

Report On

IMPROVEMENT OF PROCUREMENT PERFORMANCE OF
LOCAL GOVERNMENT ENGINEERING DEPARTMENT
(LGED)

By

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A report submitted to the BRAC Institute of Governance and Development
(BIGD) in partial fulfillment of the requirements for the degree of Masters in
Procurement and Supply Management

BRAC Institute of Governance and Development (BIGD)
Brac University
November, 2024

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Declaration

It is hereby declared that

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

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Letter of Transmittal

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Subject: Submission of Report/Practicum Titled "Improvement of Procurement Performance of Local Government Engineering Department (LGED)"

Dear Sir,

I am grateful to submit my report/practicum on "Improvement of Procurement Performance of Local Government Engineering Department (LGED)" as a partial requirement to fulfillment the degree of Masters in Procurement and Supply Management.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

I trust that the report will meet the desires.

Sincerely yours,

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Date: November 10, 2024

Non-Disclosure Agreement

This agreement is made and entered into by and between the Local Government Engineering Department and the undersigned student Md. Mohir Uddin Sheikh at BRAC University. As I am currently working at this organization, I have access to the Organization's confidential information. I agree that I will keep all the information strictly confidential and not share it with anyone outside the organization.

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Acknowledgement

My master's days at BRAC University has been considered remarkable period of my life. Active participation of teachers and students made the class enjoyable and encourage me to continue the course. Submission of this practicum is made possible through cooperation of everyone including my family, friends and teachers. Especially, I would like to express my gratitude toward the advisors and contributors:

First and foremost, I would like to exhibit my ingenious gratitude to my academic supervisor and workplace supervisor Shish Haider Chowdhury, MCIPS, Faculty BIGD, BRAC University and Shaikh Mozakka Zaher, Additional Chief Engineer, LGED respectively for their continuous guidance, motivation and support that inspire me for the successful completion of the report/practicum.

I am also grateful to all procurement professionals working in Procurement Unit of LGED, especially, M. A Sattar, Executive Engineer & Project Director, LGED providing data for completion of the report.

Finally, I would express my utmost gratitude to Almighty Allah for granting me opportunity and determination for successful completion of this report.

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BRAC Institute of Governance and Development (BIGD)

Executive Summary

The procurement performance of the Local Government Engineering Department (LGED) plays a critical role in the public procurement system of Bangladesh. This report investigates LGED's procurement efficiency, focusing on key performance indicators (KPIs) and comparing it with the National e-GP portal. The report outlines the improvements in LGED's procurement process since the introduction of the e-Government Procurement (e-GP) system and evaluates LGED's performance using both qualitative and quantitative metrics. Public procurement in Bangladesh has undergone substantial reforms since the early 2000s, with an emphasis on transparency, accountability, and value for money.

Through this analysis, key areas for improvement in LGED's procurement processes are identified, particularly in terms of contract award lead times, tender evaluation times, and overall procurement cycle. The findings suggest that while LGED performs well in fostering competition and maintaining transparency, it lags in other areas, such as processing lead times and evaluation timelines. The report concludes with a set of recommendations aimed at enhancing LGED's procurement performance, including the adoption of electronic contract management systems (e-CMS), improved coordination with contractors, and the introduction of performance-based reward systems for contributing better service delivery and economic growth.

Keywords: e-Government procurement (e-GP); Key performance Indicator (KPI); Electronic Contract Management Systems (e-CMS), Efficiency; Competition; Accountability and Governance

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List of Acronyms

1	PPA, 2006	Public Procurement Act, 2006
2	PPR, 2008	Public Procurement Regulations, 2008
3	DoF	Delegation of Financial Power
4	CPTU	Central Procurement Technical Unit
5	BPPA	Bangladesh Public Procurement Authority
6	IMED	Implementation, Monitoring and Evaluation Division
7	LGED	Local Government Engineering Department
8	e-GP	Electronic Government Procurement
9	PE	Procuring Entity
10	HOPE	Head of Procuring Entity
11	TEC	Tender Evaluation Committee
12	PEC	Proposal Evaluation Committee
13	LGD	Local Government Division
14	CCGP	Cabinet Committee on Government Purchase
15	KPIs	Key Performance Indicators
16	RHD	Roads & Highways Department
17	BWDB	Bangladesh Water Development Board
18	MS Excel	Microsoft Excel
19	e-CMS	Electronic Contract Management System
20	REB	Rural Electrification Board
21	OTM	Open Tendering Method
22	LTM	Limited Tendering Method
23	NOA	Notification of Award
24	Gob.bd	Government of Bangladesh
25	FY	Fiscal Year
26	IFT	Invitation for Tender
27	GOB	Government of Bangladesh
28	RSEPS	Rate Schedule & Estimate Preparation Software

Chapter 1 Introduction

1.1 Background

Procurement performance revolves around effectively and efficiently achieving the five key objectives of procurement: the right quality, right quantity, right time, right price, and right place. This is done through principles such as transparency, accountability, equitable treatment for all, and fostering competition. High procurement performance is crucial for any organization, and good governance is vital to ensure value for money.

Over the past few decades, the Government of Bangladesh (GoB) has made continuous efforts to improve public procurement performance through systematic reforms. Based on the recommendations of the "Country Procurement Assessment Report" (CPAR) 2002, the GoB implemented three Procurement Reform Projects with financing from the World Bank. These projects led to the creation of foundational public procurement tools, including the Public Procurement Act, 2006 (PPA 2006), the Public Procurement Rules, 2008 (PPR 2008), the Electronic Procurement Guidelines, 2011, and associated Standard Bidding Documents for Goods, Works, and Services. Additionally, the Delegation of Financial Power (DoF) has been established, creating the pillars of public procurement in Bangladesh.

The Central Procurement Technical Unit (CPTU), which has now evolved into the Bangladesh Public Procurement Authority (BPPA), was established under the Implementation, Monitoring, and Evaluation Division (IMED) of the Ministry of Planning to oversee and regulate public procurement. Between 2008 and 2019, an extensive capacity development program trained over 37,000 stakeholders, including procurement officials and bidders. Furthermore, the launch of the comprehensive Electronic Government Procurement (e-GP) portal in 2011 brought the entire procurement process online, significantly improving performance and reducing corruption in public procurement.

A robust public procurement system not only ensures value for money but also enhances service delivery. It directly contributes to the efficient and effective utilization of resources, fostering economic growth and poverty reduction.

The Local Government Engineering Department (LGED), a public sector engineering organization, follows the Public Procurement Act, 2006 (PPA 2006), Public Procurement Rules, 2008 (PPR 2008), and the Electronic Procurement Guidelines, 2011 for procuring its

works, goods, and services. LGED was among the four pioneering organizations to adopt the Public Procurement Regulations in 2003. Currently, LGED operates with 1,260 Procuring Entities (PEs) from its Headquarters down to the Upazila level. These entities include Upazila Engineers, District Executive Engineers, Project Directors, and Unit Heads at the Headquarters. The Chief Engineer of LGED serves as the Head of Procuring Entity (HOPE) and is responsible for approving official cost estimates, annual procurement plans, tender/proposal opening and evaluation committees, and other procurement-related committees. When the approving authority is the Minister or the Cabinet Committee on Government Purchase (CCGP), the Tender/Proposal Evaluation Committee (TEC/PEC) is approved by the Local Government Division (LGD).

