	174	34.8	77.33%	Fair Governance
Contractors	1668	33.36	74.13%	Fair Governance
Chairmen of PICs	1535	25.58	63.95%	Average Governance
Beneficiaries	1455	24.25	48.5%	Poor Governance
Average		28.94	64.55	Average Governance

Figure-5.3: Result of interviews of question no. 3.



According to the result drawn from the respondents' responses average governance in procurement practices is prevailing considering the transparency and accountability. The result of observation of this component is also the same. This component is very much important for good governance and all the players should be involved in ensuring transparency and accountability. It has been found that no punitive action has been taken since the Zila Parishad started functioning. It is also not clear who is responsible for what. So this component is basically depends upon the willingness of Administrator, Chief Executive Officer, Assistant Engineer and Sub-Assistant Engineer. Now Administrator is a political leader of the district, and it is not always possible for him in our country context to ensure accountability and transparency. Thus the scenario is not satisfactory as after the appointment of Administrator political intervention has increased not to ensure transparency and accountability but to get the share of illegal benefits.

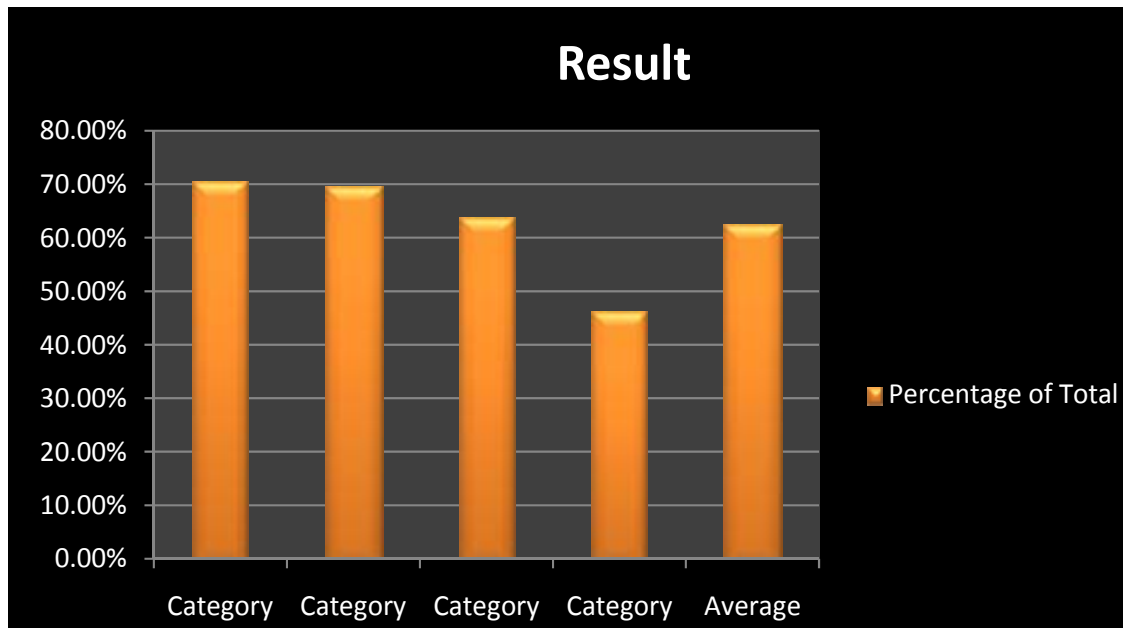
5.6.4. Final Result on the Basis of Interviews:

The aggregate final result calculated from the average scores given by respondents of four categories is a picture of prevailing quality of Governance in procurement practices s of Zila Parishad, Nilphamari. Though the scores, given by different categories, are separately biased in favour or disfavor of the office, yet the average result shows more or less the real picture of procurement practices s in Zila Parishad, which is supported by visits of development projects and examination of related documents, focus group discussion and analysis of procurement files. The final result of the survey shows that average quality of governance is prevailing in the procurement practices of Zila Parishad, Nilphamari.

Table:5.8. Final result on the basis of interviews:

Category	Number of respondents	Total Score	Mean	Standard deviation	Percentage of Total Score	Result
‘A’- Zila Parishad Officials	05	442	88.4	6.69	70.72%	Fair Governance
‘B’- Enlisted Contractors	50	4002	80.04	2.26	69.6%	Fair Governance
‘C’- PIC Chairmen	60	3646	60.77	2.25	63.97%	Average Quality Governance
‘D’- Beneficiaries (citizens)	60	2917	48.62	2.30	46.3%	Poor Governance
Average Result					62.65%	Average Quality Governance

Figure-5.4. Final result on the basis of interviews:



5.7. Assessment of Respondents' perception:

To attain the objectives of the present study, assessment of the respondent perception is very important because there are differences of perception among the different categories of respondents. Perception analysis will help to clarify the differences and gap between the perception of general people and the procurement related persons. Perception of different categories of respondents are analyzed and described below.

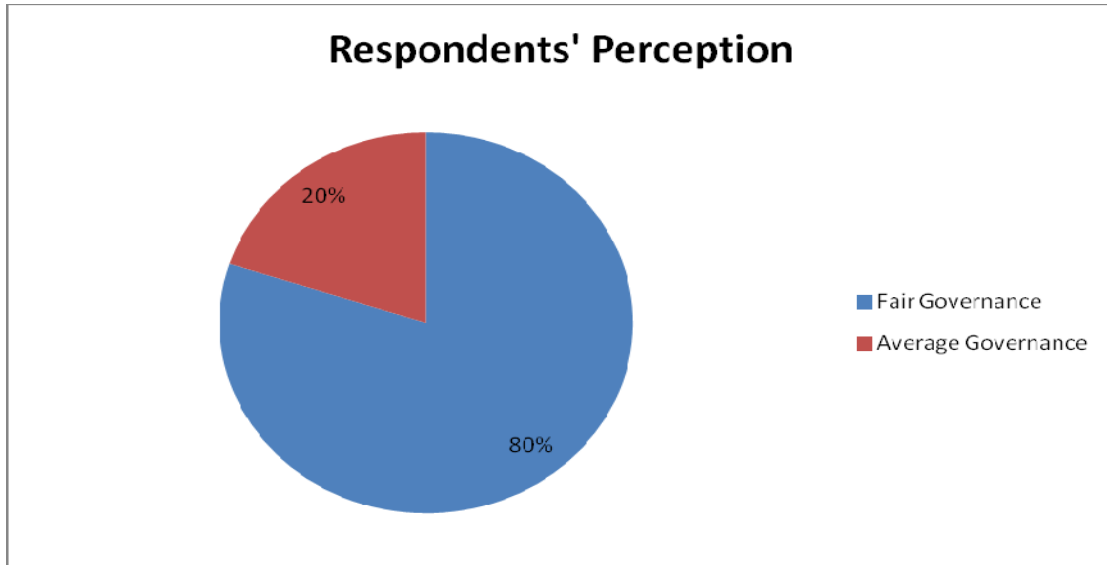
5.7.1. Perception of Zila Parishad Officials about Procurement Practices:

Most of the Zila Parishad Officials' (80%) perception is that fair governance is prevailing in procurement. They admitted that people's participation and satisfaction is not given importance in procurements, because it is not directed by the controlling ministry. Nonetheless all other procurement related rules are followed properly.

