

**A study on capacity assessment in public procurement of Urban  
Local Bodies in Bangladesh.**

Md. Arif Shahid  
ID No. 13382007  
Batch No. 3

A Research Project Submitted in Partial Fulfillment of the Requirements for the  
award of the Degree of Masters in Procurement and Supply Management (MPSM),  
BRAC Institute of Governance and Development (BIGD), BRAC University



**BRAC Institute of Governance and Development (BIGD)**  
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**A study on capacity assessment in public procurement of Urban  
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**Masters of Procurement and Supply Management**

**A Thesis**

**Submitted by**

**Md. Arif Shahid  
ID No. 13382007  
Batch No. 3**

**Supervised and Approved by**

  
30/03/2016  
Mr. Banik Gour Sundar

MDS, BAPTC & National Trainer, CPTU, IMED

**Thesis Supervisor**

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

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## **STATEMENT OF THE AUTHOR**

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MD. ARIF SHAHID

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***The Author***

## ABSTRACT

In the context of the new vision of local government institutions, the government plans to entrust the municipalities and city corporations with enhanced development role in their respective areas of jurisdiction. The government is encouraging and empowering the municipalities and corporations to undertake increasingly more development programmes/projects for catering to the needs of the citizen. As part of that intend, huge development works have been implementing through government allocation, different development partners assistance and ULB's own resources. In case of development partners assisted project, Local government Engineering Department (LGED) has play vital role to eliminate possibility of "mis-procurement" irrespective of goods, works and services. In contrast, all Municipalities have experience with low value procurement and evaluations from their local budget or from national funds for goods and civil works and have no experience in service procurement. From this study, the weakness of the procurement function of municipalities in the area of i) Organizational and Staff Capacity, ii) Information Management, iii) Procurement Practices, iv) Effectiveness and v) Accountability Measures came to the surface through the interviews of the personnel of engineering section who are responsible for all sorts of procurement. Inadequate human resource, lack of proper training and logistics are the causes identified through this study. Another challenging part of municipality capacity is the "random" transfer of staffs. However, a further rigorous evaluation is needed prior to take any initiatives to enhance the capacity of municipalities.

## CHAPTER ONE: INTRODUCTION

### 1 Background

#### 1.1 Introduction of Urban Local Bodies (ULB)

With economic reforms and structural adjustments, the policy framework of the government in Bangladesh emphasises more on efficiency and effectiveness in implementing rural development and anti-poverty programmes. It is identified that people's participation as a key element in the process and recognises that the role of the government should be to create adequate institutional structure at the local level to facilitate meaningful participation in development, particularly by the rural poor. The development approach seeks to promote local level institutions within a decentralised framework to steer a people-centred development process under which the rural people would be able to design local development programmes/projects by themselves for their own benefit.

The process of decentralisation in Bangladesh has a long history. The origin of local government can be traced to the demand for self-government in British India. Initially, local government was developed by the British rulers to maintain law and order in the rural areas. The local elites were nominated in the local government institutions. Subsequently, as the demand for self-government increased, more functions were given to the local government institutions, e.g. provisions of feeder roads, basic health services and primary education. However, given the limited access to development funds by the local institutions, their development functions remained, at best, marginal. A more important development that followed was the gradual selection of local government representatives through election. No less significant was the fact that the local government institutions played an important role in training people's representatives for higher political responsibilities. It has long history of evolution of local government in Bangladesh.

Under the respective Laws, each local government body was provided with a Council to act as repository of power and authority. A Union Parishad, composed of a Chairman and nine elected members, was elected for three years on the basis of adult franchise. There was also a provision for three women members nominated by the government. Under the decentralisation programme, the Thana Parishad was replaced by Upazila (sub-district) Parishad consisting of an elected Chairman as well as representative and nominated members. The Zila Parishad consisted of public representatives (e.g. members of Parliament, Upazila Parishad Chairmen and Municipality Chairmen) of the respective districts as well as nominated members and officials.

In the urban areas, municipal bodies are called 'Municipalities' and City Corporations. Although City Corporations are governed by specific statutes, the Municipality Ordinance 1977, which governs the municipal bodies, defines the basic character of all municipal areas. While both Municipalities and City Corporations are autonomous body corporates, the autonomy is limited by the fact that the government acts as the prescribed authority of the Municipalities and has the authority to intervene in the affairs of the City Corporations. A Municipality consists of an elected Chairman and Commissioners, both elected and nominated. The City Corporations have elected, nominated and official membership while the Mayors are elected through adult franchise.

## **1.2 Development Role of Municipalities and City Corporations**

In the context of the new vision of local government institutions, the government plans to entrust the municipalities and city corporations with enhanced development role in their respective areas of jurisdiction. In their existing role of providing civic amenities to the citizen, these bodies mostly depend on other agencies for building up infrastructural facilities and generation of utilities and other services. The government will encourage and empower the municipalities and corporations to undertake increasingly more development programmes/projects for catering to the needs of the citizen. They will be called upon to monitor and oversee educational institutions as well as health and family welfare service facilities. To enable them to meet their increasing financing needs, these bodies will be empowered to mobilise and raise additional resources through broadening the existing base of taxation and issue of innovative saving instruments, including bonds and debentures. They will also be given the role of co-ordinators of different service producers and providers. Towards these objectives, a substantial share of power and authorities of relevant ministries/divisions of the government will be delegated to the municipalities and corporations. The above dimensions of development of local government bring in the concept of devolution as opposed to deconcentration of decision making power into the focus. Under the proposed system of decentralisation based on devolution, it is the decision making power that will be handed over to the local government institutions by the central government. This is expected to establish reciprocal and mutually benefiting relationship between central and local governments such that the local government units do not remain as subordinate administrative units but can exercise exclusive authorities in their areas and are able to interact reciprocally with other units of the government in the political system.

## **1.3 Mandates and Functions**

A glance at the laws defining the mandates and the functions of the local government bodies suggests that all the local bodies (both rural and urban) are entrusted with a large number of functions and responsibilities relating to civic and community welfare as well as local development.

The 1983 Ordinance divided the functions of Union Parishads into five categories: civic, police and defence, revenue and general administration, development, and transferred functions. The adoption and implementation of development schemes included agriculture, forestry, fisheries, animal husbandry, education, health, cottage industries, communication, irrigation and flood protection as well as development of local resources. The Parishads were also entrusted to review the development activities of all agencies at the union level to make recommendation to the Upazila Parishads. Although the Union Parishads were prescribed to perform various functions, their activities were confined to selected ones due to resource and other constraints.

Under the decentralisation programme of the 1980s, Upazilas became the focus of administration. The functions at the Upazila level were divided into two categories: retained subjects and transferred subjects. The subjects which were retained by the central government at the Upazila level mainly covered law and order and matters of national importance. The functions which were transferred to the Upazila Parishads included: agriculture including extension, input supply and irrigation; primary education; health and family planning; rural water supply and sanitation; Rural Work and Food for Work Programmes; disaster relief; co-operatives and co-operative based rural development programmes; and fisheries and livestock development.



The most important function of the Upazila Parishad was, however, planning, promotion and execution of development programmes within the Upazila. The Parishads were assigned with the responsibility of promotion of the local economy; fostering industrial and agricultural growth; and creation of employment opportunities. Besides, integrated socio-economic and cultural development emerged as the responsibility of the Upazila Parishads. The development fund of the Upazilas came mostly from block allocation of the central government under its Annual Development Programme (ADP). Elaborate guidelines and functional instructions were issued for preparation of five year and annual development plans. This was in contrast to the past practice wherein sufficient autonomy was not granted at the Upazila (earlier known as Thana) level to plan and implement development programmes. Every Upazila was required to prepare a multi-sectoral Annual Upazila Development Plan (AUDP) to ensure proper planning and effective implementation of Upazila development programmes.

The most important functions of Zila Parishad was planning, promotion and execution of development and welfare programmes within the district. The important compulsory functions included the scrutiny of development efforts, undertaking of socio-economic and infrastructure projects, and rendering assistance to the Upazila Parishads.

In the urban areas, the Municipalities/City Corporations were empowered to perform a variety of socioeconomic and civic functions. In practice, these were constrained to perform all stipulated functions due to shortage of funds.

In general, the sources of income of the local bodies consist of taxes, fees and charges; rents and profits of properties; contributions from institutions/individuals; government grants; returns from investment; loans and proceeds from sources of income placed at their disposal. All levels of local government are empowered to generate revenue from their own sources in addition to central government grants. The most important source of revenue for the local bodies, however, is the central government grant.

#### **1.4 Objectives of the study**

The objective of the study is to assess the capacity of Urban Local Bodies (ULB) in the following aspects:

- Organizational and Staff Capacity
- Information Management
- Procurement Practices
- Effectiveness
- Accountability Measures

## CHAPTER TWO: LITERATURE REVIEW

The researcher has reviewed the Public Procurement Act, 2006 and Public Procurement Rules, 2008 and subsequent amendments. These two statutory documents outlines the principles to be followed by all the public sector Procuring Entities. Therefore, there is a need for providing necessary interpretations, clarifications, instructions and examples in order to make the Rules intelligible and user friendly.

The Preamble to the PPA 2006, for example, says that the objective of this law has been to provide for procedures to be followed for ensuring transparency and accountability in the procurement of goods, works and services using public funds and for ensuring equal treatment and a free and fair competition amongst all persons wishing to participate in public procurements. While considerable flexibility is given to government departments with regard to purchases and contracting, accountability remains at the core of concerns of the Bangladeshi public procurement legal regime, as the preamble to the Procurement Act projects.

In the Act of 2006, the term ‘procurement’ itself has been broadly defined to include purchasing or hiring of goods or acquisition of goods through hiring and purchasing, execution of works and performance of any services by any contractual means. Section 7 aims at widening the scope of the Act covering government, semi-government and statutory public bodies, other procuring entities that use public funds, and even companies that procure by using public funds, and any procurement under any loan, grant, or credit agreements with development partners.

The Act provides for several methods of procurement, prescribes rules to determine prequalification of the potential/participating bidders, if applicable, leverages for competition amongst the tenders, and stages of the procurement processes. The Act divides the procurement into domestic and international classes. As for the domestic procurement of goods, related services, and works, the preferred method prescribed is the open tendering method (OTM). However, procurement methods alternative to the OTM are also allowed with the permission of the head of procuring authority and on technical and economic grounds. These alternative methods are: limited tendering method (LTM), direct procurement method (DPM), two-stage tendering method (ITM), and the request for quotation method (RQM). There are essential conditions that need to be met before taking resort to each of these alternative methods. For example, LTM applies when suppliers of goods or services are limited in number or the time and cost required to receive and evaluate tenders would outweigh the value of the contract. Direct method is allowed when, for technical reasons, only one tender is available, or for additional procurement of goods or services from the original supplier/contract, or for the procurement of goods, services, and works of very urgent and essential nature. Request for Quotation method may be used for off the shelf low value goods or physical strives available in the market or for the procurement of goods for urgent repairs or maintenance. Two stage tendering methods may be

followed for complex and large projects or when complete technical specifications may not be possible at one stage or where alternative solutions are available in rapidly evolving industries.

Similar processes (such as open tendering, limited tendering, quotation method, and the two-stage tendering method) and requirements for international procurements are made mandatory by the Act with certain significant differences to maintain standards and competition. For example, in an international procurement through open tendering method technical specifications should be made in a way that conforms to international standards. Moreover, in case of international procurements joint ventures with local partners by foreign suppliers/contractors may be encouraged but must not be imposed as a condition. Also, it is mandated that provisions for alternative dispute resolutions should be incorporated in the contract. It should be noted here that the law gives a wide leverage to decide whether to procure locally or to resort to an international procurement. Further importantly, although the law provides for certain conditions to be fulfilled in order for any procurement method to be conforming to the statutory requirements, it ultimately depends on the discretion of the procuring authority to follow one or the other method. This needs further specification. For example, it has been a condition precedent to taking 'limited tendering method' if and only if the subject matters, by reason of their specialized nature, are available only from a limited number of

suppliers/contractors, local or international, as the case may be. It thus may be argued that despite the existence of administrative control mechanisms, there are open chances for the abuse by procuring entities of the discretion to prefer one particular method to the other.

