



SUSTAINABLE PUBLIC PROCUREMENT (SPP) POLICY OF BANGLADESH

**Central Procurement Technical Unit (CPTU)
Implementation Monitoring and Evaluation Division (IMED),
Ministry of Planning**

January 2023



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Acronyms

| | |
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| ALB | Abnormally Low Bid |
| BSTI | Bangladesh Standards and Testing Institutions |
| CPTU | Central Procurement Technical Unit |
| GPP | Green Public Procurement |
| IMED | Implementation Monitoring and Evaluation Division |
| ISO | International Standard Organization |
| KPIs | Key Performance Indicators |
| MEAT | Most Economically Advantageous Tender |
| PE | Procuring Entity |
| PSOs | Public Sector Organizations |
| SMEs | Small and Medium Enterprises |
| SPP | Sustainable Public Procurement |
| SPPP | Sustainable Public Procurement Policy |
| SPPSC | Sustainable Public Procurement Steering Committee |
| VfM | Value for Money |
| TOR | Terms of Reference |
| WOEs | Women-led Enterprise |



SUSTAINABLE PUBLIC PROCUREMENT POLICY (SPP) OF BANGLADESH

1. Preamble

- 1.1 As one of the most vulnerable climate-changed countries induced by natural calamities, Bangladesh felt necessity of integrating the climate issues into its macro-economic and budget formulation process. Starting from 2010 up to date, the government has been able to make a significant progress in this regard. With a view to mainstreaming the environment and climate dimensions into the planning and public expenditure process, under a development project (PECM), the government conducted a study titled 'Climate Public Expenditure Institutional Framework' (CPEIR 2012) to review and analyze the government's policy, context, financial management, vulnerability mitigation measures. Following the CPEIR recommendations, the government formulated a Climate Fiscal Framework (CFF) in 2014. Among, five (5), two important objectives were to (a) establish greater national ownership of climate finance, and (b) broadening the opportunity for *resilient development* and *green growth* in Bangladesh. Currently, climate change dimensions are being pursued in the Budget Circular (BC) and budget reports are prepared linking the climate policies and strategies (e.g., BCCSAP) under Mid-term Budgetary Framework (MTBF). Now, 25 Ministries/Divisions have deemed as climate inclusive that means, budgetary expenditure is made keeping it in consideration that country's public procurement should help lowering the carbon emission, conserving the environmental and biodiversity.
- 1.2 Bangladesh spends about \$25 billion on public procurement annually - equivalent to about 40% of its annual budget. Effective Public procurement is key to ensuring timely and quality public service delivery to the people.—Whilst existing procurement framework and practices are pursued to choose the 'lowest-cost' contract with some 'quality' check, lowest-cost purchase does not necessarily ensure maximum benefit in the long run. Traditional procurement does not consider the cost of other attributes of procurement.
- 1.3 The Country's public procurement system has not yet considered sustainability dimensions (social, economic, environment and governance) in its public procurement. Integration of sustainable procurement parameters and selection of the 'most advantageous' tender considering the whole life cycle cost may help Bangladesh ensure maximize benefit. Introduction of sustainable public procurement (SPPP) parameters in the existing country system, shall contribute to transit the country's public procurement to sustainable/green public procurement (GPP).
- 1.4 With a vision of making continuous improvements to the sustainability outcomes of government procurement for new contracts across the public procuring organizations wherever the organizations provide such procurement services to the organization itself or other government procuring organizations, this Policy has been developed to guide



public entities acting in the capacity as Procuring Entity in order to ensure the following:

- Improve ability of PEs to effectively respond to the sustainability agenda;
 - Improve visibility and understanding of, and engagement with, the sustainability agenda in the supply chain; and
 - Improve contract management processes to actively manage and report the performance of supply.
- 1.5 Public procurement will be called sustainable procurement when it integrates the requirements, specifications and criteria that are compatible and in favor of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services, and ultimately optimizing costs.
- 1.6 This Policy is designed to assist Procuring Entities (PEs) to procure goods, works and services complying with the above definitions in an efficient, consistent, equitable and accountable manner. The Policy provides practical information on how to adopt sustainable public procurement and the select the most sustainable procurement decision. CPTU issues in conjunction with this Policy a set of templates and standard bidding documents for the benefits and use of PEs. Until other legal texts are promulgated, this Policy and subsequent templates and guidance issued by CPTU shall be adopted by all public entities.

