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Centre for Policy Dialogue (CPD)

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CPD Study on
"Recent Procurement Initiatives of Renewable Energy under the Public Procurement Act and Rules: *Findings from Enterprise Survey on Transparency, Accountability and Efficiency*"

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1. Introduction

- The interim government of Bangladesh **repealed the Quick Enhancement of Electricity and Energy Supply (Special Provision) Act 2010 on 28 November 2024**
  - At the same time, the government has cancelled 31 renewable power plant projects that received Letters of Intent (LoI) under the Special Act
  - Afterwards, the Ministry of Power, Energy & Mineral Resources (MoPEMR) has published tender advertisement for **55 solar power plants of 5500 MW in 4 lots**
- The Quick Enhancement of Electricity and Energy Supply (Special Provision) Act 2010 shaped the power sector over the last decade
  - **Section 3** of this law stated that, for procurement in the power sector, **the Public Procurement Act 2006 would be overridden by the Special Act**
  - **Section 4** of the Act permits the government to accept proposals for importing electricity or energy from abroad **without proper scrutiny**, **fostering an environment susceptible to lobbying and favouritism**
  - This **Act removes the requirement for competitive bidding**, allowing the government to award contracts based on **'good faith'**
- With the cancellation of the Special Act (2010), the Public Procurement Act (2006) and the Public Procurement Rule (2008) have been **reinstated** for the procurement in the power sector

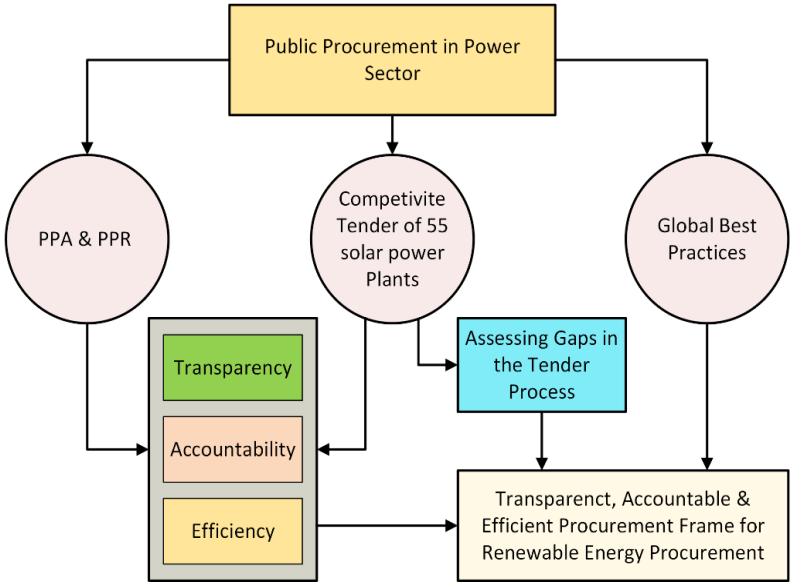
1. Introduction

- Previously, under the PPA and PPR, procurement of the **power sector faced several challenges**
    - **Significant delays, inflexibility in emergencies, and overemphasis on procedures over outcomes** (World Bank, 2023)
- Assessment of the PPA and PPR is required to check their **compatibility for the procurement of the power plants, especially renewable energy-based power plants**
    - It also needs to be scrutinised how PPA and PPR are ensuring **transparency and establishing accountability,** which was a major concern of the recently cancelled Act
- The objectives of the study are as follows:
    - **To review the regulatory aspects of the PPA (2006) and PPR (2008)** with a view to identifying areas of improvement to comply with international laws in the power sector
    - **To monitor the public procurement process of the newly launched tenders** for renewable energy-based power plants under PPA (2006) and PPR (2008)
    - **To put forward a set of recommendations** which would facilitate strengthening legal, institutional and operational aspects related with accountability, transparency, and efficiency from the perspective of energy transition

1. Introduction

- The study put focus on 3 issues of public procurement: (a) transparency, (b) accountability, and (c) efficiency (OECD, 2025) (Figure 1)
  - **Transparency** can be defined as 'the access to clear, precise and accurate information that is understandable to all'
  - **Accountability** in public procurement means that 'the officials are responsible for the actions and decisions that they take in relation to procurement and for the resulting outcome'
  - **Efficiency** of the public procurement can be defined as 'optimal use of resources, including time, money and personnel'
- The repealed Special Provision Act (2010) was heavily **criticized for a lack of transparency and accountability**.
- The reinstatement of PPA and PPR will focus on competitive bidding, which will require upholding due process and procedural integrity in procurement.
- Therefore, **the PPA (2006), PPR (2008), and the 55 recent procurement of solar power plant tenders** are analyzed through the lens of transparency, accountability, and efficiency.

Figure 1: Analytical Framework of the Study



Source: Authors' illustration

1. Introduction

- This study uses **a mixed** method, which combines qualitative and quantitative techniques to assess the transparency, accountability and efficiency in public procurement of renewable energy in Bangladesh under the PPA and PPR
    - **Document Review:** Examined legal and procedural frameworks, which include **PPA, PPR, Special Provision Act (2010), and 55 solar tender documents**
    - **Key Informant Interviews (KIIs):** Conducted with **procurement experts, power sector officials, investors, and international specialists** to gather qualitative insights
    - **Cross-country Comparison:** Reviewed **global best practices** in renewable energy procurement
    - **Indicator Analysis:** Used OECD (2023) framework; constructed **indices for transparency, accountability, and efficiency from e-GP data**
    - **Firm-level Survey:** An in-depth **survey with private firms (105 firms)** having experience working on Bangladesh's renewable energy sector has been conducted
        - Total population: 140 firms involved in 2024–25 solar power plant tenders under PPA, PPR, and those issued LoIs under the Special Provision Act (2010)

