

Economic Policy Paper on Public Procurement

CHAPTER-I

1. Background of the Study

This study “Public Procurement” has been undertaken by the consultant as a follow-up action of the DCCI (Dhaka Chamber of Commerce & Industry) pursuant to its economic reform and research advocacy (ERRA) activities initiated in conjunction with CIPE (Center for International private Enterprise) of the U.S Chamber of Commerce. The aim of this paper, as expected, in this type of economic policy paper, is to analyze the prevailing situation and to come up with concrete recommendations which would help the government to create a better environment in the area of public procurement. The TOR is given at **Annex-I**.

1.1 Definition of public procurement

Let us start the discussion of this topic: Public Procurement by defining what it is. For our purpose, the public procurement is the purchases/procurements made by a government agency – be it (a) the ministry, (b) attached departments and directorates under the ministry and (c) Corporations of the government as well as (d) the local bodies: municipalities etc. But it does not include procurement made by the defence services and their associated organizations.

1.2 Perception on public procurement

The procurement by different government agencies of (a) goods, (b) civil works and (c) services is an all pervasive fact of our life and impacts on us either as users of their procured products its services, as suppliers to them or as tax payers (for covering their losses). We all endure the bad effects of public procurement quite often like the one done by Bangladesh Sugar & Food Industries Corporation (BSFIC) which coercively procures sugar cane from the farmer at low price but forces us to consume sugar at twice the price prevailing in the world market or by the procurement of Dhaka Municipal Corporation of sub-standard quality of mosquito destroying insecticide causing us to suffer the unpleasant mosquito-bite during night’s sleep. The lousy process of annual procurement of raw jute by BJMC is another example which secularly pushes the jute cultivators further down the road of immiserisation and the late procurement of text books by the Bangladesh Text Book Board which caused the primary school children of the country last year to lose a few months of their academic year are two other glaring examples of problems associated with public procurement. Besides, public procurement is associated with inefficient practices, delay, influence peddling and chandabaji of causing costlier procurements.

The public procurement regime thus as a whole is perceived to be inefficient and littered with delay, corrupt practices, mastanbaaji, and extortionism.

1.3 Impact of public procurement on economic well being

However, the main adverse impact of the public procurement on the country and the people occurs through late implementation of the development projects and consequential delayed generation of benefits from a project. It also makes benefit derived from those projects less cost-effective. The procurement activities (specially in the cases of goods & civil works by agencies in the districts through government’s own resources) on many occasions also create law and order problem as can be gauged from the good number of news items appearing quite often in the news papers telling us of either blocking the sale of tender documents or their dropping at the box at the appointed time. In some cases even hijacking of the Tender Box takes place. The prevailing

unhealthy environment as well as procedure induced hurdles and hassles cause the unscrupulous businessmen to flourish while the good and honest businessmen shy away from participating in procurement related businesses. After all, public procurement is mainly serviced by the private sector traders, suppliers, industrialists. Absence of a large pool of law abiding and competent businessmen/contractors retards the development of a vibrant economy in the country. We are all aware that Bangladesh and her government are firmly of the view that private sector is able to create wealth more efficiently than any other mode and as such are committed to the growth and development of a competent private sector. So the efficient operation of the public procurement is a legitimate concern of the private sector and its representative bodies as well as general public.

1.4 Public procurement may be opened to participation by foreigners

There is an upcoming problem in regard to the operation of public procurements about which our private sector needs to be concerned with immediately. In a few years time, all countries including LDCs, like ours, would be required to fully open the public procurement sector to intending international suppliers who would be allowed to participate in all public procurement businesses on an equal footing with those of the national suppliers. This is due to secular march of evolving WTO regime¹ which determines the ways of conducting both internal and international businesses. Public procurement sector is thus getting sucked into the globalization process and would soon be required to have the practices in this area harmonized with those of others countries.

1.5 Need for Action for a Transparent and Corruption Free System

To meet the challenge of the unfolding WTO process and for having a hassle, hurdles-free, fair and a rule-based transparent public procurement regime free from corrupt and extortionist practices, it is necessary to look closely at the whole gamut of existing public procurement procedures and practices. It would help us to be aware of the need to create a modern, standardized system of procurement which would foster participation of honest and competent private sector persons in these businesses. It may also contribute towards upgradation of the productive forces as fair competition will encourage adoption and acquisition of appropriate technology.

The standardized regime will also create conditions and confidence of our private sector businessmen in participating in public sector procurements of other countries which are presently open under **WTO rules** (Annex-IX).

Thus the public procurement must be free of unnecessary hurdles and hassles to make a procurement deal free, fair and easy. This Economic Policy Paper has laid great emphasis on the need for a fair and free procurement regime to facilitate the procurers and the competing tenderers for purchase of tender documents and its submission. Need for preparation of tender documents including precise specifications and its proper and wide circulation through widely circulated news media has also been discussed here with due importance. It is needed that there is transparency in procurement process to avoid corruption. Awareness creation and motivational program for all the concerned organizations and parties associated in this business are also important for creation of an efficient procurement process. With an streamlined process, suspicion and confusion among the public in general and the tenderers in particular may go away

¹ As a general rule the Agreement on Public procurement (under Uruguay Round) requires its member countries' to accord national and MFN treatment to all government purchase. But it is still a plilateral agreement and not multilateral as yet allowing countries like Bangladesh a leeway time. In the upcoming round of negotiation this dispensation is likely to be done away with. (Page 225, Part-IV: Public procurement and State Trading –World Trading System, WTO, Geneva 2000).

and honest and competent business would participate in this business with great zeal. The ultimate beneficiary will thus be the Bangladesh economy.

1.6 Methodology and format of the study

For carrying out this study, the TOR formed the basic guidelines. In fulfilling the task, a large number of government documents and associated materials were collected from different sources and perused by this consultant. A good number of participants involved in the procurement activities from both the official and business side were interviewed to develop a proper picture and to formulate the ideas on actions needed to be taken to improve upon the current dismal situation of the public procurement regime.

The result is this paper which has been organized in six chapters. In the Chapter-I, a brief background of the study, a definition of the public procurement, public perception of it as also the compulsion for improving the situation have been described. The volume of public procurement and the agencies involved have been discussed in the Chapter-II. The Chapter-III looked at the operational framework of the procurement regime while the next Chapter-IV discussed and analyzed the actual processes in some detail. The revealed deficiencies of the procurement regime as a whole were brought out at Chapter-V. The last chapter was devoted to the actions needed to be taken to make the regime hassle-free, transparent and efficient.

