

Effectiveness of e-Government Procurement (e-GP) System  
in Terms of Efficiency, Transparency and Accountability  
in Bangladesh: An Assessment



Bangladesh Public Administration Training Centre  
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# Research Report

On

## Effectiveness of e-Government Procurement (e-GP) System in terms of Efficiency, Transparency, and Accountability in Bangladesh: An Assessment

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**Bangladesh Public Administration Training Centre Savar, Dhaka**

## **DECLARATION**

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***Research Team***

## **Lists of Abbreviations**

ADP	: Annual Development Program
APP	: Annual Procurement Plan
BDT	: Bangladeshi Taka
BOQ	: Bill of Quantity
BREB	: Bangladesh Rural Electrification Board
BWDB	: Bangladesh Water Development Board
CPTU	: Central Procurement Technical Unit
DOFP	: Delegation of Financial Power:
DP	: Development Partner
DPP	: Development Project Proposal
e-GP	: Electronic Government Procurement
GDP	: Gross Domestic Product
GFR	: General Financial Rules
GoB	: Government of Bangladesh
GCC	: General Condition of Contract
<i>GTF</i>	: <i>General Tenderers Forum</i>
HOPE	: Head of the Procuring Entity
iBAS	: Integrated Budget and Accounting System
LCS	: Least Cost Selection
LGED	: Local Government Engineering Department
NCB	: National Competitive Bidding
NOA	: Notification of Award
OTM	: Open Tendering Method
PE	: Procuring Entity
PPA	: Public Procurement Act-2006
PPR	: Public Procurement Rules-2008
PROMIS	: Procurement Management Information System
PWD	: Public Works Department
QCBS	: Quality and Cost Based Selection
RHD	: Roads and Highways Department
RTI	: Right to Information
STD	: Standard Tender Document
TD.	: Tender Document
TEC	: Tender Evaluation Committee
TOC	: Tender Opening Committee
TIB	: Transparency International Bangladesh

## **Abstract**

*Electronic Government Procurement (e-GP) is mainly a public procurement reform process taken by the Bangladesh government so that the government agencies accomplish procurement activities efficiently by maintaining transparency and accountability. In this response, the study investigated both the Procuring Entities (PEs) and the Bidders across the country. A structured questionnaire survey among the bidders by General Tenderers Forum (GTF) committee in 64 Districts and Focus Group Discussions (FGD) among different Procurement Entities in 4 Divisions was conducted to determine the effectiveness of the e-GP system. The use of the e-GP system in Bangladesh has gained momentum from its inception, and it has been found that the system helps to ensure efficiency in many dimensions of the procurement process. Both the PEs and Suppliers mentioned the e-GP system as faster, time-saving, comfortable to use, and less procedural than the conventional procurement process. The study also found that the e-GP system ensures transparency, accountability, and efficiency to a satisfactory level; as a result, competition has increased many folds, and it has been possible to award more contracts within the specified time. The users of the e-GP system believe that it has brought efficiency by reducing corruption, procurement lead time, and increasing transparency. The system has also been found helpful to ensure accountability by reducing hustles and being responsive at every stage of the process. Although the competition among the bidders in OTM(Works) has decreased tremendously, the language barrier to understand the document and lack of local level training opportunities among bidders are acute; a fully automated e-GP system could be a complete solution over the conventional paper-based procurement process to overcome these problems.*

# Chapter:1

## Introduction

### ***1.1 Background of the Study***

Adequate Financing is always a challenge for any government. For ensuring efficient and effective public sector financing, a robust public financial management system is a must. It helps a country improve its service delivery mechanism by accelerating economic growth and reducing poverty (Shaikh, 2019). On the other hand, in the absence of a strong fiscal administration system government coere to rely on fragile financial planning and poor management, which, coupled with a lack of transparency and accountability across all levels of government, results in inefficiency and corruption. So an efficient and effective use of public money is a must to achieve long-term economic growth and equity. It is only possible to achieve a better outcome by ensuring value for money with the same level of spending and maintaining fiscal discipline and stability (Mandl, Dierx, and Ilzkovitz, 2008). With the advancement of economic development, the expectation of mass people towards public service delivery increase very fast, especially in developing economies. As the enormous sum of money is associated with public procurement and the money proceeds from the public pockets, they demand accountability, efficiency, and transparency in the system (Hui *et al.*, 2011). To balance between growing demand and providing quality public services, governments worldwide take a lot of public sectors reform initiatives. Digitalization of public services is a compelling government approach to ensure efficiency, transparency, and accountability in public spending. In Bangladesh, the inauguration of the electronic Government Procurement (e-GP) system is also a digital approach taken by the government towards ensuring good governance in public procurement.

In Bangladesh, public procurement includes the government's purchasing, hiring, or obtaining goods, works, or services by any contractual means done by different government agencies or



procurement entities, especially the ministries, divisions, departments/directorates, and other autonomous/semi-autonomous bodies or corporations. The public procurement system in Bangladesh has long constrained the nation's economic development and the performance of the public sector. Every year the government of Bangladesh announces a budget of approximately more than taka four lac crore, and the size of its Annual Development Plan (ADP) is more than two lac crore taka ("Finance Division, Ministry of Finance," 2021). More than seventy-five percent of this ADP is directly associated with the development works of the nation. While the public procurement system involves numerous transactions and spending large sums of money, its ability to deliver value to the citizens of Bangladesh is often questionable. Corruption was recognized as both a sign of declines in the procurement processes and a hindrance to achieving more competitive, transparent, and value-adding procurement ("e-Procurement Reform in Bangladesh," 2020). The World Bank estimated economic loss due to inefficient procurement and misappropriation of funds at over 1.5% GDP growth per year. More than 49% of firms recognize corruption as a major constraint, and in 48.5% of cases, they are presumed to give gifts to public officials to get things done. At the same time, almost 48% of firms experience at least one bribery incidence in public transactions here in Bangladesh ("ENTERPRISE SURVEYS," 2013). Corruption slows economic growth, which is essential to reduce poverty (Transparency, 2009).

In the absence of transparent and accountable public procurement arrangements, the country used to incur an enormous public cost. Therefore, guaranteeing transparency and accountability in this huge government expenditure and regular revenue spending means a lot on the way of development of the country. It has been found that only a one percent reduction in the wastage incurred by the government procurement in Bangladesh can help to build 2500 kilometers of regional highway or 4000 primary schools (*Tembon, M. 2019*). The public services must be carried out promptly and efficiently to live up to the ever-increasing expectation of mass people. In this respect Bangladesh government has put considerable efforts to ensure efficiency in public expenditure; by flowing back the benefits to the public in terms of better public amenities, and

various development activities. The government of Bangladesh has made gradual and sustained reform efforts to establish a modern, well-functioning, and transparent public procurement system over the last two decades. The country has developed its own Public Procurement Act and Rules, including tender documents, a nodal agency to regulate procurement, a comprehensive capacity development program, electronic procurement guideline, online procurement performance measurement system, and social accountability with a strategic communication framework.

Public procurement here in Bangladesh involves an enormous sum of money. The issue is that this massive amount of public spending demands transparency, efficiency, accountability, and integrity to keep the wastage of public funds at the minimum level. The e-GP system is such an effort adopted by the government to enhance effectiveness, transparency, and accountability in the procurement system to ensure efficiency in the whole procurement process.

The term 'efficiency' means the system by which organizations deliver results that meet society's needs by making the best use of available resources (What is Good Governance? 2000). Goods, works, or services provided by the government worldwide are generally affected by inefficiency problems, and the most common form of this inefficiency are phenomena like cost overruns and delays in the execution of contracts. Both phenomena negatively impact social welfare and consequently increase public expenditure (Guccio, Pignataro, and Rizzo, 2012). Here, in our study, the efficiency of the e-GP system has been measured in terms of reducing procurement lead time, plummeting time, visit, and cost, increasing competition and rate of contract award within the stipulated time, creating a paperless office, robust security system. Besides the stakeholder's preference for e-GP over the manual system, their perception, understanding, and confidence in the electronic system have also been checked. Moreover, a comparison based on the information available has also been made between the paper-based and electronic procurement systems.

On the other hand, transparency and accountability are two critical aspects of public procurement. The concepts of transparency and accountability are nowhere more significant in

public administration than in procurement (Schapper, Veiga Malta & Gilbert, 2006). Accountability "exists when rights holders and duty bearers both deliver on their obligations" (UNDP 2008: 12). Transparency refers to how decisions are taken and how their enforcement is done to follow the rules and regulations. It also implies that information is freely available and directly accessible to those influenced by such judgments and implementation. According to Chapman & Glatz (2014), emphasizing the principles of accountability and transparency is the key in the decision-making process of public procurement to combat corruption. As accountability cannot be enforced without transparency here in the e-GP system, accountability and transparency are estimated by corruption reduction, information availability, hustle free and procedural easiness, additional cost involvement into the process of registration, digital and real-time notification system, following the rule and law, responsiveness to any technical difficulties by the e-GP help desk and PEs. We have also considered the overall bidders' satisfaction while appraising the e-GP's vision statement regarding transparency and accountability.

It appears that electronic government procurement is a vital issue ensuring governance in public financial management, and it demands more attention to this issue in Bangladesh, where barely any academic research has been done yet. As the use and volume of the e-Government Procurement(e-GP) system are growing, especially among different government agencies in terms of capacity and monetary transactions, the government is more committed to ensuring transparency, accountability, and efficiency in this sector. This study has been designed to examine the existing situation of these three indicators and find ways to improve it.

### ***1.2 Objectives of the Study:***

This is a comprehensive study to determine the effectiveness of e-GP in reducing corruption, embezzlement, misuse, and mismanagement, enhancing efficiency, transparency, and accountability in Bangladesh's public procurement system. The study

has been designed to examine the performance of e-GP through evidence-based comparative analysis.

The Objectives of the Research are:

1. Examine the effectiveness of e-GP in terms of efficiency, transparency, and accountability in public procurement in Bangladesh
2. To examine the eligibility of e-GP for achieving sustainable public procurement under SDG target 12.7.
3. To investigate the outcome of e-GP in increasing competition.
4. To identify the problems of e-GP in Bangladesh and the way forward.

### ***1.2 Research Questions:***

The research questions are stated as:

1. Is e-GP effective in terms of efficiency, transparency, and accountability in public procurement in Bangladesh?
2. Is e-Gp building a paperless office environment in the country?
3. Is e-GP increasing competition in public procurement in Bangladesh?
4. Has e-GP had any constraint to the current procurement scenario in the country?