The researcher has also reviewed the project completion reports of Urban Governance Improvement and Infrastructure Project (Phase I & II) which were implemented in all studied municipalities. It enables the researcher to get an idea about the pattern of the procurement usually taken place at municipality level. The municipality has mostly dealt the procurement related to construction and maintenance which includes roads, drains, bus terminals, truck terminals, public toilet, kitchen markets, culverts, slaughter house, etc. All procurement subject to compliance with Public Procurement Rules, 2003/2008 and development partners Procurement Guidelines were made. There was no threshold value for demarcation of prior and post review-need. All contracts were, invariably, implemented through prior review. By and large, the packages consisted of several schemes, mostly of similar nature. Package size was less than BDT 20 million. It was observed that even if the packages were not of very high value, the number of contractors were quite limited as very few big contractors worked at municipality level since their financial capacity was relatively limited. On many an occasion, it was observed that 3 to 4 contractors participated in tenders of different packages based on an internal understanding among them. It became difficult to single out a competent contractor out of such a small number of contractors and also at competitive rates. This was due to the reason that the local contractors' financial capacity was very low, hence they could not meet the prerequisites of technical and financial requirement as enunciated in the National Open Tendering Method. A limited number of contractors, working elsewhere like RHD, PWD and BWDB, were hired by local contractors to submit bids on Joint-Venture basis with the

local contractors. However, during implementation, these big contractors were seldom or never found at work level in the field. Therefore, the experience of these contractors could not be reflected in the works.

One other matter of concern was that such big contractors often illegally split/subcontracted the work among several smaller contractors with very low financial standing, often inexperienced, with a consequent bad quality apparently visible in the works performed that warranted rectification.

However, in some cases, there had been certain deviations (mainly stemming from inexperience and lack of proper understanding among the bidders), leading to cancellation of tenders and consequent retendering. These problems were subsequently overcome through convening orientation, workshops, training and close collaboration with the district level personnel of Local Government Engineering Department.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

A capacity assessment is an analysis of desired capacities against existing capacities, which generates an understanding of capacity assets, gaps and needs that can serve as input for formulating a capacity development response or strategy. The capacity response should address those capacities that are a priority to strengthen and optimizes existing capacities that are already strong and well founded. It sets the baseline for continuous monitoring and evaluation of progress against relevant indicators and helps create a solid foundation for long-term planning, implementation and sustainable results in public procurement. Three ULBs have been selected in order to assess the procurement capacity. The selected ULBs are Lalmonirhat, Naogaon and Magura municipalities.

### **3.2 Research Design**

The study was an exploratory one, covering review of comprehensive literatures/reports to identify the significant factors associated with public procurement. The study was used qualitative data. Sources of secondary data were printed and unprinted materials, internet etc. A questioners had been developed to assess the following aspects of studied municipalities. Reviewed the documents of the whole process of procurement cycle which are being currently practiced in the municipalities.

- Organizational and Staff Capacity
- Information Management
- Procurement Practices
- Effectiveness
- Accountability Measures

### **3.3 Population**

The target population of study was the officials from all three municipalities. However, the population of study was limited to engineering section which are assigned to manage public procurement. The subjects of the study were limited to the Engineering Section of the Municipality headed by the Executive Engineer (XEN) or when the XEN is absent by the Assistant Engineer (AE) who conducts the procurement process with the ultimate responsibility of the HOPE (Head of Procurement Entity), as the study was based on the assumption that these were the officers with past and present knowledge in public procurement practices and would thus best placed to offer valuable information to the study. The following personnel from municipalities were took part to answer to the questionnaires.

Name of Municipality	Name of the Personnel	Designation
Lalmonirhat Municipality	Mr. Fazlul Haque	Executive Engineer
	Mr. Md. Ayub Ali	Assistant Engineer (Civil)
Magura	Mr. Md. Nazmul Haque	Executive Engineer
Naogaon	Mr. Goudas Datta	Executive Engineer
	Ms. Arvin Sultana	Assistant Engineer (Civil)
	Md. Nizamul Hoque	Assistant Engineer (Water & Sanitation)

### 3.4 Data Collection

Both the primary data and the secondary data were collected. Primary data was collected using a semi-structured questionnaire from 3 engineering sections of three municipalities: Lalmonirhat, Naogaon and Magura, personally delivered to them. This enabled the researcher to get clarifications where necessary.

The questionnaire consisted of both open and close ended questions relevant to the study. The questionnaire was divided into five sections. Section-A contained aspects of Organizational and Staff Capacity, section-B contained questions on Information Management, section-C contained questions on Procurement Practices, section-D contained questions on Effectiveness and Section-E contained questions on Accountability Measures. The researcher undertook a pilot survey to pre-test the validity and credibility of the questionnaire. This was done by administering the question to three colleagues who were not part of the sample population and have good understanding of public procurement process. The questionnaires were then adjusted accordingly for consistency, clarity and relevance.

### 3.5 Data analysis

During the assessment, qualitative data is descriptive and provides breadth and depth and allows the underlying reasons and root causes of capacity deficits or constraints helped to explore which is particularly important in all cases where an assessment is intended.

The framework comprises of a clearly defined capability rank (i.e. from 1 to 5) for each above aspects of procurement. The researcher has determined the scale of the ranking and the value assigned to each ranking as below:

1. No evidence of relevant capacity
2. Anecdotal evidence of capacity
3. Partially developed capacity

4. Widespread, but not comprehensive, evidence of capacity
5. Fully developed capacity

A structured, MS Word-based survey consisting of 96 detailed questions covering each of the five dimensions was completed by 3 municipalities.

The results of the surveys were then collated for each municipalities and then compared to a capacity level to determine how each municipality's procurement capability should be rated.

## **CHAPTER 4: DATA INTERPRETATION AND FINDINGS**

### **4.1 Introduction**

This chapter presents analysis and findings of the study which sought to determine the challenges of the current practise in the public procurement process of studied municipalities. The collected data was presented in form of tables and charts; the analysis was based on the objectives of the study namely, to assess the capacity of the municipalities irrespective of organizational and staff capacity, information management, procurement practice for goods, works and services, effectiveness, accountability measures.

### **4.2 Discussion on Findings**

#### **4.2.1 General Procurement Environment Assessment**

In general, the municipalities are carryout the procurement following the guidelines of the local government ministry for procurement from their local budget or from national funds. These procurements have historically been of low threshold and consist of goods and civil works using the National Tendering Documents. The government's national procurement rules and regulations govern the implementation. These procurements are conducted by the Engineering Section of the Municipality headed by the Executive Engineer (XEN) or when the XEN is absent by the Assistant Engineer (AE) who conducts the procurement process with the ultimate responsibility of the HOPE (Head of Procurement Entity).

Each Municipality according to the PPA 2006 and the PPR 2008 is required to have a Tender Opening Committee (TOC) and Tender Evaluation Committee (TEC) for opening and evaluation of all tenders submitted under Government of Bangladesh (GOB) procedures. All municipalities have experience with low value procurement and evaluations from their local budget or from national funds for goods and civil works. None of the municipalities have had formal procurement training in the requirements of the Government of Bangladesh's (GOB) Public Procurement Act and Rules. Likewise with the Municipalities Tender Evaluation Committees (TEC) and familiarization with GoB procedures for evaluations.

The government has developed its own standard documents for procurement of goods and works, and requirements for evaluation. These are mainly used for the government funded projects. Hence, these could be adjusted subject to modifications in conformity with development partner's requirements. Such adjustments would create the immediate need for Municipalities' orientation / training for the bidding documents and requirements for evaluation.

For the future procurement, the following is suggested: (i) follow the national standard bidding documents after modifications if required for procurement of goods and works following NCB



method under national act subject to the modifications above; and (ii) use bid evaluation requirements as set forth in the national act.

#### **4.2.2 General Agency Resource Assessment: Organizational and Staff Capacity**

In all municipalities, the Engineering Section, act as the procurement function headed by the Executive Engineer under overall responsibility of the HOPE (Head of Procurement Entity). Each Municipality has a Tender Opening Committee (TOC) and Tender Evaluation Committee (TEC) for opening and evaluation of all tenders submitted under GoB procedure. They have only dealt with low value procurement and evaluations from on their local budget or from national funds for goods and civil works. Neither of these groups has had any formal procurement training in Government of Bangladesh's Procurement Guidelines.

#### **4.2.3 Procurement Practices: Procurement of Goods and Works**

It is revealed that the municipalities have only dealt with low value procurement and evaluations from on their local budget or from national funds for goods and civil works using national procurement documents through the Engineering Section and Tender Evaluation Committees (TEC).

#### **4.2.4 Procurement Practices: Procurement of Services**

The studied Municipalities have not performed any intellectual service procurement ever. In such cases, the LGED is being provided support to municipalities.

#### **4.2.5 Process Control and Oversight: General**

The Public Procurement Act of 2006 and the Public Procurement Rules of 2008 provide a clear framework that describes procurement process control and oversight mechanism for all public procurement with clear reference to when to use donor procurement guidelines. The Municipalities are working within this framework for the procurement and contracting of low value procurement and evaluations from their local budget or from national funds for goods and civil works using national procurement documents.

#### **4.2.6 Process Control and Oversight: Accountability Measures**

The Municipalities are generally aware of the government's accountability procedures. To function as an effective accountability measure, procurement records must not just be kept according to good record keeping practice, but also be easily and equally accessed by interested parties, including the public. The Municipalities are deficient in a number of areas due do to the lack of training. To mention a few examples; procurement plans are not published as required by PPR 2008, or unsuccessful bidders are usually not notified in writing that the contract has been awarded to a competitor, which makes it difficult for unsuccessful bidders to take action before it is too late.

#### 4.2.7 Process Control and Oversight: Records Keeping and Audit

The Municipalities are aware of the requirements set forth in the national Procurement Act. The sample records reviewed did not make use of the record keeping checklist provided in the PPR 2008, which illustrates the need for procurement management training of all concerned with this function.

The Office of the Comptroller and Auditor General (OCAG), Foreign-aided projects audit division (FAPAD) is responsible for donor funded projects. However, these have been only financial audits which do not address weaknesses in the procurement process in depth. The framework for auditing or review constitutes the single most important accountability mechanism for procurement, through which procurement practices are systematically controlled, and audit recommendations are enforced and followed up.

#### 4.3 General Rating

Based on the response to questionnaires, the researches has made the capacity level assessment subjectively of individual municipality and result is more or less same of all three municipalities and then made a combined assessment which is shown below:

<b>Assessing Area</b>	<b>Capacity Level</b>
Organizational and staff Capacity	Partially developed capacity
Information Management	Partially developed capacity
Procurement Practices	Partially developed capacity
Effectiveness	Anecdotal evidence of capacity
Accountability Measures	Anecdotal evidence of capacity
Overall Rating	Partially developed capacity

## **CHAPTER FIVE: CONCLUSION AND RECOMMENDATION**

### **5.1 Introduction**

This chapter provides the conclusion and the recommendations of the study which sought to assess the capacity of municipalities which is essential in order carry out the public procurement in effective and efficient manners.

### **5.2 Challenges**

A challenging part of municipality capacity is the “random” transfer of staff. For example, the Assistant Engineer (AE) of Lalmonirhat municipality has been transferred to a new working place just some days after meeting the researcher. In order to ensure adequate capacity of each municipality throughout particularly the implementation of donor aided projects, the local government division may consider as follows: (i) suitable staff are posted against all procurement and technical positions of the selected municipalities; (ii) these staff are not transferred during the project implementation period; and (iii) if any of these staff are transferred for any unavoidable circumstances, the vacancies are immediately filled in with appropriate replacements.

