

# Sustainable Procurement Practices in Bangladesh: BRAC a Case Study

By

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18182027

A thesis submitted to the Department of BRAC Institute of Governance and Development in partial fulfillment of the requirements for the degree of  
Masters in Procurement & Supply Management

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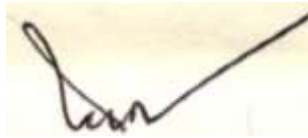
BRAC Institute of Governance and Development  
BRAC University  
February 2020

## **Declaration**

It is hereby declared that

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

**Student's Full Name & Signature:**

A handwritten signature in black ink on a light-colored background. The signature is cursive and appears to read 'Abu Jafar Al Mamun'.

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## Approval


The thesis/project titled “Sustainable Procurement Practices in Bangladesh: BRAC a Case Study” submitted by

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of Spring, 2020 has been accepted as satisfactory in partial fulfillment of the requirement for the degree of Masters in Procurement & Supply Management on February 2020

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## **Ethics Statement**

- ✚ I Abu Jafar Al Mamun took compliance in participating in this research study.
- ✚ I understand that participation involves providing an insight on the “sustainable procurement practices in Bangladesh: BRAC a case study”
- ✚ I have maintained highest level of integrity and transparency through the journey.
- ✚ I understand that there is no direct benefit to be had in my participating in this research.
- ✚ I understand that I will ensure confidentially regarding the information provided in this report in order to adhere to the regulations of research.
- ✚ I concur that the reliability and relevance of the report has been done as meticulously as possible with thorough research with proper management of the time and resources that was available to me.
- ✚ I agree that I have the right to access information I have received at any time while it is processed as defined above under the freedom of information law.
- ✚ I understand that I can contact any of the researchers without any reimbursements for further information and clarification.

## **Abstract**

In the modern era and age of globalization sustainable procurement plays an important role. Sustainable procurement minimize the waste, optimizes the usage of natural resources, considers carbon emissions, energy and water consumption, protects biodiversity, develop suppliers, maintain sustainable economic growth, and giving benefits to the community & society. Global warming is a big threat for the human being. Hence human can change it alternatively through saving natural resources, consuming low and keeping for future generation. At the begging of the research, it was analyzed the current scope of the sustainable procurement in particular how the sustainable procurement practices are likely linked with BRAC procurement department and identify the category of items which BRAC may look at. In chapter one the methodology was identified. In the second chapter, researcher identified some of the scopes like green procurement concept, whole life costing; total cost of ownership (TCO) and eco-friendly procurement are the prime concern in initial steps to adapt. Researcher identified some of the major categories of the items and areas of adaptation. In chapter three, data were analyzed that found that people are not much concern about the sustainable procurement. A well-established sustainable procurement policy is required to implement. Organization may formulate the same or may hire consultant for the guideline. The technical criteria related to sustainable procurement should be included in the tendering system. Every procurement professionals need to be well known about the implementation and evaluation process to keep the policy live. Organization's top management commitment and instruction is necessary to adapt those phase by phase. Finally, there is a huge scope to further study about the sustainability issue. Advanced research needs to be conducted in order to get a deeper insight into the sustainability issue in relation to BRAC's procurement as well as other national and international NGO's.

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First of all, I pay my gratitude to the Almighty Allah for enabling me to complete this thesis report within due course of time. I feel great satisfaction in expressing my cordial appreciation and heartiest gratitude to BRAC Institute of Governance & Development (BIGD) for their excellent guidance and great help during the thesis period.

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## **List of Acronyms**

BPD- BRAC Procurement Department

MF- Microfinance

BEP- BRAC Education Programme

HNPP-Health Nutrition Population Programme

SDP- Skills Development Programme

CCP- Climate Change Programme

HCMP-Humanitarian Crisis Management Programme

VFM- Value for money

NGO- Non Government Organization

WLC- Whole Life Costing

FMCG- Fast-Moving Consumer Goods

SP- Sustainable Procurement

UNEP-United Nations Environment Programme

UNOPS- United Nations Office for Project Services

UNICEF - United Nations International Children's Emergency Fund

ILO- International Labour Organisation

SDG- Sustainable Development Goals

TCO- Total Cost of Ownership

SME - Small and Medium Enterprises

KPI- Key Performance Indicator

OTIF- On Time in Full

FWA- Framework Agreement

GHG- Green House Gas

EFTN - Electronic Fund Transfer Network

SBU- Strategic Business Unit

PDCA- Plan-Do-Check-Act

ERP- Enterprise Resource Planning

SAP- Systems Applications and Products

SRM- Supplier Relationship Management

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

BRAC Procurement Department (BPD) is called central procurement of BRAC. BPD ensures procurement of goods & services as per BRAC Procurement Guidelines & Implementation Procedures. BRAC Procurement may focus into sustainable procurement concept to meet the organizational goals and benefits.

This kind of sustainable procurement issues already been addresses through different research by the different individuals such as (Sustainable procurement in the public sector: an international comparative study (Stephen Brammer, March 2011); (Sustainable Procurement: Past, Present and Future (Helen Walker, Joe Miemczyk, Thomas Johnsen, Robert Spencer, December 2012)

Sustainable procurement is a process which integrates value adding parameters and considerations throughout the procurement life cycle in order to achieve optimal Value for Money (VFM) in delivering organizational objectives.

Sustainable procurement is well defined smart procurement, as it considers three-dimensional life cycle approach whereas typical procurement only looks into short terms economic benefit. Three-dimensional is known as 3P or triple bottom line approach (economic, environmental and social) does not mean it takes three times longer, nor is the outcome necessarily more expensive. Sustainable procurement is strategic procurement and it requires top down approach from management.

In this context, researcher will try to concentrate on some sustainable issues which BRAC can adapt which has been reflected in the Chapter two and three.

## **1.2 Significance of the study**

Sustainable procurement is a high priority subject now a days.. It can be achieved through competitive technical analysis, alternative sourcing, and ultimately ensuring best value for money. Triple E's; Economy, Effectiveness, Efficiency together can ensure sustainability in procurement functions.

Therefore this research may provide a way out in detail how the sustainable issues are playing vital role in recent days and BRAC can implement the same.

BRAC is internationally recognized and declared 4th time in a row as world largest NGO can act as a role model for a distributed large third sector organization. All big NGO's like BRAC may have a sustainable and effective procurement system for its operation. BRAC can be one of the models who can procure it goods & services under sustainable procurement policy framework and this can be one of the landmarks indeed.

## **1.3 Problem Statement**

BRAC Procurement Department is procuring goods & services for our internal programme, department & enterprises. There may have lack awareness about sustainable procurement & its adaptation. Every stakeholder thinks only acquisitions cost where procurement department are adding some other values in addition to that initial cost which involve costs. Researcher would like to draw a roadmap where internal stakeholders can realize the significance of sustainable procurement & its long terms benefits.

## **1.4 Research Question**

- i. What are current scopes where BRAC Procurement can address sustainable procurement issues?

Procurement department's scopes are preparing annual procurement plan, vendor sourcing, conducting procurement cycle, contract management, contract performance review, vendor development. We can find out the scopes from the above where we can address sustainability issues,

- ii. What are the key procurement categories and areas that BRAC Procurement can focus immediately as a part of sustainable procurement?

BRAC Procures capital equipment, machinery spares, raw materials, packaging materials, stationary. BRAC provide support for 07 core programme e.g. MF, BEP, HNPP, SDP, CCP, HCMP and 13 enterprises. In total approximate 171 projects are receiving procurement supports from BRAC Central Procurement Department. We may identify are categories of item or nature of the items where we can apply the content of sustainable procurement in phase by phase.

## **1.5 Objectives of the research**

The main objective is to identify the areas of improvement as a whole. The adaptation of sustainable procurement is not an easy task. Because it may results some financial impact initially. If we can calculate the long term benefit out of each identical

Procurement department is integrating the value addition activities to achieve value for money (VFM) through ensuring transparency, accountability in delivering sustainable value to the organization.”

## **1.6 Scope & Limitations**

This study is basically focused on development organization's procurement and other enterprises. In this thesis, we may provide comprehensive insight into the state of sustainable procurement practice in the said industry and its adaptation Bangladesh. Some of the organizations may use some of the sustainable criteria and still there is some scope which

organization may look into. Bangladesh government is also trying to adapt some of the criteria especially WLC (Whole life costing) and disposal policy.

The thesis study is primarily limited to development organization or enterprises in Bangladesh or Bangladeshi NGOs operating abroad e.g. BRAC and BRAC International, other NGO's or other private limited companies to support the study. In this thesis we are focusing only BRAC Procurement and the way of adaptation of sustainable procurement issues.

## **1.7 Methodology**

The purpose of this study is to identify the sustainable procurement issues that organization like BRAC may adapt or other private and public organization may look at. The major areas are

- methodology of this study
- sample selection
- procedure used in designing the instrument and collecting the data
- explanation of the statistical procedures used to analyze the data

As this is new concept for BRAC, hence a comprehensive questioner survey may require completing a successful survey by which we can have an idea for going forward and accordingly a guideline may be introduced for future reference. This thesis project will depend upon the following research methods for garnering results:

First level questioner (Quantitative)

Data collection methods will be done through a set of questioner regarding sustainable issues. This will be quantitative measurement through. The outcome will be some quantitative data. The media is

The participants will be –

- Internal stakeholders of BRAC (development program & social enterprises)



- Engineering team of BRAC & BRAC Dairy
- Procurement official of other international or national organizations.
- Any other designated official from other company.

The questionnaire will be based on technical, financial, environmental & social sustainable aspects.

First level questioner (Qualitative)

A set of questions will be asked to the management level staff of BRAC to understand their views. Researcher will collect the data for further analysis and way of improvement.

The media are-

- I. Questionnaire
- II. Physical Interview
- III. Telephone Interview

The output will be some comment, opinion or thought. We need to analyze those.

The participants will be

- Head, Director or senior management or different programmes / social enterprises of BRAC.
- Management of other organizations.

Out of these some template, specifications, terms or criteria may be suggested for future improvement. BRAC Procurement Department may adapt such sustainable issues for not only organizational sustainability but also society, country as a whole. As a development organization BRAC may take the lead for making it successful.

## **1.8 Sample selection and Determination of sizes**

It was discussed earlier the sample selection. There will be mix of sample selection. The data will be collected from the mix industries like NGO, FMCG, engineering firm or other private organization. Determination of size is minimum 50.

The samples pool was well organized. So researcher has floated the questionnaire. There was pre-test before floating to the publicly. A small number of people checked the questions initially and they have given some correction. After correction and adapting the changes, finally it was floated to all for their opinion.

## **1.9 Data Collection**

The questionnaire was floated through Google form. Researcher has sent the link to huge number of connected people from NGO, government employee and private industry. Few number of BRAC procurement employee participated in the survey. Some of the data we have collected through one to one interview.

## **1.10 Summary**

The introductory chapter briefly explained the purpose of the study, background and significance of the research. Briefly explained the sample size, sample selection, described the procedure how the data will be collected Online Google form with a set of questionnaire method was used for carrying out the survey. through tools. A sample of 44 highly qualified public, private and third sector procurement professionals were selected from a population of 50 such professionals who responded to the questionnaire. A total of 25 questions were set for the survey. Expected outcome first five questions: Basic idea of that organization how well they are currently doing. Expected outcome of questions 6, 7 & 8: The current situation of sustainable procurement policy status & commitment to the organization. Expected outcome of question 9 & 10: Maintaining

government compliances are the tools for sustainability as a whole. As a procurement entity we must develop sustainability eligibility criteria before floating tender. These are directly linked with green procurement concept. Expected outcomes from Q 11, 12 & 13: How vendors are being developed and are they aligned with sustainable procurement concepts? While issuing tender procurement entity must sources the potential vendors who are maintaining sustainability procurement policies. Long term partnership concept is also one of the parameter of sustainability both for procuring organization & supplier. Expected outcomes from Q 14, 15,16 ,17: We will come to know how the organizations are adapting technological advancement. This will directly reduce paper consumption. Vendors are also advancing to technology. This will ensure eco friendly procurement concept. This will reduce cycle time & will increase transparency & visibility to all. Expected outcomes from Q 18,19, 20, 21: These questions are directly linked to sustainable procurement. This will ensure best Value for Money (VFM), Green Procurement concept. This will ensure how procurement entity is ensuring social & environmental sustainability. Expected outcomes Q 22, 23: The outcome will be organizational sustainability as a whole global sustainability. Organization may re sue the same by doing some renovation in that case cost of using will be less. Also before buying virgin materials product organization may give emphasis of using recycle materials. Expected outcomes Q 24, 25,: This will determine the organization may look into some specific areas of sustainability. At the same time organization needs to audit vendor compliances that will result development. Finally that will ensure sustainable procurement.

The detailed analysis and findings are given in the separate chapter. However there was some limitation for the study, we have tried to adapt all possible ways.

## CHAPTER II

### LITERATURE REVIEW

#### 2.1 Sustainable procurement (SP)

In the today's world, it is one of the major concerns in global perspective. Every organization's are focusing in sustainability. One of the way is sustainable procurement by which organization can ensure value to the society at the same time gaining economic benefit through long term impact.

UN defines SP as "It integrates requirements, specifications and criteria that are compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs." (*UNEP, United Nations Office for Project Services (UNOPS), International Labour Organisation (ILO), and the ILO's International Training Center (ITC ILO). 2011*)

In another way, SP shall be defined as the method where environmental and social parameter should be considered with equal to the price, availability and performance criteria that organization may use while taking purchasing decisions.