Table-5.9: Perception of Zila Parishad Officials about procurement practices

Total No. of Respondent	Respondents' Perception				
	Good Governance	Fair Governance	Average Governance	Poor Governance	Bad Governance
05	00	80%	20%	00	00

Figure-5.: Perception of Zila Parishad Officials about procurement practices



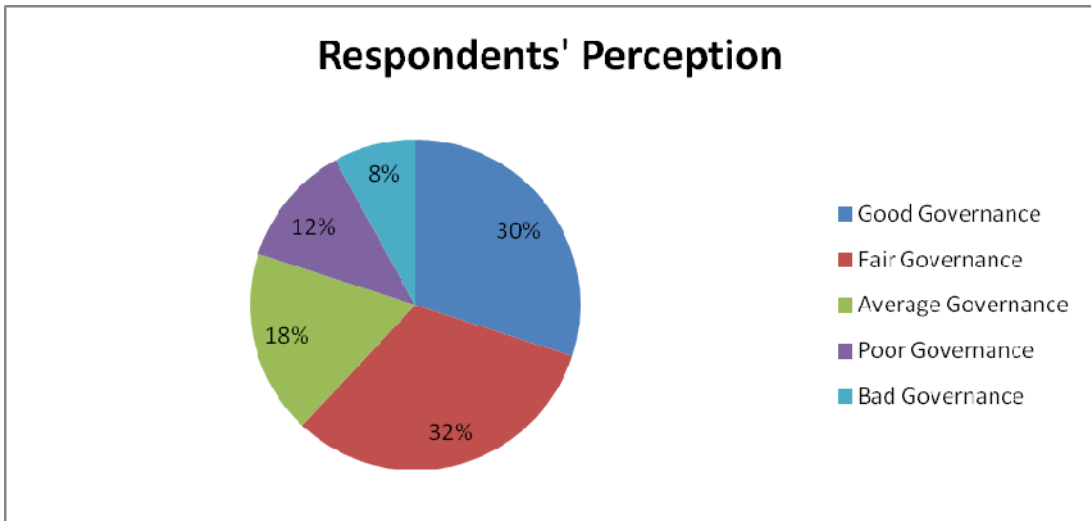
5.7.2. Perception of Enlisted Contractors about Procurement Practices:

Most of the enlisted contractors are office biased. It can be assumed that they maintain good relationship with the office. So they profess good perception about the procurement practices and a few of them, who have no such relations with Zila Parishad, have bad perception about the prevailing governance in procurement.

Table-5.10: Perception of enlisted Contractors about procurement practices:

Total No. of Respondent	Respondents' Perception				
	Good Governance	Fair Governance	Average Governance	Poor Governance	Bad Governance
50	30%	32%	18%	12%	08%

Figure-5.6: Perception of enlisted Contractors about procurement practices



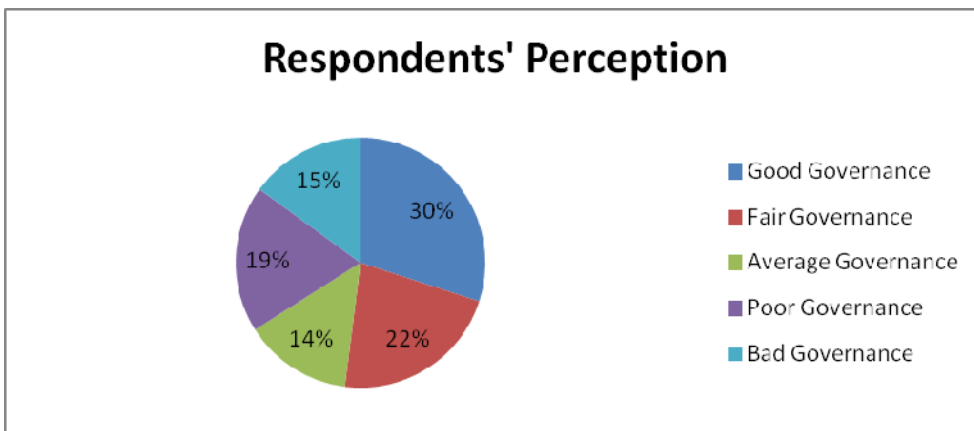
5.7.3. Perception of PIC Chairmen about Procurement Practices:

PIC chairmen have different types of perceptions; some have good, as well as some have bad perception. Average perception shows that, average quality governance is prevailing in the procurement practices of Zila Parishad.

Table- 5.11: Perception of PIC chairmen about procurement practices

Total No. of Respondent	Respondents' Perception				
	Good Governance	Fair Governance	Average Governance	Poor Governance	Bad Governance
60	30%	22%	14%	19%	15%

Figure- 5.7: Perception of PIC chairmen about procurement practices



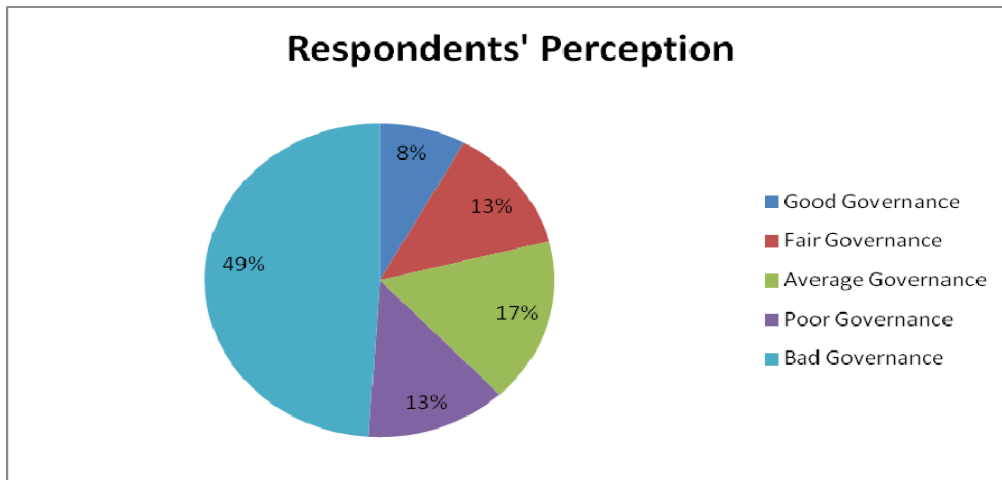
5.7.4. Perception of Beneficiaries (Citizens) about Procurement Practices:

More than half of the beneficiaries (62%) have bad perception, only 21 percent have good perception and most of them think that bad governance is prevailing in procurement. This perception analysis shows that people’s perception is quite different from the perception of persons involved in procurement activities. It shows that Zila Parishad has failed to acquire people’s satisfaction in their activities, which is very much important for good governance. So this matter should be taken into serious consideration and attempts should be taken to run procurement activities with people’s participation and satisfaction; as people are the main target of development activities.