### **5.3 Recommendation**

In the face of the generic picture that emerged through the interactions with the concerned personnel of the municipalities, the capacity of the participating municipalities, particularly the Engineering Sections, Technical Evaluation Committees and the HOPE (Head of Procurement Entity), need support in the following areas:

- The municipalities should form a separate procurement function comprising of the officials from different functional unit not only from engineering sections.
- Increase the involvement of municipality procurement function gradually for procurement of high threshold value irrespective of works, good and services.
- The Engineering Sections including HOPE (Head of Procurement Entity), Councilors and project related staff should have a minimum of twice a year procurement training consisting of classroom and structured on the job training session of five days in Government of Bangladesh Public Procurement of 2006 and the Public Procurement Rules of 2008 procedures.
- The Technical Evaluation Committees should be consisted by the representatives from the public organization like LGED, RHD, PWD, etc. who have competent officials in public procurement.
- Municipalities’ websites are the first step towards e-procurement that can be developed with a dedicated procurement section to provide easy access by interested parties, including the public, to all procurement information. Posted information could include as invitation for bids, Annual Procurement Plan, Summary of Bid Evaluation Report, and Notice of Procurement Awards.

- Development of a Municipalities' Android Procurement App for smartphone of suppliers, contractors and consultants enabling access to procurement information features such as current and future bidding opportunities and even download bidding documents, and also view evaluation reports and awards, would provide a valuable tool for procurement participation.

#### **5.4 Conclusion**

The following conclusions were made based on the findings of the study.

Procurement is a specialized subject which requires a high degree of knowledge and skill of those who are engaged in procurement of goods, works and services. Despite of presence of adequate rules, procedures and other standard documents, municipality's procurement function does not perform efficiently. Thus there are always risk to give full responsibility to deal the whole process of the public procurement particularly for implementation of donor funded projects. None of the municipalities have ever experience in service procurement. Competent authority should give the attention to improve the performance of municipality's procurement function otherwise rapid urbanization cannot be sustained. A further rigorous evaluation is needed prior to take any initiatives to enhance the capacity of municipalities.

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**ANNEX 1: PROCUREMENT CAPACITY ASSESSMENT – MUNICIPALITY  
QUESTIONNAIRE AND ANSWERS**

**Name of Municipal: Lalmonirhat**

Question	Answer/Finding
<p><b>A. ORGANIZATIONAL AND STAFF CAPACITY</b></p> <p>A.1. How many years of experience does the head of the procurement department/unit have in a direct procurement role?</p>	<p>The Municipality Engineering Section (ES) undertakes all procurement activities; although, it is not identified as a Procurement Department/Unit. The Engineering Section (ES) is headed by the Executive Engineer (Municipal Engineer) which is assigned by the Local Government Division (LGD) and is chosen from a pool of government engineers.</p> <p>The Municipality Engineering Section (ES) is knowledgeable of the procurement process at low threshold values with small civil works and goods. None of the ES staff has attended procurement training either in ADB Procurement Procedures for Goods and Works, Government of Bangladesh Public Procurement guidelines.</p> <p>Currently, the assigned Executive Engineer, (XEN) Mr. Fazlul Haque has been at the duty station for a one (1) year and previously was in Joypurhat Municipality for three (3) years. He holds a Diploma in Civil Engineering.</p> <p>The Municipality Engineering Section (ES) staff includes one (1) Assistant Engineer (AE) Md. Ayub Ali, Asst. Engineer (BSc in Civil), with eighteen (18) year experience of which eight (8) years in Lalmonirhat Municipality, two (2) Sub Assistant Engineer (SAE) with Md. Mostaker Rahman, Sub Asst. Engineer (Civil), with 12 years experience and Md. Amzad Hossain, Sub Asst. Engineer (Electrical/Water Sanitation), with 12 years experience, and one (1) Surveyor Md. Mozammel Haque, Surveyor, fourteen (14) years.</p>
<p>A.2. How many staff in the procurement department/unit are:</p> <p>Full Time?</p> <p>Part Time?</p> <p>Seconded?</p>	<p>Total five(5) full time staff in the Engineering Section: XEN –1, AE – 1, SAE – 2, Surveyor - 1</p> <p>Part Time zero (0)</p> <p>Seconded zero (0)</p>

A.3. Does the procurement staff have English language proficiency?	The Municipality Engineering Section (ES) day to day working language is Bengali with English language limited to bidding Documents. All concerned staff (Class 1, 2,3,4) during procurement training to be tested for procurement technical vocabulary.
A.4. Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	The Municipality will need support from LGED with additional technical expertise during the procurement and implementation cycle. Staff Positions are sufficient for the current level of Municipality procurement. If additional technical expertise are required positions must be filled with appropriate staffs, the number and qualifications of the staffs would be capable of undertaking additional procurement activities. Generally, short term expertise to support will be essential as the ES expands.
A.5. Does the unit have adequate facilities, such as PCs, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?	Not Adequate. New facilities would be required; because existing PCs and printers are old, although working. Existing facilities within the Municipality: - 6 PCs (2 in Engineering Section, 1 in Accounts Section & 3 in other sections – 2 years old; - 2 Laptop – 2 years old; - 2 Printers - 2 years old - 1 Photocopy machine in poor condition; and - the old Fax machine is not working. Additional facilities tentatively required: - 3 PCs (2 in Engineering Section, 1 in Accounts Section) - 2 internet connectivity (GSM modems); - 2 Laptop in Engineering Section; - 2 Laser Printers (1 in Engineering Section & 1 in Accounts Section); - 1 Photocopy machine; and - 1 Fax machine.
A.6. Does the Municipality have a procurement training program?	The Municipality does not have a training program of its own. The MUNICIPALITY Engineering Section (ES) are knowledgeable of the procurement process for low threshold

	<p>values national procurement with civil works and goods. None of the ES staff or support staff has any training in either ADB Procurement Procedures for Goods and Works, ADB Financial Management Government of Bangladesh Public Procurement guidelines. Staff would attend trainings organized by other agencies /departments, such as: LGED, CPTU etc.</p>
<p>A.7. Does the Municipality have a Procurement Committee that is independent from the head of the Municipality?</p>	<p>Yes, 2 Procurement Committees constituted following the circular by LGD:</p> <p>Tender Opening Committee (TOC): 5 persons: AE-1, SAE-1 &amp; Secretary-1; and Tender Evaluation Committee (TEC): 8 persons: AE-1, SAE-1, Secretary-1, counsellors-2 (including 1 nominated female), Representative of Deputy Commissioner of the district (Upazila Assistant Secondary Education Officer)-1, Representative of DPHE (Upazila SAE)-1 &amp; Representative of LGED (Upazila SAE)-1.</p> <p>Tender Evaluation Committee (TEC) has no experience with ADB Procurement Procedures for Goods and Works. In order to contribute to the building of the Municipality procurement capacity a “Bid Evaluation Handbook” should be developed, based on the ADB “Guide for Bid Evaluation” and should include the Public Procurement Act of 2006 and the Public Procurement Rules of 2008. This specialized training should be provided to each members of the Tender Evaluation Committee (TEC) once a year. Further new members should provide with this handbook.</p>
<p>A.8. Does the Municipality have a procurement department/unit, including a permanent office that performs the function of a Secretariat for the Procurement Unit, and which serves as the main support unit of the Procurement Committee?</p>	<p>Yes.</p> <p>The Engineering Section (ES) functions as procurement department/unit. It has permanent office, staffs and facilities. This support will need to be expanded with the additional workload of the project. Under the procurement laws, this section Mandatorily provides secretarial support to the procurement committees.</p>
<p>A.9. If yes, what type of procurement does it undertake?</p>	<p>Only national and local budget civil works and goods contracts for the Municipality (goods, road, bridge, culvert, drains, water supply system, lighting facilities, and sanitation etc.)</p>



A.10. At what level does the department/unit report (to the head of Municipality, deputy etc.)?	To the Head of Municipality, HOPE (Head of Procurement Entity). It must be noted that HOPE (Head of Procurement Entity) lacks training and the background which could lead to irregularities and pose a serious threat to sound and efficient public procurement.
A.11. Do the procurement positions in the Municipality have job descriptions, which outline specific roles, minimum technical requirements and career routes?	No, there is no procurement positions describe in the government guidelines. The Municipality Engineering Section (ES) undertakes all procurement activities. This does not follow international best practice for separation of job functions. A dedicated procurement function is required to ensure that procurements are carried out systematically according to principles of sound and efficient procurement, and in line with the established rules. The positions of Municipality are run by the circulars issued by the Local Government Division (LGD). All staff (Class 1,2,3,4) positions have job descriptions, which outline specific roles, minimum technical requirements and career routes. In order to avoid and question of conflict of interest or worse, the project should setup a procurement unit within each Municipality for the life of project. They would be responsible for all project procurement and transfer of knowledge to Municipality staff.
A.12. Is there a procurement process manual for goods and works?	Yes, the Public Procurement Rules (PPR) 2008 are used as guidelines or manual which supplements and details all the provisions of Public Procurement Act (PPA) 2006. LGD arranged adequate publication of PPA and PPR, and distributed to each Municipality.
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes, PPR is updated from time to time. It does not cover foreign assisted projects but stipulates that conditions of financing agreement shall prevail for procurement under foreign-assisted projects.
A.14. Is there a procurement process manual for consulting services?	Yes, PPR covers consulting services; however, Municipalitys are not required to procure services under the proposed project
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes, PPR is updated from time to time. It stipulates that conditions of financing agreement shall prevail for procurement under foreign-assisted projects.
A.16. Are there standard documents in use, such as Standard Procurement Documents/Forms,	Yes, there are standard procurement documents/forms issued by CPTU. For ADB projects, these documents are modified incorporating ADB's requirements.

and have they been approved for use on ADB funded projects?	
A.17. Does the Terms of Reference follow a standard format such as background, tasks, inputs, objectives and outputs?	Yes, the standard documents issued by CPTU follow ADB format; however, Municipalitys are not required to procure services under the proposed project.
A.18. Who drafts the procurement specifications?	Municipality Executive Engineer (XEN) and Assistant Engineer (AE) use LGED Rate Schedule and Specifications. It should be noted that neither Engineer has no training in the requirements for preparation of specifications under ADB guidelines.
A.19. Who approves the procurement specifications?	Works specifications are drafted by the Executive Engineer, who submits to the HOPE (Head of Procurement Entity) for final approval for national or local budget. It should be noted that neither the HOPE (Head of Procurement Entity) or Executive Engineer had training in the requirements for preparation of goods specifications under ADB or GOB guidelines.
A.20. Who drafts the bidding documents?	Executive Engineer and Assistant Engineer. It should be noted that neither the Engineer had training in the requirements for preparation of bidding documents under ADB or GOB guidelines.
A.21. Who manages the sale of the bidding documents?	The Accounts Section of the Municipality, the documents are sold in multi locations. At the point of sale the purchaser is provided with the official sales receipt and provided with the bidding document.
A.22. Who identifies the need for consulting services requirements?	The Municipality does not generally procure services. If needs are initially Identified the Engineering Section would be responsible. . For procurement of services under a project, the relevant experts at the project office should identify the requirements.
A.23. Who drafts the terms of reference (ToR)?	Generally, the Municipality does not procure any services. If required, Municipality Engineering Section would prepare the ToR. For procurement of services under a project, the relevant experts at the project office would prepare the ToR.
A.24. Who prepares the request for proposals (RFPs)?	If required, Engineering Section would prepare the RFPs. For procurement of services under a project, the relevant experts at the project office would prepare the RFPs.

