

**DO KEY PERFORMANCE INDICATORS MATTER ON PUBLIC
PROCUREMENT RULES 2008? AN EMPIRICAL STUDY ON LOCAL
GOVERNMENT ENGINEERING DEPARTMENT, BANGLADESH**

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ABSTRACT. This study focuses on the importance of transparency and accountability of Local Government Engineering Department (LGED)'s procurement performance based on 45 predetermined Key Performance Indicators (KPIs). The main objectives of this study are to find the extent of compliance of PPR 2008 by LGED and to identify gaps in compliance and scope of improvement for implementation. For this study, a questionnaire survey method collected data from different stakeholders related to procurement activities of LGED. Key informant interviews were also conducted with senior officers of LGED and IMED. The study result shows a clear adherence to the rules of PPR 2008 by LGED in operating its procurement functions except when paying interest for delayed payment. This study was confined to compliance issues covering 11 KPIs set by the Central Procurement Technical Unit (CPTU).

INTRODUCTION

The Chartered Institute of Procurement & Supply dictionary defines "procurement" as commonly interchangeable with the term

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“purchasing.” Procurement is a broad concept that includes the entire process of acquisition that starts with detection of a requirement and ends with the fulfilment of that requirement. In short, such is the life cycle of any procurement. The process encompasses activities during a pre-contract period such as “sourcing” and also activities during post-contract period such as “contract management” and management of vendor relationship. Nonetheless, the wider aspects of Supply Chain Management like store management and logistics do not come under its purview. Requirements for procurement are usually categorized into “goods”, “works” and “services” (CIPS, undated, p. 27).

According to Weele (2010), procurement refers to acquiring goods, works, and services from other than internal sources. He further explained that some questions to be asked for ensuring effective procurement are if the procurements are appropriate and if they meet the requirement of acquisition: quality, quantity, time and location at the most competitive cost.

To ensure transparency and accountability in the procurement of goods, works or services by using public funds, and ensuring equitable treatment and free and fair competition among all persons wishing to participate in such procurement, the Government of the People’s Republic of Bangladesh enacted Public Procurement Act (PPA) 2006 and subsequently Public Procurement Rules (PPR) 2008 which became effective on January 31, 2008 (Hoque, 2010).

Issuance of the PPA 2006 and PPR 2008 bound the government agencies to follow the Act and Rules. The Central Procurement Technical Unit (CPTU) of the Implementation Monitoring and Evaluation Division (IMED) of the Ministry of Planning was established for carrying out monitoring compliance.

For this, the government of Bangladesh undertook Public Procurement Reform Project II (PPRP II) in 2009, to monitor compliance of PPA 2006 and PPR 2008 by the target agencies in the light of 45 predetermined Key Performance Indicators (KPIs). The KPIs were developed by taking the Organization for Economic Cooperation and Development Assistant Committee (OECD-DAC) indicators into consideration within the overall framework of the PPA/PPR and its features within the local context.

Among the four target agencies, LGED is the largest in terms of budget allocation against the projects in the Annual Development Programme (ADP). In general, a total of 80% of ADP allocation are spent for procurement of goods, works and services which are administered by PPR 2008. Thus, it seems to be a good consideration to have a look on the compliance issues of PPR 2008 in LGED.

This study is designed to know the extent of compliance of PPR 2008 by LGED procurement activities as well as to explore the hindrances faced by LGED while complying with the rules of PPR 2008. The research questions of this study are as follows: (i) Does LGED follow PPR 2008 subjectively? (ii) If no, then what are the hindering causes behind this? The specific objectives of this study are as follows:

- To find out the extent of compliance of PPR 2008 by LEGD.
- To find out the gap of compliance in regard to PPR 2008 at LGED and
- To suggest for policy guidelines for improving PPR 2008 in LGED.

THEORETICAL DESCRIPTION

Public Procurement Rules (PPR 2008): An Overview

Public Procurement Rules (PPR) 2008 was framed by the Government of Bangladesh under the Public Procurement Act (PPA) 2006 which became effective on January 31, 2008. The main objective of enacting PPA 2006 and introducing PPR 2008 was, generally, to achieve value for money ensuring transparency, accountability, fair treatment in all public procurement throughout the public sector organizations of the country.

