

A Review of Public Sector e-Procurement System of Bangladesh

Dissertation submitted in partial fulfillment of the requirements for the
Degree of
Masters in Procurement and Supply Management

Submitted by
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To

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Subject: Submission of Dissertation for Masters in Procurement
and Supply Management (MPSM) Degree under BRAC University.

Dear Sir,

I would like to submit my dissertation named “A Review of Public Sector e-Procurement System of Bangladesh”. It is a requirement for the degree of Masters in Procurement and Supply Management (MPSM) under BRAC University, Dhaka.

I really enjoyed working with this dissertation. Your guidance and supervision helped me to finish the research. I shall be grateful to you for your contribution.

I hope that you will accept this dissertation.

With regards

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Declaration

I hereby declare that I have written this dissertation.

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Abbreviations

CPTU	Central Procurement Technical Unit
ADP	Annual Development Program
LGED	Local Government engineering Department
RHD	Roads And Highways Department
BREB	Bangladesh Rural Electrification Board
BWDB	Bangladesh Water Development Board
EBRD	European Bank For Reconstruction And Development
PE	Procuring Entity
e-GP	Electronic Government Procurement
e-CMS	Electronic Contract Management System
ICT	Information And Communication Technology
IMED	Implementation, Monitoring And Evaluation Division
PPR	Public Procurement Regulation
PACS	The Purchasing Advisory And Complaints Service
DIMAPPP	Digitizing Implementation Monitoring and Public Procurement Project
e-PMIS	Electronic Procurement Management Information System
PPSC	Public-Private Stakeholders’ Committees

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Abstract

This study aims to review public sector e-Procurement that is in place in Bangladesh at present. In order to assess public sector e-Procurement system of Bangladesh this study also compares public sector electronic procurement of Bangladesh with that of a developed country and suggests some measures to achieve effective and efficient e-Procurement system in Bangladesh.

The study is based on both primary and secondary data. Primary data were collected from discussion with CPTU officials, bidders and a concerned officer from a procuring entity. Both primary and secondary data were carefully examined and analyzed to find out current status and challenges of e-Procurement system of Bangladesh. Because of availability of information Australia was selected for the comparison.

Findings of the study show that most of the government organizations have been registered to e-GP system because of various effort of CPTU. Even Upazilla Parishads and municipalities have embraced electronic procurement. There was a boost in registration to e-GP in the Financial Year 2017-18. It is because CPTU targeted to end registration for procuring entities.

CPTU arranges training for procuring entities, bidders, banks, project directors and accounts officers. In the previous financial year more than eight thousand officials participated in e-GP training. This capacity building initiative boosted implementation of e-GP. This is further observed that due to e-GP competition and responsiveness on an average per tender almost tripled in 2017-18 than the past.

Bangladesh is well advanced among south Asian countries with respect to implementing e-GP. Even Australia, one of the developed countries in the world has introduced electronic procurement for goods and services only in contrast to procuring goods, works and services electronically in Bangladesh. Around 30 percent government purchase in Australia is processed through electronic procurement. In contrast to Bangladesh, e-Procurement in Australia is decentralized. Both the countries want to ensure better value for money, more openness and competition.

e-GP in Bangladesh is not free from limitations. Tenders having value more than 500 million BDT, international tenders and tenders for intellectual services cannot be processed through e-GP. Besides this, CPTU is largely dependent on outsourced IT consultants for maintaining its e-GP infrastructure. It is important for CPTU to overcome these challenges so that electronic government procurement can be implemented in Bangladesh completely.

Chapter 1: Introduction

1.1 Background

Public procurement is of great importance for the development of a country. It has significant contribution to national economy in many countries. Electronic government procurement (e-GP) brings transparency in procurement processes (USAID 2014). It gives greater access to relevant information and markets. It also encourages innovative solutions through the use of internet. It ensures greater efficiency and economy of government procurement activities. E-procurement can be effectively integrated with different functional areas of government such as budget, tax audit. It is helpful in reducing corruption drastically and improving governance.

e-Procurement results in cost reduction while procuring goods, works and services for public sector. e-Procurement can remove physical barrier for non political tenderers (Alam 2002). It encourages non political bidders to participate in bidding process. As it is based on internet, potential bidders from anywhere in the country can compete for tenders. So it can be said that e-procurement can lead to more participation and competition.

Electronic procurement has been introduced in Bangladesh for public sector procurement. It is called e-GP in Bangladesh. It is based on internet. It encompasses all stages of procurement cycle (CPTU 2018). e-GP was introduced in Bangladesh with the aim of ensuring better value for money and openness. It was designed in such a way that all government departments and agencies can use the system with ease. Initially the system was applied to four major government agencies. Later many more organizations began to use the system. The government of Bangladesh has set a target of introducing the system

in every public agency and ministry by the end of 2018.

In many countries around the world electronic public procurement system is in place. European Union has planned to carry out a major restructuring of public procurement procedures (EBRD 2015). In addition to procurement digitalization, it has aimed to make contract award phases simpler for the businesses to participate in (ibid). It would be easier for public sector to manage procurement activities. The EU has planned to introduce gradually new rules on e-Procurement. According to the plan, all procuring agencies should be capable of electronic bid submission by 2018 (ibid).

Australia is one of the developed countries of the world. It is well known for decentralized, transparent and efficient government procurement. It is an example of how strong political will and commitment can bring positive change in public procurement. Australia moved to use of e-procurement for goods and services, fully replacing paper-based tenders (www.tenders.gov.au accessed on 12.12.2018). Reform in public procurement has resulted in increased competition among tenderers, more transparent, less bureaucratic and less discriminative procurement system in Australia (CPTU 2018).

Bangladesh initiated public sector procurement reform nearly seven years ago. It was one of the most effective reforms that took place in public procurement in recent past. Still there is scope of significant improvement in public sector procurement, particularly in the field of e-Procurement. The proposed research is aimed at critically assessing current e-procurement system of Bangladesh. The e-procurement system of Bangladesh will be compared with that of Australia. The comparison is expected to provide an insight into what can be done to improve e-procurement system of Bangladesh. This is the uniqueness of the research that it will compare performance of e-GP system of Bangladesh with that of a developed country like Australia. The earlier researches carried out on

e-procurement of Bangladesh did not have comparison like this.