B. INFORMATION MANAGEMENT	Yes. The Municipality follows the PPR Part A [rule Rule 43(4)], Schedule-VIII requirements.. As stated in Section A.1 the Municipality has not had any formal procurement training which includes requirements for record management.
B.1 Is there a referencing system for procurement files?	
B.2 Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions within the Municipality?	Yes, The Municipality is aware of requirements for records management functions under the PPR PPR [rule 43(1), Schedule-2], but during the field visit the consultant was not shown the full record keeping infrastructure.
B.3 For what period are records kept?	Yes. The Municipality is aware of keeping records for 5 years under PPR [rule 43(1), Schedule-2] stipulates minimum time as 5 years. During the field visit the consultant was shown a records which appeared to be within the guidelines.
B.4 Are copies of bids or proposals retained with the evaluation?	Yes. The Municipality is aware of the requirements for records management under under PPR Schedule VIII Part-A : [See Rule 43(4)]. During the field the records appeared to be within the guidelines but did not include PPR Schedule VIII Part-B : [See Rule 43(4) file check list.
B.5 Are copies of the original advertisements retained with the pre-contract papers?	Yes. During the field the records appeared to be within the guidelines but did not include PPR Schedule VIII Part-B : [See Rule 43(4) file check list.
B.6 Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes. During the field the records appeared to be within the guidelines but did not include PPR Schedule VIII Part-B : [See Rule 43(4) file check list.
B.7 Are copies of invoices included with the contract papers?	Yes. During the field the records appeared to be within the guidelines but did not include PPR Schedule VIII Part-B : [See Rule 43(4) file check list..
C. PROCUREMENT PRACTICES Goods and Works	No. Any future foreign-assisted project procurement of goods or works, the Municipality staff will need procurement training under donor guidelines, supplemented with procurement training in GOB guidelines
C.1 Has the Municipality undertaken foreign-assisted procurement of goods or works recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the	

development partner/s and the Project/s.)	
C.2 If the above answer is yes, what were the major challenges?	
C.3 Is there a systematic process to identify procurement requirements (for a period of one year or more)	<p>Yes.</p> <p>A potential list of requirements is prepared in the months of June-July each year based on citizen's demands and twice per year field surveys by the Engineering Section.</p> <p>FY 2011- 2012</p> <p>Total Budget: BDT 104,041,651</p> <p>Engineering: Budget: BDT 74,518,300</p>
C.4 Is there a minimum period for preparation of bids and if yes how long?	<p>Yes.</p> <p>When the decision about a procurement Scheme is final from the local budget; the Engineering Section takes about 7 days to prepare the national standard bidding documents. After the Invitation for Bids (IFB) bids has been published in the newspapers, the minimum preparation time for the bidders according to PPR [rule 61(4), Schedule-2] is as follows: 14 days for estimated value up to BDT 3 million (approx. US\$ 37,500); 21 days for estimated value above BDT 3 million and up to BDT 50 million (approx. US\$ 625,000); and 28 days for estimated value above BDT 50 million.</p> <p>They have no experience with donor funded projects will require from PMO.</p>
C.5 Are all queries from bidders replied to in writing?	Yes. During the field visit the consultant was shown a few records which appeared to be within the guidelines.
C.6 Does the bidding document state the date and time of bid opening?	Yes. During the field visit the consultant was shown a few records which appeared to be within the guidelines.
C.7 Is the opening of bids done in public?	Yes. The procedure is detailed in PPR [rule 97]. During the field visit the consultant was shown a few records which appeared to be within the guidelines.
C.8 Can late bids be accepted?	No. Late bids are returned unopened according to PPR [rule 97(6)]. During the field visit the consultant was shown a few records which appeared to be within the guidelines.

C.9 Can bids be rejected at bid opening?	No During the field visit the consultant was shown a few records which appeared to be within the guidelines. Bids cannot be rejected at the time of opening according to PPR [rule 97(6)].
C.10 Are minutes of the bid opening taken?	During the field visit the consultant was shown a few records which appeared to be within the guidelines. Tender Opening Sheet (TOS) is prepared which includes signature of officials and bidders present in the meeting. Apart from opening sheet, minutes are not prepared.
C.11 Who may have a copy of the minutes?	During the field visit the consultant was shown a few records which appeared to be within the guidelines. TOS is distributed to all present at the meetings and concerned offices including the project office.
C.12 Are the minutes free of charge?	The Municipality follows PPR [rule 97(7)], which requires the TOS to be signed by the opening officials and attending bidders, and has to be distributed to all who attended the opening session, and to the head of procuring entity and relevant consultant / project offices. There is no provision of price or cost for distribution of TOS or opening minutes
C.13 Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	It is a permanent committee. TEC (as detailed in A.7 above) undertakes evaluation of bids following the provisions of PPR [rule 98].
C.14 What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	<p>Current TEC consisted of 8 persons, 6 of whom are responsible government officials having experience in public procurement, and 2 are elected or selected public representatives, 4 of them have engineering educational background; either graduation or at least diploma. 3 members come from external agency outside the controlling authority of the Municipality.</p> <p>In order to contribute to the building of the Municipality procurement capacity a “Bid Evaluation Handbook” should be developed, based on the ADB “Guide for Bid Evaluation” and specialized training should be provided to members of the Tender Evaluation Committee (TEC) once a year. Further new members should provide with this handbook.</p>
C.15 Is the decision of the evaluators final or is the evaluation subject to additional approvals?	Recommendation of TEC is subject to concurrence of the HOPE (Head of Procurement Entity) for national tendering. The HOPE (Head of Procurement Entity)

	has not attended procurement training either in ADB Procurement Procedures for Goods and Works or Government of Bangladesh Public Procurement guidelines.
C.16 Using at least three real examples, how long does it normally take from the issuance of the invitation for bids up to contact effectiveness?	<p>The Municipality usually takes 60 days for national open tendering required from the issuance of the invitation for bids up to contact signing /effectiveness for estimated cost of contract more than BDT 3 million (approx. US\$ 37,500) for which bid preparation time is minimum 21 days.</p> <p>PPR allows maximum 14 days for bid evaluation process, maximum 7 days for Approval at the level of HOPE (Head of Procurement Entity), 28 days from issuance of Notification of Award and Contract signing [rule 8(14), schedule -3, Part-A &amp; rule 102(11), Schedule-2].</p> <p>The Municipality has no experience with donor funded projects.</p>
C.17 Are there processes in place for the collection and clearance of cargo through ports of entry?	<p>Not Applicable.</p> <p>Municipality has not yet done any procurement from abroad. However processes will be established if required under the project.</p>
C.18 Are there established goods receiving procedures?	Yes. Generally, the user unit /official(s) and the store-in-charge receive the goods examining for the proper quality and quantity.
C.19 Are all goods that are received recorded as assets or inventory in a register?	Yes. Store-in-charge is responsible for recording the items in the stock / inventory register.
C.20 Is the Municipality/ procurement department familiar with letters of credit?	No, Municipality has never used letters of credit.
C.21 Does the procurement department register and track warranty and latent defects liability periods?	Yes, warranty and latent defects liability periods are recorded in the concerned contract file, which is kept open until the specified period is over, and all pending issues are resolved.
Consulting Services C.22 Has the Municipality undertaken foreign-assisted procurement of consulting services	No, The Municipality has not yet done any procurement of consulting services

recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	
C.23 If the above answer is yes, what were the major challenges?	Not Applicable.
C.24 Are assignments and requests for expressions of interest (EOIs) advertised?	Not Applicable.
C.25 Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	Not Applicable.
C.26 What criteria is used to evaluate EOIs?	Not Applicable.
C.27 Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	Not Applicable.
C.28 Do firms have to pay for the Request for Proposals (RFP) document?	Not Applicable.
C.29 Does the proposal evaluation criteria follow a pre-determined structure and is it detailed in the Request for Proposals (RFP)?	Not Applicable.
C.30 Are pre-proposal visits and meetings arranged?	Not Applicable.
C.31 Are minutes prepared and circulated after pre-proposal meetings?	Not Applicable.
C.32 To whom are the minutes distributed?	Not Applicable.
C.33 Are all queries from consultants answered/addressed in writing?	Not Applicable.
C.34 Are the technical and financial proposals required to be in separate envelopes?	Not Applicable.

C.35 Are proposal securities required?	Not Applicable.
C.36 Are technical proposals opened in public?	Not Applicable.
C.37 Are minutes of the technical opening distributed?	Not Applicable.
C.38 Do the financial proposals remain sealed until technical evaluation is completed?	Not Applicable.
C.39 Who determines the final technical ranking and how?	Not Applicable.
C.40 Are the technical scores sent to all firms?	Not Applicable.
C.41 Are the financial proposal opened in public?	Not Applicable.
C.42 Are minutes of the financial opening distributed?	Not Applicable.
C.43 How is the financial evaluation completed?	Not Applicable.
C.44 Are face to face contract negotiations held?	Not Applicable.
C.45 How long after financial evaluation is negotiation held with the selected firm?	Not Applicable.
C.46 What is the usual basis for negotiation?	Not Applicable.
C.47 Are minutes of negotiation taken and signed?	Not Applicable.
C.48 How long after negotiation is the contract signed?	Not Applicable.
C.49 Is there an evaluation system for measuring the outputs of consultants?	Not Applicable.
Payments	
C.50 Are advance payments made?	No advance payment is made.
C.51 What is the standard period for payment included in contracts?	During the field visit the consultant was shown a few records which appeared to be within the guidelines. This period is included in the standard contract conditions. According to



	PPR [rule 39(22), Schedule-2], payment has to be made within 28 days from the date of issuance of acceptance certificate to the contractor / supplier.
C.52 On average, how long is it between receiving a firm's invoice and making payment?	The Municipality states they usually makes payment within 15 - 30 days.
C.53 When late payment is made, are the beneficiaries paid interest?	The Municipality usually makes payments promptly when funds are available. Standard contract conditions include the provision of interest for delayed payment. However, no case of interest claim for payment delay has yet been reported.
<b>D. EFFECTIVENESS</b>	
D.1 Is contractual performance systematically monitored and reported?	Yes. The Engineering Section makes field visits and checks, quality control tests etc. During the field visit the consultant was shown a few records which appeared to be within the guidelines. As noted earlier the Municipality has had no formal training in contract administration through the procurement training requirements
D.2 Does the Municipality monitor and track its contractual payment obligations?	Yes. Accounts section monitors the payment obligations through tracking the contract-wise lists. During the field visit the consultant was shown a few records which appeared to be within the guidelines.
D.3 Is a complaints resolution mechanism described in national procurement documents?	Yes. Bidding and Contract documents clearly reflect PPR's specific provisions for complaint resolution mechanisms
D.4 Is there a formal non-judicial mechanism for dealing with complaints?	Yes. This process is described in the SDB and briefly outlined as below During Bidding Process: At the 1st stage, any complaint is to be submitted to the procuring entity who is obliged to address the issue within 5 working days [PPR rule 57(4), Schedule-2]. If not satisfied, the complainant may go to next higher authority gradually up to the highest administrative tier (Secretary of the concerned ministry) with time bound obligation at every stage [PPR rule 57, Schedule-2]. At the last stage, the complainant may submit the matter to the Review Panel consisting 3 to 5 persons who are eminent experts in the laws, contract implementation and technical aspects of the procurement. This panel is independent of the government control, and has

	<p>the obligation to decide on the issue within 12 working days [PPR rule 60(2), Schedule-2].</p> <p>During Contract Implementation:</p> <p>According to standard bidding documents for works and goods, there are three options: (i) “Amicable Settlement” between the procuring entity and the contractor or supplier; (ii) “Adjudication” by an independent person mutually agreed and named in the contract agreement; and (iii) “Arbitration” conducted in accordance with the Arbitration Act (Act No 1 of 2001) of Bangladesh which facilitates settlement outside the judicial court.</p>
D.5 Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?	Yes. During the field visit the consultant was shown a few records which appeared to be within the guidelines.
E. ACCOUNTABILITY MEASURES	Yes.
E.1. Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	PPR stipulates strict compliance with ethical standards called “code of ethics” [PPR rule 127(1)(b), Schedule-XII] by those involved in procurement. Any case of professional misconduct or offence shall be dealt with provisions of PPR [rule 127] and other applicable laws; such as: Anti-corruption Commission Act 2004 of the country
E.2. Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes. During bid evaluation process, each member of the committee has to declare and sign written individual statement of “no business or other links to any of the competing Tenderers or Applicant” [PPR rule 8(13)(a)]. PPR [rule 55] has specific provision detailing the conflict of interest situations for the tenderers (for works and goods) or applicants (for services). According to rule 55(7), procuring entity officials, who have an interest, directly or indirectly, with a firm or individual that is Tendering or has Tendered for a Procurement proceedings of that entity shall declare its relationship with that firm or individual and consequently not participate in any proceedings concerned with that specific Procurement at any stage including from when the specifications are written and qualification criteria are established up to the Supply of