2. General Provisions:

- 2.1 CPTU, IMED, Ministry of Planning has developed this Policy for the adoption of sustainable public procurement by targeted PEs of the Government of the People's Republic of Bangladesh
- 2.2 Sustainable public procurement shall be conducted in compliance with this Policy and by adhering to the standards that are set forth and will be developed (from time to time) in this Policy
- 2.3 All PEs should ensure that an appropriate level of discipline for SPP, and compliance of with any legal or policy requirements, is applied across the entity (1.6 below).
- 2.4 SPP adheres to the three pillars of sustainability: environmental, social, and economic.
- 2.5 SPP shall be conducted in a manner that promotes accountability, fairness, competition, proportionality, and transparency.
- 2.6 Value for Money (VfM) should be a major consideration when implanting SPP.



2.7 Mandatory Guidelines and standards form for SPP are integral part and will be available on the CPTU website.

3. Aims and objectives:

- 3.1. The aims of the SP Policy of Bangladesh are to introduce the sustainable procurement principles in the public procurement and its gradual integration and implementation to Bangladesh public procurement framework.
- 3.2. The aims are set out as against some specific objectives with suggested actions focused to achieve those objectives (**Table-1 below**). The government shall take measures to increase ability of the procuring organizations and business community to deliver its sustainability aims and commitment under the SDGs that encompass issues like promoting sustainable public procurement practices, reducing child labor and waste.
- 3.3 For contracts likely to have a significant sustainability impact, this policy places the responsibility to all public sector organizations to consider, before the procurement process starts, the economic, environmental, and social benefits of procuring goods or services.
- 3.4 All documents related to SPP Policy implementation roadmap including ‘Guidance Notes’ on applying the provisions of the SP Policy is being prepared and will placed in CPTU websites (www.cptu.gov.bd) and can be downloaded free of cost.

| Aims/Objectives | To be achieved by |
|---|--|
| <ul style="list-style-type: none"> • To improve ability of PSOs/PEs to effectively respond to the sustainability agenda. | <ul style="list-style-type: none"> • Ensuring procurement professionals understand the concepts & importance of sustainable procurement. They are conversant with the key issues, and accountable. • Developing meaningful internal reporting processes to allow appropriate implementation governance in sustainable procurement practices. |
| <ul style="list-style-type: none"> • To improve visibility and understanding of, and engagement with, the sustainability agenda in the supply chain. | <ul style="list-style-type: none"> • Communicating with the suppliers and clearly articulate the sustainability agenda and its importance to public procurement framework. • Collaborating with the suppliers to identify and implement improvements and support government efforts to continually improve sustainable development arena. |



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| | <ul style="list-style-type: none"> • Working with the suppliers to improve their own sustainability performance and that of their supply chain process, such as: <ul style="list-style-type: none"> ○ Encouraging suppliers to develop and implement effective environmental management systems, e.g., (BSTI) or ISO14001 certified sustainable products; ○ Ensuring suppliers can provide suitable assurance on the economic, social, and environmental sustainability of their supply chain; ○ Where practicable, favoring products with a lower environmental impact and avoiding products which contain substances harmful to the environment; • Reviewing high impact ongoing contracts to identify potential opportunities to reduce negative and enhance positive sustainability outcomes; • Encouraging existing suppliers to bring forward options to enhance sustainability outcomes for consideration. • Incentivizing the manufacturers for production of more sustainable products and change the production methodology. |
| <ul style="list-style-type: none"> • To improve contract management processes to actively monitor, manage, and report the performance of supply. | <ul style="list-style-type: none"> • Implementing, monitoring, and acting on suitably meaningful metrics and KPIs to enable the effective management of our supply chain in terms of sustainability performance. |

4. Application and Scope:

4.1. With the above aims and objectives, the scope and coverage of the SP procurement policy shall be as follows:

4.1.1 This policy applies to all public procurement using public funds, in the case of tender processing and contract management across the Authority;