In January 2004, LGED established a dedicated Procurement Unit at its Headquarters with qualified procurement professionals, soon after the introduction of the Public Procurement Regulations, 2003 (PPR 2003). This unit provides ongoing support to Procuring Entities in addressing procurement-related issues and adapting to changes in regulations.

1.2 Objectives

- To identify LGED's position in terms of Procurement Key Performance Indicators (KPIs).
- To identify overall Procurement Performance of National e-GP portal in terms of KPIs and compare to those with LGED.
- To provide suggestions for improvement of Procurement Performance of LGED.

1.3 Methodology of the report

Public procurement performance is evaluated through five key stages:

1. **Invitation to Submission:** This stage involves inviting tenders and receiving submissions from contractors and suppliers.
2. **Opening to Evaluation:** Tenders are opened and evaluated based on predetermined criteria.
3. **Contract Award:** The contract is awarded to the winning bidder after evaluation.
4. **Delivery to Completion:** The contract is executed, and goods or services are delivered and completed.
5. **Resolution of Disputes:** Any disputes that arise during the procurement or delivery process are resolved.

Some most relevant data for LGED and National e-GP portal of the above 5 stages are determined from e-GP portal (citizen.cptu.gov.bd) and compare them to assess LGED's procurement performance.

The comparison does not include other government departments such as RHD and BWDB because their procurement nature, methods, and scale (in terms of procurement value) differ significantly, which would lead to skewed results.

The strengths and weaknesses of LGED's procurement performance were then analyzed, followed by suggestions for improvement.

Both primary and secondary data were collected for this report. Secondary data were sourced from LGED's official website, the e-GP portal, and the citizen.cptu.gov.bd website. The data is analyzed using Microsoft Excel and other analytical tools, with the results presented in the form of tables and charts for clear understanding.

1.4 Limitations

Public procurement performance is evaluated based on all five stages: (i) Invitation to Submission, (ii) Opening to Evaluation, (iii) Contract, (iv) Delivery to Completion, and (v) Resolution of Disputes. Unfortunately, performance data for the last two stages are not available in the e-GP system, as the e-CMS has not yet been implemented. This unavailability of data on the last two stages represents the main limitation of this report, particularly in terms of data constraints from the citizen.cptu.gov.bd portal.

1.5 Rationale

Enhancing public procurement performance ensures value for money, fosters competition, improves service delivery, and contributes to the efficient and effective utilization of resources, which in turn boosts economic growth and reduces poverty. Currently, LGED handles approximately 23.00% of all e-GP contracts (FY 2023-24), the highest share among all e-GP registered organizations in Bangladesh. As of October 11, 2024, there are 1,471 government organizations registered with the e-GP portal.

Therefore, improving LGED's procurement performance would have a significant impact on achieving value for money. This makes the topic of "Improvement of Procurement Performance of Local Government Engineering Department" highly relevant, and I take great pride in being a member of this esteemed organization.

Chapter 2 Literature Review

2.1 Public Procurement in Bangladesh

Public procurement refers to the process of acquiring goods, works, or services using public funds. In Bangladesh, the public procurement system has undergone significant changes since 2011, when the government introduced the e-Government Procurement (e-GP) system. Prior to the implementation of e-GP, procurement processes were manual, paper-based, and often susceptible to inefficiencies and corruption.

Bangladesh started online tendering (e-GP) in 2011. LGED, RHD, BWDB & REB are the pioneers of implementing e-GP system. The memorable journey of adopting e-GP has a transformative impact on public procurement in Bangladesh. According to the World Bank's "Assessment of Bangladesh Public Procurement System" published in 2020, the e-GP system processed 62% of the total public procurement expenditure in Bangladesh by FY 2019-20, amounting to approximately \$24 billion. The report also shows that up to 2019, out of 1362 procuring organization in Bangladesh, 1325 organizations with 8,668 procuring entities (PEs) have adopted the e-GP system including at the lowest tiers of administration.

The following charts demonstrate the rapid up take of e-GP in Bangladesh (**Chart 2.1**)

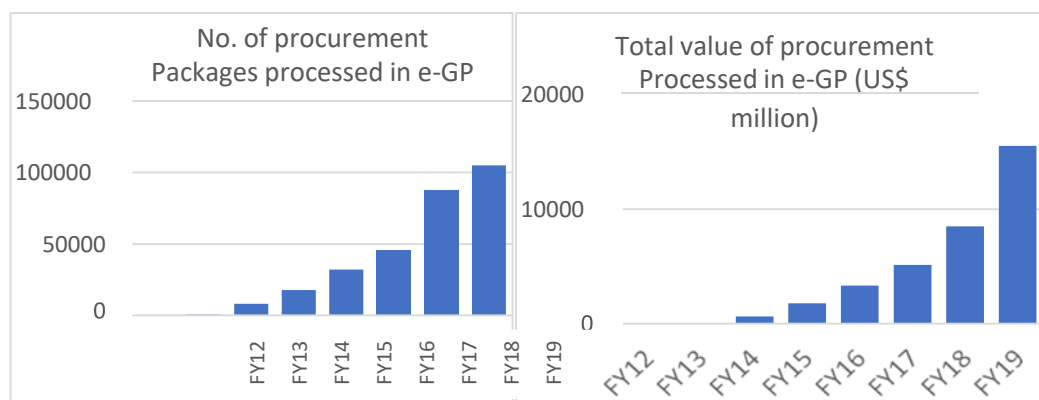


Chart 2.1: Rapid uptake of e-GP

An estimated US\$ 600 million savings were made from 2012 to 2018 as a result of the e-GP implementation. Average procurement time (invitation for tender to contract signing) decreased from 93 to 59 days in case of OTM Works from FY11 to FY19. According to the survey of bidder and PE, the bidding environment has also improved significantly compared to manual (paper-based) tenders. Further, transparency, accountability, competition & value for money have also increased. The increased number of bidders per package is the evidence

of increasing competition and value for money as shown below (**Chart 2.2**): (Ref: Assessment of Bangladesh Public Procurement System, June 5, 2020 BANK)

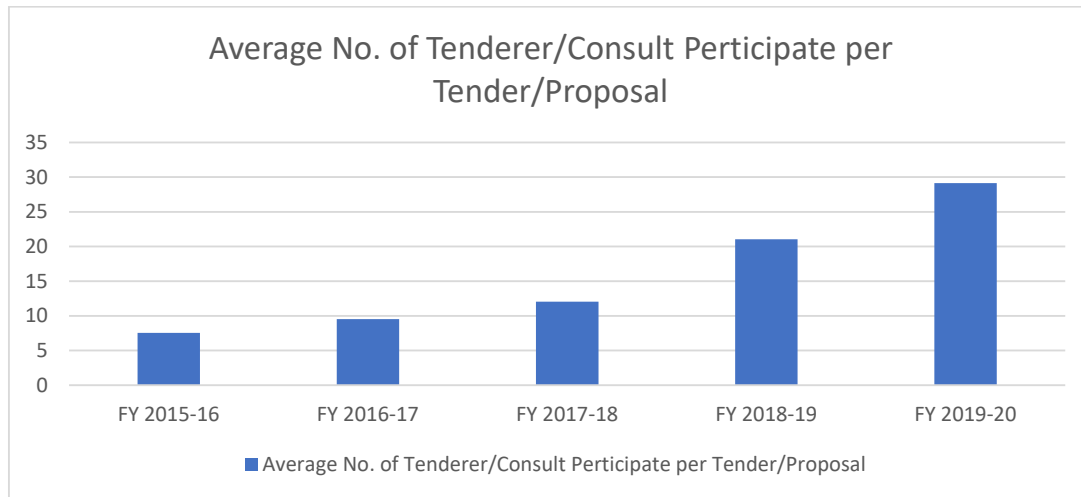


Chart 2.2: *Average No. of Tenderer/Consult Participate per Tender/Proposal.*

[Chart has been developed using data from citizen.cptu.gov.bd]

2.2 Key Principles of Public Procurement

Key principles underpinning public procurement in Bangladesh include:

- **Transparency and Fairness:** Ensuring that all relevant procurement information is made publicly available to prevent corruption and foster fair competition.
- **Accountability:** Holding all parties involved in the procurement process accountable for their actions and decisions.
- **Competition:** Encouraging a competitive environment by allowing all eligible suppliers to participate in the procurement process.
- **Value for Money:** Integrity, Economy & Efficiency as a whole Value for Money ensuring that public funds are spent efficiently and that procured goods and services offer the best value for money.

