

Full length Research Paper

Public procurement and corruption in Bangladesh confronting the challenges and opportunities

Shakeel Ahmed Ibne Mahmood

University of Maine and Member, American Society of Public Administration, ASPA, USA.
E-mail: shakeel.mahmood@gmail.com.

Accepted 10 August, 2010

In new democracies like Bangladesh code of conduct, the ethics and issues of conflict of interest have not been accorded a high priority for legislative and administrative reforms. To discuss the role of public administration in Bangladesh and recommends measures to be adopted to prevent corruption in public procurement. Information on global and regional in connection to procurement and corruption were retrieved from documents available mainly on electronic databases, literature survey, on websites of specialized agencies and analysis of the existing situation in Bangladesh held. In Bangladesh contract awards provide opportunities for procurement. There are reports of wide-ranging corruption, political control and pressure from trade unions in the procurement process. Public trust in the process is generally absent. The World Banks evaluation of Bangladesh concluded that the implementation of procurement process is far from satisfactory, due to the following problems, poor advertisement, short bidding periods, poor specifications, nondisclosure of selection criteria, contract awards by lottery, one-sided contract documents, negotiations with all bidders and rebidding without adequate grounds, occurrence of corruption involving donor agency are not uncommon at nationally or globally and or other levels. The interesting finding is that procurement happens to be one of the lucrative areas, where corruption of above nature, therefore, the quality of public administration must be improved and accountable, which is an integral part of good governance.

Key words: Procurement, corruption, e-procurement, public policy and administration,

INTRODUCTION

Public procurement has been a neglected area of academic education and research, even though public procurement is alleged as a major function of government and even though governmental entities, policy makers and public procurement professionals have paid a great deal of attention to procurement improvements or reforms. (Khi Thai, 2001)

Public procurement has a long history. It was written on a red clay tablet, which found in Syria, the earliest procurement order dates from between 2400 and 2800 B.C. The order was for "50 jars of fragrant smooth oil for 600 small weight in grain" (Coe, 1989, p. 87). Other evidence of historical procurement, comprises the development of the silk trade between China and a Greek colony in 800 B.C. (Khi V. Thai, 2001).

There is now very limited doubt among policy makers, managers, professionals and academics about the importance of public procurement in facilitating government operations in both developed and developing

countries. Public procurement is increasingly recognized as a profession that plays a significant role in the successful management of public resources and a number of countries have become more aware of the importance of procurement as an area vulnerable to mismanagement and corruption and have thus instituted efforts to integrate procurement in a more strategic view of government efforts. As part of the efforts to adopt a long term and strategic view of their procurement needs and management, most countries have resorted to turning to their annual procurement plans as a possible 'problem-solver.' Corruption is disastrous to the sound functioning of any government department. Corruption has been an intractable problem in many developing countries; especially where it has become systematic to the point, where many in government have a stake. It diverts decision-making and the provision of services from those, who need them to those, who can afford them. Public procurement frameworks in developed and develo-

-ping countries alike are recognized as being characterized by an unstable tension between the public expectations of transparency and accountability and of efficiency and effectiveness of resource management. This conformance - performance tension, manifest throughout a complex procurement environment, is further damaged by conflicting stakeholder interests at the political, business, community and management levels and exacerbated by competing claims between executives, lawyers, technologists and politicians for lead roles in this arena (Schapper and Paul, 2006).

BANGLADESH

Bangladesh is a unitary democratic republic with a written constitution. The president is the head of state. The government is modeled on the British parliamentary system. The national assembly comprises elected representatives who in turn elect a president. The majority party elects a leader who is invited by the president to form the government under his or her prime ministership. The country follows the common law system, such as is found in Australia, Canada, India and the United Kingdom. The major political parties are the Awami League, the Bangladesh National Party, the Jatiya Party and the Jamal-e-Islami Party. (WB, 2002). Since 2009, the Awami league has been in power. The judiciary is independent of the executive branch of government (In public procurement regime, the constitution has no direct provision bearing on public procurement. Neither is there is any procurement law or decree. The public procurement procedures and practices have evolved over the years from the days of British and subsequently Pakistani rule. A Compilation of General Financial Rules (CGFR) originally issued under British rule was slightly revised in 1951 under Pakistani rule and was reissued in 1994 and again in June 1999 with very few changes. The CGFR, inter alia, outlines broad, general principles for government contracts to follow, leaving it to the departments to frame detailed rules and procedures for their respective procurements. It also refers to the Manual of Office Procedure (Purchase) compiled by the Department of Supply and Inspection as the guide for the purchase of goods and the Public Works Department (PWD) code as the guide for works. Both date back to the 1930s and have not undergone any revision worthy of mention. The CGFR also refers to the Economic Relations Division (ERD) Guidelines issued in 1992, modeled on World Bank Procurement Guidelines at the time, for procurement in externally funded projects, with the proviso that the loan conditions would prevail in case of conflict. Since independence in 1971, the public procurement practices have been influenced by the World Bank, the Asian Development Bank, and other donors since the bulk of public procurement is externally funded. Some departments, autonomous boards, and public undertakings have drafted their own set of procedures or

a manual, and the rest follow the PWD code. World Bank, 2002).