### ***1.3 Rationale of the Study:***

In Bangladesh, corruption, mismanagement, and inefficiency in public sector procurement have hindered socio-economic development for decades. Inefficient and dodgy public procurement procedures have prevented government development initiatives from achieving optimal outcomes. Given that Bangladesh is in a quick run towards being a middle-income country by 2021 and a developed country by 2041, the necessity of an effective, efficient, transparent, and accountable public procurement system has become a compulsory prerequisite than ever. The government emphasizes

development issues more than the previous as the government is allocating more budget than the previous years. Tremendous emphasis has been given to the number of megaprojects, and priority has been given to regional parity, human resource development, infrastructural development, and expenditure in allocating the annual development program. Ensuring efficiency, transparency, and accountability is a must for achieving the target of the government. This study will convey a comprehensive picture of the whole country's public procurement scenario, whether the system is running with the expecting mode or not, as e-GP is a one-stop portal for the whole country, and it constitutes more than 50% of the country's public procurement.

#### ***1.4 Limitations of the Study***

This study comparatively analyses the pre-e-GP period public procurement to the present electronic procurement method. It deals with fundamental public sector reformation issues: accountability, efficiency, and transparency in public procurement through digitalization. It was difficult to collect some confidential information. Besides, due to the COVID-19 pandemic, the team could not meet with respondents in person except for several FGDs. If there were no epidemic situation, we would have interacted with the stakeholders, mentors, and experts face to face more effectively. This opportunity could be helpful for the researchers to utilize the available alternative options, resources, and time more efficiently.

#### ***1.5 Outline of the Study:***

The Research Report consists of five Chapters and References. Chapter 1 is the Introduction; it includes a brief introduction, objectives, rationale, and limitations of the study. Chapter 2 Literature Review succinctly discusses the literature on the relationship between inequality of opportunity and development, Chapter 3 Methodology that applied

in the study, Chapter 4 Result and Discussion explains the variables, data sources, and practical implementation of this study and the empirical facts presented through proper estimation and arguments; and Chapter 5 Conclusion and Recommendation provides closing remarks and recommendations. A reference section has been added at the end of the report where the bibliographies have been inserted.

## **Chapter:2**

### **Literature review**

The word 'governance' has become a voguish expression in the development discourse from the 1990s among social scientists, academics, philanthropists, and civil societies (Nations, 2000). Across the world, "*governance*," especially "*good governance*," plays an indispensable role in economic development. A sine-qua-non fact is that the more developed the state's governance system, the more developed the country is (Biswas and Rahman, 2018). The checks and balances built in the system help to ensure good governance by empowering citizens (Shah, 2007). Simultaneously, sound public financial management is the prerequisite for providing better public services and maintaining sustainable socio-economic conditions in a country (Duri, 2021). Soundness in public sector spending also creates the opportunity for economic development with social equity. Making the governing system more functioning, transparent, and efficient is always a big challenge, particularly for developing countries with widespread malpractice, corruption, inefficiency, lack of integrity, and commitment. Most of them suffer from substandard and often dysfunctional governance systems like rent-seeking, misdoing, misuse of resources, and fragile deliverance of fundamental public goods, resulting in poor governance and unwelcome outcomes (Shah, 2007).

Since the late 1980s, many developing countries started implementing reforms mainly to reduce costs through downsizing, decentralizing, and outsourcing their public services (Lee and Haque, 2006; Islam, 2018). Like other developing countries, the government of Bangladesh adopted various reform initiatives at different times to improve the quality of the public service deliveries at root levels (Waheduzzaman, 2019). New initiatives increasingly are taken based on citizen-centric participatory governance throughout the local level administrative units to provide greater legitimacy to development projects for economic growth in developing countries (Waheduzzaman & As-Saber, 2015). Programs such as decentralization of administration, decision-making, planning, the tendering process and implementing development projects, participatory and gender-based budgeting, and electronic procurement introduced by the World Bank were the central issue of these reform agendas to promote public financial management conditions.

Based on the concrete structure of digital governance, developed countries worldwide brought about significant societal changes. As third-generation reform initiatives, E-government denotes a better government by facilitating improved policy outcomes, quality services, more significant commitment with citizens, and enhanced outputs (OCED, 2003). Impacted by the developed nations, the developing countries worldwide are also executing huge enterprises to modernize public administration through e-government leadership. Like many developed countries, not all developing nations are equally successful in implementing the e-government agenda. According to Shariar Islam (2018), Bangladesh has not achieved the desired success in implementing digital governance due to a lack of political commitment, bureaucratic unwillingness to change, and inefficient public service management. Using web-based technologies in public administration among developing countries has created a new interface between

government and community by apparently traversing to a more transparent, interactive, open, and accountable government with some conditions (Drüke, 2007).

Public procurement plays a central role in the development and comprises a substantial share of the national economy in nearly every country. States can play a vital role by shifting their public procurement from manual to electronic through a drastic transformation of the legal framework and executing a regulated online procurement system. Because the electronic procurement systems create several new options and methods for supporting the government's procurement processes and for embracing the efficiencies and savings (*e-Government Procurement Handbook, 2013*)

Electronic Government Procurement (e-GP) refers to automated systems to handle any or all steps of the public procurement process. E-procurement is defined as the usage of web-based functions that allow employees of an organization to buy goods and services and allow the suppliers to manage and fulfill those purchase orders (Jeffrey F & Bernard J, 2003). Electronic procurement applies computerized methods in every stage of the public procurement process, from need assessment to making payment and credibly managing contracts (Tonkin, 2003). The Multilateral Development Banks (MDBs) define e-GP as "... the use of information technology (especially the internet) by governments in conducting their procurement relationships with suppliers for the procurement of works, goods, and consultancy services required by the public sector."

As the government of Bangladesh launched an electronic procurement system in 2011, it also introduced a guideline called '*e-Government Procurement (e-GP) Guidelines*.' As per the e-GP Guidelines, "e-GP means procurement by Procurement Entity using the Electronic Government Procurement(e-GP) System developed, hosted and operated by the government of Bangladesh through CPTU/IMED, Ministry of Planning under the e-GP guidelines (Ministry of Planning, 2011). It is a web-based system encompassing the



total procurement lifecycles and records all procurement activities and information. It is must use for all government procurement entities if they procure by spending public funds. The scope of this system is to maintain complete and up-to-date Public Procurement activities of all public agencies as well as provide tender opportunities to all potential tenderers/Applicants/Consultants from home and abroad. It has a range of potential benefits for both the process of accountability and transparency. The electronic procurement system participates in many bidders as it is feasible to take part from any corner of the globe. *It strengthens transparency and accountability in public procurement using information technology (e-procurement) to strengthen the supply side ("Accountability in Public Procurement - transparency and the role of civil society," 2020). According to Paul Roland Schapper (2008), "Procurement of goods, works, and services using information technologies is emerging worldwide with the potential to improve market access, promote integrity in public procurement and reform."* E-procurement also has the capacity to prevent and reduce the opportunities for corruption in the different stages of public procurement. The wide dissemination of tenders reduces corruption by increasing participation transparency and ensuring value for money (Hui et al., 2011). The Introduction of e-procurement is an excellent instance of powerful state discretion and dedication towards reforming the public procurement system and solving public procurement problems (Nozadze, 2015).

**2. Research Gap 1:** The significant challenges faced by the public sector of Bangladesh can be identified as three broader categories, i.e., inefficiency, lack of transparency, and accountability with corruption (Biswas and Rahman, 2018). The World Bank reports a substantial economic loss due to inefficient procurement and misappropriation of funds, which loses Bangladesh over 1.5% GDP growth per annum (World Bank, 2017). The crucial facts in public procurement embrace procrastination in contract signing, poor

contract enforcement, lack of competition, lack of monitoring, incompetence in project implementation, and capacity building (World Bank, 2017). The maximum permitted days from bid invitation to award contract here in Bangladesh was 100 days in 2017, and these procurement delays led to increased project costs and prolonged interests (World Bank, 2017; Morgner and Chêne, 2014). Over the years, corruption practice in Bangladesh is a regular observable fact, and Transparency International Bangladesh (TIB) has recommended the government to adopt effective, inclusive, coordinated, time-bound, and implementable government initiatives and follow the government procurement rules and guidelines in all types of procurements including introducing e-GP in all procurements (TIB, 2020).

After consulting the above literature, the research team decided to study the topic to determine the degree to which the country's persisting anomalies in public sector procurement are fulfilled through the electronic procurement system. Here the researchers would like to pinpoint to what extent the government's vision of ensuring efficiency, transparency, and accountability in public procurement has been achieved by introducing the e-GP system in 2011. It is highly expected that the study's findings will help the government streamline the e-GP system through customization if necessary.

## **Chapter: 3**

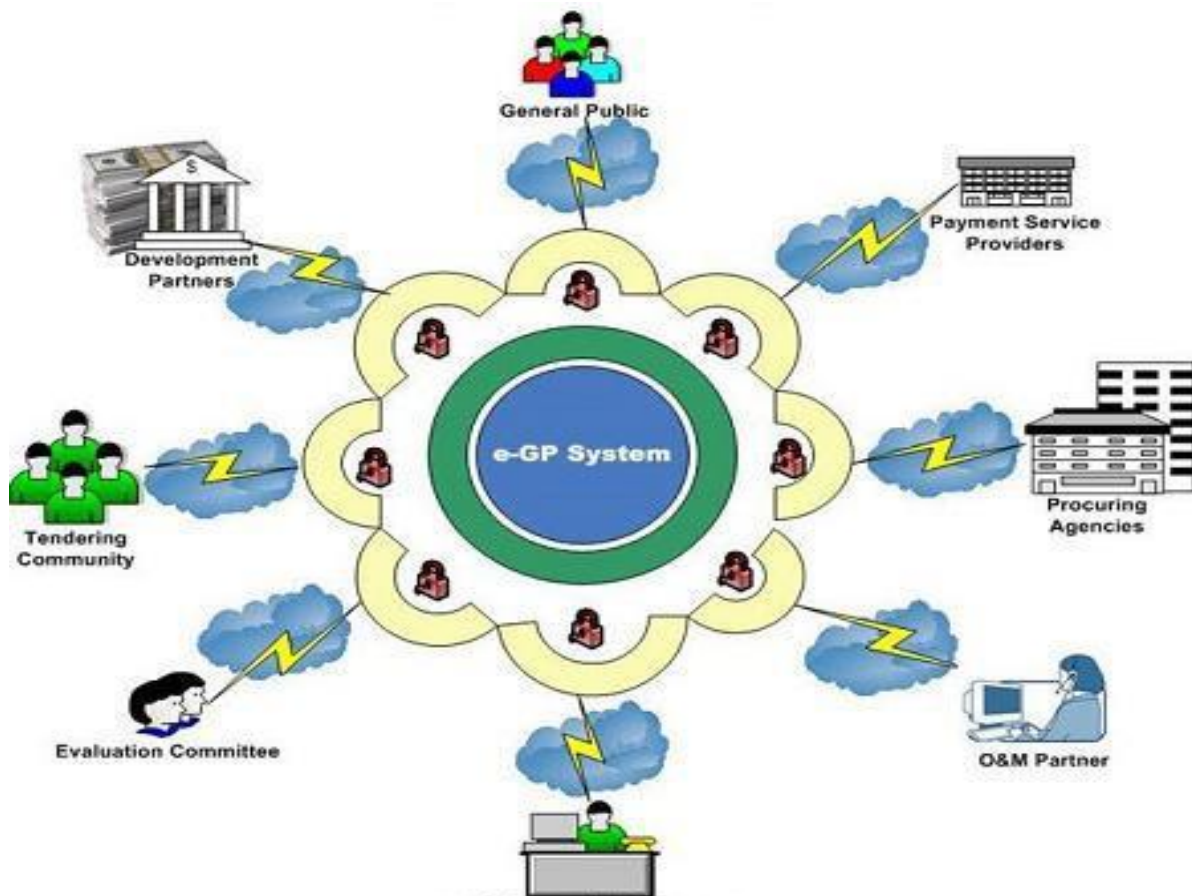
### **Methodology**

This research's main objective is to have an in-depth perception of the predicaments encountered by entrepreneurs/contractors and government procurement officials, especially the PEs. This study mainly relies on numeric data that thrived both digitally and manually, and there were some cases where the qualitative analysis is relevant.

