

**SUSTAINABLE PROCUREMENT: A CASE STUDY ON STANDARD
BANK LIMITED, BANGLADESH**

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Submitted by

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MASTERS IN PROCUREMENT AND SUPPLY MANAGEMENT

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**BRAC Institute of Governance and Development,
BRAC University**

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DECLARATION

It is hereby declared that the dissertation titled “Sustainable Procurement: A Case Study on Standard Bank Limited, Bangladesh” has been performed by me and neither this dissertation nor any part thereof has been submitted elsewhere for the award of any degree or diploma.

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ABSTRACT

Till today there are no separate rules or regulations for private sector procurement including banking sector. As such the Public Procurement Act, 2006 is the only established law for procurement in any sector in Bangladesh. In the Public Procurement Act, 2006 (PPA 2006), the term 'procurement' has been defined as 'the purchasing or hiring of goods, or acquisition of goods through purchasing and hiring, and the execution of works and performance of services by any contractual means'. In line with that banking procurement can broadly be defined as the purchasing, hiring or obtaining of goods, works or services by the banking sector by any contractual means. Banking procurement is alternatively described as the acquisition of goods, works or services if such acquisition is effected with resources from bank's funds.

The items involved in banking procurement range from simple goods or services such as clips or cleaning services to large commercial projects, such as the development of infrastructure, data centre, banking software etc. Procurement in the banking sector hardly differs from that in the private sector. The purpose of procurement in the private sector is basically straightforward whereas that in the public sector complex as considers the economic development and welfare of the country rather than the commercial profits. Furthermore, unlike other private procurement, banking procurement needs to address the considerations of integrity, accountability, national interest and effectiveness since banks deal with common people's money.

Sustainable Procurement (SP) is procurement that is consistent with the principles of sustainable development, such as ensuring a strong, healthy and livable society for all, living within environmental limits, and promoting good governance. Sustainable procurement is an approach that takes economic, environmental and social sustainability into account when making any purchasing decisions.

An analysis through the review of Banking Sector procurement considering Standard Bank Limited as a subject of case study to find out the possible scope of sustainable procurement in present Banking Sector procurement framework reveals that although there are some provisions in the PPR, 2008 and STDs which relate to the sustainability issues, these are not sufficient in introducing sustainability in the Banking Sector procurement. What to talk about a Private Bank like Standard Bank Limited the Procurement Policy of Bangladesh Bank itself does not have clear guideline on Sustainable Procurement related performance measures and way to achieve the Key Performance Indicators of Sustainable Procurement.

The current scenario of sustainable procurement practice in the banking sector has been studied through analyzing the Annual Report, interviews with key procurement professionals and survey with procurement officers of Standard Bank Limited addressing

three aspects namely economic, environmental and social aspect of sustainable procurement. The analyses indicate that although there are a few cases where some sustainability issues are in practice, these are not very common as a whole in the banking sector of Bangladesh.

Existing tendering system in Bangladesh is still based on the lowest price approach and whole life costing approach is rarely considered in banking sector organizations. Majority of the banks do not have any provision as such an environmental management system with the exception of a few. The study indicates that at present there is virtually no mechanism in our banking sector procurement system to check the environmental performance of contractors/ suppliers.

Sustainability criteria should be embedded in the tendering system of any organization. Knowledge and awareness at the individual procurement professional level seem important in order to make active sustainable procurement choices. A clear commitment is necessary from the very top of the management which has to be transferred to everyone involves in procurement or consumption. For any bank it is necessary to formulate a sustainable procurement policy and to align the procurement framework with the policy.

The Board of Directors of the Banks needs to come forward to remove the barriers to sustainable procurement whether actual or perceived. Awareness campaign should be arranged focusing on how to take account of non-monetary benefits of sustainable procurement. 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 the banking sector procurement in Bangladesh.

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LIST OF ABBREVIATIONS

ADP = Annual Development Plan
BADC = Bangladesh Agricultural Development Corporation
BCIC = Bangladesh Chemical Industries Corporation
BJMC = Bangladesh Jute Mills Corporation
BPC = Bangladesh Petroleum Corporation
BSEC = Bangladesh Steel & Engineering Corporation
BUET = Bangladesh University of Engineering and Technology
BWDB = Bangladesh Water Development Board
CDM = Clean Development Mechanism
CFL = Compact Fluorescent Lamp
CGFR = Compilation of General Financial Rules CPAR = Country Procurement Assessment Report CPTU = Central Procurement Technical Unit
CSR = Corporate Social Responsibility
DESCO = Dhaka Electric Supply Company Ltd. DoE = Department of Environment
DoFP = Delegation of Financial Powers
DPDC = Dhaka Power Distribution Company Ltd. DPHE = Department of Public Health Engineering DPM = Direct Procurement Method
EED = Education Engineering Department EIA = Environmental Impact Assessment EMS = Environmental Management System ERD = Economic Relations Division
GCC = General Conditions of Contract GoB = Government of Bangladesh GHG = Green House Gas
HED = Health Engineering Department
HOPE = Head of Procuring Entity
BIGD = BRAC Institute of Governance and Development
IMED = Implementation, Monitoring and Evaluation Division
ISO = International Organization for Standardization
KII = Key Informant Interview
KPI = Key Performance Indicator
LGED = Local Government Engineering Department
LTM = Limited Tendering Method NGO = Non-government Organization OTM = Open Tendering Method
PDB = Power Development Board
PE = Procuring Entity
PPA, 2006 = Public Procurement Act, 2006
PPPA = Public Procurement Processing and Approval Procedures
PPR, 2003 = Public Procurement Regulations, 2003
PPR, 2008 = Public Procurement Rules, 2008
PWD = Public Works Department RFQM = Request for Quotation Method RHD = Roads and Highways Department SP = Sustainable Procurement
SRFP = Standard Request for Proposal STDs = Standard Tender Documents UN = United Nations
WLC = Whole Life Costing

CHAPTER - 1

INTRODUCTION

1.1 General Introduction

Organizations practicing sustainable procurement, consider the environmental and social impacts (both positive and negative) from products and services alongside the cost. Sustainable procurement as a broad concept first emerged following the Rio Earth Summit in 1992 (Sustainable Procurement Guide published by the department of Sustainability, Environment, Water, Population and Communities of Australian Government). During the 1990s, environmental procurement policies started appearing at the European and international levels. Many governments, both overseas and domestic, have now implemented policies promoting sustainable procurement principles. Sustainable procurement aims to reduce the adverse environmental, social and economic impacts of purchased products and services throughout their life.

In the era of global awareness on sustainability whether in the banking or private sector, there are rising pressures and expectations on a more efficient and value added deliveries of products and services for their organizational needs. All stakeholders from employees and shareholders to taxpayers and government bodies are demanding quality and effective procurement processes and system which can be sustainable. Sustainable procurement looks beyond the up-front cost to make purchasing decisions based on the entire life cycle of the goods and services, taking into account associated costs, environmental and social risks and benefits, and broader social and environmental implications.

In 2005, the UK Government set up a Sustainable Procurement Task Force which developed a definition for sustainable procurement. This definition is now used by the Australasian Procurement and Construction Council (APCC), the UN and the UK Government:

“A process whereby organizations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organization, but also to society and the economy, whilst minimizing damage to the environment”. (APCC 2007, Australian and New Zealand Government Framework for Sustainable Procurement). or perhaps better explained definition would be by Bryde and Meehan (2010).

“Sustainable procurement means appreciating and managing social, ethical, safety, environmental and economic value associated with the supply chain and materials selection.

Improving procurement performance helps to establish purchasing social responsibility; making common sustainable procurement in line with Legislations/initiatives for the selection of materials, suppliers and subcontractors, takes account of impacts on environmental, community, responsibility, selection and improved usages of products, works and services". (Bryde and Meehan, 2010)

Due to their intermediary role in the economy, banks hold a unique position with regard to sustainable development. This intermediary role is both quantitative and qualitative. Due to their efficient credit approval systems, banks are well equipped to weigh risks and attach a price to these risks. Through such price differentiation, banks can foster sustainability. Banks can also develop more sustainable products, such as environmental or ethical investment funds. In addition, there is great scope for banks to improve their internal environmental performance.

From the point of moral obligation and regulatory requirements banking sector in Bangladesh should also follow the standards of sustainable procurement. Denationalization and private industrial growth led the Bangladesh Bank and the World Bank to focus their lending on the emerging private manufacturing sector. This initiative expanded the banking industry rapidly. By the end of 2014 total number of banks are 52 including banking, private and foreign banks (Bangladesh Bank website www.bb.org.bd).

Though the banking sector has grown rapidly but we are yet to set standards in the functional operations. For example we are yet to get a clear guideline on the procurement policy for the banks. Time to time Bangladesh Bank has rolled out various circular on procurement but there is no set policy for banking procurement. This is a challenge for the banks. Some of the banks are practicing their own policy and procedures which is a high standard but some of the banks are lacking behind. And very little works have been done to streamline this problem. The Public Procurement Act 2008 provided solutions to this problem to the public banks. Yet there remain issues for private and foreign banks. This clearly shows that there is a scope to work on the banking procurement in Bangladesh.

1.2 Objectives of the Research

Procurement is a tiny part of Supply Chain Management. Manufacturing industries are the key players who deal with extensive practice of Supply Chain Management. For banking industry there is limited scope of practicing Supply Chain Management. But procurement is needed in every organization. Thus procurement is considered one of the core management skills for every organization. This has to be done with consistency and keeping the functional and organizational strategy in mind. To ensure sustainable business the banks should

practice sustainable procurement. The objective of this research is to identify the scope of sustainable procurement in the banking sector and have a clear understanding on the practice so that we can recommend a way forward to achieve sustainable procurement in the banking sector. Efforts will also be made to analyze the possibilities and constraints for the integration and application of environmental criteria into the banking sector procurement process.

1.3 Research Questions

In response to the objectives mentioned above, the following research questions have been proposed.

- I. What is the scope of Sustainable Procurement in the Banking Sector?
- II. To what extent Standard Bank Limited practice Sustainable Procurement?

1.4 Scope of the Study

This study is basically focused on banking sector procurement. In this study, we will provide comprehensive insight into the state of sustainable procurement practice in banking sector organizations in Bangladesh. Since no major works have been done on banking sector procurement it is important and pertinent to research on how people's (shareholder's) money is spent and how green issues can be introduced in banking procurement. To gather information we have adopted case study approach and selected one of the prominent private banks of Bangladesh that is Standard Bank Limited. Information gathered through analyzing annual report and Key Informant Interviews (KII) will lend support to the research on what are the steps taken by the banking, private and foreign banks to incorporate sustainable procurement in their system and to what extent Standard Bank Limited practice sustainable procurement extent of sustainable procurement.

1.5 Methodology of Research

To achieve the research objectives as mentioned above, initial approach will be to review the relevant literature to strengthen the knowledge background in order to proceed with the task. Then we will review the Annual Report 2014 of the Standard Bank Limited and finally in depth interviews along with survey among the procurement professionals of different functions of Standard Bank Limited will be performed for the research in order to achieve a

better insight and understanding of the use of sustainable procurement in the banking sector of Bangladesh.

1.5.1 Review of the Annual Reports

Annual report of a bank is the most authentic information that is publicly available. In order to understand the formal position of Standard Bank Limited as far as the sustainable procurement is concern we will review the annual report of 2014.

1.5.2 Interviews

For this purpose, 3 interviews in 9 sessions have been designed with a view to ascertain how sustainable procurement is embedded in the banking sector. The Head of Procurement, Head of IT and Head of ADC of Standard Bank Limited have been interviewed according to the planned interview schedule. Since we have selected Standard Bank Limited for the purpose of case study, procurement professionals were selected from Standard Bank Limited only. Schedule of the interviews were as follows;

A. Interview Schedule for the Head of Procurement Department of Standard Bank

Date	Session No	Topics to be covered	Time Plan
10 Nov 2015	Session 1	Economic considerations of sustainable procurement in the banking sector	11am to 1pm
15 Nov 2015	Session 2	Environmental aspects of sustainable procurement in the banking sector	10:30 am to 12pm
17 Nov 2015	Session 3	Social aspects of sustainable procurement in the banking sector	5pm to 7pm

B. Interview Schedule for the Head of IT Division of Standard Bank Limited

Date	Session Number	Topics to be covered	Time Plan
10 Nov 2015	Session 1	Economic considerations of sustainable procurement in the banking sector	2:30pm to 4pm
15 Nov 2015	Session 2	Environmental aspects of sustainable procurement in the banking sector	4:30pm to 6pm
17 Nov 2015	Session 3	Social aspects of sustainable procurement in the banking sector	2pm to 4pm

**C. Interview Schedule for the Head of Alternate Delivery Channel (ADC)
Department of Standard Bank Limited**

Date	Session Number	Topics to be covered	Time Plan
09 Nov 2015	Session 1	Economic considerations of sustainable procurement in the banking sector	11am to 1pm
14 Nov 2015	Session 2	Environmental aspects of sustainable procurement in the banking sector	4pm to 6pm
16 Nov 2015	Session 3	Social aspects of sustainable procurement in the banking sector	10am to 12pm

For the purpose of preparing the interview schedule, both open ended and close ended questions were included to gather the required information. Information regarding departmental expenditure on procurement, relative expenditure on procurement of goods, works or services was sought in the interviews. The main focus of the interviews was the preparedness and practice of the organizations through addressing the three aspects of sustainable procurement namely economic, environmental and social aspects. In addition, information on the factors that may act as driver or barrier to the sustainable procurement as, the respondents, being the procurement professionals, feel from their operational experience in the field of procurement in the was also gathered during the interviews in order to have the field level preparedness regarding the sustainable procurement. At the final stage of the interviews, suggestions or opinions were invited from the respondents in order to get a general perception of the banking sector bodies about the sustainability issue.

The data collected through the key informant interviews and survey questionnaires have been analyzed based on the questions asked in the interviews. An individual analysis has been made on each of the questions which would help find a complete picture of the matter. Most of the analysis has been done qualitatively from the perception based interviews with the respondents. However, some quantitative analyses have also been made based on the supplied data by the respondents. The data and the detailed analysis have been presented using different analytical and presentation tools such as table, figures, pie chart etc.