Table-5.12: Perception of beneficiaries (citizens) about procurement practices

Total No. of Respondent	Respondents’ Perception				
	Good Governance	Fair Governance	Average Governance	Poor Governance	Bad Governance
60	8%	13%	17%	13%	49%

Figure-5.8: Perception of beneficiaries (citizens) about procurement practices



5.9. Usage of e-GP

Respondents of category A and Category B were asked whether e-procurement system developed by CPTU was being used by Zila Parishad in procurement. Most of the respondents answered negatively but a few of them answered positively without understanding the meaning of e-procurement. Some of the respondents told that the barriers

in using e-procurement are lots or packages are of small value and most of the contractors are new. During study it has been observed that most of the contractors do not know about e-procurement and they have no IT support to participate in e-procurement system. Nonetheless the projects are too small to use e-procurement. It was also found from the procurement files that both the office and the enlisted contractors are not ready to use e-GP due to lack of technological capacity. Before the amendment in PPR, a few number of bidders participated because they did not clearly understand the standard tender documents, and all the tender documents were filled up by the same person. However, now the number of bidders abruptly increased after the amendment resuming the provision of lottery. Yet today they need not to read the whole document, only they submit bid by signing and giving the bid 5 percent less of the estimated cost. So it is not possible for Zila Parishad to avail the opportunity of ICT in procurement.

Table-5.13: Answer of Respondents' about e-GP Usage:

Category of Respondents	No. of Respondent	Answer			Barriers in using e-procurement
		Always	sometimes	never	
Zila Parishad Officials	05	00	00	05	Lots and packages are of small value and most of the contractors are new.
Contractors	50	00	13	37	

5.10. Economic and Social Impact of Procurement:

Public procurement is mainly for economic and social development of the country. During the study, field visit and focus group discussion were held to know about the economic and social impact of procurement of Zila Parishad, Nilphamari. It was found that many educational and religious institutions have been developed by the allocation from Zila Parishad. In present time, the numbers of educational institutions and students have increased a lot, and there are scarcity of classrooms and furniture in most of the rural educational institutions. Allocations from Zila Parishad are very much helpful for those institutions. So impact of social as well as economic development is prevalent in the district. On the other hand importance of local party activists and other influential persons, who manage development allocation from Zila Parishad, is increasing day by day. A category of people come into the limelight of politics in rural area due to the prevailing procurement practices of Zila Parishad. Mosques are usually built by the donation of local people, but now people are

looking for allocations from Zila Parishad and a group of middlemen have risen in the society. Quite a number of mosques all over the district were developed taking allocation from Zila Parishad and it can be assumed that the middle-men have taken away a bite from allocation pie- which was meant for the project.

5.11. Threshold value of procurement:

The respondents from categories A and B were asked how they selected the threshold value of procurement while making lots in a package. All fifty five respondents responded that the lowest threshold value is the consideration for making lots for ensuring maximum participation of bidders. Some of them commented that basically the threshold value of lots/packages depends upon the decision taken by the Chief Executive officer, Assistant Engineer and Sub-Assistant Engineer.

5.12. Special Preference for Local Participants:

According to the provision of PPR local firms may be given special preference to encourage them to participate in bidding, and for this reason the respondents were also asked whether they use any criteria in the tender documents to encourage participation of local firms. Almost all the respondents were of the similar opinion that there is no such criterion included in tender documents, rather they follow the standard tender documents prescribed by CPTU. However, since Limited Tendering Method is mostly followed, only the enlisted contractors of Zila Parishad are allowed to participate in bidding and all the enlisted contractors are basically local people. So, special preference is not required.

5.13. People's Participation Level:

During field visit some respondents responded without giving identity. All the anonymous respondents answered that in development planning of Zila Parishad, people have no chance to participate and development projects were selected on the desire of the authorities concerned mostly by the Administrator of Zila Parishad, who usually selects projects on request of party men or other influential persons or middlemen. Sometimes conflict between the local MPs and Administrator is evident in project selection because according to ministry's order projects shall be selected in consultation with the local MPs, but Administrator does not always care about it. Though it is expected that to ensure transparency people's participation in all stages of development work is required, yet no such guidance is given from the Local Government Division. Public disclosure is also absent, though it is expected that, development plan should be open for public scrutiny and certain information is

to be displayed openly. During study it was found that, people of the locality are also not that much eager to know about the development plan of Zila Parishad, if they desire to know about the plan, there is no obstacle to know about it. May be they think that if even they know about it, what difference would it make as much power rests with the Administrator. So, general people are in dark about the development procurement of Zila Parishad.

5.14. Reasons for Low Quality Governance:

i) Absence of People's Participation in Procurement Practices:

There are so many arguments in favour of people's participation in every stage of development procurement; from procurement planning to implementation, but in practices it is a myth. Since projects are neither selected in consultation with the people nor neutrally, it is natural that nepotism and corruption are common in the planning stage, and mismanagement is started in this stage. Effective people's participation can reduce corruption, nepotism and mismanagement.

ii) Absence of Openness and Public Disclosure:

In course of study, it was found that general people are kept in dark, and only a group of intermediaries is aware of the activities of Zila Parishad. So people are not aware of the ongoing malpractices in procurement. People's awareness can reduce mismanagement and enhance quality of governance.

iii) Absence of Punitive Action:

A sense of impunity is in the mind of the persons involved in procurement, because there is no instance of taking punitive action against any person for corruption or negligence of duty, or for low quality of works by contractors. So nobody cares about corrective steps in procurement.

iv) Influence of Middlemen

Some intermediaries are in between the citizens and the officials. Most of them are political party members (usually ruling party members), who play key role in planning and implementing development projects for their own benefits. Their influence often hampers the governance of procurement.

v) Excessive Political Intervention

After appointment of Administrator in the Zila Parishad the office became an alternative party office and nothing can be done without political intervention. The officials are obliged to satisfy the party men, and at the same time people cannot raise their voice against any mismanagement.

vi) Negligence of Higher Authority

Inspection of activities has not been found in course of study. Higher authority cares less about the activities of Zila Parishad. Once in a year evaluation based on the performance of Zila Parishad is done on the basis of paperwork, and not by inspecting actual physical works. Many a time Local Government's orders are not followed properly but action has never been taken for ignoring the ministry's orders.

vii) Absence of Clear-Cut Responsibility:

It is to be noted that, as who is responsible for what is not clearly defined, risk aversion is prominent in the procurement activities of Zila Parishad. Moreover, number of projects is also a barrier in fixing responsibility; because it is not possible for limited numbers of staffs to monitor properly all procurement activities which are going on at the same time and it gives them scope for escaping responsibility.

viii) Corruption

There is no mechanism to check corruption in Zila Parishad. Absence of proper oversight to identify and punish the corrupt persons makes corruption uncontrollable. So a vicious circle of corruption is the main barrier in good governance in procurement practices . Due to uncontrolled corruption mismanagement is going on.