There are 130 rules in PPR 2008 under nine chapters. Most of the rules have several sub-rules. In Chapter One, there are 3 rules where preliminary issues like definition of key terms, scope and application of the rules are given. There are 9 rules in Chapter Two. Guidelines for preparation of tender or proposal document and the make-up of different committees for disposal of tender or proposal are given in this chapter. In Chapter Three, principles of public procurement are given. This large chapter is divided into twelve parts with a total of 48 rules (rule 13 to rule 60) Included are the procedure for preparation of technical specification, preparation of

terms of reference, procedure for rejection of tender, approval procedure of tender, contract administration and management. Rules 61 to 89 constitute Chapter Four where methods of procurement for goods and related services, works, physical services and their use are given. Processing of procurement including advertisement, pre-qualifications, processing of tenders etc. are given in Chapter Five where there are 13 rules (rule 90 to rule 102). In Chapter Six, the guideline for procurement of intellectual and professional services is given in 24 rules (rule 103 to rule 126). Rule 127 and rule 128 constitute Chapter Seven and Chapter Eight respectively. Professional misconduct is described in Chapter Seven and e-government procurement is described in Chapter Eight. In Chapter Nine, miscellaneous issues are described in 2 rules (rule 129 and rule 130).

PPA 2006 and PPR 2008 with all amendments have been reviewed thoroughly. The rules which form the basis of compliance KPIs were reviewed keenly.

Key Performance Indicators

Key performance indicators (KPI), also known as key success indicators (KSI), help an organization define and measure progress toward organizational goals. These KPIs are quantifiable measurements agreed to beforehand, that reflect the critical success factors of an organization. Once an organization has analyzed its mission, identified all its stakeholders, and defined its goals, it needs a way to measure progress toward those goals. Key performance indicators are those measurements.

KPIs allow an organization adequate measure of performances from the standardized activities. Velimirovic et al. (2011) stated that continuous measuring can ensure improvements of organization performances, which is one of the most important management principles. Thus, compliance measurement is very important public procurement.

Compliance in Public Procurement

Compliance means the act of adhering to, and demonstrating adherence to, a standard or regulation. In the context of procurement, compliance is the state of being in accordance with the relevant policies, rules and regulations.

Compliance indicates to what extent the procuring entities adhere to the procurement rules and procedures specified in PPA 2006 and PPR 2008. The level of adherence to government procurement rules attained by the procuring entities has been determined by 11 specific KPIs as described in Table 1.

TABLE 1
Compliance Key Performance Indicators (KPI) for PPR 2008

Serial No.	KPI No.	Description of KPI	Related Rules of PPR 2008	Compliance issues
1.	6	Average number of days between publishing of advertisement and tender submission deadline	Rule 61(4), 64(5), Schedule II	- Generally 14-28 days, - For an emergency, 7-10 days
2.	11	Percentage of cases Tender Opening Committee (TOC) included at least ONE member from the Tender Evaluation Committee (TEC)	Rule 7, Schedule II	- Three (3) members in TOC - One (1) from TEC is a must.
3.	13	Percentage of cases TEC included two external members outside the ministry or division	Rule 8, Schedule II	- 5-7 members in TEC - 2 from outside the procuring entity (PE)
4.	14	Average number of days between tender opening and completion of evaluation	Rule 8 (14), 36(6), Schedule III	14-21 days
5.	19	Average number of days taken between submission of tender evaluation report and approval of contract	Rule 8 (14), 36(6), Schedule III	7-14 days
6.	20	Percentage of tenders approved by the proper financial delegated authority	Rule 36, delegation of financial power	100%
7.	21	Percentage of cases TEC submitted report directly to the contract approving authority where approving authority is HOPE or below	Rule 36(3)	100%

TABLE 1 (Continued)

Serial No.	KPI No.	Description of KPI	Related Rules of PPR 2008	Compliance issues
8.	25	Average number of days between final approval and notification of award (NOA)	Rule 8 (14), 36(4), Schedule II, Schedule III	7 days but before the expiry of the tender validity period
9.	31	Percentage of contracts having liquidated damage imposed for delayed delivery/ completion	Rule 39(27)	As per defined in the contract
10.	33	Average number of days taken to release payment from the date of certificate of PM/ engineer	Rule 39(22), Schedule II	Within 28 days
11.	35	Percentage of contracts where interest for delayed payments was made	Tender Data Sheet (TDS)/ General Conditions of Contract (GCC)	Mandatory if payment is delayed

Penalties for Non-compliance of PPR 2008

It is to be noted that compliance of PPR 2008 is essential and failing to comply will result in penalty of the procuring entity (PE). In this case, the concerned administrative ministry as well as the Anticorruption Commission (ACC) in Bangladesh will take necessary actions against the procuring entity.