The whole research work has been conducted under the supervision of an academic supervisor. The research outcome has been revealed through the production of a dissertation paper which was prepared under the guidance of the supervisor and as per the

instructions given by the BRAC Institute of Governance and Development (BIGD), BRAC University.

1.6 Organization of the Thesis

This thesis has been developed in five distinct Chapters. General introduction of sustainable procurement is included in Chapter 1. This chapter also includes the overall objectives of the study including research question, the scope of research, methodology of the study and finally the chapter outline. Chapter 2 titled “Literature Review” introduces the concept of sustainability, sustainable development and sustainable procurement in order to give a theoretical view of the subject matter. The concepts of various sustainable procurement terminologies have also been elaborated in this chapter. The chapter also presents a brief overview of sustainable procurement practices including organizational best practices in the various part of the globe. Chapter 3 is completely dedicated to capture the theoretical background and the chronological evolution of procurement in Bangladesh emphasizing banking sector. In chapter 4, the data and information regarding sustainable procurement scenario in the Standard Bank Limited (to depict the overall banking sector in Bangladesh) collected through key informant interviews with a number of procurement professionals is analyzed and presented. This chapter gives a clear view of sustainable procurement practices in the banking sector in Bangladesh. Concluding remarks and recommendations came at the concluding Chapter. References and Appendices are placed at the end to support the research work.

CHAPTER - 2

LITERATURE REVIEW

2.1 Introduction

This chapter introduces the theoretical background of the sustainable procurement under the study and explains on why it is a relevant issue from a banking procurement perspective. Besides, the emergence of the phenomenon sustainable procurement and its connection to sustainable development has been described. Some of the concepts relevant to the sustainable procurement have also been presented and elaborated.

The research work started with a thorough and critical review of literature which focused basically on the concept of sustainable procurement, environmental management in the banking sector procurement, potential drivers and constraints connected with sustainable procurement, banking procurement regime in Bangladesh and so on. For getting in-depth knowledge of sustainable procurement, different books, journals, publications were reviewed. Besides, the websites of different organizations practicing sustainable procurement and also different multi-national organizations were visited in order to know the latest advancement in this sector.

Public Procurement Act, 2006, the basic legal document for banking procurement in Bangladesh and Public Procurement Rules, 2008 have been extensively reviewed to know the potential scope and current practice of sustainability in the banking sector procurement in Bangladesh. Bangladesh government policy, previous reports etc. have also been gone through for identifying the current position in this subject matter.

Reports of different government organizations on procurement performance, reports of various development partners have helped a lot to enhance the knowledge base of the subject matter. Finally, the articles published in different newspapers on this issue have been reviewed in order to have the current exposure of the subject matter.

2.2 The Concept of Sustainability

According to Blackburn (2007), the concept of sustainability first emerged into mainstream discourse in 1972, during the United Nations Conference on the Human Environment. At a time when serious environmental concerns were beginning to be raised in relation to industrial development and practices (on issues such as deforestation, pollution and

the use of toxic pesticides, for example), the conference delegates debated which was more important: economic development or environmental protection? After a series of discussions, the UN had recognized that economic development and environmental protection were inextricably linked – and potentially, mutually reinforcing. Economic development would be required to raise living and working conditions, and to support investment in environmental conservation and viable technologies. At the same time, any attempt to improve human well-being that threatened the environment was doomed to failure in the long run – because the depletion of resources, the degradation of environment and the pollution of air and water, for example, would impact on the well being and development potential of future generations.

As it has been mentioned earlier, the sustainable procurement encompasses three dimensions e.g. economic, environmental and social aspects of procurement. The operational definitions of these three variables are described below.

Economic Considerations: Economic variables are supposed to be variables that deal with cash flow. Depending on the situation it may consider looking into income or expenditures, business climate factors, employment, and business diversity factors. In procurement, this aspect may be addressed through best value for money, price, quality, availability, functionality of the goods or services. Banking sector procurement should also look into job growth, employment distribution, equal opportunity of all firms etc.

Environmental Aspects: Environmental variables should be concerned with measurement of natural resources and reflect potential influences to its viability. It should incorporate various environmental variables including air and water quality, energy consumption, natural resources, solid and toxic waste, and land use/land cover etc. Ideally, having long-range trends available for each of the environmental variables would help organizations identify the impacts a project or policy would have on the area. The procurement decisions should be made after considering the impacts on the environment the product and/or service may have over its whole lifecycle. These may include emission of pollutants in the environment, electricity consumption, fossil fuel consumption, generation of solid/ hazardous waste, change in land use or land cover.

Social aspects: Social variables refer to social dimensions of a community or region and could include measurements of education, equity and access to social resources, health and well-being, quality of life, and social capital. Examples of social variables may include unemployment rate, female labor force participation rate, relative poverty etc. In banking sector procurement, this aspect may be addressed by considering the effects of

procurement decisions on issues such as poverty eradication, equity in the distribution of resources, labor conditions, human rights etc.

2.3 The Concept of Sustainable Development

Development is a term for a cluster of activities aimed at improving human and social well-being, through the creation and maintenance of wealth, social infrastructure, equity, education, employment, enabling technologies and so on. It thus embraces a range of social, economic, industrial and technological activity, with the broad aim of escalating the conditions of human life. Sustainable development can be considered as the development activity that can be sustained, or kept up, over the long term; that does not undermine or put at risk the conditions and resources, required preserving well-being into future. So, we see that sustainable development has two distinct dimensions; one is to achieve economic development to secure higher standard of living, for present and future generations, and the other is to protect and enhance the environment, for present and future generations. The Brundtland Commission Report (1987), initiated by the UN, focused on the need to develop a stable relationship between human activity and the natural world, which would not reduce the prospects of future generations to enjoy a quality of life at least as good as that of the present generations. These ideas were refined by the 1992 Rio Declaration on Environment and Development (issued by a UN Conference held in Rio de Janeiro), in which social justice and human rights issues were explicitly added to the mix.

This three-dimensional (economic-environmental-social) view of sustainability subsequently became widely adopted, and in 1997, the term 'triple bottom line' (TBL) was coined by John Elkington to highlight the need for nations and organizations to measure their performance in all three areas. Now This three-dimensional view of sustainable development is expressed as various forms like;

3Ps ie. Profit (economic performance), People (social sustainability) and Planet (environmental sustainability)

3Es ie. Economics, Environment and Equity (social justice)

2Rs ie. Resources (the wise use and management of economic and natural resources) and Respect (for people and other living things)

Sustainable development has been defined in many ways. However, the definition of the Brundtland Commission (1987) is widely used: 'Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.' So, humanity must take no more from the nature than nature can replenish or repair. There should be a balance between improving human and social well-being and preserving natural resources and ecosystems.

2.4 The Concept of Sustainable Procurement

Sustainable procurement (SP) is procurement that is consistent with the principles of sustainable development, such as ensuring a strong, healthy and just society, living within environmental limits, and promoting good governance. Sustainable procurement is an approach that takes economic, environmental and social sustainability into account when making any purchasing decisions. It is about looking at what purchased items are made of, where they come from, how they are made and by whom, how they will be used and whether they are in fact necessary. It looks at the answers of the following questions:

Does procurement, in all these aspects, meet the present needs of the organization, its customers and its wider stakeholders, without compromising the ability to continue to do so in future?

Does procurement, in all these aspects, protect or enhance the economic viability of the organization such as adding value, controlling costs, securing supply continuity, meeting the needs of internal and external customers, building beneficial supply chain relationships etc. without negative environmental or social impacts?

Sustainable procurement goes by many different names: 'Green Procurement', 'Environmental Procurement', 'Affirmative Procurement', 'Responsible Procurement', 'Socially Responsible Procurement' and so on. There is no all accepted definition of sustainable procurement. The United Nations procurement website describes it in the following ways:

'Procurement is called sustainable when it integrates requirements, specifications and criteria that are compatible and in favor 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" (UNGM, 2011).

Through sustainable procurement, organizations use their own buying power to give a signal to the market in favor of sustainability and base their choice of goods, works and services on:

- Economic considerations: best value for money, price, quality, availability, functionality;

- Environmental aspects, i.e. green procurement: the impacts on the environment that the product and/or service has over its whole lifecycle; and
- Social aspects: effects of procurement decisions on issues such as poverty eradication, equity in the distribution of resources, labor conditions, human rights.'

Sustainable procurement should consider the economic, environmental and social consequences of design, non-renewable material use, manufacture and production methods, logistics, service delivery, use, operation, maintenance, re-use, recycling options, disposal and suppliers' capabilities to address these consequences throughout the supply chain. In other words, sustainable procurement takes into account the whole lifecycle of a purchase and purchased items and the chain or network of supply relationships. Two concepts are very closely linked with sustainable procurement. These are; sustainable production and sustainable consumption

2.5 Sustainable Production

Any economic system depends on two basic processes: demand (arising from the consumption of goods and services) and supply (arising from the production of goods and services). Production can be used to describe a range of activities undertaken in the process of transforming the raw materials, resources and other inputs into goods and services. Each of the production activities has the potential to create negative environmental and social impacts. Sustainable production thus implies that the production activities will have the minimum adverse impact. Hence, sustainable products can be expected to be those which are fit for purpose and providing value for money, energy and resource efficient, made with maximum use of sustainably managed renewable or re-cycled materials. The cause of minimal pollution, waste and GHG emissions in its supply, production and usage, durable, easily upgraded and repairable, re-usable, recyclable or safely disposable (with minimum waste impact). Ethically sourced, produced and supplied.

2.6 Sustainable Consumption

Sustainable consumption is closely related with sustainable production. Firstly, producers are themselves consumers (buyers and users) of labor, materials, components, products and services. Sustainable production implies the sustainable procurement and use of these resources. Secondly, the nature of market economies is that producers supply what consumers demand: unless the market is willing to engage in sustainable consumption,

there will be no business benefit to sustainable production. Conversely, sustainable consumption is only possible where sustainable products are available. Thirdly, the idea of sustainable consumption imposes a responsibility on producers to think beyond the sustainability of their own inputs and processes, to how their outputs will be used, maintained and disposed of so that sustainable production actively supports sustainable consumption.

Examples of sustainable consumption for various organizations as well as individual consumers may be:

- Buying energy efficient equipment and appliances (as identified by certified energy efficiency rating systems) and reducing energy consumption (by raising awareness and switching off appliances not in use)
- Reducing unnecessary transport mileage, fuel usage and carbon emissions (using banking transport or cycling, buying fuel efficient and clean fuel vehicles, telecommunicating, reducing unnecessary air travel etc.)
- Re-using and recycling, and purchasing re-usable and recyclable and biodegradable products, and products with recyclable and less packaging.
- Purchasing local, seasonal materials and produce in order to minimize transport miles, which is a major contributor to CHG emissions.
- Carbon offsetting: compensating for domestic or corporate carbon emissions, if they cannot be reduced, by purchasing offsets, (or credit carbons) on the carbon credit market, or independently investing in renewable energy, energy efficiency, reforestation and carbon-reducing projects.
- Buying ethically sourced and produced goods (certified Fair Trade products which guarantee the ethical treatment of labor and suppliers).
- Using local, small and diverse suppliers where possible to support communities and equal opportunity and to reduce transport miles.
- Consuming less.

2.7 The Triple Bottom Line

The term triple bottom line indicates three pillars of sustainability namely, economic, environmental and social. The term was designed so that the corporate activity not only adds economic value, but also potentially adds environmental and social value. The triple bottom line is also expressed in other ways such as 'TBL', '3BL', 'People, Profit, Planet' etc. 'People' pertains to fair and beneficial business practices toward labor and the community and region in which a corporation conducts its business. 'Planet' refers to sustainable environmental

practices. 'Profit' is the economic value created by the organization after deducting the cost of all inputs, including the cost of the capital tied up. It differs from traditional accounting definitions of profit. In a sustainability framework, the 'profit' aspect needs to be seen as the real economic benefit enjoyed by the host society. It is the real economic impact the organization has on its economic environment. It recognizes the need for organizations to measure their performance not just by how well they further the interests of their primary stakeholders (shareholders) through profitability, but also by how they further or protect the interests of their secondary stakeholders (including wider society), in relation to social and environmental sustainability.

2.8 Benefit of Sustainable Procurement

Buyers have a lot of control over what is manufactured, and how it is manufactured. Each time a product is purchased, the buyer is effectively "electing" or "voting" for the company that has provided it. When products are purchased from companies that are ethically irresponsible, e.g. companies that exploit their workers, or companies that degrade the environment through their operations, then these companies engaged such un-sustainable practices are being encouraged to continue. So, the biggest purchasing power of government should be used to support companies that produce sustainable products. Government procurement therefore needs to consider sustainability issues as it is the only way that it can be sure to offer real value for money over a longer term without compromising environmental and social responsibilities. This would ensure that development targets are achieved through the acquisition of goods, works and services without much damage to society and the environment. With these considerations, sustainable procurement seeks long term impact on economic, social and environmental issues, by helping to, achieve value for money, sustain economic development, improve ethical behavior of suppliers / contractors especially, and the general banking at large, reduce harmful emissions and waste generation, improved air and water quality, make local industries applying sustainable procurement internationally competitive, increase the wealth and health of the society (hence improve living standards), improve working conditions - health and safety, labor standards, reduce labor agitation, improve condition of disadvantaged groups in the country, help accelerate the achievement of the Millennium Development Goals, and create a better society, among other things.

2.9 Potential Drivers for Sustainable Procurement

Drivers are the factors that impel actions for sustainable procurement. So, factors such as resource scarcity, legislation, reputational risk/ opportunity, shareholder pressure etc. are likely to drive organizational measures for sustainability. Drivers come before the introduction of a sustainability program, as a contributing factor in it. Drivers for sustainable procurement may be classified as external and internal. Table 2.1 and Table 2.2 show some of the key general external and internal drivers for sustainable procurement.