5.15. Summary of the Analysis

In this chapter, analysis has been done on the basis of feedback from respondents, examination of relevant files and information from focus group discussions. As mentioned above, five procurement officials, fifty enlisted contractors, sixty chairmen of PICs and sixty beneficiaries have been interviewed with the objective of gathering their perception about governance in procurement. The objective of the analysis was to find out the quality of governance in procurement practices of Zila Parishad, Nilphamari. According to the average scores collected from the responses of the respondents of four categories, average quality governance is prevailing in the procurement practices of Zila Parishad. Though the reliability of the respondents is not out of question, yet the average score gave the acceptable result

which is also supported by observation, analysis of procurement documents and field visit. The analysis of procurement documents and quantitative analysis also identified the difference between the perceptions of people (beneficiaries) and the persons engaged in procurement and difference of opinion about the impact of procurement of Zila Parishad. The analysis indicates that although there are some provisions in the PPR, 2008 and STDs which relate to the satisfaction of the people in development activities, but this issue is not given due importance rather a vicious circle between the parties is prevailing in the procurement practices to maximize personal benefit rather than the benefits of the taxpayers.

In reality average quality governance in procurement practices is not up to the mark. The quantitative analysis of the data collected during this study gives us the picture of procurement practices of one of the 61 Zila Parishads excluding three hill districts' Zila Parishads of Bangladesh. We assume that the scenario that exists in Nilphamari would be present in other Zila Parishads. We should expect minimum fair governance in procurement to ensure accepted level of value for money. So steps should be taken to increase value for money in procurement in Zila Parishads as well as other local government organizations, which are the focal points of local development.

Chapter – 6: Conclusions and Recommendations

In this chapter conclusion of the study and recommendations to reform the local government organizations to perform integrated people-centric development activities, and streamline the activities of Zila Parishads to carry out effective development in all districts, are expressed.

6.1. Conclusion:

For a long time economic factor has been the single most important indicator in the process of public procurement. Government in any country is the largest buyer. So it is evident that what and how governments buy and acquire in terms of goods, works and services contribute significantly to its own development and governance, and at the same time increase or decrease its credibility to development partners. The present study shows that the principal actors of procurement in Zila Parishads are from engineering background and they are involved in implementing development projects in the concerned areas, but all of them have learnt about public procurement in professional life. Even though they had short procurement training in their service life, but most of the respondents among them did not have full knowledge about PPA and PPR, and they had no full scale training on these subject. Even than they think that they have 60-80 percent knowledge about PPA and PPR. In practice they actually take help from LGED staffs for clarification whenever needed; otherwise they run the activities with their superficial knowledge. Though they usually use limited tendering method yet generally they use standard tender document-PW3 which is prescribed for open tendering method. It has been found that they even need not to read the whole document, but focus only a few parts of the big document. The enlisted contractors and PIC chairmen are directly involved in procurement, but all of them confessed that they did not read PPA and PPR. Although the enlisted contractors did not read the procurement rules they claimed that they have (60-80%) knowledge about PPR. The PIC chairmen also confessed that they did not read and their knowledge about PPR was limited.

In order to find out the answers of the research questions, efforts have been made to explore the current character of procurement practices in Zila Parishad, Nilphamari, against the backdrop of current public procurement framework of Bangladesh. Critical analysis of the procurement documents, field survey and respondents' responses were analyzed and compared and previous knowledge of the researcher were also utilized in the study to reach a conclusion about the procurement practices of Zila Parishad, Nilphamari. The analysis made in Chapter 5 from the response of procurement officials, persons related with procurement

and the beneficiaries of procurements, and procurement related files gave an overview of procurement practices that is going on in Zila Parishad.

The first part of the research questionnaire was about people's participation in development planning and procurement process and people's satisfaction in procurement activities of Zila Parishad. The result is very much disappointing, as actually there is no participation and there is minimum satisfaction on the part of beneficiaries for whom the development activities are going on. Second part is about the following of PPA and PPR. The response of the respondents in this point is optimistic. Except development and procurement planning other procurement activities are done mostly following the existing rules. During this study it has been found that TEC and TOC has been formed properly and all other procurement activities done following the prevailing laws but due to language problems standard forms designed by CPTU are not used; rather Bangla forms are used effectively without hampering the procurement process. So CPTU should think about the local offices' capability to use English forms and should take proper steps to modify different forms in Bangla. The last part of the study is about ensuring transparency and accountability in procurement. The result of this section is also not encouraging. Quality management, quantity management and time management are not at all satisfactory, and in some cases very much despairing. Moreover, there is no evidence of taking punitive action against any person for failure, negligence and lack of knowledge, involved in procurement, and for ignoring the responsibility of proper procurement for ensuring value for money.

It has been found that there is limited scope of practicing procurement to ensure value for money in the current public procurement framework in Bangladesh, because our tendering system is still based on the lowest price approach. Ensuring better quality is also considered along with the economic considerations for preparing specifications, but due to absence of proper monitoring it is hardly possible to get better quality. Since all the contractors are local and Zila Parishad is practicing LTM in procurements, special preference is not required for the local contractors. It is mandatory for all public sector procuring entities to follow the standard tender documents prepared by the CPTU, but in reality contractors of local organizations like Zila Parishad do not use the documents properly. Although the preferred method is the Open Tendering Method (OTM) which ensures opportunity for participation of all interested suppliers through sufficient advertisement yet Zila Parishad uses Limited Tendering Method due to less value of the lots/packages. So the enlisted bidders are treated equally and there is no opportunity for the contractors outside enlistment to compete in

bidding. Nonetheless, the result of the study is that procurement rules are more or less followed, but quality of goods/works is rarely achieved in procurement.

There are so many arguments in favour of proper decentralization and giving more autonomy to the local government organizations, but without ensuring value for money in development works, decentralization and autonomy will increase the capability of the authority to misappropriate public money. Common perception about democratization of local government organizations is that democratization makes the elected persons accountable to the people in the sense that if the elected body does not work properly then people may have the option to give their opinion in the next election. But the result of this idea is quite opposite and the elected representatives think otherwise, considering that they have only five years period to be in the position and their tendency is to fulfill their desire within the period. So people's welfare is kept aside. There are also arguments in favour of running all the local government organizations by people's elected representatives, but the prevailing mismanagement in the local government organizations should be examined further by extensive research and identify the solutions of the prevailing problems, then only after shutting the door of mismanagement and defining clearly the responsibility and accountability i.e. who is responsible for what, we can think about decentralization and democratization of local government bodies. If fairness is insured in spending public money, and people's participation in development planning and implementation is made mandatory by including provisions in legal framework, decentralization and democratization will be fruitful for society as well as for the country. So governance in procurement should be given top priority.