1.2 Objectives of the study

- To assess current public sector e-Procurement system of Bangladesh.
- To compare e-Procurement system of Bangladesh with that of a developed country.
- To give recommendations in order to achieve effective and efficient e-Procurement system in Bangladesh.

1.3 Research questions

- What is the current status of e-Procurement in Bangladesh?
- What are the challenges of e-Procurement in Bangladesh?
- What are the similarities and dissimilarities between Bangladesh and Australia with respect to e-Procurement?
- What measures can be taken to improve e-Procurement system in Bangladesh?

1.4 Rationale of the Study

In current fiscal year Government of Bangladesh will purchase goods, works and services worth more than 10 billion us dollar (ADP 2018-19). This is an astronomical amount of money considering the socio economic situation of the country. Bangladesh is trying to achieve middle income country status within 2040 (GED 2016). It is a highly challenging target. In order to do so significant improvement in public sector spending is essential. There has been a reform in public sector procurement in Bangladesh. Electronic procurement has been introduced in Bangladesh. In order to achieve transparency, value for money and equal opportunity government of Bangladesh is pursuing relentlessly to shift from paper based procurement to electronic procurement system. From this

point of view e-procurement is a potential area for research.

In recent years a number of researches have been accomplished on e-procurement of Bangladesh. Most of them were case studies focusing on a particular government agency (Huda 2015). This research is concerned with the overall performance of the e-GP system of Bangladesh. One of the key characteristics of this research is that it would be based on latest information.

It is expected that the results of the study would help a range of stakeholders, especially the e-GP users, policy-makers and researchers to address the challenges of e-government applications in Bangladesh. Future researches could benefit by the outcomes of this study in identifying the contribution of e-GP system towards achieving our national goals.

1.5 Structure of the study

This paper is organized into six chapters. Chapter one presents background, objectives, research questions and rationale of the study. Chapter two describes relevant literatures. It gives an idea about public procurement and different stages of it, e-Procurement and its benefits, management of e-GP in Bangladesh and public procurement in Australia. Chapter three incorporates methodology of the study. Detailed analysis and findings of the study are given in chapter four. Chapter five depicts conclusions and recommendations of the study.

Chapter 2: Literature review

According to Manish Gupta and Shubham Tripathi (2018), e-Procurement increases coordination between purchasers (government agencies) and private suppliers. It brings benefits and satisfaction for all concerned. They mentioned that in a number of cases implementing organizations are in doubt about to what extent satisfactions are achieved. There is a need to Identify and analyze different factors that lead to various level of satisfaction. It is evident that fulfilling warranty, expected quality and openness lead to purchaser satisfaction, commitment and partnership. Maintaining good relationship is also very important. It reinforces satisfaction level.

Prier, Prysmakova and McCue (2018) explored the Tender Electronic Daily (TED) as a tool for ensuring accountability and transparency. TED is an open dataset currently in use in 33 European countries. Usually TED dataset are available in CSV format which is more user-friendly. Their study shows that availability of large volume of data in CSV format is not enough to ensure accountability in public procurement.

Gottschalk and Christy Smith (2018) noted that it is very difficult to detect white collar crimes. It is even harder to detect white-collar criminals in public procurement. Regardless of having various acts, rules, procedures and frameworks corruption in public procurement does happen. Corruption is a common phenomenon in public procurement. They conducted research on the role of whistleblowers in detecting white collar corruption in public procurement. This research demonstrates that whistleblowers play the most crucial role in detecting white collar criminals.

Adetola, Goulding and Liyanage (2018) have demonstrated that reliance on single supplier has diminished to a great extent for public infrastructure projects

in Nigeria. Public infrastructure projects have become increasingly complex in nature. A great deal of risk and uncertainties are associated with them. In addition to this there is relentless pressure on agencies to ensure transparency and accountability. All of these factors have contributed to collaboration and partnership in public infrastructure projects in Nigeria. They have found that globalization, technological advancement, regulatory framework, source of finance, skills, communication, mutual trust and risk are major drivers of collaboration (ibid). It is needed to consider these factors for successful implementation of public infrastructure projects in Nigeria.

Most of the EU countries are now shifting to e-Procurement for purchasing public goods, works and services. The EU has decided to regulate the shifting towards online procurement (Fernandez and Vieira 2018). In spite of the unquestionable benefits, progress towards the shifting is quite slow. The research conducted by them focuses on implementation of online procurement in Portugal. Portugal is one of the EU countries that have made significant progress in introducing online public procurement. Their study was aimed at identifying benefits and challenges to small and medium sized enterprises with respect to online public procurement. Results of the study provide useful information for procuring agencies, policy makers, private suppliers and IT platform providers (ibid).

Paper based public procurement has some serious limitations. According to Smith (2009) it is difficult to ensure transparency and accountability in public procurement through traditional method. It is characterized by lesser satisfaction of both purchasers and suppliers. During last economic recession online public procurement was viewed as an essential element for enhancing transparency, accountability, best pricing, broader geographical reach and lower transaction time. Companies have come forward earlier in embracing electronic procurement. They are reaping the benefits of online procurement. They have

become more competitive by cost reduction and improved quality in the supply chain (ibid). As a consequence of internet based procurement, information sharing and system integration have gained importance. It is vital to select the best online procurement solution. A large number of companies are successfully using e-Procurement package (ibid).

2.1 Public procurement

Government's expenditure for running day to day activities and building infrastructure are included in public procurement. The challenge for governments is to develop a legal framework for public procurement that will ensure transparency and efficiency (EBRD 2015). A number of stakeholders are involved in public procurement such as bidders, suppliers, procuring entities and general people. It is important that all stakeholders are aware of the key principles of transparency and participation in public procurement. Openness and free and fair competition can ensure better value for public money (USAID 2014).

All public procurement processes have three main stages:

Pre-tendering

At this stage it is vital to determine exactly what is needed. Once need has been defined it is required to identify goods, services and works to be procured. Taking decision about detailed specification, making budget estimate and selecting procurement method are accomplished at this stage.

