E-PROCUREMENT
GUIDANCE NOTE ON PROCUREMENT
JUNE 2018
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ABsOUT THIS PUBLICATION

In April 2017, the Asian Development Bank (ADB) approved its new procurement framework, the ADB Procurement Policy: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time); and the Procurement Regulations for ADB Borrowers: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time). These replace the former Guidelines on the Use of Consultants (2013, as amended from time to time) and Procurement Guidelines (2015, as amended from time to time). The procurement policy and the procurement regulations address the procurement activities of project executing agencies and implementing agencies on projects financed in whole or in part by a loan or grant from ADB, or by ADB-administered funds. ADB designed the 2017 procurement policy to deliver significant benefits and flexibility throughout the project procurement cycle, as well as to improve project delivery through a renewed focus on the concepts of quality, value for money (VFM), and fitness for purpose.

This note is part of a series of guidance notes published by ADB in 2018 to accompany the 2017 procurement policy and the procurement regulations. Each note discusses a topical issue for borrowers (including grant recipients), bidders, and civil society under the new framework (see list below). The guidance notes cross-reference each other frequently and should be read in conjunction. All references to “guidance notes” pertain to these notes. The notes may be updated, replaced, or withdrawn from time to time.

List of Guidance Notes for the 2017 ADB Procurement Policy and the Procurement Regulations

1. Value for Money
2. Procurement Risk Framework
3. Strategic Procurement Planning
4. Procurement Review
5. Alternative Procurement Arrangements
6. Open Competitive Bidding
7. Price Adjustment
8. Abnormally Low Bids
9. Domestic Preference
10. Prequalification
11. Subcontracting
12. Consulting Services Administered by ADB Borrowers
13. Nonconsulting Services Administered by ADB Borrowers
14. High-Level Technology
15. Quality
16. Bidding-Related Complaints
17. Noncompliance in Procurement
18. Standstill Period
19. State-Owned Enterprises
20. E-Procurement
21. Framework Agreements for Consulting Services
22. Public–Private Partnerships
23. Contract Management
24. Fragile, Conflict-Affected, and Emergency Situations
ADB procurement reforms intend to ensure VFM by improving flexibility, quality, and efficiency throughout the procurement cycle (see illustration below and the Guidance Note on Value for Money). VFM is part of a holistic procurement structure with three support pillars: efficiency, quality, and flexibility. The two key principles of transparency and fairness weave across all elements of the structure.

**Value for Money**
The effective, efficient, and economic use of resources, which requires an evaluation of relevant costs and benefits along with an assessment of risks, nonprice attributes, and/or total cost of ownership as appropriate

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<th>Efficiency</th>
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<td>• Decreased transaction costs&lt;br&gt;• Increased skills&lt;br&gt;• Increased high-level technology usage&lt;br&gt;• Improved procurement planning&lt;br&gt;• Support and encouragement of e-procurement systems</td>
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**Time**
Time is an important element of VFM. When a project is delivered promptly or when a process is completed rapidly, greater value is created for all stakeholders. For example, a road project completed early provides economic benefit, security, or other value to the community it serves. It increases the return on investment to the executing agency and accelerates the project and payment cycle to the successful bidder. Likewise, a project delivered late loses significant value.

When considering VFM in the context of procurement, pay attention to anything that (i) shortens the procurement cycle time frame or (ii) accelerates delivery of the development project.
About This Publication

**Objective**
This guidance note is intended to assist readers by elaborating on and explaining ADB’s 2017 procurement policy and procurement regulations for borrowers (including grant recipients).

This note identifies additional information for the reader to consider when applying ADB’s procurement policy and procurement regulations to their circumstances.

**Living Document**
This guidance note is intended to be a living document and will be revised as required.

Be sure to check the ADB Business Center website for the latest version and updates, https://www.adb.org/business/main.

**The Reader**
In many circumstances, readers are expected to use this guidance note in a manner unique to their needs. For consistency throughout the suite of guidance notes, the following assumption is made about the reader:

The reader is a professional involved in activities financed in whole or in part by an ADB loan or grant, or by ADB-administered funds.

**FAQs**
Frequently asked questions, clarifications, examples, additional information, links to training, and other useful resources will be made available on the ADB website.

Be sure to check the ADB Business Center website for more information, https://www.adb.org/business/main.