Since the adoption of privatization as an economic policy reform in 1976, public procurement by contractual means in Bangladesh has been increasing day by day. Public procurement in Bangladesh embraces government's activities of purchasing, hiring or obtaining of goods, works or services by any contractual means. Various government agencies or procurement entities, especially the ministries, divisions, departments/directorates and other autonomous/semi-autonomous bodies or corporations in Bangladesh often acquire/purchase goods, services or works by contractual means. Although restricted tendering method or direct procurement method can be used for some specific reasons, procurement and contracts in Bangladesh often take place through open competitive biddings (Islam and Md Rafiqul, 2007).

Corruption and poor governance are impeding Bangladesh's efforts to reduce its massive poverty by reducing economic growth and lowering the achievement of social objectives. They destroy citizens' faith in their government. They deter the foreign and domestic investment, which Bangladesh needs so badly. And they undermine the ability of Bangladesh's development partners to sustain their support for the country. Economic growth is essential to reduce poverty, however, corruption slows economic growth (Transparency, 2009).

An amendment to a law is designed to remove the lacunas of existing law and find the way to implement the provision more effectively. But unfortunately the recent amendment introduced to the Public Procurement Rule (PPR) would perhaps put a damper on a vital front of governance. Corruption, terrorism and mismanagement in the public purchase are the common scenario for the last decades. Mishandling of public procurement in absence of a uniform law contributed largely to the situation. Reforms in the public sector finance were initiated during the previous regime of AL government. Later on the law was passed in 2006. But Public Procurement Act (PPA) and PPR were made effective during the caretaker government in 2008. It has been modernized and brought to international standard through the enactment of successive law and rules. (Daily Star, 2010)

In the PPR 2008, there were mandatory provision of work experience and financial qualification of the bidders for submitting bids against any tender called by the government agencies to procure goods and works. At least five years of experience was required for the contractor to submit bid to get a work or supply of goods for up to tk20 million from any project implementing agencies. (Daily Star, 2010)

METHODOLOGY

A systematic review was conducted from 1999 - 2010. Information

was retrieved from documents available mainly in electronic database and on the websites of specialized agencies, using the terms Public Procurement and corruption with other researchers work was undertaken, including 4 leading Bangladesh daily newspapers also analyzed. 22 documents were retrieved from the database (websites) of several national and international agencies were browsed. The most important being online collection from Journal of Public Procurement. These sites housed a number of reports on quantitative and qualitative studies, estimates of public procurement cases, policy analysis of the existing public procurement and corruption situation in Bangladesh and government strategies. Histological observations were carried out and a cross-sectional prevalence study of public procurement and corruption was also held. A scrutiny of the abstract revealed that some presentation posted on the websites, which was presented in international conferences and few other presentations were published in journals. Collected documents were skim read to cases, whether they contained information on Public Procurement in conjunction with corruption.

HISTORY OF CORRUPTION IN BANGLADESH

Corruption is not a new phenomenon in Bangladesh. The east india company, which effectively seized power in Bengal in 1757, perpetuated a highly corrupt system, paying its employees subsistence wages, thereby compelling them to resort to private business and extortion. Robert Clive described the employees of the company as "a set of men whose sense of honor and duty to their employers had been estranged by the larger pursuit of their own immediate advantages." The basic Democracy Program, introduced during the 1960s to strengthen local government, provides a more recent example of the evolution of corruption in Bangladesh (Transparency, 2009).

Since independence, Bangladesh's leaders have often condemned the high incidence of corruption, but even since the return of democracy during the 1990s, neither government has been able to take effective action to address the systemic issues which allow corruption to flourish. The business community has put up with it and, many would argue, benefited from it. It has unfortunately been the tax payers and ordinary citizens, especially the poor, who have largely had to pay for it. The World Bank estimates that 2 - 3% of GDP growth is lost to corruption each year. Per capita income could double if the government restrained corruption. (Transparency, 2009). According to transparency international, Bangladesh has improved its ranking in the much-talked about global corruption perception index, moving up to the 13th position from the 10th in 2008, although political and bureaucratic corruption is still believed to be rampant. (Media Bangladesh, 2009)

In new democracies like Bangladesh code of conduct, the ethics, and issues of conflict of interest have not been accorded a high priority for legislative and administrative reforms. But when private business join together to make deals with public officials for procurement contracts, concessions and privatization then an honest judiciary become helpless in front of corrupted administration. (Bangladesh Observer, 2002) Though the public government expenditure review commission was formed, but major recommendations of it were not implemented. The government formed a number of oversight regulatory bodies to check corruption like the anti-corruption commission, but most of the bodies could not function effectively. The public procurement regulation was enacted, but the government plunged into corruption flouting the regulation. The progress towards corruption reduction has stagnated over the last decade as measured by corruption perception indices. (Bangladesh News, 2006).

Instances of corruption involving donor agency people (belonging to the WB, UN peace keeping operations, UNDP, UNICEF and

other concerned agencies) whether or not in collusion with local counterparts and concerned others are not uncommon at local, national, global and other levels. Interesting though, procurement happens to be one of the lucrative and juicy areas for say, corruption of above nature (New Nation, 2009).

