Article

Identifying e-procurement implementation hurdles: Insights from focus group discussion

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Abstract

The goal of this paper is to analyze the challenges that Bangladesh faces in implementing an electronic procurement system successfully. constructing feasible recommendations for updating the e-GP policy. Survey data from 51 samples of procurement entity (PE) bidders obtained through Focus Group Discussion (FGD). Data from eleven zones in Bangladesh's Roads and Highways Division (RHD) population were gathered. The FGD analysis revealed that 71% of the majority of bidders had not received the necessary e-procurement training, and small and medium-sized bidders had not received RHD awards. The results also revealed that bidders are uploading tender-related fraud documents to the e-GP system. This study is the first attempt to determine the struggles bidders perceive in public procurement. The study's findings will be helpful to procurement professionals. The upcoming review, implementation, and modification of e-GP guidelines and enhanced procurement policies will also be supported by the proposed recommendations.

Introduction

The adoption (CPTU 2011) of the electronic government procurement (e-GP) system in Bangladesh, developed by the Central Procurement Technical Unit (CPTU) under the Ministry of Planning, was a significant step towards modernizing and improving the public procurement process in the country. The system was introduced in 2011 as part of efforts to enhance transparency, efficiency, and accountability in public procurement, in line with recommendations from the World Bank (World Bank 2002). While the e-GP system has been deployed and is currently in use, its implementation has not been without challenges. Procurement entities (PEs) and bidders have faced ongoing issues, which include technical complications and user difficulties. These issues have impeded the system's full potential and effectiveness in some instances, as it has not been fully embraced by all stakeholders involved in the procurement process. Despite these challenges, the e-GP system remains a vital part of Bangladesh's strategy to improve public procurement, and efforts to address its issues are ongoing (Akando 2016; Marcella Corsi 2006). e-Procurement, as described by the CPTU in 2021 (CPTU About 2021), is a reliable, web-based application platform designed to streamline engagement with the bidder community. This platform facilitates a paperless environment, reducing the risks associated with traditional procurement methods. Notably, it addresses challenges such as delays, physical insecurity, and inefficiencies in procurement processes,

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making it a more secure and efficient option for managing public procurement. The study aims (Sanewu 2016) to assess the challenges encountered in the execution of e-procurement within the Roads and Highways Department (RHD) public procurement system. Specifically, it seeks to examine the difficulties in terms of time, cost, and process inefficiencies that may arise during the implementation of e-procurement within the RHD's procurement activities.

The study implications are that academicians, students, researchers, bidding communities, and policymakers will all benefit from the study's conclusions. The ultimate objective (Becker 2018) is to identify potential issues and challenges in e-procurement processes by conducting a quality evaluation based on key performance indicators (KPIs).

Problem Statement

Even after establishing the e-procurement system for public procurement, there may still be some bottlenecks that prevent the successful implementation of the e-GP system. From literature gaps (World Bank 2020), bidders are still facing issues that must be addressed. RHD contractors encountered difficulties when participating in e-tenders, server-side services, and smaller contractors receiving fewer awards. Additionally, contractors experienced various issues with the e-GP system regarding time, cost, and process, which led to dissatisfaction among them. E-GP system-related bank service suffers bidders. There are still policy flaws. Bidders and PE officers are both dissatisfied due to policy flaws.

Research Question

Given the study's background and an overview of the research problem, it is essential to understand the current challenges facing e-procurement implementation by bidders/contractors of RHD in Bangladesh.

Q1. What are the e-procurement implementation challenges in RHD (Roads And Highways Division)?

Research Objective

The general objective is to assess the e-procurement system and its effective e-procurement implementation challenges in RHD.

　　1) *To find the challenges experienced during e-Procurement implementation in the RHD development project in the context of time, cost and process.*

Literature Review

e-Gp system familiarised in Bangladesh by the year 2011. Since 2012, the e-GP system was started full swing. In a report of the World Bank that was published in June 5, 2020 (World Bank 2020) revealed the strength and present weakness of the e-GP system in Bangladesh. Below is a breakdown of the information, which highlights the improvements and achievements over time:

　　1) Publication of Procurement Notices and Contract Award Information:

　　　　a. 100% of procurement notices and contract award information are now publicly available. This reflects a commitment to transparency in the procurement process.

2) Procurement Lead Time Reduction:

   a. The average procurement lead time from invitation to contract signing decreased by 28%, dropping from 86.7 days in FY12 to 62.2 days in FY19. This indicates a significant improvement in the efficiency of the procurement process.

3) Improved Bid Validity:

   a. The percentage of awarded bids within the original bid validity period increased dramatically from 10% in FY07 to 90% in FY19. This suggests improved accuracy in managing bidding timelines and better alignment between bidders and the contract awards.

4) Decrease in Rejected Bids:

   a. The percentage of rejected bids dropped from 8% in FY12 to 3% in FY19. This indicates improved quality and compliance in the bids being submitted.

5) Estimated Savings:

   a. An estimated US$ 600 million in savings was realized between FY12 and FY18. This could reflect improved cost management, competitive bidding, or better supplier negotiations during the procurement process.