METHODS

Selection of Study Area

Considering time constraint and convenience of the present study, LGED headquarters and Dhaka office were selected for collection of data through Questionnaire One. Also, data through Questionnaire Two were collected from the Office of the Executive Engineer, LGED, Dhaka. The study mainly focused on the on-going development projects of LGED under Annual Development Programme (ADP) 2012-2013. Especially those projects which were in the middle stage of their implementation were considered for the

study, but some procurement information was collected from the projects which ended in June 2012. Newly started projects where procurement activities were slow or not yet started were excluded from the study to get more reliable data.

Study Period

The survey was conducted at different offices like LGED, the Planning Commission, the Implementation Monitoring and Evaluation Division (IMED), and the Tender Evaluation Committee (TEC) members of LGED from Roads and Highways Department (RHD) and the Public Works Department (PWD) Dhaka, Bangladesh from 05 August 2012 to 30 August 2012.

Sample Size

For Questionnaire One, the respondents were categorized into four different types, namely: (1) LGED's employee, (2) TEC Members, (3) Persons who are dealing with LGED's projects such as officers of IMED, Planning Commissioners and Local Government Division members. As there are numerous people concerned with LGED's procurement activities, a total of 35 different officers were interviewed with Questionnaire One.

There were 72 on-going projects of LGED in the ADP 2012-2013. In the last 2011-2012 RADP, the total projects of LGED were 85. From these projects, a total of 8 projects were selected for the compliance study under Questionnaire Two.

Projects for the study were randomly selected, but there was a representation of projects from the ADP sectors under which LGED had projects in the ADP.

Sampling Method

A combination of questionnaire survey and interview method was adopted for this study. Survey method was used as this is considered the best method available to social scientists interested in collecting original data. Also, the interview method was used as this is helpful to gather clear idea on the issue providing insight into the conversation. Both qualitative and quantitative methods were followed in this study.

Two types of questionnaires were used for this study. The questionnaire survey was adopted for collecting primary data from

different stakeholders related to procurement activities of LGED and having an acquaintance with PPA 2006 and PPR 2008. Before asking for completion of the questionnaire, the general idea of the research objectives was explained. After the exchange of general ideas of the research objectives, the questionnaire was administered. Responders were asked to complete the questionnaire based on the practical experience they had had regarding compliance issues of PPR 2008 in LGED based on KPIs in Questionnaire One. Both open and closed-ended questions were set in the questionnaire to reveal the real perception of the respondents. A 5-point Likert Scale was set to measure the responses against all KPIs.

For the in-depth study on compliance issues of PPR 2008, Questionnaire Two was given to 8 (eight) selected project offices of LGED with a general introduction of the research. Here both open- and closed-ended questions were stipulated for getting the in-depth essence of procurement activities.

For key informant interviews, a few senior officers of LGED and IMED were interviewed. They were asked to give their perception in respect to compliance KPIs to monitor the PPRP II Project.

Data Analysis

As a means of processing, collected data have been cleaned, edited, arranged and coded before statistical analysis. The main statistical analytical tool used in this study was Statistical Package for Social Science (SPSS) to analyze and interpret the subject matter of the study. A 5-point Likert Scale was used in the questionnaire to categorize the answers for the ease of data analysis. Both a frequency distribution table and central tendency test have been done to see the findings of the sample.

RESULTS AND DISCUSSION

The purpose of this study is to find out the extent of compliance of PPR 2008 by LEGD in its procurement activities. More specifically, the purpose of the study is to assess the gap of compliance and scope of improvement for implementation of PPR 2008 in LGED.