CHAPTER-II

2. Public Procurement: Volume, Agencies & General Patterns

2.1 Volume of Public procurement

The annual volume of procurement made by different government agencies is not shown in the National Budgets as separate items. The value of public procurement in 1998-99 had been computed from the 1999-2000 "Budget in Brief" book to be Tk. 14,785 crores (including food procurement of Tk. 1785 crores). The procurement level was computed for 2000-2001 to be Tk. 18,772 crore i.e. 26% higher than that of 1998-1999 level. In 2001-2002, the growth in procurement is expected to be about 6% higher at Tk.19,730 crores² (**Annex-II**). Of these amounts, the procurement of goods & works generally reckoned to be about 70% of the total. The rest is for services. Two-thirds of the procurements are estimated to be done through foreign funding.

2.2 Agencies Involved

These procurements are done by government agencies of different levels : ministries, attached departments & directorates, corporations attached to the ministries and the local bodies like municipalities etc. There are about 2133 public units like ministries or divisions, departments, directorates, corporation and boards in the country in April, 1999 under 54 ministries/divisions. Besides, there are 4 city corporations, 187 municipalities, 463 upazilla and 4451 union councils/parishads as local government bodies. There are also 64 (presently non functioning) district bodies/council's. The IMED list of "Ministry/Agency Coded Name" may be referred to in this connection. Many of these agencies are involved in procurements of goods, services and works of different types and sizes. They also follow a plethora of procedures with different levels of competence as will be evident from our discussion.

2.2.1 Ministries

In our system, the Ministries themselves, except those of Ministries of Food and Commerce, don't directly undertake big volumes of procurement. Their procurements are confined essentially to printing of stationery materials and in some cases consultancy services for their capacity building (under reform projects). The Ministry of Food is entrusted to and has been organizing procurement of food stuff on government account. The Ministry of Commerce is authorized by Rules of Business of the government to handle procurement centrally for (i) internal and external stores for other ministries, department, or directorates (ii) procurement to be organized under state trading (now rarely used) and (iii) under International Commodity Agreements (also seldom used). But the Ministry of Commerce uses its attached department: Department of Supply & Inspection to discharge these responsibilities.

2.2.2 Attached departments/ directorates

Of the attached departments and directorates, Road & Highways. Housing & Public Works Department of Public Health & Engineering, Local Government Engineering Department, Directorate of Food, Bangladesh Railways, Bangladesh Telephone & Telegraph Board, Directorate of Health Services, Directorate of Education, Department of Supply & Inspections are big procurement agencies (**Annex-III**). In fact the Department of Supply & Inspection under the Ministry of Commerce was created during World War-II and was entrusted to act as the central

²The Methodology used here was adapted from World Bank, Country Procurement Assessment Report, Bangladesh, November, 1999

agency for procurement of stores, provisions and other needed goods of all other government departments and other quasi-public bodies who may desire to avail of its services. However, procurement of (i) food stuffs (ii) special stores peculiar to Defence, Railways and Postal Department, Telephone & Telegraph Board, Coal etc. were outside the purview of this Department of Supply & Inspection.

However, the role of Department of Supply & Inspection as the central agency of the public procurement no longer exists. Most of the agencies having substantial procurements to make are now organizing their own procurements. Presently it procures stores of the following ministries or departments:

Ministry of Establishment	- Printing & Stationary
Ministry of Home	- Fire Service
Ministry of Information	- Mass Communication, Department of Films & Archives
Ministry of Livestock	- All GOB resource procurement

The Department of Supply & Inspection has quite an elaborate procedure which is laid down in the Manual of Office Procedures (Purchase). This Manual was first created in early nineteen forties and later revised & updated in 1978. In 1997, a number of provisions: 20, 38, 39, 87 & 116 were amended/updated. Many government agencies and public sector corporations have used the provisions of the Manual of the Department of Supply & Inspection as a model for developing their own procedures. In fact, the government in 1977 had mandated that all other government purchasing agencies will follow this Manual Mutatis Mutandis. But the actual implementation of the laid down procedures is far from uniform in standard and quality.

2.2.3 Corporations

Apart from the departments/directorates of ministries, as pointed out earlier, the corporations under the Ministries also undertake large scale procurement activities. The corporations like: Bangladesh Chemical Industries Corporation (BCIC), Bangladesh Petroleum Corporation (BPC) Bangladesh Steel & Engineering Corporation (BSEC), Bangladesh Agricultural Development Corporation (BADC), Power Development (PDB) Bangladesh Water Development Board (WDB), Bangladesh Jute Mills Corporation (BJMC), Bangladesh Sugar & Food Industries Corporation (BSFIC) are some of the leading procurement agencies of the government (**Annex-III**). The corporations in addition to their own fund generally gets allocation under Annual Development Plan (ADP) from the national budget. The corporations have been given their prescribed financial powers pursuant to which they carryout the required procurement. Many of these corporations have developed their own Manual for procurement of goods and works. These guidelines/manuals have been developed by an amalgamation of procedures given at the Department of Supply & Inspection's Manual of office procedure (Purchase), and the ERD's guideline 6 for procurement of goods and works under Aided Project and the PWD Code for Works as appropriate. However, these agencies are obliged to follow the donor agency procurement procedures when the procurements are done under donor funds.

2.3 General Pattern: Open Bidding System

By and large, the procedures of the Department of Supply & Inspection and those developed by other organizations modeled after it is, basically an open bidding system. That system involves public advertisement in the press (**Annex IV & attachments**) undertaking pre qualification exercises whenever needed, receiving the bids during a pre-designated time frame and opening the bid publicly at an appointed time and place and finally, accepting the lowest responsive bid though the extent of following through the whole process is not of uniform level.

CHAPTER-III

3. Operational Framework

3.1 The Key Ministries Responsible for Making Policies on Procurement

The following Ministries and Divisions are primarily associated with making policies in the procurement area:

- (i) Cabinet Division
- (ii) Ministry of Finance
- (iii) Ministry of Planning
- (iv) ERD- Economic Relations Division
- (v) IMED- Implementation, Monitoring & Evaluation Division
- (vi) Ministry of Commerce
- (vii) Ministry of Establishment Affairs

Each of these Ministries make their contribution at different stages of the process of procurement. The Ministry of the concerned agency first prepares the outline of a project and its associated procurement. The Ministry of Finance and ERD assist in deciding on the fund-source. The Ministry of Commerce through its Import Policy Order guides the procurement mode. The association of the Ministry of Planning and different Ministries take place during the processes of the approval of the project embodying the procurement. Cabinet Division plays the main role in securing the approval of the Cabinet Committee on Purchase- the highest body to grant purchase permission of services over Tk. 5 crores & over Tk. 25 crores for goods & works respectively.