	Goods or performance of the Works are completed and, until all contractual obligations have been fulfilled”.
E.3. Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No.
E.4. Who approves procurement transactions, and do they have procurement experience and qualifications?	The Municipality Engineer Section has responsible for all procurement transactions, which are finally approved by the HOPE (Head of Procurement Entity). The HOPE (Head of Procurement Entity) or the ES (XEN) have had no formal procurement training in the requirements under GOB guidelines.
E.5. Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case may be, and who grants the approval? Bidding document, invitation to pre-qualify or Request for Proposals (RFP) Advertisement of an invitation for bids, pre-qualification or call for EOIs Evaluation reports Notice of award Invitation to consultants to negotiate - Contracts	Formally all of these actions require approvals from the HOPE (Head of Procurement Entity). The HOPE (Head of Procurement Entity) has not attended procurement training either in ADB Procurement Procedures for Goods and Works, Government of Bangladesh Public Procurement guidelines.
E.6. Is the same official responsible for: (i) authorizing procurement transactions, procurement invitations, documents, evaluations and contracts; (ii) authorizing payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	No, the same person is not responsible for all the stated actions. HOPE (Head of Procurement Entity) is responsible for items (i) and (ii); and XEN is responsible for items (iii) and (iv)

<p>E.7. Is there a written auditable trail of procurement decisions attributable to individuals and committees?</p>	<p>Yes.</p> <p>All procurement decisions including communication /exchange of views /comments between relevant / responsible persons are recorded in the concerned file. During the field visit the consultant was shown a few records which appeared to be within the guidelines.</p>
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**Name of Municipality: Magura**

Question	Answer/Finding
<p>A. ORGANIZATIONAL AND STAFF CAPACITY</p> <p>A.1. How many years of experience does the head of the procurement department/unit have in a direct procurement role?</p>	<p>The Municipality Engineering Section (ES) undertakes all procurement activities; although, it is not identified as a Procurement Department/Unit. The Engineering Section (ES) is headed by the Executive Engineer (Municipal Engineer) which is assigned by the Local Government Division (LGD) and is chosen from a pool of government engineers.</p> <p>The Municipality Engineering Section (ES) is knowledgeable of the procurement process at low threshold values with small civil works and goods. None of the ES staff has attended procurement training either in ADB Procurement Procedures for Goods and Works, Government of Bangladesh Public Procurement guidelines.</p> <p>Currently, the assigned Executive Engineer, XEN) Md. Nazmul Haque has has Bsc Engineerin(Civil Engineering) 22 years experience</p> <p>The Municipality Engineering Section (ES) staff includes one (1) Assistant Engineer (AE) Diploma in Civil Engineering (Civil), 22 year’s experience, four (4) Sub Assistant Engineer (SAE) positions with three (3) vacant, Abu Md. Al - Aram, Diploma in Electrical Engineering, 10 years implementation experience one (1) Surveyor, Md. Abdul Aziz, 08 years experience, three (3) Work Assistant’s, Md. Shahjahan,18 years experience, Md. Misbah Uddin, 14 years experience, Md. Kashed Ali, 14 years experience,one (1) Drafts Man, Md. Mahfuzur Rahman Khan, 07 years experience</p>
<p>A.2. How many staff in the procurement department/unit are:</p> <p>Full Time?</p> <p>Part Time?</p> <p>Seconded?</p>	<p>Total (08)</p> <p>Part Time zero (0)</p> <p>Seconded zero (0)</p>

Question	Answer/Finding
A.3. Does the procurement staff have English language proficiency?	The Municipality Engineering Section (ES) day to day working language is Bengali with English language limited to bidding Documents. All concerned staff (Class 1, 2,3,4) during procurement training to be tested for procurement technical vocabulary.
A.4. Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	No, the Municipality will need support from LGED with additional technical expertise during the procurement and implementation cycle. Staff Positions are sufficient for the current level of Municipality procurement. If additional technical expertise are required positions must be filled with appropriate staffs, the number and qualifications of the staffs would be capable of undertaking additional procurement activities. Generally, short term expertise to support will be essential as the ES expands.
A.5. Does the unit have adequate facilities, such as PCs, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?	Not Adequate. New facilities would be required, because existing PCs and printers are old, although working. Existing facilities within the Municipality: 3 desktop (2 old, 1 new) 2 laptop (Windows 7) 1 fax (old) 2 printers ( 1 out of order) Additional facilities tentatively required: 3 printers 2 desktop 1 photocopier 2 GSM modem 3 File cabinets
A.6. Does the Municipality have a procurement training program?	No, the Municipality does not have a training program of its own. The Municipality Engineering Section (ES) are knowledgeable of the procurement process for low threshold values national procurement with civil works and goods. None of the ES staff or support staff has any training in either ADB Procurement Procedures for Goods and Works, ADB Financial Management

Question	Answer/Finding
	<p>Government of Bangladesh Public Procurement guidelines.</p> <p>Staff would attend trainings organized by other agencies /departments, such as: LGED, CPTU etc.</p>
<p>A.7. Does the Municipality have a Procurement Committee that is independent from the head of the Municipality?</p>	<p>Yes, 2 Procurement Committees constituted following the circular by LGD:</p> <p>Tender Opening Committee (TOC): 5 persons: AE-1, SAE-1 &amp; Secretary-1; and Tender Evaluation Committee (TEC): 8 persons: AE-1, SAE-1, Secretary-1, counsellors-2 (including 1 nominated female), Representative of Deputy Commissioner of the district (Upazila Assistant Secondary Education Officer)-1, Representative of DPHE (Upazila SAE)-1 &amp; Representative of LGED (Upazila SAE)-1.</p> <p>Tender Opening Committee (TOC) have no experience with ADB Procurement Procedures for Goods and Works. In order to contribute to the building of the Municipality procurement capacity a “Bid Evaluation Handbook” should be developed, based on the ADB “Guide for Bid Evaluation” and specialized training should be provided to members of the Tender Evaluation Committee (TEC) once a year. Further new members should provide with this handbook.</p>
<p>A.8. Does the Municipality have a procurement department/unit, including a permanent office that performs the function of a Secretariat for the Procurement Unit, and which serves as the main support unit of the Procurement Committee?</p>	<p>Yes.</p> <p>The Engineering Section (ES) functions as procurement department/unit. It has permanent office, staffs and facilities. This support will need to be expanded with the additional workload of the project.</p> <p>Under the procurement laws, this section Mandatorily provides secretarial support to the procurement committees.</p>
<p>A.9. If yes, what type of procurement does it undertake?</p>	<p>National and local budget civil works and goods contracts for the Municipality (goods, road, bridge,</p>

Question	Answer/Finding
	culvert, drains, water supply system, lighting facilities, and sanitation etc.)
A.10. At what level does the department/unit report (to the head of Municipality, deputy etc.)?	To the Head of Municipality, HOPE (Head of Procurement Entity). It must be noted that HOPE (Head of Procurement Entity) lacks training and the background which could lead to irregularities and pose a serious threat to sound and efficient public procurement.
A.11. Do the procurement positions in the Municipality have job descriptions, which outline specific roles, minimum technical requirements and career routes?	No, there is no procurement positions describe in the government guidelines. The Municipality Engineering Section (ES) undertakes all procurement activities. This does not follow international best practice for separation of job functions. A dedicated procurement function is required to ensure that procurements are carried out systematically according to principles of sound and efficient procurement, and in line with the established rules. The positions of Municipality are run by the circulars issued by the Local Government Division (LGD). All staff (Class 1,2,3,4) positions have job descriptions, which outline specific roles, minimum technical requirements and career routes. In order to avoid and question of conflict of interest or worse, the project should setup a procurement unit within each Municipality for the life of project. They would be responsible for all project procurement and transfer of knowledge to Municipality staff.
A.12. Is there a procurement process manual for goods and works?	Yes, the Public Procurement Rules (PPR) 2008 are used as guidelines or manual which supplements and details all the provisions of Public Procurement Act (PPA) 2006. LGD arranged adequate publication of PPA and PPR, and distributed to each Municipality.
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes, PPR is updated from time to time. It does not cover foreign assisted projects but stipulates that conditions of financing agreement shall prevail for procurement under foreign-assisted projects.
A.14. Is there a procurement process manual for consulting services?	Yes, PPR covers consulting services; however, Municipalitys are not required to procure services under the proposed project



Question	Answer/Finding
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes, PPR is updated from time to time. It does not cover foreign assisted projects but stipulates that conditions of financing agreement shall prevail for procurement under foreign-assisted projects.
A.16. Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been approved for use on ADB funded projects?	Yes, there are standard procurement documents/forms issued by CPTU. For ADB projects, these documents are modified incorporating ADB's requirements.
A.17. Does the Terms of Reference follow a standard format such as background, tasks, inputs, objectives and outputs?	Yes, the standard documents issued by CPTU follow ADB format; however, Municipalities are not required to procure services under the proposed project.
A.18. Who drafts the procurement specifications?	Municipality Executive Engineer (XEN) and Assistant Engineer (AE) use LGED Rate Schedule and Specifications. It should be noted that neither Engineer has no training in the requirements for preparation of specifications under ADB guidelines.
A.19. Who approves the procurement specifications?	Works specifications are drafted by the Assistant Engineer, who submits to Executive Engineer for final approval for national or local budget. It should be noted that neither the Assistant Engineer or Executive Engineer have had training in the requirements for preparation of goods specifications under ADB or GOB guidelines.
A.20. Who drafts the bidding documents?	Assistant Engineer. It should be noted that neither the Engineer had training in the requirements for preparation of bidding documents under ADB or GOB guidelines.
A.21. Who manages the sale of the bidding documents?	Technically HOPE (Head of Procurement Entity), with support of the Accounts Section of the Municipality. At the point of sale the purchaser is provided with the official sales receipt and provided with the bidding document.
A.22. Who identifies the need for consulting services requirements?	The Municipality does not procure services. If needs are initially Identified the Engineering Section (XE) would be responsible. . For procurement of services

Question	Answer/Finding
	under a project, the relevant experts at the project office should identify the requirements.
A.23. Who drafts the terms of reference (ToR)?	Generally, the Municipality does not procure any services. If required, Municipality Engineering Section would prepare the ToR. For procurement of services under a project, the relevant experts at the project office would prepare the ToR.
A.24. Who prepares the request for proposals (RFPs)?	If required, Engineering Section would prepare the RFPs.  For procurement of services under a project, the relevant experts at the project office would prepare the RFPs.
B. INFORMATION MANAGEMENT B.1 Is there a referencing system for procurement files?	Yes. The Municipality follows the PPR Part A [rule Rule 43(4)], Schedule-VIII requirements. As stated in Section A.1 the Municipality has not had any formal procurement training which includes requirements for record management.
B.2 Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions within the Municipality?	Yes The Municipality is aware of requirements for records management functions under the PPR [rule 43(1), Schedule-2]. The consultant was not able to make a physical visit because of the national strike to verify condition. The questionnaire was sent by email to Executive Engineer which answered each question.
B.3 For what period are records kept?	Yes. The Municipality is aware of keeping records for 5 years under PPR [rule 43(1), Schedule-2] stipulates minimum time as 5 years. The consultant was not able to make a physical visit because of the national strike to verify condition. The questionnaire was sent by email to Executive Engineer which answered each question.
B.4 Are copies of bids or proposals retained with the evaluation?	Yes. The Municipality is aware of the requirements for records management under under PPR Schedule VIII Part-A : [See Rule 43(4 The consultant was not able to make a physical visit because of the national strike to verify condition. The questionnaire was sent be email to Executive Engineer which answered each question.