#### 2.2 Concept and significance of sustainable procurement

Sustainable Procurement is a process of acquiring goods, works and services from a supplier that provides the optimum value of goods/services and benefits to meet the customer's requirements as well as meeting organizational goal. (*SUSTAINABLE PROCUREMENT: Concept, and Practical Implications for the Procurement Process; Matthew Kalubanga 2012*)

SP looks beyond the initial acquisition cost purchase price and short-term costs rather it considers long-term value for the organization concerned and overall, for the society, in all acquisition projects, products and services. These are initial design, operation, maintenance, opportunity cost, suppliers' performances criteria, disposal etc

### **2.3 Why sustainable procurement (SP) is important**

In both private and public sectors, there is demand and increasing pressure from customers, clients, government and the public to put sustainable procurement into practice. Bangladesh Government is also a part of maintaining Sustainable Development Goal. Out of 17 SDG's number 12 is the responsible consumption and production.

The way we are purchasing it may not be sustainable way in terms of environment, social even economical. We may not ensuring health & safety issue which is relating to long term benefit both for employee and organizations. Organizations must practice sustainable procurement meet their needs for goods, services, utilities and works not on a private cost-benefit analysis, but with a view to maximizing net benefits for themselves and the wider world.

### **2.4 Reducing carbon foot print**

BRAC Centre is 21 storied building and near about 1000 employee are doing offices. BRAC has central HVAC system, Central WI-FI system. At least 20 highly configured photocopier machine. Huge numbers of printer. In addition CCTV, split type Air Conditions, Substation are used.

All the items are operating as silo basis which generates heat and consume electrical power. Human interventions are also responsible to some extent for such consumption. For example unnecessary printing, turning on lights, AC's and other electrical power.

## 2.5 Green Procurement

Green Procurement is also the same concept as like sustainable procurement that minimizes negative environmental and social effects through the use of environmentally friendly products. Green Procurement attempts to identify and reduce environmental negative impact and to maximize efficiency in terms of resources both.

It is also known in different name as "environmentally preferred purchasing (EPP)", affirmative procurement, eco-procurement, and environmentally responsible purchasing and so on..

### 2.5.1 Green procurement concept

There are different types of concepts are available not only the items to be procured but also other parameter which will determines that, the procurement is green procurement.

- .Green products procured: In this category we may identify the different types of item in different phases.

For example phase 1: Switch socket, multi plug, printer, photocopier machine, micro oven etc.

Phase 2: Air Conditioner, home appliances, solar based equipment, refrigerator, laptop etc.

The main target is to find out the low power consumed product.

- Procurement standardization
- Compliance index
- Reduction of procurement costs

We may consider the above parameter in the procurement

## 2.6 Whole Life Costing (WLC)

The terms whole life costing (WLC) technique is now a days widely practiced in any industries to understand the full cycle cost throughout its supply chain. WLC approach gives way out of decision-making that takes account of the initial acquisition cost, operation cost, maintenance

cost, refurbishment requirements any other associated cost and finally disposal cost. The detailed analysis revealed that the most significant benefit to WLC is to optimize total cost of ownership (TCO). [International Journal of Architecture, Engineering and Construction Vol 2, No 1, March 2013]

### 2. 6.1 Insightful Whole Life Costing

A technique which enables comparative cost assessments to be made over a certain period of time, with all relevant economic factors both in terms of initial capital costs and future operational cost and other which are directly linked with the same project costs.

### 2.6 .2 Elements of Whole Life Costing

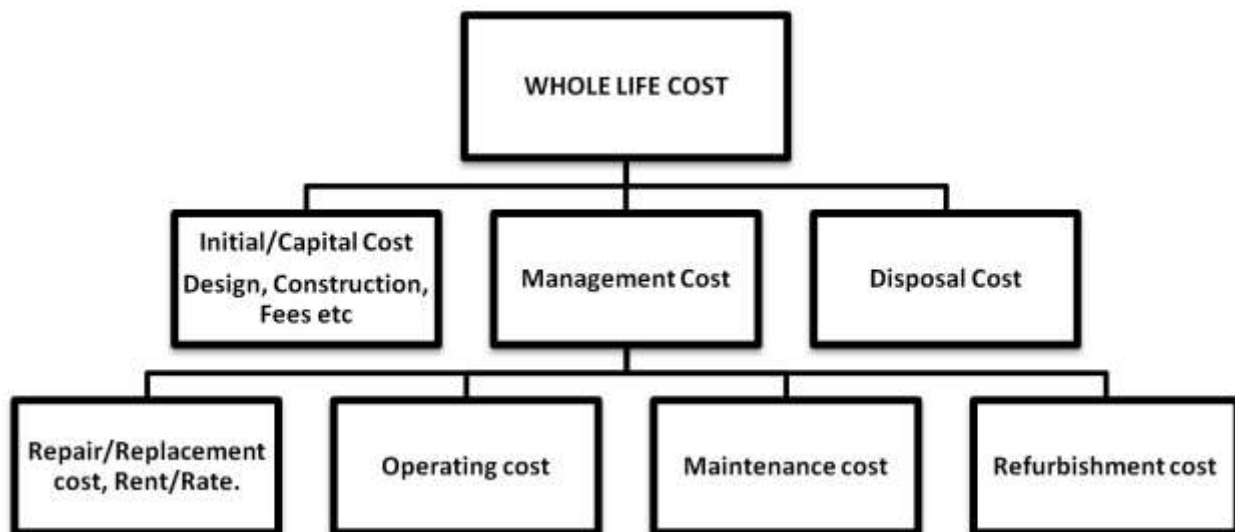


Figure: Elements of whole life costing (Adopted from Clift and Butler 1995)

### **2. 6.3 Benefit of Whole Life Costing**

That gives huge benefit to the organization. A total holistic view organization can see at the beginning of the project. What organization may receive organization may see at a glance.

Whole life costing is not new at all but it is becoming much more important as long-term benefit calculation owner. Organization can assess the financial risks of taking on long term responsibility for operation and maintenance. *[FIS Information Knowledge Hub]*.

### **2. 6.4 Challenges to the Application of Whole Life Costing**

Best value for money – the concept is defined by the UN as the “optimization of whole-life costs and quality needed to meet the user’s requirements, while taking into consideration potential risk factors and resources available”. Accordingly, economy and effectiveness can be delivered by ensuring that quality factors extend to social as well as environmental performance, where reduced energy consumption results in greater efficiencies and long-term costs savings.

## **2.7 Energy star rated product**

This is one of the standards internationally recognized. It defines the products or items are consumed low electrical power. Organizations are concerned about electricity and how the consumption may reduce. It is one of the ways.

Example: Scanner, photocopier, printer. LED light,

## **2.8 Eco-Labeling standards**

Internationally there are many different eco-labeling arrangements which are covering a different range of environmental criteria such as pollution or energy consumption during production etc.

These are broadly defined as three environmental labels:

 Type I

 Type II



✚ Type III



Figure: Some eco label sign of different organization Source: internet

Type I – Ecolabel. It is independent and reliable labels that consider the life-cycle impact of products and services are called “ecolabels”, even if this term is commonly used in a broad and not always correct way.

The criteria usually developed through the involvement of a large number of internal and external stakeholders. Ecolabels take into account all adverse environmental impacts of a product throughout its life cycle, for example energy and water consumption, emissions, disposal, etc.

Type II – Self-declared environmental (ISO 14021:1999) claims; the labels belongs to this group do not share some of the usual characteristics of environmental labels, the main difference being that they are not awarded by any other authority. These labels are developed

internally by companies themselves, and they can take the form of a declaration, a logo, a commercial, etc.



Establishment of eco standard organization Image: Source internet

Type III – Environmental impact labels (ISO 14025:2006) Type III labels consist in qualified product information based on life cycle impacts. Environmental parameters are fixed by a qualified third party, then companies compile environmental information into the reporting format and these data are independently verified. The environmental impacts are articulated in a way that makes it very easy to compare different products and sets of parameters.

This type of eco labels do not assess or weight the environmental performance of the products they describe. This type of environmental labels only shows the objective data, and their evaluation is left to the buyer. These labels are found in nine countries globally and it needs comprehensive life-cycle data sheets called “environmental product declarations”

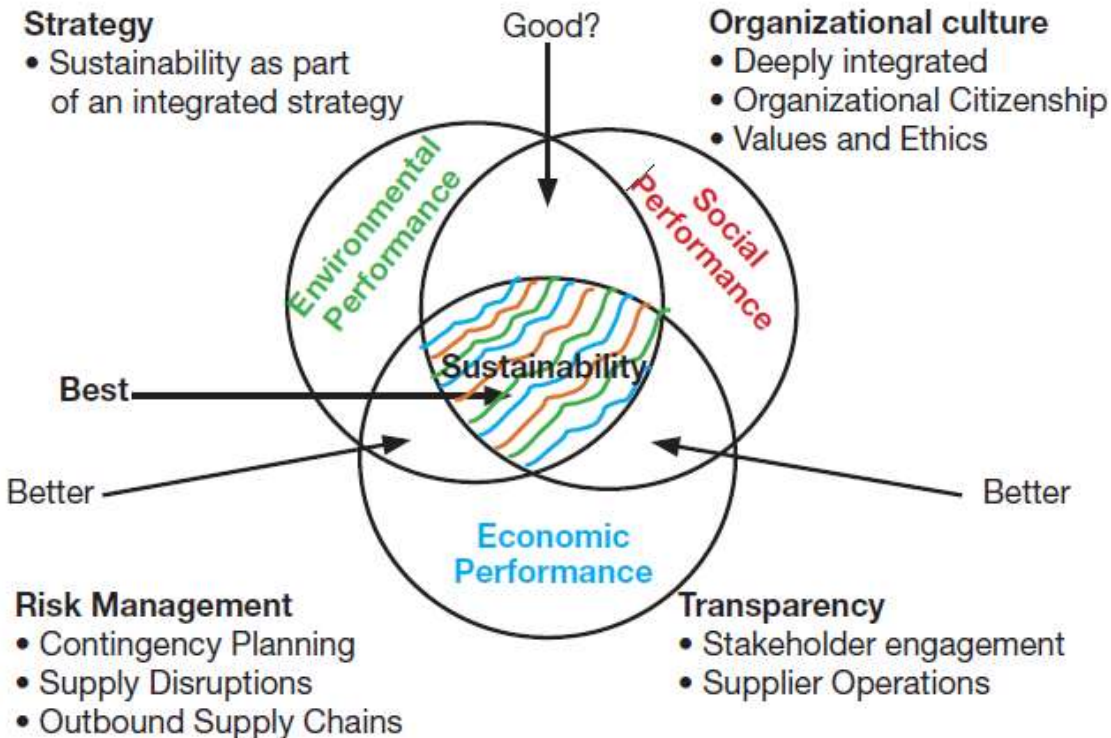


Fig Trademark of eco product source Internet

## 2.9 Triple bottom line approach

Sustainable Procurement (SP) should consider the environmental, social and Economical issues during the life cycle. it can be started from design; usage of non-renewable material use; the way of manufacturing and production methods; logistics; service delivery considering low carbon foot print; operation; maintenance; recycling options; disposal; and suppliers' capabilities to address these consequences throughout the supply chain.

**Figure 1. Sustainable supply chain management according to Carter and Rogers**



Source: SUSTAINABILITY OF SUPPLY CHAINS AND SUSTAINABLE PUBLIC  
PROCUREMENT A PRE STUDY, June 30th 2014

Sustainable procurement focuses on three pillars of sustainability: social, economic, and environmental considerations and goes beyond what is referred to as “green public procurement”

[UNICEF Implements Sustainable Procurement, UNICEF Supply Division September 2018]

#### Sustainable Procurement Pillars

##### **Social growth**

- ❖ Education for all
- ❖ Human and labour rights;
- ❖ Poverty and inequality reduction;
- ❖ Safety and Security;

- ❖ Social inclusion;
- ❖ Promotion of small and medium enterprises (SMEs)

#### **Economic concern**

- ❖ Best VFM (price, quality and economic);
- ❖ Life-cycle costing;
- ❖ Total cost of ownership;
- ❖ Economic development;
- ❖ Creation of Employment;
- ❖ Good governance

#### **Environmental characteristic**

- ❖ Protection of natural resources, ecosystems, and biodiversity;
- ❖ Reduction of carbon footprint;
- ❖ Reduction of greenhouse gas emissions;
- ❖ Waste management

## **2.10 Category procurement**

In today's competitive market, every second counts and organization is trying to save money from every transaction. The time between placing of purchase order and receiving the goods. It usually includes purchase order processing time, in transit time, receiving, inspection, and any inventory processing and finally distribution time.

Category management in procurement involves strategic decision, assessment and placing the items in specific quadrant, monitoring of procurement and supplier performance in specific supplier categories. [<http://opepiimraipur.blogspot.com/2011/09/significance-of-procurement-category.html>]

## 2. 10.1 Kraljic Matrix

Kraljic matrix is the best tool for item categorization. Categorization of item provide the procurement professional the easy way to take strategic decision,

Categorize each supplier based on the needs and item nature; in other words, the suppliers supplying similar or substitutable or same standard items are placed in one category. Some examples are given below.

Procurement is undoubtedly one of the most productive areas to look into for cost optimization, and category management gives a well-defined and proven technique to go about it. Depending on the spend analysis the decision can be take for each quadrant.