**Legal and Order of Priority**
This guidance note explains and elaborates on the provisions of the Procurement Regulations for ADB Borrowers: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time) applicable to executing (and implementing) agencies under sovereign (including subsovereign) projects financed in whole or in part by an investment loan from ADB (i.e., excluding ADB results- or policy-based loans), ADB-financed grant (excluding ADB-administered technical assistance and staff consultancies), or by ADB-administered funds.

In the event of any discrepancy between this guidance note and the procurement regulations, the latter will prevail. The financing agreement governs the legal relationships between the borrower and ADB. The rights and obligations between the borrower and the provider of goods, works, or services are governed by the specific procurement document issued by the borrower and by the contract signed between the borrower and the provider, and not by this guidance note.
ABBREVIATIONS

ADB — Asian Development Bank
APP — annual procurement plan
BDS — bid data sheet
e-GP — electronic government procurement
e-RA — electronic reverse auction
IFB — invitation for bids
IT — information technology
MDB — multilateral development bank
RFP — request for proposals
SWOT — strengths, weaknesses, opportunities, threats
VFM — value for money
This guidance note explains how ADB encourages the use of electronic procurement (e-procurement) in different stages of the procurement process. It describes the benefits of e-procurement and the tools ADB uses in assessing systems, suggesting possible approaches to its implementation.

Key to successful implementation of e-procurement is flexibility. An attempt to replicate existing manual processes without deviation will significantly add to implementation risk and complexity. It also removes the opportunity to reengineer business processes to render them more efficient and effective. The implementation of an e-procurement system should be part of a change management strategy that must be developed and implemented, and high-level sponsorship and oversight is essential.

Effective implementation of e-procurement may

**Increase Efficiency and Reduce Procurement Time**

- Significantly reduces processing and communication times in procurement for both buyers and bidders through an automated, electronic system, compared to a manual, paper-based one.
- Offers the opportunity to fully integrate the procurement process into an agency’s other systems, such as budget, general ledger, asset register, inventory, and accounts payable, thus adding to the functionality of these systems and improving overall efficiency.

**Reduce Risk**

- Supports the development of reliable and effective internal monitoring and feedback reporting mechanisms.
- Establishes an analytical base for policy and business process improvements, thereby reducing operational risks.
- Automated processes reduce the risk of mistakes that could compromise the procurement.
Executive Summary

Improve Transparency and Fairness

- Supports the timely online publication and disclosure of information pertaining to procurement plans, opportunities, processes, and results, thereby enhancing the transparency and accountability of the procurement process.
- Encourages transparent, easy to access, and secure system solutions with proper confidentiality features that attract more competition and build trust among participants in the procurement process.
- Supports the creation of audit trails that improve the integrity of the procurement process.
- Supports the creation of procurement complaints handling functionality, improving the fairness, integrity, and accountability of public procurement.

Deliver Value for Money

- A cross-government e-procurement system minimizes duplication of processes, provides greater supplier efficiencies, removes duplicated effort and costs across multiple agencies, and leverages government buying power through framework agreements.
I. Introduction

A. Definitions

1.1 The Asian Development Bank (ADB) Procurement Policy: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time) highlight the need for transparency and efficiency in procurement. ADB encourages borrowers to continually modernize their procurement systems, including conducting procurement through electronic means (e-procurement).

1.2 The purpose of this guidance note is twofold. First, to describe how e-procurement may be used in projects financed in whole or in part by an ADB loan or grant, or by ADB-administered funds. Second, to provide guidance to borrowers (including grant recipients) on introducing or extending e-procurement in national- and agency-level procurement systems. ADB borrowers are encouraged to use e-procurement, for both ADB-financed projects and procurement financed by the borrower. ADB’s default position is to accept the use of borrower’s systems with no modification or the minimum required to ensure compliance with ADB's Board-approved policies, such as those describing eligibility and the Anticorruption Policy (1998, as amended to date) and the Integrity Principles and Guidelines (2015, as amended from time to time). E-procurement systems may be designed and used across the ADB procurement cycle, particularly for the procurement planning, bidding, bid evaluation, contract award, and contract implementation stages (Figure 1).

1.3 E-procurement is an exceptionally powerful tool (see Box). It promotes good governance, transparency, value for money (VFM) (though the aggregation of requirements and reduction in transaction costs and time), audit trails, and the broadest possible access to suppliers.