2. Reinstated PPA (2006) & PPR (2008): How Would Ensure Better Transparency and Accountability?

Table 1: Transparency Areas: Special Act vs PPA, PPR

Transparency Areas	Special Act (2010)	PPA(2006) and PPR (2008)
Advertisement of Tenders	• Not mandatory	• Advertisement in newspapers, CPTU/e-GP portal (Rule 90, Section 40)
Procurement Method	• Direct negotiation, unsolicited offers allowed (opaque)	• Open Tendering Method (OTM) is preferred (transparent, competitive)
Tender Documents Access	• Often restricted, shared selectively with chosen firms	• Standard Tender Documents (STDs) available to all bidders under equal terms
Bid Opening	• Not required to be public; decisions taken behind closed doors	• Bids opened in public, in presence of bidders (Rule 97)
Publication of Awards	• Awards rarely published on CPTU	• Contract award notices published on CPTU and available to public (Section 21)
Information to Unsuccessful Bidders	• No obligation to explain reasons for rejection	• Procuring entity must communicate reasons if requested (Section 21.2)
Record Keeping	• Negotiations and evaluation records not publicly accessible	• Mandatory records of each step and accessible for audit and review (Section 23, 24)

Source: Prepared by authors

2. Reinstated PPA (2006) & PPR (2008): How Would Ensure Better Transparency and Accountability?

Table 2: Accountability Areas: Special Act vs PPA, PPR

Accountability issues	The Special Act (2010)	PPA (2006) and PPR (2008)
Indemnity Clause	• Section 9 of the special act provides protection to officials for any action taken	• No indemnity. The officials remain accountable for their actions and if they violate the law, they will be punished accordingly (Section 64 of PPA and Rule 127)
Complaint & Appeal Mechanism	• No provision for complaint handling or appealing by bidders	• The bidders can submit complaints and appeals as per section 29 of the PPA and Rule 56 of PPR
Audit	• Not explicitly required; indemnity shielded officials from audit-based accountability.	• The officials are required to properly maintain the documentation in the procurement process and provide it during audit (Section 23, 24 of PPA)
Debarment of Bidders/Contractors	• No provision for debarment.	• Blacklisting and debarment procedures clearly laid out (Rule 127 of PPR)

Source: Prepared by authors

3. State of Transparency, Accountability and Efficiency in Public Procurement

Table 3: Transparency, Accountability and Efficiency Indicators of Overall Public Procurement from 2019-2022

Indicators	2019	2020	2021	2022
Transparency				
Percentage of Invitation for Tender/Proposal (IFT) Published in Newspaper	**39.84**	**37.3**	**38.4**	**38.31**
Percentage of Invitation for Tender/ Proposal Advertised in CPTU's Website	100	100	100	100
Percentage of Tenders/Proposals Following GoB Procurement Rules	100	100	100	99.9
Percentage of Contract Award Notice Published in CPTU's Website	99.9		100	100
Percentage of Fraud and Corruption	**0.013**	**0.07**	**0.04**	**0.11**
Accountability				
Percentage of Cases TOC Included At Least One Member From PEC/TEC	100	100	100	100
Percentage of cases TEC Formed by Approving Authority	8.1	8.9	8.6	7.6
Percentage cases TEC Included Two External Members outside the Procuring Entity	**0**	**0**	**0**	**0**
Average Number of Tenders/Proposals Approved by Proper Financial Delegated Authority	31.2		31.2	58.6
Percentage of Tenders/Proposals Approved by Higher Tier than the Contract Approving Authority	**40.5**		**98.7**	**90.1**
Percentage of Tender / Proposal Procedure Complaints	0.53	0.8	0.45	0.3
Percentage of Complaints Resulting in Modification of Awards	0	0	0	0
Percentage of Cases Complaints have been Resolved	**8.1**	**4.5**	**1.3**	**6.2**
Percentage of Cases Review Panel's Decisions Upheld	**0**	**0**	**0**	**0**
Efficiency				
Average Number of Days Between Publishing of Advertisement and Tender/Proposal Submission Deadline	18.4	18.4	18.2	18.6
Average Number of Days Between Tender/Proposal Opening and Completion of Evaluation	13.9	16.9	14.6	13.7
Percentage of Cases Tender/Proposal Evaluation has been Completed within Timeline	**57.1**	**53.3**	**57.1**	**60.1**
Average Number of Days Between Final Approval and Notification of Award (NOA)	2.2		2.6	2.6
Average Number of Days Between Tender/Proposal Opening and Notification of Award (NOA)	25.6		26.6	29.2
Average Number of Days Between Invitation for Tender/Proposal (IFT) and Notification of Award (NOA)	42.2		44.7	48.6
Percentage of Contract Awarded within Initial Tender/Proposal Validity Period	100		99.7	99.5
Percent of Contracts Completed/Delivered within the Original Schedule as Mentioned in Contract	100		**88.2**	**92.6**

3. State of Transparency, Accountability and Efficiency in Public Procurement

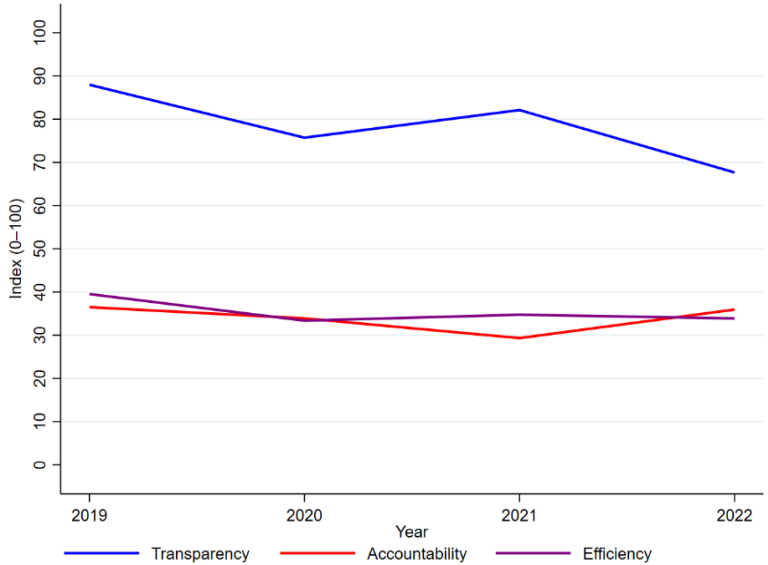
- State of transparency, accountability, and efficiency in public procurement has been carried out utilising related ***indicators from e-GP portal*** for the period 2019 to 2022