Demographic Overview of the Respondents

The questionnaire survey was conducted mainly by officers from LGED as well as PWD, RHD, IMED and Planning Commission who are relevant and well known about LGED's procurement. The respondents belong to different ranks in different organizations. A summary of the information regarding the respondents' profiles is presented in Table 2.

TABLE 2
Summary of Demographic Information of the Respondents

Respondent Attribute/Variants	Frequency	Percent
Organization		
LGED	27	77.1
RHD	1	2.9
PWD	1	2.9
IMED	4	11.4
Planning Commission	2	5.7
Total	35	100.0
Designation		
Assistant Engineer	4	11.4
Senior Assistant Engineer	10	28.6
Executive Engineer	7	20.0
Administrator/Consultant	11	31.4
Project Director	3	8.6
Total	35	100.0
Relevancy with LGED		
Employee	14	40.0
TEC Member	10	28.6
Dealing with LGED projects	9	25.7
Others	2	5.7
Total	35	100.0
Respondent Attribute/Variants	Frequency	Percent
Education Level		
Masters'	17	48.6
Bachelor	17	48.6
Others	1	2.9
Total	35	100.0

TABLE 2 (Continued)

Respondent Attribute/Variants	Frequency	Percent
<i>Training on PPA/PPR 2008</i>		
Yes	34	97.1
No	1	2.9
Total	35	100.0

Overview of the Survey Questionnaire

The respondents were asked eleven (11) questions regarding compliance of PPR 2008 in LGED's procurement activities. To get their clear perception on the issue, the compliance KPI's were asked to the respondents in a 5-point Likert Scale where 1 for "Very Poor", 2 for "Poor", 3 for "Neutral", 4 for "Good" and 5 for "Very Good". Frequency distributions for these questions and descriptive statistics (mean and standard deviation) are presented in Table 3.

TABLE 3
Frequency Distribution and Descriptive Statistics of the Responses on KPIs

KPI No.	Frequency Distribution (Number)					Total frequency	M±SD
	Very Poor	Poor	Neutral	Good	Very good		
KPI-6	0	0	0	0	35	35	5.00±.000
KPI-11	0	0	0	5	30	35	4.86±.355
KPI-13	0	0	0	1	34	35	4.97±.169
KPI-14	0	0	2	26	7	35	4.14±.494
KPI-19	0	0	2	10	23	35	4.60±.604
KPI-20	0	1	0	5	29	35	4.77±.598
KPI-21	0	2	4	9	20	35	4.34±.906
KPI-25	0	0	0	21	14	35	4.40±.497
KPI-31	2	2	5	17	9	35	3.83±.1.071
KPI-33	0	5	22	7	1	35	3.11±.676
KPI-35	17	8	5	4	1	35	1.97±1.175

Overview of the Key Informant Interview

A key informant interview was conducted with a few officials of eight (8) different projects of LGED. Also, the monitoring and evaluation consultant engaged in LGED on behalf of CPTU has been considered as a key informant and was interviewed as well. Most of the key informants stated that before the introduction of PPR, General Financial Rules (GFR) was applied for the procurement of goods, works and services. The monitoring and evaluation of the then procurement activities were not so structured. Rather, these have been streamlined after the introduction of PPR 2003 and strengthened after PPR 2008.

All the key informants were asked about the compliance of KPIs and expressed that their in-depth opinion was expected for a clear view of the issue, understanding the same and concluding thereof. Also, the key informants were asked about the problems of compliance of PPR 2008 in their respective procurement activities and what they think is the best solution for them. The opinions of the key informants were noted and used for analyzing the consistency of the questionnaire survey.

Findings of the questionnaire survey, analysis and discussion

While asked about the compliance issues of PPR 2008 in LGED, the respondents replied to different questions in different ways. Findings of the survey are discussed below on an individual question basis:

KPI 6: Publishing Advertisement and Tender Submission Deadline

The perception of the respondents is very much consistent for KPI 6 (publishing advertisement and tender submission deadline) where every respondent (100%) encircled the *Very Good* option on the questionnaire, *i.e.*, LGED is maintaining the time frame for publishing advertisement and tender submission deadlines strictly. No one responded *good, neutral, poor or very poor*. This has been shown in Table 3. It is assumed that LGED is strictly following the rule as there is no standard deviation among the findings. The mean and standard deviation of the responses are presented in the same Table 3. Regarding key informant interviews, similar results were found in the opinions of the interviewees.