6.2. Recommendations:

Although procurement is an important issue in most of the developed countries, it has not become an important matter of concern in developing countries like Bangladesh, and procurement of Zila Parishad is more neglected and remains far from the attention of the policy makers. However, it is a matter of hope that this issue is gaining importance day by day in our country which may be a potential driver for introducing transparency and accountability in the public procurement practices. In view of the findings of the study, the following recommendations can be put forward. Zila Parishad is an important government organization to develop the rural area of Bangladesh but the institution is getting less importance to the central level. Now a day the institution is being used as an extended

political office and the procurement of the institution is not getting momentum as no proper guidance is given by the central government to ensure transparency in procurement for better quality service and value for money. On the other hand, the amount of money allocated for Zila Parishad is increasing every year, but the way money is being spent is largely ignored. Zila Parishad is directly and explicitly responsible for ensuring proper utilization of public money that is spent in procuring goods, works and services for the development of rural infrastructures. So, in order to maximize benefits to the society, transparent and corruption free procurement practices in the Zila Parishad is necessary. In course of study it was noticed that many problems remain untouched for long and no suggestion was given by the think tanks of the country. To remove the lacunas, found in the study and to overcome the bottlenecks in good governance in procurement of Zila Parishads of Bangladesh the following suggestions and recommendations are proposed. It is expected that the proposed suggestions and recommendations will draw attention of the policy makers and steps will be taken accordingly to streamline the procurement of Zila Parishad for good governance and better quality service to the citizens and for ensuring better use of public money, spent on procurement of goods, works and services in order to maximize benefits to the society.

- 1. Need Assessment and Strategy for Procurement Planning:** Policy makers at central and local government level should consider first the importance of procurement plans in service delivery. Then they require formulating a strategy and guideline for Zila Parishad and other local government organization to make annual procurement plans where people of all walks of life can participate. The Local Government Division should consider equality in development planning within the district area while approving procurement plans, and ensure required support to the local government organizations for proper implementation of the plan. Under section 27 (2) of Local Government (Zila Parishad) Act, 2000, Zila Parishad has the authority to examine development activities of all departments of the district, but the law is not practiced. So Zila Parishad should be made the center of development of the concerned district. Provision may be introduced to assess the needs by interacting with local people. An integrated development plan of a district may be formulated jointly by Zila Parishad, Upazila Parishads, Union Parishads and other departments of the district, by holding meetings at union level with people from all walks of life assessing the needs and prioritizing the development works. A team headed by the chairman/Administrator of Zila Parishad may be constituted consisting members from Upazila Parishads, Union Parishads and other

development related departments to conduct the meetings to assess the needs and make five year plan for the area.

- 2. National Procurement Strategy for Local Government:** The National Procurement Strategy for Local Government in England 2014 sets out a vision for local government procurement and encourages all councils in England to engage with the delivery of outcomes in four key areas with recommendations for local government institutions. The key areas are 1. Making Savings; 2. Supporting local economics; 3. Leadership; and 4. Modernizing procurement. Since Bangladesh is in the process of becoming a middle income country, the government needs to spend more in different sectors, so such type of strategy named “National Procurement Strategy for Local Government in Bangladesh” may be drawn up considering the above mentioned four areas with special emphasis on Zila Parishad, in context of Bangladesh too.
- 3. Developing Procurement Planning Experts:** The Local Government Division should invest in producing technical professionals to prepare procurement plans for local government organizations and at least one expert should be posted in each district.
- 4. Watchdog for Ensuring Quality:** The Local Government Division may appoint watchdogs to watch the procurement activities of local bodies to ensure compliance through rigorous monitoring and identify those persons who are accountable for noncompliance or persons involved in corrupt or unethical activities, and take punitive measures against them.
- 5. Implementation Planning:** Implementation planning of each district may be formulated in course of making Five Year Plan to implement the development plan properly. Five Year Plans may be implemented yearly, specifying the development works for different government offices to avoid overlapping. The division and specification of development works may be done in Zila Parishad development coordination committee and if needed approved by Local Government Division. By this way Zila Parishad may be made the center of development of the district and bottom-up approach in development planning can be practiced.
- 6. Education and training on governance in procurement:** In the study, it has been found that no Zila Parishad staffs have training or formal education on procurement. They are working with their superficial knowledge gathered through procurement practice, and Government is not also concerned about the quality of procurement and quality of the procurement personnel working in Zila Parishads. Procurement professionals without proper knowledge and training cannot ensure good quality procurement and procurement cannot be undertaken effectively

unless procurement activities are carried out by knowledgeable procurement professionals. So training in procurement is very much essential for the officers and staffs of Zila Parishads for good governance in procurement.

- 7. Tender Management:** Governance issue can be considered in various stages of tendering. Moreover transparency and accountability must be ensured in every steps of the tendering i.e. from advertisement of notice to compliance of contract agreement. Local Government Division may introduce a system for all Zila Parishads to adopt e-tendering system unitedly. All Zila Parishads may use one dashboard hosted by Local Government Division in processing tender activities. Both manual and e-tendering system may be utilized side by side to ensure transparency and openness. Since the tender value is usually small in Zila Parishads, and local level bidders are not equipped with e-tendering knowledge, only e-tendering may not initially work properly. To offset shortcomings advertisement should also be given both in newspaper and in web site. Gradually all communication with the bidders shall be made through e-communication. In certain cases local producers may be given special preferences to encourage local industrialization.
- 8. Contract Management:** During this study it has been found that according to the provision of PPR contract agreement is signed between the CEO of Zila Parishad and the contractor before starting the work. After the agreement is performed, contractors are careless about the conditions of the agreement and they do not follow the conditions of contract. There is no instance of submitting action plan by the contractors to the Zila Parishad authority. Moreover the time for completion of work is not properly maintained; and even a small volume of work at times takes more than a year. So monitoring of work should be increased and responsibility should be fixed. Carrot and stick system should be introduced for officials, PIC chairmen and contractors. Numbers of supervising officers should be increased with provision of strong punitive action against the defaulters.
- 9. Contractor List Management:** During this study it was noticed that the list of contractors are renewed every year but no qualification criteria is required for enlistment, and only 5000 Taka is to be submitted to the Zila Parishad fund. So many contractors fail to finish the work timely, but this lacking is not recorded in the profile of contractors. So Zila Parishad should maintain profile of all contractors to record their performances. In many cases the actual contractors subcontract their works to other contractors, which are barred in the agreements, but this is kept out of official records. So inspection register should be maintained to record such kind of practices in the contractor's profile. In course of renewal of license contractors' profile shall be taken into consideration.