- The **transparency index** shows a falling trend over 2019-2022 (from 87.9 in 2029 to 67.7 in 2022)
  - **Decrease in invitations** of tender in the newspaper and **increase in fraud** and corruption would be the reasons

- The **accountability index** has a maximum value of mere **36.5** in 2019. No major improvement is observed over the years
  - **Increase in higher authorities' intervention in proposal approval, no inclusion of external members in TEC and very low reflection of the complaints** can be ascribed to the dismal performance of the accountability index

- The **Efficiency Index** has a maximum value of just **39.5** in 2019. No major change is observed over the years.
  - **Delays between the invitation, evaluation, and notification of award** and a significant **decrease in the percentage of contracts completed on time,** are responsible for the low value of the efficiency index over the years.

Figure 2: Governance Indices in Public Procurement (2019–2022)



Source: Authors' Illustration

Note: The indices range from 0 to 100. The higher the value, the higher is the transparency, accountability, and efficiency

4. Recent Tenders of Renewable Energy Projects under PPA and PPR: Criteria & Process

4.1 Tender Advertisement and Location of the Power Plants

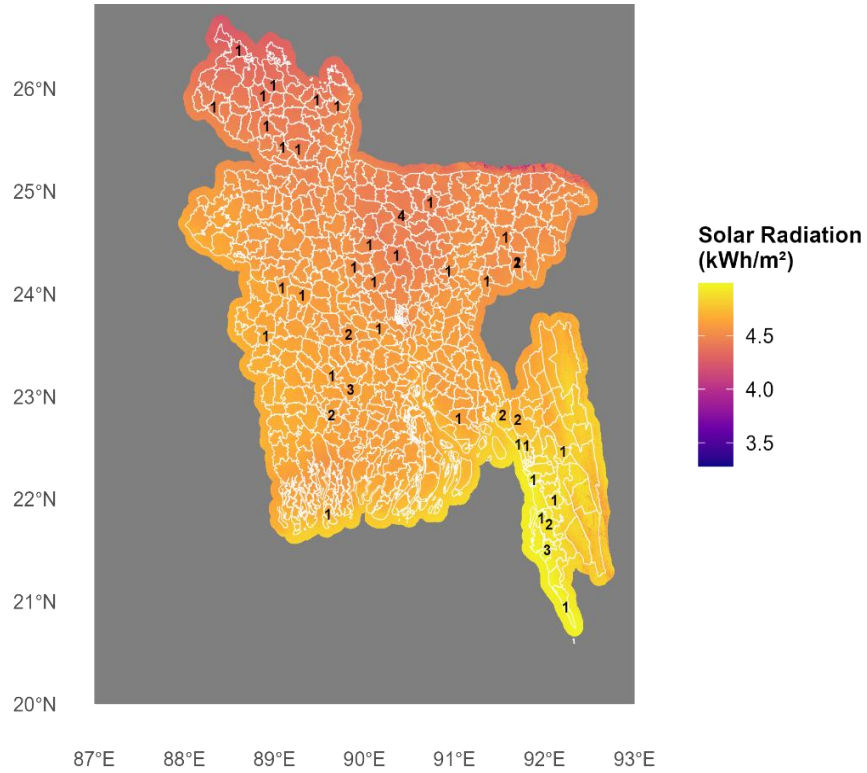
- Between December 2024 and March 2025, four rounds of solar power plant tenders were advertised

Table 4: Information of Tenders

Lots	Advertising date	Number of Packages	Size of the power plants
1st	5th Dec. 2024	**12**	**10 – 45 MW**
2nd	8th Jan. 2025	**10**	**50 MW**
3rd	27th Jan. 2025	**19**	**70 – 100 MW**
4th	19th March 2025	**14**	**105-250 MW**
Total		**55**	**5500 MW**