According to rule 61(4) of PPR 2008, the allowable maximum time between publishing of advertisement of an Invitation for Tender (IFT) and tender submission deadline depends upon the estimated value of the IFT. The minimum time allowed in this regard is 14 days for procurement up to 2 (two) crore² taka, 21 days for procurement of above 2 (two) crore to 5 (five) crore taka, 28 days for procurement of above 5 (five) crore taka, 10 days for re-tendering up to 2 (two) crore taka and in other cases 14 days, 42 days for international tendering and 28 days for re-tendering. From the survey results, it can be said that LGED is strictly following rule 61(4) allowing sufficient time for publishing advertisement and tender submission deadline. This result is supported by the findings of the quarterly report (April-June, 2012) submitted to CPTU by the consultant appointed by LGED. LGED took on an average 30 days for this purpose and 97% of the tenders had sufficient tender submission time as reflected in the consultant's report. However, monitoring and evaluation consultancy firm, SRG Bangladesh appointed by the CPTU mentioned in its April-June 2012 quarterly report that 24 days on an average (ranging from 23-31days) which is the worst among the four target agencies as BWDB took 22 days and RHD took 19 days on an average.

KPI 11: Tender Opening Committee (TOC)

In regard to KPI 11 (tender opening committee), the choices of the respondent were limited in two options: *Very Good* and *Good* where a majority of the respondents (85.7%) answered the question as *Very Good* and the rest of them (14.3%) answered *Good*. No one answered *Neutral*, *Poor* or *Very Poor*. This has been shown in Table 3. This is meant that LGED is complying with rule 7 of PPR 2008 in a good manner where tender opening committee (TOC) always consists of at least one member from TEC. The standard deviation of the response is 0.355 which means an insignificant effect on the study result. The mean and standard deviation is also presented in Table 3. The findings of the key informant interview also show a similar result.

According to schedule II [rule 7] of PPR 2008, a tender opening committee must include one member from the tender evaluation committee (TEC). From the perceptions of the respondents received through the questionnaire survey and responses of the key informants, it can be said that LGED is complying with rule 7 of PPR 2008 as the responses are highly positive to this issue. The result of this study has similarity as reported by the consultant appointed by

CPTU for LGED. In the quarterly report (April-June 2012) submitted in CPTU, it has been found that TOC included 1(one) member from tender evaluation committee in 92% of cases. However, SRGB's report of April-June 2012 quarter indicates that TOC included one member from TEC in 100% of cases signifying that LGED is serious about complying with mandatory requirements of PPR 2008. This is similar with other target agencies of CPTU.

KPI 13: External Members for Tender Evaluation Committee (TEC)

In regard to KPI 11 (external members for tender evaluation committee), the respondents used only two options to answer: *Very Good* and *Good*. The majority of the respondents (97.1%) choose *Very Good* while the rest of them (2.9%) choose *Good* to answer the question. No one answered *Neutral, Poor or Very Poor* (Table 3). The standard deviation of the response is 0.169 which means an insignificant effect on the study result. It indicates that LGED is complying with rule 8 of PPR 2008 very minutely and always including two external members in the tender evaluation committee. The mean and standard deviation are 4.97 and 0.169 respectively. Similar results were found from the opinions of the interviewees on the key informant interview.

According to Schedule II [rule 8] of PPR 2008, tender evaluation committee (TEC) must include two (2) external members outside the ministry of the procuring entity except in the case of low value purchases. From the perceptions of the respondents to the questionnaire survey, it appears that LGED has gradually become more conscious about compliance with the requirement of PPR 2008. The findings of this question have been supported by the CPTU appointed consultant's reports in LGED. In the quarterly report (April-June 2012) submitted in CPTU, it had be found that in LGED, TEC included 2(two) external members in 100% of tenders. This has also been supported by the SRGB's report (April-June 2012) where it has been mentioned that in 100% of the tenders of LGED two external members from outside the Local Government Division were included in TEC. This fact indicates the keenness of LGED to comply with rule 8 of PPR 2008.