#### ***3.1 Conceptual Framework of the Research:***

The study provides a sketch of public procurements and electronic Government Procurement (e-GP), explaining how it works within a complex network of stakeholders and discusses challenges in e-procurement from the country's perspective. The legal and regulatory framework of public procurement provides a basis to deliver on the main objectives of sound public finance management. In order that actual procurement practice contributes to achieving these objectives, Procuring Entities must adhere to the requirements of the legal framework by complying with its procedures and provisions. Public procurement means the acquisition or hiring of goods and services, contracting or execution of works, purchasing, and buying, renting or leasing, and the management thereof, following the specific act, rules, methods, and procedures set by the government by using public funds (Ministry of Finance, 2013). The successive stages of public procurement include planning (choice of procedure, measures to solicit offers from bidders), processing (examination and evaluation of documents/proposals, award of contract and contract management), and implementation of contracts as per conditions. Bangladesh's whole public procurement procedure is mainly guided by the Public

Procurement Act (PPA) -2006, Public Procurement Rules (PPR) -2008, and the Delegation of Financial Power circulated by the Ministry of Finance. Besides the Right to Information Act-2009, The Anti-corruption Act-2004, e-GP Guideline, Information Security Policy Guideline- 2013 are guiding public officials responsible for public procurement, auditors, and other financial management specialists in their everyday business relating to public procurement and ensure compliance with the current legislation and application of international best practices.



*Fig-1: Structural system of e-GP in Bangladesh; Source: CPTU website*

### ***3.2 Data Collection:***

#### ***3.2.1 Primary Data Collection***

Thus this study entails both qualitative and quantitative research methods with relatively frequent use of the latter. Primary data were collected from the stakeholders—both the tenderers and PEs who are already registered in the e-GP system and actively use the e-GP digital portal for different procurement purposes interviewed for necessary data. A structured questionnaire that mainly was closed-ended has been used for that purpose. A total of 200 contractors who are members of the 64 districts Government Tender's Forum (GTF) committees were interviewed over a long period through an online questionnaire due to the Covid-19 pandemic.

Focus Group Discussions (FGDs) were also arranged with six to ten interviewees in a group. The FGDs were conducted at various seminars and conferences arranged by the research team at four old divisions of the country along with BPATC. These discussions were intended to obtain first-hand knowledge on contractors' and procuring entities '(PEs) basic comprehension of the electronic Government Procurement(e-GP) system and its benefits and faults. During FGDs, an unstructured approach was followed using an outlined checklist to entreat data and understand better how the system works and the problems PEs face while using the e-GP system. The research team itself was interviewers and facilitators to ensure the compatibility of questions asked throughout the FGDs. Most interviews were tape-recorded with the interviewees' prior permission to collect the correct information and avoid any duplication, and obviously, confidentiality was maintained throughout the whole process. Total five Focus Group Discussions were conducted to assess the pros

and cons of e-GP with experts and procurement specialists and cross-check the issues raised by the contractors in the survey.

Four FGDs were conducted consecutively in BPATC, Habigonj, Rajshahi, and Magura with the expert government employees of different Procuring Entities (PE) and contractors. The only FGD conducted with the tenderers is to have a face-to-face interaction and cross-check the information they have already mentioned through the digital survey questionnaire. They were mainly purposively selected due to their pioneering role in running the Electronic Government Procurement (e-GP) system and the primary users of the government's funds allocated in the Annual Development Programme (ADP) every year. The FGDs were also administered differently. In the case of three FGDs, PEs of all different departments was gathered to have a comprehensive idea about their works on e-GP and their troubles. In one event, the e-GP experts of exclusively only one department (LGED) were assembled so that they could share all the necessary information as per the requirements of the study without equivocations.

### ***3.2.3 Secondary Data Collection***

Secondary data were collected from the e-GP web platform, previous research publications, different web pages, government orders/gazettes/circulars.

### ***3.3 Data Analysis***

Modern and standardized statistical applications have been used for quantitative analysis. Standardized statistical tools MS Excel have been used to analyze data after collecting and classifying. This study presents the findings of the analysis mostly in a graphical manner. The study concluded quite comprehensively based on all the collected data, both quantitative and qualitative analysis.

## Chapter 4

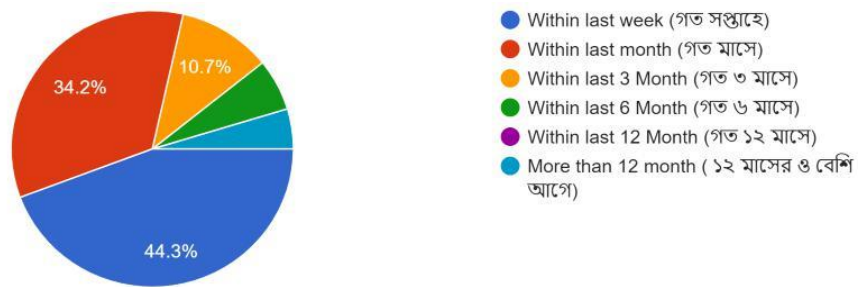
### Result and Discussions

The electronic Government Procurement system has been developed in Bangladesh as one of the government's extensive reform efforts through the digitalization process (known as e-GP (<http://eprocare.gov.bd>)). It is a robust approach adopted by Bangladesh's Government in 2011, intending to secure transparency and efficiency in public procurement by reducing corruption, time, cost, and visit. Many advancements and new and convenient dimensions have been added to the system until then. At present, though payments for *Tender Security* and *Performance Security* can be provided by the schedule banks using this web-based platform but not the final payments and other conditions of the contract. The e-GP system intends to replace the stages of the conventional paper-based procurement system. It has also been proven as time-saving, productive, and cost-effective to the governments. The research focuses on measuring the e-GP system's effectiveness in guaranteeing ***efficiency, transparency, and accountability***. Effectiveness has an apparent relationship to performance measurement. It shows legitimate associations among goals, objectives, and measures mean the extent to which government offices favorably meet their objectives. According to Berman and Wang (2000), efficacy is evolved when decisions are made, and resources are allocated based on the community's long-term well-being. Therefore, analysis has been focused here based on these three key issues.

## 4.1 Result Analysis and Discussion

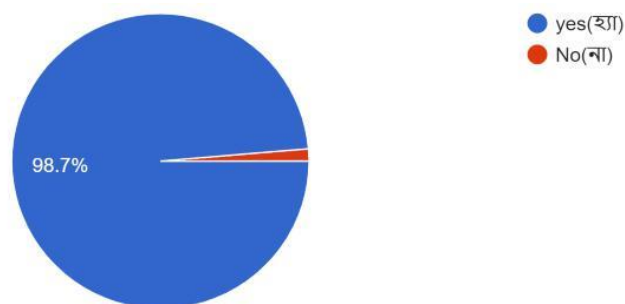
### 4.1.1 Efficiency

Efficiency in Public procurement should be carried out as cost-effectively as possible to ensure economic efficiency and make optimum use of available public funds. It promotes when the government uses its public resources in ways consistent with the society's far-reaching welfare. A survey was conducted among the active users of the e-GP system—more than 77% of the respondents were exposed to the e-GP system in the last one month period. The activeness of the bidders into the system was checked purposely because, without vigorous participation in the process, they cannot provide feedback regarding the system's efficiency.



**Fig-1: Period of Tenderer's last involvement in the e-GP system.**

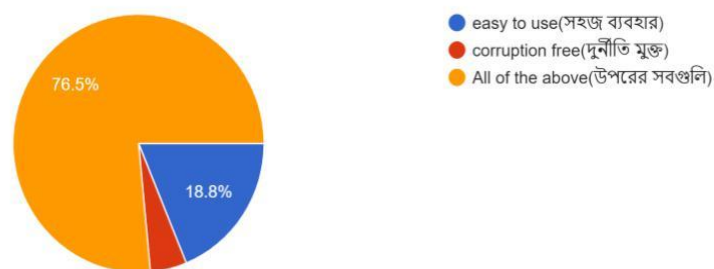
Besides, almost all the bidders put their trust in the electronic system over the paper-based manual tendering process. It was found that almost 99% of the tender has preferred the e-GP system rather than the manual paper-based system.



**Fig-2: Preference of the bidders to the e-GP over the manual paper-based system.**



There are many reasons for choosing e-GP as a preferred destination for the procuring entity and tenders. The country witnessed thousands of ill accidents like grabbing the tender box, threatening non-submission, losing lives in a fight between two groups while submitting tender documents, wasting time, cost, etc (Ruud, 2020). However, in the e-GP system, the contractor is just a click away from submitting a tender that has relieved all parties involved in the procedure from the anxieties mentioned above. Most surprisingly, in the COVID-19 pandemic, the use of the e-GP system was extremely high as it did not stop for a second. According to CPTU, from March to December 2020, the e-GP system was opened 24/7, and 71,437 tenders were opened. Obviously, the PEs and the Bidders have put their trust in the e-GP system over a paper-based system, and almost 77% of the bidders find it easy to use and treat it corruption-free.