1.4 This guidance note does not attempt to cover all the issues and options, many of which have been comprehensively set out in ADB's e-Government Procurement 

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Box

Definition of E-Procurement

E-procurement is the use of information and communications technology by government agencies, the bidding community, regulatory and oversight agencies, other supporting service providers, and civil society to assist in conducting the procurement of goods, works, and services, and in the management of contracts, ensuring good governance and VFM in public procurement, and contributing to the socioeconomic development of the country.

This note aims to simplify the issues for decision makers to maximize the volume of ADB-supported procurement that can be routed through e-procurement systems. It is also intended to support the enhancement of preexisting systems and encourages the introduction of ones where none currently exist.

Figure 1: E-Procurement in the ADB Procurement Cycle


Handbook.¹ This note aims to simplify the issues for decision makers to maximize the volume of ADB-supported procurement that can be routed through e-procurement systems. It is also intended to support the enhancement of preexisting systems and encourages the introduction of ones where none currently exist.

B. Scope of E-Procurement

1.5 Over the last 2 decades, e-procurement systems have evolved exponentially. From a starting point of simple portals and bulletin boards to today’s choices. These include on-premises enterprise resource planning applications; stand-alone productivity apps; open source, custom-built, and hosted solutions; and subscription-based software as a service.

1.6 The impact of improving VFM in public sector procurement is difficult to overstate. The Organisation for Economic Co-operation and Development estimates that gross domestic product spent through public procurement in its member countries is typically 10%–20%. Savings from effective e-procurement may result in 10% of the procurement value (footnote 1). This excludes the other benefits of transparency, efficiency, governance, and accountability. The reform of procurement has been identified as a significant factor in a country’s development. The governance of procurement is pivotal to gaining public trust and serves as a barometer for the quality of public administration. This makes it a priority target for strengthening in many governments.

1.7 The effective use of information technology (IT) provides an unparalleled tool for strengthening governance and efficiency in all forms of procurement. The decision for borrowers and their executing and implementing agencies is not whether to implement e-procurement, but how. This can be relatively straightforward in a greenfield environment where the system does not have to be integrated into other systems, or can be complex when the system is required to interface with multiple other systems, such as a chart of accounts, accounts payable, or asset registry. Adding to complexity will be the rules and regulations governing the procurement process, which have to be mirrored in the system. Often these will have been built around manual processes that do not fit well with the mathematical hard logic of an IT system.

1.8 Off-the-shelf systems are preferable to bespoke systems and there are many choices in the market. These systems are proven to be more robust than custom-built ones and have most standard procurement processes and functionality built-in. While the temptation to custom-build will be strong—as it may be perceived as providing a closer fit to existing manual processes—it should be resisted unless it is on a scale to offset the significant development, implementation, and maintenance costs inherent with custom systems.

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The optimal approach will be to select the system with the closest fit to manual processes and the existing IT infrastructure. Whenever possible, existing processes should be reviewed to modify them to match standard out-of-the-box functionality. Customers who believe their requirements to be unique and require that standard IT systems be modified to match will face very high implementation costs for little, no, or negative return on their investment. The key message is to configure, rather than customize.

C. Introducing E-Procurement

The introduction of e-procurement should accompany a review of the business rules surrounding the procurement process. The stability, audit trails, and transparency inherent in a well-founded e-procurement system will render many of the controls and check points on manual processes redundant.

Any e-procurement system will need to be clear in its objectives. Existing processes, workflows, approval thresholds, and regulatory requirements need to be identified and mapped. E-procurement potentially addresses many of the problems inherent in manual procurement processes. This includes real-time management reporting on spend and budget, removal of redundant and inefficient procedures, reduced transaction costs for buyers and suppliers, system-generated compliance with business rules, robust audit trails, and transparency. By contrast, paper-based procurement processes can bring with them:

(i) uncoordinated buying across government with different departments having different contracts and different prices for the same goods;
(ii) high process costs associated with testing the market;
(iii) poor transparency;
(iv) no budgetary control;
(v) disaggregation of spend, leading to higher purchase costs and, in some cases, control lapses;
(vi) outdated market intelligence;
(vii) maverick spending (off-contract);
(viii) inefficient payment processes;
(ix) obsolete audit information; and
(x) error-prone contract management tracking.