Source: internet

### Example of the item categorization

SI	Non Critical	Leverage	Bottleneck	Strategic
1	Stationary	Raw Materials	Consultant	Lift
2	Toner	Packaging materials	Spare parts	Capital Machine
3	Mouse	Video Documentary		Sub Station
4	Visiting card	Bill Board		Generator
5	Battery	Laptop		Boiler
6	Camera	Desktop		
7	Mobile phone	Tab		
8	small gift item	Gift item large number		
9	Refrigerator	Construction Materials		
10	LED TV	Tiles		
11	water filter	Rod		
		Cement		
		Sand		

## 2.11 Supplier code of conduct

Supplier plays a vital role with the procurement function. They are treated as partner of the organization. Every organization has their own code of conduction for their supplier. Fairness, integrity and transparency are the most important parameter which every supplier must abide by Suppliers have to be aware of, and support government compliances like Trade License, BIN, and Income Tax clearance. We hope all of our supplier will assist government in the understanding and reduction of supply chain impacts on our environment, and risks related to the

uninterrupted of raw material supply. We also expect suppliers to be open and transparent, accountable in any environmental impacts [*Supplier Code of Conduct v2 Delivering better public services together February 2019*]

There are so many confidential documents we share with supplier .Some internal design, critical documentation which supplier must keep confidential. As sustainable procurement concept supplier must look into four basic principal which includes Human Rights, Labour Standards, Environment and Anti-Corruption [*UN Procurement practices*]

## **2.12 KPI for supplier**

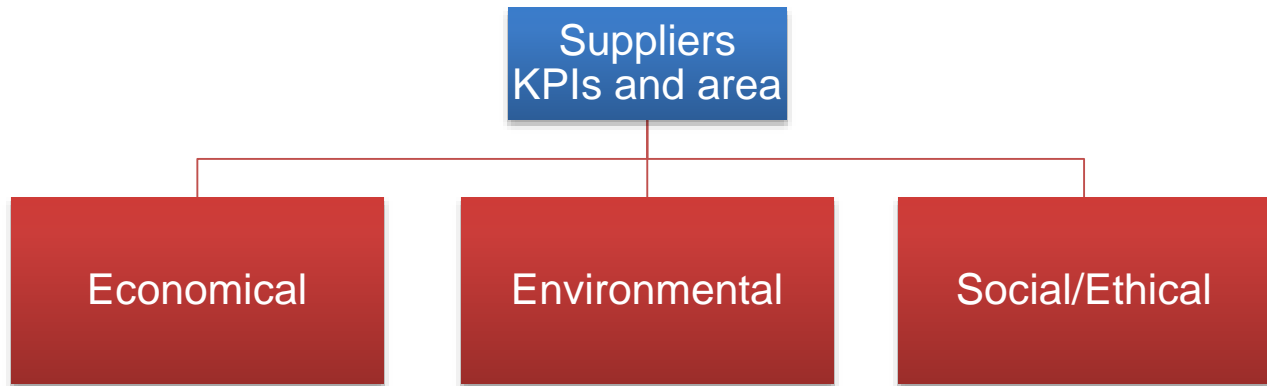
Key performance indicators (KPIs) are the measurement tools which is agreed by supplier, on the basis of that end of the year buyer will measure the performance of their each activity.

Supplier in time performance is very much important for procuring entity because all are interlinked with one another. Supplier's good performances will escalate buyers performance and vice versa. Hence a well set KPI is required to keep suppliers on track for better monitoring & evaluation.

KPIs should be such that they are relevant, clear and unambiguous and capable of direct, consistent measurement at operational level which will be agreed by the suppliers. Below shows some of the representative KPIs for sustainable procurement



## 2.12.1 KPIs for Sustainable Procurement



The details are given below

Scope	Suppliers KPIs
Economic performance	<ul style="list-style-type: none"> <li>✚ Optimized Cost or cost savings (annual cost savings as a percentage of spend). Open book costing may be shared.</li> <li>✚ Reducing cost per production cycle.</li> <li>✚ Supplier leverage (e.g. percentage of suppliers providing 80% or more of annual spend).</li> <li>✚ Customer satisfaction (e.g. percentage of deliveries received on time in full).</li> <li>✚ Delivering 100 % OTIF delivery</li> <li>✚ Zero rejection ratio</li> <li>✚ Offering extended warranty period.</li> </ul>

	<ul style="list-style-type: none"> <li>✚ Maintain JIT supply chain management</li> </ul>
<p>Environmental performance</p>	<ul style="list-style-type: none"> <li>✚ Percentage reduction in energy, water purchase in the production cycle or the reduction in produced item.</li> <li>✚ Percentage reduction in supplier (or logistics or procurement), GHG emissions (year to year basis)</li> <li>✚ Percentage purchase of recycled materials.</li> <li>✚ Percentage of vehicle fleet which is hybrid.</li> <li>✚ Volume of waste to landfill</li> <li>✚ Adaptation of IT products, ERP, e-commerce,</li> <li>✚ Percentage of spend with suppliers who report on environmental impacts, or operate Environmental Management System (EMS).</li> </ul>
<p>Ethical/Social performance</p>	<ul style="list-style-type: none"> <li>✚ Diversity and equal opportunity among staff</li> <li>✚ Percentage of new employment creation.</li> <li>✚ Training/ development opportunity</li> <li>✚ Compliance with workplace law and standards, ethical sourcing, and trading standards/objectives.</li> <li>✚ Reduction in health and safety incidents, grievance, proceedings etc.</li> <li>✚ Supplier diversity (number of women-owned, minority-owned, small suppliers)</li> <li>✚ Percentage supply chain monitored and managed for compliance.</li> </ul>

	✚ Maintaining 100% compliance and its relevant audit report.
--	--

Fig: KPI of supplier [Source: Sustainable Procurement, the official CIPS course

book in partnership with PROFEX publishing]

### 2.13 Summary

In this Chapter of Literature Review, first of all it was discussed about the basic definition of sustainable procurement. Later it was given the major area of sustainable procurement adaptation. It was also seen from the questionnaire survey that , there is huge scope to work on.

In this context green procurement concept is literally new in the global context, however to adapt the sustainable procurement issue we need to address the social and environment impact in which BRAC is working. However to adapt those in procurement which may incur some costs but in the long run, it will be beneficial for the organization.

## **CHAPTER III**

### **DATA ANALYSIS AND FINDINGS**

#### **3.1 Introduction**

This particular chapter represents, analyzes and interprets the data gathered from the responses. The survey questionnaires researcher has collected through Google form. The considerations are fully on sustainable procurement issues. Above all how the sustainable procurement framework can be adapted as this is one of the vital issues of SDG.

#### **3.2 Information of the respondents**

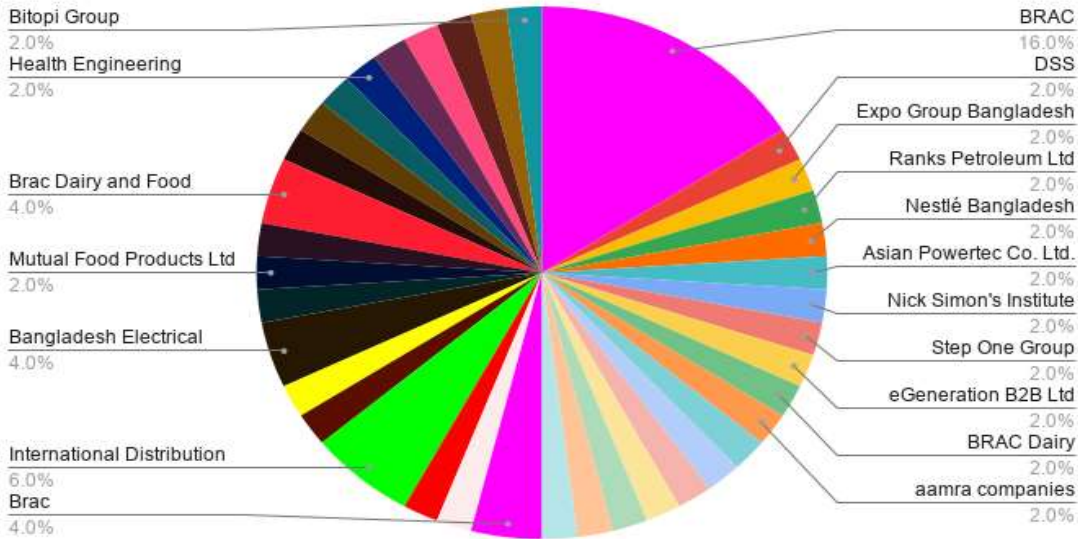
The survey floated through email, posted in LinkedIn and other professional groups. It has been collected by using Google form. We have received real data because everyone posted their individual concern. A total 56 procurement professional responded through online Apart from this a qualitative interview was done. The respondents are Head of procurement, head of Finance, Directors of different program and head level of other organization.

Noted that, 37.5% respondents are 4-7 years experiences group. That means 21 respondents are that experienced group. It shows how the procurement field is growing up day by day. The best practices are adapting on incremental basis.

The designations held by the respondents are in different levels e.g. Procurement Specialist, DGM, GM, Sr Manager, Manager, Asst Director, Director, Procurement Coordinator, Asst Manager, Supply Chain Office and so on. The survey covered the organizations like BRAC, Nestle Bangladesh, Akij Group, Banglalink, Department of Social Services, Department of Livestock, PKSF, CEL Telecom Ltd, World Vision, Ranks Petroleum Ltd, Square Hospitals, health Engineering Department and so on. There is mixture of respondents like NGOs, Private

Industry, Public Department and Telecom Industry, So there is mixture of opiiion we have received through this anonymous survey.

**Organization Name :**



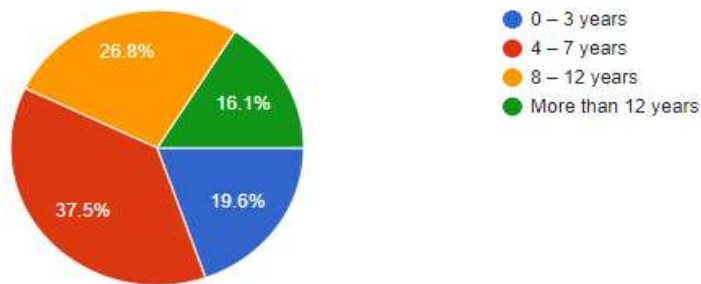
### 3.3 Analysis of the Responses

There are about 25 questions were asked. Researcher has received a good number of responses.

Below are the analyses of the questions

**1. How many years of experience do you have in the procurement sector?**

56 responses

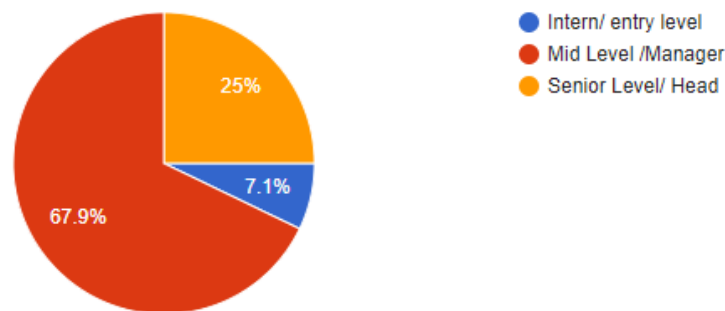


It shows that out of 56 responses 37.5% people are 4-7 years job length group. Those means now young talented groups of peoples are working in the procurement field. They may have fresh blood and they may realize the bad impact for the absence of sustainable procurement policies and implementation procedure.

## 2) What is the level of your current position?

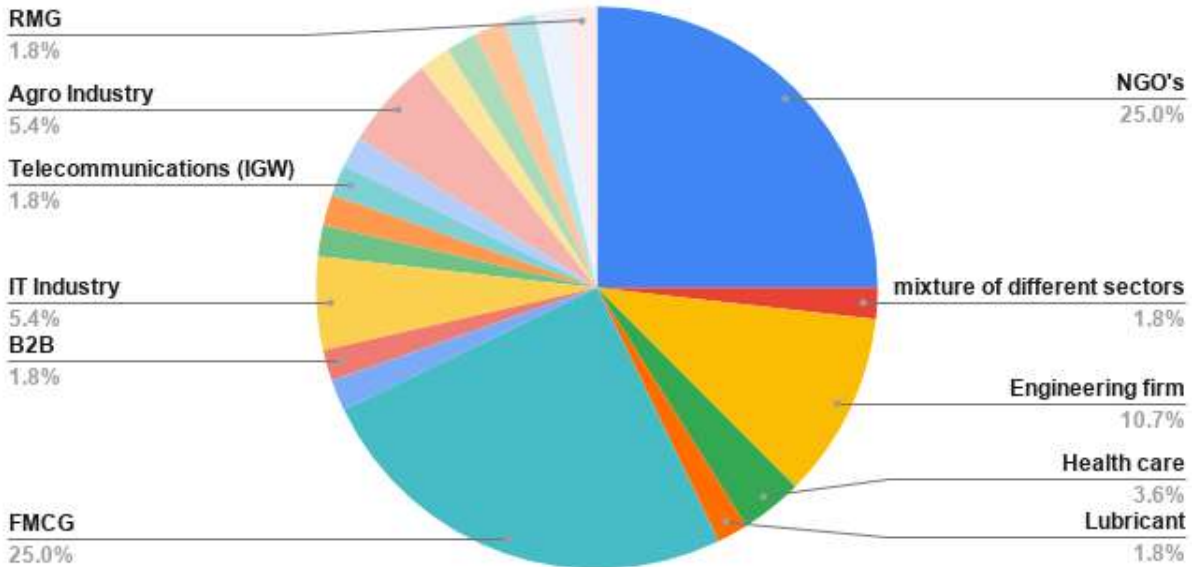


56 responses



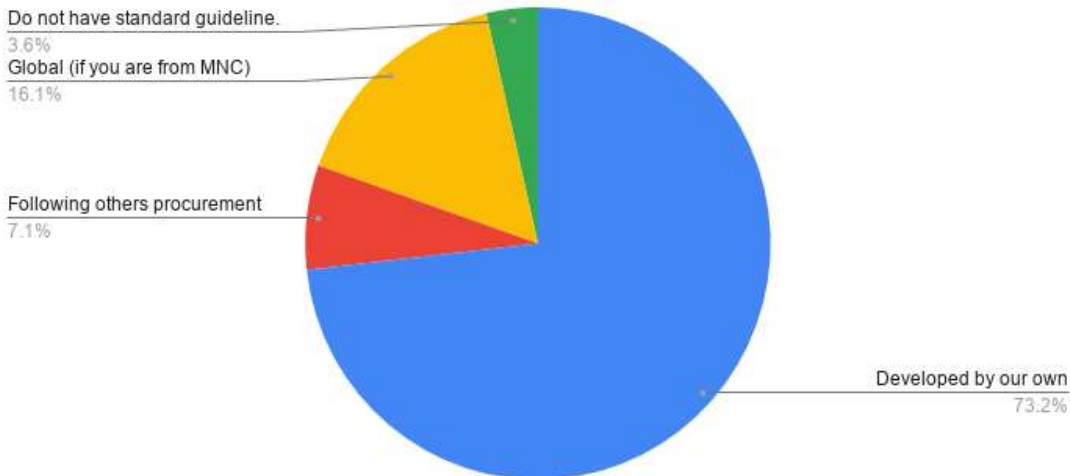
Out of 56 respondents a total 67.9% of are mid level staff i.e approx 37 persons are that group. At the same time 25% are the senior level staff e.g Head of the department, General Manager or Deputy General Manager. Therefore there is a mixture of employees which may give different thoughts and opinion.