- 4.1.2 The principles of the SP policy shall apply where a government procuring organizations process contracts for them or another procuring organizations, if the later delegates the work to the former;
- 4.1.3 The SPP Policy shall apply initially for initially selected SP products (**List appended**), will gradually be expanded through market study and market development.
- 4.1.3 Consideration must be given, not only to responsive-evaluated-lowest-cost initially determined as the contract value, but also to the ongoing impact through to end of life of any goods and services procured. Any decommissioning of equipment, and any other aspects which would constitute a whole life approach to assessment of sustainability impact.
- 4.1.4 Where practicable and proportionate, an analysis of whole life costs should be part of the procurement process covering, as a minimum:
- Manufacture, delivery, installation;
 - Operating costs including energy, water usage and maintenance;
 - End of life costs including decommissioning and disposal.
- 4.1.5 The application of this SP policy should be proportionate to the likely impact of the activity in question. As such, the procurement of major, multi-supplier, long term frameworks will typically warrant closer scrutiny than a single simple purchasing activity.

5. Definitions

- 5.1 "**cost of product**" means sustainable products and services that are available for purchase at a price point which is no more than 10 % higher than that of non-sustainable products and services.
- 5.2 "**green procurement**" means purchasing of products or services that cause minimal adverse environmental impacts.
- 5.3 "**most advantageous tender**" tender means the tender that gives maximum value for money over the lifetime of the products, services or works, taking into account all costs related to quality and prices including technical merit, aesthetic and functional characteristics, environmental characteristics, running costs, cost effectiveness, after-sales service, technical assistance, delivery date and delivery period or period of completion and other matters (as may be considered appropriate in relation to any particular contract).
- 5.4 "**public sectors organizations**" means the organizations that are owned and operated by the government.
- 5.5. "public procurement" means the procurement that is carried by the procuring entity (PE) with the public money allocated in favor of the PE from the national budget.



- 5.6. "sustainable products" means selected goods and materials that have less adverse impact on human health and the environment when compared with competing goods and materials. This comparison shall include a life-cycle assessment of all tendered products to be purchased, including raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance, and waste management.
- 5.7 "services" means sustainable services that have more beneficial or less adverse impact on human health and the environment when compared with competing services.
- 5.8 "sustainable development" the development that meets the needs of the present without compromising the ability of future generations to meet their own needs. For sustainable development to be achieved, it is crucial to harmonize three core elements: economic growth, social inclusion, and environmental protection, which are interconnected and are all crucial for the well-being of individuals and societies.
- 5.9 "value for money (VfM)" means the optimization of whole-life-costs and quality needed to meet the user's requirements, while taking into consideration potential risk factors and resources available. The principle of VfM ensures the optimum combination of whole-life-cost and quality or fitness for purpose to meet the customer's expectations. Requirements to the sustainable quality of a product and its sustainable production, which have to be fulfilled in order to acquire a sustainability status or certification.
- 5.10. "whole life cycle costing" means a process of estimating how much money a procuring entity is required to spend on an object of procurement over the course of its useful life, purchase to disposal (life cycle cost).
- 5.11 "whole life-cycle cost" means all costs that requires to be incurred during the lifetime of the product, work, or service, and includes initial purchase cost including all associated costs related to delivery, installation, insurance, etc. and operating costs including energy, fuel and water use, spares and maintenance, and also end-of-life costs, such as decommissioning or disposal or residual value in terms of revenue from sale of product and cost of cost of externalities, such as greenhouse gas emissions, etc. under specific conditions, along with other costs related to environmental and social impact/s.

6. Concepts

- 6.1. Sustainable procurement is defined as, 'a process whereby organization meet their needs for goods, works or services and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organization, but also to society and the economy, whilst minimizing damage to the environment.' This definition is based on three pillars of sustainability: environmental, social, and economic.



- 6.2. Public procurement will be called sustainable procurement when it integrates the requirements, specifications and criteria that are compatible and in favor of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services, and ultimately optimizing costs.
- 6.3. Three above pillars are interrelated and following SPP elements are considered to be associated with each one to produce the sustainable outcomes:

7. SPP Standards in the Public Procurement Cycle

7.1 Pre-procurement

- 7.1.1 PEs are required to conduct a need assessment, market analysis and market engagement to evaluate any of the following:

- The need to purchase some goods or the possibility of meeting the needs in another way;
- The possibility of reducing the quantity or scale of goods or service without compromising the achievement of the same service delivery;
- The availability of alternate goods or services to be used to meet their needs;
- The applicability of whole-life cycle assessment for the goods or works to be purchased;
- The availability of sustainable alternatives.