The effective use of IT improves procurement performance. E-procurement, when configured effectively, streamlines all aspects of the procurement process (end-to-end from planning to contract monitoring, payment, after-sales service, asset tracking and depreciation, etc.). It simultaneously applies stronger controls over spending and product preferences. Implementation of e-procurement automates the internal and external processes associated with the procurement process, including supplier selection. One of the most significant benefits is that it is well-suited for the creation of long-term supply agreements and the inclusion of these items in catalogs.
1.13 The introduction of e-procurement also facilitates the introduction of e-reverse auctions. This method provides a powerful tool for the procurement of commodities and standardized off-the-shelf goods. These auctions usually take place over a few hours (longer may promote collusive practices). All participating bidders have visibility of the current lowest bid and are invited to improve upon it in minimum increments. At the conclusion of the process, the lowest bidder is selected for award.\(^3\)

1.14 E-procurement does not automate all aspects of procurement. Procurement and project professionals will continue to manage procurement, design contracts, develop procurement plans, contracting strategies, and evaluation criteria and specifications.

1.15 The potential and limitations of e-procurement are often misunderstood. An e-procurement system is not a panacea and is only as effective as the quality of its design and use. The automation of flawed and inefficient processes, and poor strategic choices, will simply make bad procurement faster.

1.16 There is a risk of the system “becoming” the process. This can stifle innovation and improvements because of system constraints and configuration. The system de facto “becomes” the policy in reality because the process is indivisible. This is particularly the case for bespoke systems, due to the sunk costs invested in them. In turn, this can be an impediment to further reform and innovation.

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II. Use of E-Procurement in ADB-Financed Projects

A. General Provisions

2.1 Borrowers are required to use ADB’s Consultant Management System to advertise all consulting opportunities listed for competitive selection under the procurement plans for projects financed in whole or in part by an ADB loan or grant, or by ADB-administered funds. Borrowers’ access to the Consultant Management System is granted by application through http://cms.adb.org. The Guidance Note on Consulting Services Administered by ADB Borrowers gives further details.

2.2 For goods, works, and nonconsulting services, borrowers are encouraged to use e-procurement for all procurement methods (e.g., open competitive bidding with international or national advertisement, limited competitive bidding, request for quotations). At minimum, borrowers are required to publish an advance procurement notice and procurement plan on the ADB website, as well as advertise all their open competitive bidding procurement contracts with international advertisement on this site. The Guidance Note on Open Competitive Bidding provides further details on these requirements.

2.3 The project procurement risk assessment should verify and confirm the proposed use of e-procurement or related arrangements as being considered adequate, efficient, and secured, and should not prevent participation of potential bidders.

2.4 A description of the use of e-procurement and related specific arrangements and decisions shall be indicated in the approved project procurement plan before implementation. For details, refer to the Guidance Note on (i) Procurement Risk Framework and (ii) Strategic Procurement Planning.

2.5 The e-bidding or e-tendering module in borrower-led e-procurement will be verified for compliance to the latest version of the multilateral development bank (MDB) e-tendering requirements, as adopted by ADB.\(^4\) The use of an electronic reverse auction (e-RA) module in e-procurement will be verified for compliance to the latest version of the MDB e-RA guidelines, as adopted by ADB.

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The other modules of e-procurement, such as catalog management or e-marketplace, will be verified for compliance with reference to ADB’s core procurement principles and the requirements set out in ADB’s 2017 procurement regulations (in paras. 1.34–1.36).

2.6 After clearance of an e-procurement system by ADB, the borrower will closely monitor and record e-procurement implementation experiences and share with ADB any challenges faced in the procurement, specifically on account of the e-procurement system used. Such feedback will enable ADB to develop suitable remedial measures to address these challenges and coordinate a harmonized approach to problem-solving with other MDBs.

B. E-Procurement System Accreditation Modalities

2.7 Accreditation of an e-procurement system by ADB is not necessary if its use is limited to advertising opportunities and publishing contract awards.

2.8 ADB will authorize the use of an e-procurement system unless it is found to be substantially noncompliant with the 2017 procurement policy and/or procurement regulations. If noncompliances can be remedied by way of standard bidding document conditions, or such measures as defined in Appendix 1 of this guidance note, the concerned project executing agency will be asked to adopt these remedial measures while using the e-procurement system. ADB will avoid, whenever possible, requiring changes to the standard functionality and processes of the system.