Question	Answer/Finding
B.5 Are copies of the original advertisements retained with the pre-contract papers?	Yes. The consultant was not able to make a physical visit because of the national strike to verify condition. The questionnaire was sent be email to Executive Engineer which answered each question.
B.6 Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes. The consultant was not able to make a physical visit because of the national strike to verify condition. The questionnaire was sent be email to Executive Engineer which answered each question.
B.7 Are copies of invoices included with the contract papers?	Yes. The consultant was not able to make a physical visit because of the national strike to verify condition. The questionnaire was sent be email to Executive Engineer which answered each question.
C. PROCUREMENT PRACTICES Goods and Works C.1 Has the Municipality undertaken foreign-assisted procurement of goods or works recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	Yes. According to the Executive Engineer answer the Municipality has undertaken one project funded by ADB Emergency Disaster Damage Rehabilitation Project (EDDRP). With development partners JICA, OFID, JBIC
C.2 If the above answer is yes, what were the major challenges?	This question was not answered by the Executive Engineer.
C.3 Is there a systematic process to identify procurement requirements (for a period of one year or more)	Yes. This answer was not explained by the Executive Engineer.
C.4 Is there a minimum period for preparation of bids and if yes how long?	45 days.
C.5 Are all queries from bidders replied to in writing?	Yes.
C.6 Does the bidding document state the date and time of bid opening?	Yes
C.7 Is the opening of bids done in public?	Yes. This answer was not explained by the Executive Engineer.
C.8 Can late bids be accepted?	No.

Question	Answer/Finding
C.9 Can bids be rejected at bid opening?	No. This answer is from the Executive Engineer. Bids cannot be rejected at the time of opening according to PPR [rule 97(6)].
C.10 Are minutes of the bid opening taken?	HOPE (Head of Procurement Entity), TEC member & other concerned persons. This answer was not explained by the Executive Engineer.
C.11 Who may have a copy of the minutes?	TOS is distributed to all present at the meetings and concerned offices including the project office.
C.12 Are the minutes free of charge?	The Municipality follows PPR [rule 97(7)], which requires the TOS to be signed by the opening officials and attending bidders, and has to be distributed to all who attended the opening session, and to the head of procuring entity and relevant consultant / project offices. There is no provision of price or cost for distribution of TOS or opening minutes
C.13 Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	It is a permanent committee. TEC (as detailed in A.7 above) undertakes evaluation of bids following the provisions of PPR [rule 98].
C.14 What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	Current TEC consisted of 8 persons, 6 of whom are responsible government officials having experience in public procurement, and 2 are elected or selected public representatives, 4 of them have engineering educational background; either graduation or at least diploma. 3 members come from external agency outside the controlling authority of the Municipality.  In order to contribute to the building of the Municipality procurement capacity a “Bid Evaluation Handbook” should be developed, based on the ADB “Guide for Bid Evaluation” and specialized training should be provided to members of the Tender Evaluation Committee (TEC) once a year. Further new members should provide with this handbook.
C.15 Is the decision of the evaluators final or is the evaluation subject to additional approvals?	Recommendation of TEC is subject to concurrence of the HOPE (Head of Procurement Entity) for national tendering. The HOPE (Head of Procurement Entity) has not attended procurement training either in ADB Procurement Procedures for Goods and Works or Government of Bangladesh Public Procurement guidelines.

Question	Answer/Finding
C.16 Using at least three real examples, how long does it normally take from the issuance of the invitation for bids up to contact effectiveness?	This question was not answered by the Executive Engineer.
C.17 Are there processes in place for the collection and clearance of cargo through ports of entry?	Not Applicable. Municipality has not yet done any procurement from abroad. However processes will be established if required under the project.
C.18 Are there established goods receiving procedures?	Yes. Generally, the user unit / official(s) and the store-in-charge receive the goods examining for the proper quality and quantity.
C.19 Are all goods that are received recorded as assets or inventory in a register?	Yes. Store-in-charge is responsible for recording the items in the stock / inventory register.
C.20 Is the Municipality/ procurement department familiar with letters of credit?	No, Municipality has never used letters of credit.
C.21 Does the procurement department register and track warranty and latent defects liability periods?	Yes, warranty and latent defects liability periods are recorded in the concerned contract file, which is kept open until the specified period is over, and all pending issues are resolved.
<p><b>Consulting Services</b></p> <p>C.22 Has the Municipality undertaken foreign-assisted procurement of consulting services recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)</p>	No, The Municipality has not yet done any procurement of consulting services
C.23 If the above answer is yes, what were the major challenges?	Not Applicable.
C.24 Are assignments and requests for expressions of interest (EOIs) advertised?	Not Applicable.
C.25 Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	Not Applicable.
C.26 What criteria is used to evaluate EOIs?	Not Applicable.
C.27 Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	Not Applicable.

Question	Answer/Finding
C.28 Do firms have to pay for the Request for Proposals (RFP) document?	Not Applicable.
C.29 Does the proposal evaluation criteria follow a pre-determined structure and is it detailed in the Request for Proposals (RFP)?	Not Applicable.
C.30 Are pre-proposal visits and meetings arranged?	Not Applicable.
C.31 Are minutes prepared and circulated after pre-proposal meetings?	Not Applicable.
C.32 To whom are the minutes distributed?	Not Applicable.
C.33 Are all queries from consultants answered/addressed in writing?	Not Applicable.
C.34 Are the technical and financial proposals required to be in separate envelopes?	Not Applicable.
C.35 Are proposal securities required?	Not Applicable.
C.36 Are technical proposals opened in public?	Not Applicable.
C.37 Are minutes of the technical opening distributed?	Not Applicable.
C.38 Do the financial proposals remain sealed until technical evaluation is completed?	Not Applicable.
C.39 Who determines the final technical ranking and how?	Not Applicable.
C.40 Are the technical scores sent to all firms?	Not Applicable.
C.41 Are the financial proposal opened in public?	Not Applicable.
C.42 Are minutes of the financial opening distributed?	Not Applicable.
C.43 How is the financial evaluation completed?	Not Applicable.
C.44 Are face to face contract negotiations held?	Not Applicable.
C.45 How long after financial evaluation is negotiation held with the selected firm?	Not Applicable.

Question	Answer/Finding
C.46 What is the usual basis for negotiation?	Not Applicable.
C.47 Are minutes of negotiation taken and signed?	Not Applicable.
C.48 How long after negotiation is the contract signed?	Not Applicable.
C.49 Is there an evaluation system for measuring the outputs of consultants?	Not Applicable.
<b>Payments</b>	
C.50 Are advance payments made?	No advance payment is made.
C.51 What is the standard period for payment included in contracts?	Contracts do not state period for payment. According to PPR [rule 39(22), Schedule-2], payment has to be made within 28 days from the date of issuance of acceptance certificate to the contractor / supplier.
C.52 On average, how long is it between receiving a firm's invoice and making payment?	The Municipality states that payments are made within 10 days.
C.53 When late payment is made, are the beneficiaries paid interest?	No
<b>D. EFFECTIVENESS</b>	
D.1 Is contractual performance systematically monitored and reported?	Yes. As noted earlier the Municipality has had no formal training in contract administration through the procurement training requirements
D.2 Does the Municipality monitor and track its contractual payment obligations?	Yes. As noted earlier the Municipality has had no formal training in contract administration through the procurement training requirements.
D.3 Is a complaints resolution mechanism described in national procurement documents?	Yes. Bidding and Contract documents clearly reflect PPR's specific provisions for complaint resolution mechanisms
D.4 Is there a formal non-judicial mechanism for dealing with complaints?	Yes. This process is described in the SDB and briefly outlined as below During Bidding Process: At the 1st stage, any complaint is to be submitted to the procuring entity who is obliged to address the issue within 5 working days [PPR rule 57(4), Schedule-2]. If not satisfied, the complainant may go to next higher authority gradually up to the highest administrative tier (Secretary of the concerned ministry) with time bound

Question	Answer/Finding
	<p>obligation at every stage [PPR rule 57, Schedule-2]. At the last stage, the complainant may submit the matter to the Review Panel consisting 3 to 5 persons who are eminent experts in the laws, contract implementation and technical aspects of the procurement. This panel is independent of the government control, and has the obligation to decide on the issue within 12 working days [PPR rule 60(2), Schedule-2].</p> <p>During Contract Implementation:</p> <p>According to standard bidding documents for works and goods, there are three options: (i) “Amicable Settlement” between the procuring entity and the contractor or supplier; (ii) “Adjudication” by an independent person mutually agreed and named in the contract agreement; and (iii) “Arbitration” conducted in accordance with the Arbitration Act (Act No 1 of 2001) of Bangladesh which facilitates settlement outside the judicial court.</p>
<p>D.5 Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?</p>	<p>Yes. However, as noted earlier the Municipality has had no formal training in contract administration through the procurement training requirements</p>
<p>E. ACCOUNTABILITY MEASURES</p> <p>E.1. Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?</p>	<p>Yes.</p> <p>PPR stipulates strict compliance with ethical standards called “code of ethics” [PPR rule 127(1)(b), Schedule-XII] by those involved in procurement. Any case of professional misconduct or offence shall be dealt with provisions of PPR [rule 127] and other applicable laws; such as: Anti-corruption Commission Act 2004 of the country</p>
<p>E.2. Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?</p>	<p>Yes. During bid evaluation process, each member of the committee has to declare and sign written individual statement of “no business or other links to any of the competing Tenderers or Applicant” [PPR rule 8(13)(a)]. PPR [rule 55] has specific provision detailing the conflict of interest situations for the tenderers (for works and goods) or applicants (for</p>



Question	Answer/Finding
	services). According to rule 55(7), procuring entity officials, who have an interest, directly or indirectly, with a firm or individual that is Tendering or has Tendered for a Procurement proceedings of that entity shall declare its relationship with that firm or individual and consequently not participate in any proceedings concerned with that specific Procurement at any stage including from when the specifications are written and qualification criteria are established up to the Supply of Goods or performance of the Works are completed and, until all contractual obligations have been fulfilled”.
E.3. Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No.
E.4. Who approves procurement transactions, and do they have procurement experience and qualifications?	The Municipality Engineer Section has responsible for all procurement transactions, which are finally approved by the HOPE (Head of Procurement Entity). The HOPE (Head of Procurement Entity) or the ES (XEN) have had no formal procurement training in the requirements under GOB guidelines.
E.5. Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case may be, and who grants the approval? Bidding document, invitation to pre-qualify or Request for Proposals (RFP) Advertisement of an invitation for bids, pre-qualification or call for EOIs Evaluation reports Notice of award Invitation to consultants to negotiate - Contracts	Formally all of these actions require approvals from the HOPE (Head of Procurement Entity). The XE has answered the question that no approvals are required outside of the procurement unit (ES)  The Municipality has not attended procurement training either in ADB Procurement Procedures for Goods and Works, Government of Bangladesh Public Procurement guidelines.
E.6. Is the same official responsible for: (i) authorizing procurement transactions, procurement invitations, documents, evaluations and contracts; (ii) authorizing	Several officials are responsible for this job.

Question	Answer/Finding
payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	
E.7. Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes.