- 7.1.2 The development, letting, and management of procurement documents, i.e., procurement plan, bidding documents, etc., shall endeavor to support the procuring organizations' ability to meet it as mandatory obligations under the government commitments and shall align with this SP Policy and strategies.

7.2 Deciding the procurement procedure

- 7.2.1 Competitive bidding must be utilized.
- 7.2.2 Flexible procurement procedure may be taken into account for reasons such as maximizing the participation of small and medium enterprises (SMEs), including women-owned enterprises (WOEs) in bidding.
- 7.2.3 Measure to expand SMEs and WOEs such as minimizing the complexity of tender documentation, dividing contracts into smaller lots, limiting the number of lots that will be awarded to one bidder, allowing longer period of time for the submission of



expression of interest and tenders may be permitted upon approval of competent authority.

7.3 Defining the subject of the contract

- 7.3.1. The standard pursued in defining the subject of the contract should be seen as a backstop and minimum standard must be achieved when procuring relevant goods.
- 7.3.2. In doing so, the contract subject matter should clearly indicate that a sustainable product or service will be purchased

7.4 Selection/exclusion of bidders/tenderers

- 7.4.1 The selection/exclusion criteria for sustainable suppliers, service providers and contractors (as may be developed from time to time) are included in the Standard Bidding Document.

7.5 Technical Specifications

- 7.5.1 There shall be a standard product certification process (e.g., BSTI, ISO) that would be used to certify in determining the sustainable products and services to be purchased.
- 7.5.2 All procuring organizations and suppliers must comply with the mandatory government standards as mentioned in the procurement documents.
- 7.5.3. Suppliers are encouraged to bring forward proposals to go beyond the mentioned standards in the procuring documents, but that should represent best practice.

7.6 Award Criteria

- 7.6.1. With SP implementation, PEs will review the SP policy for bid evaluation.
- 7.6.2. Bids that have met the minimum general criteria, financial criteria, and qualification and expertise criteria may be evaluated against specific set of award criteria for sustainability – social criteria, economic criteria and environmental criteria using the rating system that may be developed by competent authority from time to time.
- 7.6.3 All sustainability criteria that will be used including the rating system given to each criterion should be clearly indicated in the call for tenders.



7.7 Contract Management

- 7.7.1 All contracts must ensure compliance with all relevant existing public procurement legislation along with the social and environmental legislation to be provided, to the extent possible, in the procurement documents.
- 7.7.2 Ongoing performance monitoring is necessary for the duration of the contract to ensure compliance of suppliers with the specifications and contract terms. Review meetings and periodic audits of suppliers throughout the life of the contract should be carried out to verify that the sustainability practices meet the agreed requirements.
- 7.7.3 Sustainability results should be reported openly and transparency in the PEs reports, such as annual report.

8. Governance

- 8.1 The responsibility for effective implementation of this policy in accordance with the time-bound strategic actions (See Appendix 1) will rest with the CPTU/IMED, Ministry of Planning. However, CPTU/IMED may delegate the responsibility, where appropriate, to individuals and teams within this policy jurisdiction.
- 8.2 A high-level Sustainable Public Procurement Steering Committee (SPPSC) headed by Minister for Planning will be constituted to steer the implementation of the SP Policy and guidance. The CPTU/IMED will form the SPPSC with specific TOR (See Appendix 2).
- 8.3 The CPTU/IMED will also provide and issue guidance notes, clarifications to facilitate the achievement of sustainable procurement objectives.
- 8.4 To assist the implementation, PSOs shall work with the suppliers and determine the sustainable products and services that have less adverse impact on human health and the environment.
- 8.5 The SPPSC will annually select a sustainable procurement 'champion' from amongst the procuring organizations for:
- Raising awareness of sustainable procurement across the organizations;
 - Developing the reporting mechanism; and performance tracking system;
 - Highly successful implementation in terms of number of contracts as well as SP quality under this overarching sustainable procurement policy.
 - Develop 'code of conduct' for manufacturers and suppliers, consultant, and contractors.