2.9 If an e-procurement system was accredited previously by ADB, or another MDB, and no substantial modifications were introduced since such accreditation, ADB will authorize use of the system if it complies with ADB’s core procurement principles. If the system was not accredited previously by ADB or another MDB, or substantial modifications were since introduced, the system will be (re)assessed by an ADB-appointed consultant or staff during the procurement planning stage. The executing agency is required to facilitate assessment of the e-procurement system by ADB staff or consultant deployed on-site. The scope of the assessment will be determined by the procurement’s complexity and the system’s maturity.

2.10 The executing agency is requested to submit a compliance statement of its e-procurement system to ADB’s e-procurement requirements in relation to compliance to the MDB e-tendering or e-RA guidelines, as applicable. ADB may review the system onsite to verify compliance. ADB will identify noncompliances, if any, and analyze their risks and impacts. When the risks and impacts are considered material, remedial measures will be recommended to address noncompliances. If these are agreed to and addressed, ADB will authorize use of the system.
2.11 Any assessment result may recommend use of certain e-procurement specific requirements to be inserted in the bidding documents of the procurement to be processed using the e-procurement system.

2.12 The current approach for assessing and accrediting an e-procurement system for use in ADB operations is drawn from recent ADB surveys of e-procurement systems, independent assessments of e-procurement systems, ADB and World Bank reports on e-procurement development in ADB's developing member countries, and ADB's own experience in implementing e-procurement systems. The approach will be updated from time to time to ensure that it remains dynamic and flexible, depending on needs and evolving changes in e-procurement practice.

2.13 ADB may choose to reassess an already accredited e-procurement system under any of the following circumstances:

(i) fundamental complaints are made against the accredited e-procurement system, such as an inability to access, or modifications or corruption of submissions in it;

(ii) the accredited e-procurement system has undergone material changes subsequent to accreditation by ADB; and/or

(iii) a significant period (5 years) has elapsed since the system was accredited by ADB or use of the system was authorized by ADB.
3.1 A core issue for a significant e-procurement initiative is ensuring that all anticipated benefits are realized in the transition from old to new, particularly when the project sponsor expects the system to be a match for existing manual processes.

3.2 Implementation is often years longer than expected and at a higher cost. An iterative implementation approach with a willingness to change process to match function will reduce both implementation cost and time. At each stage in the implementation process, where the system’s functionality does not match with the process, the value delivered by the process should be assessed and weighed against the costs of building the functionality.

A. Development of a Strategy

3.3 Plans for the introduction or extension of e-procurement will be unique for each country, as each will have a different regulatory environment. Where there is a procurement law covering the entire public sector, some may opt to develop a single central (or decentralized) system. Others, such as federal systems, may opt for one federal system and multiple state or provincial systems. In some cases, large state-owned corporations are subject to a specific set of regulations separate from the broader public sector. The system may thus be at state, federal, or agency level.

3.4 The starting point for development of a strategy should be a strengths, weaknesses, opportunities, threats (SWOT) analysis analysis of the current circumstances within the change environment of the government. This identifies the issues that may require attention as a government moves toward e-procurement.

3.5 The principal factor determining success is the culture and authority of the implementing entity. Where the implementing entity is sufficiently determined, resourced, and empowered to roll out e-procurement, solutions are available for almost all obstacles. Conversely, where determination is lacking, the rollout is unlikely to be fully successful, regardless of how favorable circumstances are.

3.6 Planning for e-procurement introduction or extension takes place in the same way as planning for any complex procurement activity, with an assessment of (i) needs, (ii) stakeholders, (iii) the supply market (systems providers and developers), and (iv) existing IT infrastructure and ecosystems. Neglecting any of these exposes the project to high-risk both during implementation and ongoing operations.
3.7 The development of a strategy for e-procurement should be informed by national regulations, public institutional structures, international experiences, and supply-side market analysis. A clear set of performance metrics and success factors should be defined at this point. It is now that the fundamental question of make or buy should be made. The strategic plan for e-procurement is for an end-to-end solution that addresses

(i) objectives;
(ii) stakeholder analysis;
(iii) identification of needs (specifications and/or terms of reference);
(iv) identification of authority for change and rate of change constraints, which will affect the market to be assessed and business process reengineering, and some stakeholder issues;
(v) market assessment (developers and systems vendors with appropriate selection criteria);
(vi) business process reengineering and training;
(vii) contract and systems management;
(viii) business model, regarding who will develop, own, and support the system;
(ix) implementation road map; and
(x) technical support (operation and maintenance) and risk management.