### Q 3) What type of Industry are you working at the moment?



It has been analyzed that there is a mixture of responses from different industries. Out of 100% it is shown that two of the Industry covered the major category. FMCG covered 25% and NGO's covered 25%. Some engineering firm contributed to this survey which covered 10.7%. Therefore it is concluded that, we have received a mixture of the opinion from the diversified companies and it has given us the opportunities to rethink the priorities, policies and procedures.

### Q 4) What procurement policy/guidelines you are using?



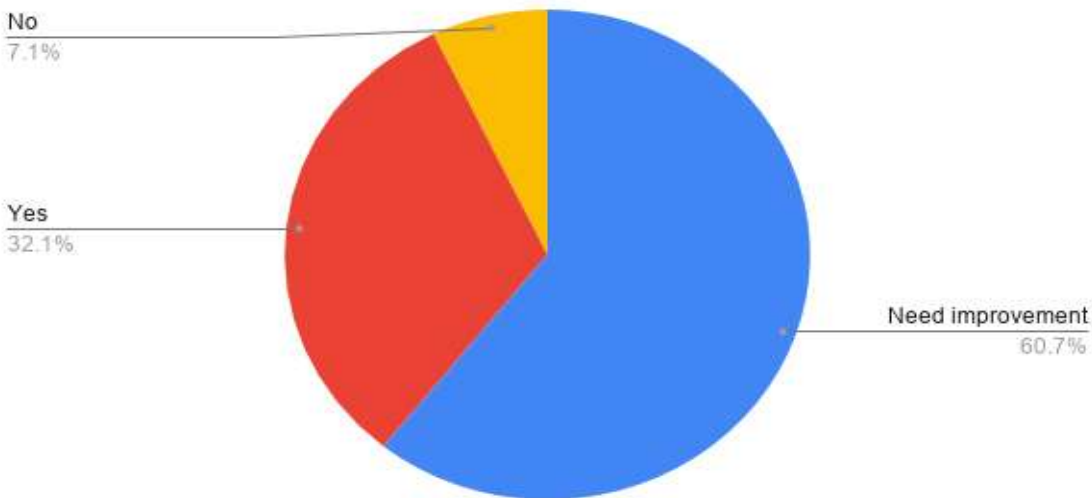
It shows that, every company they have got their own procurement guideline. The percentage 73.2% it's a good number. Therefore everyone is aware about the procurement and its compliances'.

Every organizations should have its own procurement policy to maintain procurement activities in a good manner. The Procurement Policy is to ensure accountable, efficient, transparent, and ethical practices are used to acquire products and services for the organization.

It will maintain high level of belief, trust, ethical, managerial, and professional standards in the management and will ensure that products and services are acquired in a manner that ensures value for money, ensuring transparency, fairness.

If we have a well organized procurement policy then we may get the improvement recommendation through proper auditing and monitoring

**Q 5) Do you believe existing procurement guideline is suitable to meet stakeholders' expectation?**



Every organization has their own procurement policy. The main purpose is to conduct effective procurement and satisfy customer requirement. As a result organizational objective may be

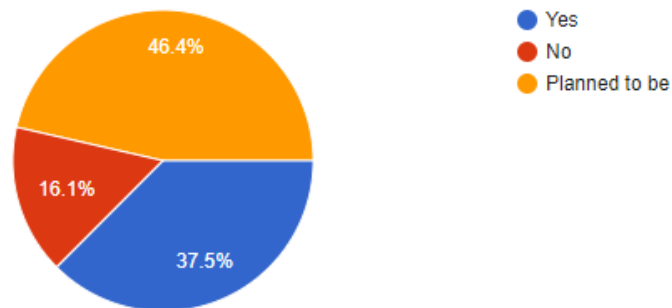


achieved. From the above chart it reveals that 60.7% of the people opined their existing procurement guideline needs improvement to satisfy customer requirement. That means there is a scope of improvement which every organization may look at.

## 6) Do you have a sustainable procurement policy?



56 responses



The above chart shows that 56 respondents given their opinion. Out of these only 37.5% i.e 21 respondents given inputs that they have sustainable procurement policies. Majority portion said they are planning to adapt the sustainable procurement policy. That means there is huge opportunity to work on sustainable procurement policy framework.

SP is important to incorporate ways to more justifiably share the benefits and burdens of development in community planning decisions.

Historically, the environmental, economic and social impacts of development have been excessively negative on low income communities. (*THE SUSTAINABILITY POLICY FRAMEWORK Revised Draft Final Document – January 4, 2016*)

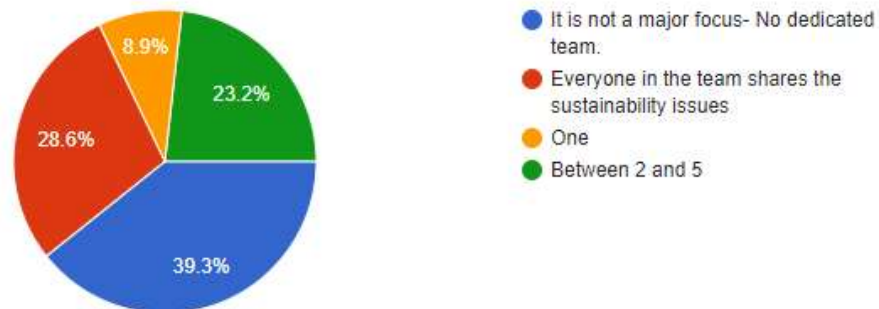
Procurement is out looked as a part of strategic function working to maximize the organization's profitability. In spirit, helping to reduce the 'bottom line'. Indeed, in many organizations the

importance of procurement is recognized by having their head of procurement placed as per organizations organogram.

### 7) How many procurement staffs are dedicated to sustainable procurement issues?

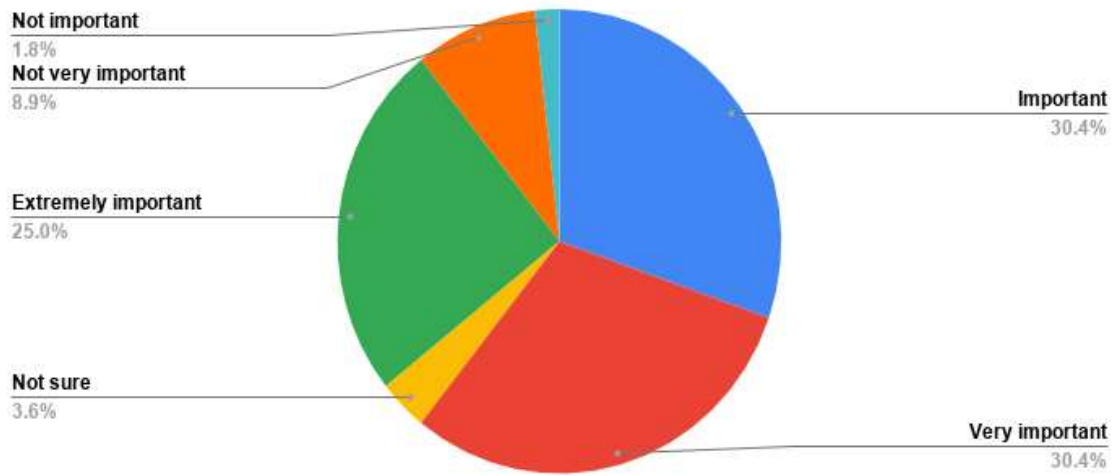


56 responses



It is necessary to have a dedicated team who will work for sustainable procurement issues. The pie chart defines that a major portion 39.3% people commented that they do not have dedicated sustainable procurement team who will address the sustainable procurement issues. Besides 28.6% opined the existing procurement team shares sustainable issues with one another. That means a dedicated team may be established for such policy, framework and adaptation. This depends on the organizational demand. Therefore organization can assign dedicated procurement team who will look after the SP issues and its development.

**Q 8) How important governance support in relation to sustainable procurement issues in your organization's procurement activities?**



It has been seen that about 30% respondents agreed on importance of governance support in sustainable procurement in magnitude of importance & very important in sum which is near about 60.8%. This is very positive scenario in consideration to climate resilience, green procurement and likely to reduce modern slavery as well.

To establish a new policy or procedures it is required to get the top management approval, because top down approaches are easy to implement. The team would take the recommendation from the organization's procurement team and can present it to the decision level stage to have it ingrained within the existing policies. The Governance team would also ensure, if incorporated in to the system, the policies are being implemented accordingly and the team is being able to adapt with the changes.

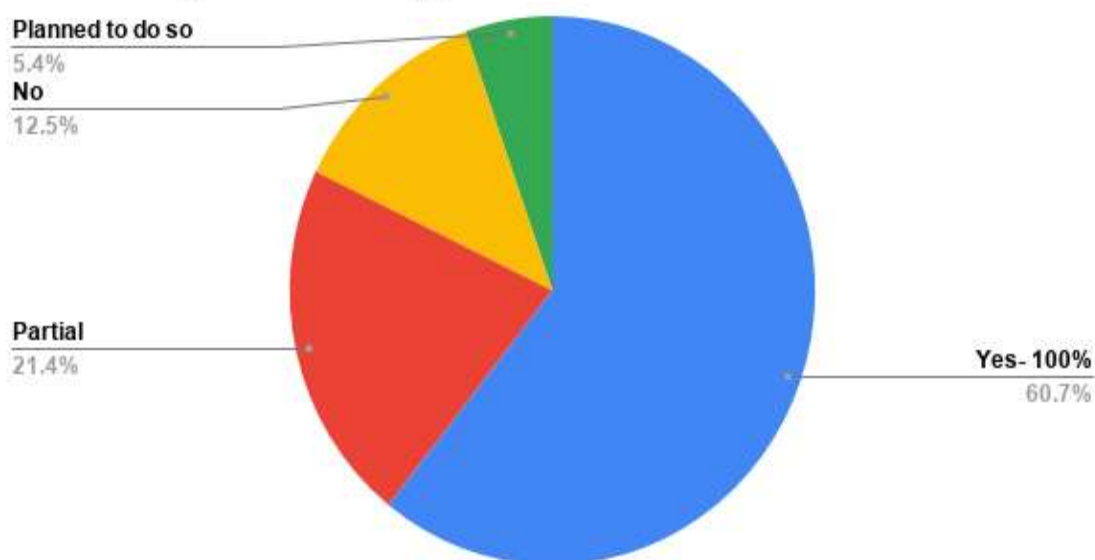
Governance affects an organization in a significant way, particularly its performance, innovation, structure, and eventually the strategic approach. "The governance of any organisation affects its appetite for risk and ability to innovate", as said by the Dr Robert Kay MAICD, Adjunct

Professor at Macquarie University. What would be an organization's primary focus and mission and vision for present and forthcoming days would be shaped by the how the management and governance team perceive it and subsequently puts it into the policies.

The idea of establishing within the organization requires buy in from the broader management and governance team. The team would collaboratively work on the need and resources to meet those requirements. Embedding sustainable procurement in to the existing system would take a strong commitment given that it is relatively new and still a lot of research is being conducted to understand the best approach to establishing sustainable procurement into the system of an organization. The Governance team would have to make sure that the organization has done sufficient analysis and checked on the resources if it is needed and feasible to implement it at the first place.

As per the survey, around 25% people feel responded that governance support in relation to sustainable procurement issues are extremely important and more than 60% agreed that their support is very important. Which implies that sustainable procurement and it's corresponding activities would have to be ingrained within the system to ensure its compliance at the functional and operational level and governance team play an important role in ensuring this whole process.

### Q9) Does your company ensure government compliances while conducting the tendering process?



It is important to maintain the compliances during the procurement process. It is shown 60.7% i.e approx 34 people out of 56 are maintaining 100% procurement compliances.