Table: 2.1 – General External Drivers for Sustainable Procurement

Drivers	Indicators of the drivers
Political factors	Government policy, targets and standards, incentives and penalties, Government practice as a buyer/ supplier and employer
Economic factors	Loss of market demand for unsustainable products/ services, rising market demand for sustainable products/ services
Social/ Ethical factors	Social attitudes and values creating media, banking, labor and consumer pressure for sustainable practices, emerging social justice and ethical issues (eg corporate governance, citizenship, corruption, trading ethics, fair trade, human and labor rights), industry/ professional codes of ethical practice.
Technological factors	Competitor/ market innovation and take-up of sustainable technologies (new products, materials, and processes), exposure of unsustainable technologies (eg resource usage, wastes), and opportunities in new sustainable technology markets (eg alternative energy).
Legal factors	National and international legislation on sustainability (or threat thereof), waste, pollution, emissions, employment rights, health and safety, consumer rights, corporate governance, banking sector procurement etc.
Environmental factors	Resource depletion and costs (especially energy costs), issues of concern to key stakeholders (eg climate change, GHG emissions, deforestation, water management, conservation, biodiversity, pollution, waste reduction), national targets under international agreements.
External stakeholder factors	Interest and pressure in any or all of the above factors, creating threats and opportunities for the organization in obtaining resources and collaboration (eg customers, labor, investors, pressure group activism, potential for cause-related marketing).

[Source: Sustainable Procurement, the official CIPS course book in partnership with PROFEX publishing]

Table 2.2 – General Internal Drivers for Sustainable Procurement

Drivers	Indicators of the drivers
Corporate Goals	Corporate vision, mission and objectives including sustainability values and aspirations.
Organizational status	Existing CSR and/ or corporate citizenship objectives/ policies
Top level buy-in	Senior management visionaries, champions and supporters of sustainability.
Business factors	Business case arguments for sustainability, enhanced reputation, brand strength and sales revenue, cost/ waste reduction (eco-efficiencies), enhanced supply chain innovation and efficiency, reduced regulatory burden.
Accountability factors	Accountability mechanisms, which demonstrate seriousness, and make reward contingent on sustainability progress/ performance.
Risk awareness	Priority given to risk management, perception of business, reputational and supply risk from non-sustainability, reputational damage.
Stakeholder factors	Internal stakeholder demand for sustainability (eg need to attract and retain quality managers, employees, investors and supply chain partners).

[Source: Sustainable Procurement, the official CIPS course book in partnership with PROFEX publishing]

It should be obvious that some of these factors will be more immediately relevant and influential in some sectors than others. So, banking sector organizations need to decide which drivers it might most effectively use as leverage to champion a sustainable procurement initiative.

2.10 Barriers to Sustainable Procurement

In addition to drivers, there are also barriers of sustainable banking procurement. Barriers are those factors which may obstruct an organization's progress towards sustainable procurement or the sustainable procurement agenda in general. Summary of the barriers are,

2.10.1 Cost

Sustainable option may be more expensive because they may involve the purchase of products and services which are innovative, based on new technologies or new to the market. They may involve more labor and management intensive process. They may involve additional risks. They may prevent the organization to have the best available

price. They may require the development of new processes and capabilities, and the plant, equipment and systems associated with them. They may generally involve significant change within the organization and its supply chain which also requires investment of resources, possible loss of productivity, investment in training and development, audits and reviews, and so on. They may require the organization to engage in carbon offsetting or compensatory investment in sustainability projects.

2.10.2 Stakeholder Attitudes

The attitudes, expectations and influence of stakeholder groups can act as barrier. Particular group of stakeholder may be indifferent to sustainability or even actively resistant to it.

2.10.3 Cultural barriers

Different nations and cultural groups may have significantly different norms, values and assumptions, which influence how they do business and manage people, and how consumers develop product/ service preferences and buying patterns. National, ethnic and religious beliefs, values and behavioral norms can support sustainability – create a barrier to it. Organizational and management culture may also act as a barrier because the sustainable procurement is likely to be shaped by: the mission and value expressed by senior management and the mottos, slogans and stories promoted within the organization; the types of people required and promoted within the organization; the behaviors celebrated and rewarded within the organization; the behaviors and values modeled by management, and so on.

2.10.4 Macro-economic Barriers

Economic growth can present a barrier to sustainability by encouraging over-consumption, excessive resource use, wastes and environmental impacts of economic development activities, investment risk-taking, over-staffing and demand pull inflation. On the other hand, economic decline, downturn and recession create barriers to sustainable procurement by: placing the priority on cost reduction and profitability for business survival, eroding business confidence, leading to reduced investment in projects with long or uncertain payback periods, increasing unemployment, creating and budget deficit which put pressure on banking sector procurement to secure short-term cost-reductions, and so on. Protectionism, the policy of protecting domestic industry from the effects of outside competition, by imposing barriers to international trades, tariffs, and non-tariff factors, may present a support for sustainability, but may also present a barrier to it, to

the extent that international trade contributes to the prosperity of developing nations, peaceful international relations and so on.

2.10.5 Policy Conflict

Any policy broadly supports economic growth which can ensure better standard of living for the population as a whole: one of the aims of sustainable development. However, economic growth has some disadvantages including faster usage of scarce and non-renewable resources and more pollution and waste products. Another trend in international policy is the stimulation of free trade and market globalization. However, this can act as a barrier by: encouraging the exploitation of low cost labor in the developing countries, eroding local cultures, exploiting developing markets, encouraging unsustainable environmental practices, creating unemployment in the local labor market etc. Open tendering procedures for banking procurement is intended to ensure open competition, but may also restrict a banking authority's ability to impose sustainability criteria that are not directly related to the purchase – such as supplier diversity information.

In addition to the above barriers, the Sustainable Procurement National Action Plan in the UK identifies a number of primarily internal barriers to sustainable procurement in the banking sector. These barriers are lack of leadership and commitment, confusion about ownership, poor incentive systems and mixed messages to supplier are the barriers of this category. There might be lack of clarity and proliferation of priorities and Lack of cross-government buy-in.

2.11 Drivers verses Barriers

From the above tables describing the drivers and barriers of sustainable procurement, we see that some of the factors are both drivers and barriers depending upon the situation or overall external and internal environment. For example, although economic growth supports better standard of living for the population as a whole: one of the aims of sustainable development, it can present a barrier to sustainability by encouraging over-consumption, excessive resource use, wastes and environmental impacts of economic development activities. Moreover, in spite of the sustainable procurement being expensive it should be supported in the banking sector as the government is committed to the overall well being of the people. Similarly, one barrier indicating that a WLC approach requires a lower overall price is difficult to realize within the governmental budget structure.

2.12 Representative KPIs for Sustainable Procurement

Key performance indicators (KPIs) are agreed, specific measures of the performance of a unit or organization, against which progress and performance can be evaluated. KPIs should be such that they are relevant, clear and unambiguous and capable of direct, consistent measurement at operational level. Table 2.5 shows some of the representative KPIs for sustainable procurement.

Table 2.5 – KPIs for Sustainable Procurement

Area of	Procurement KPIs
Economic performance	<ul style="list-style-type: none"> ➤ Cost (eg procurement costs as a percentage of spend) or cost savings (annual cost savings as a percentage of spend) ➤ Productivity (eg cost per procurement cycle, time taken per procurement cycle) ➤ Supplier leverage (eg percentage of suppliers providing 80% or more of annual spend) ➤ Customer satisfaction (eg percentage of deliveries received on time in full)
Environmental performance	<ul style="list-style-type: none"> ➤ Percentage reduction in energy, water purchase ➤ Percentage reduction in supplier (or logistics or procurement), GHG emissions. ➤ Percentage reduction in supplier water and energy usage. ➤ Percentage purchase of recycled materials ➤ Percentage of vehicle fleet which is hybrid ➤ Volume of waste to landfill (buyer and supplier) ➤ Percentage of spend with suppliers who report on environmental impacts, or operate Environmental Management System (EMS).
Social/Ethical performance	<ul style="list-style-type: none"> ➤ Diversity and equal opportunity among procurement staff ➤ Training/ development opportunity (and percentage of take-up) ➤ Compliance with workplace law and standards, ethical sourcing and trading standards/ objectives. ➤ Reduction in health and safety incidents, grievance proceedings etc. ➤ Supplier diversity (number of women-owned, minority-owned, small suppliers) ➤ Percentage supply chain monitored and managed for compliance ➤ Supply chain compliance (eg year on year reduction in the incident of non compliance)

[Source: Sustainable Procurement, the official CIPS course book in partnership with PROFEX publishing]

2.13 Sustainability and Banking Sector Procurement

Environmental issues have been on the international agenda for several decades, and both banking and private sectors are concerned about the role they play in these matters. More recently, the focus has expanded to broader topics such as sustainability. However, while sustainable procurement activities are common in many developed countries, the awareness and implementation of sustainable procurement is still comparatively low in most developing countries.

Banking procurement is concerned with how banking sector organizations spend tax payers' money on goods, works and services. Banking procurement is guided by principles of transparency, accountability, and achieving value for money for citizens and tax payers. Banking sector expenditure is substantial as government is often the single biggest customer within a country, and government can potentially use this purchasing power to influence the behavior of private sector organizations.

The banking has particular reasons for demanding greater levels of sustainability from its supply chain as it is directly and explicitly responsible for ensuring the banking money spent on goods, works and services is applied in such a way as to maximize benefits to the society.

Sustainable procurement worldwide is heavily driven by banking procurement agendas, and is often viewed as a banking sector initiative. However, the view is slowly changing as the legal and commercial pressures are raising the priority of corporate social responsibility in the private sector.

In summary it can be said that sustainable procurement is a new dimension for the procurement professionals who generally base their procurement decisions primarily on price, quality and time. Through sustainable procurement, an organization not only considers the self interest but also looks after the interests of the wider community by taking into account the economic, environmental and social considerations in their decision making. Banking procurement accounts for a substantial part of the economy of any country. As such, banking procurement is an attractive policy instrument for effecting positive changes in the broader economy. In particular, banking procurement could be used to stimulate the production of innovative and sustainable products.

CHAPTER – 3
BANKING SECTOR PROCUREMENT AND SUSTAINABILITY: BANGLADESH
PERSPECTIVE

3.1 Introduction

This chapter describes the general background of procurement in Bangladesh including its history and evolution. It provides a picture of banking procurement scenario in Bangladesh by incorporating the legal framework, under which banking procurement is done and regulated, the general principles and features of banking procurement currently in practice.

Till today there are no separate rules or regulations for private sector procurement including banking sector. As such the Public Procurement Act, 2006 is the only established law for procurement in any sector in Bangladesh. In the Public Procurement Act, 2006 (PPA 2006), the term 'procurement' has been defined as 'the purchasing or hiring of goods, or acquisition of goods through purchasing and hiring, and the execution of works and performance of services by any contractual means'. In line with that banking procurement can broadly be defined as the purchasing, hiring or obtaining of goods, works or services by the banking sector by any contractual means. Banking procurement is alternatively described as the acquisition of goods, works or services if such acquisition is effected with resources from bank's funds.

The items involved in banking procurement range from simple goods or services such as clips or cleaning services to large commercial projects, such as the development of infrastructure, data centre, banking software etc. Procurement in the banking sector hardly differs from that in the private sector. The purpose of procurement in the private sector is basically straightforward whereas that in the public sector complex as considers the economic development and welfare of the country rather than the commercial profits. Furthermore, unlike other private procurement, banking procurement needs to address the considerations of integrity, accountability, national interest and effectiveness since banks deal with common people's money.

3.2 Banking Procurement in Bangladesh

Banking is one of the most promising sectors in Bangladesh. This sector has contributed a lot to the development of the country. It has created employment facilities, provided working capitals, contributed to eradicate poverty and many more. Like any other country in the world Bangladesh has three types of banks considering the ownership or source of funds. The first type is public banks that are funded by tax payer's money, then comes the private

commercial banks which are funded by private entities and the third type is foreign banks which are funded by their own sources. However irrespective of their source of fund any bank operating in the country has to follow the regulation of Bangladesh Central Bank.

Bangladesh Bank as the regulator of all other banks has no specific guideline on procurement. But by default the public banks are bound to follow the government rules and regulations since they are funded by public money. As such all the public banks are following the PPR 2008 as the basis of their procurement. Yet there remain challenge for the private banks. Since there is no clear guideline from the central bank the private banks are following their own standards developed over the period of time. Some of these standards are at par with current organizational trend and others are not up to the mark. The last group of banks that is foreign banks is not following PPR 2008. They have their own group standards which is most of cases far more advanced than that of the local banks. But they have a common clause in their procurement policies that is “If the local regulations are tighter than the group standards then the local regulations should be applicable” (www.scb.cm/bd).

3.3 Procurement Regulations of Bangladesh Bank

We have searched the official website of Bangladesh Bank and found three basic documents governing the entire procurement of Bangladesh Bank. These documents are;

- I. Bangladesh Bank Procurement Regulations, 2004 (CSD circular number 01/2004 dated 01/11/2004)
- II. The Bangladesh Bank Procurement Processing and Approval Procedures (BBPPAP) (CSD circular number 03/2005 date 23/05/2005)
- III. E-tendering (GBCSRD circular number 05 dated 17/09/2014)

Basically above mentioned three documents are the official procurement references for the banking sector procurement in Bangladesh. Let us evaluate what these documents are.

3.3.1 Bangladesh Bank Procurement Regulation – 2004

Bangladesh Bank Procurement Regulations (BBPR 2004), 2004 was made effective on the 263rd meeting of the board of directors took place at 12 October 2004. It was circulated by CSD circular number 01/2004 dated 01 November 2004. All the previous rules and regulations were suspended and this new regulation was effective. In the preamble of the BBPR 2004 it is written that “WHEREAS Bangladesh Bank considers it expedient to regulate procurement of goods, works and services for achieving objectives of

- a) Optimizing efficiency in procurement

- b) Promoting competition among tenderers for the procurement of goods, works or services
- c) Providing equitable treatment to tenderers
- d) Promoting fairness in the procurement process”.