6) Market Access and Bidding Environment:

   a. The transition from manual bidding to a more modern digital system has led to improved market access and bidding environment. This likely indicates a move toward electronic procurement systems, which facilitate easier access for bidders and a more streamlined, transparent process overall.

Also in that report, the major weaknesses were revealed as" large bidders monopolizing the procurement market and small bidders getting marginalized".

Method

The Roads and Highways Department (RHD) in Bangladesh had bidders/contractors from the PE office who were population. The study included seventy divisions, thirty-one circles, eleven zones, and four wings of RHD in Bangladesh. Seven FGDs were conducted at various RHD's Procurement by gathering six to nine bidders from the PE office space. FGD included fifty-one responders. A stratified sampling technique was used to select contractors in RHD who were involved in e-procurement for the FGD. Using the FGD checklists, FGDs were used to collect qualitative data from contractors. A stratified sampling method was used to choose RHD bidders who were taking part in the e-procurement submission.

Data Analysis

Demographic Analysis

Q- Give the proportion of respondents (bidders) with the highest degree of education

The findings indicated that 3.4% of the respondents were below SSC, 11.7 % had SSC passes, 27.6% had HSC passes, 5.5% were Diploma in Engineering passes and 62% obtained

Degree/Honors degrees. Therefore, most respondents had attained the necessary education and potentiality to handle the e-procurement bidding process in RHD.

Q. How dispersed the respondent (Bidders) E-Procurement Training?

According to data, approximately 71% of bidders did not take part in any e-GP-related training that CPTU (Now renamed as Bangladesh Public Procuring Authority) might offer. Furthermore, about 26.2 per cent of bidders attended e-GP-relevant training at least once, 2.1 per cent attended e-GP-related training twice, and just 0.7 per cent attended e-GP-related training four times.

FGD Data Analysis

Focus Group Discussions (FGD)

Respondents	The respondents were RHD bidders from various Zones, Circles, and Divisions.
Age	A mean age of 46.10 years suggests that the typical respondent is in their mid-40s.The standard deviation of 8.974 shows that there is some variation around this mean, meaning respondents' ages are not all identical but are reasonably close to each other (since the standard deviation is relatively low in comparison to the mean).The age range of 27 to 75 years demonstrates that while most respondents are likely to be within a certain age range around the mean, there is still a wide spread from the youngest to the oldest participant.
E-GP bidding experience	Findings indicated that bidders' experience in the e-GP system was from 3 to 9 years. The mean value is 7.29 years.
Locations	Seven locations were- Dhaka circle office, Noakhali Division office, Habigonj Division office, Kishorgonj Division office, Khulna zone office, Barisha zone office and Mymensingh zone office.
Sample size and sample design	Dhaka circle office, seven bidders Noakhali Division office, seven bidders Habigonj Division office, eight bidders Kishorgonj Division office, seven bidders Khulna zone office, seven bidders Barisha zone office, nine bidders Mymensingh zone office, six bidders

Total Checklists Four checklists were-

1) e-GP Challenge Perception

2) Banking service in e-procurement perception

3) After the e-tender Award Perception

4) Bidders' Other Observations on the e-GP system

FGD Findings

1) e-GP Challenge Perception

The checklist was designed to help contractors understand their issues during e-tender participation in terms of time, cost, and process. The researcher observed the following responses. The following is a summary of the FGD's findings.

Challenges Experienced during E-Procurement Participation in the Time Context

- Sometimes there is no internet, and the server does not load again. So it is a waste of time to work on an e-tender.

- A hired person prepares tender and enters in the server system, so more time is required.

- Time is more needed than ever because everyone works on the computer during office hours resulting in a heavy workload and user traffic.

- When working on e-GP, the server can sometimes not load and hang. So the tender submission is delayed and requires a longer time.

Challenges Experienced during E-Procurement Participation in the Cost Contexts

- A cost of more than Taka 3000 to 4000 is required to hire a skilled person for the e-tender. Computer shops constantly demand more money.

- The e-GP system requires skilled people, so the money involved was increased in e-tender submission for hiring computer-skilled persons.

Challenges Experienced during E-Procurement Participation in the Process Contexts

- The contractor's knowledge about e-GP processes is low, so it is necessary to seek the help of others to process the e-GP system.

- Many contractors do not know the process of e-tender dropping, so it is difficult to drop e-tender. As a result, sometimes contractors lose interest in dropping e-tender in the e-GP system.

2) Banking Service Perception

The checklist was designed to identify the obstacles or harassment contractors faced before participating in an e-tender and after receiving an e-tender award in terms of time, cost, and process while depositing money for tender schedule price and security at some listed specified bank branches.

FGD's observations were-

- The amount of money that can be deposited in the bank is a problem, although it takes longer than one day due to the long wait. It would also be preferable if the bank branch were more. Mobile payment could be the answer.

- Due to the long lines for depositing money in the bank, extra time is required to schedule each specific bank's deposit.