Source: Prepared by Authors based on available documents

Figure 3: Location of Solar Power Plants and Level of Solar Irradiation

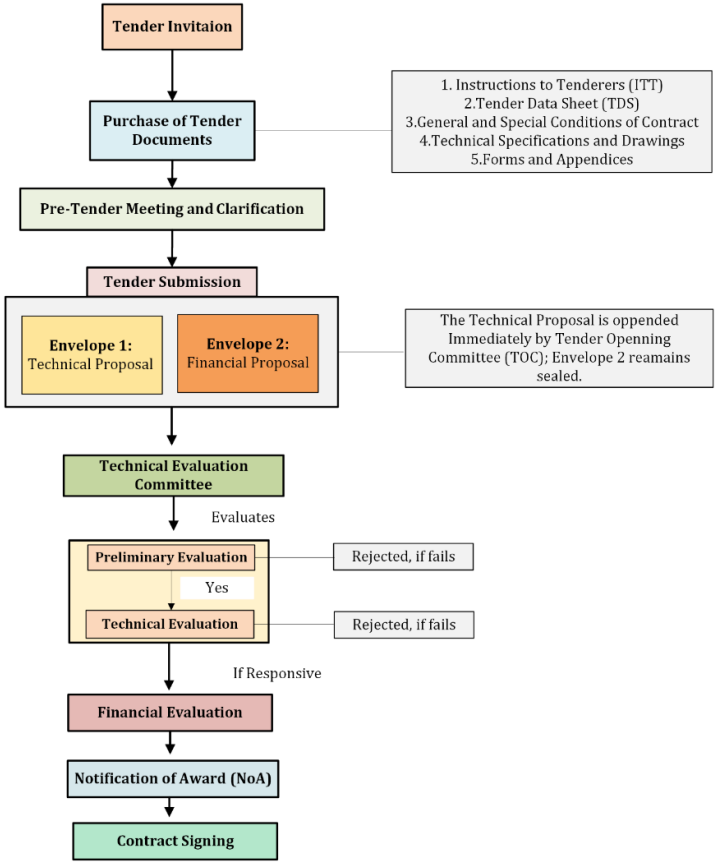


Source: Authors' Illustration

4. Recent Tenders of Renewable Energy Projects under PPA and PPR: Criteria & Process

4.2 Tender Method

Figure 4 : One-Stage-Two Envelope Method



Source: Authors' Illustration

4. Recent Tenders of Renewable Energy Projects under PPA and PPR: Criteria & Process

4.3 Qualification Criteria

Table 5: Summary of Eligibility and Qualification Requirements for Tender Participation

Requirement Area	Description
Arbitration History	Maximum of 3 arbitration cases against the tenderer over the last 5 years (Clause 13.1)
General Experience	**Minimum 5 years of experience** in electrical, mechanical, or civil work as contractor, subcontractor, management contractor, or project developer (ITT 14.1(a))
Specific Technical Experience	Must have completed **at least one similar project** (in terms of nature, complexity, and technology) in **the last 10 years** (ITT 14.1(b))
O&M Experience	**Minimum of 2 years** of successful operation & maintenance of a grid-connected power plant with a **capacity ≥10 MW(AC)**
Development Experience	Must have successfully developed at **least one grid-connected power plant of ≥10 MW(AC)**
Financial Turnover	**Average annual turnover of more than USD 0.165 million per MW over the last 3 years** • **USD 8.20 million for 50 MW** solar power plant (ITT 15.1(a)) • **USD 16.40 million for 100 MW** solar power plant (ITT 15.1(a)) The amount increases proportionally with power plant size
Financial Capacity	**Access to liquid assets, working capital, or credit facilities of at least USD 1.14 million per MW** • **USD 57.20 million for 50 MW** solar power plant (ITT 15.1(b)) • **USD 114.4 million for 100 MW** solar power plant (ITT 15.1(b)) The amount increases proportionally with power plant size

Source: Prepared by authors

5. Observations on Recent Tenders of Renewable Energy Projects: Findings from Survey

- The primary survey covered a total of 105 firms
  - 48 firms (**45.7%**) purchased tender documents but **did not submit** a tender
  - 44 firms (**41.9%**) both purchased and **submitted** their tenders
  - A smaller portion, 13 firms (**12.4%**), **did not purchase** any tender documents

Table 6: Surveyed Firms by Solar Power Plant Tender Participation (2024–2025)

Participation Status	Number of Fims	Percentage (%)
Tender purchased but did not submit	48	45.7
Tender purchased and submitted	44	41.9
Did not purchase tender	13	12.4
Total	105	100%

Source: CPD Solar Power Plant Procurement Survey 2025

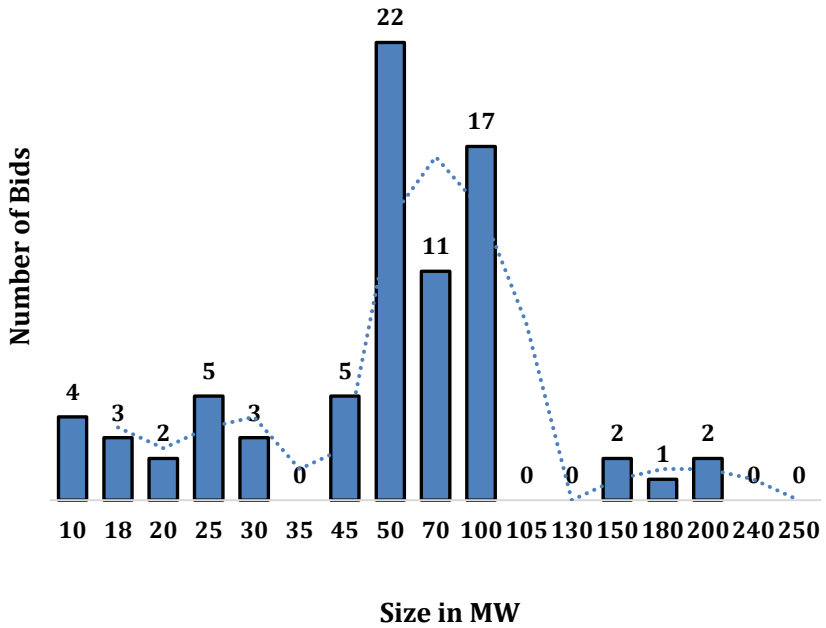
5. Observations on Recent Tenders of Renewable Energy Projects: Findings from Survey

5.1 Restrictiveness of the Qualification Criteria

- Of the surveyed 92 firms that had purchased the tender documents, **52 firms qualify** in technical experience.
  - Of these 52 firms, the number of financially eligible firms as per the criteria falls as the size of the plant increases.
    - **For 50 MW or less: only 35**
    - For 100 MW: only 30
    - For 200 MW: only 19
    - **For 250 MW: only 17**

- Due to the **stringent financial capacity** criteria, the bid **concentrated** around the smaller and medium-sized packages (50 to 100 MW)
  - The larger projects above 100 MW received very few or no bids
  - For example, **no bids were submitted** for 105 MW, 130 MW, 240 MW, or 250 MW packages

Figure 5: Number of Bids for Each Package Size



Source: Authors' illustration

5. Observations on Recent Tenders of Renewable Energy Projects: Findings from the Survey

5.1 Restrictiveness of the Qualification Criteria

- While annual turnover is comparable to other South Asian countries, **the requirement of working capital is too high**
  - While **USD 1.14 million** per MW in BD, it is just USD 0.1 to **0.15 million per MW in India**
- Meeting the financial criteria was easy for most of the foreign firms
  - It was very difficult for the **majority of the local firms** (Table 7)
  - However, most of the foreign firms found it relatively easy to meet the financial criteria