Tendering

At this stage best bidder is selected. Various tendering methods are there to select

best evaluated bidder. Usually price quotation method is used for procuring standardized goods, works and services. Usually this method is suitable for high volume of less costly items. On the contrary open tendering method is mostly suitable for specialized goods, works and services. It is the most preferable method for selecting bidders in Bangladesh. Contract signing or issuing purchase order is done at this stage.

Post-tendering & Contract Management

At this stage goods or services are being delivered by the supplier. Procuring entity receives them and checks their validity in accordance with the detailed specification. Subsequently due payments are made by the appropriate authority. The last step during this stage is final acceptance of the ordered items. In some contracts there are provisions for after sale services. It is called warranty period. Usually warranty period is mentioned in the contract.

2.2 e-Procurement

e-Procurement is a relatively new approach for procuring public goods. It was introduced with the aim of promoting better value for money, transparency, equal opportunity and more competition. It is seen as a tool for economic development as well (EBRD 2015). In many countries e-Procurement is mandatory for procuring public goods.

Electronic procurement has gained momentum due to its use of Internet. As it is web based suppliers and procuring entities get instant access to the system. It's a kind of one point solution for them (CPTU 2018). Electronic procurement allows online bidding, auctions and e-catalogues. Real time transaction of information facilitates transparent and efficient public procurement (USAID 2014).

Internet and related technologies have become cheap and easily available, that is why online procurement in public sector has resulted in better value for money, transparency and efficiency with less investment (EBRD 2015). Benefits derived from online public sector procurement outweigh investment on relevant IT infrastructure (ibid). Relevant researches have shown that more bidders participate in online procurement process thus creating opportunities for achieving economies of scale (CPTU 2018). It allows both local and foreign bidders to take part in bidding process. It encourages small and medium sized enterprises as well to participate in the procurement process.

2.2.1 Benefits of e-procurement

Online procurement results in benefits for all stakeholders like government and suppliers (Hossain 2018). Benefits of online procurement include Good Governance, Efficiency and Economic Development (ibid).

Good Governance: Procurement of public goods is often characterized by conflict of interest among different stakeholders. For example, procuring entities usually have higher expectations about quality of goods and after-sale services; on the other hand suppliers with political influence try to exert undue pressure on procuring entities to maximize their gain (Hossain 2018). In this regard online procurement can give relief to concerned authorities to a great extent. e-Procurement has brought about qualitative changes. Particularly transparency, efficiency and accountability achieved through online procurement have contributed to enhancing good governance (ibid). Availability of the following relevant information is crucial for ensuring Transparency and Accountability. e-Procurement allows following information to be readily available.

What type of goods, services and works will be procured? What are the procurement opportunities available now? Who are the eligible and qualified tenderers? How to submit Tender? How the tender is opened? What are the

evaluation criteria and how it will be evaluated? Who has succeeded in getting contract? What is the cost? How much competitive the procurement was, compliance, audit and higher standard of reporting and monitoring.

Efficiency:

Use of online procurement can lead to efficiency in public procurement in the following areas: tender related documentation, tender opening and evaluation, approval, awarding contract, security authentication, procurement method and cost reduction in procurement processing.

Economic Development:

Online procurement in public sector can contribute to economic development. In order to introduce e-Procurement, investment on certain IT infrastructure is needed. Apart from this, capacity building of concerned authorities, suppliers and other stakeholders are required. In short it can be said that having transformational change and change management are essential in this regard. All these initiatives lead to economic development.

Benefits to the Private Sectors:

Online procurement enables single stop registration. Suppliers or bidders can interact with authorities through a dedicated web portal. Online procurement has direct consequences on number of suppliers. Number of suppliers, bidders and consultants has increased where e-Procurement has been introduced (CPTU 2018). New technologies like encryption, e-documents and e-signature create business and employment opportunities for many people. Small and medium sized enterprises get more opportunities to participate in procurement process (ibid). Private suppliers do not need to go to government offices to collect and submit tender documents. So cost of tender submission decreases.

2.3: e-GP in Bangladesh

The ICT-based electronic government procurement (e-GP) has proved not only effective but also a sustainable innovation in the domain of public procurement in the country (Hossain 2018). e-Procurement can be described as execution of the procurement cycle utilizing online platform. There are a number of stakeholders for example, public procurement entities, private suppliers, consultants, banks to receive payments, development partners (when project implemented with their support), print and electronic media, civil society and general public.

Bangladesh has been making transformational changes in the public procurement environment with the involvement of ICT infrastructure since 2011(alam 2012). Central Procurement Technical Unit (CPTU) is in charge of commissioning, operation and maintenance of electronic government portal (e-GP) of Bangladesh. e-GP is the official portal of the government of Bangladesh regarding online public procurement. All ministries, divisions, government agencies and other government offices have access to e-GP.

e-GP portal allows procuring agencies and procuring entities to carry out activities related to public procurement. e-GP covers total procurement cycle. CPTU is maintaining a data center which hosts e-GP system. A mirror server of the existing data center is placed in National Data Center managed by Bangladesh Computer Council. A new data center with high capacity is also on the way to be placed to accommodate the whole public procurement (CPTU 2018).

Prime Minister of Bangladesh inaugurated e-GP portal on 2 June 2011. Since then e-GP portal is open for registration. New users need registration to take part in the online tendering process. Initially four large engineering departments took part in the online tendering process. Later many more government departments started using e-GP.

Before establishing the portal, government of Bangladesh issued the e-GP guidelines which are in line with Public Procurement Act, 2006. e-GP was introduced and implemented following those guidelines.

Procurement related decision making has become easier due to e-GP. Number of complaints lodged by bidders declined. Compared to previous traditional procurement process, e-GP is less time consuming and incurs less cost. In general procurement related compliance and efficiency have considerably improved (Hossain 2018).