WB is at present reportedly unhappy over move to amend procurement rules by government of Bangladesh. Concerns have been raised by people. The amendments could facilitate awarding projects to people "close" to the government quarters instead of competitive bidders. If that is the actual case, and the amendments having pro-corruption impacts on Bangladesh are implemented in the future, Bangladesh would set yet another example of promoting enabling environments for corruption in the country. In that event, the country could and should face a reduction in WB assistance to it in the future. (Daily Star, 2009a).

THE WORLD BANK (WB) MOVEMENT AND MIS-PROCUREMENT

The government is still playing the role of a bystander as the World Bank (WB) has launched a probe into the scam relating to the post-flood rehabilitation project. The department of institutional integrity (INT), an anti-fraud wing of the World Bank, has started quizzing the members of a government commission that came up with the findings of the investigation into the fraudulent bids of the roads and highways division. The INT investigates allegations of fraud or corruption in World Bank Group-financed operations, such as bid manipulation, bid collusion, coercive practices, fraudulent bids, fraud in contract performance etc. The Economic Relations Division (ERD), though in a belated acknowledgement, constituted a three-member probe commission to investigate into the irregularities involving 14 road contracts of the division. Although details of the probe report were not available, a source close to the commission said the probe body found substantial evidence of fraudulent practices in the road contracts. Similar corruption charges were proved to be true in case of the delinquent ministry-Ministry of Health and Family Welfare that relentlessly tried to pass the blame onto the shoulders of other government agency for the wrongdoing while the deadline expired.

Bangladesh enacted the groundbreaking public procurement act 2006 in a bid to curb corruption in public procurement estimated US\$3.0 billion a year. The Washington-based multilateral lending agency cancelled 14 road contracts under the roads and highway because of corrupt bidding in November 2005. Two government officials have since been fired and the WB planned to ban the involvement of private firms in future World Bank contracts. The WB's top executive, Paul Wolfowitz, is learnt to have launched a crusade against corruption in the borrowing member countries, including Bangladesh and also withheld loans. Similar punitive actions were taken against other borrowing countries, such as India, Chad, Kenya, Argentina and Congo. (Financial Express, 2006)

As the government has finalized some major amendments to the public procurement rules in 2009, the World Bank said adoption of these changes could jeopardize its project aid including budget support for Bangladesh. To amend the public procurement act/rules (PPA)/ (PPR), the government has finalized about 50 articles of the PPA and PPR for amendment. Once the PPA and PPR is amended, it will allow the government to award contracts for jobs involving up to Tk 2 crore through lottery and selection of contractor without any pre-qualifications.

If the government makes these amendments to the PPA and PPR, the implementation of the ADP could be at risk. The World Bank in a letter to the government for the second time expressed its serious opposition to six of the proposed amendments. The letter, written by World Bank Country Director mentioned "Some of the specific proposed changes in the existing provisions of PPR, being

inconsistent with good procurement practices, could have serious implications for the bank's processing of future budget support operations and could restrict its ability to rely on the country system [PPA/PPR] in future operations."

The letter written to the Economic Relations Division (ERD) secretary also said, "In addition, over 80% of our ongoing operations rely on this country system for local procurement, and the agreements with the government of Bangladesh under these operations could be jeopardized."

On May 25, 2009, the World Bank in a letter for the first time expressed its concern about the proposed amendments and after official meeting with the ERD secretary, the second letter was sent. Government officials said the amendments are being made mainly for awarding contracts for work, through lottery and without pre-qualifications, to ruling party activists and people close to the party. The WB also said the lottery system opens the door for corruption. The specific envelope that contains the bid of the favourite contractor is marked in a specific way so that it could easily be picked. The envelopes are sometimes kept in a fridge to make it easy to pick.

The World Bank opposes the amendment saying to promote wider competition it is essential that technical specification of equipment be prepared taking into account the critical performance characteristics. For public procurement, use of brand names and/or country of origin will restrict competition and will be discriminatory. (Daily Star, 2009c)

DEVELOPMENT IN THE FIGHT AGAINST CORRUPTION IN BANGLADESH

In February 2004 parliament passed the anti-corruption commission act, paving the way for the establishment of an independent body to fight corruption in the country. The act provides the legal framework to set up a commission to promote good governance and ensure transparency in public administration. The commission is to consist of three commissioners with a chairman to be appointed from among them by the country's president. Whether the commission will truly be independent, however, is doubtful. The planning ministry introduced new public procurement regulations in October 2003, in an attempt to promote transparency and accountability in the public procurement system. The regulations aim to ensure value for money in public procurement and that procurement is conducted in a fair, transparent and non-discriminatory manner. A major limitation of the regulations, however, is that exceptions are allowed on matters of state security, including military procurement. The rules also fail to mention price-quality considerations in procurement and delays in delivery. Most importantly, the regulations do not have the full force of a law. The government can, therefore, prevent their implementation at its own discretion. (Transparency, 2009)

