



Government of the People's Republic of Bangladesh

Ministry of Planning

Implementation Monitoring and Evaluation Division (IMED)

Central Procurement Technical Unit (CPTU)

Final Report

Post Procurement Review : LGED Part

(2015-16)

Contract Package # CPTU/SR-002(d)

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Executive Summary

The Government of the Peoples' Republic of Bangladesh enacted 'The Public Procurement Act, 2006' (PPA-2006) and consequently made 'The Public Procurement Rules, 2008' (PPR-2008) for ensuring transparency, accountability, efficiency and fair competition in the procurement of goods, works or services using public funds. Section-24 of the PPA 2006 and Rules 45 and 46 of the PPR 2008 entrusted Central Procurement Technical Unit (CPTU) the responsibility of reviewing and monitoring the progress of implementation of the PPA and the PPR in procurement management in agencies. In view of this background, CPTU hired 4(four) individuals as "Post - Procurement Review Consultant" to review the sample procurement contracts executed by the 4(four) Agencies- LGED, BREB, RHD and BWDB in the financial year 2015-2016. The Consultant is assigned to review and evaluate 4 (four) procurement contracts of each of the 3 (three) Procuring Entities of Local Government Engineering Department (LGED).. The Procuring Entities are : 1) Project Director, Municipal Governance and Services Project (MGSP), LGED, 2) Project Director, Development of Important Rural Infrastructure Project (DIRIP), LGED and 3) Project Director, Important Urban Infrastructure Development Project (UIDP), LGED. Following the guidelines prescribed by the CPTU, 13 Procurements contracts (taking at least 4 contracts from each of the PEs) have been selected. Selected contracts have been stated at Para-5.0 of the report.

Individual contract review of the selected contracts has been undertaken in the Format prescribed by the CPTU. Individual contract review incorporating part:-1 General information, Part:-2: Compliance with Act and Rules, Part:-3: Post review of goods/works contract and Part:-4: Report on physical inspection, has been annexed at Annex-A, Annex-B and Annex-C. Field visits were undertaken for physical inspection at implementation sites at district, upazila and municipal level for verifying completion of the selected contract agreements under the 3 Procuring Entities. Some photographs on the progress of works have been shown

at Para-12.2(C) of the report under the heading *Inefficient Contract Execution and Management*.

The major findings found from the review of the procurement contracts are:

- a) Non-maintenance of Records and Documents as per provisions of rule 43(1)(2)(3)(4) and Schedule-8 (Part A&B) of PPR 2008.
- b) Lack of Updated Annual Procurement Plan as per rule 16(5) of PPR 2008.
- c) Inefficient Contract Execution and Management
- d) Easy Extension of Contractual Completion Time
- e) Lack of Full-time Project Director and Other Officials at the PMU in IUIDP Project.
- f) Non-compliance with PP Act and Rules. Non-compliance with Public Procurement Act and Public Procurement Rules have been stated PE-wise and Contract-wise at Para 12.2(F) of the report.
- g) Some Other Common Non-compliance with PPR are :
 - i) Records of persons purchasing tender documents with full contract details, such as ID or personal details were not maintained.
 - ii) Checklists showing the time spent at each stage of procurement contract/Schedule of Activities were not maintained as per Rule-8(17)(18) & Schedule-IV(Part-A) of PPR 2008;
 - iii) Rule 36 of PPR-2008 states that the evaluation report by the TEC shall be directly sent to the tender approving authority. But there is no record that the evaluation report was sent by the TEC directly to the tender approving authority in sealed envelope as per rule.
 - iv) Delegation of Financial Power for Development Projects issued by Ministry of Finance was not exercised.