From the objectives of the document we can get the philosophy of bringing this new Procurement Regulations in effect. Basically this was the beginning of incorporating changes in the way of procurement in the banking sector. If we go into further details of the document we will find this is a customized PPR 2003 for the banking industry which is funded by public money. However BBPR 2004 describes in details how to complete entire procurement process. It has elaborately discussed every steps of a procurement cycle that begins with identification of need and finishes with signing of a contract. As a whole we can treat this document as a complete document on procurement process. The only limitation this document has it has not mentioned anything about the private banks.

3.3.2 The Bangladesh Bank Procurement Processing and Approval Procedures (BBPPAP)

As part of implementation of “The Bangladesh Bank Procurement Regulations, 2004” the Bank (Bangladesh Bank) decided to review and revise the procurement processing and approval procedures for award of a procurement contract, in line with the Public procurement and Approval Procedures introduced and circulated by IMED of the Ministry of Planning, Government of the Peoples Republic of Bangladesh vide circular number IMED/CPTU/PPR-0204B/8184 dated 10th October 2004. This was duly published in the Bangladesh Gazette on 11th October 2004. The Bank has introduced this streamlined Procurement Processing and Approval Procedures for all procurement of the Bank covered under the Bangladesh Bank Procurement Regulations, 2004 (BBPR), in order to take procurement decisions efficiently and speedily.

3.4 Sustainability in the Banking Procurement

Evaluating the Bangladesh Bank Procurement Regulations 2004 we have found out many aspects of sustainable procurement. Though there is no separate clause specifying sustainable purchase requirements but in many place it has been mentioned and highlighted. Mentionable areas are as follows;

- A. **Eligibility and non-discrimination.** It has been mentioned that “Unless the Government otherwise decides, tenderers shall not be excluded from participation in procurement of the bank on the basis of nationality, race or any other criterion not having to do with their qualifications or decisions taken against any tenderer under Regulation 12”.
- B. **Corrupt, Fraudulent, Collusive or Coercive Practices.** Regarding this it has been mentioned that “Procuring entities as well as tenderers/suppliers shall observe the highest standards of ethics during the implementation of procurement proceedings and the execution of contracts. No tenderer/supplier shall engage in a corrupt practice, which shall mean giving or promising to give, directly or indirectly, to any officer or employee of a procuring entity or any other authority or individual a gratuity in any form, an employment or any other thing or service of value, as an inducement with respect to an actor decision of, or method followed by, a procuring entity in connection with the procurement proceedings or contract execution. A fraudulent practice which shall mean a misrepresentation or omission of facts in order to influence the procurement proceedings or the execution of the contract. a collusive practice which shall mean a scheme of arrangement between two or more tenderers, with or without the knowledge of the procuring entity, designed to rig tender prices thereby denying a procuring entity from the benefits of genuine competition; and a coercive practice, which shall mean harming or threatening to harm, directly or indirectly, persons or their property to influence the procurement proceedings, or affect the execution of a contract. Should any corrupt, fraudulent, collusive or coercive practice of any kind referred to in Regulation 12(2) come to the knowledge of the procuring entity, the entity shall, in the first place, allow the tenderer/supplier to provide an explanation? Unless a satisfactory explanation is given, which is accepted by the head of a procuring entity, the procuring entity shall exclude the tenderer/supplier from further participation in the procurement proceedings or execution of contract. With the prior agreement of the head of a procuring entity, the procuring entity may also declare the tenderer/supplier ineligible, either indefinitely or for a stated period of time, from participation in procurement proceedings. Such exclusion and the reasons therefore, shall be recorded in the record of the procurement proceedings and promptly communicated to the tenderer/supplier concerned. Any action pursuant to Regulation 12(3) shall immediately be reported by a procuring entity to other procuring entities (and to the CPTU)”.

C. **Confidentiality.** After the opening of tenders, information relating to the examination, clarification, and evaluation of tenders and recommendations for award must not be disclosed to tenderers or other persons not officially concerned with this process until the award of the contract is announced. Following opening of the tenders, and until the contract is signed, no tenderer shall make any unsolicited communication to a procuring entity or try in any way to influence the authority's examination and evaluation of the tenders. Any effort by a tenderer to influence a procuring entity in its decisions on tender evaluation or contract award may result in the rejection of those tenderers tender.

D. **Right to Complain.** Subject to Regulation 47(2), 47(3) and 47(4) any tenderer who claims to have suffered, or who may suffer, loss or damage due to a breach of a duty imposed on a procuring entity by these Regulations may complain in accordance with Regulation 48 and 49. The following shall not be the basis for a complaint provided for in Regulation 47(1):

- the choice of a procurement method pursuant to Chapter III
- the choice of a procurement sub-method pursuant to Chapter VII;
- a refusal by a procuring entity to short list an applicant in response to an Expression of Interest under Regulation 41;
- a decision by a procuring entity to reject all tenders, proposals or quotations under Regulation 11;
- if a decision for procurement award has been made by the Cabinet Committee on Government Purchase.

E. **Independent Procurement Review.** At the end of each fiscal year each procuring entity with a procurement volume more than Taka (as specified in Appendix A) in that year, shall undertake post review of its procurement operations using independent consultants. The scope of the Independent Review shall cover compliance with these Regulations in addition to assessment of value for money considerations. The review shall cover not less than the minimum number of contracts as specified. Performance of this review shall be conducted in accordance with approved detailed guidance in this regard. The review shall be completed within a 9-month period following the end of the fiscal year.

3.5 Review of PPR 2008 in Light of Sustainability

In Chapter 1, two research questions have been proposed which are; i) what is the scope of sustainable procurement in the Banking Sector? And ii) to what extent Standard Bank Limited practice Sustainable Procurement?

This section addresses the 1st of the research question and represents a search for any component of sustainability in the current procurement framework of Banking Sector.

At present the Banking Sector procurement in Bangladesh is regulated by three principal documents which are the Public Procurement Act, 2006, the Public Procurement Rules, 2008 and the Procurement Policy of the Concern Bank. Besides these documents, the CPTU has prepared a number of Standard Tender Documents (STDs) for goods and works and Standard Request for Proposals (SRFPs) for services depending upon basically the size or volume of procurement. Table 4.2 shows some of the points made in the public procurement documents which relate to the sustainability issues.

Table 3.5 – Sustainability Issues in the Public Procurement Rules

Performance Area	Relevant points in the procurement documents
<p>Economic performance</p>	<p>“The Procuring Entity shall take into account the following when determining the method of Procurement and consolidating of Goods packages:</p> <ul style="list-style-type: none"> (a) availability of the relevant Goods in the local market; (b) quality, sources and brand of the Goods available in the local market; (c) price levels of the designated Goods; (d) Risks related to supply in the local and international markets”. [Rule 15(2), PPR, 2008] <p>In the case of determining the method of Procurement for Works, the Procuring Entity shall considering the prevalent conditions of the contracting industry and expected competition; [Rule 15(7), PPR, 2008]</p> <p>Technical Specifications prepared by Procuring Entities shall, where appropriate, be expressed in terms of performance or output requirements, rather than specifications linked directly to design or descriptive characteristics which may tend to limit competition. [Rule 29(2), PPR, 2008]</p> <p>There shall be no reference, in technical specification of Goods, to a particular trade mark or trade name, patent, design or type, named country of origin, producer or service Supplier. [Rule 29(3), PPR, 2008]</p>

<p>Environmental performance</p>	<p>The Contractor shall throughout the execution and completion of the Works and the remedying of any defects therein take all reasonable steps to protect the environment on and off the Site and to avoid damage or nuisance to persons or to property of the public or others resulting from pollution, noise or other causes arising as a consequence of the Contractors methods of operation.</p> <p>[GCC 27.1, STD-PW3]</p> <p>The Contractor, in particular, shall provide proper accommodation to his or her laborers and arrange proper water supply, conservancy and sanitation arrangements at the site for all necessary hygienic requirements and for the prevention of epidemics in accordance with relevant regulations, rules and orders of the government.</p> <p>[GCC 29.2, STD-PW3]</p>
<p>Social performance</p>	<p>The Procuring Entity shall take into account the following when determining the method of Procurement and consolidating of Goods packages:</p> <ul style="list-style-type: none"> (a) capacity of local Suppliers to supply the required quantities; (b) capacity of the national industry and quality of its products; (c) market conditions and expected competition; <p>[Rule 15(2), PPR, 2008]</p> <p>In the case of determining the method of Procurement for Works, the Procuring Entity shall consider the capacity of local Contractors. [Rule 15(7), PPR, 2008]</p> <p>Procuring Entities shall, where possible, prepare the specifications in close cooperation with the concerned user or beneficiary of the Goods or Works or Service [Rule 29(5), PPR, 2008]</p> <p>The Tender Document may allow for a domestic preference as defined in Schedule II. I to provide local manufacturers, Suppliers and Contractors with a price advantage over their international competitors for the purpose of promoting domestic products or industries. [Rule 83(1)(e), PPR, 2008]</p> <p>The Contractor shall throughout the execution and completion of the Works and the remedying of any defects therein take all reasonable steps to safeguard the health and safety of all workers working on the Site and other persons entitled to be on it, and to keep the Site in an orderly state. [GCC 27.1, STD-PW3]</p>

	<p>The Contractor shall not perform any work on the Site on the weekly holidays, or during the night or outside the normal working hours, or on any religious or public holiday, without the prior written approval of the Project Manager. [GCC 28.1, STD-PW3]</p> <p>The Contractor shall comply with all the relevant labor Laws applicable to the Contractor's personnel relating to their employment, health, safety, welfare, immigration and shall allow them all their legal rights. [GCC 29.1, STD-PW3]</p> <p>The Contractor, further in particular, shall pay reasonable wages to his or her laborers, and pay them in time. In the event of delay in payment the Procuring Entity may effect payments to the laborers and recover the cost from the Contractor. [GCC 29.3, STD-PW3]</p> <p>The Contractor shall not employ any child to perform any work that is economically exploitative, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development in compliance with the applicable labor laws and other relevant treaties ratified by the government. [GCC 30.1, STD-PW3]</p> <p>The Contractor shall provide, in the joint names of the Procuring Entity and the Contractor, insurance cover from the Start Date to the end of the Defects Liability Period, in the amounts and deductibles specified in the PCC for the following events which are due to the Contractor's risks Personal injury or death. [GCC 37.1, STD-PW3]</p>
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However, although these points in the public procurement documents as mentioned above relate somehow to the different aspects of sustainable procurement, these are not sufficient for introducing sustainability issues in the procurement system. It is noticeable here that very few points are made regarding environmental performance in the public procurement documents.

CHAPTER – 4

SUSTAINABLE PROCUREMENT IN STANDARD BANK: AN ANALYSIS

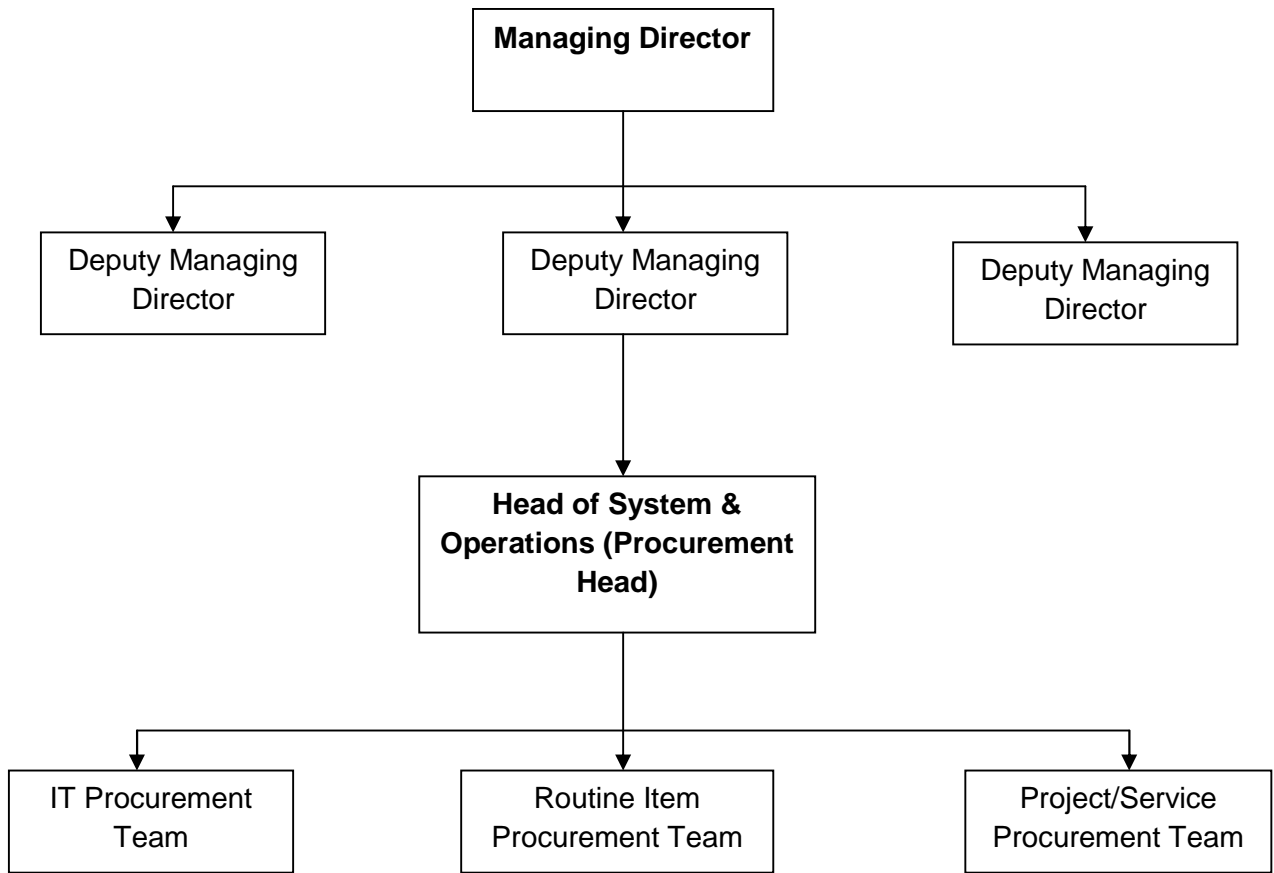
4.1 Introduction

In Chapter 1, two research questions have been proposed which are, firstly what is the scope of sustainable procurement in the Banking Sector? and secondly to what extent Standard Bank Limited practice Sustainable Procurement? This section addresses the 2nd of the research question and represents a search for to what extent Standard Bank Limited practice Sustainable Procurement.