2.3.1 Management of e-GP in Bangladesh

Security

All submitted tenders are stored in encrypted format. Only members of the tender opening committee can have access to tender documents after opening. Before opening of the tender no one knows the identity of tenderers and the substance of submitted tenders.

e-Signature

e-GP users use their email id as user name. They receive secret password from CPTU. Username and password are needed to enter into e-GP system. e-GP system converts those secret passwords into Hash value. No password is stored in e-GP site. Only the Hash value is stored which cannot be reversed. It is not possible to regenerate password from Hash value.

Pre-Tender Meeting

Dashboard is used to send queries to participating bidders. Bidders post their responses to those queries through dashboard. Responses or clarification sent

through email or post are not accepted. Pre tender meeting is held online. Identities of participants of pre tendering meeting are not shared with other bidders or procuring entities.

Tender Opening

Tender opening report gives detailed information about quoted price, contact details, name, address and information regarding tender modification and substitution. The report is generated automatically in tabular format. Concerned bidders get that information immediately after finishing opening process. Tender opening report is then forwarded to procuring entity.

Tender Evaluation

In e-GP system the evaluation committee gets information regarding all submitted tenders in an automatically generated matrix form. Evaluation Committee chairperson finalizes responsiveness and prepares evaluation report. All members of the committee sign the technical reports and then financial report is generated by the e-GP System. After post qualification of the lowest evaluated responsive bidder the evaluation committee signs the financial reports. The evaluation report is forwarded electronically to the authority concerned as per delegation of financial power in the e-GP system for the particular tender.

Approval of Tenders

Having received the evaluation report through the work flow set for the particular tender, the approval authority may approve or seek clarification from the evaluation committee or mentioning the reason instruct to re-evaluate the tenders or reject the tender to reprocess (CPTU 2018). If approved, procuring entity issues the system generated contract award notification to the winning bidder. The winning bidder accept or decline NOA through e-GP system.

Contract Signing

Accepting NOA the winning tenderer submit performance security to the registered bank and meet with the procuring entity for the first time in e-GP tendering process to sign the contract. Before signing ceremony tenderers don't need to communicate physically with the procuring entity to participate in the e-tender. After signing the contract PE uploads the scan copy of the signed contract in e-GP system and contract information is published automatically to the e-GP system.

2.4 Public Procurement in Australia

In this study online public procurement of Bangladesh will be compared with that of a developed country. Australia is one of the developed countries of the world. Australia has been selected for this comparative study.

The government of Australian has taken initiative to make the public procurement process more transparent. They also aim at obtaining better value for money from public procurement (www.tenders.gov.au accessed on 12.11.2018). Public procurement in Australia is guided by procurement policy framework. The framework has three key elements:

- Procurement Guidelines for agencies. These guidelines are issued by the Ministry of Finance.
- Procurement related finance circulars. These circulars are usually issued when key changes are made in the procurement policy framework. Public procurement related circulars are issued by the Department of Finance and Administration.

- A number of online and printed publications for public procurement agencies.

These publications are aimed at providing assistance to public agencies on how to comply with the procurement policy framework.

Public procurement in Australia is mostly decentralized in nature. Each public agency is responsible for its own procurement although they have to procure following the guidelines of procurement policy framework. Procurement guidelines are available in both electronic and printed version. The framework covers the entire procurement cycle. Procurement cycle in Australia starts with identification of needs. It also includes identification and measurement of risk, finding and evaluating alternatives, contract award, delivery of items, payment and management of contract and finally disposal of procured items (www.tenders.gov.au accessed on 12.11.2018). Australian Ministry of Finance and Administration is responsible for constant monitoring and appraisal of the public procurement process.

Public Resources

Ensuring transparency and accountability is the prime concern of Australian government with respect to public procurement process (Hossain 2018). All resources pertaining to public procurement are publicly available. Australian Department of Finance and Administration (DOFA) webpage contains information regarding the procurement policy framework. Links to other sources of relevant information are also available there.

AusTender is the official web portal for Australian public procurement. The site is highly beneficial to all parties concerned and it encourages transparent procurement practices (www.tenders.gov.au accessed on 12.11.2018). AusTender web portal provides information about closed, present and proposed tenders freely. The web portal has an option of showing pre-qualified suppliers' list. Pre qualified suppliers are those suppliers who have met all necessary

requirements for entering into the procurement process. Links to help desk, terms of reference, policy documents, privacy policy, agency addresses and procurement plans are as well available there.

AusTender web portal allows general people and government agencies to view particular contract related information like last date of submission, tender opening date, monetary value of the contract, procurement methods and procuring agency (www.tenders.gov.au accessed on 12.11.2018). Suppliers get 25 calendar days to prepare and submit their bids. Depending on the circumstances this timeframe may change. An important document namely 'Selling to the Australian Government: A Guide for Business' available on the portal provides a great deal of assistance to suppliers. In addition to this, a variety of web links of different institutions are available to assist suppliers.

Addressing complaints

The aggrieved Australian bidders can lodge their complaints regarding public procurement to Purchasing Advisory and Complaints Service (PACS). PACS usually sends complaints back to the original agency to review the decision. Complaints must be in written format and all parties concerned will be given not less than ten days to respond. Entirely fair and equitable procedures are followed to deal with complaints at agency level. It is a requirement under procurement guidelines that senior officers who are not related to the process are involved when necessary.

e-Procurement in Australian Government

The states of Victoria and South Australia took initiative in 1997 to launch online procurement solutions for procuring public goods. Although Victoria was the first state to introduce public e-Procurement, they decided to involve other states and federal government for better integration. During that period all state

governments became aware about the potential of online public procurement process. In order to get mutual benefit from a single e-Procurement solution, state governments decided to forgo their endeavor to different independent solution. In order to obtain full benefits from e-Procurement, it was needed that all state governments have a pool of suppliers who are capable of exchanging huge volume of e-transactions. Future success of online public procurement in Australia depends on seeking and adopting of new business models based on collaboration and competition (Hossain 2018).

Chapter 3: Methodology

3.1 Data source

The research is based on both primary and secondary sources of data. Information has been collected from relevant online articles, Central Procurement Technical Unit (CPTU) reports and other related authentic websites. Information has been collected to smaller scale from primary sources as well. Interview method has been used to collect data from primary sources. Three officials from CPTU, one person from Power Grid Company of Bangladesh and one bidder have been interviewed. Issues relevant to implementation of e-procurement have been discussed in detail with them. Data obtained from interviews were analyzed. Important information regarding current state of e-procurement system was obtained from them as they are directly related to e-procurement procedures. Data obtained from both primary and secondary sources were carefully studied to conduct the research.