- 10. Monitoring:** It has been found during study that proper monitoring is quite absent in procurement of Zila Parishad; and only some development projects which have good communication network with the district are monitored sometimes by the Zila Parishad officials, but most of the projects in remote and less connected areas of the district are rarely visited to maintain quality. Since huge numbers of projects with small value are taken up for implementation, it is quite impossible to monitor ongoing works properly with the limited manpower of Zila Parishad. Overburden of duty is the excuse used by the staffs, for risk aversion keeping most of them aloof from proper monitoring. So monitoring from the office by increasing number of field staffs and from higher authority should be ensured to increase quality of governance in procurement.
- 11. Ensuring Accountability:** In both planning and implementation stage accountability is rarely ensured and punitive action is not taken for any negligence of duty, corruption, coercive action or other mismanagement in procurement following the PPA and PPR. A circular with clear specification of terms of references for every official may be issued to make officials accountable for any negligence of duty and shutting out the door of risk aversion.
- 12. Further study about the procurement of local government organizations:** Lastly, till now, research relating to procurement in local government organizations, like Zila Parishad, Upazila Parishad and Union Parishad have not been found. More complete and detailed study on local government procurements is required for problem identification and making policy recommendations for problem resolution in ensuring good governance in procurements of local government organizations. Such in depth study reports will help the policy makers to streamline the procurement system of local government organizations, to ensure value for money in procurement, and better quality service for the citizens.

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Annexure:

Annexure I: Questionnaires for Field Survey

Annexure-I A: Questionnaire Set-A

BRAC Institute of Governance Development (BIGD)

BRAC University

Questionnaire (Set-A) for Zila Parishad Staffs:

Title of Dissertation: **Governance in procurement practices of Zila Parishad, Nilphamari.**

Name: **Md. Abdur Rashid**, Deputy Secretary (OSD), Ministry of Public Administration.

[This is a survey questionnaire for conducting a research on **Governance in procurement practices s of Zila Parishad, Nilphamari**. It is a requirement for the partial fulfillment of the degree ‘Masters in Governance and Development’ in the Bangladesh Institute of Governance Development, BRAC University. Your honest response is valuable for the researcher. The researcher does assure that the information given by you will be kept confidential and will be used only for the academic purpose.]

Section A: Demographic Profile

1 Name: -----

2. Designation.....

3. Age: -----

4. Gender: -----Male/ female

5. Did you get training on Public Procurement: -----

6. (If yes) When? a. In Student life; b. In professional life;

7. Please rate the extent of your knowledge about PPA and PPR:

100%	80%	60%	40%	20%
------	-----	-----	-----	-----

General Information:

i) Annual volume of procurement of your organization? (in approx. Million Taka)

ii) Please mention the type of procurement Zila Parishad is engaged

Goods%	Works%	Services%

Section B: Governance in Procurement:

i) Peoples participation and Satisfaction:

1. People’s participation in development planning.
2. Annual budget report of Zila Parishad is open for citizen.
3. Project lists are shown in the notice board.
4. Allocation for development is spent properly for local development.
5. Procurement activities of Zila Parishad are satisfactory.
6. Development Project Selection is Fair and Satisfactory.
7. No political intervention in project selection.
8. Quality and quantity of works are satisfactory.

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

ii) Following of Procurement laws and rules:

1. Annual procurement plan is made every year following PPR.
2. TEC and TOC are formed properly following PPR
3. Tender notice circulated following PPR.
4. Tender approval rules are followed properly.
5. In issuing NOA and performing Agreement PPR is followed.
6. Procurement related meetings held properly.
7. All procurement related notices served properly.
8. PICs are formed properly and neutrally.

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

iii) Transparency and Accountability in Procurement:

1. Threshold value of Lots/Packages is selected neutrally and properly.
2. Bidding competition is open, fair and impartial.
3. Contractors/ Suppliers are selected properly and neutrally.
4. Goods/works/services are delivered in time.
5. No political intervention in formation of PIC.
6. There are proper monitoring and supervision to ensure quality.
7. No harassment in bill payment.
8. Allocated money is properly utilized.
9. There is no political intervention in procurement process.

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

iv) Usage of e-GP;

1. Is e-procurement system developed by CPTU used by Zila Parishad in procurement?

Always	sometimes	never
--------	-----------	-------

2. If never, what are the barriers in using e-procurement? -----

* Any more suggestions/ opinions/ comments from your experience regarding procurement in Zila Parishad.

.....
.....

Total Score—

(Highest Score = 125)

Thank you very much for your heartiest co-operation.

Note: fully agree=5; agree=4; partly agree=3; somewhat agree=2; disagree=1

Annexure-I B: Questionnaire Set-B

BRAC Institute of Governance Development (BIGD)

BRAC University

Questionnaire (Set-B) for Zila Parishad Contractors/Suppliers:

Title of Dissertation: **Governance in procurement practices of Zila Parishad, Nilphamari.**

Name: **Md. Abdur Rashid**, Deputy Secretary (OSD), Ministry of Public Administration.

[This is a survey questionnaire for conducting a research on **Governance in procurement practices of Zila Parishad, Nilphamari**. It is a requirement for the partial fulfillment of the degree ‘Masters in Governance and Development’ in the Bangladesh Institute of Governance Development, BRAC University. Your honest response is valuable for the researcher. The researcher does assure that the information given by you will be kept confidential and will be used only for the academic purpose.]

Section A: Demographic Profile

1. Name: -----

2. Company/firm name.....

3. Age: -----

4. Gender: -----Male/ female

5. Educational Qualification:

6. Experience as a contractor/supplier in Zila Parishad, Nilphamari: -----Years

7. Your knowledge about PPA 2006 and PPR 2008?

100%	80%	60%	40%	20%
------	-----	-----	-----	-----

8. How many projects have you finished? -----

9. How many projects among those you have finished timely? -----

Section B: Governance in Procurement:

i) Peoples participation and Satisfaction:

1. People’s participation in development planning.

2. Annual budget report of Zila Parishad is open for citizen.

3. Project lists are shown in the notice board.

4. Allocation for development is spent properly for local development.

5. Procurement activities of Zila Parishad are satisfactory.

6. Development Project Selection is Fair and Satisfactory.

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

- 7. No political intervention in project selection.
- 8. Quality and quantity of works are satisfactory.
- 9. Expenditure report of the project was open for beneficiaries.

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

ii)

Following of Procurement laws and rules:

- 1. TEC and TOC are formed properly following PPR
- 2. Tender notice circulated following PPR.
- 3. Tender approval rules are followed properly.
- 4. In issuing NOA and performing Agreement PPR is followed.
- 5. All procurement related notices served properly.

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

iii) Transparency and Accountability in Procurement:

- 1. Threshold value of Lots/Packages is selected neutrally and properly.
- 2. Bidding competition is open, fair and impartial.
- 3. Contractors/ Suppliers are selected properly and neutrally.
- 4. Goods/works/services are delivered in time.
- 5. There are proper monitoring and supervision to ensure quality.
- 6. No harassment in bill payment.
- 7. Allocated money is properly utilized.
- 8. There is no political intervention in procurement process.
- 9. No doubt about honesty and integrity in procurement.

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

iv) Usage of e-GP;

1. Is e-procurement system developed by CPTU used by Zila Parishad in procurement?

Always	sometimes	never
--------	-----------	-------

2. If never, what are the barriers in using e-procurement? -----

* Any more suggestions/opinions/comments from your experience about procurement in Zila Parishad.....