2.2.1 Transparency and Fairness (Rule: 90)

Information of the public procurement processing must be made available to all public procurement stakeholders: Contractors, Suppliers, Service Providers and the public at large, unless there are valid and legal reasons for keeping certain information confidential. Ensuring transparency and competition tender/proposal notice must be published in newspapers, on PE's own website and on CPTU website.

2.2.2 Accountability (Rule: 56-60, 127, Schedule: 13)

Accountability in public procurement means that everyone involved in the public procurement process is responsible for his/her actions and decisions. It can be achieved through (i) Code of Conduct & (ii) Appropriate Complaint Mechanism.

2.2.3 Competition (Rule: 18, 29(2) A, 90)

To ensure competition in public procurement following criteria have to be considered-

- Restrict the use of non-competitive methods.
- Clear and pre-disclosed criteria for qualification and evaluation of tenders.
- Minimum time allow for preparation of tender/proposal.
- No restrictions should be placed in the procurement process limiting the potential tenderers on the basis of their nationality or the country of origin of the supplies.

2.2.4 Integrity (Rule: 1274, Schedule: 13)

Public Procurement Professionals and other government officials involved in public procurement process, must display highest personal and professional integrity. Tenderers and all other stakeholders must rely on any information disseminated by the PE.

2.2.5 Economy & Efficiency

Achieving Economy & Efficiency in public procurement we have to ensure 5 rights of the procurement, i.e - right quality, right quantity, right price, right time & right place. Quality and quantity are pre-defined in Govt. Procurement through Technical Specification & Bill of Materials (BOM) for works, Schedule of Requirements for goods and Terms of Reference (ToR) for service. Govt. officials are responsible for executing procurement with quality and quantity. If they do not do so, they must be punished. So, it will be very troublesome to collect any data/information regarding these two. Moreover, in Govt. procurement price is mainly competitive and seems to be always effective. Supply/delivery place is also indicated in tender/proposal document. So, in this study, Total Tender/Proposal Processing Time, Competition and Complaints are the study areas for improving procurement performance of LGED.

Chapter 3 Analysis and Findings

3.1 Analysis of LGED's Procurement

The Local Government Engineering Department (LGED) has been a pioneer in adopting the e-Government Procurement (e-GP) system in Bangladesh. In 2011, LGED made history when Mr. Gopal Krishna Debnath, the then Executive Engineer of Gopalganj, initiated the first-ever e-GP tender in the country by clicking the “Create Tender” button on the e-GP system. This marked the beginning of Bangladesh's transition to electronic procurement, with LGED leading the way.

The First e-GP Tender by LGED

The inaugural e-GP tender created by LGED was for the improvement of Suagram UPC – Narayankhana Bazar road under Kotalipara Upazila, Gopalganj District. Below are the details of the tender:

Name of work	Improvement of Suagram UPC – Narayankhana Bazar from Ch. 00m – 2000m including small Structures under Kotalipara Upazila, District : Gopalganj
Electronic Tender ID	1
Package Number	e-tender: SWBRDP/UNR/Gopal-80
Date & Time of Publication	19-Oct-2011 14.00
Project Name	South Western Bangladesh Rural development Project
Procuring Entity	Executive Engineer LGED Gopalganj

Source: <https://www.eprocure.gov.bd>

Table 3.1: The 1st Tender Created by LGED on the e-GP System

This initial step symbolized LGED's commitment to embracing new technology. With continuous support from its Procurement Unit and strong leadership, LGED became the first public sector organization in Bangladesh to fully implement e-GP for goods and works procurement by 2015.

LGED's Present Status in e-GP

As of now, LGED has 1,260 Procuring Entities (PEs) registered on the e-GP system, with 100% of goods and works tenders being processed online. The Procurement Unit, established in 2004, provides dedicated support to PEs, resolving procurement-related issues effectively.

LGED's Procuring Entities in e-GP

At present LGED has a total of 1260 Procuring Entities (PEs) on its e-GP system, inviting 100% goods and works tender online. LGED's Procurement Unit, established in 2004 dedicatedly supporting all PEs in procurement related problems.

Designation	No. of PEs
Project Director	308
Executive Engineer (District)	64
Upazila Engineer	495
Others	393
Total	1,260

Source: LGED Procurement Unit.

Table 3.2: LGED's Procuring Entities (PEs) in e-GP System

LGED has also established a dedicated procurement portal through its website, which disseminates new circulars and directives to PEs. The portal provides resources such as tender preparation guidelines and evaluation standards. The standardization of most tender documents for goods, works, and services has significantly reduced the time spent on document preparation, review, and approval. This efficiency has allowed LGED to approve approximately 25,000 Tender Evaluation Reports annually.

LGED's Tier-Based Pre-Approved Committees

To streamline the procurement process, LGED has implemented tier-based pre-approved Opening and Evaluation Committees for all levels. This reduces the need for case-by-case approval, saving time for both PEs and approvers.

Example: e-GP Tender Opening and Evaluation Committee for Works up to BDT 6 Crore (District Level)

Opening Committee

Designation	Role
Senior Assistant Engineer	Chairperson
Assistant Engineer	Member Secretary

Evaluation Committee

Designation	Role
Senior Assistant Engineer	Chairperson
Upazila Engineer	Member
Assistant Engineer	Member Secretary

Table 3.3: LGED's Opening & Evaluation Committees in e-GP

Impact of e-GP on Procurement Performance

By adopting these strategies, LGED has significantly enhanced transparency, accountability, and efficiency in public procurement. In just four years, LGED achieved 100% e-GP orientation across all its PEs. Currently, LGED contributes 26.38% of the total tenders invited through the e-GP system, representing a major portion of Bangladesh's public procurement.