KPI 14: Standard Time between Tender Opening and Tender Valuation

In response to KPI 14 (standard time between tender opening and tender valuation), the majority (74.3%) of respondents listed their opinion as *Good* while 20% reported *Very Good* and the remaining 5.7% gave *Neutral* as their response to the question. No one answered it as *Poor* or *Very Poor* (Table 3). The mean value of the responses is 4.14. The standard deviation of the response, 0.494, is an insignificant result. It indicates that LGED is complying with rule 36 of PPR 2008 keenly by allowing standard time between tender opening and tender valuation. Key informant interviews also reflect similarly.

According to Schedule III [rule 8(14), rule 36], 2 weeks and 3 weeks time is allowed for evaluation when the approving authority is the project director (PD) or an authorized officer (Executive Engineer-XeN) and Head of Procuring Entity (HOPE) respectively. The present study result on this issue indicates that LGED is closely following the standard for time between tender opening and tender valuation. In most of the cases, the time required for tender evaluation is within the time limit or slightly longer the threshold limit as mentioned in PPR2008. In the April-June 2012 quarter, an average of 13 days was required for evaluation of tenders (days between tender opening and completion of evaluation) as SRG Bangladesh Limited (SRGB)'s report (April-June 2012) where it was within the threshold limit. As stated in SRGB's report, LGED is the best performer for compliance of this time schedule among the target agencies.

KPI 19: Standard Time between Submission and Approval of Tender Evaluation Report (TER)

In regard to KPI 19 (standard time between submission and approval of tender evaluation report), the respondents have shown three responses: *Very Good*, *Good* and *Neutral*. The majority of the respondents (65.7%) choose *Very Good* while 28.6% reported *Good* and the rest, 5.7%, answered *Neutral* question. No one responded with *Poor* or *Very Poor*. See Table 3. The mean value of this KPI is 4.6, while standard deviation is not higher (.604). , the similar results were found among the opinions of the interviewees in the key informant interview.

According to the provisions of PPR 2008, the timeline has been specified for completion of approval of TERs by the respective contract-approving authority (CAA) delegated with proper financial powers. As per schedule III and rule 8(14) and rule 36(6), 1-week and 2-week time is allowed for approval of a contract where the approving authority is PD or authorized officer (XeN) and HOPE, ministry and Cabinet Committee on Government Purchase (CCGP). From the results of this study, it clear that LGED is usually complying with this regulatory requirement, i.e., the average number of days between submission of tender evaluation report and approval of contract is within the threshold limit. The consultant's April-June 2012 quarterly report stated that in 78% of contract award cases, decisions were made within the timeline; on average it took 11 days. However, SRGB's report indicates that LGED took a maximum of 6 days for this task which is the second highest among the four target agencies. This phenomenon actually varies in different quarters, as found from the consultant's and SRGB's reports.

KPI 20: Tender Approval by CAA and DFP in LGED

In regard to KPI 20 (tender approval by CAA and DFP in LGED), the majority (82.8%) of the respondents have given their opinions as *Very Good* while 14.3% reported as *Good* and the rest 2.9% chose the *Poor* response to the question. No one answered it as *Neutral* or *Very Poor* (Table 3). The mean and standard deviation of the responses are 4.77 and 0.598 respectively. Similar results were found among the opinions of the interviewees who participated in the key informants' interview.

Delegation of financial powers is a document issued by the Finance Division of the Ministry of Finance. As per rule 36 of PPR 2008, this delegation has to be followed strictly for the approval of the contracts. Responses to the questionnaire survey indicated that LGED is very much keen in following this rule. This is also supported by the consultant's April-June 2012 quarterly report which stated that 96% of tenders have been approved by the proper financially delegated authority while 4% of tenders have been approved by a higher tier than the contract approving authority (CAA). However, SRGB's report (April-June 2012) indicated that LGED 87% of tenders have been approved by a proper CAA which is more or less similar with other target agencies.

KPI 21: TEC Submits TER Directly to CAA in LGED

The perceptions of the respondents to KPI 21 (TEC submits TER directly to CAA in LGED) varied from *Very Good* to *Poor* with a maximum frequency (57.1%) to a minimum (5.7%). The other 25.7% of respondents choose *Good* and 11.5% remained *Neutral* in their opinions. However, no *Very Poor* answer was received (Table 3). The mean and standard deviation of the responses are 4.34 and 0.906 respectively. Informal questioning of the key informants revealed similar results.