Total Score-

(Highest Score=115)

Thank you very much for your heartiest co-operation.

Note: fully agree=5; agree=4; partly agree=3; somewhat agree=2; disagree=1

Annexure-I C: Questionnaire Set-C

BRAC Institute of Governance Development (BIGD)

BRAC University

Questionnaire (Set-C) for Chairmen of PICs

Title of Dissertation: **Governance in procurement practices of Zila Parishad, Nilphamari.**

Name: **Md. Abdur Rashid**, Deputy Secretary (OSD), Ministry of Public Administration.

[This is a survey questionnaire for conducting a research on **Governance in procurement practices s of Zila Parishad, Nilphamari**. It is a requirement for the partial fulfillment of the degree ‘Masters in Governance and Development’ in the Bangladesh Institute of Governance Development, BRAC University. Your honest response is valuable for the researcher. The researcher does assure that the information given by you will be kept confidential and will be used only for the academic purpose.]

1. Name: -----

2. Address.....

3. Age: -----

4. Gender: -----Male/ female

5. Educational Qualification:

6. Name of the project:

7. Allocated amount:

8. Please rate the extent of your knowledge about PPA
and PPR:

100%	80%	60%	40%	20%
------	-----	-----	-----	-----

Section B: Governance in Procurement:

i) Peoples participation and Satisfaction:

- 1. People’s participation in development planning.
- 2. Annual budget report of Zila Parishad is open for citizen.
- 3. Project lists are shown in the notice board.

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

4. Allocation for development is spent properly for local development.
5. Procurement activities of Zila Parishad are satisfactory.
6. Development Project Selection is Fair and Satisfactory.
7. No political intervention in project selection.
8. Quality and quantity of works are satisfactory.
9. Expenditure report of the project was open for beneficiaries.

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

ii) Following of Procurement laws and rules:

1. PICs are formed properly and neutrally.
2. All procurement related notices served properly.

5	4	3	2	1
5	4	3	2	1

iii) Transparency and Accountability in Procurement:

1. No political intervention in formation of PIC.
2. No harassment in bill payment.
3. Total amount of allocated money received for project implementation.
4. Proper monitoring and supervision to ensure quality.
5. No political intervention in procurement process.
6. No doubt about honesty and integrity in procurement.
7. Goods/works/services delivered in time
8. Allocated money is properly utilized

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

* Any more suggestions/ opinions/ comments from your experience regarding procurement in Zila Parishad.....

Total Score-

(Highest Score=95)

Thank you very much for your heartiest co-operation.

Note: fully agree=5; agree=4; partly agree=3; somewhat agree=2; disagree=1

Annexure-I D: Questionnaire Set-D

BRAC Institute of Governance Development (BIGD)

BRAC University

Questionnaire (Set-D) for Beneficiaries

Title of Dissertation: **Governance in procurement practices s of Zila Parishad, Nilphamari.**

Name: **Md. Abdur Rashid**, Deputy Secretary (OSD), Ministry of Public Administration.

[This is a survey questionnaire for conducting a research on **Governance in procurement practices s of Zila Parishad, Nilphamari**. It is a requirement for the partial fulfillment of the degree ‘Masters in Governance and Development’ in the Bangladesh Institute of Governance Development, BRAC University. Your honest response is valuable for the researcher. The researcher does assure that the information given by you will be kept confidential and will be used only for the academic purpose.]

Section A: Demographic Profile

- 1 Name: -----
- 2. Address.....
- 3. Age: -----
- 4. Gender: -----Male/ female
- 5. Educational Qualification:
- 6. Name of the project:
- 7. Allocated amount & year:
- 8. How did you get the allocation?

Section B: Governance in Procurement:

i) Peoples participation and Satisfaction:

- 1. People’s participation in development planning.
- 2. Annual budget report of Zila Parishad is open for citizen.
- 3. Project lists are shown in the notice board.
- 4. Allocation for development is spent properly for local development.
- 5. Procurement activities of Zila Parishad are satisfactory.
- 6. Development Project Selection is Fair and Satisfactory.
- 7. No political intervention in project selection.

5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1
5	4	3	2	1

8. Quality and quantity of works are satisfactory.

5	4	3	2	1
5	4	3	2	1

9. Expenditure report of the project was open for beneficiaries.

ii) Following of Procurement Law and Rules:

1. PICs are formed properly and neutrally.

5	4	3	2	1
---	---	---	---	---

2. All procurement related notices served properly.

5	4	3	2	1
---	---	---	---	---

iii) Transparency and Accountability in Procurement:

1. No political intervention in formation of PIC.

5	4	3	2	1
---	---	---	---	---

2. Total amount of allocated money utilized for project implementation.

5	4	3	2	1
---	---	---	---	---

3. No unholy alliances between ZP officials and contractors/suppliers or chairmen/members of PICs

5	4	3	2	1
---	---	---	---	---

4. Goods/works/services delivered in time.

5	4	3	2	1
---	---	---	---	---

5. No harassment in bill payment system.

5	4	3	2	1
---	---	---	---	---

6. Quality of work of this project is satisfactory.

5	4	3	2	1
---	---	---	---	---

7. Proper monitoring and supervision to ensure quality.

5	4	3	2	1
---	---	---	---	---

8. Allocated money is properly utilized.

5	4	3	2	1
---	---	---	---	---

9. No political intervention in procurement process.

5	4	3	2	1
---	---	---	---	---

10. No doubt about honesty and integrity in procurement.

5	4	3	2	1
---	---	---	---	---

* Any more suggestions/ opinions/ comments from your experience regarding procurement in Zila Parishad.

.....

Total Score-

(Highest Score=105)

Thank you very much for your heartiest co-operation.

Note: fully agree=5; agree=4; partly agree=3; somewhat agree=2; disagree=1

Annexure II: Results of Questionnaires Survey

Annexure II A: People's participation and Satisfaction

Table- a.i) Survey result of the statement, "People's participation in development planning".

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	00	00	00	01	04	06	1.2	24%
B	50	00	07	10	12	21	103	2.15	43%
C	60	13	08	14	07	18	168	2.8	56%
D	60	11	07	13	11	18	162	2.7	54%

Table- a.ii) Survey result of the statement, "Annual budget report of Zila Parishad is open for citizen".

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	00	00	01	02	02	09	1.8	36%
B	50	00	17	09	05	19	124	2.48	49.6%
C	60	18	07	17	10	08	197	3.28	65.6%
D	60	00	05	07	15	33	104	1.73	34.6%

Table- a.iii) Survey result of the statement, "Project lists are shown in the notice board".