LGED's Contribution to e-GP Implementation

From FY 2019–20 to FY 2023–24, LGED has consistently invited a significant share of tenders in the e-GP system. Below is a comparison of the total tenders invited by LGED against the national e-GP system during this period:

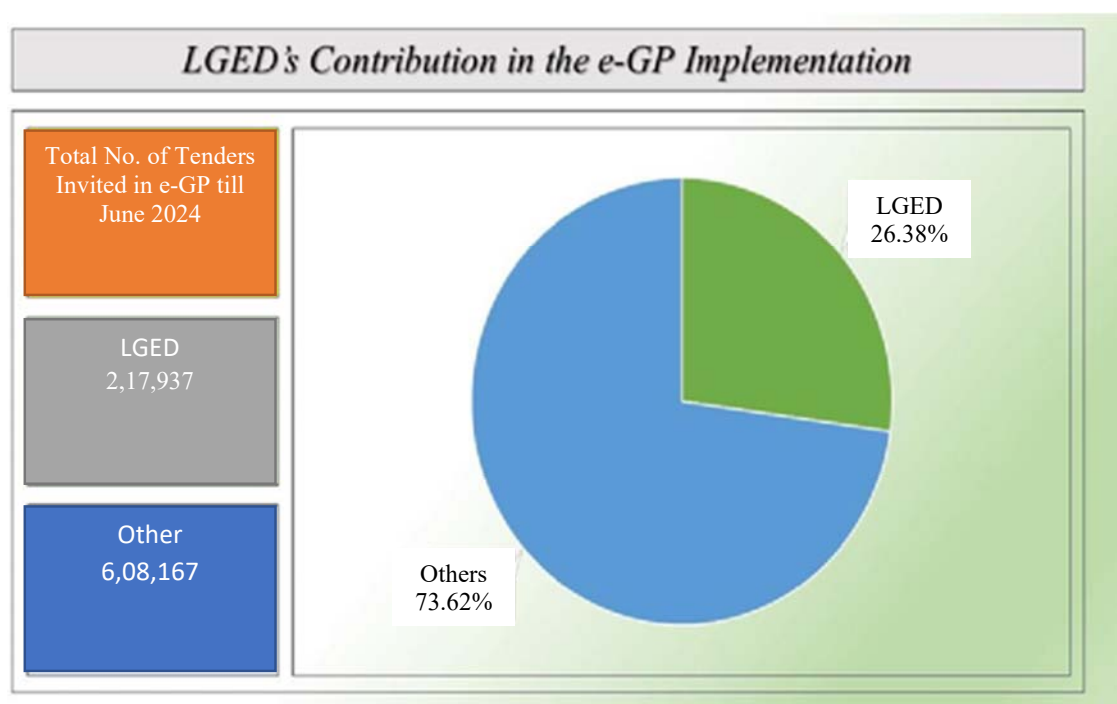


Chart 3.1: LGED's Contribution in e-GP implementation

[Source: www.citizen.cptu.gov.bd]

FY	Tender/Proposal Invited by LGED	Total Tender/Proposal Invited in e-GP System	Percentage of Total Tender/Proposal Invited in e-GP System(%)
2019-20	22,817	99,080	23.02%
2020-21	16,535	97,720	16.92%
2021-22	15,778	1,03,048	15.31%
2022-23	24,923	1,03,596	24.05%
2023-24	25,396	1,09,930	23.10%

Source: www.citizen.cptu.gov.bd

Table 3.4: A Comparison of Total Tender/Proposal invited in e-GP system and Tender/Proposal invited by LGED from 2019-20 to 2023-24

The data shows that LGED invited between 15.31% and 24.05% of all tenders in the e-GP system, highlighting its substantial role in public procurement.

Through the efficient use of the e-GP system, LGED has become a model for other public sector organizations in Bangladesh. Its proactive approach, from filling key positions to standardizing documents and utilizing pre-approved committees, has enabled the department to handle a high volume of tenders while maintaining transparency and accountability. LGED's significant contribution to the national e-GP system is evidence of its leadership in modernizing public procurement.

3.2 Overall Procurement Performance Report of LGED 2019-20-to 2023-24

The Local Government Engineering Department (LGED) has been evaluated based on 12 key performance indicators from the e-GP system (citizen.cptu.gov.bd). These indicators assess various aspects of procurement performance, including efficiency, compliance, and competition. Below is an analysis of LGED's procurement performance over the last five financial years, with a comparison to the national e-GP portal's performance. The findings highlight LGED's strengths and areas for improvement.

SL. No. : 1
Indicator Category : Tender Submission
Process Indicator : Tender/Proposal Preparation Time in Open Tendering Method (OTM)
Indicator : Average Number of Days Between Publishing of Advertisement and Tender/Proposal Submission Deadline.

Financial Year	LGED		National e-GP Portal	
	Average Number of Days	Total OTM Tenders	Average Number of Days	Total OTM Tenders
2019-20	26.72	5,855	21.89	45,672
2020-21	23.60	4,378	20.14	52,452
2021-22	23.25	5,519	20.08	58,217
2022-23	21.06	7,660	19.69	56,302
2023-24	21.71	8,574	19.01	58,376
Average	23.26		20.16	

Table 3.5: Tender/Proposal Preparation Time in Open Tendering Method (OTM)

Analysis:

- **LGED:** 23.26 days (average) vs. National e-GP Portal: 20.16 days (average).
- **Performance:** LGED's preparation time is longer, meaning it lags behind the national average.
- **Trend:** While the time required for tender submission is decreasing, LGED still needs to streamline this process to match national efficiency.

SL. No. : 2
Indicator Category : Tender Submission
Process Indicator : Tenderer/Consultant Participation
Indicator : Average Number of Tenderers/Consultants Submitted Tender/Proposal.

Financial Year	LGED		National e-GP Portal	
	Average No. of Tenderers/Consultants Participate per Tender/Proposal.	Total Tender/Proposal Invited	Average No. of Tenderers/Consultants Participate per Tender/Proposal.	Total Tender/Proposal Invited
2019-20	41.63	22,817	29.15	99,080
2020-21	81.62	16,535	41.58	97,720
2021-22	70.24	15,778	32.62	1,03,048
2022-23	25.33	24,923	20.31	1,03,596
2023-24	38.64	25,396	28.27	1,09,930
Average	51.49		30.38	

Table 3.6: Tenderer/Consultant Participation per Tender/Proposal

Analysis:

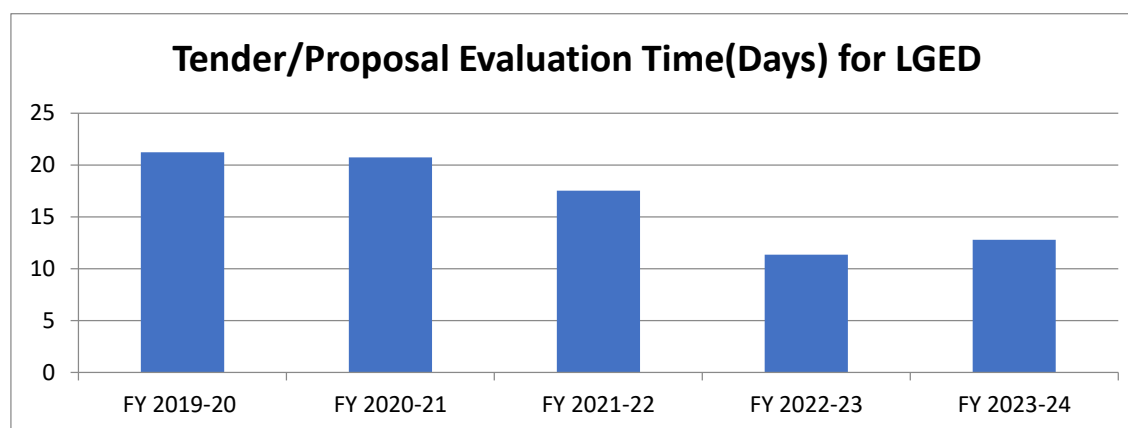
- **LGED:** 51.49 participants (average) vs. National e-GP Portal: 30.38 participants (average).
- **Performance:** LGED shows significantly higher competition, indicating a better-performing tender process in terms of participation.
- **Trend:** More tenderers mean more competition, which can lead to better pricing and quality.