The recommendations for improvement are :

- a) Maintenance of Records and Documents as per provisions of rule-43(1)(2)(3)(4) and Schedule-8 (Part A&B) of PPR 2008.
- b) Preparation of Updated Annual Procurement Plan for every financial year as per rule-16(5) of PPR 2008.
- c) Efficient Contract Management and Execution

- d) Avoidance of Easy Extension of Contractual Completion Time
- e) Posting of Full-time Project Director and Other Officials at PMU in IUIDP Project
- f) Compliance with Public Procurement Act and Public Procurement Rules
- g) Every Procurement Entity and Project Manager should be careful in following provisions of PPR in tender processing, signing of agreement and contract management.
- h) Other recommendations are :
 - i) E-tender system should be introduced immediately in procurement contracts in order to ensure competition and transparency in procurement. LGED already introduced e-GP in many contracts.
 - ii) Delegation of Financial Power for Development Projects issued by Ministry of Finance should be exercised.
 - iii) Higher level supervision and monitoring should be strengthened for the contracts to be executed by the City Corporations/Pourashavas and regional offices of the LGED.
 - iv) A statement showing details of a procurement contract of works for an area should be hung at the implementation sites and on the notice board of the concerned City Corporation or the Pourashava or at the office of the Executive Engineer at district level and Upazila Engineer at upazila level so that local people of the areas are aware of the development works in their areas. This will create positive image in the minds of the local people about development activities.

Non-compliance to rules and lack of maintenance of records encourage mal practices and fraudulent activities in procurements and as such the objectives of the procurement Act and Rules for ensuring competition, transparency and value for money are not achieved. So compliance with the provisions of Rules and Act should be ensured by the Procuring Entities. The reviewer believes that this kind of post procurement review will create consciousness and awareness in the Procuring Entities in complying with the Rules and Act in procurement contracts for achieving competition, transparency and value for money in using public funds.

Glossary of Abbreviations

AA	:	Approving Authority
APP	:	Annual Procurement Plan
BC	:	Bituminous Carpeting
BREB	:	Bangladesh Rural Electrification Board
BDT	:	Bangladesh Taka
BE	:	Bid Evaluation
CC	:	Cement Concrete
CPTU	:	Central Procurement Technical Unit
CCGP	:	Cabinet Committee on Government Purchase
DIRIP	:	Development of Important Rural Infrastructure Project
DPM	:	Direct Procuring Method
DSM	:	Design, Supervision and Management
DP	:	Delegation of Power
DOFP	:	Delegation of Financial Power
e-GP	:	Electronic Government Procurement
GOB	:	Government of Bangladesh
GCC	:	General Conditions of Contract
HOPE	:	Head of Procuring Entity
HRD	:	Human Resource Development
IMED	:	Implementation Monitoring and Evaluation Division
IFT	:	Invitation for Tender
ICT	:	International Competitive Tender
IUIDP	:	Important Urban Infrastructure Development Project
LGED	:	Local Government Engineering Department
LOI	:	Letter of Invitation
L.D	:	Liquidated Damage
LTM	:	Limited Tendering Method
MGSP	:	Municipal Governance and Services Project
NCT	:	National Competitive Tender
NOA	:	Notification of Award

OSTETM	:	One Stage Two Envelopes Tendering Method
OTM	:	Open Tendering Method
PMU	:	Project Management Unit
PPA	:	Public Procurement Act
PPR	:	Public Procurement Rules
PE	:	Procuring Entity
PKG	:	Package
PD	:	Project Director
PDS	:	Proposal Data Sheet
PT	:	Part
PCC	:	Particular Conditions of Contract
POC	:	Proposal Opening Committee
PEC	:	Proposal Evaluation Committee
PO	:	Purchase Order
PS	:	Performance Security
RCC	:	Reinforced Cement Concrete
REOI	:	Request for Expression of Interest
RFT	:	Request for Tender
RFP	:	Request for Proposal
STD	:	Standard Tender Document
TK	:	Taka
TEC	:	Tender Evaluation Committee
TER	:	Tender Evaluation Report
TOC	:	Tender Opening Committee
TOS	:	Tender Opening Sheet
TSC	:	Technical Sub-Committee
TDS	:	Tender Data Sheet
UP	:	Union Parishad