3.2 Procedures for approval of projects (Embodying Procurement)

Since most of the public procurements emanates from the projects undertaken by the government under Annual Development Plan (ADP), project preparation activity is the starting point in the long process of procurement induced activities. The first stage in initiating a development project is the preparation of a Project Concept Paper (PCP) or Technical Assistance Project Proforma (TAPP) where project ideas, components and output desired are put down in a logical sequence in prescribed formats—one for PCP in case of a Investment Project and the other TAPP for a Technical Assistance Project. The draft PCPs & TAPPs are prepared by the organization, department and corporation concerned. As about 70% of development project funds are utilized for procurements, the draft PCPs/TA. PCPs and TAPPs are required to contain details of procurements to be made under the project (**Annex-V**).

3.2.1 Preparation of PCPs & TAPPs

The PCPs/TAPPs after their preparation by the agency concerned are forwarded by it to the Ministry for review and approval/recommendation to higher bodies. If the project is an investment project and costs less than Tk. 2 crores. The DPEC (Development Project Evaluation Committee) of the Ministry recommends to its Minister to approve it.. The DPEC is headed by the Secretary of the ministry concerned, and includes representative of the Ministries of Establishment, Finance, Planning, IMED, Environment, Education etc (**Annex-V**).

3.2.2 Different echelons of approval for different sizes & types of projects

If the project is an investment project costing above Tk. 2 crores or if it is a TA project of any size, the PCPs and the TAPPs are sent to Planning Commission for further consideration of the higher echelon of the project approval process. In the Planning Commission, the PCPs or TAPPs are scrutinized by the pre-ECNEC (Executive Committee of the National Economic Council) Committee-an inter-ministerial body which is headed by the Member, Planning Commission in-charge of the concerned sector. The Pre ECNEC Committee consists of representatives from the concerned Ministry IMED, Finance, Environment, ERD (if aided project) etc. For all sizes of TA projects the pre-ECNEC is the final level of granting approval. After clearance by this committee, the TAPPs are placed before the Minister for Planning for final approval.

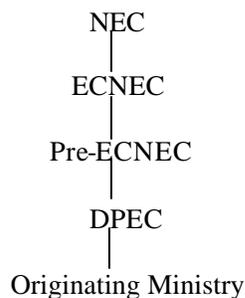
For the investment project upto the size of Tk. 10 crores, the pre-ECNEC is the final level for its scrutiny. All PCPs of the investment projects upto Tk. 10 crores and cleared by pre-ECNEC are placed before the Planning Minister for final approval.

All other projects above Tk. 10 crores outlay and cleared by pre-ECNEC go to the ECNEC. The ECNEC has the authority to approve all PCPs of the investment projects above Tk. 10 crores. The ECNEC is headed by the Prime Minister and has Finance Minister and ten other members. The Finance Minister presides over the ECNEC Meeting in the absence of the Prime Minister.

The NEC is the apex body for granting approval of all policies and issues guidance as appropriate. All PCPs of projects costing above Tk. 10 crores are sent to NEC for information.

The NEC is headed by the Prime Minister and includes all Ministers as its member.

3.2.3 The planning & approval process tree of a project is as below



The notification embodying the above cited procedure is placed at **Annex-V**.

It should be noted that PPs (Project Proforma) have to prepared by the project implementation agencies for all investment projects cleared by the Minister of Planning (upto a value of Tk. 10 crores) and by the ECNEC (all projects above the value of Tk. 10 crores) and get them cleared by the DPECs of the concerned ministry.

3.3 Delegation of Powers for Procurement

The procurement activities start in right earnest once the implementation of an approved project starts. The procurement is also done as per authority granted to each type of organization as well as for each level of officers working in an organization. The delegation of process for actual purchases of goods, works & services by an agency is contained in the Cabinet Division Circular No. Ma, Pa Krai -3(3) 92/103 dated 4.5.1994 (**Annex-VI**).

3.3.1 Project size & type wise authority for procurement issued from Cabinet Division

The organization-wise delegation of authority is as under:

Sl. Financial Power

Approving Authority

A. Goods and Works

1. Upto Taka 5 Crores : Smaller Corporation-B type
2. Upto Taka 10 crores : Large Corporation-A type like : WDB, PDB, BCIC, Petrobangla, BPC, BSEC, BADC, BSFIC, BTMC
3. Upto Taka 25 Crores : Ministry of Division (at the level of Minister)
4. Above Taka 25 crores : Cabinet Committee on Government Purchase

B. For Consultancy Services

1. Upto Taka 1 Crores : Board of Corporation, Heads of Departments like : Chief Engineer
2. Upto Taka 5 crores : Ministry or Division (at the level of Minister)
3. Above Taka 5 crores : Cabinet Committee on Government Purchase

3.3.2 Level-wise authority of officers issued from Ministry of Finance

Apart from the above, the government in the Ministry of Finance has issued “Delegation of Financial Powers for Development Projects “dated 22nd February, 2000 detailing the powers of the ministries, divisions heads of departments and the project directors in the matter of procurements among others 36 items of activities. Under this Notification, the authority of PDs are sub-divided into three depending on the size of the project (a) above Tk. 50 crore project (b) projects costing between 20- 50 crore taka (c) projects costing less than Tk. 20 crores & below.

In the matter of procurement of consultancy services, only the P.D. of (a) type has the power to procure services upto Tk. 50 lakhs while Departmental Heads like Chief Engineer, R & HD or Chief Engineer, PWD have the power to procure services upto a value of Tk. one crore. The Ministry can procure consultancy services upto Tk. 5 crores. For procurement of goods relating to project, in addition to the power of a ministry (i.e. upto Tk. 10 crores as per Cabinet Division Circular of 1994), the head of the Department and the different types of PDs have been given different levels of authority. This notification also empowers the Ministries and Department to sub-delegate their authority away to the other officers under information to the Ministry of Finance.

It should be noted that one such detailed delegation exists the Department of Supply & Inspection. The Manual of Office Procedures, (Purchase) of the Department of Supply & Inspection (under its chapter VII) provides a delegation of financial authority to its officers. They are as follows:

<u>Designation</u>	<u>Taka in Lakh</u>
Director	50
Additional Director	30
Deputy Director	10
Assistant Director	2

The above limits are expressed as applying to any one case/any indent. Beyond this limit all cases would go to the Ministry of Commerce.

Unfortunately similar delegation in most of the corporations and autonomous bodies is lacking and even the MD/Chairman of these corporations have not been given any formal authority of their own.