SL. No. : 3
Indicator Category : Tender Evaluation
Process Indicator : Tender/Proposal Evaluation Time
Indicator : Average Number of Days between Tender/Proposal Opening and Completion of Evaluation

Financial Year	LGED	National e-GP Portal
	Average Number of Days Between Tender/Proposal Opening and Completion of Evaluation	Average Number of Days Between Tender/Proposal Opening and Completion of Evaluation
2019-20	21.22	20.73
2020-21	20.73	20.49
2021-22	17.52	18.20
2022-23	11.36	13.87
2023-24	12.79	15.32
Average	16.72	17.72

Table 3.7: Tender/Proposal Evaluation Time**Analysis:**

- **LGED:** 16.72 days (average) vs. National e-GP Portal: 17.72 days (average).
- **Performance:** LGED outperforms the national portal in evaluation time, showing faster procurement processes.
- **Trend:** Evaluation time has consistently decreased, improving efficiency.

**Chart 3.2:** Tender/proposal Evaluation Time is decreasing with time, i.e performance of LGED is increasing

SL. No. : 4
Indicator Category : Tender Evaluation
Process Indicator : Compliance of Tender/Proposal Evaluation Time
Indicator : Compliance of Tender/Proposal Evaluation Time

Financial Year	LGED	National e-GP Portal
	Percentage of Cases Tender/Proposal Evaluation has been Completed within Time line (%)	Percentage of Cases Tender/Proposal Evaluation has been Completed within Time line (%)
2019-20	12.79	48.86
2020-21	42.93	49.40
2021-22	49.34	53.97
2022-23	70.11	61.65
2023-24	66.98	60.30
Average	48.43	54.83

Table 3.8: Compliance of Tender/Proposal Evaluation Time

Analysis:

- **LGED:** 48.43% (average) vs. National e-GP Portal: 54.83% (average).
- **Performance:** LGED's compliance is below the national average, indicating delays in completing evaluations within the set timeline.
- **Trend:** LGED's compliance rate is improving but needs further attention to meet national standards.

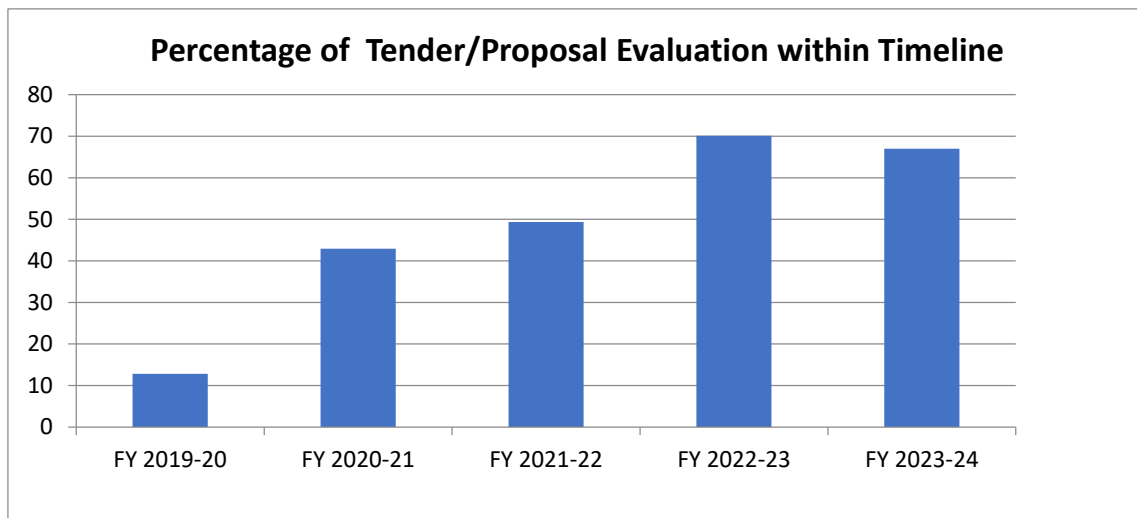


Chart 3.3: Compliance of Tender/Proposal Evaluation is found increasing with time, i.e performance of LGED is increasing.

SL. No. : 5
Indicator Category : Tender Evaluation Report (TER) Approval
Process Indicator : Tenders/Proposal Evaluation Approval Time
Indicator : Average Number of Days Taken Between Submission of Tender/Proposal Evaluation and Approval Contract.

Financial Year	LGED	National e-GP Portal
	Number of Days	Number of Days
2019-20	5.99	5.16
2020-21	No data is available	No data is available
2021-22	6.54	3.49
2022-23	5.56	3.66
2023-24	6.10	3.61

Table 3.9: Tenders/Proposal Evaluation Approval Time is higher for LGED than that of National e-GP portal, i.e LGED's performance, in this case is lagging behind.

Analysis:

- **LGED:** 6.05 days (average) vs. National e-GP Portal: 3.98 days (average).
- **Performance:** LGED takes longer to approve evaluations, meaning its performance lags behind the national average.
- **Recommendation:** Focus on expediting the approval process to align with national efficiency standards.

SL. No. : 6
Indicator Category : Tender Evaluation Report (TER) Approval
Process Indicator : TER Approval Compliance
Indicator : Percentage of Cases Contract Award Decision made within Time line by Contract Approving Authority.

Financial Year	LGED	National e-GP Portal
	Percentage of Cases (%)	Percentage of Cases (%)
2019-20	70.97	69.58
2020-21	No data is available	No data is available
2021-22	68.06	70.71
2022-23	69.37	67.20
2023-24	69.13	67.87
Average	69.38	68.84

Table 3.10: Percentage of Cases Contract Award Decision made within Time line by Contract Approving Authority

Analysis:

- LGED: 69.38% (average) vs. National e-GP Portal: 68.84% (average).
- Performance: LGED's compliance is slightly higher than the national average, indicating a well-managed contract awarding process.

SL. No. : 7
Indicator Category : Contract Award
Process Indicator : Time for Issuance of NOA to Tenderer/Consultant
Indicator : Average Number of Days Between Final Approval and Notification of Award (NOA).

Financial Year	LGED	National e-GP Portal
	Average Number of Days for issuing NOA	Average Number of Days for issuing NOA
2019-20	5.45	4.00
2020-21	No data is available	No data is available
2021-22	6.81	3.37
2022-23	3.78	2.78
2023-24	3.18	2.31
Average	4.80	3.11

Table 3.11: Time for Issuance of NOA to Tenderer/Consultant

Analysis:

- LGED: 4.80 days (average) vs. National e-GP Portal: 3.11 days (average).
- Performance: LGED takes longer to issue the NOA, which indicates room for improvement in speeding up the process.
- Trend: Although the time taken is decreasing, further efforts are needed to match national performance levels