- Some of the bank branches need to be more interested in accepting tender security money. Some banks advise bidders to visit other bank branches. Bank officers claim that we are overworked, that we need training, that entitled officers have been transferred, and so on. As a result, the bidder is subjected to a great deal of harassment, and some bidders are discouraged from submitting an e-tender.

3) After E-Tender Award Perception

The third FGD checklist was designed to learn about the obstacles or harassment that contractors faced following the e-tender award. The FGD's findings are summarized here.

FGD's observations were-

- Some rules and regulations must be altered. The issue is with the subcontract. The big contractor receives a commission from the small contractors.

- PE offices scheduled payments must be paid online soon after the work is complete.

4) Bidders other Observation

The fourth FGD checklist focused on contractors' comments or concerns during the e-tendering process. Comments or Concerns are summarized as-

- Training for all bidders must be started to fill the e-GP system because contractors must pay third parties to fill out e-GP documents.

- E-GP only offers work to a few bidders. Work should distribute proportionately.

- Bidders' work completion certificates can be available on the e-GP system.

- All tenders would bring under the e-GP system, and the lottery can be up to 5 cores Taka.

- The E-GP process can be easier for bidders.

- Uproot the e-GP system because small bidders don't get work. So E-GP system favours only big contractors.

- E-GP server speed is low, and the network is weak. So take more time to load.

- E-GP is a complex system due to the disfavour of small and medium bidders.

Discussion

71% of most bidders had not acquired the required e-procurement training at RHD, causing significant discomfort and difficulties while filling out and submitting e-Procurement related tender documents. Hiring a trained individual to submit an e-tender costs roughly 3000-4000

Taka because contractors cannot fill out e-tender documents in the e-GP system. Aside from that, computer shops always want a significant sum. The contractor's knowledge about e-GP processes is low, As a result, sometimes contractors lose interest in dropping e-tender in the e-GP system. The money that can be deposited at the bank is a challenge because the bank has a big queue, which can take a long time at times. It may take more than one day in some cases. Bank branch officers claim that they are busy, that they lack training, that entitled officers have been transferred, and so on. As a result, the bidder is subjected to a great deal of harassment, and some bidders are discouraged from submitting an E-tender. Being an e-tender is not an issue; however, some laws and regulations must be altered. The issue is with the subcontract. They are paying the big contractor a commission. Bidders were requested to express their free opinion or observation about e-procurement platforms beyond the four checklists during the FGD phase. Most responders are dissatisfied with the current policy. The 300 mark point matrix system, bank liquidity, and the current turnover method prevent new, small, and medium-sized bidders from winning RHD awards.

Conclusion and Policy Recommendations

To collect responses on e-procurement challenges in the e-GP system, the researcher used FGD methods for bidders. 71% of most bidders had not acquired the required e-procurement training at RHD. Bidders are dissatisfied with the current tendering policy, according to key findings. Due to the erroneous assessment matrix system, small bidders are not awarded. Only the most prominent bidders are given preference. Suggestions for this study have been made based on the findings. These proposals will help the BPPA in Bangladesh to improve the current e-GP policy in the long run.

Policy Recommendations are-

e-GP Guideline 2011 Update

a) In the e-GP system, TEC membership would be increased from existing three to five members under the e-GP system.

b) In the e-GP system, External members can be added to the TEC mandatory.

c) The e-GP system can alert PE users to complete the TEC meeting within a time frame.

d) A bill payment system would be integrated into the e-GP system, eliminating the current manual payment system.

e) Bidders anticipate that the Taka 5 cores bid will be awarded through a lottery system that prioritizes local bidders while eliminating turnover, bank liquidity, and experience points. Bidders can be divided using grading schemes.

Server System Update

a) The e-GP server system can be improved to support massive traffic and avoid hanging during office hours.

E-GP System Software Update

a) The digital signature might be included in the e-GP system soon.

b) Bidders who commit fraud, fake liquid assets, or experience certificates may be denied access to the e-GP System. In addition, PE officials can upload bidders' experience certificates to the e-GP system.

c) The E-GP system would give the bidder's database, including a record of all Bangladesh bidders' job experience.

d) The software for the E-GP system should be more user-friendly. However, it now appears to be complicated. As a result, the E-GP process can be easier for bidders.

e) Recovering a password would be simple.

f) The e-auction process can be integrated with the e-GP system.

g) The e-GP system must be used to begin the procurement process for Intellectual and Professional Services.

h) In the e-GP system, the debarred company would be excluded from the evaluation by TEC members.

Bank System Update for e-GP System

a) All bank branches must accept schedule and security money from bidders or contractors. As a result, the guidance will be in this direction.

b) Banks upload liquid asset documents in e-GP system, i.e. bank solvency certificates, to prevent bidders from submitting fraudulent or counterfeit liquid asset documents.

E-GP Training

a) Bidders or contractors must complete five days of mandatory training. After that, the certification process can start, and the training provider will upload the certificate to the e-GP system to prevent bidder fraud. Remote bidders can receive training online.

Declarations

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