3.3.3 Delegation of administration & financial powers issued by Establishment Ministry

All procurement activities under the revenue budgets are guided by the delegation of authority given in the Delegation of Administration & Financial Powers issued by the Ministry of Establishment. However, in the Delegation of Administration & Financial powers, the powers of the Secretaries, Addl. Secretaries, Joint Secretaries, Deputy Secretaries & Asstt. Secretaries have only been defined. No mention has been made of the delegation and procedures to be followed by the non-secretariat offices and the powers of their officers in that notification.

The departments, sub-ordinate offices and the offices in the districts are now required to follow the revised CGFR (Compilation of General Financial Rules) provisions. CGFR was first published in the British days and was comprehensively revised and adopted by the government in June, 1999. It is a document of general financial rules containing general principles governing public contracts and agreements : such as open contracting, financial liability of the government, audit of the contract. CGFR also provides that special rules are applicable to particular departments. These special provisions are contained in the Manuals, Codes, Departmental Regulations or Special Order of the department concerned. For procurement of local goods, some organizations like PWD, LGED, R & H, Facilities Department follow the GoB Form No. 2908 & the procedures detailed therein.

For procurement of Civil works, all government offices follow the procedures laid down in the PWD codes and in the Bangladesh Form No.2911 (**Annex-VII**) incorporating all those standard provision of PWD. The bidders are required to fill in that form while submitting their bids. The form itself becomes the Contract on acceptance of the bid and with the signing of that form by Executive Engineer.

For procurement under the aided projects a separate guideline apply. It has been issued by the ERD in 1992. The ERD issued guidelines is broadly compatible with the World Bank procedures.

3.4 Cabinet Committee on Government Purchase

The highest body for approval of all government purchases is the Cabinet Committee on Government Purchase. This Committee has authority to approve all purchases of goods and of the value of Tk. 25 crores & above as well the consultancy services above Tk. 5 crores (**Annex-VIII**). The formation of the present Committee as per notification dated 3.12.2001 is as follows:

1. Convenor : Minister for Finance & Planning
2. Member : Minister for Local Govt. Rural Development & Cooperations
3. Member : Minister for Health & Family Welfare
4. Member : Minister for Commerce
5. Member : Minister for Water Resources
6. Member : Minister for Foreign Affairs
7. Member : State Minister for Energy & Mineral Resources
8. Member : Minister of concerned Procurement Ministry/Agency

The decision of the committee is subject to approval of the Hon'ble Prime Minister.

The cabinet division serves as secretariat of this Cabinet Committee on Government Purchase.

CHAPTER-IV

4. Operational Processes & Characteristics

4.1 Prevalence of various Operation Manuals/Codes

The procurement related activities in all government agencies are generally guided by prescribed procedures. These procedures prescribed by the government are codified in at least in five different sets documents issued at different times. They are : (i) manual of office procedure (Purchase), Ministry of Commerce (1978) (ii) Revised Compilation of general Financial Rules, Ministry of Finance (1997) (iii) Bangladesh Treasury Rules & Subsidiary Rules made there under Ministry of Finance, Accounting Code, VoH to IV, Ministry of Finance. (v) Audit Code, Ministry of Finance. These procedures are normally codified in the form of a Guideline or Manual by different agencies incorporating the procedures thought relevant for them.

4.2 Status of a few Organizations

Having a manual containing properly sequenced stage of operation is the hallmark of a good organization. Unfortunately not all agencies involved in procurement have a proper Manual/Code to follow. Given below are the names of some of the big organizations which have and which do not have a procurement Manual.

Organizations having a proper Manuals	Organizations not having a proper Manual
1. Public Works Department (PWD)	1. Facilities Department
2. Road & Highways	2. Bangladesh Power Department Board (BPDB)
3. Local Government Engineering Department (LGED)	3. Bangladesh Agricultural Research Council (BARC)
4. Department of Supply & Inspection	4. Titas Gas
5. Districts	5. Dhaka City Corporation
6. Rural Electricity Board (REB)	
7. Bangladesh Water Development Board (BWDB)	
8. Bangladesh Chemical Industries Corporation (BCIC)	
9. Petrobangla	

It may be seen from the above that the scene is mixed and both the government departments as well as Corporations suffer from the deficiency of not having proper procurement i.e. published and available to anybody on demand.

The organizations like REB, BWDB and BCIC have fairly developed Manuals both for goods and works. But BARC has no procurement manual and has set up a committee recently to prepare a Procurement Manual. For the present, it is following World Bank procedures for making procurement. Similarity, the Dhaka City Corporation (DCC) has no Procurement Manual but it has prescribed Bidding Documents which are used for all procurements except those funded by donors. The other municipalities are following the guidelines prepared in 1932 by the Bengal Government and their updated from time to time incorporating latest suitable provisions.

Among the important government departments, the Facilities Department of the Ministry of Education has no Manual of its own but follows the PWD Codes for civil works in the fields and for aided projects. Power Development Board has a written manual for procurement as a whole but has no detailed bidding documents. Titas gas follows the delegation of financial powers as that of Petrobangla for processing procurement documents. Some organizations follow the ERD's Guidelines of May, 1992 both for the local and the externally funded procurements. The procurements under World Bank and Asian Development Bank funding are done by following their quite elaborate prescribed procedures³. Thus it is seen that various types of procedures are in vogue and followed in the various government offices of the country in regard to handling of public procurements.

4.3 General Principles of Procurement: Competitive Bidding

As stated earlier, most of the procurements are made through biddings. The organizations follow the ICB, NCB and NS mode of depending on size and type of procurement. For simple type of goods & services procurements under ICB or NCB are normally carried out through one stage bidding. In this case the technical details of the goods and services are put together in one bid and are submitted in one envelope. In cases of procurement of complex items of works, goods and services, a two-stage bidding or so called two envelope bidding system is however followed. Under two-stage bidding procedure technical bids without prices are received in one envelope and the price offer in another envelope. The technical bids are first evaluated for substantive responsiveness and are ranked in order of merit while the financial offers are kept in a safe. After that the second envelope containing the financial offer of the responsive bidding are opened at a pre-determined place with prior notification to the concerned bidders. The contract is awarded to the lowest combined evaluated bidder.

The procurements obtained through "Suppliers Credit" mode are done through negotiation.

4.4 Other Important Provisions

4.4.1 Arbitration

Most of the Bidding Forms & Contracts have provision for settlement of disputes. As per its provision, the executing agency and the suppliers or contractors would first try to resolve the disputes through direct negotiation and if not successful, they may go for arbitration. In case of dispute with local parties, the dispute is referred to adjudication as per Arbitration Act of 2000. The provisions of International Chamber of Commerce (ICC) are invoked in cases of arbitration required between the agency and the foreign suppliers.