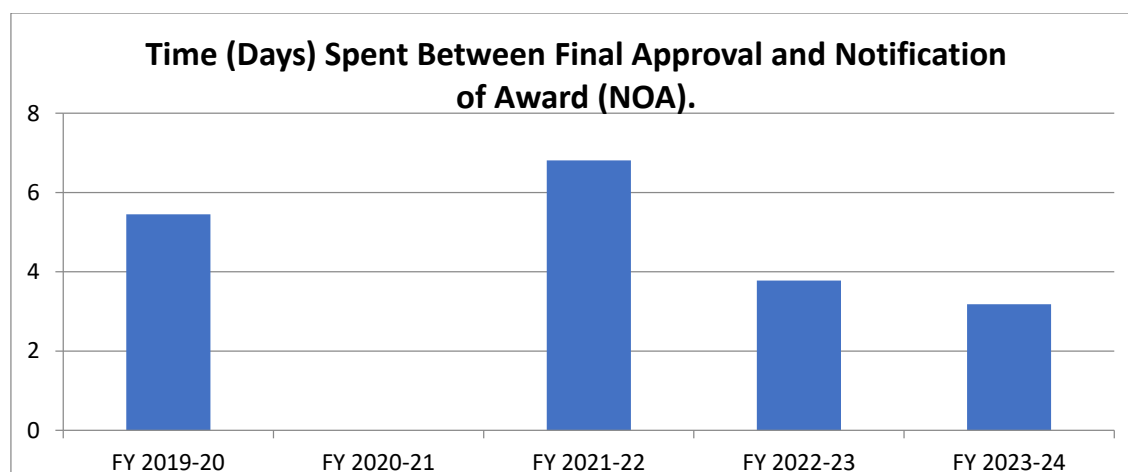


Chart 3.4: Time for issuing NOA to Tenderer/Consultants is found decreasing with time, i.e performance of LGED is increasing.

SL. No. : 8
Indicator Category : Contract Award
Process Indicator : Tender/Proposal Processing Lead Time
Indicator : Average Number of Days Between Tender/Proposal Opening and Notification of Award (NOA)

Financial Year	LGED	National e-GP Portal
	Average Number of Days Between Opening and NOA	Average Number of Days Between Opening and NOA
2019-20	31.98	38.88
2020-21	No data is available	No data is available
2021-22	44.78	36.82
2022-23	38.33	32.95
2023-24	38.84	39.50
Average	38.48	37.03

Table 3.12: Tender/Proposal Processing Lead Time

Analysis:

- LGED: 38.48 days (average) vs. National e-GP Portal: 37.03 days (average).
- Performance: LGED's processing lead time is slightly higher than the national average, meaning it needs to improve the speed of the overall process.

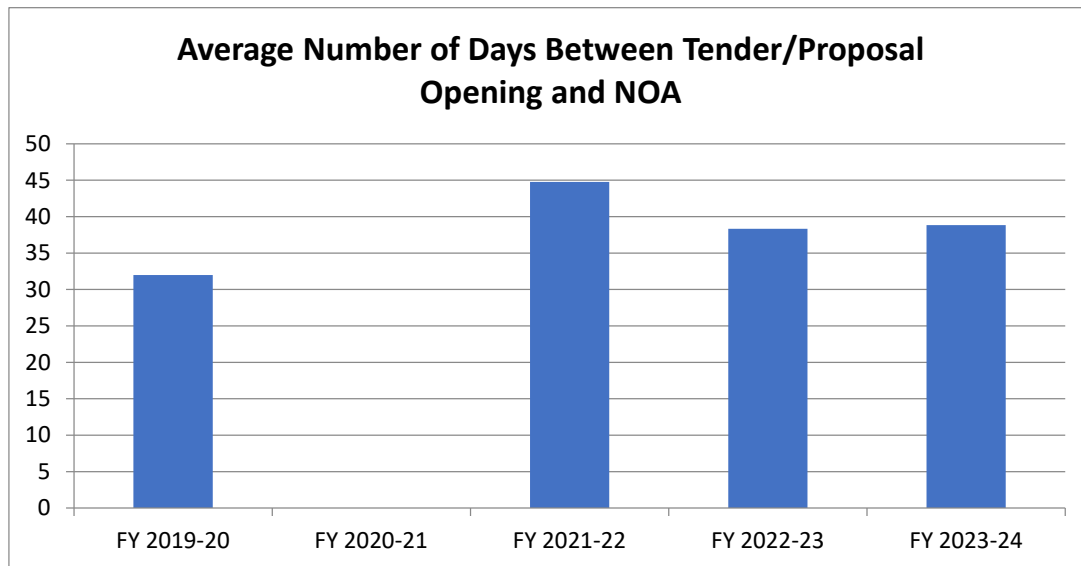


Chart 3.5: Tender/Proposal Processing Lead Time (Days) is gradually decreasing with time, i.e performance of LGED is increasing.

SL. No. : 9
Indicator Category : Contract Award
Process Indicator : Total Tender/Proposal Processing Time
Indicator : Average Number of Days Between Invitation for Tender/Proposal (IFT) and Notification of Award (NOA).

Financial Year	LGED	National e-GP Portal
	Average Number of Days Between IFT & NOA	Average Number of Days Between IFT & NOA
2019-20	52.00	54.21
2020-21	No data is available	No data is available
2021-22	69.04	56.51
2022-23	59.75	52.08
2023-24	60.61	50.92
Average	60.35	53.48

Table 3.13: Total Tender/Proposal Processing Time

Analysis:

- LGED: 60.35 days (average) vs. National e-GP Portal: 53.48 days (average).
- Performance: LGED takes significantly longer to complete the entire tender process, indicating inefficiencies in its overall procurement timeline.

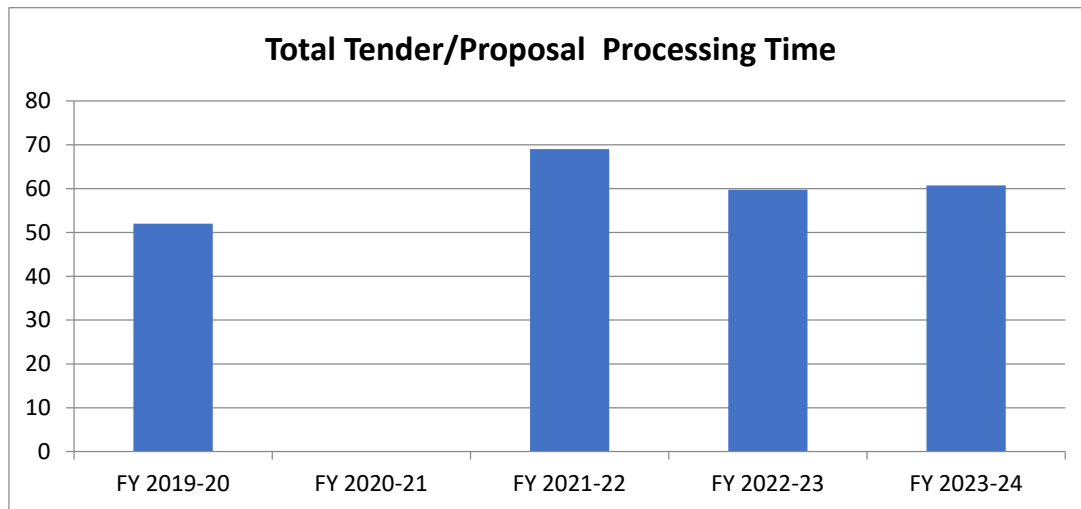


Chart 3.6: Total Tender/Proposal Processing Time (Days) is gradually decreasing with time, i.e performance of LGED is increasing.

SL. No. : 10
Indicator Category : Contract Award
Process Indicator : OTM Tender Processing Time
Indicator : Average Number of Days Between Invitation for Tender (IFT) and Notification of Award (NOA) for OTM Tender.