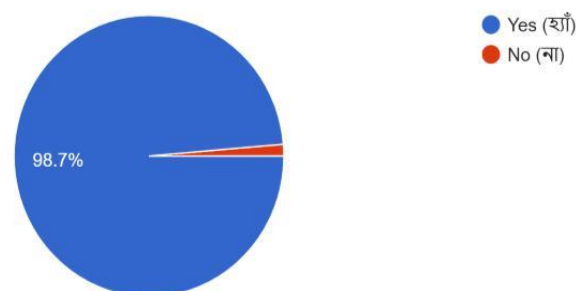


**Fig-3: Preference of the tenderers for the e-GP system**

Notably, 95.3% of the respondents recorded it as easy to use, and 81.2% mentioned it as corruption-free. The big four procurement hubs of the country, PWD, R&HD, BWDB & LGED, came forward to implement the government's noble agenda, and the successful transition from a paper-based to an electronic system has brought down a revolutionary change in the public procurement process of the country. At present, due to its simplicity and user-friendly nature, almost all the government agencies (47 Ministries, 27 Divisions).

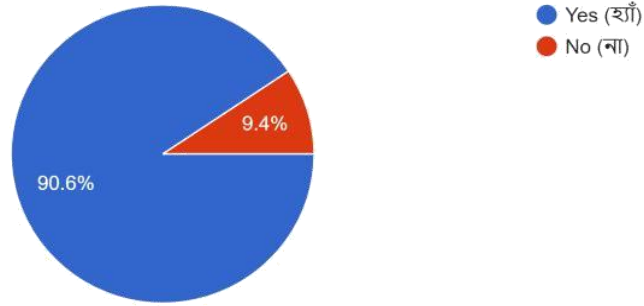
and 1358 Organizations) have already registered in the e-GP system. Every financial year thousands of tenders/contracts are processed using this innovative system which involves millions of Taka.

Another vital cause that propelled the wheel of e-GP preferences among the PEs and Bidders is the time-bound. The speed through e-GP works is far more than a manual tendering process. The respondents are almost 100% unanimous to the fact. From the APP creation to the contract signing, the e-GP system is less procedural, and it is evident that the so-called Red tape has come to an end for this electronic procurement process (The World Bank, 2008). The findings are highly consistent with the World Bank before the Introduction of e-GP in 2011-12, the overall Procurement lead time was around 90 days, and in 2018-19, it came down to around 56 days.



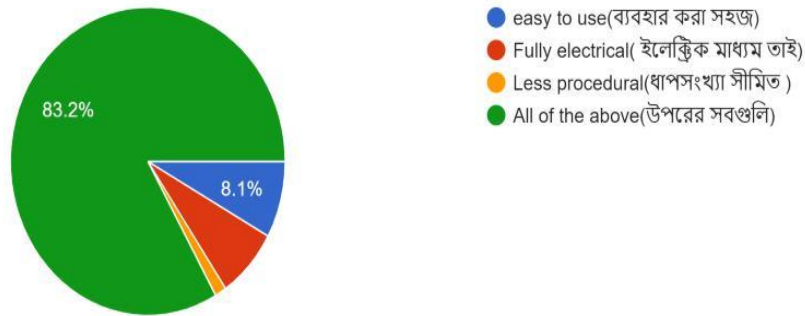
***Fig-4: Bidders thinking the e-GP is faster than the conventional procurement system***

More than 90% of the respondents also found that procurement lead time (from tender invitation to contract to sign) has drastically compacted due to the inception of the e-GP system. Undoubtedly this is a significant achievement of the e-procurement system in Bangladesh in terms of efficiency.



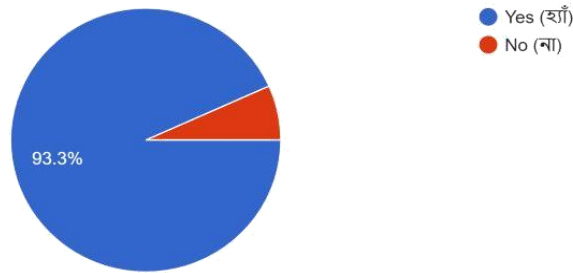
**Fig-5: Procurement processing time in OTM has substantially come down**

Respondents were asked why they think the e-GP system is faster than the conventional paper-based system of public procurement? The e-GP system is *easy to use*, a *digital pathway*, and *less procedural*, making it truly smart and quicker.



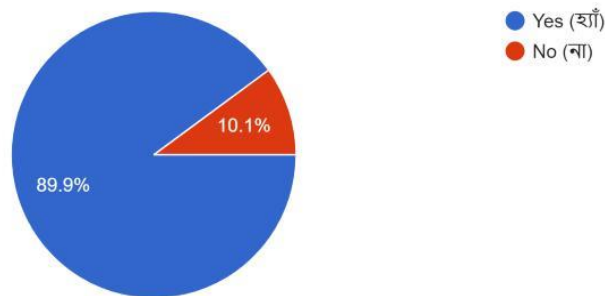
**Fig-6: Reasons of e-GP being faster than manual procurement system**

Another crucial aspect in terms of efficiency is that the speed and rate of timely awarding of contracts have momentum (Byron and Alamgior, 2021). More than 93% of respondents find that the rate of contract award stipulated time has increased due to the initiation of the e-GP. According to the World Bank, before the inception of the electronic procurement system in Bangladesh, only 10% of case contracts is awarded timely; this has increased to 90% (World Bank, 2008).



**Fig-7: Increment of the rate of contract award in stipulated time**

One of the most vital facts in public procurement is 'competition' which is also included in the basic procurement principles to ensure efficiency. There will be a monopoly in the absence of competition, and in a monopolistic competitive environment, it is the bidders who set tender prices. On the other hand, a tender's price is set by the market mechanism (through the participation of multiple bidders) in a competitive market. So in a competitive environment, a procuring entity PE has less chance of deprivation.

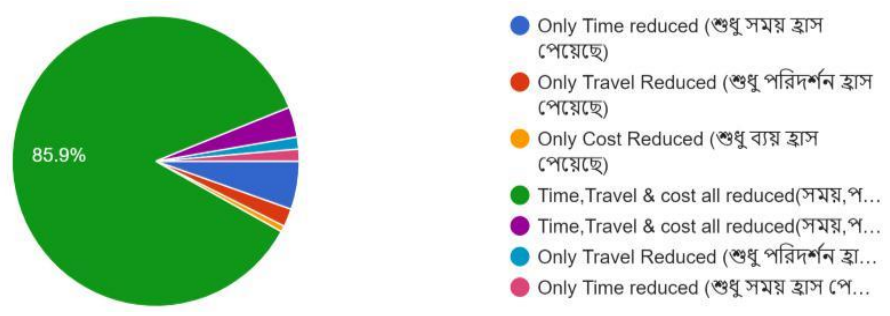


**Fig-8: Average increment of competition in the e-GP system**

So, in line with the fact, the study found a favorable response from the tenderers. Almost 90% of them have agreed that average competition in the e-GP system has increased. Before the electronic tendering process's commencement, the average number of bidders per tender was only four (4), and now it has reached sixteen (16). It has been said that the influential contractor eats away the petty bidders in the manual tendering system, but the e-GP system postulates a valid genre of shaping the country's public procurement practice more productive through expedited competition.

But these competitions are mostly among the enlisted tenderers. The Open Tendering Method, broadly applicable for large procurements, only a few tenderers can participate (especially in construction projects or works) as additional qualifying requirements are sought from the PEs end. According to the respondents, the PEs, and tenderers, due to the provision of  $\pm 10\%$  rules, most tenderers drop their tender keeping the price less than 10% of the estimated cost. In that case, additional requirements (some matrix) that are easy for the large bidders can submit, and eventually, the small bidders are kicked out from the bid. As such, OTM is now like one of the monopoly methods in public procurement. The respondents also expressed that the participation of single bidder instances has increased owing to the regional dominance of the large bidders. However, although the competition in OTM is not satisfactory, the overall competition is increasing, and the supplier's spontaneous participation in the electronic procurement system has led the authority to reach the destined objective of ensuring optimum use of public funds.

Another aspect of measuring efficiency is to see whether it saves time, visit and cost? As per the case, approximately 86% of bidders fully agreed that the electronic procurement system reduces time, visit and cost. The CPTU recorded that the saving of the government spending was 9,350 core Taka (1.1 billion dollar - Dollar rate 85) in 2018-19. Tender processing time has also been reduced significantly.

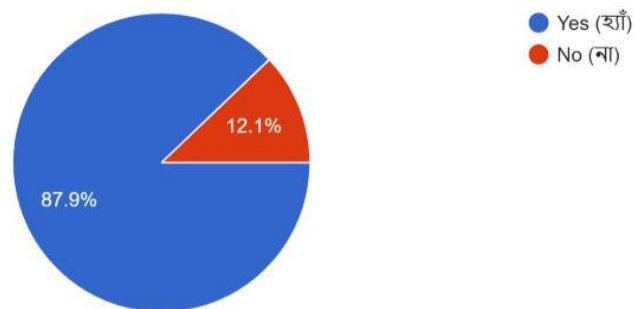


**Fig-9: Reduction of time, travel, and cost in the e-GP system**



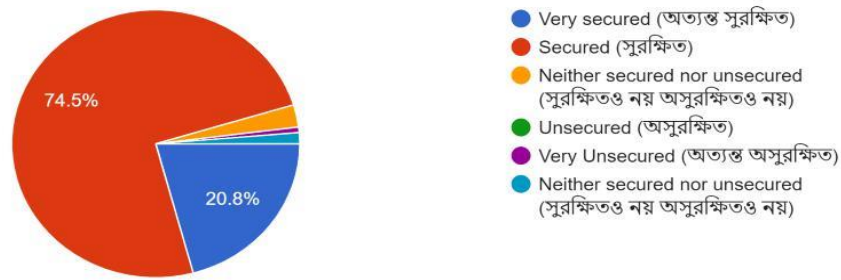
Moreover, the implementation of e-GP will reduce 897 million km of distance transportation. The World Bank also found that the tender on e-GP has reduced 6.9% cost of the usage of papers and others, saving 10287 million pages of paper, and the emission of carbon dioxide will also reduce to 559 tons (). The study findings also came forward in line with the WB and CPTU 85.9% of the respondents believe that time, travel, and cost have been reduced due to the country's implementation of e-GP.

Side by side, the study observed that 87.9% of the respondents believe that the e-GP process is entirely paperless. That means that without paper, it is possible to accomplish the tendering process, whereas earlier, the process involved a vast some of paper and ink at different stages of public procurement.