4.4.2 Reference to Ministry of Law and NBR

As per GoB Rules of Business, the Ministry of law, Justice and Parliamentary Affairs is to be consulted for "Preparation of important contracts, international agreement..." On this basis, most of the Departments and organizations get their Contracts vetted by the Law Ministry. Contracts are also referred to National Board of Revenue (NBR) for ensuring proper stipulation of clauses and for avoiding violation of revenue orders. Bidding Documents are not normally vetted by Law Ministry or NBR.

4.5 Documents/Forms Used

The document normally used for procurement of works is Bangladesh Form # 2911 (**Annex-VII**). This form was devised during the British rule and is still in use with little or no amendment by Government offices and other organizations follow Manual for works. The Form # 2911 is at the same time a bid document with schedule for quoting rates and prices and a contract document. In

³ Guidelines: Procurement under IBRD Loans & IDA Credit, January-1999

practice the schedule of Works are given separately to the bidders. They quote rates and prices on the schedule. Rates and prices are quoted in plus or minus percentage or at par against estimated price shown in the schedule. The estimated rates are mostly updated every two years. Separate schedules are prepared for each work. The bidders sign Form # 2911 and submit the same along with schedule with quoted rates as bid. After acceptance of the offer of the successful bidder, the form 2911 is signed by the employer and the same becomes the contract along with the schedule.

Form # 2911 provides for penalties for late delivery by the supplier. But the employer is not penalized for delays due to his fault. Two other salient features of Bangladesh Form # 2911 are listed below:

- (i) In most matters relating to the work and payment, the decision of the Divisional Engineer (normally an Executive Engineer) is final and binding on the contractor.
- (ii) Sub-contracting is not allowed without permission. In practice, sub-contracting is there, but officially shown as done by the main contractor.

Similarly Bangladesh Form # 2908 is used for procurement of goods. The PWD, LGED, R & H, Facilities Department uses this form.

4.6 Procurement Processes for Goods

For getting a sense of the procurement process is a real life situation the case of a procurement of goods worth Taka 30 crores through ICB mode under donor funding by a big corporation is rehearsed below:

The draft Bidding Document along with detailed specification of the goods to be purchased is prepared and approved by Tender Document Finalization Committee (TDFC) headed by the Member Finance, while the technical specification is prepared and approved by Technical Committee headed by the Chairman. In some organisations like: PDB the Bidding Documents are approved by authorities as per volume (Value) of procurement based on delegation of powers and amendments, if any, and are approved by next higher position. In BARC, the Bidding Documents and any amendment thereof are approved by the Chairman.

This Bidding Document is then sent to the Development Partner for its review. The real processing starts after receiving the clearance of the bidding document from the Development Partner. Who in most cases asks for and gets a number of clarification. The idea is to make the specifications as broad based as and generic a possible.

The Bid Invitation Notice is the sent to Ministry of Information for onward transmission to Department of Films and Publications (DFP) for publication of the Notice in Daily Newspapers. Unfortunately such notices do not always get published in time and in the desired newspaper causing poor publicity.

In most cases of NCB, the Bid Invitation notices are not sent to DFP timely and the notices appear in the press keeping very little bidding time for the bidders.

The Bids are received and opened at the appointed time, date and venue. On receipts of the Bids, the Evaluation Committee of the Corporation undertakes the evaluation. Most of the organizations have separate Evaluation Committees. In some organizations like BADC, Commercial and Technical Evaluations are done separately and two separate Evaluation Reports are prepared.

The Evaluation Reports are then placed before the Tender Committee of the Corporation Board of the Corporation for consideration. As per Cabinet Committee Delegation of Financial Power, the Board of the Big Corporation is authorized to clear for procurement upto Taka 10 crore, But for this procurement which is worth above Tk. 25 crore i.e. taking under the purview of Cabinet Committee on Purchase. The Tender Committee of the Corporation makes recommendation in favour of the acceptable lowest and bid is sent to the Board of the Corporation for perusal.

This recommendation of the Committee is reviewed by the Board and sent to the Ministry for presenting the case before the Minister. In the Ministry, the Procurement Proposal along with all relevant papers is received by the Secretary. The papers go down to the Assistant Secretary who is normally the desk officer. The Assistant Secretary puts the paper in concerned file of the organization or opens in a new file. The Assistant Secretary is often found scrutinizing the papers and making queries from the organizations. After receiving replies to his queries he prepares a Summary of the case for the Minister and puts up to Deputy Secretary. From Deputy Secretary. The life goes to Joint Secretary, to Additional Secretary, and then Secretary, and finally to the Minister. The Minister could have approved the case if it was within Taka 10 crore. Since it is a purchase worth Tk. 30 crores, the Minister approves the Summary for the Cabinet Committee on Purchase. After clearance and acceptance of the draft summary initiated again by the Assistant Secretary. The Summary is typed and again presented to Additional Secretary or Secretary for signature.

The Bidding Documents in regard to a World Bank funded project would consist of 12 types of sub-documents : (i) Instruction to Bidders (ITB) (ii) Bid Data Sheet (iii) General Conditions of Contract (GCC), (iv) Special Condition of Contract (SCC), (v) Schedules of Requirements (vi) Technical Specification (vii) Bid Form & Price Schedules, (viii) Bid Security Form, (ix) Contract Form, (x) Performance Security Form (xi) Bank Guarantee for Advance Payment Form and (xii) Manufacturer's Authorization Form.

Of these, the 4 sets of papers relating to (ii) Bid Data Sheet (iv) Special Conditions of Contract, (v) Schedule of Requirement and (vi) Technical Specification need to be prepared individually for each procurement proposal. Rest 8 sets of documents are standardized ones.

Almost all donor funded procurement documents follow similar formats.

The Ministry then sends the procurement case along with the summary and other papers to the Cabinet Division for placing the case before the Cabinet Committee on Purchase. The Cabinet Secretary gets the dates fixed for meeting of the Cabinet Committee along with other procurement cases. The usual ups and down of papers from Secretary to Assistant Secretary and back also take place in the Cabinet Division.

The Cabinet Committee on Purchase sits on the appointed day with the Minister for Finance in the chair. After the decision of the Committee, minutes are prepared by Cabinet Division and sent to Prime Minister for approval. After approval of Prime Minister, the Cabinet Division conveys the decision of the Cabinet Committee to the concerned Ministry and the organization. After receipt of decision of the Cabinet Committee, the organization is able to sign contract after observing other procurement formalities provided that the Development Partner has given "no objection" to the procurement decision.