Table 7: Enterprises Perceived Difficulty in Meeting Financial Requirements

Perceived Difficulty	Fully Foreign	Fully Local
Average Annual Turnover	**66.7% Easy**	**86% Difficult to Very Difficult**
Current Asset / Working Capital/ Line of Credit	**61.1% Easy**	**83.6% Difficult to Very Difficult**

Source: CPD Solar Power Plant Procurement Survey 2025

5. Observations on Recent Tenders of Renewable Energy Projects: Findings from the Survey

5.2 Other Restrictiveness Terms in the Tender

Table 8: Other Discouraging Terms and Firms' Responses

Issue	Description	Firms Response
Lack of Sovereign Guarantee	The recent tenders do not include a sovereign guarantee or provision for an escrow account	• **72.4% of firms** reported that the absence of sovereign guarantee **was an important issue** • It **negatively affected participation** decisions **for 68.4% of firms**
Land Acquisition Responsibility	The entire responsibility for land acquisition and development rests on the firm, which is discouraging given land scarcity and bureaucratic hurdles.	• **31.5%** reported it **strongly discouraged** • **27.1% moderately discouraged participation**
Short Termination Window	Clause 67 of the TDS permits termination of the contract with only **28 days' notice**, which is too short for large-scale infrastructure or power projects.	• **37.1%** found it v**ery problematic** • **27.1%** reported it as **problematic**
Strict Fixed Generation Requirement	Fixed Generation of **109,500,000 kWh** for 50MW project each year for 20 years, for Instance.	• **76%** found it **unrealistic to very unrealistic**

Source: CPD Solar Power Plant Procurement Survey 2025

6. Efficiency in the Tender Process : Findings from the Survey

6.1 Competitive Efficiency

- The total number of tender submissions is very low compared to the number of tender documents sold
  - Out of a total of 55 packages, **22 packages received only a single bid, and 13 power plant packages did not receive any bids** (Tab. 9)
  - **The competition per package is very low, just 1.4 bids on average**

6.2 Impact of Competition on Tariff Outcomes

- Even though competition is low, it had a positive effect on the reduction of the tariff rate (Table 10)
  - The average tariff per kWh of the LoI cancelled firms was $ 0.107
- **Average tariff rate fell to $ 0.08 per kWh under the competitive bidding, marking a 24.6% decline**

Table 9: Participation Information of the Solar Plant's Tender

Serial of Lot	Number of Packages	TDS sold	Bid Submission	Single Bids	No Bids
1st	12	98	22	**5**	**1**
2nd	10	42	21	**3**	**0**
3rd	19	45	29	**9**	**3**
4th	14	8	5	**5**	**9**

Source: Prepared by authors

Table 10: Tariff comparison between solicited and unsolicited process

	Average Tariff (per kWh)	Fall in Tariff (per kWh)
The Special Provision Act (the LoI cancelled firms)	**$ 0.107**	**24.63% fall**
PPA and PPR (Competitive Bidding)	**$ 0.08**	

Source: Prepared by authors

6. Efficiency in the Tender Process : Findings from the Survey

6.3 Firms' Experience Regarding Efficiency

- The firms had mixed perceptions and experiences regarding efficiency
  - While for 48.9% of the firms it was easy, **for 51.1% firms**, **bid submission was difficult**
  - **Majority (91.3%)** of the firms reported that they **received tender-related information in a timely manner**
  - **66.3%** of firms said that their **pre-bid queries** were addressed **promptly**
  - **50%** firms apprehends that the **decision procedure** will be **slow**, and 20.7% of the firms reported it **very slow**

6.4 Overall Efficiency Perception/ Experience

- Overall efficiency experience is very poor
  - **23.3%** **local firms** found it **very inefficient**, and **30%** firms reported as **inefficient**
  - **83.3%** of the **foreign firms** found the process as **inefficient,** and **16.7%** as **very inefficient**
  - **50%** of firms **Joint venture** reported the tender process was inefficient

Table 11: Perception on Overall Efficiency of Tender Process

Ownership Nature of Firms	Response Summary
Fully Local	• **23.3% Very Inefficient** • **30 % Inefficient**
Fully Foreign	• **16.7% Very Inefficient** • **83.3% Inefficient**
Joint Venture	• **50% Inefficient** • 50% Moderately Efficient

Source: Authors' Creation

7. Transparency in the Tender Process: Findings from the Survey

7.1 Transparency Issues in the Tender Documents

Table 12: Transparency issues in the Tender Documents and Areas of Improvement

Tender Causes / Gaps	Transparency Issues	Best Practices / Areas of Improvement
"Only the Technical Offer (Envelope-01) shall be opened… Financial Offer will be opened only for responsive bidders." (ITT 45 & 53)	Public opening limited to physical presence; **no online disclosure of minutes or bid prices, reducing transparency**	India conducts reverse auctions online, ensuring open visibility; Philippines publishes minutes of offline openings
"Notification of Award (NOA) for contracts ≥ Tk 10 million must be published online… below Tk 10 million only on noticeboard/website." (ITT 70)	**Two-tier disclosure limits transparency**, as many smaller awards remain hidden from public view	**All awards**, regardless of value**, should be posted on both the CPTU/BPPA** portal and the procuring entity's website
"Information relating to evaluation of tenders shall not be disclosed…" (ITT 51)	**No obligation to publish evaluation reports**; lack of disclosure reduces trust and accountability	India publishes eligible bidders list; Pakistan releases **full evaluation reports** with tariff details
"Employer and Contractor shall keep confidential… any documents or data." (GCC 11)	Overly broad clauses may block release of tariff, payment, or performance data that should be public	Define confidentiality limits clearly, that is, protect only sensitive data while sharing project details for transparency