*Fig-10: e-GP helps to create a paperless office*

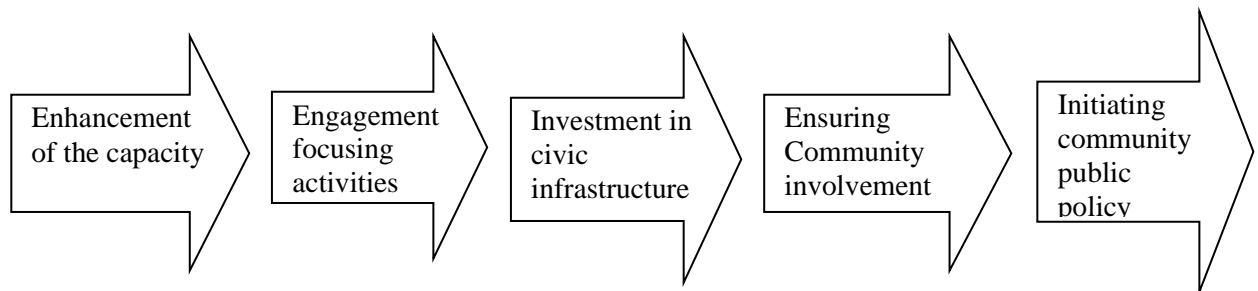
The conventional way to be efficient relies on ensuring both financial effectiveness and ecological efficiency. A paperless office benefits collaboration, creativity, time savings, reducing costs, de-cluttering space, and more importantly, reducing waste and improving carbon footprint ([www.geotab.com/blog/paperless-office/](http://www.geotab.com/blog/paperless-office/)). This research finds a substantial response from the interviewer to show how e-GP has come forward with a vision of improving efficiency by making office paperless and a way forward to implementing SDG goal 12.7. The system is well guarded is well known from the part where 95.3% of respondents treat the system as highly secured or secured.



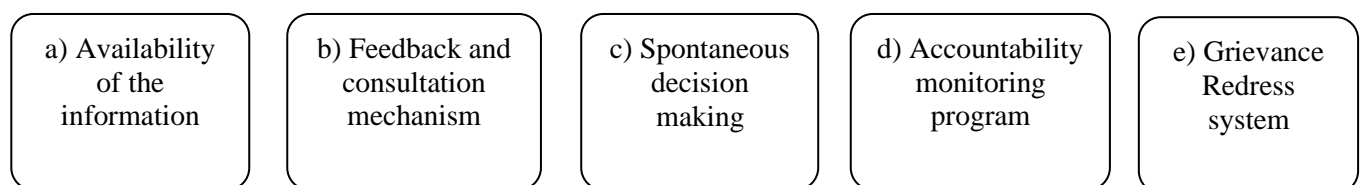
**Fig-11: Respondents view regarding the security strength of the e-GP system**

In this modern era of technology, security is regarded as the mate-wand to efficiency measurement. The research team also has an observation that the e-GP system has a robust system of authentication via mobile and email before logging into the system from multiple sources.

The efficiency of a system cannot be bound to some of the objects only. The efficiency lies in the entire agent's involvement in implementing the procedure within the stipulated timeframe in achieving high-level securities. The stakeholders (69.8%) also suggested that greater citizen engagement will improve efficiency. The researchers also agree with the findings because the higher the citizens' engagement in decision-making, the greater it will be possible for them to contribute to the public procurement process. A proactive implementation process involving the compatriots in e-procurement may enhance community collaboration and good governance. Those entail the following steps:

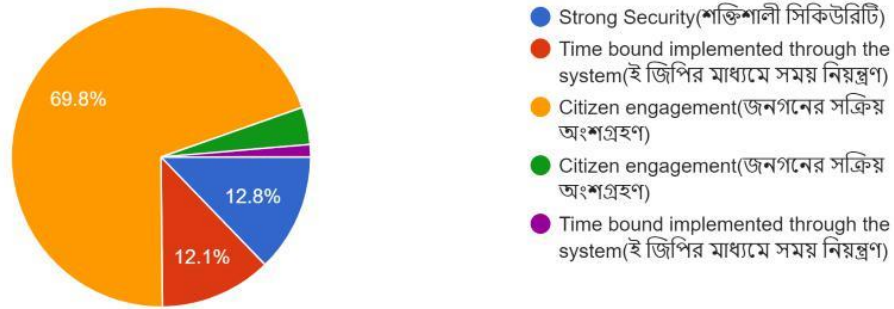


The way citizens engage in sketching, accomplishing, and scrutinizing a complete virtual procurement model can be stated in 5 categories. They are:



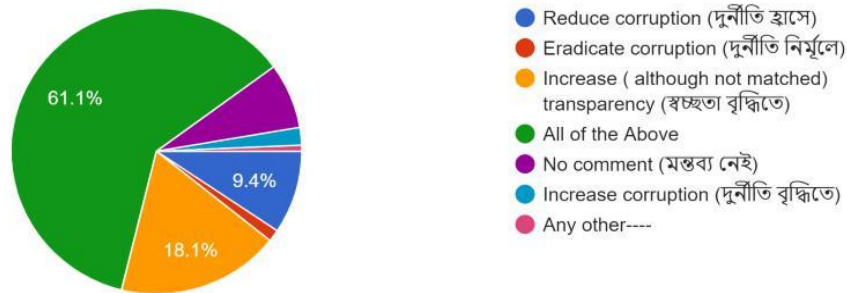
Besides, robust security and time-bound implementation can also play a vital role in this aspect.





**Fig-12: The initiatives that can be taken to improve the efficiency of the e-GP system**

The e-procurement system came into effect in deliberation that it will help ensure good governance by reducing/eradicating corruption and bringing utmost transparency into the country's public procurement operation. The majority of the respondents (61.1%) find that the system overcomes corruption and increases transparency. In a more combined way, almost 90% of the respondents are unanimous because the system brings transparency and diminishes corruption.



**Fig-13: Causes of ensuring good governance in the e-GP system**

**Tale-1: A comparison between paper-based and electronic procurement system**

Efficiency related issues	2011-12	2018-19
Publication of procurement notices	-	100 %
Publication of information of contract award	-	100 %
Procurement lead time	90 days	56
Timely Tender Awarded	10%	90%
Share of rejected bids decreased	8%	3%
Average number of Bidders	4	16

**Table-1: Comparison between paper-based and electronic procurement system; Source: Author's compilation by using CPTU's data**

Besides, an estimated savings of US\$ 600 million in between FY12 and FY18 were calculated with improved market access and bidding environment compared to manual bidding (The World Bank, 2020).

#### 4.1.2 Transparency and Accountability

Accountability refers to "holding people to account for their actions" (Bregman, 2016). It is one of the most significant imperatives for better public service delivery and a means of evaluating government performance. Accountability makes society more transparent, thereby ensuring better prices for public money.

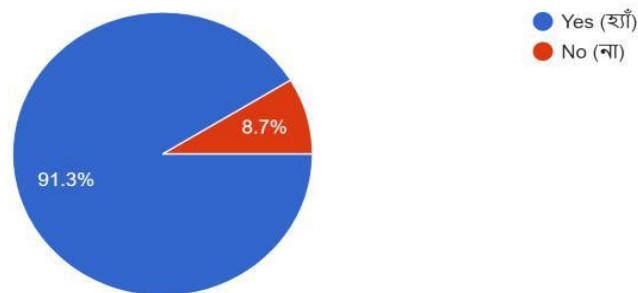


Fig-14: How easy the registration process in the e-GP system

The first step to enter the *e-GP* system is to register for both the bidders and the PEs.

The transparency of a process depends typically on how simplistic the gateway into the system. While asking the respondents whether they are happy with the registration process in CPTU for electronic procurement, we find an ecstatic outcome. Over 91% of the respondents are pleased with the registration process. The way on their pungent reflection is only 8.7%.

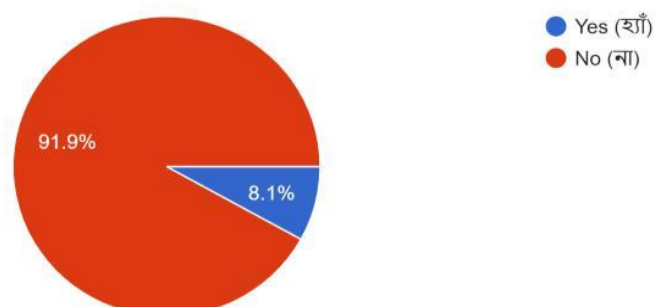
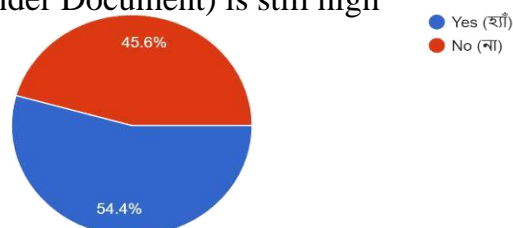


Fig-15: Involvement of extra cost at any stage of the process

Another important finding is that the stakeholders do not pay any additional money without the prefixed fees within the whole procedure of the enrollment process. About 92% of the respondents think that they do not have to bear any extra charges in any stage of the tendering process to register at CPTU. Because of the digital execution of the system as a transparent tool, e-GP comes up with a robust solution to digital division, with only about 8% having negative responses. However, the enlarged part of the question of the negative answer comes with some open options to the interviewee. They have sorted out that .....

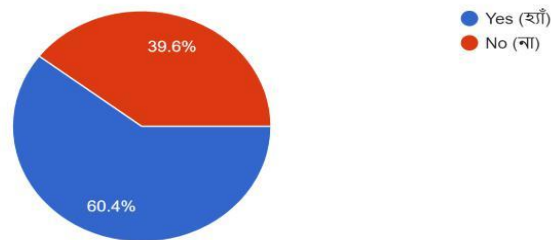
- they have to bear the extra cost at the time of first listing
- they often have to take the help of others as the language is only in English, and the assistance of others does not come without charge.
- have to bear bank charge
- have to pay a renewal fee every year
- the price of TD (Tender Document) is still high



**Fig-16: Response regarding notification system of e-GP**

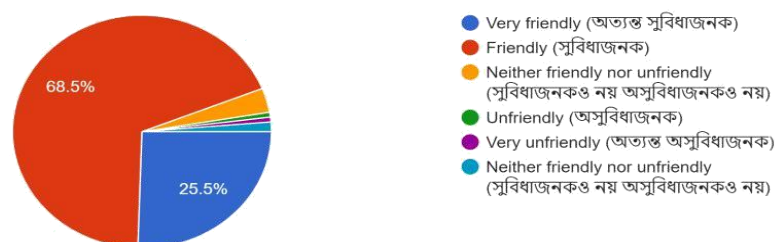
The digitization must take place so that the tenderers can access all the information via their emails or cell phones at every stage of the procurement. The study observes mixed experiences to assess the notification procedure. More than 54% of the bidders say they are notified in advance, while 46% say they do not. However, in reality, we find that the system always notifies both the bidders and the Procuring Entities simultaneously via

email and SMS. The mixed response may be due to the bidders who are not managing their e-GP accounts by themselves or not checking their emails.