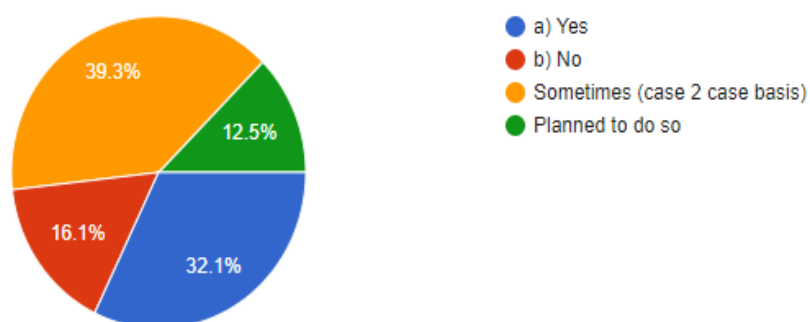
Compliance is one of the most important factors in the procurement functions. Regardless of the type of organization, it is often imperative to follow some of the government compliances given that the government regulations as well as the policies mostly coincide with the international standards and best practices. Ensuring accountability, transparency, and fair and open competition are some of the fundamentals present in the government policies. In respect to the sustainable procurement policies, the Government of Bangladesh is working to embed the concept of SP into the regulation and policies, and aim to reach certain percentage of procurement to be conducted under the sustainable procurement policies. Organizations that would be working alongside would be able to contribute to the development of these policies.

As mentioned above that the government tendering process reflects the accountability and transparency regardless of the tendering mechanism is follows: Open Tendering Method (OTM),

Limited Tendering Method (LTM), Direct Procurement Method (DPM), and Request for Quotation Method (QM). It is important is most of the aspects to comply with the government rules and regulation and ensure organization's policy manual reflect those. As per the survey, about 61% people said their organizations ensure compliance with the government procurement process. 21.4% responded that they are complying partially while about 5% said they plan to do so.

### 10) Does your procurement team include sustainability eligibility criteria when tendering and awarding contracts for goods and services?

56 responses



About 40% respondents use eligibility criteria in some particular cases and 32% include regular basis. The implication of this is much optimized comparing to conventional procurement practices. This is an emerging practice in term of contemporary good practices. As world's population is growing and a sustainable procurement is much crucial, this high trend of establishing sustainable procurement eligibility criteria seems to be much appreciated in this ground.

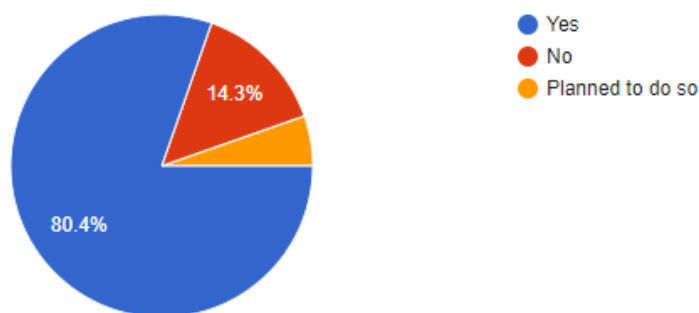
While following the concept of sustainable procurement, it is important that organizations set sustainable procurement criteria to conduct the evaluation at the pre-award stage as well as

ensure monitoring and oversight is being done from that perspective as well. Some of the sustainable evaluation/eligibility criteria might include not limited to: environment friendly and efficient goods; certified by international institutions that certify those quality; socially responsible products or services. ISO series cover some of the compliance factor that can be set as eligible criteria, such as ISO 26000 for social responsibility, ISO 14000 for environment responsibilities. More than 32% people said they conform to the inclusion of sustainable eligibility criteria when tendering and awarding contracts for goods and services; near about 40% are following these case by case basis.

### 11) Does your organization have any framework agreement for maintaining long term relationship/partnership with vendor?



56 responses



Framework Agreement drastically reduces procurement lead time and administrative cost as well. Particularly, it is suitable for routine and leverage items. More than 80% organizations utilize FWA for ensuring seamless procurement service. From this scenario, it is implied that now a day's strategic long partnership in procurement getting popular.

If we look the basic definition of Framework agreements; are arrangements between one or more buyers and one or more suppliers that provide the terms governing contracts to be

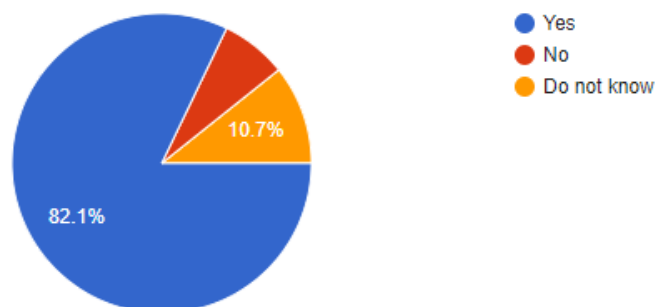
established for a certain period of time, in particular with regard to price and, where necessary, the quantity envisaged.

Most of the cases such agreements are beneficial for the organizations to make sure the routine products or services can be procured in a short time span, sometimes with pre-fixed unit price. Given the negotiation would already be done at the pre-award stage where both parties would decide on the unit price and time. Such arrangements are done when the quality and delivery time of the goods/services are unknown at the time of the award. Such agreements lay out the opportunity for long term and partnership relationship if both parties help each other develop and improve over time. This could be a cost efficient and reliable ways of procuring the requirement. More than 80% people said their organizations have such agreements. Partnering with new or small vendor might give them competitive advantage whereas helping such developing the capacity of such organizations under the vendor improvement policy would strengthen the relationship as well as the quality and suitability of goods and services over time. For complex and unique requirement such arrangement may not be best mechanism for the organizations

## 12) Does your organization believe in vendor development?



56 responses





Developing existing market in aligned to compliance and also to get complete advantages, procurement professional essentially require developing market and its vendors. In most cases, it is done widely. Rendering procurement services constantly from extant sources may lose substantial business opportunities.

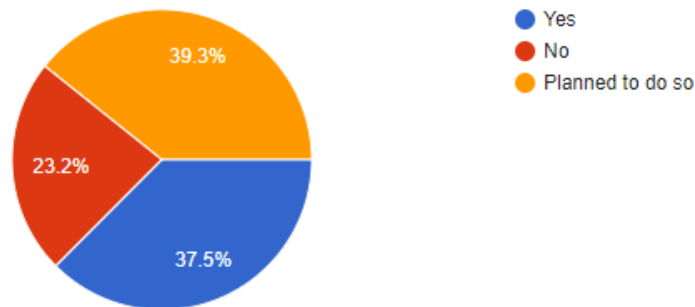
It has been noticed that more than 80% organizations or the employees believe in the vendor development. They are treated as partner of the organization. As the SP is new hence organization must develop the vendor pool before going into implementation. For instance Unilever has developed one strategic vendor who is supplying their plastic bottle with a minimum price.

Most of the cases vendor development approaches have given benefit to the organizations but we need a pure financial data and cost benefit analysis before going into such approach.

### 13) Does your organization have vendor a development policy or SOP?



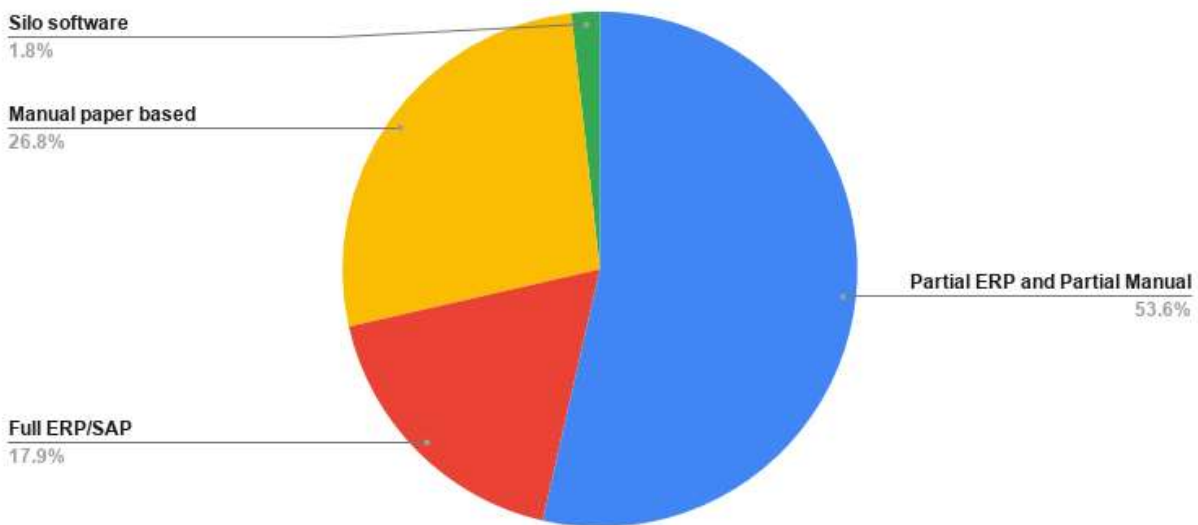
56 responses



In respect to sustainable procurement, vendor development policy is crucial to establishing sustainable, long term partnership with vendor and be a part of their organizations capacity development process. About 38% organizations' are currently having vendor development policy in their Standard Operating Procedures; this shows organizations' commitment to improve the

capacity of the smaller and newer vendors and subsequently contribute to improving competitiveness in the market. As buyer they would be usually more attached to the smaller vendors. Working on the vendor development not only improves the vendor's capacity but also helps the buyer expand its relationship and mature as an organization. As per the survey, almost 40% samples said their organizations plan to incorporate it into the system

**Q 14) What are the tools your organizations follow for procurement?**

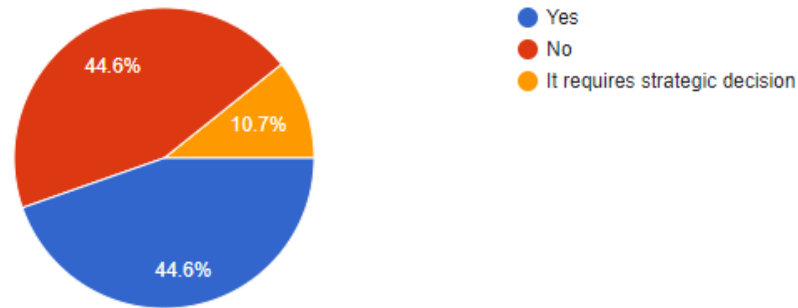


Still paper based documentation is ongoing. In this the era of modern technology, organizations must adapt paperless modern technology like SAP, ERP etc. to be relevant for long time. Large companies suffer mostly from autocratic and process complexity due to conventional system. The scenario proclaims very optimistic transformation which needs to be augmented to the peak. It is notified that more than 50% of the organizations are using partial ERP and partial manual which are not recommended in SP. We need to reduce paper consumption in any case. Only few companies 17.9% are using full automation ERP/SAP. If we can reduce the paper consumption then only we can say, yes we are working for the environment sustainability.

## 15) Does your company have e-tender procurement portal for vendor tender submission?



56 responses

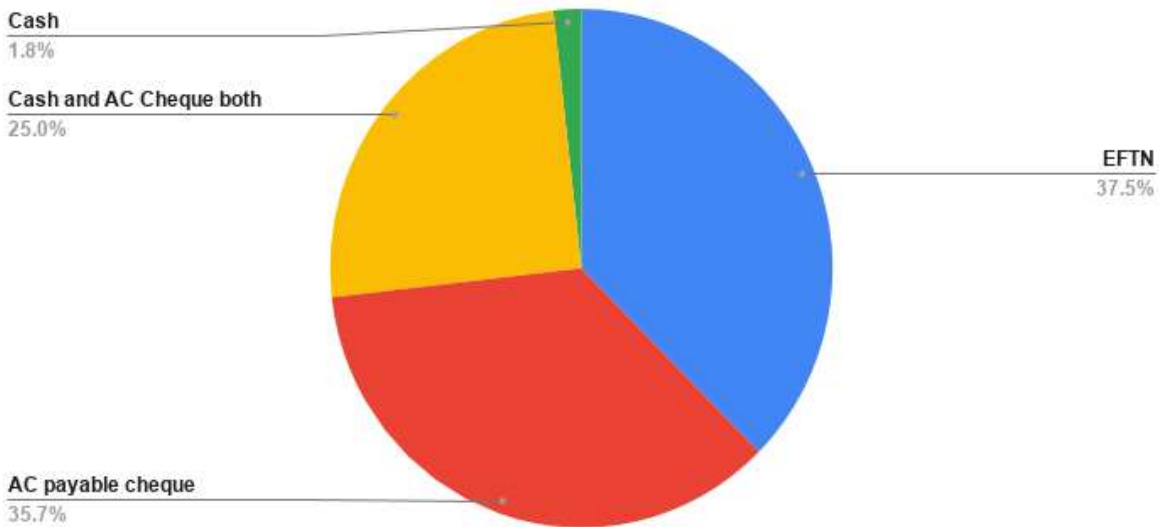


E-tendering makes transparent procurement processes and leverage competition among the prospective bidders. It's also handy in term of time and paper consumption. The survey implies that major improvement is needed in developing e-tendering. As major investment is also required, small firms are not interested to e-tender process.