The above process and time frame are equally applicable for works.

4.7 Procurement Processes for Consultancy Services

Procurement of services of consultants under ERD/Donor fund guidelines is similarly a lengthy and complicated process. ERD's Guideline on Employment of Consultants contain as many as 14 steps. The steps are more or less in line with WB Guidelines where there are 19 steps⁴. The prescribed terminologies are like: Expression of Interest (EOI), Request for Proposal (RFP), Letter of Invitation (LOI), Information to consultants (ITC) etc. are common. The steps prescribed along with the maximum time-limits allowed in the guideline is reproduced in the next para.

It should however be noted that the preparation of TOR is a complex task and involves elaborate consultation and inputs from wide variety of sources. The process of getting decisions of the Evaluation Committee, Board of Directors in the Corporation, in the Ministry and Cabinet Committee on Purchase in respect of procurement of a consultancy service above Tk. 5 crore in value is similar to have described in the case goods procurement similar.

4.7.1 Steps in the Appointment of Consultants and Maximum Time Limits

	Consultancy Firms	Individual Short-term Consultant	Consultant Long-term Consultant
1. Preparation of Terms of Reference	Two Weeks	One week	One week
2. Short-term of consultants where necessary	Two Weeks	-	-
3. Invitation for bids, circulation or advertisement	Two Weeks	Two Weeks	Two Weeks
4. Submission of bids by consultant	Six Weeks	One Week	Two Weeks
5. Evaluation of Technical and Financial proposal	Four Weeks	Two Weeks	Two Weeks
6. Reference with Development Partner or Agency, where necessary	Two Weeks	One Week	One Week
7. Clarification and Negotiation with bidders	Two Weeks	-	-
8. Approval of the concerned agencies upto Tk. 1.00 crore	Two Weeks	One Week	One Week
9. Reference to the Administrative Ministry			
(i) Reference for clearance of consulting firms	Two Weeks	-	-
(ii) Reference of cases to the value of above Tk. 1.00 crore to Tk. 2.50 crore	Two Weeks	-	-
(iii) Individual Consultant	-	Two Weeks	Four Weeks
10. Reference of cases to the Council Committee	Three Weeks	-	-
11. ³ Issuing letter of intent to the selected consulting firm	One Week	-	-
12. Signing of the Contract	One Week	One Week	One Week
13. Reference to the Ministry of Home Affairs and the Ministry of Foreign Affairs for clearance by Administrative Ministry or executing agency	Two Weeks	One Week	One Week
14. Reference to NBR	Two Weeks	-	-

⁴ Guidelines: Selection and Employment of Consultants by World Bank Borrowers (Revised upto January, 1999)

It would appear from the table that for appointment of a consulting firm requires about 35 weeks. For appointment of a short-term individual consultant it takes about 12 weeks and for long-term individual consultant it takes about 15 weeks.

Even then, this time schedule is seldom maintained in most cases. Evaluation is never completed within the times originally required for the validity of proposals. Almost 100% of appointment of consultants are delayed, excepting those directly selected by Donor. There are instances where upto two years have been taken to complete the process.

4.8 Main Characteristic

4.8.1 Delay

The main characteristic of the present procurement scene is the delay which takes place in securing the required goods, services & works to the agencies needing them. Delay in procurement causes cost overruns, delayed benefits, non-participation of good firms/businessmen. It also induces corrupt practices. Delay also generates more complaints and more contention. Delays make decisions more difficult and even cause re-bidding and further delays. Delays are particularly acute in the selection of consultants.

4.8.2 The extent of delay which occurred during 1997 - 98 in 148 cases of procurement (the normal time allowed is 149 days)⁵

Elapsed days	Number of Contracts			
	Goods	Works	Consultants	Total
60	2	3	0	5
120	1	5	1	7
240	12	12	7	31
360	14	24	3	41
500	10	12	4	26
700	8	6	4	18
900	5	6	1	12
1100	6	0	2	
	58	68	22	148

The IMED of the Ministry of Planning and even the NEC in its annual reviews have been repeatedly highlighting this problem of delays.

4.9 Other Characteristics

(i) Approval process is unnecessarily lengthy

As can be seen that there too many stages for approval and the time taken may vary between 22 weeks to 27 weeks. Why should a procurement proposal, examined and recommended by the Board of a Corporation, be processed and examined in the Ministry by an Assistant Secretary and others and why it should not be handled at the level of Secretary or Additional Secretary only? And why should not the decision of the Evaluation and Tender Committee be final?

(ii) Inadequate Delegation

⁵Annual Report : IMED, 1999

One of the other important reasons for delay is that there is practically no delegation for selection and appointment of consultant below Minister or Ministry. The Minister can decide cases up to Taka 5 (five) crore and Cabinet Committee on Government Purchase above Taka Five crore. The Board of the Corporations or Heads of Government Department like Chief Engineer can decide case of selection of consultant up to Taka 1 (one) crore. The A Class Project Director has been given authority upto Taka 50 lakhs (Ref: Department of Financial Powers for Development Projects dated 22.02.2000).

(iii) Wide Prevalence of malpractice

Public Sector selection and engagement of consultant in the country is becoming tough day by day for the consulting firms, not only for competition but also for unfair means said to be adopted by some of the employers, and the use of political pressure. Award of contract for consultancy for development works is a very important source of corruption in the country as brought out in the report “Government Malpractice” prepared by the committee headed (Convenor) by Mr. Burhanuddin Ahmed, a former Secretary to the GoB. The report further adds that much of the malpractices lie at the stages of evaluation of design/methodology, model, drawings, credentials etc. Evaluation exercise is not transparent to participants.

CHAPTER-V

5. Deficiencies & Weaknesses of the Procurement Scene

The main characteristic of the present public procurement procedures/processes has been shown in the earlier chapter. It is delay. This delay is the outcome of prevalence of too many procedures and as well as lack of capacities in the procurement agencies and of the suppliers. The delay eventually translates into higher cost of the procured goods and services.

The deficiencies of the present public procurement scene as revealed through discussions in earlier chapters are as below:

5.1 Shortcoming of the Procedural Environment

5.1.1 Too many GoB or Donor's Rules & Procedures

No comprehensive Procurement Manual, Guidelines or Books is available with most of the procurement agencies. Besides, the available documents are seldom consulted properly by the agencies' officers.. Of course, prevalence of too many overlapping rules/procedure discourages officers to learn about the rules. They also get confused. But it is essential that not only the Project Director or the procurement related personnel, but other top officials of the departments or corporations also need to be adequately acquainted with rules, regulations, and guidelines of procurement as delays occur in different stages of processing of procurement due to their lack of proper knowledge.