Standard Bank Limited (SBL) was incorporated as a Public Limited Company on May 11, 1999 under the Companies Act, 1994 and the Bank achieved satisfactory progress from its commercial operations on June 03, 1999 (<http://www.standardbankbd.com/SblProfile.php>). SBL has introduced several new products on credit and deposit schemes. It also goes for Corporate and Retail Banking etc. The Bank also participated in fund Syndication with other Banks. Through all these myriad activities SBL has created a positive impact in the Market. Vision of the bank is “to be a modern Bank having the object of building a sound national economy and to contribute significantly to the Public Exchequer” (<http://www.standardbankbd.com/Vision.php>). To achieve this vision Standard Bank Limited has adopted their mission as “to be the best private commercial bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management and profitability” (<http://www.standardbankbd.com/MissionVision.php>). Since inception this bank has performed various innovative activities and has selected **sustainable business growth as** their strategic priorities (<http://www.standardbankbd.com/Priority.php>).

4.2 Procurement Procedure of SBL

Standard Bank Limited is one of the first generation banks in Bangladesh. Over the period of time this bank has become matured in all aspect not only in the business. SBL has become one of the pioneers in practicing “Green Banking” initiative proposed by Bangladesh Bank. To support business requirement SBL has well organized Procurement function. This function is known as “System & Operation” division. This division is headed by a Vice President who reports to the Deputy Managing Director. Organogram of the purchase function in SBL is as follows;



From the above mentioned hierarchy of the organization it is established that SBL has given due importance to the purchase function. In fact the management of SBL has considered the purchase activities as one of their core function. This is a good progress in context of a developing market like Bangladesh. Annual purchase value of SBL is huge and this expenditure is controlled by well defined process. SBL has formulated its own procurement policy and process. This procurement policy and process has been approved by the board of directors' meeting.

4.3 SBL Procurement Methods

Since SBL is a private limited company it is not mandatory for them to follow the PPR 2008. However, it is observed that they are practicing most of the PPR standards. For example the methods of procurement practiced by SBL are direct purchase method, quotation method, limited tendering method and open tendering method.

4.3.1 Direct Purchase Method

This type of tender inquiry is undertaken exclusively for the direct manufacturers /producers, sole agents where the goods or materials are specialized manufacturing in nature. Direct purchase from the manufacturer /sole agent is made under any of the following circumstances; purchase of items directly from the manufacturers to quality, hygiene, cost effectiveness genuineness of the products. Purchase of spare parts major portion of an equipment to maintain compatibility with the existing ones. Purchase of an item for which the tender was non- responsive or no response was received from the bidders repeatedly for two occasions and/or price quoted is significantly higher than the market price. The quotation must be recommended endorsed by the Tender Evaluation Committee and approved by the. No threshold has been set for this method; as such it is entirely management discretion. Cash Purchase is executed for running office or day to day operational need of the Bank and Branch. This purchase is allowed against the departmental/divisional Request note/memo duly recommended by the Division Head, approved by the Deputy Managing Director. Limit for this purchase is up to 20,000 taka (Twenty Thousand) which needs to be approved by the Deputy Managing Director and above and up to Tk. 50,000 (Fifty Thousand) needs to be approved by the Managing Director.

(Page 11, Para 2.3, Procurement Policy of Standard Bank Limited)

4.3.2 Quotations Method

This method is used for purchase of comparatively smaller volume of goods and services when Press / Limited tender becomes costly, time consuming or the operation is likely to suffer for shortage of goods that are tendered, then this method is undertaken. Purchase of goods through Spot Quotation is fixed up to Tk. 200,000. The mode of payment for procurement under spot quotation is by cash up to the purchase value of Tk. 50,000 and above by Payment Order. Minimum 3 (three) spot quotations is collected from suppliers/vendors. Purchase of goods through Request for Quotation (RFQ) is undertaken for the purchase of readily available, standard Off-the-Shelf goods and related services. Purchase of goods is fixed up to Tk. 300,000. The mode of payment for procurement under Request for Quotation is by Payment Order. Minimum 3 (three) quotations is collected from suppliers/vendors for this method and the quotations collected in sealed envelope. The quotations is opened and evaluated by the Tender Evaluation Committee.

(Page 11, Para 2.4, Procurement Policy of Standard Bank Limited)

4.3.3 Limited Tender Method (LTM)

When goods and related services are available because of their category in nature from a limited market or enlisted vendors, LTM is undertaken. The LTM is adopted obtaining quotations from the enlisted vendors as well as reputed vendors through Tender Notice in the Notice Board of System and Operation Division and/or send the Tender notice and Schedule of Requirement to the Vendors through e-mail. Minimum two bids are received in the LTM. Threshold for LTM is above Tk. 300,000.00 but not exceeding Tk. 4,000,000.00

The Enlistment of firms/vendors is carried out in every two years with a view to enrich the supply base of the Bank. It is made through advertising in the 3 (three) widely circulated national dailies. An Enlistment Schedule specifying criteria and terms and conditions is disbursed to the interested vendors. Enlistment is made according to pre determined category. Frame Work Agreement is applied for purchasing routine items which covers the generic group of goods e.g. stationery, IT accessories, printer toner and cartridge, photocopier toner, Tyre-tube etc. It can be used for goods, works or services where requirements are needed on a repetitive basis. It provides agreed specification, delivery terms, and prices. The rationale behind the framework agreement method of purchasing is to achieve savings in both costs of procurement and time spent in the procurement process. It is awarded to the evaluated supplier for a certain period on a fixed price for each item. The price along with schedule of requirement is stated in the Annexure of Frame Work Agreement. The duration of Frame work Agreement is maximum for six months. This method is applied to achieve following advantages: to have smooth and efficient procurement, to minimize the repeated tendering process, to save time for procurement and to reduce administrative cost.

(Page 12, Para 2.5, Procurement Policy of Standard Bank Limited)

4.3.4 Open Tendering Method

Open tendering is the process of purchasing carried out through publishing tender notice minimum in two widely circulated national dailies that is most likely to maximize economy and efficiency. The Tender notice is published mentioning the price of schedules, last date & time of dropping and opening of the tenders. There is no upper limit of the value of each item under this method. Purpose of OTM is to check the competitiveness of existing suppliers, to provide opportunities to new suppliers, to comply with legal requirements, to ensure fairness and confidentiality and prevent corruption and collusion. Threshold of OTM is applied where the estimated value of the procurement of goods and services is above Tk. 4,000,000 (Forty Lac). (Page 15, Para 2.5, Procurement Policy of Standard Bank Limited)

4.4 Tender Committee of SBL

All purchase whether against Press tender or against Limited Tender or against Single Tender or against Spot Tender, is processed through Tender Evaluation Committee. The composition of tender evaluation committee varies considering the procurement method. The Tender Evaluation Committee has the right to negotiate the price with the qualified lowest evaluated bidder only. Usually for the interest of the Company or when lowest bid exceeds estimate or market price negotiation is initiated firstly with the lowest bidder. If negotiation fails with the 1st lowest bidder, negotiation is initiated with the 2nd lowest bidder and so on, until the bid price matches with estimate/market survey price or budget allocation provided by the Market Survey Committee and duly recommended by the Tender Evaluation Committee. The negotiation is done by the Tender Committee members in a team and agreed in writing by all the members and the bidder.

4.5 Sustainable Procurement in SBL Procurement Policy

The objective of SBL Procurement Policy as it is mentioned in the page 6 “This Policy aims to set out the parameters for contributing towards sustainable growth of the Bank through the application of a sustainable procurement policy and address the key issues and principles associated with this object”. Other than this rhythmic similarity with the Bank’s slogan there nothing mentioned in their Procurement Policy regarding Sustainable Procurement. We have analyzed the KPI of Sustainable Procurement and check those with the Procurement Policy of SBL. BL Procurement policy does not give any indication to achieve procurement costs as a percentage of spend or cost savings annual cost savings as a percentage of spend.

Standard Bank Limited has selected sustainability as their core strategic goal. Banking procurement is more than a simple act of purchase any more. The recent spectrum of attitudes have shifted towards the adaptation of a more environmentally and socially responsible ethos. Sustainable procurement is a broad policy concept and a basic value that is gaining legitimacy in banking procurement. The slogan used by Standard Bank Limited shows their inclination to sustainability “a sustainable growth together with you” is the slogan of SBL. In this chapter we will review the practice of sustainable procurement issues by Standard Bank Limited. To do so we will review recent annual report and we will conduct three in depth interviews in nine different sessions. We will also conduct a survey among the staffs involved in purchasing activities.

4.6 Annual Report 2014

The cover page of Standard Bank Limited's annual report 2014 speaks about this Bank's intention towards sustainable growth. As mentioned in the introduction of this chapter the very slogan of this bank is "a sustainable growth together with you". They have tried to give a strong message towards their stakeholders that they would like to strive to achieve a business goal which is doing any harm to the people and planet.

4.6.1 Sustainability Report of SBL (Page 156 of Annual Report 2014)

Sustainability could be defined as an ability or capacity of something to be maintained or to sustain itself. It's about taking what we need to live now, without jeopardizing the potential for people in the future to meet their needs. If an activity is said to be sustainable, it should be able to continue forever. Standard Bank Limited is firmly committed to being good corporate citizen and help clients and other key stakeholders to achieve sustainable success. Bank's central sustainability theme revolves around generation next and beyond, reflects the essence of its ambition. Standard Bank thinks they are here for the long term and takes into account the legitimate interest of its stakeholders not only for today but also for future.

Standard Bank Limited is rebuilding a stronger and safer Standard Bank. The work they are doing on sustainability is an integral part of this, contributing to the long term performance of the bank and the return to ongoing profitability, steering the bank towards its corporate target with a direction of growth that meets expectations of shareholders, customers, employees, investors, international financial institutions, regulators, business partners above all the community they operate in. SBL stakeholder's engagement approach allows them to understand the issues that matter most to those who have an interest in their business. Treating customers fairly, being good employer, keeping customers' money and data safe. In addition managing the bank's wider ethical, social and environmental impacts remain among the key concerns of their stakeholders.

4.6.2 Standard Bank Limited's Approach towards Sustainability (Page 157 of the Annual Report 2014)

Standard Bank is firmly committed to being good corporate citizen and to help clients and other key stakeholders to achieve sustainable success. Bank's central sustainability theme revolves around generation next and beyond, reflects the essence of its ambition. Standard Bank is here for the long run and takes into account the legitimate interest of its stakeholders

– not only for today's worlds, but also for future generation too. The key elements shape this theme is;

Entrepreneurship: A sustainable business model is based on the pursuit of a socially responsible and environmentally friendly market opportunities and supporting clients in becoming more sustainable themselves.

Stewardship: Taking responsibilities for clients, suppliers, employees and reducing the environmental impact.

Inclusion: Standard Bank encourages community involvement throughout its 15 years of operation. Standard Bank has pledged its commitment to build long-term sustainability through business transparency, eco-friendly innovations and community development for a better quality of life and sustainable well-being for the next generation. The Bank believe that responsible banking addressing social, environmental and financial conditions are key to long term success and beneficial for immediate community that includes their clients, employees and place where they operate.

4.6.3 Green Banking by Standard Bank Limited (Page 166 of Annual Report 2014)

Decade of careless handling of environment lured by unchecked industrial competition have let loose a Pandora's Box, known as "Global Warming". Global warming also called as "Green House Effect" is a global issue that calls for a global response. The warming is the effect of certain man-made gas emissions such as carbon-di-oxide, methane, nitrous oxide and hydro-fluro carbon are found responsible for distortion of balance in the environment and climate change. Bangladesh is one of the most vulnerable countries to climate change. In line with global development and response to the environmental degradation financial sector in Bangladesh is supposed to play an important role as one of the key stakeholders. Standard Bank as part of the financial sector of Bangladesh is also responsible for safeguard of the environment. From Bankers point of view green banking calls for banking business in such area and in such manner that helps the overall carbon emission and internal carbon footprint.

4.6.4 Green Vision of the Central Bank (Page 167 of Annual Report 2014)

Recent development in green banking initiatives conveys much significance. Bangladesh Bank has so far identified 47 green products under BB refinance scheme where 23 are

green energy. Central bank has a clear vision on promoting green banking and safeguarding the environment from unusual weather pattern, rising greenhouse gases and declining air quality. A fund of BDT 200 crore has been put in place to refinance lending from renewable energy generation as well as effluent treatment plants and energy efficient kilns for manufacturing bricks. A revolving refinancing fund is also in place in the areas of solar irrigation pumps, solar home system, biogas plants, brick kiln and solar photo voltaic module assembling plants. Green Banking is potential to shield against certain risk. Green banking can act as a tool to mitigate some forms of credit risk, legal risk, reputational risk, security risk etc.

4.6.5 Standard Bank on the road to Green Banking (Page 167 of Annual Report 2014)

Realizing the importance of Green banking and policy guidelines from Bangladesh Bank, the Central Bank, Standard Bank Limited has already formulated its Green Banking Policy and gets it approved from its Board of Directors. Standard Bank Limited has developed innovative green banking financial products which can directly or indirectly contribute to the reduction of carbon emissions. The Board of Directors of Standard Bank Limited has approved the Policy Guideline of Green Banking at the same time Management has set target budget for BDT. 1030 million in 2015 be financed under Green Finance and planned working closely for utilization. The Bank is actively looking to finance green projects such as Solar Home System, Solar Micro/Mini Grid, Solar Irrigation Pump System, Solar Photovoltaic, Assembly Plant, Bio-Gas Plant, and Old Kiln of Calcium Carbonate Transformation in new Kiln, ETP, WEP, PET Bottle Recycle Plant, Hybrid Hoffman Kiln (HHK), Zigzag or equivalent Technology in Brick Field etc.