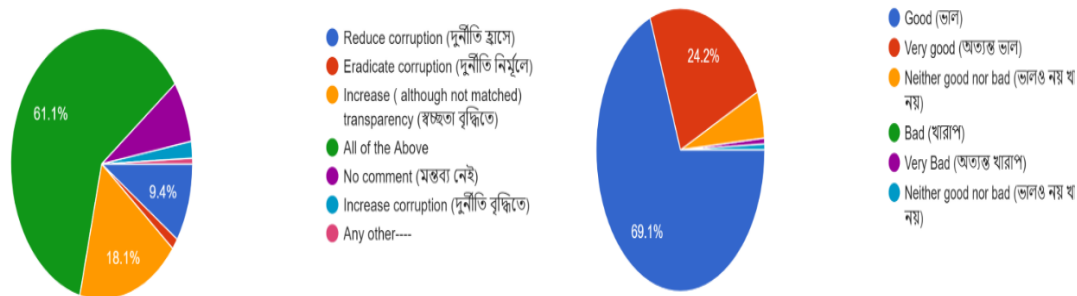
**Fig-17: Response regarding essential information availability in e-GP**

As e-GP is a comprehensive system, having access to all necessary information to participate in the tender is essential because the level of transparency depends on the availability of information. Does the e-GP system provide all-out information( documents that must be submitted, tender & performance security,etc.) to the tenderers? 60.4% of respondents agreed to this statement, while about 40% of bidders think they have information unavailability. But the research team finds that this information is inherited/ inbuilt into the system while conducting FGDs with the PEs. Such kind of response may be because the bidders do not use the system by themselves / face a language difficulty, or lack training regarding the system.



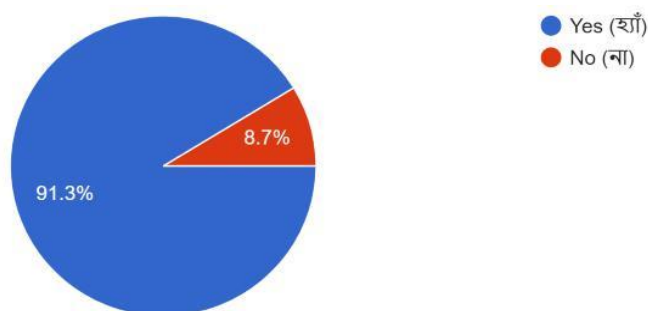
**Fig-18: Bidder's assessment of the e-procurement system**

The user-friendliness possesses a substantial part in implementing transparency. There was a question to assess the overall outlook of the system. The system is quite friendly as 94% of the respondents have opined it as 'very friendly,' or 'friendly,' and only 6% have different opinions.



**Fig-19: Transparency and evaluation of the transparency in e-GP by the bidders**

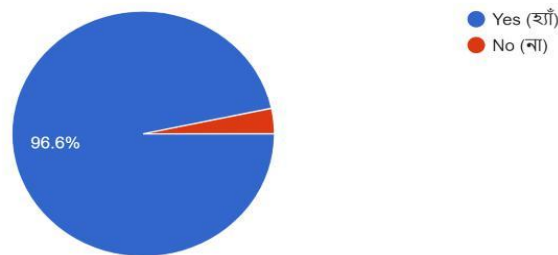
The e-procurement system came into effect considering that it will reduce/eradicate corruption and increase overall transparency. In this era of electronic procurement, the initiation of open competition equal access to all by applying appropriate procurement methods, evaluation criteria, technical specifications are vital for bringing clarity to the system. From the contractor's perspective, 79.2% think it increases transparency and reduces corruption (9.4%). There is reason to be optimistic also regarding the level of transparency of the system as more than 93% of the bidders termed the system as 'verygood' or 'good.' The e-procurement system comes up as a shining star to change the system of fraudulence practice in public procurement.



**Fig-20: Does e-GP Follow PPA-2006 and PPR-2008?**

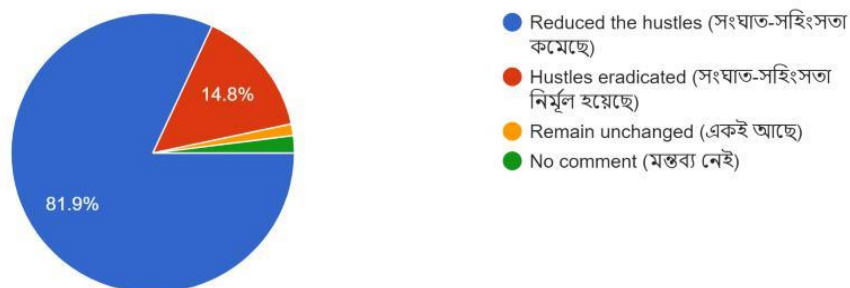
A system's transparency and accountability can be secured by properly implementing the rules and law. The study finds that the Public Procurement Act-2006 & Public Procurement Rules-2008 are adequately maintained as per 91.3% of respondents; in contrast, only a portion of 8.7% is on the note of dissent to estimate the accountability e-GP system.

This miss concept among the bidders and even in some PEs maybe because they do not know the rules and act appropriately. There is clear evidence in section 65(2) of Public Procurement Act-2006 and section 128 of Public Procurement Rules-2008 that any contradiction that arises between paper-based and electronic system (e-GP) systems will get preferences. The 'Bangladesh e-Government Procurement Guidelines'(popularly known as an e-GP guideline) has also been published as a gazette in 2011 accordingly.



**Fig-21: Does e-GP is a complete solution?**

Now e-GP system only attributes from APP creation to contract sign. According to 96.6% of respondents, it may extend from the present situation to the payment and implementation stage. However, the expert opined that some options such as CMS, Post Procurement Review, Correction Tools, issuance of Certificates had been added to the platform on a pilot basis recently. If it is possible to tag the IBAS++ system successfully with the e-GP platform, it will make revolutionary changes in the process.



**Fig-22: Does e-GP helps to reduce hustles in the procurement process.**

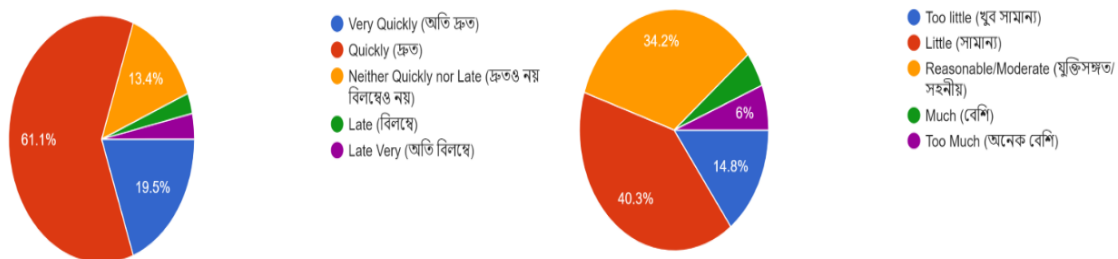
In the history of public procurement in Bangladesh, obstacles faced by the bidders at different stages of public procurement are pretty common. The procurement hustles, non-participation, and active motives of corruption have almost come to an end through the commencement of e-procurement. As 81.9% of bidders agreed that the hustles have reduced, and 15% believe that hustles have been eradicated.



**Fig-23: Overall accountability of the e-GP system.**

The accountable status of the e-GP system can certify the system as an actual genre to come up from the old age attitude of ill-treatment of procurement to a better solution.

The research objective is to assess whether e-GP has ensured more accountability than the paper-based system. In reviewing this question, the study found that 90% think the e-GP system has secured better transparency and accountability. However, a small portion thinks it is indifferent between good and bad.

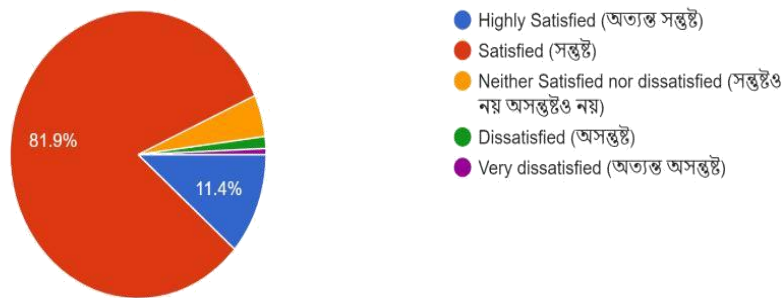


**Fig-25: Responsiveness of e-GP Help Desk or PE to any technical difficulties**

The study result presumes that the electronic way of procurement may change the notorious notion that the PE does not respond. A good portion of the respondents has termed that the PEs quickly clarify bidders via the e-GP system. About 81% of respondents are unanimous that the e-GP system immediately addresses the problem.

Not only that e-GP help desk worked relentlessly 24/7 and in the pandemic period when all the office activities were at stake. It has also helped the PEs to a great extent implement the APP and the Annual Development Plan (ADP) budget timely.

On the other hand, the response against how much time the e-GP help desk takes to resolve any issue raised by the bidders or the PEs also gives confidence to the bidders. About 55% of them appraise that the time taken by the CPTU to address any issue is very nominal, and to 32.40%, it is pretty fair. The answer pattern of only 10% is that it takes much time to respond.



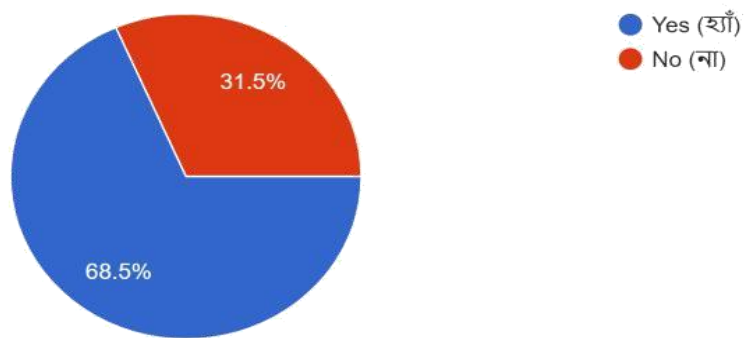
**Fig-26: Bidders satisfaction regarding e-GP system**

The user's satisfaction level must consider assessing the overall performance of the e-GP system. The survey found that 93.3% of the respondents expressed their feeling for the system as highly satisfied or satisfied. A negligible number of the bidders were dissatisfied as most of the remaining 6.7% were neutral in this context.