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	00	00	00	0	05	05	01	20%
B	50	00	12	11	13	14	139	2.78	55.4%
C	60	00	06	09	13	32	109	1.82	36.4%
D	60	00	06	07	18	29	90	1.5	30%

Table- a.iv) Survey result of the statement, “Allocation for development is spent properly for local development”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	03	00	02	00	00	21	4.2	84%
B	50	15	13	06	09	07	170	3.4	68%
C	60	19	11	13	09	08	204	3.4	68%
D	60	03	09	11	15	22	134	2.23	44.6%

Table- a.v) Survey result of the statement, “Procurement activities of Zila Parishad are satisfactory”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	0	02	02	01	00	16	3.2	64%
B	50	12	10	11	11	06	161	3.22	64.4%
C	60	18	07	12	08	15	185	3.08	61.6%
D	60	01	06	12	27	14	133	2.55	51%

Table- a.vi) Survey result of the statement, “Development project selection is fair and satisfactory”.

Category of Respondent	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	00	00	03	02	00	13	2.6	52%
B	50	00	15	10	06	19	121	2.42	48.4%
C	60	13	11	08	15	13	176	2.93	58.6%
D	60	02	09	13	21	15	157	2.62	52.2%

Table- a.vii) Survey result of the statement, “No political intervention in project selection”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	00	01	02	02	00	14	2.8	56%
B	50	00	10	11	12	17	114	2.28	45.6%
C	60	00	17	22	08	13	163	2.72	54.4%
D	60	00	07	15	16	22	127	2.12	42.4%

Table- a.viii) Survey result of the statement, “Quality and quantity of works are satisfactory”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	01	02	02	00	00	19	3.6	72%
B	50	21	11	08	07	03	190	3.8	76%
C	60	25	08	10	05	12	209	3.48	69.6%
D	100	03	08	12	27	10	152	2.7	54%

Table- a.ix) Survey result of the statement, “Expenditure report of the project was open for beneficiaries”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
B	50	20	12	07	03	08	185	3.7	74%
C	60	36	15	07	02	00	265	4.41	88.2%
D	60	06	06	05	13	30	125	2.06	40.2%

Annexure II B: Following of Procurement Law and Rules

Table- b.i) Survey result of the statement, “Annual procurement plan is made every year following PPR”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	02	02	01	00	00	21	4.2	84%

Table- b.ii) Survey result of the statement, “TEC and TOC are formed properly following PPR”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	03	02	00	00	00	23	4.6	92%
B	50	29	12	08	01	00	219	4.38	87.6%

Table- b.iii) Survey result of the statement, “Tender notice circulated following PPR”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	02	03	00	00	00	22	4.4	88%
B	50	31	11	05	02	01	219	4.38	87.6%

Table- b.iv) Survey result of the statement, “Tender approval rules are followed properly”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	02	02	01	00	00	21	4.2	84%
B	50	25	13	07	02	03	205	4.1	82%

Table- b.v) Survey result of the statement, “PPR is followed in issuing NOA and performing agreement”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	03	02	00	00	00	23	4.6	92%
B	50	31	15	01	00	03	221	4.42	88.4%

Table- b.vi) Survey result of the statement, “Procurement related meetings held properly”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	01	02	02	00	00	19	3.8	76%

Table- b.vii) Survey result of the statement, “All procurement related notices served properly”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	01	02	01	01	00	18	3.6	72%
B	50	21	12	05	07	05	187	3.74	74.8%
C	60	30	06	07	04	13	216	3.6	72%
D	60	14	09	11	12	14	177	2.95	59%

Table- b.viii) Survey result of the statement, “PICs are formed following the rule properly and neutrally”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	01	02	01	01	00	18	3.6	72%
C	60	25	08	10	15	02	219	3.65	73%
D	60	02	07	12	24	15	137	2.28	45.6%

Annexure II C: Transparency and Accountability in Procurement

Table- c.i) Survey result of the statement, “Threshold value of Lots/Packages is selected neutrally and properly”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	03	02	00	00	00	23	4.6	92%
B	50	31	15	01	00	03	221	4.42	88.4%

Table- c.ii) Survey result of the statement, “Bidding competition is open, fair and impartial”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	03	02	00	00	00	23	4.6	92%
B	50	25	17	02	03	03	158	3.16	63.2%

Table- c.iii) Survey result of the statement, “Contractors/suppliers are selected properly and neutrally”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	03	02	00	00	00	23	4.6	92%
B	50	31	15	01	00	03	221	4.42	88.4%

Table- c.iv) Survey result of the statement, “Goods/works/services are delivered in time”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	01	02	01	01	00	18	3.6	72%
B	50	21	11	08	07	03	190	3.8	76%
C	60	19	12	16	04	09	208	3.47	69.4%
D	60	00	08	15	15	22	129	2.15	43%

Table- c.v) Survey result of the statement, “Proper monitoring and supervision to ensure quality”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	01	02	01	01	00	18	3.6	72%
B	50	09	20	06	07	08	165	3.3	66%
C	60	12	16	15	07	10	193	3.22	64.4%
D	100	03	10	13	15	19	143	2.38	47.6%

Table-c.vi) Survey result of the statement, “No harassment in bill payment system”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	00	02	03	00	00	17	3.4	72%
B	50	11	15	07	08	09	161	3.22	64.4%
C	60	07	11	12	10	20	155	2.58	51.6%
D	100	05	12	11	10	22	168	2.8	56%

Table-c.vii) Survey result of the statement, “Allocated money is properly utilized”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	01	01	02	01	00	17	3.4	68%
B	50	13	12	11	08	06	168	3.36	67.2%
C	60	19	15	10	05	11	206	3.43	68.6%
D	60	03	07	13	18	19	127	2.12	42.4%

Table-c.viii) Survey result of the statement, “No political intervention in procurement process”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	01	02	02	00	00	19	3.8	76%
B	50	23	12	07	05	03	197	3.94	78.8%
C	60	20	08	10	16	06	200	3.33	66.6%
D	60	05	07	12	15	21	140	2.33	46.6%

Table-c.ix) Survey result of the statement, “No political intervention in formation of PIC”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
A	05	00	02	02	01	00	16	3.2	64%
C	60	20	11	10	05	14	198	3.3	66%
D	60	00	11	11	13	25	128	2.13	42.6%

Table-c.x) Survey result of the statement, “Total amount of allocated money received for project implementation”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
C	60	22	10	09	05	14	201	3.7	74%

Table-c.xi) Survey result of the statement, “No doubt about honesty and integrity in procurement”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
B	50	05	10	15	06	14	136	2.72	54.4%
C	60	07	14	17	10	12	174	2.9	58%
D	60	05	09	11	18	17	147	2.45	49%

Table-c.xii) Survey result of the statement, “Total amount of allocated money utilized for project implementation”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
D	60	03	14	15	12	16	156	2.6	52%

Table-c.xiii) Survey result of the statement, “Quality of work of this project is satisfactory”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
D	60	03	11	12	18	16	147	2.45	49%

Table-c.xiv) Survey result of the statement, “No unholy alliances between ZP officials and contractors/suppliers or chairmen of PICs”.

Category of Respondents	No. of Respondent	Response of Respondent					Total Score	Average	Percentage of Total Score
		Fully agree	Agree	Partly agree	Somewhat agree	Disagree			
D	100	05	12	11	12	30	160	2.67	53.4%