Source: Authors' Creation

7. Transparency in the Tender Process: Findings from the Survey

7.2 Firms' Experience with Transparency

- About 40% of firms found the tender documents clear and complete, **while more than half reported missing technical details**
- Nearly 45% of firms said that accessing tender information was moderately easy, though some faced delays or unavailable documents online
- Around 65% of firms reported that procurement procedures were mostly or moderately public
- However, **41% of bidders observed occasional leakage of other bidders' financial information**
- Only 30% of firms viewed the evaluation process as moderately transparent, **and 27.3% as slightly transparent**. That is, there is a lack of transparency in the evaluation process
- **About 46% of firms (100% foreign and 50% Joint Venture) reported facing discrimination**, particularly foreign and joint venture firms
- Overall, 59% of firms rated transparency as moderate, while 21% rated it as poor

Table 13: Summary of Transparency Variables

Variable	Response Summary
Tender Document Clarity	• 40% said Clear/Complete • **34.3% Slightly Incomplete** • **19.1% Moderately Incomplete**
Ease of Access to Necessary Information	• 44.8% Moderately Easy • 31.4% Neither Easy nor Difficult • 13.3% Difficult
Extent of Procedures publicly available	• 64.76% Mostly and Moderately Available • 20% Slightly Available
Sensitive Information leakage (bidders only)	• **41% Occasionally and Frequently** • 34.1% Rarely
Evaluation transparency (bidders only)	• **29.6% Moderately Transparent** • 27.3% Slightly Transparent • 25% Mostly Transparent
Discrimination faced (bidders only)	• **45.5% Yes**
Overall transparency (bidders only)	• **59.1% Neither Good nor Poor** • 20.5% Poor

Source: Author's Calculation from CPD Solar Power Plant Procurement Survey 2025

8. Accountability in the Tender Process: Findings from the Survey

8.1 Accountability Issues in the Tender Documents

Table 14: Accountability issues in the Tender Documents and Areas of Improvement

Tender Causes / Gaps	Accountability Issues	Best Practices / Areas of Improvement
"Any Tenderer who claims to have suffered loss or damage… may complain under PPR 2008." (ITT 72)	The **complaint process is handled internally** by BPDB, the same entity that issues and evaluates the tender, creating a **conflict of interest and undermining impartiality.**	Introduce **an independent complaint review board** to ensure fair resolution of disputes. For example, Kenya's Public Procurement Administrative Review Board (PPRARB) serves as an independent appeal body.
"The Employer and Contractor shall observe the highest standard of ethics." (ITT 4)	While the clause prohibits corrupt or collusive practices, **it does not specify who monitors or enforces these obligations.** In the absence of an oversight body, ethical breaches may go unchecked.	Establish a **dedicated integrity or vigilance unit**, independent of the procuring entity, to check compliance with anti-corruption requirements, conduct random audit, and report to BPPA or CPTU and take action
No reference to IEC or ISO standards for PV modules, inverters, transformers, or cables.	The absence of objective quality benchmarks weakens accountability and allows bidders to offer low tariffs using **substandard equipment**, affecting long-term plant performance.	Define **mandatory IEC/ISO standards for key equipment** and **evaluate bids based on compliance** to ensure quality and sustainability.

Source: Authors' Creation

8. Accountability in the Tender Process: Findings from the Survey

8.2 Firms' Experience with Accountability

- 95.5% of firms reported that a designated official was available to respond to their queries
- About 77.3% of bidders said their complaints or concerns were properly addressed
- Half of the firms reported that officials rarely asked for **bribes during complaint resolution**, **while 22.7% faced such requests occasionally and 27.3% frequently**
- 63.6% of respondents indicated that the procurement process followed official rules completely or to a large extent. However, **47.5% found the evaluation criteria very or somewhat unclear**
  - **36.4% rated the evaluation process as moderately unfair, and 9.1% considered it very unfair**
  - **81.8% of firms reported having no access to the tender evaluation report**, indicating weak transparency in evaluation outcomes
- Overall, **59.1%** rated accountability as **medium**, while 18.1% rated it low

Table 15: Summary of Accountability Variables

Variable	Response Summary
Clear Contract Person / Responsible Authority	• 95.45 % said Yes
Complaints or concerns addressed Properly	• 77.27 % reported Yes
Bribe or extra benefit asked by official during complaint resolution	• 50% Never/Rarely • **27.3% Frequently** • **22.7% Sometimes**
Procurement process followed official rules	• 63.64% Complete or To a Large Extent followed
Clarity in Evaluation Criteria	• **47.5% Very or Somewhat Unclear** • 37.5% Neither unclear nor clear
Evaluation Fairness	• **9.1% Very Unfair** • **36.4% Moderately Unfair** • 34.1% Neutral
Access to Tender Evaluation Report	• **81.8% No**
Overall Accountability	• **59.1% Medium** • **18.1% Low**

Source: Author's Calculation from CPD Solar Power Plant Procurement Survey 2025

9. Special Provision Act Vs PPA & PPR: Findings from the Survey

- Firms were asked to compare **transparency, accountability, and efficiency** between the **cancelled *Special Provision Act* and the reinstated *PPA and PPR***
  - A majority of firms viewed **transparency (56.19%)** and **accountability (70.47%)** as **better or much better** under the *PPA and PPR* than under the Special Provision Act
  - In contrast, **55.24% of firms** considered **efficiency to be worse under PPA & PPR**, citing the **slow evaluation process** and **absence of a structured post-award framework** until project completion
  - These findings suggest that while *PPA and PPR* improved governance standards, they need procedural reforms to enhance implementation efficiency

Table 16: Firms' Experience with Transparency, Accountability and Efficiency of PPA & PPR Compared to Special Act

	Much Better	Better	About the same	Worse
Transparency	**22.86 %**	**33.33 %**	27.62 %	16.19 %
Accountability	**25.71 %**	**44.76 %**	18.10 %	11.43 %
Efficiency	8.57 %	21.90 %	14.29 %	**55.24 %**