**Name of Municipality: Naogaon**

Question	Answer/Finding
<p>A. ORGANIZATIONAL AND STAFF CAPACITY</p> <p>A.1. How many years of experience does the head of the procurement department/unit have in a direct procurement role?</p>	<p>The Municipality Engineering Section (ES) undertakes all procurement activities; although, it is not identified as a Procurement Department/Unit. The Engineering Section (ES) is headed by the Executive Engineer (Municipal Engineer) which is assigned by the Local Government Division (LGD) and is chosen from a pool of government engineers.</p> <p>The Municipality Engineering Section (ES) is knowledgeable of the procurement process at low threshold values with small civil works and goods. None of the ES staff has attended procurement training either in ADB Procurement Procedures for Goods and Works, Government of Bangladesh Public Procurement guidelines.</p> <p>Currently, the assigned Executive Engineer, XEN) Mr. Goudas Data has been at the duty station for six (6) years.</p> <p>The Municipality Engineering Section (ES) staff includes two (2) Assistant Engineer (AE) Ms. Arvin Sultana Asst. Engineer (Civil), 8 years' experience Municipality, and Md. Nizamul Hoque Asst. Engineer (Water Sanitation) 13 years as Sub-Assistant Engineer, 1 year as AE, four (4) Sub Assistant Engineer (SAE) Mr. Abdul Moneyed, SAE (Elec.), 10 years' experience, Mr. Jewel, SAE (Mech), 12 years' experience, Mr. Kamrul Islam, SAE (Civil), 1 year experience, Mr. Abu Raihan Mondal, SAE (Civil), 6 months experience, one (1) Surveyor, Ms. Aysha Siddiqa.</p>
<p>A.2. How many staff in the procurement department/unit are:</p> <p>Full Time?</p> <p>Part Time?</p> <p>Seconded?</p>	<p>Total eight (8) full time staff in the Engineering Section: XEN –1, AE – 2, SAE – 4, Surveyor - 1</p> <p>Part Time zero (0)</p> <p>Seconded zero (0)</p>

Question	Answer/Finding
A.3. Does the procurement staff have English language proficiency?	The Municipality Engineering Section (ES) day to day working language is Bengali with English language limited to bidding Documents. All concerned staff (Class 1, 2,3,4) during procurement training to be tested for procurement technical vocabulary
A.4. Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	No, the Municipality will need support from LGED with additional technical expertise during the procurement and implementation cycle. Staff Positions are sufficient for the current level of Municipality procurement. If additional technical expertise are required positions must be filled with appropriate staffs, the number and qualifications of the staffs would be capable of undertaking additional procurement activities. Generally, short term expertise to support will be essential as the ES expands.
A.5. Does the unit have adequate facilities, such as PCs, internet connections, photocopy facilities, printers, etc., to undertake the planned procurement?	Not Adequate. New facilities would be required; because existing PCs and printers are old, although working. Existing facilities within the Municipality: - 3 PCs (3 in Engineering Section – 2 years old) , - 3 Printers - 2 years old - 1 Photocopy machine in poor condition; 1 - Fax machine general use. Additional facilities tentatively required: - 4 PCs (3 in Engineering Section - 2 internet connectivity (GSM modems); - 2 Laptop in Engineering Section; - 2 Laser Printers - 1 Photocopy machine; and - 1 Fax machine.
A.6. Does the Municipality have a procurement training program?	No, the Municipality does not have a training program of its own. The Municipality Engineering Section (ES) are knowledgeable of the procurement process for low threshold values national procurement with civil works and goods. None of the ES staff or support staff has any

Question	Answer/Finding
	<p>training in either ADB Procurement Procedures for Goods and Works, ADB Financial Management Government of Bangladesh Public Procurement guidelines.</p> <p>Staff would attend trainings organized by other agencies /departments, such as: LGED, CPTU etc.</p>
<p>A.7. Does the Municipality have a Procurement Committee that is independent from the head of the Municipality?</p>	<p>Yes, 2 Procurement Committees constituted following the circular by LGD:</p> <p>Tender Opening Committee (TOC): 5 persons: AE-1, SAE-1 &amp; Secretary-1; and Tender Evaluation Committee (TEC): 8 persons: AE-1, SAE-1, Secretary-1, counsellors-2 (including 1 nominated female), Representative of Deputy Commissioner of the district (Upazila Assistant Secondary Education Officer)-1, Representative of DPHE (Upazila SAE)-1 &amp; Representative of LGED (Upazila SAE)-1.</p> <p>Tender Evaluation Committee (TEC) has no experience with ADB Procurement Procedures for Goods and Works. In order to contribute to the building of the Municipality procurement capacity a “Bid Evaluation Handbook” should be developed, based on the ADB “Guide for Bid Evaluation” and should include the Public Procurement Act of 2006 and the Public Procurement Rules of 2008. This specialized training should be provided to each members of the Tender Evaluation Committee (TEC) once a year. Further new members should provide with this handbook.</p>
<p>A.8. Does the Municipality have a procurement department/unit, including a permanent office that performs the function of a Secretariat for the Procurement Unit, and which serves as the main support unit of the Procurement Committee?</p>	<p>Yes.</p> <p>The Engineering Section (ES) functions as procurement department/unit. It has permanent office, staffs and facilities. This support will need to be expanded with the additional workload of the project.</p> <p>Under the procurement laws, this section Mandatorily provides secretarial support to the procurement committees.</p>

Question	Answer/Finding
A.9. If yes, what type of procurement does it undertake?	Only national and local budget civil works and goods contracts for the Municipality (goods, road, bridge, culvert, drains, water supply system, lighting facilities, and sanitation etc.)
A.10. At what level does the department/unit report (to the head of Municipality, deputy etc.)?	To HOPE (Head of Procurement Entity). It must be noted that HOPE (Head of Procurement Entity) lacks training and the background which could lead to irregularities and pose a serious threat to sound and efficient public procurement.
A.11. Do the procurement positions in the Municipality have job descriptions, which outline specific roles, minimum technical requirements and career routes?	No, there is no procurement positions describe in the government guidelines. The Municipality Engineering Section (ES) undertakes all procurement activities. This does not follow international best practice for separation of job functions. A dedicated procurement function is required to ensure that procurements are carried out systematically according to principles of sound and efficient procurement, and in line with the established rules. The positions of Municipality are run by the circulars issued by the Local Government Division (LGD). All staff (Class 1, 2, 3) positions have job descriptions, which outline specific roles, minimum technical requirements and career routes. In order to avoid and question of conflict of interest or worse, the project should setup a procurement unit within each Municipality for the life of project. They would be responsible for all project procurement and transfer of knowledge to Municipality staff.
A.12. Is there a procurement process manual for goods and works?	Yes, the Public Procurement Rules (PPR) 2008 is used as guidelines or manual which supplements and details all the provisions of Public Procurement Act (PPA) 2006. LGD arranged adequate publication of PPA and PPR, and distributed to each Municipality.
A.13. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes, PPR is updated from time to time. It does not cover foreign assisted projects but stipulates that conditions of financing agreement shall prevail for procurement under foreign-assisted projects.
A.14. Is there a procurement process manual for consulting services?	Yes, PPR covers consulting services; however, Municipalities are not required to procure services under the proposed project

Question	Answer/Finding
A.15. If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes, PPR is updated from time to time. It does not cover foreign assisted projects but stipulates that conditions of financing agreement shall prevail for procurement under foreign-assisted projects.
A.16. Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been approved for use on ADB funded projects?	Yes, there are standard procurement documents/forms issued by CPTU. For ADB projects, these documents are modified incorporating ADB's requirements.
A.17. Does the Terms of Reference follow a standard format such as background, tasks, inputs, objectives and outputs?	Yes, the standard documents issued by CPTU follow ADB format; however, Municipalities are not required to procure services under the proposed project.
A.18. Who drafts the procurement specifications?	Municipality Executive Engineer (XEN) and Assistant Engineer (AE) use LGED Rate Schedule and Specifications. It should be noted that neither Engineer has training in the requirements for preparation of specifications under ADB guidelines.
A.19. Who approves the procurement specifications?	Works specifications are drafted by the Executive Engineer, who submits to the HOPE (Head of Procurement Entity) for final approval for national or local budget. It should be noted that neither the HOPE (Head of Procurement Entity) or Executive Engineer had training in the requirements for preparation of goods specifications under ADB or GOB guidelines.
A.20 Who drafts the bidding documents?	Executive Engineer and Assistant Engineer. It should be noted that neither the Engineer had training in the requirements for preparation of bidding documents under ADB or GOB guidelines.
A.21 Who manages the sale of the bidding documents?	The Accounts Section of the Municipality, the documents are sold in multi locations. At the point of sale the purchaser is provided with the official sales receipt and provided with the bidding document.
A.22 Who identifies the need for consulting services requirements?	The Municipality does not generally procure services. If needs are initially Identified the Engineering Section would be responsible. For procurement of services under a project, the relevant experts at the project office should identify the requirements.

Question	Answer/Finding
A.23 Who drafts the terms of reference (ToR)?	Generally, the Municipality does not procure any services. If required, Municipality Engineering Section would prepare the ToR. For procurement of services under a project, the relevant experts at the project office would prepare the ToR.
A.24 Who prepares the request for proposals (RFPs)?	If required, Engineering Section would prepare the RFPs.  For procurement of services under a project, the relevant experts at the project office would prepare the RFPs.
<b>B. INFORMATION MANAGEMENT</b>	
B.1 Is there a referencing system for procurement files?	Yes. The Municipality follows the PPR Part A [Rule 43(4)], Schedule-VIII requirements... As stated in Section A.1 the Municipality has not had any formal procurement training which includes requirements for record management.
B.2 Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions within the Municipality?	Yes The Municipality is aware of requirements for records management functions under the PPR PPR [rule 43(1), Schedule-2] , but during the field visit the consultant was not shown the full record keeping infrastructure.
B.3 For what period are records kept?	Yes. The Municipality is aware of keeping records for 5 years under PPR [rule 43(1), Schedule-2] stipulates minimum time as 5 years. During the field visit the consultant was shown a records which appeared to be within the guidelines.
B.4 Are copies of bids or proposals retained with the evaluation?	Yes. The Municipality is aware of the requirements for records management under under PPR Schedule VIII Part-A: [See Rule 43(4)]. During the field the records appeared to be within the guidelines but did not include PPR Schedule VIII Part-B: [See Rule 43(4) file check list.
B.5 Are copies of the original advertisements retained with the pre-contract papers?	Yes. During the field the records appeared to be within the guidelines but did not include PPR Schedule VIII Part-B: [See Rule 43(4) file check list.
B.6 Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes. During the field the records appeared to be within the guidelines but did not include PPR Schedule VIII Part-B: [See Rule 43(4) file check list.



Question	Answer/Finding
B.7 Are copies of invoices included with the contract papers?	Yes. During the field the records appeared to be within the guidelines but did not include PPR Schedule VIII Part-B: [See Rule 43(4) file check list.
<p>C. PROCUREMENT PRACTICES</p> <p>Goods and Works</p> <p>C.1 Has the Municipality undertaken foreign-assisted procurement of goods or works recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)</p>	No. Any future foreign-assisted project procurement of goods or works, the Municipality staff will need procurement training under donor guidelines, supplemented with procurement training in GOB guidelines
C.2 If the above answer is yes, what were the major challenges?	
C.3 Is there a systematic process to identify procurement requirements (for a period of one year or more)	<p>Yes.</p> <p>A potential list of requirements is prepared in the months of June-July each year based on citizen's demands and twice per year field surveys by the Engineering Section.</p> <p>FY 2013- 2014</p> <p>Total Budget: BDT 249,492,066</p> <p>Engineering: Budget: BDT 142,104,000</p>
C.4 Is there a minimum period for preparation of bids and if yes how long?	<p>Yes.</p> <p>When the decision about a procurement Scheme is final from the local budget; the Engineering Section takes about 7 days to prepare the national standard bidding documents. After the Invitation for Bids (IFB) bids has been published in the newspapers, the minimum preparation time for the bidders according to PPR [rule 61(4), Schedule-2] is as follows: 14 days for estimated value up to BDT 3 million (approx. US\$ 37,500); 21 days for estimated value above BDT 3 million and up to BDT 50 million (approx. US\$ 625,000); and 28 days for estimated value above BDT 50 million.</p> <p>They have no experience with donor funded projects will require from PMO.</p>
C.5 Are all queries from bidders replied to in writing?	Yes. During the field visit the consultant was shown a few records which appeared to be within the guidelines.