CORRUPTION AND GOVERNANCE

The emergence of *mastan* in Bangladesh is a manifestation of mafia-domination in certain sectors particularly public construction and procurement. The interference of so-called trade union in the function of public sector e.g. Banks also manifest presence of the mafia phenomena. Banking sector reform has failed to address these issues because of political ties of union leaders. The major procurements deals, privatization orders or provision of concession may not be challenged under the present system if the motions of rules and regulations have been obeyed in paper. For such deals to be challenged one not only requires laws but also independent proactive judiciary which command respect for its competence and ethics. In Brazil and the Philippines the Supreme court did intervene in matters of privatization, in Australia court struck down

presidential concessions for building an airport (Susan Rose-Ackerman, 1999). The disposal of cases related to financial sector in Bangladesh does indicate a systemic problem that is unable to check extra-legal acts. (TI Bangladesh, 2009)

Companies become big, if they win government contracts for procurement, construction or consultancy. Companies are more prone to bribe officials and politicians, if they are in a position to grant favors and the scope for rent seeking will become limited in the contra situation. (TI Bangladesh, 2009).

SURVEY OF PUBLIC OFFICIALS

A survey of public official was undertaken in late 1999. The objective amongst others included perception with respect to fairness or otherwise in the recruitment process, posting and promotion, perception with respect to salary and compensation package, incentives, reward and punishment and opinion about certain specific interaction with business in connection with procurement, payment of bills etc. In matters of procurement there are stringent rules but at times because of oversight, mistakes in documents, subsequent variations, corrupt practices do creep in and influence of external parties cannot be ruled out. The respondents however felt that prevalence of such practices are exceptions and not widely prevalent.

They were of the view that corruption in public procurement process has remained the same or worsened, and privatization process was manipulated. Not having equal access to information about decision making in government and private corporate sector the corruption climate has worsened. Self imposed or owner interest induced censorship in media encouraged non disclosure of corrupt practices in public and private sector. Moreover, immunity of high elected and appointed officials as well as low salary with authority work as obstacles and low moral and low administrative capacity have caused corruption to increase in Bangladesh.

The areas most prone to corrupt practices are public procurement, contracting including contracting out and consulting, public works, energy sector including exploration and generation, public services delivery including healthcare and education, utility and municipal services, regulatory bodies including telecommunication and financial services. These are corroborated by Bribe Payers Index, BPI of Transparency International, TI. (TI Bangladesh, 2009)

KEY FINDINGS

Public procurement skills and manpower in Bangladesh

In Bangladesh contract awards provide opportunities for procurement. There are reports of extensive corruption, political influence and pressure from trade unions in the procurement process. Public trust in the process is generally lacking. Donors are particularly sensitive about corruption in foreign funded contracts.

The World Bank's (2002) assessment of Bangladesh concluded that the implementation of procurement process is far from satisfactory, due to the following problems:

- i.) Poor advertisement.
- ii.) A short bidding period.
- iii.) Poor specifications.

- iv.) Nondisclosure of selection criteria.
- v.) Award of contract by lottery.
- vi.) One-sided contract documents.
- vii.) Negotiation with all bidders.
- viii.) Rebidding without adequate grounds.
- ix.) Other miscellaneous irregularities.
- x.) Corruption and outside influence.

Bangladesh is particularly known for long delays in the award of contracts. Implementation Monitoring Evaluation Division (IMED) compiled data on the elapsed number of days from bid invitation to award in 148 procurement cases in FY98. The normal time allowed is 150 days. The review showed that the awards were made in 240 days or less in only 29% of the contracts, another 28% were awarded within a year, and the rest took 500 days or more. Procurement delays increase costs, defer benefits, deter good firms from bidding and are often indicative of corrupt interference (Transparency, 2009).

At the present under the public procurement (amendment) rules the implementing agencies have been given "discretionary power" allowing inviting fresh contractors or experienced ones to submit bids against any tender for public works and supply of goods up to Tk 20 million. The mandatory financial qualification relating to "turnover" and "liquidity" of the bidders have been relaxed so that the fresh contractors can also compete in any government bidding. Moreover the much debated and discarded system of lottery for contract award will be re-introduced and tender will be rejected, if tenders quote less or more than five per cent of the official estimated costs. Another provision provides that, in every contract there should be 10% advanced payment. So a contractor winning a contract up to Tk 20 million is new in one hand and on the other, he/she will take 10% advanced after the contract is awarded. Another provision was kept that is no performance guarantee for contract up to Tk 20 million. Only retention money will be adjusted up to 10% during the progress of the contract. The provision seems to be ex-facie irrational. (Daily Star, 2010).

It has been mentioned that it was done to increase the economic efficiency, transparency and fair competition in the process of public procurement. But in practice, qualities of procurement seriously suffer due to capping of tender price and rejection of tenders for quoting prices below or above five per cent of the official estimate. Because the market price is likely to better reflect the real costs than the pre-fixed price. More importantly, these amended provisions have already sent a negative message to the external partners and they will not rely on the government in future. This is a big bump to the pledges to root out corruption from society. (Daily Star, 2010).

