

**A STUDY OF THE IMPACT OF NEW PUBLIC
PROCUREMENT RULES ON SMALL, MEDIUM AND
LARGE BIDDERS**

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Dedicated to

*My Loving Parents who supported me all the
way*

*My Family Members whose constant
dedication and love enlightened me*

*My Supervisor whose guidance was a source
of inspiration*

*All of my friends and colleagues who stood
beside me with great commitment*

Declaration

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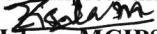
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ABSTRACT

Procurement has been identified as one of the most significant areas that largely affects public sector performance. As part of the broad public sector reforms, the government of Bangladesh has undertaken management of implementation challenges aiming to improve performance of public procurement progressively towards strengthening overall governance. The Central Procurement Technical Unit (CPTU) has been implementing the Public Procurement Reform Project II (PPRP-II) to improve performance of the public procurement system progressively in Bangladesh, focusing largely on the key ministries and targeting their implementing agencies.

As part of the broad public sector reforms, the government has undertaken management of implementation challenges aiming to improve performance of public procurement progressively towards strengthening overall sectoral governance. In order to achieve the aims and objectives, a permanent unit, called Central Procurement Technical Unit (CPTU) was established in 2002. This is an implementing unit in the field of procurement reform and monitoring of reform implementation. Reform process was carried out with ultimate outcomes of formulation and issuance of a unified procurement processing system (Public Procurement Regulations-2003), Implementation Procedures for PPR 2003, Public Procurement Processing and Approval Procedures (PPPA), Revised Delegation of Financial Powers (DOFP) and several Standard Tender Documents (STDs)/Standard Request for Proposal Document for the procurement of Goods, Works and Services. In 2006, the Public Procurement Act (PPA 2006) was passed by the Parliament and in 2008, a new set of Public Procurement Rules (PPR 2008) was issued. The PPA 2006 and PPR 2008 were made effective from 31 January, 2008.

The purpose of the study is to gather information about existing environment related to public procurement system and understand knowledge, perception and practice of stakeholders, procuring entities and bidders regarding public procurement system. The study is expected to help develop long term visions for smooth implementation of PPR-2008 and design communication interventions.

The objective of the study is to determine level of public understanding and appreciation of the procurement system and the values that have been added to it including proper management of public fund, outsourcing the provision of goods and services in a competitive manner, accountability of public officials etc. in Bangladesh.

The objectives of the study were achieved through two approaches; the first one was a valid questionnaire that was obtained from respondents' of RHD, LGED and PWD. The second one is achieved through key informant interviews of officers and bidders. A questionnaire was prepared to to gather information on attitude, ideas and understanding of the stakeholders about public procurement and incorporate those into the development of a comprehensive communication strategy, and design communication interventions to popularize the Public Procurement Rules, 2008.

After getting the response from the respondents' from questionnaire and key informant interview, the study recommends some of the key areas for improvement like:

A comprehensive training / orientation program be designed, developed and implemented. It is being suggested that:

- Each of the courses addresses and describes the salient features of the PPA and PPR
- Rules dealt with in the PPR document
- Guidelines and steps to be followed by the procuring entity and the bidders
- Roles and responsibilities of various stakeholders in the implementation of PPR
- Advantages and benefits of following the PPR.

A policy decision be taken to design and implement planned communication activities for popularizing and smoothly implementing the PPR.

Based on the present situation analysis and other relevant information already captured, a detailed communication strategy including the action be designed and developed.

An efficient and pragmatic monitoring, supervision and evaluation of the communication campaign be in-built into the program.

Now that PPR-2008 is in place, it has been felt that in order to raise awareness and understanding of the same, strategic communication activities need to be undertaken for which a broad-based communication strategy is of utmost necessity. This then is the rationale for this proposed study.