4.6.6 Green Finance by SBL (Page 167 of Annual Report 2014)

During 2014, the Bank financed in 1 project having ETP and disbursed Tk. 10 Million, 1 project in Bio-gas where disbursed Tk. 0.25 Million and 730 projects of solar panel where disbursed Tk. 39.02 million. We encouraged paperless banking by expanding online banking, mobile banking and internet banking, use of e-mail and introduction of IP message system. Added deposit alert to mobile banking solution (MBS). Besides, the bank's official participated into training courses on the topics of green banking and impact on environment conducted by Bangladesh Bank. Table 5.1 – Green Finance Initiatives of Standard Bank Limited in the year of 2013-2014

Table 4.1 – Green Finance Initiatives of Standard Bank Limited in the year of 2013-2014 (Page 168 of the Annual Report 2014)

Ser	Green Finance Initiatives	Total		Remarks
		No of Projects	Amount	
A. Introducing Green Finance				
1	Efficient Treatment Plant (ETP)*	1	10	Disbursement on 31.12.2015
2	Bio-gas Plant	1	0.25	
3	Solar Panel/Renewal Energy Plant	730	39.02	
4	Green Finance at reduced rate of interest	0	0	
B. Online Banking				
1	No. of ATMs (own ATM & CDM)	37		
2	Shared ATMs (NPSB Network)	5453		
3	No. of Branches with online coverage	96		
4	No. of total accounts transaction through ADC Channel	21252		
5	No. of accounts facilitated with internet banking	16280		
6	No. of accounts facilitated with SMS Banking	15725		
7	No. of accounts facilitated with Mobile	407		
C. Awareness Building				
	Training Programs on Green Banking (In-house)	02		
	Participants in the Training	58		

Table 4.1 – Green Finance Initiatives of Standard Bank Limited in the year of 2013-2014 (Page 168 of the Annual Report 2014)

Ser	Green Finance Initiatives	Total		Remarks
		No of Projects	Amount	
D. Disclosure				
1	Website	Uploaded on the website on the onset of 2014		
2	Annual Report	Green Banking Focus provided in Annual Report 2013 & 2014		
3	Preparation of Green Banking & Sustainability Report	Bank Management is considering the issue		
E. Sector Specific Environment Policy				
1	Formulation of Sector Specific environment Policy (Under Phase)	Bank Management is considering the issue		
F. Green Strategic Planning				
1	Formulation of Green Strategic Planning	Green Strategic Plan is formulated and implementation is going on.		
2	Formulation of Bank's Specific environment Risk Management Plan & Guideline	Risk Management Plan is formulated and implementation is going on.		

4.6.7 In-house Green Banking Awareness Program (Page 169 of Annual Report 2014)

In light of Green Banking Policy of Standard Bank Limited, a general instruction has been issued on the following green activities/practices as part of in-house environment management and to promote Green Banking within the bank.

Table 5.2 – Green Banking Awareness Program

Ser	Action Plan	Implementation Stage
A. Electricity Consumption Monitoring & Controlling Program		
1	Ensure economic use of electricity	
2	Use energy saving lights in bank premises	
3	Shutdown the computer properly and switch off the computer monitor before leaving office each day	
4	Ensure that light, fans, air conditioner have been switched off before leaving office each day	
5	Use energy efficient electronic equipments	
B. Fuel Consumption Monitoring & Controlling Program		
1	Ensure economic consumption of fuel	
2	Buy energy efficient hybrid cars to reduce fuel usages	
3	Avoid air travel for domestic movement	
4	Moving in Group to reduce carbon footprint	
C. Paper Consumption Monitoring & Controlling Program		
1	Where possible use online communication (e-mail, IP message etc.) instead of printed communication	
2	Think twice before taking a print	
3	Take print on the both side of paper	
4	Use scrap paper for taking draft print and as note pads	
D. Water Consumption Monitoring & Controlling Program		
1	Ensure economic use of water in all other cases	
2	Avoid use of disposable cups/glasses	

4.7 Interview Findings

4.7.1 Introduction

Sustainable procurement encompasses three dimensions e.g. economic, environmental and social aspects of procurement. The operational definitions of these three aspects are outlined in Chapter 1. A questionnaire was designed including a number of questions which covered not only the above mentioned three aspects of sustainable procurement but also the information about the organization's procurement. Some general questions have been set at the end of the questionnaire to get the perception of the respondents about the potential drivers and obstacles of sustainable procurement in Standard Bank Limited. Valuable suggestions, opinions or comments have also been sought from the respondents regarding sustainable procurement from their operational experiences in this field.

To evaluate the understanding of Sustainable Procurement issues by the members of procurement related staffs of Standard Bank Limited we have conducted in depth interview with three Division/Department Head and also conducted survey among 10 officers of various level (considering seniority and portfolio size). The list of officers was chosen from different divisions so that we can get a holistic view of entire Bank.

4.7.2 Survey Questions and Result

This section presents the findings and analysis of the survey data. A total of ten respondents were covered under the questionnaire survey. The data collected through the key informant interviews have been analyzed based on the questions asked in the interviews. An individual analysis has been made on each of the questions which would help find a complete picture of the matter. Most of the analyses have been done qualitatively from the perception based interviews with the respondents. However, some quantitative analyses have also been made based on the supplied data by the respondents. The questions set to the respondents are presented along with an analysis of the responses.

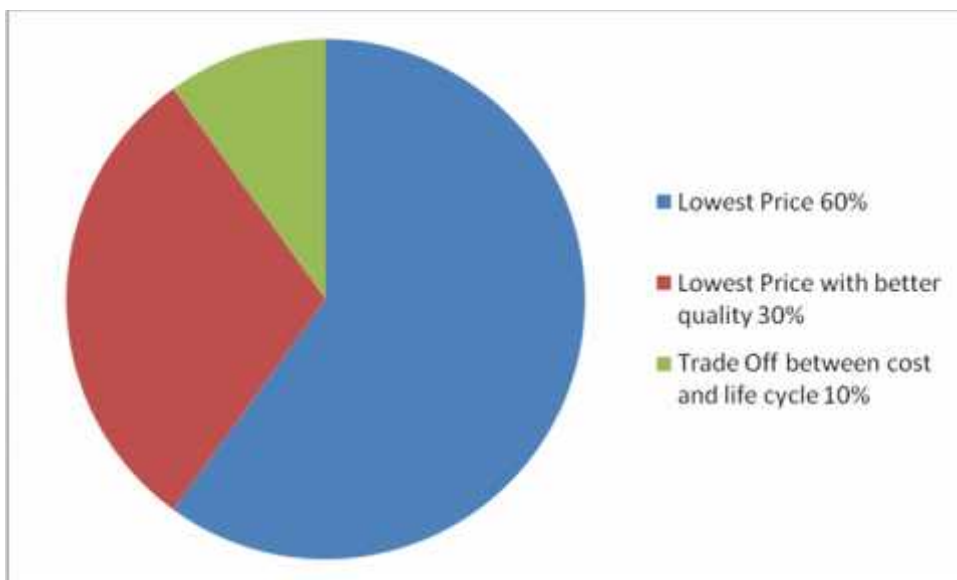
4.7.3 Economic Aspect of Sustainable Procurement

It has been mentioned earlier that the sustainable procurement encompasses three dimensions e.g. economic, environmental and social aspects of procurement. The respondents were asked a number of questions about the economic aspect of sustainable procurement.

4.7.4 Preparing specifications

In order to know the view of the respondents about the criteria used in preparing specifications, most of the respondents opined that lowest price is the main criteria used in preparing the specifications. But ensuring better quality is also one of the major considerations along with the lowest price as mentioned by a number of respondents. However, it is evident from the responses that whole life costing is rarely considered in various public sector organizations. Out of 10 respondents, 6 respondents mentioned the lowest price as the main criteria while 3 officials mentioned both lowest price and better quality. Only one respondent has gone for optimum of whole life costing approach. The responses from the procurement officials give the view that the procurement system of Standard Bank Limited is basically based on lowest price.

Figure 4.4: Criteria used in preparing specifications.



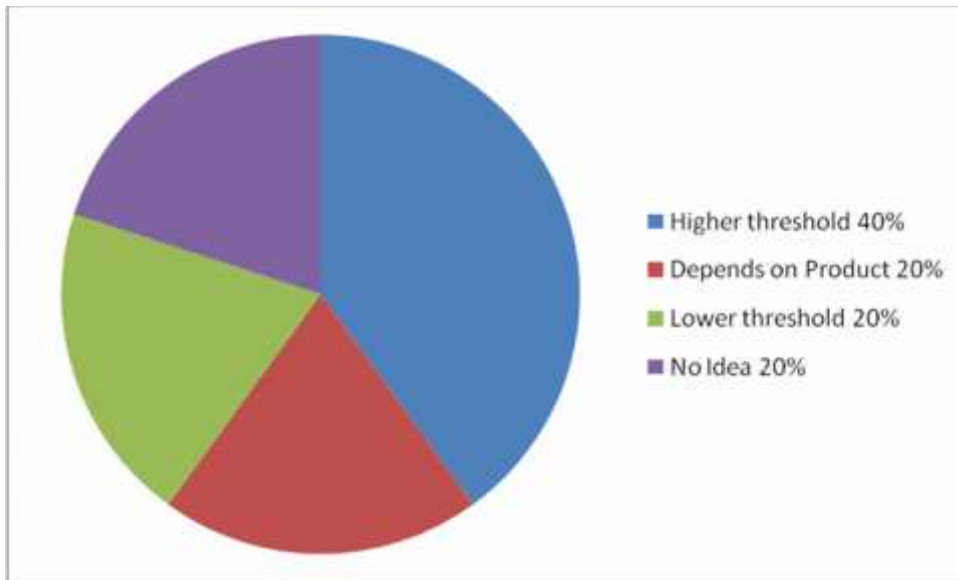
4.7.5 Threshold value of procurement

The respondents were asked how they select the threshold value of procurement while making lots in a package. All of the ten persons responded to this question. A mix of responses has been found from the respondents. Four of the respondents mentioned for higher threshold value which allows participation of reasonable number of suppliers compatible with evaluation and selection process. Two of the respondents have no idea on the issue. Two of them have said that it depends mainly on the context of the procurement. It also depends on the volume or size of the whole project as mentioned by a

number of respondents. Two of the respondents have put the lowest threshold value as the consideration for making lots for ensuring maximum participation of suppliers to get the minimum price.

Figure 4.5 shows the responses made by the respondents in answering this question.

Figure 4.5: Selection of threshold value of procurement for making lots in a package



4.7.6 Participation of local firms

The respondents were also asked whether they use any criteria in the tender documents to encourage participation of local firms. Almost all the respondents are on the similar opinion regarding the question. It is clear from the responses that all the functions have to follow the Procurement Policy of Standard Bank Limited and as mentioned in the Bank's Procurement Policy they do not include any criteria for encouraging participation of local firms in the case of national competitive bidding. However, a significant number of respondents (seven out of ten) added that in international competitive tendering, there is a provision for encouraging participation of local firms using a term known as 'domestic preference.' It is evident from this question that there is little scope in our procurement practice to involve local firms for development of the local community.

4.7.7 Environmental Aspect of Sustainable Procurement

Environmental aspect is another dimension of sustainable procurement. Efforts were made to gain the view of the respondents about the environmental aspect through a number of questions.

4.7.8 Environmental policy/ management system/ reviews

The respondents were asked whether Standard Bank Limited has any environmental policy/ environmental management system/ environmental reviews or not? All of the officers have a negative response in this question. In reply to this question the Head of IT has given some valuable information. I quote *“Ironically the answer is “NO”. But if you look into the Strategic Priorities of Standard Bank Limited you will find how much we care for the environment friendly business. Our core value is to practice and promote “Sustainable Growth”. The Annual Report 2014 of Standard Bank Limited starts with the slogan “a sustainable growth together with you”. This gives a strong message to the society that we want to grow with everybody without jeopardizing the environment for next generation.*

Strategic Priorities published in our official web page speaks loudly about our sincere stand for sustainable issues (<http://www.standardbankbd.com/Priority.php>);

- a. To strive for sustainable business growth by ensuring customer satisfaction through quality and timely services.*
- b. To ensure capital stewardship by Preservation and enlargement of multiple forms of capital; like intellectual, natural, financial, organizational, social; all of which contribute to long term value creation.*
- c. To give strong focus on extremely cost-efficient and green services through Internet banking, electronic fund transfer, automated cheques clearing, e-bank statement, SMS alert etc.*
- d. To ensure effective and efficient risk management for sustainable business growth*
- e. To ensure well diversified loan portfolio through structured finance and expansion of Corporate, SME, agriculture and Retail businesses.*
- f. To mount state-of-the-art technologies and adopt innovative ideas for financial inclusion.*
- g. To endeavor synergies between new knowledge and human capital for sustainable economic growth.*
- h. To increase brand visibility by creating positive image of the Bank.*

- i. *To be a trend-setter in serving the society and remain responsive to the environment.*
- j. *To ensure sound corporate governance.*
- k. *To accelerate progress towards financial inclusion with technology by up-gradation of internet, Mobile banking and Agent banking.*
- l. *To add value for all stakeholders”.*

4.7.9 Environmental performance of contractors/ suppliers

Regarding the environmental performance of contractors/ suppliers, the respondents were requested to describe in brief the mechanism to check the environmental performances of the contractors/ suppliers. Again majority of the respondents provided a negative response to this question. A few number of officers acknowledged the ignorance about the existence of any such mechanism to check the environmental performance of contractors/ suppliers in their organizations. The Head of ADC said he provides criteria in the tender document stating that contractors have to have ISO 14000 and in many cases CE certifications to qualify as a tenderer. The Head of IT again has given his valuable thought in his interview. His answer to this question was *“Yes, we have various mechanisms in our organization to check the environmental performance of our contractors. First of all we conduct physical visit to the contractor’s premises and inspect their facilities for environmental compliance. For certain products we seek for international certification related to products such as ISO 14000, BSTI certification, in many cases CE certifications etc to qualify as a tenderer. We also enforce environment related clauses in the RFP and Contracts. In this regard we follow the PPR 2008 guideline that is;*