As per rule 36(3) of PPR 2008, TEC should submit the tender evaluation report (TER) directly to the Head of the Procuring Entity (HOPE) or the project director, project manager, or the authorized officer, as the case may be, for approval. In response to this key requirement of PPR 2008, and even though a majority of the respondents' perception is *Very Good*, it must be said that LGED is complying with this rule only in a fair basis as some respondents choose the *Poor* option. This has been supported by the consultant's April-June 2012 quarterly report that claimed that in only 10% of the cases did TEC submit a tender evaluation report directly to the contract approving authority. However, SRGB reported (April-June, 2012) that 99% of TERs were submitted directly to the appropriate Contract Approving Authority (CAA) which is not in agreement with the findings of this study. SRGB also mentioned that RHD had 100% compliance with the requirement of PPR 2008 in the April-June 2012 quarter.

KPI 25: Timeline between Approval of TER and Issuance of NOA Properly

In regard to KPI 25, the choices for the respondents were limited within two options: *Very Good* and *Good*. A majority of respondents (60%) answered *Good* and the rest (40%) answered *Very Good*. No one answered *Neutral*, *Poor* or *Very Poor* (Table 3). The mean and the standard deviation of the responses are 4.40 and 0.497, respectively.

According to Schedule II [rule 36(4)] and Schedule III [Rule 8(14)], within one week after the approval of the approving authority, notification of the award (NOA) should be issued. In response to this requirement of PPR 2008, the present study indicates that LGED is very eager to comply with this timeline. As mentioned in the consultant's April-

June 2012 quarterly report, it took seven days for issuance of NOA after approval of TER. This position has been strengthened by the findings of SRGB in the April-June 2012 quarterly report where it was mentioned as five days. Thus, it can be said that LGED is complying with the requirement of PPR 2008 fully in this regard.

KPI 31: Liquidated Damage towards the Contracts as Per Rule 39 (27)

In regards to KPI 31, the respondents covered all the options in their perceptions, from *Very Good* to *Very Poor*. Though a majority (48.6%) answered the question with 'Good', there were some who answered *Very Good* (25.7%), *Neutral* (14.3%), *Poor* 5.7% and *Very Poor* 5.7% (Table 3). Thus, there was an overall positive response to the question. The mean and the standard deviation of the responses are 3.83 and 1.071 respectively. However, the majority of the key informants responded negatively. A liquidity damage clause is not often included in the contracts.

As per rule 39 (27) of PPR 2008, it is mandatory to include the liquidated damage clause in the contracts where applicable. The questionnaire survey indicated an overall positive result towards imposing a liquidated damage clause in the contract; however, the key informants' interview does not comply with this. While discussing the about liquidate damage, they stated that a liquidated damage clause is there in the contracts, but because the contractors are not paid regularly for their bills because of a shortage of funds, the liquidated damage is not applied. Individual consultant's reports for the April-June 2012 quarter also indicate that no liquidated damage had been imposed for delayed delivery/completion in that quarter. SRGB in its April-June 2012 quarters' report also reported findings similar to those of the individual consultants –that no liquidated damage was imposed on any of the defaulters. Thus, it can be concluded that LGED is not complying with rule 39 (27) of PPR 2008.

KPI 33: Contractor Payment Disbursed Timey as per Rule 39 (22)

In response to KPI 33 (contractor payment disbursed timey as per Rule 39), respondents showed a mixed response. A majority (62.8%) of respondents remained *Neutral* in their opinions while the second largest group (20.0%) responded *Good*. Among others, 14.3%

respondents showed their perception as *Poor* while the remaining 2.9% replied *Very Good*. No one answered *Very Poor* (see Table 3). The mean and the standard deviation of the responses are 3.11 and 0.676, respectively.