A lot of organizations are gradually moving towards e-tendering systems alongside the government and some have already established e-tendering process to simplify the overall process. This is a cost-effective system which ensures process accuracy and eventually data archiving to in cloud storage. E-tendering is an internet based process wherein the complete tendering process; from advertising to receiving and submitting tender-related information are done online. As mentioned this enables firms to be more efficient as paper-based transactions are reduced or eliminated, facilitating for a more speedy exchange of information. The government of Bangladesh has already established its e-tendering process titles E-GP. Given that this is a costly system and maintaining this would require a different set of resources as well, e.g. trained staff, large and medium organizations are mostly being able to set up such system

within their organization. Around 45% people said their organizations have e-tender procurement portal/system whereas about the same percentage said they don't have this in place. More than 10% said it requires strategic decision.

**Q 16) By what mechanism the vendor payment is being done?**



This is the part of technology automation. Everything is now operating through online. This is the way of reducing manual intervention and it is ensuing highest level of transparency. Anyone can track the level of activities from anywhere.

Out of the 56 respondents approx 37 % are paying their vendor payment through Electronic Fund Transfer network (EFTN).

EFT is used for paying the bills. Purchasing organization processes a paper-free banking system, where a huge amount of invoices and payments is being replaced by digital networks. EFT systems will be playing a big rule in the coming future. EFT will be faster, secure transactions guaranteeing a seamless transfer of funds between the organization to organization or across banking networks. [<https://investinganswers.com/dictionary/e/electronic-funds-transfer-eft>]

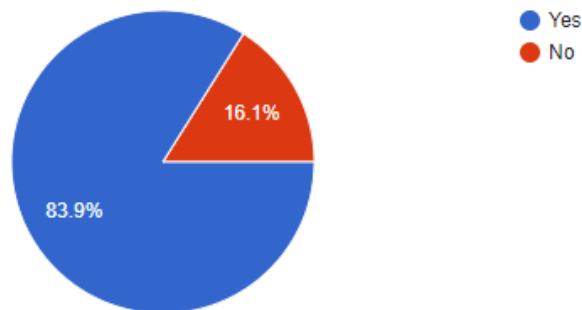
The main reason for the movement to EFT in the industry because it reduces costs related to manual processing. The process of managing paper checks or using virtual forms of payment, electronic funds transfer is far more efficient. It has less administrative processing which will reduce the amount of labor hours spent on processing payments. [<https://www.m-scribe.com/blog/benefits-of-using-electronic-fund-transfer-in-medical-practice>]

Moreover we have to adapt the technology to become sustainable within the industry. Manual system takes time which is very tough to manage in the modern era.

### 17) Do you have a documents archiving system?



56 responses



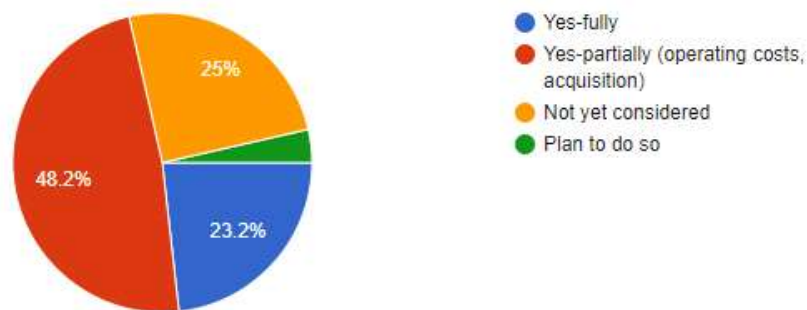
It is been clearly seen more than 80% says that they have documents archiving system. It is very import because manual papers filing and record keeping is becoming more difficult. It involves more additional associated cost like renting space, needs huge maintenance costs, security and others. There is also a chance of documents missing. To ensure sustainability and becoming paperless organization we may have archiving system.

The documents originally archived in a particular location. It can be cloud based or third party vendors may keep at their warehouse or both of the systems may be adapted. In this context we will have to ensure that the data will persist unchanged for the desired lifetime of the document.

It has to be guaranteed that the posted data remains available and consistent. The documents will be checked and audited before handing over to the archiving company. [A System for Long-Term Document Preservation Larry Masinter, Michael Welch; Adobe Systems Incorporated; San Jose, CA]

18) Does your organization consider Whole life cost (WLC) calculation in capex procurement decisions? (i.e. acquisition, utility, maintenance, & disposal).

56 responses




Whole life costing is important for capital procurement. Out of the survey, it is found that only 23% of people say they are considering whole life costing. Noted that almost 50% of people say that they are doing it partially. That means there is a huge scope to work on that.

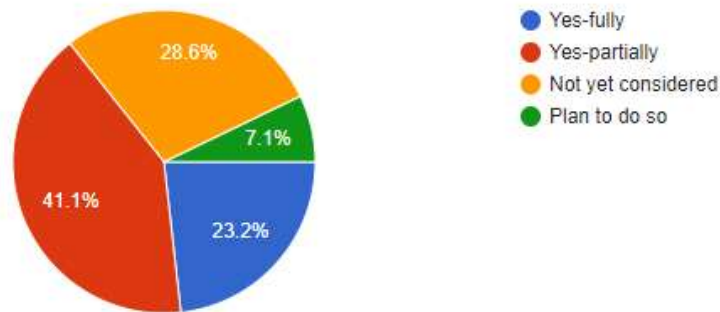
It is important to take account of whole-life costs in the evaluation of tenders to ensure the way we spend organizations' money contributes to sustainable development. Adopting WLC wherever possible that is sustainable and offers value for money [HMRC Sustainable Procurement Strategy HM Revenue & Customs]

There are certain elements that need to be understood in WLC. Initial acquisition cost, operation, maintenance, and finally disposal cost. If we come to know IRR, ROI, NPV at the beginning of the

purchases this will give holistic view to the decision makers. This will ensure VFM and this will be more sustainable.

19) Does your organization assess procurement with a triple bottom line process? ( i.e. environmental, economic and social or community benefits ) 

56 responses



It is also important to analyze the environmental and social impact out of that procurement if we think about sustainable procurement. From the above chart it shows that only 23% are considering those parameter and 28% are not considering the same issue.

Global warming is now a big challenge. This is the time to rethink about the environment, about the society.

“In 35 years, 50 percent of our population will live in our cities. Most other countries will be in a similar situation. We need to start preparing now to ensure everyone has the opportunity to live meaningful lives, and our cities are places that will allow that to happen.”

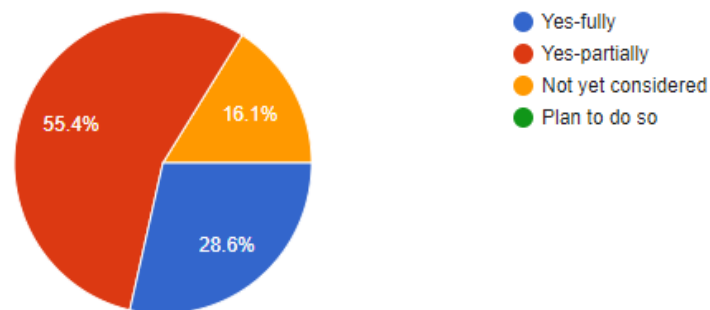
— Sir Fazle Hasan Abed [source google.com]

That means we have to plan in such a way that the society and its surroundings will be human friendly. That's the time work on that make the sustainable environment. And it is possible through the procurement.

## 20) Do you consider utility consumption or energy consumption during technical procurement?



56 responses



Calculating utility consumption or energy consumption is must if we are thinking about sustainable procurement because it is one part to be considered. We have to optimize the utilization of the natural resources such as, water, gas, electricity and so on.

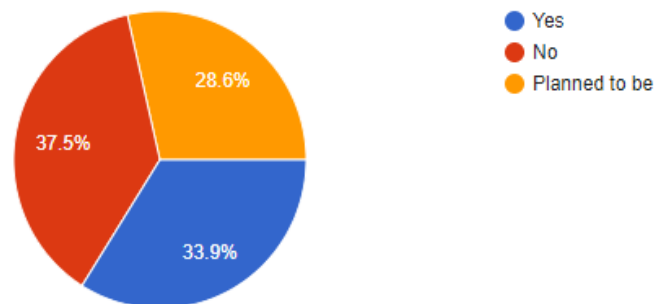
From the above chart it shows that 28% consider the utility consumption during the technical procurement. Maximum of the individuals said they are not considering fully however they are considering partially. More importantly it gives the savings from the consumption and ultimately we can save our natural resources.



21) Do you have environmental, energy, social eco-label criteria in the tender (e.g energy rating, recycled content etc) to ensure sustainability?



56 responses



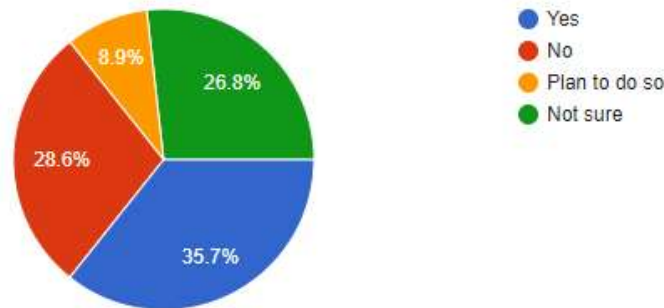
To make the more sustainable environment organization may focus on the low energy rated like energy star rated product. In some context we must go for recycle product. For instance we may use the recycle paper, recycle plastics. We must rethink the social and environmental issue. Some eco label tagged products are available globally which has been briefly discussed in the chapter two.

The answer of those particular shows only 33 % is giving the criteria in their tender documents. If we can aware then in one day our society will be developed and surrounding will be more sustainable.

22) Does your organization reuse any items instead of automatically procuring new items?



56 responses

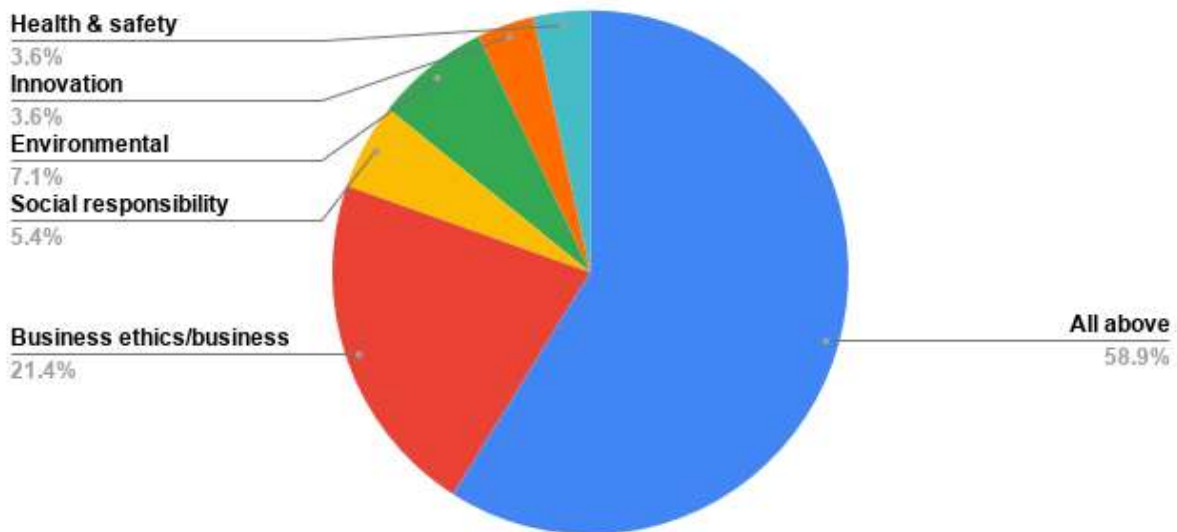


Before purchasing a new item as an individual's we can recheck the item which we have in our hand. Will it be usable or not? Only 35% of individual commented they reuse the old one before purchasing the new one. Rest of the 65 % of the respondents is not involved with that directly.

We feel we have a responsibility as a public entity to protect the future for our society. We consider the proper use of natural resources of paramount importance for the sustainability of any organization, which is why our resources management strategy is oriented towards the protection of the environment. Our objective is to minimize the environmental impact of our activities, hence our efforts to incorporate sustainability criteria into all our contracts.”

*Source: Mr Johan Orozco, Logistics Management Directorate of the Institute of Electricity of Costa Rica ICE*

Q 23) What specific areas you may plan rigorously to adapt to sustainable procurement policy apart from economical benefit?

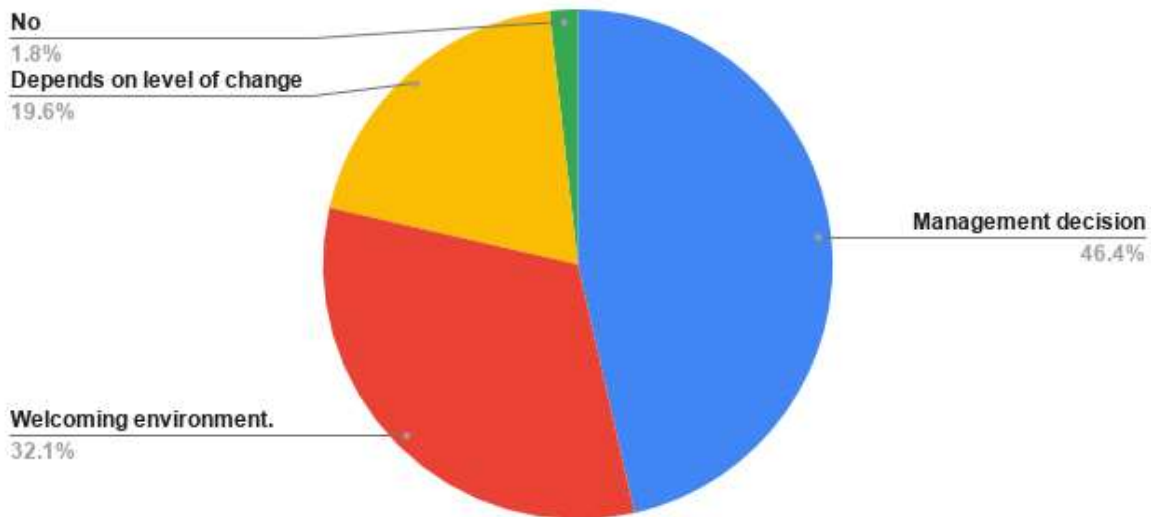


To make the organization sustainable it is obvious to see the financial benefit. As a purchaser it is also our duty to develop our vendors who are working with us.