3.2 Analytical tool

There are different analytical tools available for research work such as SWOT (strengths, weaknesses, opportunities, threats), Five Forces (industry rivalry, bargaining power of suppliers, bargaining power of buyers, threat of new entrants and threat of substitutes) analysis, STEEPLE (social, technological, economic, environmental, political, legal and ethical factors) analysis etc.

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3.2.1 SWOT analysis

Among those abovementioned tools SWOT is the most commonly used tool in business environment. It is a strategic planning technique used to help a person or organization identify strengths, weaknesses, opportunities, threats related to

business competition or project planning. Although SWOT analysis is usually used for analyzing business organizations, it has been adapted in this study to find out limitations or weaknesses of the current e-GP system of Bangladesh.

3.3 Comparative study

A comparison has been made in this research. Electronic procurement system of Bangladesh was compared with that of a technologically advanced and developed country like Australia. The reason behind selecting Australia is that information regarding public sector procurement of Australia was available from CPTU.

Chapter 4: Analysis and findings

4.1 Role of CPTU in promoting e-GP

4.1.1 e-GP registration

Registration is essential for e-GP users. Without registration no one can enter into the system. Registration to e-GP is going on in full swing. Table 1 shows total number of e-GP users registered in last seven years on the other hand table 2 shows e-GP users registered only in 2017-18. A significant number of procuring offices were registered to e-GP in 2017-18. It is evident that for procuring entities there was a boost in registration in the last financial year. It is because CPTU targeted to end registration for procuring entities in 2017-18. They took intensive initiative to achieve that target. Continuous communication and monitoring by concerned CPTU officials proved to be effective in achieving their target.

Table: 1 e-GP user (government organization) registration up to 30th June 2018:

Sl no	Types of organization	Total no. of users registered up to June 2018
1	Ministries/divisions	56
2	Agencies	1225
3	Procuring offices	6227

Source: CPTU, 2018

Table: 2 e-GP user (government organization) registration Only in 2017-18:

Sl no	Types of organization	Users registered only in 2017-18
1	Ministries/divisions	01
2	Agencies	105
3	Procuring offices	1502

Source: CPTU, 2018

Table 3 shows that bidders and officers of different government agencies are the main users of e-GP. A large number of users belong to banks which indicate that banks are well connected with e-GP system. It is to be noted here that a significant portion of individual users (on an average around 20%-25%) have become e-GP users in the year 2017-18.

Table: 3 e-GP users (individuals) up to 30th June 2018:

Sl no	User type	No. of users
1	Government Officers	21650
2	Officers of scheduled bank	9537
3	e-GP admin	1
4	External members	352
5	Bidders	46144
Total		77684

Source: CPTU, 2018

Due to relentless effort of CPTU most of the government organizations have been registered to e-GP system. Even Upazilla Parishads and municipalities have embraced electronic procurement. All ministries/divisions are being registered. Only 63 Upazilla Parishads, 37 municipalities and 35 other organizations are yet to be registered. So CPTU has succeeded in registering more than 90% of the government agencies and offices. It is expected that the remaining offices will be registered within the current fiscal year.

Table: 4 Organizations yet to be registered

Registered in e-GP		Registration pending
No. of Ministry/Division	56	-
No. of Organization	1224 of 1324	35
No. of Procuring Entity	6227	-
No. of Upazilla Parishad	427 of 490	63
No. of Paurashava	289 of 326	37

Source: CPTU, 2018

In e-GP online bank transaction is essential. Without the cooperation and support of banks, it is very difficult to operate e-GP successfully. Bidders and procuring entities are spread all around the country. It would be immensely difficult for them if local branches of different commercial banks are not networked with e-GP system. CPTU has rightly taken initiative to build a network with most of the commercial banks currently operating in Bangladesh. In 2017-18 financial year 553 local branches of commercial banks are being connected with e-GP system. There are 57 commercial banks operating in Bangladesh. Out of 57 CPTU has already managed to have agreement with 45 banks to support e-GP system. It has helped e-GP to become one of the successful ventures of Bangladesh government.

Table :5 Registered banks in e-GP system

Sl no	Bank & branch	Registered in Financial year 2017-18	Registered during 2011-12 to 2017-18
1	Registered banks	1	45
2	Registered branches	553	3769

Source: CPTU, 2018

4.1.2 e-GP training

An effective way to enjoy all benefits of electronic procurement is through application-based corporate training. It will ultimately lead to higher profitability and productivity of an organization. Proper implementation of e-Procurement depends on efficiency of related employees of the concerned authority and trained users. So there is an obvious link between training and full functioning e-GP. Proper training can build capacity of workers and enable them to become well acquainted with the idea of e-Procurement. Practical training based on real life scenario can make employees more engaged and they can perform their job better.

CPTU also addresses the issue of training stakeholders. The following table shows different types and participants of training given in 2017-18.

There are four key stakeholders in electronic government procurement system of Bangladesh namely procuring entity (the unit/office/authority of an organization which wants to purchase something), organization admin (who has unrestricted access to organization's e-GP account), bidders and bank admin (responsible person of concerned bank for e-GP related transaction). From table no 6 it is evident that CPTU provides training to all key stakeholders of e-GP. The table also reveals that majority of the participants belong to procuring entity group. It is because procuring entity has to play the most important role in e-GP system. Procuring entity is responsible for providing bill of quantity, general conditions of contract and particular conditions of contract etc. Bidders also have important role in e-GP system as they participate in competitive bidding using the e-GP facilities. Bidders are also well represented in the training.

Table: 6 Training provided by CPTU in 2017-18

Sl no	Training type	No. of participants
1	3 days procuring entity user training	3843
2	1 day organization admin training	2120
3	1 day bidder training	2679
4	1 day bank admin training	100
Total		8742

Source: CPTU, 2018

Apart from above training programs CPTU also gives training to target agencies. Currently there are four target agencies which are responsible for major portion of government spending in development sector. The four agencies are LGED, RHD, BWDB and BREB.