Source: Author's Calculation from CPD Solar Power Plant Procurement Survey 2025

10. Post-Award Challenges in Recent Procurement: Findings from the Survey

- Selection of the winning bidder is one part of the whole procurement process
  - The **contract must be signed within 28 days of the Notification** of Award (NoA)
  - The **whole facility must be completed within 24 months** of the day the contract is signed
- There exist several challenges post-award or post-NOA that the developer or the winning bidder is going to face during the implementation of the solar power plant development

10.1 Securing Finance in the Post-Award Period

- Availability of external debt plays a crucial role in the development of solar power plants post-NoA. The financing mechanisms for the firms include:
  - **34.3% of firms** reported using a balanced mix and
  - **30.5% relying mainly on bank loans** with some equity
  - Only **13.3% of firms plan to finance entirely with equity**, while **6.7% rely solely on bank loans**

10. Post-Award Challenges in Recent Procurement: Findings from the Survey

10.1 Securing Finance in the Post-Award Period

- **Securing bank financing is challenging across all firm types**, with joint ventures facing the greatest difficulty (Table 17)
  - Securing project financing emerged as one of the major post-award challenges, **ranked first by 18.1%, second by 29.5%, third by 24.8%, and fourth by 21% of the surveyed firms**

- **Absence of the Implementation Agreement (IA) and sovereign guarantees** is the main hurdle to financing. Without IA, the power purchase agreements (PPA) lose bankability.

- **Lack of familiarity** with the technology, **slow recovery**, **cumbersome verification of the land documents**, **unwillingness to accept** solar components as **collateral,** and policy instability, among other reasons, firms cited as **reasons for banks' reluctance** to finance solar power plants

Table 17: Firms Experience for Getting Bank Loans for Solar Power Plant

Ownership Nature of Firms	Response Summary
Fully Local	• **26.20% Very Difficult** • **50.8% Moderately Difficult**
Fully Foreign	• **27.8% Very Difficult** • **44.4% Moderately Difficult**
Joint Venture	• **38.5% Difficult** • **61.6% Moderately Difficult to Very Difficult**

Source: Author's Calculation from CPD Solar Power Plant Procurement Survey 2025

10. Post-Award Challenges in Recent Procurement: Findings from the Survey

10.2 Land Acquisition in the Post-Award Period

- Tenderers must provide **NOCs**, **ownership records, commitment deeds**, and **Mouza sketches** during bid submission; **preliminary evaluation** checks these documents
- Obtaining documentation before bid submission and completing actual land acquisition post-NoA is a major challenge
  - **About 57.3% of the firms** reported acquisition of land as the **most difficult challenge post-award**
  - **38.1% firms** reported previous land acquisition experience as **very difficult**, **24.8% moderately difficult**
- Most solar power plants are 50 to 100 MW, with some reaching 150 to 250 MW. **A 50 MW plant needs about 125 acres, while a 200 MW plant requires around 625 acres**
  - In Bangladesh, fragmented landholdings, often less than an acre per owner, make it very difficult to assemble large contiguous plots. This situation requires **negotiations with hundreds of small landowners**
  - Disputes in land records, local political resistance, and slow approval of No Objection Certificates (NOCs) create delays and increase costs

10. Post-Award Challenges in Recent Procurement: Findings from the Survey

10.2 Land Acquisition in the Post-Award Period

- **Obtaining NOCs from the AC Land Office** was reported as **extremely difficult by 36.1% of local firms and 33.3% of foreign firms, while 53.8% of joint venture firms reported the same**
- While the project must be completed within 24 months of contract signing, it takes **on average 15 months** for firms just to acquire the land, making it the most challenging post-award activity

10.3 Transmission Line/Grid Connection in the Post-Award Period

- According to the tender documents, the Contractors must **install all equipment and construct the interconnection line at their own cost**, following Power Grid standards, and obtain necessary approvals
  - **73.7% of bidders reported grid connection as a top-three challenge**, with 10.1% describing it as the single hardest issue
  - Delays are most likely to occur because the **tender does not assign binding responsibility or timelines to PGCB**, and coordination gaps between BPDB and PGCB further slow project implementation

10. Post-Award Challenges in Recent Procurement: Findings from the Survey

10.4 Security Burden in the Post-Award Period

- Developers must maintain **10% of the total contract price until COD and 10% of the annual contract value each year for up to 20 years,** including proper disposal of solar panels and equipment
  - **21.15% of firms** reported it as very difficult and 19.85% as moderately difficult; among firms that purchased but did not submit tenders, 27.87% found it very difficult
  - Maintaining long-term **performance security locks** a significant portion of developers' funds and is a major post-award challenge

10.5 Multiplicity of Approvals and Institutional Delays in the Post-Award Procurement

- Between construction start and COD, firms must obtain **at least 29 approvals or clearances from around 15 different agencies**, including local offices and national authorities such as PGCB, DOE, DPHE, BERC, and NBR
  - **About 15%** of surveyed firms identified obtaining approvals as the most difficult post-award challenge, while **22% ranked it as the second most difficult**

11. Recommendations

- The shift from unsolicited contracts to competitive bidding under the PPA and PPR is a **positive step toward** transparency and accountability
  - However, MoPEMR and its entities are **still unprepared to ensure** an efficient and credible procurement process for renewable energy
  - Despite improved transparency and accountability, participation in recent solar tenders remains low **due to structural bottlenecks and procedural uncertainties**

A. Recommendations on the Tender Process under the PPA and PPR

❑ Adopting a Phased Approach to Re-tendering

- For the packages that received multiple submissions, the BPDB should quickly declare the bid winners
- **For the 36 packages that received single or no bids**, the MoPEMR should go for re-tendering only after **addressing the key factors that previously constrained participation**

❑ Reducing Project Size to Encourage Wider Participation

- Participation in the solar tender of packages that are larger than 100MW was **notably lower**. The packages of size **around 50 MW received higher engagement** as these involve land of manageable size and comparatively lower financial requirements
- The MoPEMR should consider reducing project size thresholds in future utility-scale solar power plant tenders to attract a broader range of bidders