- 8.6 The SP Policy will be reviewed in every six months by the SPPSC to adapt to the changing needs, circumstances, and conditions for progressively implement the Policy.
- 8.7 CPTU/IMED will provide secretariat services to the SPPSC. The Sustainable policy will be regularly reviewed and amended by the peer committee to adapt to the changing needs, circumstances, and conditions to continue to be a progressive SPPP in the country.
- 8.8 CPTU/IMED shall lead the SPP integration process, capacity development, amendment in the legal framework, if required and prepare procurement documents and make the document readily available to the PSOs.

9. Contact details

For any questions on, or suggestions for the improvement of, this policy please contact the CPTU/IMED on www.cptu.gov.bd or www.imed.gov.bd.



Appendix-1 SPP Time-bound Strategic Actions

1. Introduction of sustainability principles in public procurement and its *gradual integration* to Bangladesh's public procurement framework through the adoption of this SPP policy of 2022
2. Inclusion of the SP policy principles through the issuance of a mandatory Guidelines on SPP, which incorporates minimum SP policy provisions in the standard bidding documents and implementation of the SP pilot application in 2023.
3. Integrating the legal coverage of SP in the public procurement framework by amending the Public Procurement Act 2006/Public Procurement Rules 2008 by incorporating the relevant SPP provisions based on the lessons learned from the pilot application of SPP Guidelines and standard bidding documents in 2024.
4. Assessment of the above strategic initiatives through the regular monitoring of at least two important sustainability key indicators: a) share of women-owned enterprises participating in the public procurement process and b) number of pre-selected PSOs that uses the SPP rated criteria in their relevant contract documents.
5. Rolling out the SPP across the country, based on the feasibility study and the progress report including its impacts after 2025 onward.



Appendix-2 Outlines of TOR of SPPSC

1. Approve sustainable procurement policy, strategies, and action plan;
2. Provide policy directives to CPTU/IMED;
3. Provide guidelines for selection of sustainable products and services;
4. Approve sustainable elements based on sustainable policy, procurement documents to be used and time period by when the sustainability elements shall be included in the framework;
5. Coordinate among the stakeholders' agencies or organizations;
6. Promote awareness and review the progress of implementation of sustainable procurement among the stakeholders;
7. Provide guidelines for market development for sustainable products and services;



Appendix-3

List of SP Goods & Services Primarily identified to pursue for Pilot Implementation

1. Paper and paper products;
2. Office supplies;
3. Computer and other electronic equipment and supplies;
4. Office and other furniture or related wooden appliances;
5. Vehicles and other transportation equipment;
6. Food services and catering (Stand-alone or Goods related services);
7. Use of hotel materials (promotional materials like towel, bed covers, etc.)
8. Official paper-made publications

The following steps are for Reference only, not to attach to SPP policy doc.

1. Familiarize yourselves (PEs), get convinced with the scope and potential of SPP/GPP, as well as the with the available resources (policy, strategy, notes, manpower, institutions, and finance);
2. Commit to the process and secure political/administrative support by adopting a SPP/GPP policy with clear definitions and targets appropriate to your organization;
3. Set priorities for the product and service groups you will address by consulting existing GPP criteria, eco-labels, and other sources;
4. Put in place information, training, networking, and monitoring activities to ensure you reach your goals;
5. Consider how green requirements will affect the procurement process for the goods and services you have chosen, and how you will implement them in line with legal obligations;
6. Get an overview of the products and services available on the market by engaging suppliers and make a business case for GPP based on life-cycle costing;
7. When tendering, define the subject matter and technical specifications for contracts in a way which takes into account environmental impacts throughout the life cycle of the goods, services or works you are buying, and consider using labels to define your requirements;



8. Apply, where appropriate, selection criteria based on environmental technical capacity or environmental and supply chain management measures, and exclude tenderers who do not comply with applicable environmental laws'
 9. Set award criteria which encourage tenderers to deliver even higher levels of environmental performance than those you have specified, and apply these in a transparent way. Assess lifecycle costs when comparing tenders and reject abnormally low tenders if these do not comply with environmental law;
 10. Set contract performance clauses which underline the environmental commitments made by contractors and provide appropriate remedies where they fall short. Ensure there is a system for monitoring these commitments and that they are also applied to subcontractors;
 11. Identify specific GPP approaches to tendering in high-impact sectors such as buildings, food and catering, vehicles, and energy-using products.
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