From the chart it shows that more than 50% of the individual opined that it is required to plan other parameter like health & safety, technological adaptation by vendor, CSR, business ethics.

From the above chart we can say, yes to conduct sustainable procurement organization should focus other parameter apart from the financial gain.

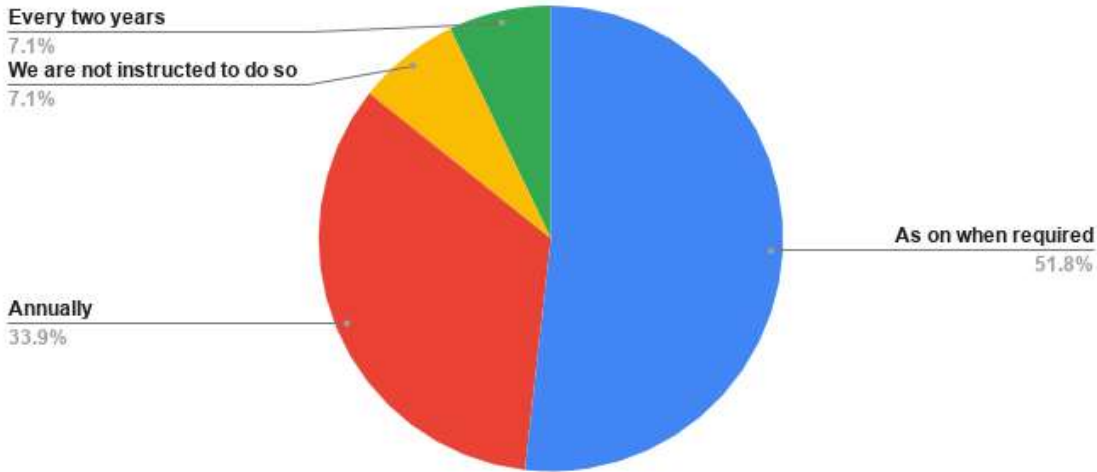
Q 24) Does your company willing to take new technology or adopt new innovative idea?



Technology is changing very rapidly day by day. Adaptation of technology is must if we consider organizational sustainability.

Chart illustrates that, 46% says the new idea or new technology acceptance depends on the management decision. This is very true because organization is running with a specific objection with good governance. If we want to change the same it may require costs more importantly existing system or policy may be changed to some extent. Therefore IT changes will be incremental basis.

**Q 25) How often does your company audit or re-check due-diligence of suppliers documentation compliance's?**



It is important to check and verify the supplier's documents after a certain time. Here also 56 respondents have given inputs. Out of that 51.8% opined, they check the suppliers documentations as on when required. It is noted that certain documents are valid for one year and it is renewable. That means if the supplier is enlisted then we may check the document once in a year. To improve the administrative work it is necessary to establish a supplier pool for certain jobs which is being procured regularly.

There was qualitative analysis were carried out. It was difficult to take interview schedule from the management. However the researcher was able to take interview some of the top management. The respondents are from BRAC and some iNGO's.

All are agreed that, the negative impacts we are facing due to the absence of sustainable procurement. All were focusing on the initial acquisition cost only. There are particular criteria we may use in the evaluation to have the control over the first tier of supplier. Supplier must not use child labor, forced labor. Supplier should provide proper wages to their employees. During long term agreement, FWA, vendor enlistment organization may look into the proper vendor

selection where some of the sustainability issues are written. The main reason is the either social development or environmental sustainability.

In BRAC there are around 1000s of vendors are working. Each of them abides by the government policies, rules and regulation etc. BRAC is maintaining full compliances. Therefore, while vendors enlistment, individual tender evaluation or yearend vendor performances evaluations are the current scope where organization may include some of the sustainable criteria. Secondly, production standardization and specification or design developments are the scopes where the sustainable procurement criteria may be incorporated.

Some of them said, there are some categories of procurement like non-critical items e.pen, paper; stationary item these item may be eliminated mostly by the usage of technology. However, this is not being possible in a single day or single steps. Organization may calculate the each carbon foot print and responsible parties will have to do some activities to neutralize those emissions.

### **3.4 Summary**

The said chapter regarding data analysis has done from online survey and it has been presented after collection of data in pie chart format for justification of the findings of the Literature Review section.

Now a days sustainable procurement is one of the global concerns, hence to align with the goal we should work together from the every point.

While starting the survey researcher found a good number of responses from the mid level employee, some of the companies they are designated as manager, deputy manager so on and maximum have their working experiences like 4-7 years. The majority respondents are from NGO, FMCG, Engineering Company and IT Company.

Most of the organizations are abide by their own procurement guidelines and policies. It is necessary to have its own policies to maintain the transparent, compliant procurement in all aspects. From the survey researcher found that only 37 % respondents said they have sustainable procurement policy. So there is a huge scope to work on to adapt separate strategy for sustainable procurement issues which is the global concern right at this moment. It is very much true that, to implement a separate strategy for sustainable procurement it requires top management support. With their green signal organization may face lots of trouble as it has some financial impact initially but in the long run it may be advantageous. However it needs management buying for going ahead.

One of the important issues researcher found that, all the respondents said they are maintaining 100% compliances while conducting procurement. This is a good sign towards sustainability. Both vendors and buyer very much concern about VAT, Tax, proper legal documentations for business etc.

Researcher found only 40% of the respondents are using sustainability criteria in the tenders or giving clauses to the contract. It may vary organization to organization however as buying we must include such criteria and clauses so that every entity is must follow those. Main reason is to ensure equal opportunity, empowering to other and raising voice for rights.

As we know framework agreement (FWA) gives the organization in a comfort zone so that buyer can get the products within shortest possible time. There will be establishment of long term relationship due to FWA. 80% of the respondents said they have FWA. It gives low administrative costs. This could be done through long terms vendor relationship and there may have a vendor relationship management policy sometimes it is called as SRM (supplier relationship management)

One of the parameter of sustainable procurement is to adapt more technology oriented robust systems like ERP/SAP/e-tendering module etc by which both supplier and buyer will learn more and more about technological advancement. These vendor payments are being transferred through EFTN which is more comfortable and secured. 37% respondents said they are paying through EFTN. So there is a scope to work on as a part of sustainability.

While conducting capex procurement it is needed to analyze whole life costing to have broader picture and its benefits. As a part of sustainable procurement researcher found 42% respondents are calculating WLC and 41% are incorporating triple bottom line issues in tenders. That means there must have proper awareness and communication to understand the necessity of environmental and social sustainability.

As a whole the organization may need to understand the real requirements of sustainable procurement. It can be done though adaptation of new technology, transforming the procurement & supply chain scope. Work beyond financial benefit. Developing vendors, society and work for environmental sustainability. It can be said procurement can play a vital role in some ways.

Sustainable procurement works beyond financial issue, more like social and environmental where the human being can sustain. This total solution may control global warming as a whole.



## Chapter – IV

### SUSTAINABLE PROCUREMENT: BRAC PERSPECTIVE

#### 4.1 Introduction

BRAC, an international development organization based in Bangladesh, is the largest nongovernmental development organization in the world, in terms of number of employees as of September 2016. Established by Sir Fazle Hasan Abed in 1972 after the independence of Bangladesh, BRAC is present in all 64 districts of Bangladesh as well as more than 12 countries in Asia, Africa, and the Americas (*source: [https://en.wikipedia.org/wiki/BRAC\\_\(organization\)](https://en.wikipedia.org/wiki/BRAC_(organization))*)

BRAC states that it employs over 100,000 people, roughly 70 percent of whom are women, and that it reaches more than 126 million people with its services. The organisation is partly self-funded through a number of social enterprises that include a dairy and food project, a chain of retail handicraft stores called Aarong, seed and Agro, and so on. BRAC has operations in 14 countries of the world including affiliates office BRAC USA and BRAC UK. (*Source: [https://en.wikipedia.org/wiki/BRAC\\_\(organization\)](https://en.wikipedia.org/wiki/BRAC_(organization))*)

BRAC Procurement Department procure in some of the extent under SP concept but not in all the items and it is also not possible to manage, make them aware all the stakeholders about the importance of sustainable procurement . This can be possible under a separate team who will closely work with the analysis and impact. This has to be top down approach because it may costs higher in initial stage.

#### 4.2 Centralized Procurement

BRAC Procurement Department works centrally; more than 100 projects are getting procurement support through procurement department. There are huge number of items are being

procured through central procurement. There are huge amount of supplier base from which BRAC is procuring the items.

BRAC Procurement usually purchases goods and services. Under goods category all the items are being procured e.g from a single stationery item to capital machine. Depending on the item nature the procuring strategy are different. For example there are a huge number of framework agreements for non-critical item. A vast number of supplier bases are available from where alternative sourcing is possible. In this procurement process the decision will be done by centralized authority as per Table of Authority (TOA).

One of the most important issues in the procurement department is that which category of items will be procured from central procured department or from field. It depends on how many of the SBU's are willing to receive the services. Generally all the capex and big volume purchases are being done by central procurement department.

Sometimes small value purchases are carried out by users or budget-holders or some special department, rather than by procurement or supply chain specialists upto a certain threshold.

Centralized purchasing system is one in which all the departments, enterprises and SBU's (e.g BRAC Dairy, Aarong, BRAC Printing Pack etc) of a company with a wide geographical offices may purchases through a central purchasing department.

The main reason is central procurement department may have wide range of supplier base where they can have different options to buy. Economies of scale may be ensured because centrally procurement can club the quantities. Buyer may have bargaining power due to big volume. As a whole VFM can be ensured.

#### **4.2.1 Advantages of central procurement**

- ❖ Expertise of Procurement professional.

- ❖ Receiving economies of scale.
- ❖ Greater relationship building opportunity with internal and external stakeholders
- ❖ Standardization of Specification.
- ❖ Ensuring transparency and effective control of procurement activities.
- ❖ Less chance of conflict.
- ❖ Easy to access to specialist, professional skills, contracts and resources

### **4.3 Procurement method**

BRAC Central Procurement has a well set procurement guideline and implementation procedure. Depending on the threshold value BRAC procurement follow the below procurement methods for goods and non-consultancy services-

- Open Tendering Method
- Limited Tendering Method
- Quotation Method
- Direct Purchase Method
- QCBS-O Quality and Cost Based Selection, Open Tendering.
- QCBS-L Quality and Cost Based Selection, Limited Tendering
- SSS Single Source Selection

Noted that, considering long term partnership BRAC Procurement has huge number of framework agreement with different supplier just to ensure goods are available at right time.

It is important that, while purchasing any of the item irrespective of any method, sustainable procurement parameter can be added phase by phases.

BRAC has well established ERP software where every project have their access for raising their requisition. BRAC has developed a new eTender web portal. These are the steps of sustainability. Supplier can register themselves easily and can participial in the live tender.

E-tender or electronic procurement solution is very simple; it can be defined as a process of purchasing goods and services through electronic methods, through using the internet. There will be specific portal where vendor can participate in their category. The tender will be evaluated from the same portal. It is the alternative solution of manual procurement process.

Now, we are living in age of technology where everything is becoming digitalized and automated. To move on the sustainability If you implement electronic and automated solutions in your procurement process that will ensure more transparency, we can increase the effectiveness and productivity. It will, improve performances, saves time and money and consistently deliver the highest level of customer service. <https://www.sutisoft.com/blog/role-of-e-procurement-software-in-businesses/>

#### **4.3.1 Benefits of e-Tendering /ERP**

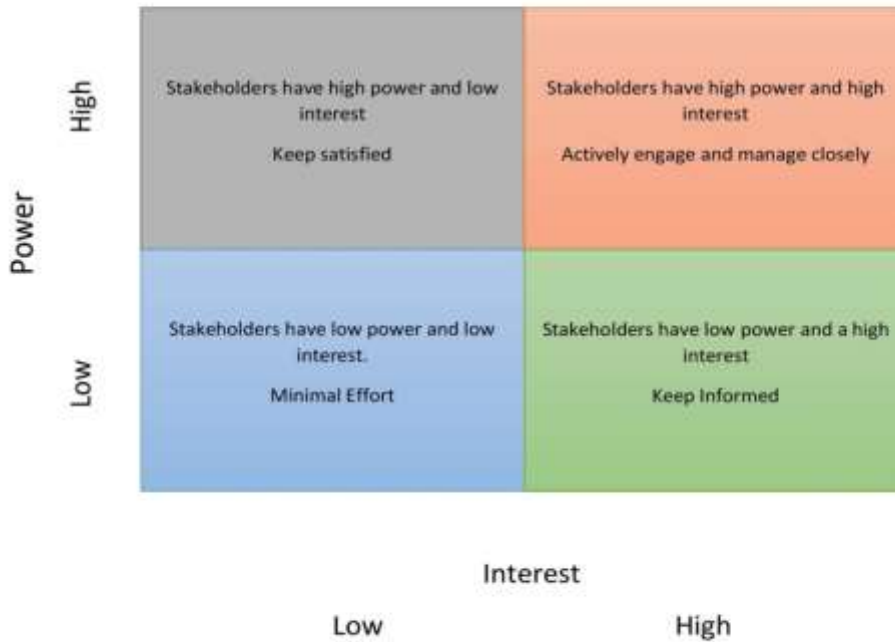
- ✚ High visibility
- ✚ Ensuring transparency
- ✚ Reducing error
- ✚ Increase effectiveness and productivity
- ✚ Encourage paperless workplace
- ✚ Improve efficiency
- ✚ Faster approval process and
- ✚ Ensures vendors are conversant with technology

#### **4.4 Stakeholder mapping**

In BRAC, there may have multiple and enormous number of stakeholders. As we have said earlier more than 150 projects are taking services from BRAC Central Procurement. Hence it is quite difficult to manage all of them. BRAC Procurement procures massive number of unique and diversified items which may not be predictable at the early stage. Also there is a difficulty to manage to donor funded project within the deadlines. Some of the big program and enterprises are Microfinance (MF), Health Nutrition and Population Program (HNPP), BRAC Education Program (BEP), Skills Development Program (SDP), BRAC Dairy & Food Project (BDFP), Aarong etc. Considering the nature of the business, priority and items nature procurement department may carry out a comprehensive analysis for stakeholders mapping.