### 4.1.3 Limitations

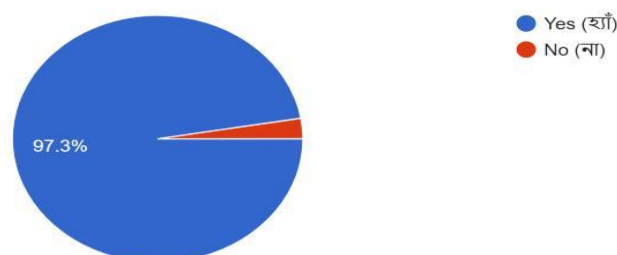
Implementing e-procurement is not an easy task, and the route is very challenging with full of forks. The public agencies with varying sizes, functional responsibilities, and capacities find it challenging to implement e-procurement across the countries. While asking how the tenderers and the PEs are well acquainted with the e-GP system, a good number have held back to this, and 31.5% said they do not have a sheer understanding of it.



**Fig-27: Do the bidders have a complete understanding of the e-GP system.**

As most respondents are not well educated and technologically lagging, they have to rely on techno experts or local vendors to complete the tendering process.

Such kinds of dependencies also make the execution of the e-government procurement process more challenging. On the other hand, many Procuring Entities (PEs) just registered in CPTU but did not take any actions to implement the process. One of the primary reasons for not implementing e-procurement is the paucity of comprehensive knowledge and training of the stakeholders regarding the system.

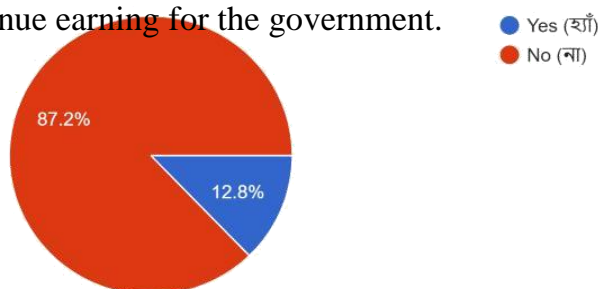


**Fig-28: Necessity of expansion of training at the local level.**

At present, the training on e-GP is provided centrally by the CPTU. This centralized training system negatively impacted the efficient and transparent implementation of the system. As a part of the previous question, more than 97.0% feel that the training facilities should be expanded locally. Even some tenders urge to arrange training at the local level by forming small groups. The smoother means of training transfer on e-procurement will profoundly impact the execution process and ensure higher transparency, efficiency, and accountability. Why they need training. The findings are stated below

- they need to learn e-GP to enhance their skill in it
- because they have no knowledge of the system
- To submit the document properly, especially the qualification criteria.

If tenderers are trained, there will be a greater possibility of purchasing more documents, resulting in greater revenue earning for the government.

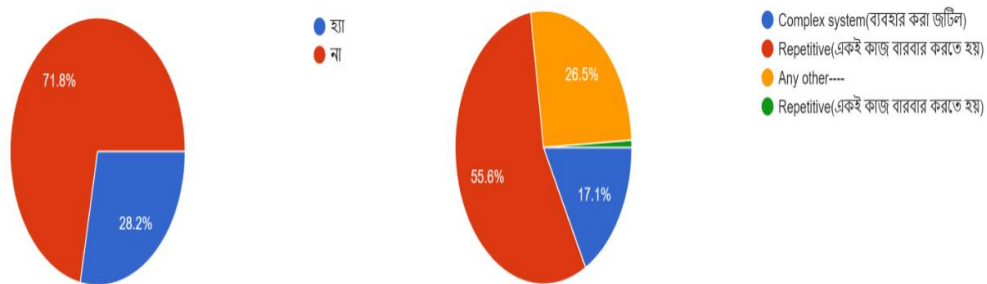


**Fig-29: Complexity of the system and needs additional one to manage system**

Due to a lack of training and comprehensive understanding, the tenderers define the e-GP system as complex. In addition to that, they are unable to manage their e-GP accounts by themselves. More than 87% of the bidders expressed the system as intricate, and they needed to employ an additional one or seek help to maintain the account. The help-

seeking from others does not come without cost. Sometimes, tenderers have to pay taka 1000 to 2000 or more per tender to complete a tender document and submit it.

Thereby, the digital inclusion of the citizen in e-procurement must be the next agenda of the government through training transfer.



**Fig-30: Obstacles faced by the Bidders in e-GP system and reasons behind it**

Full-fledge transparency is possible with no obstacles to the involved recorded, free access, absence of any extra hidden cost, information accuracy, friendliness, and higher-level security. Availability of information on government policies and actions a clear sense of organizational responsibility assure that governments are efficiently administrated and free of systematic corruption is essential for ensuring transparency in governance (ICMA, 2021). As government claims that e-procurement is one of many tools to ensure transparency, the research team questions whether the respondents face any obstacles in implementing electronic tender through the e-GP portal. There are more than 28% responses on the negative node, and the real causes of their dissonances in the system are complex and repetitive.

A significant portion (55.6%) complains that the system is repetitive, while 17.1% published their views on complexity and 25.9% on other issues. Among the other issues, the language of the e-procurement portal is another prime barrier for the bidders. They often find it challenging to run the system because the language is English, and there is no proper training.

Moreover, A paperless office concept is also shattered general perception. The PE's opined that they have to print tons of paper after opening the tender. Without printed documents, no further proceedings are possible. As a result, the objective of creating a paperless office is somehow being affected.

#### ***4.2 Summary of the Findings and Problems***

Based on the collected data, observation, and opinion of the respondent, it can be summarized that there is no doubt that transparency in public procurement has increased a lot for adopting Electronic Government Procurement (e-GP). The findings of this study are more or less consistent with the findings of Mahmood (2010), where he stated that e-GP had been proved as an effective tool in eliminating corruption, promoting integration, and stimulating greater productivity in around 50 countries. Any tenderers can participate in a tendering process from home without any hassle or violence. In the stakeholders' opinion in FGDs, the public procurement process here in Bangladesh still lacks transparency, and some sections in the Public Procurement Act-2006 limit scope for competition among bidders. Large bidders make collusion in the market and leave the small bidders marginalized. Mamun (2018) also concluded that in the absence of proper change management in government procurement, the expected result from e-GP like transparency, efficiency, effectiveness would not reflect in government procurement.

Similarly, the e-GP system has increased public procurement efficiency by reducing time, visit, and cost. Nevertheless, there are still many areas of improvement in terms of efficiency. The incorporation of automation in evaluation and certification will increase efficiency to a great extent. When tenderers from a distant place participate in a tendering process, it becomes challenging for the PE to check the authenticity of that tenderer's

submitted legal documents. To solve the problem, both the stakeholders opined that there should be an option for mandatory up-gradation of the tenderers database with all details (necessary documents, running works, completed works, etc.) by uploading up-to-date legal documents, and there needs a system that will automatically verify all those submitted records centrally. Regarding competition among the tenderers as a means of efficiency, both the PEs and Bidders suggested rethinking the rule of  $\pm 10\%$  in the procurement system by applying the OTM method that favors the large bidders who get more facilities as per the existing evaluation matrix. Another problem lies with the efficiency of the different estimating systems in different engineering departments. Like, the price schedule of the same types of equipment is different for LGED, R&HD, and PWD. The PEs are suggested for a uniform price schedule that can enhance efficiency in this system.

Almost 90% of respondents have agreed that average competition in the e-GP system has increased. Before the electronic tendering process's commencement, the average number of bidders per tender was only four (4), and now it has reached sixteen (16). It has been said that the influential contractor eats away the petty bidders in the manual tendering system, but the e-GP system postulates a valid genre of shaping the country's public procurement practice more productive through expedited competition. Rashid (2018) also observed that due to e-GP competition and responsiveness, on average per tender almost tripled in 2017-18 than the past.

Likewise the transparency and efficiency, there has been a considerable improvement in public procurement accountability since the adaptation of the e-GP system. In electronic procurement, the process is more transparent, and anyone can raise questions for clarity of an issue. As soon a tender document is opened, the bidders are notified regarding their

financial positions (i.e. <sup>first</sup> lowest, second-lowest, etc.) More importantly, in e-procurement, all the documents are saved automatically for future audits. As the system is transparent, it plays a significant role in increasing overall public procurement accountability.

Although everything in the e-GP system is performed on an electronic platform, the tender evaluation is still done manually, which is strenuous and troublesome. Procuring entities have to manually verify the tenderers' legal documents by sending letters or through mails, and different PEs verify the same document at different times. The PEs proposed that if there is an automated evaluation matrix calculation system in the e-GP system, it will save enormous time and hassle, especially the calculation of turnover and capacity.

Regarding the payment, the respondents said all payments should be made through the IBAS++ system, and links between the IBAS++ and e-GP system are established, it will be easier to have accurate and updated information on budget spending. Tenderers are not satisfied with the existing tender document/schedule price range; in their opinion, it can be divided into more small ranges, especially the lower limits that can be revisited.

One of the significant problems of e-GP from the tenderers' side is that most tenderers do not process their tender documents by themselves. Usually, more than one tenderer process their documents by the same computer operator commercially that are creating hustle among the tenderers. Therefore, the tenderers and the PE,s demanded more fruitful training in the local/regional areas of the country. Another problem is sub-contacting. Large bidders usually sell their works to the local subcontractor with some commission, leading to low-quality works. The engineering departments suggested revisiting the rules of authorization of the tenderers to prevent such type of irregular practice.

At present, the tendering can be done up to awarding NOA and uploading a signed contract agreement in the e-GP system. Implementation stages of the tendering process should be incorporated into the e-GP system. Everything will be automatic and hassle-free when 100% of the work is done using the e-GP system.

Finally, it can be concluded that despite some problems, the e-GP system is time, cost, and visit reducing procurement system in the country. Although it is not 100%, it significantly ensures efficiency, transparency, and accountability in the public procurement sector. The study revealed that introducing a 100% e-GP system can ensure these three indicators efficiently.

## Chapter 5

### Conclusion and Recommendations

#### *5.1 Conclusion*

Accountability, transparency, and corruption in the public procurement system of Bangladesh are the main concerns that upset the system's efficiency, especially the mismanagement that results in the massive wastage of public funds. The bidders and the stakeholders often claimed that the conventional procurement system made a selection based on cronyism, individual connections, and professional standing. The procurement entities are blamed for malpractice and non-compliance with the legal and policy framework of the procurement system. In this perspective, the Government of Bangladesh (GoB) has launched an electronic procurement system in 2011 to bring efficiency, transparency, and accountability into the process. The study examined the whole process and found that despite some loop falls e-GP system is contributing a lot to ensure these three indicators.

Interviews and FGDs have been conducted to gauge the perception of two main respondent groups (the PEs and Bidders) on the procurement issues and better understand how the system worked and affected the government's vision of ensuring transparency and accountability efficiency in the public procurement system of Bangladesh. After analyzing the result of the interviews, it has been found that the e-GP system has helped a lot of the government achieve its goals. Almost 99% of the Tenders preferred the e-GP system rather than the manual paper-based system. According to



them, the system is easy to use, faster, time and cost-saving, less procedural, and time-bound.