Bangladesh has been ranked the one of world's most corrupt country for long by Transparency International. One of the major reasons behind corruption, the TIB found, was the government entities'

mismangement of development projects. (Daily Star, 2009b)

E-PROCUREMENT

Government procurement represents 18.42% of the world GDP. Many countries have created specialized agencies in order to develop and manage business-to-government (B2G) electronic procurement (e-procurement) systems (Singer and Marcos, 2009).

E-procurement systems can be used helping purchasing goods and services most reasonably (Mi Jung Lee, 2010) E- procurement is the online purchasing of goods and services through electronic channels. (Parida and Parida, 2005). More, specifically, it is the use of electronic means for publishing, processing, exchanging, and storing all of the information related to institutional purchases in public organization (Asser & Boughzala, 2008). Public e-procurement is an important stage in e-government development and its economic stakes are considerable. Thus public procurement systems must consult dualistic systems for two customers - government and companies.(Mi Jung Lee, 2010).

The World Bank Group (WB) is transforming its former, highly manual process of selecting consulting services into a robust e-Procurement solution as part of its procurement simplification and modernization agenda. The World Bank engages consultants and service providers for technical or managerial advisory services in all sectors from socioeconomic and environmental projects to reforms of state and financial sectors, privatization, information technology and infrastructure. To that end, the World Bank needs to manage the selection of providers and the resulting contracts with thousands of businesses throughout the world. To ease this process and improve efficiency, the World Bank has implemented a new electronic procurement solution for the selection of consultants, with the goals of fostering consistency of practice worldwide, increasing transparency and competition, and minimizing processing time and effort (Leipold and Knut, 2004).

CALL TO INTRODUCE E-PROCUREMENT TO ELIMINATE CORRUPTION

In Bangladesh civil society leaders called for introducing e-procurement system in public tenders to eliminate corruption and collusive bidding practices to ensure transparency. They also advised developing a code of ethics for lawmakers to ensure the latter's accountability to people and making the parliament active.

Repeating the demand for mandatory asset disclosure of members of parliament (MPs) and civil service professionals, they suggested introducing e-governance

in government agencies, a professional press fostering public policy debate and exposing any abuses of public officials and a decentralized local government system. "This requires adequate check and balance between the organs and institutions of the government," said a member of the Nagorik Committee. The executive Director of the Transparency International Bangladesh (TIB) said ". There should be a code of ethics for the parliamentarians to ensure accountability," (Bangladesh Observer, 2006) Electronic government procurement (e-GP) shows a way out of the age-old intervention in bidding processes by cartels with political leanings. According to a study by the World Bank, Bangladesh's annual public procurement expenditure is over \$3 billion (Tk 20,512 crore). Such figures can obviously attract politically biased interest groups to loot tender boxes by any means, as development expenditure is expected to grow in coming years. In Bangladesh, more than 80% of the annual development expenditure is spent mainly on government procurement.

E-GP, one of the government projects, matches the government's pledge to build a Digital Bangladesh by 2021. The system, if implemented, can save public money and erase political influence from bidding. The idea of a virtual bidding process could also save more than 15% of the government's procurement costs, according to a World Bank study.

E-GP would also connect the government body and the national and international contractors on an online platform, which automates the entire government's procurement process by introducing centralized registration of contractors, e-tendering, e-contract management system, e-payments, e-signature and e-security.

In around 50 countries, e-GP has been proved as an effective tool in the fight against corruption, the promotion of integration and the stimulation of greater productivity not only at government level, but also in small and medium enterprises.

The main intention of CPTU is to gradually introduce e-GP in the government's procurement system and to ensure all stakeholders comply with the Public Procurement Act-2006 and the Public Rules-2008.

One of the major reasons of scuffle during government tendering process is bidders are not aware of the Public Procurement Act, 2006 and the Public Rules, 2008. In this case, online bidding can also be platform for study of the procurement policies, observed CPTU officials. "With the launch of e-GP, everyone must comply with procurement rules, which will remove corruption," says the CPTU director. To introduce e-GP, the CPTU has already started training government officials to handle the tender processes. (Daily Star, 2009b)

E-GOVERNANCE AND DEAL WITH INDIAN FIRM SIGNED

A contract on e-Government Procurement (e-GP) System

Development and Implementation was signed between the Central Procurement Technical Unit (CPTU) of Implementation Monitoring Evaluation Division (IMED) and GSS America Infotech Ltd, India at the planning ministry in April 12, 2010. Officials said once implemented, e-GP will reduce time required in completing the tender procedures electronically. More bidders will be able to participate in the tender process without facing any physical barriers. This will increase competition leading to improvement in the quality of government purchase.