Financial Year	LGED	National e-GP Portal
	Average Number of Days Between IFT & NOA for OTM Tenders	Average Number of Days Between IFT & NOA for OTM Tenders
2019-20	No data is available	No data is available
2020-21	No data is available	No data is available
2021-22	66.00	55.76
2022-23	59.34	56.06
2023-24	60.18	52.34
Average	61.84	54.72

Table 3.14: OTM Tender Processing Time

Analysis:

- LGED: 61.84 days (average) vs. National e-GP Portal: 54.72 days (average).
- Performance: LGED's OTM tender processing time is higher, showing delays in procurement for open tenders.

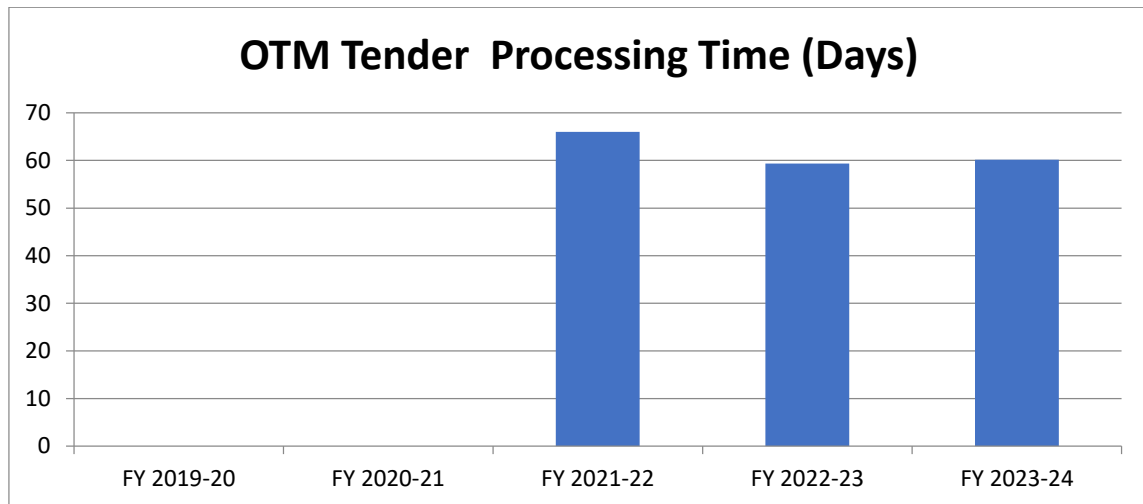


Chart 3.7: OTM Tender Processing Time (Days) is gradually decreasing with time, i.e performance of LGED is increasing.

SL. No. : 11
Indicator Category : Contract Award
Process Indicator : Efficiency in Contract Award
Indicator : Percentage of Contract Award within Initial Tender/Proposal Validity Period.

Financial Year	LGED	National e-GP Portal
	Percentage of Contract Award within Initial Tender/Proposal Validity Period (%).	Percentage of Contract Award within Initial Tender/Proposal Validity Period (%).
2019-20	99.47	99.08
2020-21	No data is available	No data is available
2021-22	98.61	99.03
2022-23	98.98	98.86
2023-24	99.24	98.20
Average	99.07	98.79

Table 3.15: Efficiency in Contract Award within Initial Tender/Proposal Validity Period

Analysis:

- LGED: 99.07% (average) vs. National e-GP Portal: 98.79% (average).
- Performance: LGED demonstrates a strong performance in awarding contracts within the tender validity period, surpassing the national average.

SL. No. : 12
Indicator Category : Complaints
Process Indicator : Tender/Proposal Procedure Complaints
Indicator : Percentage of Tender/Proposal Procedure Complaints

Financial Year	LGED	National e-GP Portal
	Percentage of Tender/Proposal Procedure Complaints (%)	Percentage of Tender/Proposal Procedure Complaints (%)
2019-20	0.47	0.58
2020-21	0.53	0.61
2021-22	0.16	0.41
2022-23	0.23	0.16
2023-24	0.09	0.31
Average	0.29	0.41

Table 3.16:Percentage of Tender/Proposal Procedure Complaints

Analysis:

- LGED: 0.29% (average) vs. National e-GP Portal: 0.41% (average).
- Performance: LGED has fewer complaints, indicating better transparency and stakeholder satisfaction.

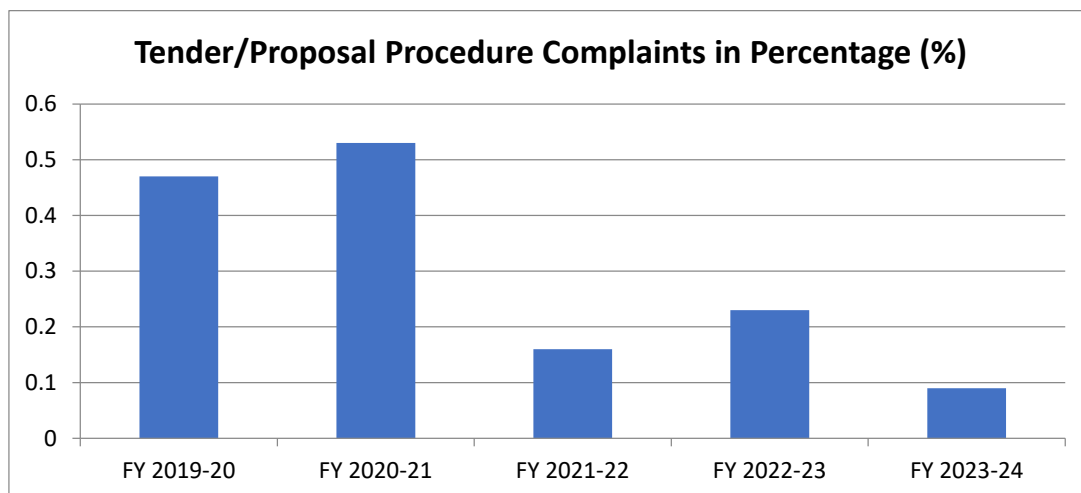


Chart 3.8: Tender/Proposal Procedure Complaints (%) is gradually decreasing with time, i.e performance of LGED is increasing.

Overall, LGED has shown consistent improvements in key areas, such as tender evaluation time, competition, and contract awarding efficiency. However, it lags in certain areas, particularly in tender preparation time and total processing time. With a focus on reducing delays in tender evaluation approvals and increasing compliance with timelines, LGED can improve its procurement performance and align itself more closely with national standards.

3.3 SWOT analysis of LGED

The Local Government Engineering Department (LGED) is the largest engineering department in Bangladesh, responsible for the construction and maintenance of rural and urban infrastructure. With a trained and experienced workforce of 14,000 people, LGED plays a significant role in public procurement, managing approximately 1,260 Procuring Entities (PEs) from the upazila to headquarters level. Improving LGED's procurement performance could have a notable impact on the country's overall procurement performance.

Strengths

- **Widespread Presence of PEs:** LGED has around 1,260 Procuring Entities (PEs) spread across all administrative levels, from upazila offices to headquarters, allowing for effective procurement execution throughout the country.
- **Dedicated Procurement Unit:** The department has a specialized Procurement Unit staffed with experienced professionals, providing continuous guidance and support to its PEs.
- **Skilled and Experienced Workforce:** LGED boasts a highly qualified pool of engineers with expertise in executing large-scale projects, both with government funds and through Development Partners (DPs).
- **Experience with Diverse Stakeholders:** LGED has successfully managed projects funded by both the Government of Bangladesh (GoB) and international Development Partners such as the World Bank, ADB, JICA, and IFAD, giving it the ability to implement and manage complex infrastructure projects.