TABLE OF CONTENT

Chapter	Title	Page
	Title Page	i
	Dedication	ii
	Declaration	iii
	Acknowledgement	iv
	Abstract	v
	Table of Content	vii
	List of Tables	ix
	List of Figures	x
1	INTRODUCTION	1
	1.1 Introduction	2
	1.2 Objectives	5
	1.3 Justification	6
	1.4 Methodology	7
	1.6 Limitations of the Research	7
	1.7 Chapter Outline	7
2	ORGANISATIONAL ORIENTATION	9
	2.1 History	10
	2.2 Goal of RHD	11
	2.3 Assets of RHD	11
	2.4 Organisational Structure of RHD	14
	2.5 Management activities of RHD	15
3	RESEARCH METHODOLOGY	18
	3.1 Introduction	19
	3.2 Research Strategy	19
	3.3 Research Design	19
	3.4 Population	20
	3.5 Sample Selection and sample Size Determination	20
	3.6 Methodology of the thesis	21
	3.6.1 Questionnaire Survey	21
	3.6.2 Cases and interviewees	21
	3.7 Questionnaire Design	21
	3.8 Questionnaire Content	22
	3.8.1 General information of the respondents	22
	3.8.2 Knowledge and perception regarding PPR-2008	22
	3.8.2.1 General perception regarding PPR-2008	22
	3.8.3 Practice regarding implementation of PPR-2008	22
	3.8.4 Risk in implementation of PPR-2008	22
	3.9 Pilot Study	22
	3.10 Data/Information Compilation	22
	3.11 Reporting	23
	3.12 Conclusion	23
4	LITERAUTRE REVIEWS	24
	4.1 Introduction	25
	4.2 Procurement	25
	4.3 Public Procurement	26

4.4	The growing complexity of Procurement	28
4.5	Public Procurement Reform Project-II	29
4.6	Procurement Planning	30
4.7	Procurement Process	30
4.8	Key features of the Public Procurement Rules-2008	34
4.8.1	Definition	34
4.8.2	Areas of applicability of the Rules	34
4.8.3	Competition in Procurement	35
4.9	Typical step to be followed in Procurement under the Public Procurement Rules-2008	35
4.9.1	Advertisement	35
4.9.2	Pre-Qualification	36
4.9.3	Opening of Pre-Qualification Applications	36
4.9.4	Evaluation of Pre-Qualification Applications	36
4.10	Tendering/Bidding process	37
4.10.1	Issuance and Sale of Tender Document and Pre-Tender Meeting, Etc.	37
4.10.2	Modifications to Tender Documents.	37
4.10.3	Modifications to Tender Documents.	37
4.10.4	Opening of Tenders	39
4.10.5	Evaluation of Tenders, Etc.	40
4.11	Notification of Award and Signing of Contract	47
4.12	Large, Medium & Small Bidder	47
5	ANALYSIS OF THE RESULTS	48
5.1	Foreword	49
5.2	Characteristics of the Respondents	49
5.3	Involvement in Public Procurement of Goods, Works and Services	50
5.4	Idea about PPA-2006 and PPR-2008	51
5.5	Practice of following the PPR-2008	53
5.6	sources of information about dropping Tenders	55
5.7	Respondents views on Procurement Practice following PPR-2008	57
5.8	Problems faced in following the procurement process	58
5.9	Respondents views on ways to remove the problems	61
5.10	Respondents views on risk in implementation of PPR-2008	62
6	CONCLUSION & RECOMMENDATIONS	64
6.1	Introduction	65
6.2	Recommendations	65
6.2.1	Organisation and management	65
6.2.2	Personnel Management	65
6.2.3	Recommendation to increase effectiveness of procurement management	66
6.4	Conclusion	67
6.5	Limitation and assumptions	68
6.6	Recommendations for Further Research	68

Reference		69
Appendix A	Bibliography	70
Appendix B	Questionnaire Survey	71
Appendix C	Case Stories	75

ANNEXURE-A
LIST OF TABLES

Sl. No	Table No	Description	Page No
1.	2.1	Major Bridges in Bangladesh	13
2	3.1	Sample size	20
3	5.1	Respondents' Profile	49
4	5.2	Views of bidders in following the PPR	55
5	5.3	Types of problems face by bidders in following the PPR	59
7	5.4	Types of problems face by procuring officials in following the PPR	60
8	5.5	Ways to Remove the Problems Suggested by bidders	61
9	5.6	Ways to Remove the Problems Suggested by procuring officials	61
10	5.7	Risk in implementation of PPR-2008	62
11	5.8	Risk in implementation of PPR-2008	63

ANNEXURE-C
LIST OF FIGURES

Sl. No	Figure No	Description	Page No
1	4.1	The race car model source: Veek and Gunning (1996) in Telgen et al. (2005)	25
2	4.2	Suppliers evaluation and selection process	26
3	4.3	Purchasing Process	33
4	5.1	Involvement of Bidders in Public Procurement	50
5	5.2	Involvement of Officials in Public Procurement	51
6	5.3	Percentage of bidders heard about PPA-2006	52
7	5.4	Percentage of bidders heard about PPA-2008	53
8	5.5	Percentage of bidders following PPR-2008	54
9	5.6	Percentage of officials following PPR-2008	55
10	5.7	Sources of Information about dropping the Tender	56
12	5.8	Views of Procurement officials in following the PPR-2008	57
13	5.9	Percentage of procuring officials face problems	58

CHAPTER-1

INTRODUCTION

1.1 Introduction

The People's Republic of Bangladesh is the official name of Bangladesh. Located in South Asia and bordered by India on all sides except for a small border with Myanmar to the far southeast and by the Bay of Bengal to the south.