Implementation of e-GP will supplement the present government's vision for building a Digital Bangladesh by 2021. South Korea and the Indian state of Andhra Pradesh have implemented e-GP very successfully. To implement e-GP by June 2011, CPTU of IMED has taken necessary steps under the Public Procurement Reform Project (PPRP-II) supported by the World Bank. At present, public procurement in the country is done under the Public Procurement Act and the Public Procurement Rules. To make the public procurement process more dynamic and modern, e-GP will be introduced under the PPRP-II (New Nation, 2010), E-GP system access diagram is illustrated as shown in Figure 1

IMPLICATIONS OF THE STUDY OR LESSON LEARNED

The World Bank suggested the following measures to improve procurement practices:

- i.) The creation of an independent division, probably under the Cabinet Secretary, responsible for public procurement policy, law, procedures and documents, and oversight of public procurement.
- ii.) The adoption of standard rules and procedures and bidding and contract documents and their publication and
- iii.) The adoption of procedures which would simplify and streamline procurement, especially to reduce the number of bureaucratic layers involved.

Some of the recommendations were particularly aimed at increasing the transparency of procurement, including:

- i.) Elimination of the role of the Ministry of Publications in the advertisement process, to reduce the scope for political punishment of critical newspapers.
- ii.) Publication of contract awards above \$20,000.
- iii.) The inclusion of an outsider of known probity in every evaluation committee for consultants.
- iv.) The introduction of a watchdog institution to address corruption. (Transparency, 2009).
- v.) And launching of e-GP.

Reducing corruption is a daunting challenge, because the factors, which enable it are deeply embedded in socio-political and administrative systems. (Transparency, 2009)

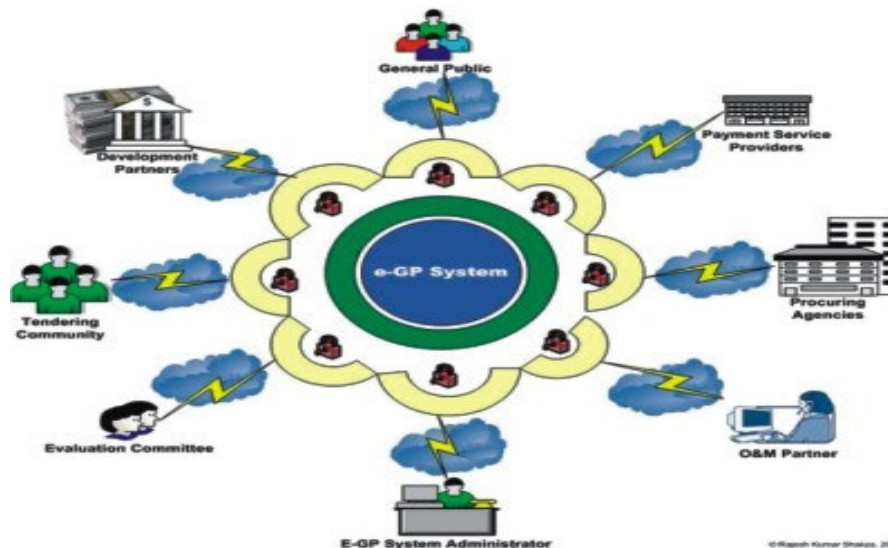


Figure 1. E-GP system access diagram. Source : Daily Star, 2009b

A BROAD MENU OF REFORM OPTIONS FOR BANGLADESH

Governance and corruption reforms have become a central issue in many recent elections, and because of democratic reforms, new leaders dedicated to fighting corruption and improving public administration are attaining power as never before.

The countries that are beginning to show signs of early success are those that have unbundled the governance agenda and are implementing programs that address a variety of structural reforms aimed at changing the manner in which their governments conduct business. These reforms present a broad menu of options that Bangladesh can learn from;

- i.) Hong Kong and Singapore have both established effective, highly regarded anti-corruption bureaus.
- ii.) Voter Education Program in Thailand.

In Thailand, a voter education program helps the public understand the proper role of a representative government, the rights and duties of citizens, and educates them about the adverse effects of political corruption.

Report cards in Bangalore

In order to empower civil society to facilitate improvements in the quality of local governance, the public affairs center, a non-profit NGO, conceived of "Report Cards" by citizens, on the various public services provided by local governments. In strategic terms, the report cards provide citizen feedback on qualitative dimensions of public services, compare service providers

across various indices, identify areas in which citizens experience high degree of stress in accessing the service, assess the efficiency and effectiveness of grievance redressal mechanisms, and estimate the hidden costs incurred by citizens.

Open system in Seoul

Seoul's city administration in April 1999, introduced its "Online Procedures Enhancement for Civil Applications" (OPEN) system, based on the premise that transparency can be a fundamental remedy against corruption. The open system publishes procedures for applications on the internet, allowing all citizens free access to this information. Government staff responsible for issuing permits and granting approvals, produce and update online reports on each application filed. There is no reason why these successful experiences elsewhere cannot be adapted and introduced in Bangladesh (Transparency, 2009)