The above mentioned four agencies are the top four government agencies in Bangladesh in terms of number of projects running in Annual Development Program (ADP). For example, in 2018-19 ADP, RHD has 139 and LGED has 112 investment projects. Project directors are important part of procurement decision making and approval process. It is very important that they have proper knowledge about e-GP procedure. Like them project accounts officers also play important role in procurement cycle. Table 7 depicts that in the previous financial year 135 PD of those four agencies received 1 day training, 288 accounts officers received 2 days training. It is to be noted that those four agencies have a large number of registered bidders. 2651 registered bidders of those four agencies were trained in last financial year.

Table: 7 Training provided to four target agencies in 2017-18

Sl no	Training type	No. of participants
1	1 day project director and approving authority training	135
2	2 days accounts officers training	288
3	5 days procuring entity user training	2651
Total		3074

Source: CPTU, 2018

In the year 2017-18 11816 participants of different categories took part in e-GP training. Training plays crucial role in implementation of procurement reform. It is apparent from the above analysis that CPTU is committed to delivering required training facilities to different stakeholders.

4.1.3 24/7 Helpdesk Support

24×7 help desk support throughout the year is available to address users' complaints and queries on technical issues by means of dedicated short-code

(16575), hotline, emails, online chatting and physical support if required. Thus helpdesk system keeps track of entire life cycle of all the tickets raised by end users starting from its generation to closure. Depending on the severity of the complaints, it's being addressed, by the dedicated professionals at different level and within stipulated deadline.

4.1.4 Addressing bidders' complaints

Aggrieved bidders can go to review panel for remedial action. Review panel is an authority where bidders can lodge their complaints. Any bidder who is unhappy about the decision made by procuring entity or approving authority can appeal to a review panel. According to Public Procurement Rules 2008, a bidder can go to review panel only after he has exhausted all his options. Review Panel issues written decision within limited time. At present there are three review panels working to resolve bidders' complaints. According to PPR -2008, review panel can take up to 12 days to make decisions. A review panel can suspend the issuance of Notification of Award until decision is reached by the panel.

A review panel can reject an appeal; ask for remedial measures; cancel non-compliant decision of a procuring entity, advise payment of compensation by a procuring entity and suggest to complete the procurement procedures.

4.1.5 Denying fraudulent bidders

In order to ensure transparency and value for money it is very important that fraudulent or unfit bidders do not have access to tendering process in e-GP. CPTU maintains debarment list. Bidders listed in this category cannot participate in tendering process. A bidder can be barred from participating in tender for a specific agency or for all agencies depending on the graveness of malpractice or fraud. Debarment period varies. At present 57 companies are included in debarment list.

4.1.6 Citizen Engagement, Dialogue & Awareness

Piloting of citizen engagement for the oversight of effective implementation of projects under PPRP-II by the BRAC University in four sub-districts of Rangpur and Sirajganj districts has produced positive results. Building on the success citizen engagement is going to be rolled out in 50 sub-districts in 8 divisions of Bangladesh under a government funded project. Besides, the findings of field-level data and experiences were shared with the high-level Public-Private Stakeholders' Committees (PPSC) on public procurement headed by Hon. Planning Minister. The PPSC is meant for recommending policy level changes to the government on the basis of data and discussions of the members.

In order to establish and build up a professional relationship between tenderers and government procuring entities, Government-Tenderers Forum (GTF) have been formed in all 64 districts under PPRP-II for fostering effective dialogues between them.

To strengthen and sustain reforms and e-GP implemented in public procurement, e-GP awareness campaign was conducted in all 64 districts where tenderers, PEs, banks, media and civil society were the participants. Success stories, e-GP theme song, TV and Radio commercials were produced and aired. Mass media and social media interventions were also conducted. Two digital e-GP billboards have been placed live in two strategic locations in Dhaka that give daily updates on e-GP to the public.

About 600 journalists have been trained on public procurement issues. Such interventions are expected to be intensified in DIMAPPP.

4.2 e-GP performance in Bangladesh

e-GP in Bangladesh has gained momentum. The number of invited tenders, submitted tender and contract awarded are quite impressive. Like previous tables financial year 2017-18 is marked with remarkable performance in terms of

spreading e-GP in every spectrum of government offices. Around half of all invited tenders, submitted tenders and awarded contracts in e-GP happened in the financial year 2017-18.

Table: 8 Tenders processed through e-GP

Sl no	Different stages	Financial year 2017-18	During year 2011-12 to 2017-18
1	No. of invited tenders	87202	190131
2	Tender invited amount (in crore)	70957	161869
3	No. of submitted tender	81484	177335
4	No. of bids	1067578	1907171
5	No. of contract awarded	47763	112534
6	Value of contract awarded (in crore)	37030	83461

Source: CPTU, 2018

Table 9 shows significant progress in implementation of e-GP. Competition and responsiveness on an average per tender almost tripled. All contracts awarded are now made public; all tender notices are being published. The table given below also indicates that e-GP has helped a lot to enhance efficiency and transparency of the system.

Table: 9 Positive Changes Through e-GP implementation

Sl.	Subject	Before e-GP	After e-GP
1	Making contract award public	In 2007 about 15%	100%
2	Publication of tender notices	In 2007 about 70%	100% in 2017
3	Contract award decision within timeframe	In 2007 10%	99.5% in 2016
4	Competition on an average per tender	In 2007 only 4	11 in 2017
5	Responsiveness on an average per tender	In 2007 about 3	10 in 2017

Source: CPTU, 2018

Bangladesh is well advanced among south Asian countries in implementing e-GP. In Western Europe, Portugal is a pioneer though it covers 70% of the public procurement. Australia has not introduced it in works. Most advanced country in this respect is Georgia, keeping hard copy only for audit purpose. Philippines is also advanced but whole process is not free from using papers. Bangladesh, comparatively, advances in many aspects, mainly in performance measurement and contract management. It is also free from papers at all stages.