Weaknesses

- **Pending Court Cases:** LGED is burdened by numerous court cases related to seniority, promotion, and other internal issues, disrupting the smooth flow of daily work and impacting overall organizational efficiency.
- **Land Ownership Issues:** Since LGED does not own the land for its road and infrastructure projects, bridge construction contracts often face delays and require time extensions due to land-related legal complications.

- **Vacant Key Positions:** A significant number of critical positions, such as Assistant Engineers and Sub-Assistant Engineers, remain unfilled for extended periods, slowing down project implementation and procurement processes.

Opportunities

- **Diverse Sector Experience:** LGED operates in multiple sectors, including rural, urban, and water resources, with both GoB and DP funding. This wide-ranging experience provides the department with the opportunity to leverage best practices from past projects and improve procurement performance.

- **Collaboration with International Consultants:** LGED's work with international consultants, including Project Management Consultants (PMC) and Supervision Consultants, enhances its technical and management capacity, improving overall project delivery and procurement outcomes.

Threats

- **Vacant Positions Impacting Progress:** LGED's tendency to have vacant positions hinders its ability to maintain momentum in project implementation and procurement, potentially causing delays.

- **Coordination Challenges:** A lack of coordination between contractors and LGED officials can lead to delays in decision-making, affecting procurement efficiency and project timelines.

By leveraging its strengths, such as a wide network of PEs and a skilled workforce, LGED has the potential to significantly improve its procurement performance. Addressing weaknesses like vacant posts and land acquisition issues, along with seizing opportunities for enhanced project delivery, can further strengthen the department's role in Bangladesh's development efforts.

3.4 Findings

According to the e-GP portal (citizen.cptu.gov.bd), public procurement performance is assessed across five stages using 26 Key Performance Indicators (KPIs). Of these, 12 key indicators relevant to LGED have been analyzed and presented through tables and charts. The findings on LGED's procurement performance are summarized as follows:

From the data, it is observed that LGED is lagging behind in 7 out of 12 indicators compared to the national e-GP portal. Notably, the Tender Processing Lead Time (average number of days between tender/proposal opening and evaluation) and Total Tender/Proposal Processing Time (average number of days between invitation for tender/proposal and notification of award) are longer for LGED than for the national average (as shown in Table 3.14). This delay may be attributed to the higher volume of tenders processed by LGED at various levels or the larger proportion of Open Tendering Method (OTM) tenders, which require 21–28 days for preparation. Despite this, charts indicate a gradual improvement in LGED's overall procurement performance.

In contrast, LGED performs better than the national e-GP portal in 5 out of 12 indicators:

1. Average number of tenderers/consultants participating per tender/proposal,
2. Average number of days between tender/proposal opening and evaluation,
3. Percentage of tender/proposal evaluations completed within the timeline,
4. Percentage of contracts awarded within the initial tender/proposal validity period, and
5. Percentage of tender/proposal procedure complaints (as shown in Tables 3.7, 3.8, 3.9, 3.11, 3.16, and 3.17).

As a pioneering department in implementing e-GP tendering, LGED's performance was expected to surpass the national e-GP portal in all indicators. Approximately two years ago, LGED introduced a close monitoring system to hold Procuring Entities (PEs) accountable for any delays in stages between tender opening and issuance of the Notification of Award (NOA), as regulated by the PPR 2008. As a result, LGED's procurement performance has shown a steady improvement over time (Charts: 3.4 to 3.10).

The World Bank's report titled *"Assessment of Bangladesh Public Procurement System"* (published on June 5, 2020) also highlighted that transparency, accountability, efficiency, and value for money have been enhanced through the e-GP system. Data from the Bangladesh

Public Procurement Authority's website (citizen.cptu.gov.bd) reveals that between FY 2019–20 and FY 2023–24, several positive trends have been observed:

- The number of days between tender/proposal opening and evaluation has decreased (Chart 3.4).
- Compliance with tender/proposal evaluation timelines is improving (Chart 3.5).
- The average number of days between final approval and the issuance of the NOA is declining (Chart 3.5).
- The overall average number of days between tender/proposal opening and NOA issuance is decreasing (Chart 3.6).
- Tender/proposal processing lead time is shrinking (Chart 3.7).
- The total tender/proposal processing time is being reduced (Chart 3.8).
- Complaints related to tender/proposal procedures are also on the decline (Chart 3.10).

These improvements reflect LGED's increasing focus on enhancing transparency, accountability, efficiency, and value for money in its procurement processes

Chapter 4 Recommendations and Conclusion

4.1 Recommendations

Although LGED lags behind the national e-GP portal in some Key Performance Indicators (KPIs), its performance can be significantly enhanced by leveraging its strengths, as identified through a SWOT analysis. After consulting with LGED's Procurement Unit, the following recommendations are proposed to improve procurement performance:

- **Strengthen Monitoring and Introduce Accountability:** Enhance the existing e-GP tender monitoring system and implement a performance-based reward and punishment system. This would incentivize procurement officials to maintain high standards and hold them accountable for underperformance.
- **Expand Training Programs:** Conduct extensive training sessions for procurement professionals to build capacity in managing a large volume of tenders more efficiently.
- **Integrate Systems for Efficiency:** Initiate discussions with the Bangladesh Public Procurement Authority (BPPA) to link LGED's Schedule of Rates & Estimate Preparation Software to the e-GP system for greater alignment and efficiency.
- **Contractor and Supplier Incentives:** Introduce a performance-based reward system for contractors and suppliers who consistently deliver high-quality work or goods within the set timeline, encouraging better performance.
- **Contractor and Supplier Development:** Introduce Contractor and Supplier Development through e-GP Training and Contract Management Training Programs which could enhance performance through reducing procurement time and increasing competition.
- **Adopt Electronic Contract Management (e-CMS):** Streamline the post-award phases of procurement by adopting an e-CMS system, which would enhance contract management, compliance, and efficiency.
- **Introducing e-PMIS in al projects of LGED:** By introducing e-PMIS in al projects of LGED, communication can be streamlined, duplication efforts can be reduced and transparency can be increased.

- **Promote Sustainable Procurement:** Implement a sustainable procurement system that aligns with environmental protection, economic growth, social well-being, and good governance, positioning LGED as a leader in responsible procurement.
- **Leverage Digital Tools:** While the current use of the e-GP system has improved transparency, reduced corruption, and ensured better value for money, LGED should adopt more advanced digital tools to cover all stages of procurement, further enhancing performance.
- **Fill Critical Vacancies:** Ensure that all key positions involved in the e-GP tendering process, particularly those acting as Member Secretaries or Members, are filled promptly.
- **Land Acquisition Provisions:** Include provisions for land acquisition in bridge and road-widening projects to avoid delays caused by land-related issues, ensuring contracts are completed without unnecessary extensions.

4.2 Conclusion

LGED has made significant strides in improving procurement performance through the implementation of the e-GP system. This report evaluates LGED's procurement performance from FY 2019–20 to FY 2023–24, with a particular focus on its use of the e-Government Procurement (e-GP) system by analyzing data over these years, the report assesses, LGED has outperformed the national average in several KPIs, particularly in transparency and competition. However, challenges remain in areas such as evaluation and contract award times. By adopting new technologies, expanding training programs, and streamlining processes, LGED can further enhance its procurement performance, contributing to sustainable economic growth, improving service delivery and development in Bangladesh.

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