“The Contractor shall throughout the execution and completion of the Works and the remedying of any defects therein take all reasonable steps to protect the environment on and off the Site and to avoid damage or nuisance to persons or to property of the public or others resulting from pollution, noise or other causes arising as a consequence of the Contractors methods of operation”. [GCC 27.1, STD-PW3]

“The Contractor, in particular, shall provide proper accommodation to his or her laborers and arrange proper water supply, conservancy and sanitation arrangements at the site for all necessary hygienic requirements and for the prevention of epidemics in accordance with relevant regulations, rules and orders of the government”. [GCC 29.2, STD-PW3]”

4.7.10 Environmental initiatives

Regarding the environmental initiatives taken in Standard Bank Limited a question was set like this, 'are there any environmental initiatives you are carrying out/have carried out? If yes, please give details.' This question also acquires negative response from most of the respondents as out of ten seven respondents have said that they have carried out no such environmental initiatives. The Head of Procurement has said that "They recycle the waste papers". It was once again surprisingly positive response received from the Head of IT. He said that, "Yes, *we have taken many environmental initiatives in our business. We are one of the market leaders in achieving Bangladesh Bank's Green Banking Agenda. During 2014, the Bank financed in 1 project having ETP and disbursed Tk. 10 Million, 1 project in Bio-gas where disbursed Tk. 0.25 Million and 730 projects of solar panel where disbursed Tk. 39.02 million. We encouraged paperless banking by expanding online banking, mobile banking and internet banking, use of e-mail and introduction of IP message system. Added deposit alert to mobile banking solution (MBS). Besides, the bank's official participated into training courses on the topics of green banking and impact on environment conducted by Bangladesh Bank. In real life example since the inception we have introduced following environmental friendly initiatives to run our day to day operations, such as*

- 1. Use of E-mail internally and externally at workplace*
- 2. Use of IP-Phone*
- 3. Using Remote Connection software for working at Home during weekends and holidays"*

It is evident from the above analysis based on the responses that Standard Bank Limited has taken significant initiatives on the environmental issues.

4.7.11 Criteria to enhance suppliers/ contractors environmental performance

A question was also set to know whether the respondents use any criteria which could enhance supplier's/ contractors environmental performance such as fuel consumption. This is the question where almost all the respondents (seven out of ten) have given the similar response which is no. The Head of Procurement has said, "yes we apply such criteria as and when necessary". The Head of IT has said that, "Yes. *In the RFP we deliberately mention our requirement regarding environmental performance of the contractors. We give a disclaimer in the RFP that Standard Bank Limited may declare a tender as non responsive if the tenders is found violating applicable labor law and environment protection laws. In this regard we also take help from the PPR 2008, which has clearly mentioned that the*

Contractor shall throughout the execution and completion of the Works and the remedying of any defects therein take all reasonable steps to protect the environment on and off the Site and to avoid damage or nuisance to persons or to property of the public or others resulting from pollution, noise or other causes arising as a consequence of the Contractors methods of operation. Again it has been advised that the Contractor, in particular, shall provide proper accommodation to his or her laborers and arrange proper water supply, conservancy and sanitation arrangements at the site for all necessary hygienic requirements and for the prevention of epidemics in accordance with relevant regulations, rules and orders of the government.

4.7.12 Compliance of the minimum legal standard

The respondents were asked whether they use any criteria so that the suppliers/ contractors comply with the minimum legal standard such as noise level. In this question majority of the procurement professional interviewed have mentioned that they always ensure that the suppliers are maintaining minimum legal standards. But they have said that they only mention such clauses in the contracts but they have never inspected the supplier's facility. The Head of IT said that *"Yes. Otherwise we make the supplier non responsive, and if the supplier is found in violation of any legal standards we blacklist the company. He also mentioned that they use suitable clauses in the RFP documents to ensure compliance of legal standards. The standards clauses used are "The Contractor shall throughout the execution and completion of the Works and the remedying of any defects therein take all reasonable steps to safeguard the health and safety of all workers working on the Site and other persons entitled to be on it, and to keep the Site in an orderly state. The Contractor shall not perform any work on the Site on the weekly holidays, or during the night or outside the normal working hours, or on any religious or public holiday, without the prior written approval of the Project Manager. The Contractor shall comply with all the relevant labor Laws applicable to the Contractor's personnel relating to their employment, health, safety, welfare, immigration and shall allow them all their legal rights. The Contractor, further in particular, shall pay reasonable wages to his or her laborers, and pay them in time. In the event of delay in payment the Procuring Entity may affect payments to the laborers and recover the cost from the Contractor. The Contractor shall not employ any child to perform any work that is economically exploitative, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development in compliance with the applicable labor laws and other relevant treaties ratified by the government.*

4.7.13 Managing the end use

The Head of Procurement said that *“By assessing lifecycle cost and calculating depreciation value”*. The Head of IT said that, *“We select vendor who has experience and ensure environmental safety while recycling or disposing various types of items”*.

According to the response from majority of the respondents (eight out of ten), there is no specific guideline for disposal of products or works procured in Standard Bank Limited. They explained that the current practice for disposal of products or works is either storing them or selling them by auction. The latter is the most common process of end use of materials. Two respondents are in the opinion that criteria are put in the contract document so that the contractors are obliged to ensure the proper disposal of waste materials. For example, in a construction project, the rubbish or disposable waste produced during the construction, need to be collected and removed by the contractor at their own cost and responsibility as per the conditions of contract.

4.7.14 Social Aspect of Sustainable Procurement

The respondents were asked a number of questions about the social aspect of sustainable procurement.

4.7.15 Equal opportunity to all

A question was set about the equal opportunity of the suppliers like this; ‘do your specifications apply equally to all the potential suppliers/ contractors or exclude some suppliers/ contractors from participating?’ All of the respondents have given the straightforward answer to this question and that is equal opportunity to all. They explained that while preparing specifications, all the potential suppliers/ contractors are treated equally. The Public Procurement Rules, 2008 does not allow making specifications which may exclude some of the suppliers/ contractors. For ensuring equal opportunity to all, it is prohibited to mention any brand name or country of origin according to PPR, 2008. This is also one of the objectives of public procurement as opined by the Head of IT. He said that, *“Yes our specifications apply equally to all the potential suppliers. We never exclude any suppliers from the tendering process if the supplier fulfills our prequalification criteria required for the particular product or service. As I have mentioned to answer a previous question our procurement strategy is very practical and mission oriented. Answer of this question is we do consider both lowest price & whole life costing. For the routine or low value items we primarily consider lowest price but we also ensure the product is not hampering environment of the next generation. For high value items like server, software,*

various switches and other office equipments we primarily consider whole life costing. In these cases acquisition cost or lowest price is only the tip of the ice berg. So the bottom line is we tradeoff between lowest price, whole life costing considering the product nature, value and necessity to run the core business. Moreover to prepare a specification we follow the guideline of PPR 2008 that is Technical Specifications prepared by Procuring Entities shall, where appropriate, be-

(a) expressed in terms of performance or output requirements, rather than specifications linked directly to design or descriptive characteristics which may tend to limit competition; [Rule 29(2), PPR, 2008]

(b) There shall be no reference, in technical specification of Goods, to a particular trade mark or trade name, patent, design or type, named country of origin, producer or service Supplier [Rule 29(3), PPR, 2008]

(c) Procuring Entities shall, where possible, prepare the specifications in close cooperation with the concerned user or beneficiary of the Goods or Works or Service. [Rule 29(5), PPR, 2008]"

4.7.16 Ethical labor practices

The respondents were requested to give their views about the ethical labor practices (terms & conditions, health & safety, equality, diversity, compliance with ILO standards etc.). Most of the respondents (eight out of ten) have said yes to this question. According to their view, there are criteria, at least to some extent, for evidence of ethical labor practices from the contractors/ suppliers. One example of such criteria is insurance coverage for the laborers which is the responsibility of the contractors and binding upon them as per the terms of the contract. They also explained that these criteria are extensively used in international tendering as well as in the foreign aided projects. Two of the respondents said that no such criteria are used in the contract document. However, the senior officials expressed their view that as they follow standard tender document they have necessary clauses embedded in those formats. The Head of IT said that, " *Yes we put relevant legitimate criteria for evidence of ethical labor practices (terms & conditions, health & safety, equality, diversity, compliance with ILO standards etc.) from the suppliers/ contractors"*.

4.7.17 Female labor force participation

'Do the suppliers/ contractors ensure female labor force participation?' was the last question about the social aspect. To answer the question the respondents are almost equally divided in two groups. Respondents in one group expressed their negative response saying that there is no such provision in the tender document or contract document that can enforce the suppliers or contractors to ensure female labor force participation. It depends entirely upon the contractors or suppliers. However, the respondents in the other group expressed their positive response in this regard. According to them, although it is not enforced through the terms of contract, suppliers or contractors engage female labor force especially in the work contract. They also added that the contractors are interested in engaging female labor force not because of ensuring female labor force participation but because of cheap and available female labor force. Engaging female labor force help the contractors to save significant amount of money by paying less wage to the female laborers as well as to manage them more easily. The Head of Procurement said that," *Yes. We also give a disclaimer in the RFP regarding gender equity and diversity issues*".

4.7.18 General Comments about Sustainable Procurement

In addition to the questions asked about the three aspects of sustainable procurement, a number of questions were also set in order to seek general comments from the respondents about sustainable procurement.

4.7.19 Initiative to achieve any aspect of sustainable procurement

The respondents were requested to mention the initiatives that can help achieve any of the three aspects of sustainable procurement. A variety of suggestions have been received from the respondents. Six of the respondents come up with one or more suggestions for achieving sustainability in the procurement system. Formulation of a Central policy or guideline for sustainable procurement is necessary for introducing sustainability issues in the Banking Sector procurement. Board of Director's willingness is a pre-requisite for this purpose, as viewed by one of the respondents. Capacity building of banking sector procurement officials about sustainable procurement can also be a step towards the development of the sustainable procurement practice in the country. The Bangladesh Bank has been conducting various awareness programs about the Green Banking initiatives and e-Procurement. Similarly awareness programs should be arranged addressing the necessity of sustainability issues in the banking sector procurement. Inclusion of Corporate Social Responsibility (CSR) issues in the procurement system, taking environmental policy initiatives, taking steps for reducing carbon footprints etc. have also been suggested by the

Head of ADC. As suggested by some other respondents, whole life costing approaches to be introduced instead of lowest price in selecting the suppliers. Unnecessary over specification should be avoided not only to reduce extra cost but also to ensure free and fair competition. In this regard, a proposal for formation of a cross functional specification preparation committee in every department in order to update the specifications regularly has been suggested by one of the respondents. Improving process efficiency through the introduction of e-tendering may be advancement for a sustainable public procurement system. Ensuring stakeholder participation in various stages of procurement, encouraging participation of local suppliers are also some of the suggestions made by the respondents. Besides, health and safety, child labor, female labor participation are some of the issues suggested by the respondents to be included in the tender documents. The Head of IT said that, *“Environmental parameters can be considered in various stages of tendering: it can be used in the pre-qualification of the tenderers; environmental requirements that must be fulfilled in the contract; and environmental criteria applied in the tender evaluation. The criteria should be focused on environmental management measures and the way the contractors are planning to perform the work. Similarly social criteria should also be included in the tendering process. The criteria can thus be regarded as a way of selecting a contractor or supplier that is likely to fulfill the environmental and social requirements along with the economic requirements. In this way, requirements, prequalification criteria and evaluation criteria can be combined in order to support each other. Furthermore we can carefully develop Tender Documents embedding sustainable procurement criteria. We should conduct risk assessment for each transaction and prepare risk register. We should evaluate the risk category on regular interval and update the register. And we also should develop a whole life costing model to enable tenders to be evaluated on this basis”*.

4.7.20 Obstacles of sustainable procurement

They were also requested to state the obstacles of sustainable procurement in their organization. Barriers are those factors which may obstruct an organization's progress towards sustainable procurement or the sustainable procurement agenda in general. Apart from the barriers of sustainable procurement described in Table 2.3 and Table 2.4 of Chapter 2, some other barriers have been identified by respondents. These are summarized below:

- Lack of political willingness
- Lack of awareness of procurement professionals
- Bureaucratic culture

- Lack of education and contemporary knowledge of many of the contractors
- Lack of knowledge of sustainable procurement
- Using lowest price as the main selection criteria
- Traditional procurement practices
- Lack of professional commitment about sustainable procurement
- Conception that sustainable procurement is expensive
- Lack of proper guidelines
- No sustainable procurement policy
- Lack of top management support
- Intangibility of the benefits of sustainable procurement

4.7.21 Suggestions/ opinions/ comments regarding sustainable procurement

Apart from the suggestions made in previous questions, a few respondents have come up with some additional comments. Restructuring of contract conditions to become stricter on socio-economic issues, giving priority to the environmental aspects and CSR, developing supply market which is aware of the sustainability issues, formulating a national sustainable procurement policy etc. have been basically focused by the respondents. Although sustainability issue is emphasized in the developed world, it is not considered so seriously in the developing countries like Bangladesh. So, the government should take timely initiatives to introduce this sustainability concept in the procurement process, as viewed by the respondents. However, most of the respondents did not give any comment in this part of the interview. The comments given by Head of IT would be worth mentioning, *“A sustainable procurement policy should be formulated and the Bank’s procurement framework should be aligned with the policy. This policy formulation should be considered as a medium-term activity to introduce sustainability. A clear commitment is necessary from the very top of the organization and down through the divisions, departments and individuals. In many occasions our procurement staffs displayed their weakness because of timely clear direction from the top of the organizations on the priority to be given to delivering sustainable development objectives through procurement. This should be cascaded down through the line that when the question of Sustainability arises Standard Bank will never compromise. This will give a clear message to our procurement professionals as well as to the contractors. Ultimately we will be able to achieve our goal towards “Sustainable Procurement”.*

4.8 Summary of the Analysis

In this chapter, analysis has been done dividing the whole study into two parts. The first part was the analysis of procurement documents of Standard Bank to determine whether there is any provision in the procurement documents which address the issues of sustainable procurement. The analysis indicates that although there are some provisions in the Procurement Documents but these are not sufficient to achieve sustainability in procurement.