In Uganda, capacity building strategies had resulted in remarkable improvement in the public procurement systems. The use of sensitization workshops, hands on support and brochures has benefited more stakeholders and has been more effective than other approaches. (Benon c, at al, 2010). In Indonesia Anti corruption initiatives have been implemented as part of judicial reform and proved to be effective in combating corruption. In fact, the Indonesian ranking in the corruption index is getting better due to the performance of KPK- Komoso Pemberantasan Kuorupsi, Corruption Eradication Commision. The policy of fiscal decentralization was implemented along with significant

improvements in Indonesia's national economy after the East Asia financial crisis (Wahyudi Kumorotomo, 2010) Public procurement as part of industrial policy has a lot more to offer for developing countries. However, in order to employ public procurement for the sake of innovation and thus economic development, the developing countries should not directly transfer the respective policies from the developed world. Because of international institutional settings, the developing countries should first develop more robust innovation policy skills and competences within the current World Trade Organization WTO policy space and then gradually move towards specific policy making. (Rainer and Veiko, 2010)

CONCLUSION

Let us work towards building, sustaining and promoting a corruption free Bangladesh and other concerned countries. Let leaders of say, Bangladesh set examples in areas of anti-corruption. Let us minimize per unit costs of products of development and maximize per unit quality and quantity of products of development at least for the sake of hungry and poor people of Bangladesh and concerned people of other countries. Let us assist WB, UN and concerned others in the effort towards liberating them from say, clutches of corruption (New nation, 2009).

Relaxation of qualification of the bidders for procurement up to Tk 20 million and allowing "single-stage two-envelop" method in submitting bid and lottery to select a contractor will breed corruption in public purchase. It's rational to expect from the law making authority to amend the law in such way, which would not re-open the door of corruption. When we are marching forward for "Digital Bangladesh" why should we not introduce the system of submitting the tender over internet like India, and other developed country? It's high time to think over it (Daily Star, 2010).

World Bank however believes that deregulation and expansion of markets, public arrangement, legal and judicial reform and transparent procurement management are important to reduce corruption even when government plays a role in policy formulation. Of these a degree of deregulation has been in place in the country but markets remain imperfect and thus its impact on controlling corruption is not visible. Other reforms are not yet in place nor did they constitute the core of Structural Adjustment Program. In fact the failure of SAP has brought the institutional issues to the forefront. The institutional reforms merit consideration on their own strength and its relation to SAP is now highlighted as hindsight (TI Bangladesh, 2009).

The roles of both donors and government procurements agencies also need to be enhanced to achieve greater accountability and transparency. At present many donors seem to focus excessively on strict complacency with the procurement law and regulatory framework rather than

on helping strengthen the institution carrying out day to day procurement operations, so they can achieve better results.(Peter Pease and Khadija Fardi, 2010)

Public Procurement has been an area that is prone to mismanagement, corruption, and vendors' ploys. One of major causes of public procurement problems is a lack of competent procurement workforce. (Thai, Khi V. 2010). In the past it was felt that basic training was sufficient, but now there is evidence that training is only part of the requirement for creating an effective procurement professional (APPC, 2006).The most effective procurement practitioners have a blend of the competency, good relationship management and communication skills and an ability to think laterally(Guinipero(2000); Guinipero and Handfiled (2004) However, Certified Public Procurement Specialists are also required to perform in a more constructive manner

There is a saying "poverty is a curse", which very much goes with all the developing countries, including Bangladesh as it is considered as a poverty-stricken country. When poverty comes all the ethical values and morality goes in vein. Not only civil service, a country as a whole cannot prosper, when poverty comes. Napoleon Bonaparte said "Give me a good mother; I will give a good nation". Similarly good governance can make a country prosperous even in a resource poor setting. The connection between corruption and poverty is therefore clearly visible.

Good public management and administration, with emphasis on accountability and responsiveness to customer needs against the backdrop of serious accountability scandals, has been seen as an aspect of good governance by donor agencies supporting reforms in developing countries (Basheka and Benon, 2008).

The quality of public administration must be improved and accountable, which is an integral part of good governance as well. Promoting transparency and accountability, capable and competent public administration, and the rule of law must be at the forefront of development policies. Policy planning and decision-making are the key concern to public administration.

NOTES

There are a number of sources for current information on the crisis. See the Public Procurement Rules 2008, Central Procurement Technical Unit Implementation Monitoring and Evaluation Division, Ministry of Planning, Bangladesh Country Procurement Assessment Report, published by the World Bank, May 2002.

REFERENCE

"Bangladesh Goes up to 13th Place in TI's Corruption Index: Procurement." *Media Bangladesh*. [On-line]. Available at http://www.mediabangladesh.net/en/index.php?option=com_content&view=article&id=739&Itemid=1. (Accessed on March 30, 2010).