Most of the organizations or departments have opined that a common Guideline or procedures may be promulgated for the whole country and that standardized procedure should be given the backing of law for easier enforcement. It was also felt that a single Ministry may be given the authority of oversight of the procurement practices which may also facilitate the attainment of important national requirement of upgradation of technical capability.

It is also felt that there should be a Notational Procurement Policy Unit in a Ministry to provide proper guidelines to the different government agencies and carryout oversight duties.

5.2 Weaknesses in the Agencies

5.2.1 Inadequacy in staffing

One of the important problems faced in the procurement process is that the Procurement Units in some of the organizations have shortage of the personnel or are not manned by appropriate persons. Authority is also not always delegated to different levels of personnel in line with GoB's latest directives. Besides, available resource persons and professionals are not always placed in the position they deserve.

5.2.2 Lack of training

Procurement work is a complex job and needs lot of learning on the part of officials as procurement is never taught as subject in the universities or in officer's training academy. Procurement process suffers due to lack of knowledge and the confidence generated by it. Most of the existing procurement personnel need training in all aspects of procurement as they lack professionalism and are poorly motivated. As discussed earlier, training is required in areas like preparation of Bidding Documents, Evaluation etc. The existing guidelines and rules for procurements can not be followed properly in the absence of trained manpower. Absence of adequate training facilities hinder proper development of procurement professionals.

5.2.3 Inadequate procurement planning

It is observed that there is no time-bound procurement planning in 75% to 80% of procurement cases. The procurement planning should be based on.

- (i) implementation programs of the project
- (ii) disbursement time of the loan/credit and
- (iii) guidelines of GoB and of the Development Partner.

To enable determination of-

- (a) which goods or work is required at what time and
- (b) what time is required for a particular bid invitation.

5.2.4 Inadequately prepared bidding documents

Most of the agencies lack knowledge, training and experience of preparing the Standard Bidding Documents (SBD). Considerable time is lost in preparing the SBD by inexperienced personnel and in getting its approval and clearance from Development Partners. Under the ARMP project of the BARC about two years were lost by the inexperienced staff to procure seed needed for agricultural production.

5.2.5 Inadequacy of tender evaluation committee

In many cases tender or evaluation committees are not formed with appropriate, experienced and qualified personnel. Most of them are part-timer and work in addition to their own duties. For these reasons, they cannot render full time service or are not always available for evaluation work after attending their own duties. As a result, the quality of evaluation work suffers. There is also no formal arrangement for training of members of tender or evaluation committees.

5.2.6 Inadequate delegation of authority

The entire process of making decisions and recommendation at Board or Departmental level suffers from inadequate delegation of authority. The delegation of financial authority is based on what can be termed: mistrust. The present power of the Ministry is Taka 25 crore, which is considered inadequate for Ministry like Energy and Mineral Resources. The power of the Boards of Petrobangla, PDB or BWDB to decide procurement cases is Taka Ten crore which is also inadequate in relation to volume of procurement handled by these corporations or bodies. The power of the Project Director (PD), the key person for implementation of the project, is also inadequate even under the latest circular dated 29-2-2000. The circular of Cabinet Division containing power of the Cabinet Committee on Government Purchase, the power of the big and small corporations or bodies and heads of Departments has no mention of delegation of power to Chairmen of the Boards. The proper delegation of authority will help in reducing the tiers in processing the procurement proposals.

5.2.7 Inadequate accountability

Accountability of each decision making authority is not well defined. The PD or the procurement entity sometimes are made accountable for any lapse. But the Ministry or others at the top are hardly made accountable for delay or otherwise at their end. This lack of accountability subverts the concept of good governance and transparency. For the sake of development of business-friendly environment, accountability of all concerned agencies must be ensured.

5.2.8 Delay in appointment

Frequent transfer of Project Directors is a major problem facing many procurement activities. Many projects do not have full-time PDs. Some work as PD in addition to other duties. In many cases PDs are not appointed right from the start of the Project and as a result ownership for the project is not developed. In some other cases, PDs are posted and appointed without verifying their capability. All these affect continuity and delay the implementation of the project and its procurements.

5.2.9 Lack of computerization

Most of the procurement processes are managed manually and as such dependent on human resources causing delay and mistakes. The sooner the entire process is computerized the better. Use of E-mail or the Internet in addition to or in place of fax may reduce dependence on human resource thereby expediting the procurement process.

5.2.10 Poor planning, monitoring and follow up action of the Ministry

They delay the procurement and disbursement process considerably. The short-coming in the planning & monitoring capacities of the lead agencies in the government also cause lots of wastage.

5.2.11 Frequent extension of bid validity

GoB and Development Partners normally allow 90 to 180 days bid validity. Within this time period, the agency should receive the bids, complete evaluation and approval formalities and issue work or supply order. In about 70% cases this deadline can not be maintained for which the need for extension of bid validity arises. While most of the bidders agree to extend the validity in some cases the bidders do not agree to extend bid validity and ask for price escalation causing a logjam in the procurement process.

5.2.12 Re-bidding without valid reasons

Agencies some times cancel bids, even after opening, without valid reason or justification. Most of the local bidding is cancelled if there is only one bid. There is no objection from Development Partners to accept one offer if it meets all requirements and the price is reasonable. Re-tender delays procurement to a great extent.

5.2.13 Delay in selection and appointment of consultants causing chain reaction

The preparation of SBD, Drawing, Designing, etc. of some of the projects are required to be done by Consultants. It is observed in many cases that the main procurement is held up due to the delayed selection and appointment of consultants needed for undertaking these preparatory works.

5.2.14 Dispute resolution

Unsuccessful bidders very often lodge complaint against or dispute processes of the bids, specially when they succeed in getting insider information through unfair means. Processing of procurement cases mostly remain suspended until the settlement of the disputes takes place as government is obliged to investigate the complaints. It is not possible to stop lodging complaints

or raising disputes. But this can be minimized if certain rules are followed. There may be a time bound arrangement of settling disputes. Additionally, there may be a clause in the Bidding Document stipulating extra Bid Security for lodging complaints or for raising dispute and that security shall be forfeited if the complaint or dispute is proved false.

5.2.15 Delay in taking decision

This is a major problem in procurement arena. Decision is delayed at most stages of procurement processing specially from evaluation to final work order stages. There is lack of commitment for decision and at the same time there is lack of knowledge, experience and guts for taking decision.