Table: 10 Tentative e-GP Progress of Different Countries

Name of Country	Progress
Georgia	100%
Korea	80%
Portugal	70%
Philippines	50%
Chili	50%
Brazil	50%
Bangladesh	50%
Australia	30%
Pakistan	Just initiated
Nepal	Beginning stage
Bhutan	Beginning stage
Afghanistan	Beginning stage
India	Some states conduct
Sr Lanka	Initiated

Source: CPTU, 2018

The incentives of hassle free e-GP environment, in comparison to the traditional approach of tendering process, made both the public procuring entities and tendering community fully inclined to adopting the system.

4.3 Challenges of e-GP:

Data obtained from primary sources indicate that there are some limitations or challenges that e-GP faces right now in Bangladesh. In order to obtain e-GP related information, discussions with one bidder, three CPTU officials and one official of a government agency were conducted. During discussion the bidder informed that he had to pursue to get his registration done. He had to go from one desk to another to speed up the process. He was asked about other difficulties he was facing related to e-GP. In response he mentioned that he had received one day training on e-GP but he needed more training. According to him bidders from small towns sometimes face problems while uploading documents due to slow internet.

Discussion with CPTU officials revealed a number of e-GP related challenges. According to CPTU officials, excessive reliance on outsourced IT consultants poses a challenge. It is not a sustainable solution and it may cause information leakage. They mentioned that tenders valued more than 50 crore taka, international tenders and tenders for intellectual services could not be processed through e-GP. They also mentioned that CPTU being a non autonomous body, getting approval for files from concerned ministry was time-consuming; review panels could not give decisions in stipulated time; lack of supporting staffs hampered delivering service in due time.

Based on the discussions with different stakeholders a number of challenges of e-gp in Bangladesh were identified. Those challenges are mentioned below:

- CPTU is largely dependent on outsourced IT consultants and firms for maintaining its e-GP infrastructure. It is not sustainable; CPTU should develop its own capacity.

- Tenders having value more than 500 million BDT, international tenders and tenders for intellectual services cannot be processed in e-GP.
- Bidders submit tenders from all over the country. They need to upload a number of documents. Lack of access to high speed internet creates problem for them. Currently in city areas there is no problem with speed of internet but in small urban and rural areas it is a big problem.
- There is an open forum in e-GP site for bidders to discuss tender related problems but is not being used properly. It remains empty.
- There are thousands of bidders in Bangladesh. CPTU is providing training to bidders but all are not covered yet. All bidders are not educated well enough to understand e-GP system on their own. So they need more training.
- Bidder registration process is not always hassle free. Sometimes it takes time to get registration.
- Usually review panel takes longer than stipulated time to resolve cases.
- CPTU is not an autonomous body. Sometimes it takes time for it to get approval of many issues from concerned ministry/division.
- CPTU is short staffed. It creates problems in delivering services to its clients.

4.4 Comparison of e-GP between Australia and Bangladesh:

Purpose of e-Procurement

Electronic procurement in Australia emphasizes on ensuring value for money in every government spending. Similarly CPTU focuses on accountability,

transparency, efficiency; better value for money, fairness etc.

Structure of public procurement

In Australia public procurement is largely decentralized. Each agency is responsible for its own procurement as long as it follows the procurement policy framework. Compared to Australia public procurement in Bangladesh is primarily centralized with CPTU being the sole government department responsible for maintaining discipline in public sector procurement.

Legal basis

In Bangladesh there are specific laws and rules to regulate public sector procurement. Public procurement Act 2006, Public Procurement Rules 2008 and e-GP guidelines set the procedures to be followed in government procurement in Bangladesh. In Australia, procurement policy framework provides the guidelines for public procurement. The procurement policy framework consists of the Commonwealth's Procurement Guidelines, finance circulars (issued by the Department of Finance and Administration/DOFA) and a range of web-based and printed publications designed to assist agencies in conforming to the procurement policy framework.

e-Procurement web portal

AusTender is the official website of the Australian Government tender system and here one can find information on proposed, current, and closed tenders freely available to the public. Similarly in Bangladesh e-GP website provides detailed guidelines, operation manuals and tender related information. There is a public forum in e-GP site to discuss various issues related to electronic tender processing in Bangladesh.

e-Procurement coverage

Australia has introduced electronic procurement in public sector for goods and services. Works have not been included yet. Around 30% government purchase in Australia is processed through electronic procurement. In contrast to Australia, Bangladesh has introduced e-GP for goods, services and works. In Bangladesh tenders having values more than BDT 500 million (approval authority is Cabinet Committee for Government Purchase), international tenders and tenders for intellectual professional services are not processed through e-GP due to technical reason. All other tenders for goods, services and works in public sector are processed through e-GP system.

Addressing complaints

In Bangladesh there is a provision for review panel where bidders can lodge complaints against any decision made by procuring entities or other concerned authority. Bidders can appeal to review panel only after all options are exhausted. In Australia bidders can go to The Purchasing Advisory and Complaints Service (PACS) to protest an agency's decision regarding a tender. PACS usually sends complaints back to the original agency to review the decision.

In conclusion it can be said that although Australia is one of the developed countries in the world, its size of the economy and technological advancement cannot be compared with those of Bangladesh, with respect to implementation of electronic government procurement Bangladesh is not lagging behind.

4.5 Findings:

- A significant number of procuring offices were registered in e-GP in 2017-18. It is because CPTU targeted to end registration for procuring entities in 2017-18.
- Bidders and officers of different government agencies are the main users of e-GP. A large number of users belong to banks which indicate that banks are well connected with e-GP system.
- Due to relentless effort of CPTU most of the government organizations have been registered to e-GP system. Only 63 Upazilla parishads, 37 municipalities and 35 other organizations are yet to be registered. CPTU has already managed to have agreement with 45 banks to support their e-GP system.
- CPTU provides training to all key stakeholders of e-GP. Majority of the participants belong to procuring entity. It is because procuring entity has to play the most important role in e-GP system.
- CPTU also gives training to four target agencies. In the previous financial year 135 PD of those four agencies received 1 day training, 288 accounts officers received 2 days training.
- It is to be noted that those four agencies have a large number of registered bidders. 2651 registered bidders were trained in last financial year. Last year 11816 participants of different categories took part in e-GP training.
- 24×7 help desk support throughout the year is available to address users' complaints and queries on technical issues by means of dedicated short-code (16575), hotline, emails, online chatting and physical support if required.