According to Schedule II [rule 39(22)], the procuring entity shall pay the contractor the amount certified by the project manager within 28 days from the date of the certificate of PM/ engineer. As seen from the questionnaire survey of the present study, the majority remain neutral in their perception; the key informants were asked the same to explain in a broad aspect. Most of them argue that payment is not made within the stipulated time. However, misunderstanding about the submission of a bill by the contractors and the payment of that bill resulted because many started to count the date from submission of bills. The days should actually be counted from the date the certificate was issued by the project manager, Thus, the finding was somewhat distorted. The individual consultant's April-June 2012 quarter report indicated that payments were settled within 4 days. In the April-June 2012 quarter the time was further reduced to 1.90 days so stated SRGB. This time period indicates the promptness of releasing payment in LGED. However, this issue needs further close study carefully.

KPI 35: LGED Paid in Delay Payment Regularly

Regarding KPI 35 (LGED paid in delay payment regularly), Table 3 the majority (48.6%) of the respondents responded *Very Poor*, while the second largest group' (22.8%) opinion was *Poor* while 14.3% remained *Neutral* in their opinions. However, 11.4% responded *Good* to this question and 2.9% of the respondents chose the *Very Good* option. The mean and the standard deviation of the responses are 1.97 and 1.175, respectively. Key informants' interviews also revealed results similar to those of the questionnaire survey.

Payment of interest for delayed payment is a mandatory requirement of PPR 2008. However, from the present study, it can be said that LGED has not been paying any interest for a delayed payment. This conclusion was derived from the survey results where a majority (more than 70%) of the respondents' perception is *Poor* in this regard. While conducting key informants' interviews, the respondents expressed their opinions candidly that as there was no provision for sufficient funds in the contract, the contractors were never paid for a delayed payment. The

individual consultant's April-June 2012 quarterly report indicates that no interest had been paid for delayed payments. SRGB's report in this regard states that no agency including LGED paid interest to the contractors for a delayed payment. Such action is clearly a violation of PPR 2008 and improvement is needed in this area.

CONCLUDING REMARKS

Compliance monitoring of PPR 2008 is a vital issue for ensuring good standards and value for money in public procurement. The PPRP II has added a new dimension in the field of monitoring in the sense that it envisages to assess the compliance of the provisions of PPA 2006 and PPR 2008. This system has made a shift from the existing approach and methods in dealing with procurement using public funds. Though awareness to some extent about PPA 2006 and PPR 2008 has already been developed in the officials and staffs of LGED through mandatory application of PPR 2008 in practice and training, it will certainly take some time to get momentum for the reform activities.

The present study results both in the form of questionnaire survey and key informants' interviews show a clear adherence to the rules of PPR 2008 by LGED in carrying out most of the compliance related KPIs. The individual consultant's report as well as SRGB's related report also shows a clear indication of compliance of PPR 2008 in LGED. Although varied in different quarters of the years, it has shown a gradual improvement since the starting of monitoring.

With respect to KPI 6 (average number of days between publishing of the solicitation advertisement and tender submission deadline), KPI 11 (percentage of cases for which TOC included at least ONE member from TEC), KPI 13 (percentage of cases TEC included two external members outside the ministry or division), KPI 14 (average number of days between tender opening and completion of evaluation), KPI 19 (average number of days taken between submission of the tender evaluation report and approval of the contract) and KPI 20 (percentage of tenders approved by the proper authority as defined by the Delegation of Financial Power (DoFP) and KPI 25 (average number of days between final approval and NOA), LGED is doing fine. Yet there is scope and need for improvement in these areas in order to have a 100% compliance of PPR 2008. However, LGED's performance in the areas of KPI 21 (percentage of

cases when TEC submitted a report directly to the contract approving authority where the approving authority is HOPE or below), KPI 31 (percentage of contracts having liquidated damage imposed for delayed delivery/completion), KPI 35 (percentage of contracts where interest for delayed payments was made) are not satisfactory and need to improve these to a great extent. Moreover, compliance of KPI 33 (average number of days taken to release payment from the date of certificate of PM/ engineer) need to investigate more cautiously as there is ambiguity in the findings of the present study, individual consultants' reports and SRGB's report.

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NOTES

1. The Likert Scale is an attitude or opinion measuring survey scale, developed by Rensis Likert. In this study we used this scale to measure respondents' agreement on questionnaire with a 5 point ranging scale where, 1=Very Poor, 2=Poor, 3=Neutral, 4=Good, 5=Very Good.
2. 1 crore Taka=100 million-a unit of South Asian Numbering System, Taka-Bangladeshi Currency.

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