Bangladesh is a low-lying, riparian country located in South Asia with a largely marshy jungle coastline of 710 kilometres (440 mi.) on the northern littoral of the Bay of Bengal. Formed by a deltaic plain at the confluence of the Ganges (Padma), Brahmaputra (Jamuna), and Meghna Rivers and their tributaries, Bangladesh's alluvial soil is highly fertile but vulnerable to flood and drought. Hills rise above the plain only in the Chittagong Hill Tracts in the far southeast and the Sylhet division in the northeast. Straddling the Tropic of Cancer, Bangladesh has a subtropical monsoonal climate characterized by heavy seasonal rainfall, moderately warm temperatures, and high humidity. Natural calamities, such as floods, tropical cyclones, tornadoes, and tidal bores affect the country almost every year. Bangladesh also is affected by major cyclones on average 16 times a decade.

The area that is now Bangladesh has a rich historical and cultural past, combining Dravidian, Indo-Aryan, Mongol/Mughul, Arab, Persian, Turkic, and west European cultures. Residents of Bangladesh, about 98% of whom are ethnic Bengali and speak Bangla, are called Bangladeshis. Urdu-speaking, non-Bengali Muslims of Indian origin, and various tribal groups, mostly in the Chittagong Hill Tracts, comprise the remainder. Most Bangladeshis (about 83%) are Muslims, but Hindus constitute a sizable (16%) minority. There also are a small number of Buddhists, Christians, and animists. English is spoken in urban areas and among the educated.

Sufi religious teachers succeeded in converting many Bengalis to Islam, even before the arrival of Muslim armies from the west. About 1200 AD, Muslim invaders established political control over the Bengal region. This political control also encouraged conversion to Islam. Since then, Islam has played a crucial role in the region's history and politics, with a Muslim majority emerging, particularly in the eastern region of Bengal.

Almost from the advent of independent Pakistan in 1947, frictions developed between East and West Pakistan, which were separated by more than 1,000 miles of Indian territory. East Pakistanis

felt exploited by the West Pakistan-dominated central government. Linguistic, cultural, and ethnic differences also contributed to the estrangement of East from West Pakistan. Bengalis strongly resisted attempts to impose Urdu as the sole official language of Pakistan. Responding to these grievances, Sheikh Mujibur Rahman in 1948 formed a students' organization called the Chhatra League. In 1949, Maulana Abdul Hamid Khan Bhasani and some other Bengali leaders formed the East Pakistan Awami Muslim League (AL), a party designed mainly to promote Bengali interests. This party dropped the word Muslim from its name in 1955 and came to be known as Awami League. Mujib became president of the Awami League in 1966 and emerged as leader of the Bengali autonomy movement. In 1966, he was arrested for his political activities.

After the Awami League won almost all the East Pakistan seats of the Pakistan national assembly in 1970-71 elections, West Pakistan opened talks with the East on constitutional questions about the division of power between the central government and the provinces, as well as the formation of a national government headed by the Awami League. The talks proved unsuccessful, however, and on March 1, 1971, Pakistani President Yahya Khan indefinitely postponed the pending national assembly session, precipitating massive civil disobedience in East Pakistan. Mujib was arrested again; his party was banned, and most of his aides fled to India and organized a provisional government. On March 26, 1971, following a bloody crackdown by the Pakistan Army, Bengali nationalists declared an independent People's Republic of Bangladesh. As fighting grew between the army and the Bengali mukti bahini ("freedom fighters"), an estimated 10 million Bengalis, mainly Hindus, sought refuge in the Indian states of Assam and West Bengal. On April 17, 1971, a provisional government was formed in Meherpur district in western Bangladesh bordering India with Sheikh Mujibur Rahman, who was in prison in Pakistan, as President, Syed Nazrul Islam as Acting President, and Tajuddin Ahmed as Prime Minister.

The first government of the new nation of Bangladesh was formed in Dhaka with Justice Abu Sayeed Choudhury as President, and Sheikh Mujibur Rahman ("Mujib")--who was released from Pakistani prison in early 1972--as Prime Minister.

Bangladesh is a secular republic and a parliamentary democracy, with an elected parliament called the Jatiyo Sangshad. The constitution of Bangladesh is a written documents. The head of state is the president. The parliamentary system of the government is same as the British. The