Depending on the power & interest we may analysis the stakeholder and plot them in the below chart. It depends on the organization to organization which department or stakeholder will be placed in which quadrant.

## Mendelow's Matrix



Source: Internet (Mendelow's Matrix)

### 4.5 VFM through sustainable procurement

VFM is basic requirement of a procurement structure with some basic support pillars: economy efficiency, effectiveness quality, and flexibility. If we are talking about VFM in SP then we need to address two other The two key principles; these are transparency and fairness weave across all elements of the structure [VALUE FOR MONEY GUIDANCE NOTE ON PROCUREMENT ASIAN DEVELOPMENT BANK JUNE 2018]

Value for Money (VFM) scopes are

- a) Managing and mitigating risk and improving quality through proper assessment, proactive analysis and planning.

- b) Improving performances both for buyer and seller. Buyer will look for newly invented, innovative product or services at the same time sourcing the product with best economical and cost effective way.
- c) Flexibility is the key while ensuring VFM. Buyer should be open minded and take the challenges.
- d) Ensuring fairness and transparency.
- e) Calculating cost benefit analysis while procuring a big value purchases
- f) Proper planning, sourcing and specification needs to be prepared in advance. Because adhoc or unplanned purchase may not ensure VFM.



JUNE 2018

#### **4.6 Sustainable procurement implementation roadmap**

This can be adapted in different level. The entire stakeholder must aware of it. It can be adopted easily if an official circular is given. It is the responsibility of all the staffs who are involved with the procurement directly or indirectly.

- First of a well-established software may be used which can directly reduce paper consumption (ERP, SAP or silo software). As procurement professional we must analyze the procurement expenses for continuous improvement. PDCA (Plan-Do-Check-Act) is the appropriated approach for further improvement. In that case a proper planning may provide a positive impact for future.
- Secondly, identifying category of items which are energy star tagged product or eco label marked which means these are low power consumed items. These are manufactured well established environmental friendly way & that products are eco-friendly.
- Thirdly, vendor awareness building and development on sustainable procurement issues. Vendor must be aware the criteria which they must abide by.
- In capex procurement whole life costing must be calculated including environmental issue & utility consumption.
- Long terms partnership building with vendors that could be one of the way of sustainability.
- KPI may be set both procurement vendors for each year development.
- Adaptation of total quality management (TQM).



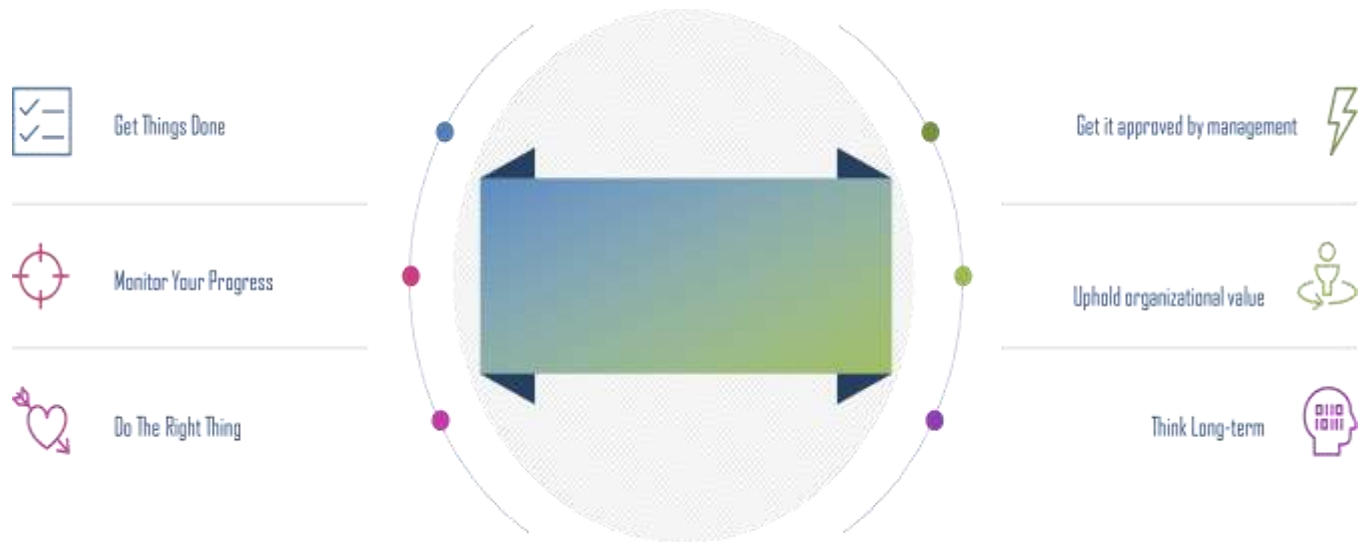


Figure: Thinking & Feeling about sustainable procurement

If we float a flowchart or diagram depending on the sequence then we may draw it easily.

The flow diagram sequences is -

1. Annual Procurement Plan
2. Identifying items to be procured under sustainable policy framework
3. Specification making considering sustainable issues and spec standardization
4. Potential vendor sourcing
5. Tender floating (IFT/RFQ issues)
6. Evaluation done based on marking system eg technical 70%, sustainable issues 10%, financial 20%.
7. Contract award mentioning SP terms & condition will be mentioned in the contract
8. Contract performance evaluation & development plan
9. Closeout.

## 4.7 Improvement assumption for procurement of items under SP framework

It is required to long term plan in advance which of the item category will come first under SP framework. Progressively year to year other category of items will be added. Below an assumption is given how we can plan. The plan even be more better.

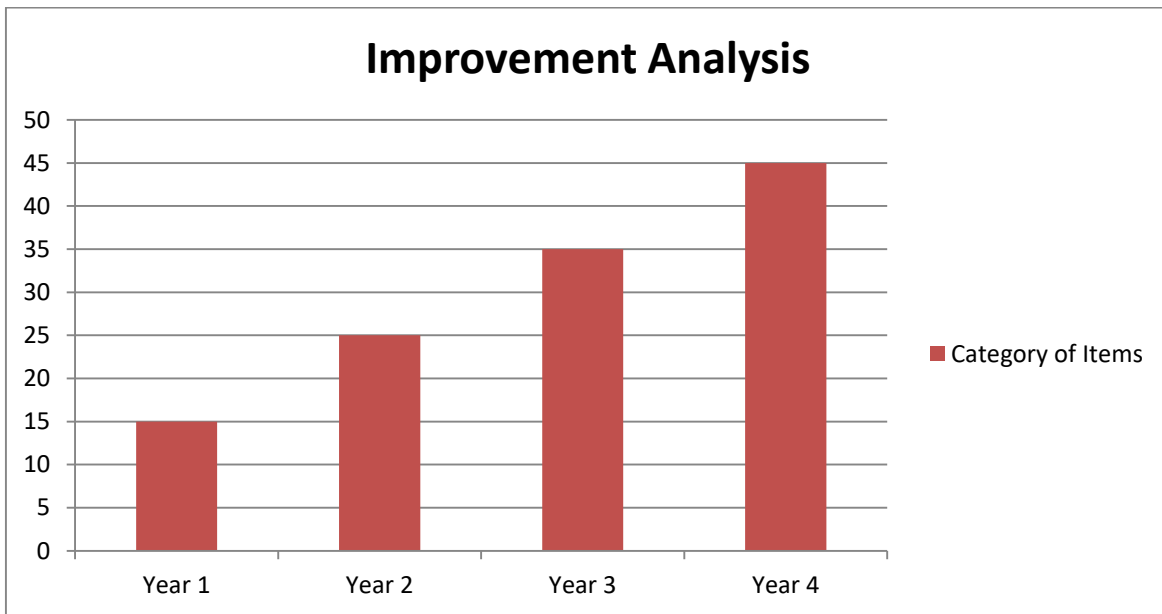


Fig: Improvement assumption under SP framework

Under SP framework a continuous improvement plan has to be set, that will design in such a way which will bring steady, ongoing improvement in specification design, adaptation, and processes through constant review, measurement, and action. The Shewhart Cycle (also known as the Deming Cycle or PDCA, which stands for Plan-Do-Check-Act), or an approach called Kaizen, are the two most well-known frameworks used to support continuous improvement.

(<https://www.thebalancecareers.com/planning-for-continuous-improvement-in-the-workplace-2275281>)

A simple narrative of the PDCA cycle is:

Plan: Identify an opportunity and create a plan for improvement.

Do: Test the change on a small scale where results can easily be observed and measured.

Check: Evaluate the results of the test and summarize the lessons learned.

Act: If the test worked, implement the change on a slightly larger scale and monitor results.



Fig: PDCA (Source: Internet)

#### 4.8 Summary

BRAC is a big organization, it will not be easier the adaptation of SP concept in one day. It needs detail analysis and planning. Stakeholder both internal, external needs to understand the future impact and everyone's responsibility. Every person should aware the reasons behind the sustainable procurement. As BRAC deals with lots of vendors it will be good way to furnish the motivation towards the industry.

## Chapter V

### CONCLUSION

#### 5.1 Conclusion

Throughout the study it is discussed about the importance of sustainable procurement and why organization needs to adapt the same and the ways of implementation. Also discussed about the major scope of the ensuring VFM through sustainable procurement.

There was two research questions were given Chapter 1, to find the perfect answer of these,, highest priority and effort has been given in this thesis paper to explore the areas of sustainable procurement adaptation in the current BRAC procurement Department. The

In chapter 1 the methodology of the thesis were described and the way of collecting the data. This was a comprehensive analysis we have tried to do. However we had faced some difficulties to collect the qualitative data. It was discussed about how we have carried out the primary data collection, gathering data and analysis reflecting in Chapter IV. About 56 respondents had given their inputs. Most of them are from different private enterprise. That shows how important it is to be adapted across all the industries. There were different category of people gave input from officer upto DGM, GM and head of the department. There was mix of public, private and third sector. Sustainable procurement is an that much important issue in most of the developed countries. Sustainable Development Goal (SDG) gives the way how organization can adapt. However SDG is agreed by government but private organization may check the target and indicators which government is working on that.

There could be a sustainable procurement strategy may develop which policies and procedures may to help deliver Sustainable development objectives throughout the organization as a whole .

In recent context, technology based procurements are more efficient & transparent which include, ERP, SAP, e-procurement / eTender, more framework agreements and centrally coordinated procurement be likely to make sustainable procurement easier to implement. Those systems are visible to all, anyone can track the same. The detail recommended sustainable procurement roadmap is given in chapter-V. There must be proper reporting from all the parameter like yearly procurement status, spend analysis category wise, savings report etc.

During conducting the procurement, buyer can legally and objectively recognize and include social and environmental considerations alongside those of transparency, non-discrimination and fair competition. But there must be well established guideline and procedures how to evaluate the social and environment parameter and the method of scoring.

There is an assumption like the implementation of sustainable procurement will be more expensive than typical traditional procurement style. In reality if we consider total costs over the lifetime of products and services then we may feel actually our needs and life cycle costs. After detailing we feel that yes costs are competitive.

So far BRAC is using most technological advanced products and services. However there is a huge cope to work on. There is huge number of vendor data base. Vendor must be conversant about the SP importance. Vendor will use eTender/ERP web portal, that ultimately will ensure paperless work environment from both end. Apart from cost benefit analysis Environmental and social factors are not being considered in the specifications and whole life costing approach is rarely considered. Organization may look into this if we adapt sustainable procurement framework

Another issue of social aspect of sustainability is the ethical labour practice, which includes proper wages of labours, prohibition of engaging child labours, forced labour, right to collective

bargaining, health and safety issue insurance in case of personal injury which needs to be added as a criteria in the procurement system. Vendor will comply those, they may provide proper certification. During vendor enlistment and performance rating these criteria may be checked by the buying team..

As researcher said earlier the sustainable procurement approach is not easy task, however it can only be implemented if the decision comes from the top management and every stakeholder must abide by the rules and regulations. There needs to well developed vendor pool who can deliver the required goods and services. Proper education and training on sustainable procurement of the individual procurement professionals are required in order to increase knowledge base for implementing sustainable procurement procedure in right way.

Lastly, it can be said there is scope to further study about the sustainable procurement issue. Till now, the concept of sustainable procurement is not that known to all. Everyone is not aware about the implications of that. Advanced research needs to be conducted in order to get a deeper insight into the sustainability issue in relation to the procurement.

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