Besides strong security system and highly competitive environment achieved through this e –GP system has ultimately resulted in a higher level of efficiency in the public procurement process.

Due to the adoption of electronic procurement practices, transparency and accountability of the system have also increased significantly among the tender participants. The easy registration process, access to information, multi-level notifications, user-friendliness, following fundamental procurement principles, laws and regulations of PPA and PPR, robust stakeholder engagement, and having all solutions in a single platform have made the system highly transparent and accountable. With a higher level of transparency, the system has also helped reduce corruption in public spending. Almost 90% of respondents are unanimous that the e-GP system has brought transparency and diminished corruption in the country's public procurement.

At the same time, the e-GP system still needs some improvements, like expanding the training facility at the local level so that the root level stakeholders have a comprehensive idea about the process. As it does not cover the integrity and ethical aspects of procurement, the opportunity of collusion of large bidders, making the small bidders marginalized, increased in some cases. Though the bidders mentioned that the system helps reduce corruption, the database related to corruption in public procurement is not earmarked. For want of Bangla translated versions of the standard documents in the e-GP system, contractors often find it difficult and seek help from others. Connection of e-GP with iBAS++ to facilitate real-time capturing of budget utilization, procurement commitment, and procurement expenditure; monitoring and tracking of payment are still

absent in the process. Besides, the development e-GP module for service procurement and framework agreement is highly recommended.

## ***5.2 Recommendations***

- The necessary option should be integrated into the e-GP system to mandatorily update the tenderers database with all details (necessary documents, running works completed works, etc.) by uploading up-to-date legal documents, and the system should enable to verify all those submitted records centrally.
- There should be an arrangement of system-generated uniform templates of work completion/ experience certificates in the system after successfully completing any contract to prevent fraud.
- The rule of  $\pm 10\%$  should be deactivated, or a mechanism should be adopted to ensure the participation of the marginal tenderers in the competition.
- CPTU should take the necessary step to unify the rate schedule of different departments (PWD, R&HD, and LGED), although there might have some changes due to geographic locations or region basis.
- 100% e-GP system should be introduced to ensure quick disposal of all steps from tendering to payments, including the electronic release of the tender security.
- Training of e-GP should be expanded to the root level for all stakeholders, especially for the tenderers.

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## Appendix-A

### FDG Findings

**Research Title:** Effectiveness of e-Government Procurement (e-GP) System in terms of Efficiency, Transparency and Accountability in Bangladesh: An Assessment

Five FGD were conducted in four districts. Details of the FGDs is given in the below table:

Sl.	Place of FGD	Participants Type	Date	Time	Number of Participants
1.	BPATC, Savar, Dhaka	Procuring Entity	07.09.2020	11.00 am-1.00 pm	7
2.	Habiganj	Procuring Entity	07.10.2020	9.30 am – 11.00 am	11
3.	Habiganj	Tenderers	07.10.2020	11.10 am-1.00 pm	6
4.	Rajshahi	Procuring Entity	12.10.2020	10.00 am-12.00 pm	10
5.	Magura	Procuring Entity	13.10.2020	2.00 pm-4.00 pm	8

#### **Major Findings:**

- i. There is no doubt that transparency in public procurement has increased a lot for the adaptation of Electronic Government Procurement (e-GP). Any tenderer can participate in a tendering process from home without any hassle or violence. In the question of transparency, e-GP got 10 out of 10 in the opinion of the stakeholders in FGDs. Each and every document will be saved, and anyone can raise the question at any time.
- ii. The e-GP system has increased the efficiency in public procurement by reducing time, visit and cost. Nevertheless, there are still many areas of improvement in terms of efficiency. The incorporation of automation in evaluation and certification will definitely increase efficiency to a great extent. When a tenderer from a distant place participates in a tendering process, it becomes complicated for the PE to check the authenticity of the legal documents of that tenderer.
- iii. There has been a considerable improvement in public procurement accountability since the e-GP system's adaptation. In e-GP, the process is more transparent, and

anyone can raise questions at any time. More importantly, in e-GP, all the documents are saved automatically for future audits. As the system is 100% transparent, it has played a great role in increasing the overall accountability in the public procurement system.

- iv. Tenderer's database with all details (necessary documents, running works, completed works etc.) is a must for smooth running of the e-GP system. All the registered tenders will activate their account by uploading up-to-date legal documents that will be verified centrally. Upon completion of works, relevant information will be saved against the respective tenderer.
- v. Though everything in the e-GP system is performed on the electronic platform, the tender evaluation is done manually, which is arduous and troublesome. If the evaluation matrix calculation is automatic, that will save tremendous time and hassle. Especially the calculation of turnover and capacity is difficult and time-consuming requires much manual engagement.
- vi. Procuring entity has to verify the legal documents of the tenderer, and different PEs verify the same document. It is difficult and inefficient for the PEs to verify the same tenderer's document each time. So verification of tenderers' legal documents must be done centrally, and tenderers will be bound to update their legal document yearly.
- vii. There should be an arrangement of system-generated uniform templates of work completion certificates in the system. It will also reduce the opportunity of forgery in certification of completion. Once the work is completed, the PE will upload the certificate with one click only. In that case, there should be 100% use of e-GP.
- viii. To rethink the rule of 10%+\_- in OTM, as the existing client gets more facility than the existing evaluation matrix. At the same time, it restricts us from selecting someone who has bid lesser than 10% of the quotation price. Many believe that if the lower bar is relaxed, that will save a lot of public money.
- ix. In BOQ, only the CSV file can be uploaded; why not excel or PDF.



- x. The rate schedule of different departments (PWD, R&HD, and LGED) should be the same. It may change geographically, and there may have an authority to look after the rates of different items all over the country. The rate schedule among the government organizations should be unique. Furthermore, the rate schedule should be updated yearly.
- xi. The number of members in TEC 3 is quite OK. Increasing the number to 5 or 7 like a manual system may create more hazards.
- xii. If all payments are made through the IBAS++ system, and there is a link between IBAS++ and the e-GP system, it will be easier to have the correct information. If the payment is made using IBAS++ immediately, that info will be saved in the tenderer's turnover in the tenderer profile.
- xiii. In LTM, a lot of tenderers participate. In that case, only one wins the tender, and the PE releases the of all other tenderers. However, there is no easy way to release the tender securities of the enormous numbers of tenders. There should be the provision of a single click to release the tender security of other tenderers.
- xiv. The selling price of tender documents/schedule price (now it ranges only from 1000 to 4000) can be divided into more small ranges thinking about the small tenderers. Especially the lower limits can be revisited.
- xv. The listed or registered tenderers of the e-GP system can be categorized into different categories (like A, B, C, D..) based on their qualifications and past performances. There should be the provision of up-gradation and degradation of the tenderer's status based on performances. Before that, the e-GP system should be fully developed. However, it contradicts the main principles of public procurement.
- xvi. The training of the tenderers should expand at the root level, and it should be easier on their part. At present many of them are facing trouble and seeking help from a third party, even sometimes to PE. Alongside the training of the approving authority is a must and comprehensive, and very often, the approving authority is found

dependable on PE. At the root level, it is seen that one or two third party is submitting a tender in e-GP on behalf of numerous tenderers, and he/she knows the quotation price of others. That increases the outcome of multiple lowest bidders favoring extensive and existing tenderers. Moreover, because of the lack of knowledge about the e-GP system, many little educated tenderers cannot submit tenders properly. Training at the divisional and district level should be made available soon if we introduce 100% e-GP.

- xvii. Finally, the moral hazard problems in the public procurement system. If any tender is a dominant player in some region, entering someone new to that region for tendering is quite difficult. However, there is no problem in participating but taking over the sites. This problem is acute, especially in works (constructions, renovations, extensions & repairs).
- xviii. In the case of multiple lowest bidders, the e-GP system favors comparatively large bidders as the total turnover substantially impacts tenderer evaluation. Thus in some cases, competition is being reduced as small bidders are more likely to avoid bidding where large bidders are likely to bid.
- xix. Sub tendering is hampering efficiency and reducing the quality of the work. A comprehensive mechanism should be developed to stop sub-tendering. Big tenderers do not complete small and root-level works by themselves; they authorize others to complete the job and take a commission only.
- xx. To solve the sub-tendering problem, stakeholders proposed a possible solution in the FGDs. It is clear that the large tenderers are misusing the authorized person rules by sub tendering to small and local tenderers. The rules of authorized person can be revised as; in case of a limited company, the authorized person has been at least a member of the board of directors; in case of proprietorship, the authorized person has to be the owner himself/herself and in case of a joint venture the authorized person has to be one of the owners.

- xxi. One of the major challenges of public sector procuring is keeping the official estimation confidential. In that regard, e-GP has managed to reduce the possibility of leaking the official estimation by reducing the number of people involved in this procedure. Still, there is a scope of leaking while taking approval of the official estimation in hard copy. If this process can be done online, it will reduce the risk of leaking the official estimation. When the official estimation is known, there will be multiple lowest bidder problems. We know that in the case of multiple lowest bidders, the same PE's weight is higher, and that is why the same tenderer will get all of the works every time. This hampers competition, and the quality of the work falls.
- xxii. There should be no difference between the manual and e-GP standard tendering processes. Prescribed forms can not be found in e-GP, and that is why tenderers struggle to submit documents properly.
- xxiii. There is a problem of the same PE and other PE, especially in large organizations. In large organizations, the head of the institution is required to be selected as the same PE in different tenders. If one ID is chosen and the same PE in one departmental tender, that ID can not be used in another departmental tender as the same PE. It can only be added as other PE in other departmental tenders. That is why more than one ID is needed to be created for the same person. This problem is needed to be taken care of.
- xxiv. Overall completion in public procurement has increased after the adaptation of e-GP because of the reduction of hassle and violence over dropping tender. But according to, to the opinion of the stakeholders in FGDs, there has been an increase in the overall competition; competition in OTM has decreased. As small tenderers have very little chance of getting the works, they avoid participating in those tenders. In OTM, most of the works are significant in amount and require more experience and capacity, which small tenderers lack. If the experience and capacity can be relaxed, a bit more small tenderers will be able to compete in OTM.

- xxv. The claim of the paperless system by e-GP is not totally correct. The documents are needed to be printed and sent while can be avoided by making the system online and paperless.
- xxvi. At present, the tendering can be done up to awarding NOA. Implementation stages of the tendering process should be incorporated in the e-GP system to ensure transparency, efficiency, and accountability. When 100% of the work will be done using the e-GP system, everything will be automatic and hassle-free. At present, PEs struggles to assess the capacity of the tenderer; and evaluate and authenticate tenderers of other regions.