- "E-governance in public procurement: Deal with Indian firm signed" (2010). *New Nation*. [Online]. Available at <http://nation.ittefaq.com/issues/2010/04/13/news0606.htm>. (Accessed on April 13, 2010).
- "E-purchase to check rigged bids" (2009b). *Daily Star*. [Online]. <http://www.thedailystar.net/story.php?nid=77043>. (Accessed on April 25, 2010).
- "Public procurement and corruption." (2010). *Daily Star*. [Online]. Available at www.thedailystar.net/law/2010/04/04/watch.htm. (Accessed on April 25, 2010).
- "Public Procurement Govt's rules change to rock WB aid flow" (2009c). *Daily Star*. [Online]. Available at <http://www.thedailystar.net/newDesign/news-details.php?nid=92787>. (Accessed on April 25, 2010).
- "Tax, Procurement and Corruption." (2009). *New Nation*. [Online]. Available at <http://nation.ittefaq.com/issues/2009/06/04/news0111.htm>. (Accessed on March 30, 2010).
- "WB Anti-Fraud Wing Grills Government Body on RHD Mis-Procurement." (2006). *Financial Express*. [Online]. Available at http://www.financialexpress-bd.com/index3.asp?cnd=8/26/2006§ion_id=1&newsid=35543&spcl=no. (Accessed on August 27, 2009).
- "WB unhappy over move to amend procurement rules." (2009a). *Daily Star*. [Online]. Available at <http://nation.ittefaq.com/issues/2009/06/04/news0111.htm>. (Accessed on January 15, 2010).
- Assar, S & Boughzala, I. (2008). "Empirical Evaluation of Public e-procurement Platforms in France." *International Journal of Value Chain Management*, 2 (1): 90-108.
- Australian Procurement and Construction Council (APCC) (2006). *Developing the Government Procurement Professional* [Online]. Available at <http://www.aasb.gov.au/about-the-ASSB/The-standard-setting-process.aspx>. (Accessed on October 23, 2010)
- Bangladesh Observer*. [Online]. Available at <http://www.ti-bangladesh.org/docs/muzaffer/muzaffer.htm>. (Accessed on June 18, 2009)
- Basheka, Benon C (2008). "Procurement Planning and Accountability of Local Government Procurement Systems in Developing Countries: Evidence From Uganda". *Journal of Public Procurement* - Vol. 8 Nbr. 3. PrAcademics Press.
- Benon C. Basheka, Milton Tumutegereze and Edgar Aagbs (2010). "Public Procurement capacity Building Reform Initiatives in Uganda: A performance Measurement Approach". *Towards New Horizons in Public Procurement*. Pr Academics Press.
- Coe, C. K. (1989). *Public Financial Management*. Englewood Cliffs, NJ: Prentice Hall.
- Guinipero, L & Haddfield, R. (2004). "Purchasing Education and Training II." Tempe, AS: CAPS Research.
- Guinipero, L.(2000). "A skills-based Analysis of the World Class Purchases" Tempe, AZ: CAPS Research.
- Islam, Md Rafiqul (2007). "Public Procurement and Contracting in Bangladesh: An Analysis of the Perceptions of Civil Servants". *Journal of Public Procurement* - Vol. 7 Nbr. 3. PrAcademics Press
- Khi V. Thai (2010). "Towards New Horizons in Public Procurement". *Towards New Horizons in Public Procurement* Pr Academics Press.
- Khi V. Thai, (2001). "Public Procurement Re-examined". *Journal of public procurement*, Vol 1, issue 1, 9-55. PrAcademics Press
- Leipold, Knut (2004). "The World Bank E-Procurement for the Selection of Consultants: Challenges and Lessons Learned". *Journal of Public Procurement* - Vol. 4 Nbr. 3. PrAcademics Press
- Mi Jung lee (2010). "An exploratory study on the mature level evaluation of E-procurement System". *Journal of Public Procurement* - Vol. 10 Nbr. 3. PrAcademics Press
- Parida, U & parida V. (2005) E-Procurement: an Indian and Swedish Perspective. unpublished master thesis, Luea, Sweden, Lulea University of Technology.
- Peter Pease and Khadija Fardi (2010). *Procurement and Governance: An Uneasy Relationship*. International Public Procurement Conference, 2010, Seoul, South Korea, Aug 26-28, 2010
- Rose-Ackerman, S. (1999). *Corruption and Government Causes, Consequences and Reform*. Cambridge, MA: Cambridge University Press.
- Schapper, Paul R (2006). "An Analytical Framework for the Management and Reform of Public Procurement". *Journal of Public Procurement* - Vol. 6 Nbr. 1/2. PrAcademics Press
- Singer, Marcos (2009). "Does E-Procurement Save the State Money?". *Journal of Public Procurement* - Vol. 9 Nbr. 1. PrAcademics Press
- TI Bangladesh (2009). "Governance, Structural Adjustment and the State of Corruption in Bangladesh." [Online]. Available at <http://www.ti-bangladesh.org/docs/muzaffer/muzaffer.htm>. (Accessed on June 18, 2009).
- Transparency (2009). "Bangladesh: Politics and Business between Corruption and Development." [Online]. Available at http://74.125.93.132/search?q=cache:IBI8zZX1qxIJ:www.transparenc y.org/content/download/2048/12352/file/PE_corruptern%26amp%3Bde velopment_15-04-05.Bonn.doc+procurement+and+corruption+in +Bangladesh&cd=1&hl=en&ct=clnk&gl=bd. (Accessed on June 18, 2009).
- Wahyudi Kumorotomo, (2010). "Undisbursed Local Budget: The Dilemma of Public Procurement Reform and Anti-Corruption Initiatives in Indonesia". *Towards New Horizons in Public Procurement*. Pr Academics Press
- World Bank (2002). *Bangladesh Country Procurement Assessment Report*. [Online]. Available at www.worldbank.org