Question	Answer/Finding
C.6 Does the bidding document state the date and time of bid opening?	Yes. During the field visit the consultant was shown a few records which appeared to be within the guidelines.
C.7 Is the opening of bids done in public?	Yes. The procedure is detailed in PPR [rule 97]. During the field visit the consultant was shown a few records which appeared to be within the guidelines.
C.8 Can late bids be accepted?	No. Late bids are returned unopened according to PPR [rule 97(6)]. During the field visit the consultant was shown a few records which appeared to be within the guidelines.
C.9 Can bids be rejected at bid opening?	No During the field visit the consultant was shown a few records which appeared to be within the guidelines. Bids cannot be rejected at the time of opening according to PPR [rule 97(6)].
C.10 Are minutes of the bid opening taken?	During the field visit the consultant was shown a few records which appeared to be within the guidelines. Tender Opening Sheet (TOS) is prepared which includes signature of officials and bidders present in the meeting. Apart from opening sheet, minutes are not prepared.
C.11 Who may have a copy of the minutes?	During the field visit the consultant was shown a few records which appeared to be within the guidelines. TOS is distributed to all present at the meetings and concerned offices including the project office.
C.12 Are the minutes free of charge?	The Municipality follows PPR [rule 97(7)], which requires the TOS to be signed by the opening officials and attending bidders, and has to be distributed to all who attended the opening session, and to the head of procuring entity and relevant consultant / project offices. There is no provision of price or cost for distribution of TOS or opening minutes
C.13 Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	It is a permanent committee. TEC (as detailed in A.7 above) undertakes evaluation of bids following the provisions of PPR [rule 98].
C.14 What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	Current TEC consisted of 8 persons, 6 of whom are responsible government officials having experience in public procurement, and 2 are elected or selected public representatives, 4 of them have engineering educational background; either graduation or at least diploma. 3

Question	Answer/Finding
	<p>members come from external agency outside the controlling authority of the Municipality.</p> <p>In order to contribute to the building of the Municipality procurement capacity a “Bid Evaluation Handbook” should be developed, based on the ADB “Guide for Bid Evaluation” and specialized training should be provided to members of the Tender Evaluation Committee (TEC) once a year. Further new members should provide with this handbook.</p>
<p>C.15 Is the decision of the evaluators final or is the evaluation subject to additional approvals?</p>	<p>Recommendation of TEC is subject to concurrence of the HOPE (Head of Procurement Entity) for national tendering. The HOPE (Head of Procurement Entity) has not attended procurement training either in ADB Procurement Procedures for Goods and Works or Government of Bangladesh Public Procurement guidelines.</p>
<p>C.16 Using at least three real examples, how long does it normally take from the issuance of the invitation for bids up to contact effectiveness?</p>	<p>The Municipality usually takes 60 days for national open tendering required from the issuance of the invitation for bids up to contact signing /effectiveness for estimated cost of contract more than BDT 3 million (approx. US\$ 37,500) for which bid preparation time is minimum 21 days.</p> <p>PPR allows maximum 14 days for bid evaluation process, maximum 7 days for Approval at the level of HOPE (Head of Procurement Entity), 28 days from issuance of Notification of Award and Contract signing [rule 8(14), schedule -3, Part-A &amp; rule 102(11), Schedule-2].</p> <p>The Municipality has no experience with donor funded projects.</p>
<p>C.17 Are there processes in place for the collection and clearance of cargo through ports of entry?</p>	<p>Not Applicable.</p> <p>Municipality has not yet done any procurement from abroad. However processes will be established if required under the project.</p>
<p>C.18 Are there established goods receiving procedures?</p>	<p>Yes. Generally, the user unit /official(s) and the store-in-charge receive the goods examining for the proper quality and quantity.</p>

Question	Answer/Finding
C.19 Are all goods that are received recorded as assets or inventory in a register?	Yes. Store-in-charge is responsible for recording the items in the stock / inventory register.
C.20 Is the Municipality/ procurement department familiar with letters of credit?	No, Municipality has never used letters of credit.
C.21 Does the procurement department register and track warranty and latent defects liability periods?	Yes, warranty and latent defects liability periods are recorded in the concerned contract file, which is kept open until the specified period is over, and all pending issues are resolved.
<b>Consulting Services</b>	
C.22 Has the Municipality undertaken foreign-assisted procurement of consulting services recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	No, The Municipality has not yet done any procurement of consulting services
C.23 If the above answer is yes, what were the major challenges?	Not Applicable.
C.24 Are assignments and requests for expressions of interest (EOIs) advertised?	Not Applicable.
C.25 Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	Not Applicable.
C.26 What criteria is used to evaluate EOIs?	Not Applicable.
C.27 Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	Not Applicable.
C.28 Do firms have to pay for the Request for Proposals (RFP) document?	Not Applicable.
C.29 Does the proposal evaluation criteria follow a pre-determined structure and is it detailed in the Request for Proposals (RFP)?	Not Applicable.
C.30 Are pre-proposal visits and meetings arranged?	Not Applicable.
C.31 Are minutes prepared and circulated after pre-proposal meetings?	Not Applicable.
C.32 To whom are the minutes distributed?	Not Applicable.

Question	Answer/Finding
C.33 Are all queries from consultants answered/addressed in writing?	Not Applicable.
C.34 Are the technical and financial proposals required to be in separate envelopes?	Not Applicable.
C.35 Are proposal securities required?	Not Applicable.
C.36 Are technical proposals opened in public?	Not Applicable.
C.37 Are minutes of the technical opening distributed?	Not Applicable.
C.38 Do the financial proposals remain sealed until technical evaluation is completed?	Not Applicable.
C.39 Who determines the final technical ranking and how?	Not Applicable.
C.40 Are the technical scores sent to all firms?	Not Applicable.
C.41 Are the financial proposal opened in public?	Not Applicable.
C.42 Are minutes of the financial opening distributed?	Not Applicable.
C.43 How is the financial evaluation completed?	Not Applicable.
C.44 Are face to face contract negotiations held?	Not Applicable.
C.45 How long after financial evaluation is negotiation held with the selected firm?	Not Applicable.
C.46 What is the usual basis for negotiation?	Not Applicable.
C.47 Are minutes of negotiation taken and signed?	Not Applicable.
C.48 How long after negotiation is the contract signed?	Not Applicable.
C.49 Is there an evaluation system for measuring the outputs of consultants?	Not Applicable.
<b>Payments</b>	
C.50 Are advance payments made?	No advance payment is made.

Question	Answer/Finding
C.51 What is the standard period for payment included in contracts?	During the field visit the consultant was shown a few records which appeared to be within the guidelines. This period is included in the standard contract conditions. According to PPR [rule 39(22), Schedule-2], payment has to be made within 28 days from the date of issuance of acceptance certificate to the contractor / supplier.
C.52 On average, how long is it between receiving a firm's invoice and making payment?	The Municipality states they usually make payment within 15 - 30 days.
C.53 When late payment is made, are the beneficiaries paid interest?	The Municipality usually makes payments promptly when funds are available. Standard contract conditions include the provision of interest for delayed payment. However, no case of interest claim for payment delay has yet been reported.
<b>D. EFFECTIVENESS</b>	
D.1 Is contractual performance systematically monitored and reported?	Yes. The Engineering Section makes field visits and checks, quality control tests etc. During the field visit the consultant was shown a few records which appeared to be within the guidelines. As noted earlier the Municipality has had no formal training in contract administration through the procurement training requirements
D.2 Does the Municipality monitor and track its contractual payment obligations?	Yes. Accounts section monitors the payment obligations through tracking the contract-wise lists. During the field visit the consultant was shown a few records which appeared to be within the guidelines.
D.3 Is a complaints resolution mechanism described in national procurement documents?	Yes. Bidding and Contract documents clearly reflect PPR's specific provisions for complaint resolution mechanisms
D.4 Is there a formal non-judicial mechanism for dealing with complaints?	Yes. This process is described in the SDB and briefly outlined as below During Bidding Process: At the 1st stage, any complaint is to be submitted to the procuring entity who is obliged to address the issue within 5 working days [PPR rule 57(4), Schedule-2]. If not satisfied, the complainant may go to next higher

Question	Answer/Finding
	<p>authority gradually up to the highest administrative tier (Secretary of the concerned ministry) with time bound obligation at every stage [PPR rule 57, Schedule-2]. At the last stage, the complainant may submit the matter to the Review Panel consisting 3 to 5 persons who are eminent experts in the laws, contract implementation and technical aspects of the procurement. This panel is independent of the government control, and has the obligation to decide on the issue within 12 working days [PPR rule 60(2), Schedule-2].</p> <p>During Contract Implementation:</p> <p>According to standard bidding documents for works and goods, there are three options: (i) “Amicable Settlement” between the procuring entity and the contractor or supplier; (ii) “Adjudication” by an independent person mutually agreed and named in the contract agreement; and (iii) “Arbitration” conducted in accordance with the Arbitration Act (Act No 1 of 2001) of Bangladesh which facilitates settlement outside the judicial court.</p>
<p>D.5 Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?</p>	<p>Yes. During the field visit the consultant was shown a few records which appeared to be within the guidelines.</p>
<p>E. ACCOUNTABILITY MEASURES</p> <p>E.1. Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?</p>	<p>Yes.</p> <p>PPR stipulates strict compliance with ethical standards called “code of ethics” [PPR rule 127(1) (b), Schedule-XII] by those involved in procurement. Any case of professional misconduct or offence shall be dealt with provisions of PPR [rule 127] and other applicable laws; such as: Anti-corruption Commission Act 2004 of the country</p>
<p>E.2. Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?</p>	<p>Yes. During bid evaluation process, each member of the committee has to declare and sign written individual statement of “no business or other links to any of the competing Tenderers or Applicant” [PPR rule 8(13) (a)]. PPR [rule 55] has specific provision detailing the conflict of interest situations for the tenderers (for works and</p>

Question	Answer/Finding
	goods) or applicants (for services). According to rule 55(7), procuring entity officials, who have an interest, directly or indirectly, with a firm or individual that is Tendering or has Tendered for a Procurement proceedings of that entity shall declare its relationship with that firm or individual and consequently not participate in any proceedings concerned with that specific Procurement at any stage including from when the specifications are written and qualification criteria are established up to the Supply of Goods or performance of the Works are completed and, until all contractual obligations have been fulfilled”.
E.3. Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No.
E.4. Who approves procurement transactions, and do they have procurement experience and qualifications?	The Municipality Engineer Section has responsible for all procurement transactions, which are finally approved by the HOPE (Head of Procurement Entity). The HOPE (Head of Procurement Entity) or the ES (XEN) have had no formal procurement training in the requirements under GOB guidelines.
E.5. Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case may be, and who grants the approval? Bidding document, invitation to pre-qualify or Request for Proposals (RFP) Advertisement of an invitation for bids, pre-qualification or call for EOIs Evaluation reports Notice of award Invitation to consultants to negotiate - Contracts	Formally all of these actions require approvals from the HOPE (Head of Procurement Entity). The HOPE (Head of Procurement Entity) has not attended procurement training either in ADB Procurement Procedures for Goods and Works, Government of Bangladesh Public Procurement guidelines.
E.6. Is the same official responsible for: (i) authorizing procurement transactions, procurement invitations, documents, evaluations and contracts; (ii) authorizing	No, the same person is not responsible for all the stated actions. HOPE (Head of Procurement Entity) is responsible for items (i) and (ii); and XEN is responsible for items (iii) and (iv)



Question	Answer/Finding
payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	
E.7. Is there a written auditable trail of procurement decisions attributable to individuals and committees?	<p>Yes.</p> <p>All procurement decisions including communication /exchange of views /comments between relevant / responsible persons are recorded in the concerned file.</p> <p>During the field visit the consultant was shown a few records which appeared to be within the guidelines.</p>