5.2.16 Inadequate transparency

The entire procurement process in most cases lacks transparency. The bidders and others concerned are kept in dark about many of the information and position they should normally be given. For example, the method of evaluation and marking criteria, if any, are not clearly stipulated in the Bidding Document. The general tendency is to keep the bid evaluation process shrouded in secrecy. But all or part of the evaluation documentation unfortunately is available in the market at a cost. It would be a good idea if all the awards are regularly published in the newspaper to keep the interested people informed of all decisions taken by an agency.

5.2.17 Use of outdated forms

Department like PWD, LGED, R & H use Bangladesh Form No. 2908 & 2911 for procurement of goods and works made under government's own funding. These forms are very old and outdated, one-sided as only the employer's interests are protected. They need to be amended appropriately to bring a balance of interest of the government as well as that of the private sector contractors/suppliers.

5.3 Shortcomings of the Suppliers

There are also mistakes or deficiencies on the part of the suppliers/contractors which also contributing towards the delay in concluding the procurement. The important short-comings on the part of the suppliers/contractors are:

5.3.1 Failure to quote prices in proper format

Bidders quote different prices in incorrect formats in the bid document. The bidders after make mistake in quoting EXW prices for goods offered from within the country in the standard formats. They also fail to differentiate between the price of the imported items, items to be imported after the award of the contract or items to be supplied ex-factory. If the EXW price is not properly quoted by the bidder in the schedules A & B of the World Bank, then a problem is created for the Bank as well as for the Agency concerned. If the price is quoted as ex-factory, then 100% of the quoted price is payable from credit while it would be 70% of the price if the price quoted was on ex-shop basis. The agencies sometimes fail to notice this lacunae and submit wrong reimbursement/payment claim to the World Bank causing problem for all.

5.3.2 Improper calculation of prices

The employer or buyer do not understand the formulae for converting CFR price to CIF price. They unnecessarily add VAT or other taxes with the CFR price.

5.3.3 Manufacturer's authorization

Bidders or even procurement agencies do not always attach proper importance to the requirement of Manufacturers Authorization for items requiring warranty. Many of them do not understand as to what would happen if a problem arises during warranty period in the absence of Manufacturer's Authorization. Without an explicit authorization, the Manufacturer is not likely to accept any responsibility in cases of such eventuality.

5.3.4 Wrong identification of bidder

The person or firm who furnishes the Bid Bond and Performance Bond is the bidder. Sometime, a local agent consider itself to be the bidder and the employer/agency also mistakenly declares the local agent as bidder causing various complications at subsequent stages.

5.3.5 Bidding collusion

In case of many local procurements by PWD, R & H, LGED. Facilities Departments, etc., all the bidders collude to submit bid at same rate. As a result the award is made through lottery. This increases the cost considerably and makes the agency helpless in evaluating the quality of the product procured.

5.3.6 Lobbying from interest groups and extortionists

This is a burning issue in the country and afflicts the entire society. The Interest Groups interfere in different stages especially in the works procurement made under local funding. There are also groups who extorts money from the contractors which raises their costs. As a result they resort to compromising the quality and or cause delay in completion of the work.

Sometimes, the would- be contractors also behave like extortionists. As indicated earlier they also collude to submit bids quoting same price by all. They also submit few bids selected by them. This also poses great problem for the agencies and oblige them to allocate works through lottery. Sometime the whole work is parceled out to all bidders on pro-rata basis

CHAPTER-VI

Way Forward: Recommendations

A. Short Term Measures:

- (1) System of centralized publication of Tender Notice be discontinued and each agency be allowed to organize directly the publication of its advertisement without going through the DFP (Deptt. of Films & Publication). The tender notices be published in widely circulated news papers at least 30 clear days ahead of closing/submitting date of the tender.
- (2) There should be transparency in the tender document:
 - a. Tender notice should include clear but reasonably flexible specifications, terms and conditions.
 - b. Tender document must clearly spell out evaluation criteria and the time to be taken for completing the whole process of selection to allow proper calculation of costs by the tenderers.
- (3) The results of each tender evaluation and all awards above Tk. one crore should be regularly published in the widely circulated newspapers.
- (4) Efforts should be made to develop standard procedures and practices for different stages of processes of procurement. This new document should be widely publicized.

Presently there are about 5000 government agencies of all types involved in procurement. They follow various procedures and have differing degree of efficiency even in following their own procedures.

- (5) Regular training programs for all officials involved in procurement related activities be organized. The course should include subjects like:
 - Principles of Government Procurement
 - Government Procurement Rules, Procedures and Practices
 - Procurement Guidelines and Requirements of the World Bank, Asian Development Bank and other important donor agencies.
 - Techniques of evaluating tenders
- (6) The present administrative and financial powers of the Heads of Department/ Directorates, the Chairman of the Corporation and the Project Directors be revised to a more logical level in view of escalation of price of equipments, machineries, etc.
- (7) The layers of the approval process of the procurements be reviewed and number of levels be reduced.
- (8) Bidder should be asked to quote in one uniform currency for ease of proper comparison of prices.
- (9) To guard hijacking of tender documents and to develop good governance practices, the invitation of tenders and their submission be allowed through internet as are in vogue in many countries.
- (10) Provision of post-landing inspection be avoided as it raises cost and creates scope for rent-seeking. Good inspection agency be selected for pre-shipment inspection.
- (11) Capacity for scrutinizing the authenticity/ veracity of the documents submitted with the bid and originating in foreign countries should be developed in bid inviting authorities to avoid being duped by unscrupulous parties.
- (12) There should be a system of regular auditing of the procurements by independent audit firms to establish better accountability.

- (13) The bidders should be compensated if unusual delay takes place in returning the bid bond of the unsuccessful bidders.
Huge amount is spent in preparing the tender documents and also in submitting bid. In many cases, bidders take loan from the banks to meet these expenses.
- (14) Duty draw back payment should be released immediately.

B. Medium Term Measures

- (1) A set of Standard Bidding & Contract Documents for goods, works and services which are applicable to all government procurements should be prepared and issued.
- (2) A comprehensive public procurement law be created and enacted. The rules and regulations thereunder be also framed.

This law should be applicable to and cover all procurement activities in Bangladesh and would replace the plethora of different sets of rules now guiding activities of different agencies. The creation of a single law and procedures covering all types of procurements would eventually be found to be simple and cheaper to operate.

- (3) An effective review/challenge procedure be included in the standardized law of procurement.
- (4) A National procurement Policy Unit probably in the Ministry of Commerce be created to be responsible for reviewing on a regular basis:
- a) Government Procurement Policy
 - b) Procurement Rules & Procedure
 - c) Overseeing Procurement Practices of Government Agencies
 - d) Technological upgradation issues

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