The second part of the analysis was based on the current scenario of sustainable procurement practice in Standard Bank Limited. As mentioned above, three interviews have been conducted in nine different sessions. Each session was planned for discussing only one area of sustainability. Thus the interview sessions were deliberate and focused. In addition to the interviews ten officers who are involved in procurement related activities have been provided with printed questionnaires with a view to get a holistic view of sustainable procurement scenarios of Standard Bank Limited. To do this, the interview and survey questions were divided into three categories addressing three aspects of sustainable procurement which are economic, environmental and social aspects. Besides, a number of additional questions have been asked in order to get some extra comments or suggestions from the respondents. The analyses done on the responses against the set questions indicate that although there are a few cases where some sustainability issues are in practice, these are not very common in the whole of the public sector.

The analysis made from the questionnaire gives a realistic picture of procurement practices in the public sector in Bangladesh. Lowest price is still the key criteria for selection of suppliers. Participation of local firms is not adequately encouraged through the criteria put in the tender documents. Any type of environmental policy or environmental management system does not exist in Standard Bank Limited. Moreover, the present procurement system of Standard Bank provides little scope for ensuring environmental performances by the suppliers/ contractors. On the other hand, equal opportunity to all the participants is generally ensured. Ethical labor practice, female labor force participation etc. are present in the current procurement system. However, the broader view achieved from the perceptions of the respondents suggests that sustainability issues are not well embedded in the procurement system of Standard Bank Limited.

CHAPTER – 5

CONCLUSION AND RECOMMENDATION

5.1 Introduction

For a long time economic factor has been the single most important indicator in the practice of procurement in the Banking Sector of Bangladesh. Environmental and social factors have always been neglected in the procurement system. However, the importance of non-economic factors in the procurement increased significantly with the development of the concept of sustainable development worldwide.

Banking Sector in Bangladesh is one of the largest buyers in private sector, so, it is evident that what and how Banks buy and acquire in terms of goods, works and services contribute significantly in the overall economy of the country, both to its ability to deliver sustainable development and to its credibility with its development partners. By using their market leverage to opt for goods, works and services that also respect the environment and the society, they can have a major influence on suppliers and stimulate the production of more sustainable goods, works and services. Banking Sector procurement, therefore, needs to consider sustainability issues seriously as it is the only way that can ensure real value for money over a longer term without compromising environmental and social responsibilities. This would further ensure that development targets are achieved through the acquisition of goods, works and services without much damage to the society and the environment.

Sustainable procurement indicates that day by day modern banks will become more and more low carbon, low rubbish and energy/water conservation, and beneficial to broader sustainable development goals. In Bangladesh, sustainable procurement is not a legal concept under the current public procurement laws or other related laws. However, perceptions gathered through the interviews with different procurement professionals in Standard Bank Limited give a positive indication about the awareness of sustainability issues and it can be expected that this will lead to development of the sustainability issues embedded in the public procurement framework.

5.2 Conclusion

In order to find the answers of the research questions made in Chapter 1, effort has been made in this dissertation paper to explore the scope of sustainable procurement in the banking sector of Bangladesh.

The first part of the research questions was about the scope of sustainable procurement in the banking sector procurement. In response to the first part of the research questions, a critical analysis of the procurement documents currently in practice has been done and it suggests that there is limited scope of practicing sustainable procurement in the current procurement framework of Standard Bank Limited. The analysis made in Chapter 5 from the response of procurement officials of Standard Bank Limited gives the similar view that sustainability issues are not well embedded in current procurement practice.

Tendering system is still based on the lowest price approach. Ensuring better quality is also considered along with the economic considerations for preparing specifications. However, environmental and social factors are not used consciously in the specifications and whole life costing approach is rarely considered in various function of Standard Bank Limited. While making lots in a package, sometimes, the issue of local participation is ignored.

It is not mandatory for the private banks to follow the standard tender documents prepared by the CPTU. And the standard tender documents prepared by the CPTU do not include any criteria for encouraging participation of local firms in the case of national competitive bidding. Although a few points are made in the PPR, 2008 as outlined in Table 4.2, these do not directly address the issue. However, in international competitive tendering, there is a provision for encouraging participation of local firms using a term known as 'domestic preference. Standard Bank Limited do not have any type of environmental management system. Although some environmental criteria seem to be used in large procurement contracts like Environmental Impact Assessment (EIA), most of the contracts have been pointed out by the respondents as problematic as regards environmental considerations. The study also indicates that there is virtually no mechanism in Standard Bank procurement system to check the environmental performance of contractors/ suppliers.

Generally, Standard Bank Limited do not take any kind of environmental initiative in their procurement with the exception of a very few cases where this type of initiatives have been taken as viewed by the respondents. Actually, the procurement professionals in Standard

Bank have very limited scope of using any environmental criteria in the tender document for enhancing the contractor's or suppliers environmental performances. Similarly, they lack the mechanism to make the contractors or suppliers comply with minimum legal standard regarding environment.

At present there is no specific guidelines for disposal of products or works procured in Standard Bank Limited. At present the bank simply store the old items or sale them through auction. However, for procurement of works, some criteria are put so that the rubbish or disposable waste produced during the construction, are collected and removed by the contractor at their own cost and responsibility as per the conditions of contract.

In addressing the social aspect of sustainability, Standard Bank Limited ensures equal opportunity to all. The preferred method is the Open Tendering Method (OTM) which ensures opportunity for participation of all interested suppliers through sufficient advertisement. It is also mentioned that while preparing specifications, all the potential suppliers/ contractors are treated equally. The PPR 2008 does not allow making specifications which may exclude some of the suppliers/ contractors. For ensuring equal opportunity to all, it is prohibited to mention any brand name or country of origin. However, this reminds the requirement of skilled and experienced specification writer which many of the organizations lack.

Another issue of social aspect of sustainability is the ethical labor practice which is present in the procurement system of Standard Bank Limited. As outlined in Table 4.2, some points have been made in the procurement documents regarding health and safety of all workers, prohibition of working in the holidays, complying with the relevant labor laws, wages of laborers, prohibition of engaging child laborers, insurance in case of personal injury or death etc. Participation of female labor force is not ensured though the contract terms in the public sector procurement. But, suppliers or contractors sometimes engage female labor force especially in the work contract mainly because of cheap and available female labor force.

The second part of the research questions was that – to what extent Standard Bank Limited practice Sustainable Procurement? In spite of very limited scope of sustainable procurement practice, some normative tendencies as regards sustainable procurement in Standard Bank can be identified. The findings of this study indicate that the idea that economic, environmental and social criteria are equally important as other criteria is gaining acceptance in the public sector procurement. These changing perceptions of the

procurement professionals in Standard Bank will help to form a basis for increasing the level of preparedness of the Bank.

Interviews with the procurement professionals did highlight a number of barriers for sustainable procurement. The lack of top management commitment and support seem to be most potential barrier to developing any sort of sustainable procurement policy. Apart from the financial issues, organizational attributes, particularly senior management support, act as the most salient barriers for sustainable procurement. The potential barriers mentioned by the interviewees include; lack of political willingness, lack of awareness of procurement professionals, bureaucratic culture, lack of education and contemporary knowledge of many of the contractors, lack of knowledge of sustainable procurement, using lowest price as the main selection criteria, traditional procurement practices, lack of professional commitment about sustainable procurement, conception that sustainable procurement is expensive, lack of proper guidelines, no sustainable procurement policy, lack of top management support, intangibility of the benefits of sustainable procurement etc.

5.3 Recommendations

Although sustainable procurement is an important issue in most of the developed countries, it has not become an important matter of concern in developing countries like Bangladesh. However, it is a matter of hope that this issue is gaining acceptance in our country which may be a potential driver for introducing sustainability in the banking procurement. Sustainable procurement is particularly important in the banking sector as they deal with various products, cash, asset and human. Expectations from the banks are high in comparison with other private organization. The general people have almost similar type of demand to a bank like the government. So, in order to introduce sustainable procurement in the banking sector it is necessary to take steps as the short-term, medium-term and long-term solutions.

As a short-term activity, sustainability criteria should be embedded in the tendering system. For example, Environmental parameters can be considered in various stages of tendering: it can be used in the pre-qualification of the tenderers; environmental requirements that must be fulfilled in the contract; and environmental criteria applied in the tender evaluation. The criteria should be focused on environmental management measures and the way the contractors are planning to perform the work. Similarly social criteria should also be included in the tendering process. The criteria can thus be regarded as a way of selecting a

contractor or supplier that is likely to fulfill the environmental and social requirements along with the economic requirements. In this way, requirements, prequalification criteria and evaluation criteria can be combined in order to support each other.

A sustainable procurement policy should be formulated by the Bangladesh Bank and the procurement framework of all the banks should be aligned with the policy. This policy formulation should be considered as a medium-term activity to introduce sustainability. Regulators willingness is required at the initial stage for such a policy.

A clear commitment is necessary from the Bangladesh Bank to all the banks. This will keep everyone in a same platform and encourage them to follow the sustainable procurement agendas. Many procurement professionals of Standard Bank Limited lack clear direction from the top of the organizations on the priority to be given to delivering sustainable development objectives through procurement. This should be cascaded down through both government targets and performance management systems and progress monitoring.

Education and training on sustainable procurement at the individual procurement professional level seem necessary in order to increase knowledge base for implementing sustainable procurement. Only the formulation of a policy and including sustainability criteria in the documents are not enough to introduce a sustainable procurement system. It should be considered in long-term basis. There is lack of capacity to address the issue of sustainable development within the context of procurement. Procurement professionals suffer from lack of proper information and training and lack of tools showing how to put sustainability into practice. This indicates that cognitive aspects such as knowledge and awareness at the individual procurement professional level seem important in order to make active sustainable procurement choices.

All procurement should be carried out by people whose procurement skills have been developed appropriately. Because sustainable procurement cannot be undertaken effectively unless procurement activities are carried out professionally and effectively. So, procurement should be done by the full-time procurement people; and people who do procurement as a significant element of their work

The regulator needs to come forward to remove the barriers to sustainable procurement – whether actual or perceived. Awareness campaign should be arranged focusing on how to take account of non-monetary benefits of sustainable procurement. All public banks should be called upon to examine their budgeting arrangements to make sure they encourage and

support sustainable procurement. Bangladesh Bank may play the leading role in this regard. They have been conducting various awareness programs about the public procurement among the banks. Similarly awareness programs should be arranged addressing the necessity of sustainability issues in the banking procurement system.

Finally, there is scope to further study about the sustainability issue. Till now, the concept of sustainable procurement has not been well embedded in the procurement system of Standard Bank Limited hence; this paper gives an overall scenario of sustainable procurement practices in the Standard Bank Limited. Advanced research needs to be conducted in order to get a deeper insight into the sustainability issue in relation to the banking procurement.

CHAPTER – 6 LIST OF REFERENCES

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APPENDIX A: QUESTIONNAIRE

Title of Dissertation: Sustainable Procurement: A Case Study on Standard Bank Limited

Name: Md. Jaynul Abedin, Assistant Vice President – Procurement, Standard Bank Limited.

[This is a questionnaire for conducting a research on scope and practice of sustainable procurement Standard Bank Limited. It is a requirement for the fulfillment of the degree 'Masters in Procurement and Supply Management' at the BRAC Institute of Governance and Development, BRAC University. Your honest response is valuable for the researcher. The researcher does assure that the information given by you will be kept confidential and will be used only for the academic purpose.]

1.0 General

1.1 Name of the Department

.....

1.3 Designation of the Officer

.....

2.0 Information Regarding the Department's Procurement

2.1 Annual volume of procurement? (in approx. Taka)

.....

2.2 Type of procurement (Goods, works or services with %)

.....

3.0 Information Regarding Economic Aspect

3.1 While preparing specifications, which one do you consider first, lowest price or lowest whole life costing?

.....

3.2 How do you select the threshold value of procurement (i.e. making lots in a package)?

i) Higher threshold value for ensuring quality by allowing participation of only limited number of large suppliers?

ii) Lower threshold value for ensuring maximum participation of suppliers to get the minimum price?

iii) A threshold value which allows participation of reasonable number of suppliers compatible with evaluation and selection process?

iv) Any other? Please specify

.....

3.3 Do you put any criteria in the tender documents to encourage participation of local firms?

.....

4.0 Information Regarding Environmental Aspect

4.1 Do you have any environmental policy/ environmental management system/environmental reviews in your organization?

i) Yes ii) No

If Yes, Please specify

.....

4.2 Do you have any mechanism in your organization to check the environmental performance of your contractors/ suppliers? Please describe if brief

.....

4.3 Are there any environmental initiatives you are carrying out/have carried out? If yes, please give details.

.....

4.4 Do you use any criteria which could enhance supplier's/contractors environmental performance such as fuel consumption?

.....

4.5 Do you use any criteria so that the suppliers/ contractors comply with the minimum legal standard (e.g. noise level)?

.....

4.6 How do you manage the end use (i.e. disposal) of products/ works procured in your organization?

.....

5.0 Information Regarding Social Aspect

5.1 Do your specifications apply equally to all the potential suppliers/ contractors or exclude some suppliers/ contractors from participating?

.....

5.2 Do you put any criteria for evidence of ethical labor practices (terms & conditions, health & safety, equality, diversity, compliance with ILO standards etc.) from the suppliers/ contractors?

.....

5.3 Do the suppliers/ contractors ensure female labor force participation?

.....

6.0 Your comments about the sustainability issue.

6.1 Could you please suggest any initiative that can help achieve any of the three aspects of sustainable procurement in your organization?

.....

6.2 Which, do you think, are the obstacles of sustainable procurement in your organization?

.....

6.3 Any more suggestions/opinions/comments regarding sustainable procurement from your experience in public procurement in Bangladesh.

.....

Thank you very much for your heartiest co-operation.