11. Recommendations

A. Recommendations on the Tender Process under the PPA and PPR

❑ Relaxing Financial Capacity Criteria

- The current **financial eligibility criteria**—particularly the **USD 1.14 million per MW working capital** requirement—are excessively stringent, discouraging local participation and limiting competition
- The working capital threshold **should be reduced to USD 0.1–0.15 million per MW**, with flexibility based on project size, aligning with regional practices and promoting broader participation without compromising financial credibility

❑ Renewable Energy Procurement Guideline as a specialised supplement to PPA/PPR

- The existing Public Procurement Act (PPA) and Rules (PPR) are better suited for goods and services, making them **inadequate for renewable energy procurement**—36.96% of firms found them moderately inadequate and 13% very inadequate
- **Nearly 80%** of firms faced s**evere or significant challenges due to the lack of a dedicated renewable energy procurement guideline**
- **A comprehensive Renewable Energy Procurement Guideline should be developed to align with PPA and PPR** while detailing methods, qualification criteria, institutional roles, and post-award management procedures

11. Recommendations

A. Recommendations on the Tender Process under the PPA and PPR

❑ Adding a specific IEC or ISO standard Component for Qualification Criteria

- Current solar tenders do not mandate IEC or ISO standards for key components, unlike global best practices where such compliance is a qualification requirement
- **Adopting IEC and ISO standards in qualification criteria** would ensure **equipment quality, ease evaluation, reduce disputes, and strengthen accountability**

❑ Introducing Marking on Qualification Criteria

- Under the current OSTEM method, qualification evaluation follows a **binary pass–fail system** with no scoring or weight marking
- Introducing **a merit point or scoring system** would improve objectivity and transparency

B. Recommendations on the Pre-Procurement Process and Digitalization

❑ Digitalization of the Procurement / Auction Process

- Recent solar power procurement has been fully offline, contributing to transparency, accountability, and efficiency issues
- Digitalization via an **e-GP platform** makes the process easier, more efficient (84.4%), more transparent (53.3%), and more accountable (50%), according to respondents
- Adopting a **fully digital e-GP system** would enhance procedural integrity, enable online submissions, real-time updates, document archiving, and **automated bidder selection**

11. Recommendations

B. Recommendations on the Pre-Procurement Process and Digitalization

❑ Introduction of Live Reverse Auction

- Live reverse auctions under PPR 2025 let bidders **submit progressively lower bids**, unlike the single-tariff OSTEM method
- They enhance competition, lower tariffs, and improve transparency through real-time bidding among pre-qualified developers
- Effectiveness requires BPDP to set a **minimum tariff** and define **auction rounds**

❑ Publishing the Tender Evaluation Report

- Currently, publishing the **Tender Evaluation Report** is not mandatory, and **81.8% of respondents reported having no access to it**
- Making the report **disclosure mandatory would enhance transparency**, accountability, and bidder trust by detailing the evaluation process and justifying award decisions

11. Recommendations

C. Recommendations on Procurement Period's Institutional Oversight and Coordination

❑ Establishing a single-window clearance system

- Firms currently need to obtain **at least 29 approvals from multiple agencies**, causing delays and higher project costs
- Introducing a **single-window clearance system** within MoPEMR would streamline approvals, reduce coordination delays, and ease the administrative burden on investors

❑ Independent appeal review board

- The current complaint process is handled internally by BPDB, creating a **conflict of interest** and reducing impartiality
- An **independent appeal review board** under CPTU or BPPA should be established with clear timelines and decision-making authority to ensure fairness and accountability

❑ An independent vigilance commission

- An Independent Vigilance Commission, including **ACC, BPPA, and technical/financial experts** should oversee renewable energy procurement
- The commission would **monitor tenders, investigate allegations** of corruption or favoritism, and enhance ethical procurement, credibility, and investor confidence

11. Recommendations

C. Recommendations on Procurement Period's Institutional Oversight and Coordination

❑ Introducing Power Sector Specific Procurement Performance Indicators

- The National e-GP portal's performance indicators address general procurement but do not account for the complexities of power sector or renewable energy procurement
- Along with the transparency, accountability and efficiency indicators discussed in this study, the MoPEMR, with support from BPPA, should **create specific procurement performance indicators** for renewable energy. These should also focus on **participation rates, bid responsiveness**, contract award timelines, and compliance after contracts are awarded

D. Recommendations on Post-Award Procurement Process

❑ Development of Solar Parks

- Securing the **required land, grid connections, and various approvals and clearances** has been a significant pre- and post-award challenge for solar power projects
- Developing **solar parks** of different sizes around the country would allow bid winners to install plants on dedicated plots, reducing post-award challenges, enabling faster project development, and lowering tariff rates

11. Recommendations

D. Recommendations on Post-Award Procurement Process

❑ Providing Implementation Agreement (IA)

- The government currently does not provide **Implementation Agreements (IAs)**, which are crucial for risk mitigation and typically include sovereign guarantees
- Reintroducing standardised IAs for renewable energy projects would **enhance investor confidence, improve bankability of PPAs, lower financing costs, and encourage broader participation**

❑ Establish a Renewable Energy Financing Fund

- Securing financing from commercial banks is a major challenge due to stringent financial criteria and limited access to loans, making participation difficult for technically capable firms
- The government should establish a **Renewable Energy Financing Fund** using domestic and international sources to provide concessional loans, guarantees, and bridge financing, thereby enhancing participation

❑ Preparing Standard Power Purchase Agreements

- **Standardized Power Purchase Agreements (PPAs)** provide clarity on **tariff structure, payment security, termination, dispute resolution, and other terms, giving investors** and lenders predictability and confidence
- Bangladesh **currently lacks such standardized PPAs**; BPDP should publish them for renewable energy projects, particularly solar power plants

Thank You!