- Aggrieved bidders can go to review panel for remedial action. Any bidder who is unhappy about the decision made by procuring entity or approving authority can appeal to a review panel.
- CPTU maintains debarment list. Bidders listed in this category cannot participate in tendering process. At present 57 companies are included in debarment list.
- CPTU has a policy to engage citizen, having dialogue and raising awareness about accountable and transparent online public procurement process.
- e-GP in Bangladesh has gained momentum. The number of invited tenders, submitted tenders and contracts awarded are quite impressive. Around half of all invited tenders, submitted tenders and awarded contracts in e-GP happened in the financial year 2017-18.
- Competition and responsiveness on an average per tender almost tripled. All contracts awarded are now made public; all tender notices are being published.
- Bangladesh is well advanced among south Asian countries in implementing e-GP. In Europe, Portugal is a pioneer though it covers 70% of the public procurement.
- Bangladesh, comparatively, advances in many aspects, mainly in performance measurement and contract management. It is also free from papers at all stages.

Major challenges of e-GP system of Bangladesh are following:

- CPTU is largely dependent on outsourced IT consultants and firms for maintaining its e-GP infrastructure. It is not sustainable
- Tenders having value more than 500 million BDT, international tenders and tenders for intellectual services cannot be processed in e-GP.
- Lack of access to high speed internet creates problem for them.

- Bidder registration process is not always hassle free. Sometimes it takes time to get registration.
- Usually review panel takes longer than stipulated time to resolve cases.

Comparative study reveals that

- Both Australia and Bangladesh want to achieve better value for money, transparency, accountability and more competition in online public procurement.
- In Australia public procurement is largely decentralized. Public procurement in Bangladesh is primarily centralized with CPTU being the sole government department responsible for maintaining discipline in public sector procurement.
- Public procurement Act 2006, Public Procurement Rules 2008 and e-GP guidelines set the procedures to be followed in government procurement in Bangladesh. In Australia, procurement policy framework provides the guidelines for public procurement.
- AusTender is the official website of the Australian Government tender system. Similarly in Bangladesh e-GP is the official web portal for public procurement. It provides detailed guidelines, operation manuals and tender related information.
- Australia has introduced electronic procurement in public sector for goods and services. Around 30% government purchase in Australia is processed through electronic procurement. Bangladesh has introduced e-GP for goods, services and works.
- In Bangladesh there is a provision for review panels where bidders can lodge complaints. In Australia bidders can go to The Purchasing Advisory and Complaints Service (PACS) to protest an agency's decision regarding a tender.

Chapter 05: Conclusions and recommendations

5.1 Conclusions

In recent years government of Bangladesh has taken a number of initiatives to reform different sectors of the country. Unlike other reforms electronic procurement has become a successful venture. e-GP has changed the scenario of public procurement in Bangladesh. World Bank financed public sector procurement reform project contributed a lot towards this achievement of Bangladesh. Political commitment combined with required investment in IT infrastructure and relevant human resource developments have made it a success story.

CPTU has played crucial role in implementing e-GP. It has managed to register all ministries, procuring entities and majority of government agencies in e-GP. Even most of the municipalities and local government bodies are registered in e-GP. At present all tenders for public sector procurement are invited through CPTU. With some exceptions great majority of those tenders are processed through e-GP. It has made tendering process easier and transparent for bidders, procuring entities and concerned agencies. It has helped to enhance transparency, accountability and value for money in public sector spending.

CPTU is continuing its effort to provide necessary training to as many stakeholders as possible. Particularly in the financial year 2017-18 registration in e-GP and training got momentum. It is expected that registration of all concerned public offices will be completed by the end of 2018-19 financial year. The progress Bangladesh has made in electronic procurement is quite remarkable. Even developed country like Australia is yet to implement electronic procurement for works in public sector. It can be safely said that Bangladesh is going in right direction in terms of achieving efficient, transparent and effective electronic public procurement system. Other South Asian countries are lagging

behind in this respect.

Although Bangladesh has made significant progress in implementing electronic public procurement system, e-GP is not free from limitations. In order to make reform in public procurement sustainable it is essential that the limitations are being overcome. It is expected that all concerned will take necessary steps to maintain the progress made in electronic public procurement in Bangladesh.

5.2 Recommendations

- Access to high speed internet all over the country is required for bidders to submit their documents online without interruption. CPTU should work with Ministry of Telecommunication and ICT Division in this regard.
- Many bidders are not well educated and they are not aware of the technical issues of e-GP. They rely on others to complete the tendering process. Although CPTU has trained around forty thousand bidders, training of bidders should be continued.
- Bidders' registration in e-GP should be quick and hassle free. It is important to make sure that bidders apply online to get registration with proper documentation and they get registration within earliest time possible.
- CPTU is not autonomous at present. It is a department under Implementation, Monitoring and Evaluation Division of Ministry of Planning. In some cases it needs time to get approval from IME Division. An initiative has been taken to make CPTU authority, so that it can operate autonomously. The process is ongoing and it should be done without delay.

- Technical and procedural difficulties should be overcome to allow tenders valued over 500 million BDT, international tenders and tenders for intellectual services to be processed through e-GP.
- In e-GP site there is open public forum for discussions related to electronic procurement issues, but the forum is not active. Bidders do not use that forum. CPTU should encourage bidders to use open forum for discussing their problems, so that they can get solution online.
- It takes time to get decision from review panel. Sometimes it takes months to resolve a case. CPTU should take initiative to increase the number of panel or provide more staffs and logistics to existing panels so that they can speed up their decision making.
- CPTU should take more initiatives to develop its own capacity so that it can reduce dependency on outsourced IT firms.
- It is very important for CPTU to remain corruption free. Maintaining Integrity should be its prime concern, otherwise the reform implemented in public procurement in Bangladesh will not be sustainable.

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