3.8 The technology used is not the primary issue, although whichever is chosen will have a long-term impact, as it will be used for many years. Technology choice is the easiest part of the exercise. The objectives of the strategy are usually listed in terms of efficiency, cycle times, competition, transparency, financial management, and integrity. Effective e-procurement delivers far more than “savings” and a system should not be judged solely on its ability to generate the same.

3.9 The e-procurement strategy should also identify and address the needs of stakeholders as part of the assessment. Some may be simply resistant to change, while others will exercise control over functionality (such as financial reporting and audit requirements). Others may be resistant to change as they have vested, illegitimate reasons for maintaining the status quo, including resistance to greater transparency and competition. Legitimate concerns will exist over data security and fraud, though these issues are far more prevalent in manual systems, where they are difficult to track or prevent.

3.10 An important consideration at this point is also the capacity to implement, manage, and maintain the system. This is coupled with the ease of system use. Best-in-class systems will have governance and compliance requirements built-in and will be easy to use. The more complex the system (from a user perspective), the more resources will be required in the system’s rollout and use.
B. Central System

3.11 The case for a central, government-wide e-procurement system is strong. The economies of scale and benefits of having a single, national platform for the whole government are significant. Of course, this adds to complexity, time, and cost. On an agency level, an e-procurement system can be identified, procured, and rolled out in a matter of months, while at a national level, the process will take years. At a national level, the needs of multiple, powerful stakeholders will have to be addressed, and many of them will be required to be flexible on how their needs are to be met. A prerequisite to attempting to implement this on a nationwide scale is political will and support that must come from the highest level. Without this, implementation will be hampered by suboptimal compromise.

3.12 A single system makes better use of the technology and minimizes duplication of processes, such as security management, catalog management, and supplier registries, as well as interoperability issues. It provides a single interface for suppliers and, therefore, greater supplier efficiencies. It promotes the aggregation of requirements, leveraging buying power through framework agreements. Lastly, it removes the duplicated effort and costs of discovery, design, and implementation across multiple agencies. Examples of single systems in use in ADB’s member countries include the Republic of Korea’s Public Procurement Service, India’s Central Public Procurement Portal for federal agencies, and Georgia’s Electronic Government Procurement System.

3.13 When there is no political will, appetite, or budget available to implement e-procurement at a national level, an agency-level approach can be reasonable. This has commonly occurred in developed economies where different departments and agencies have developed their own systems independently of each other.

3.14 A single system is often misrepresented as exercising central control, thereby preventing delegation of authority. In fact, it represents a unified information infrastructure for procurement, rather than centralization. Individual entities and levels of government remain fully responsible and in control of what they buy, how much they buy, and when they buy it. Procurement remains decentralized, but is using a common infrastructure, just as it uses other common national infrastructures for commerce, such as national currency, national laws, and national banking systems.

C. Leadership

3.15 Political and institutional leadership are the most important elements of an e-procurement strategy. A central lead procurement agency is required (regardless if it has “procurement” in its name or not). This agency must have the competence, mandate, and authority to drive procurement reforms. Without this, e-procurement will deliver limited value. Reforms include standard documents, contract forms, whole of government framework agreements, policies around the use of electronic bidding and e-RA, and whole-of-government policies for online catalogs and security.
IV. Phased Investment

A. Phased Approach to E-Procurement

4.1 One of the first challenges of implementing an e-procurement system is to determine how much can be achieved within the available planning horizon. Investment in a full functionality, off-the-shelf system from the start has significant appeal and will be the fastest to implement. However, off-the-shelf systems (and there are some excellent ones) require government to adapt its processes to that of the system. Gaining approval for the changes can be exceptionally hard and there could be legislative and regulatory requirements preventing it.

4.2 A phased approach should be taken to implementation. A model approach is set out in section V, starting with a portal that does not represent a major investment in software or hardware. This is low-risk, but has a range of useful functions both for buyers and suppliers. It can be sourced from the market or built in-house by the procuring entity using local programmers and a small budget. If built in-house, it will probably not be possible to integrate this with the best-in-class, off-the-shelf systems, so the investment should be kept to a minimum to avoid sunk costs preventing switching in the future. No data center is required, and the benefits are substantial, including transparency in advertising bid opportunities and awards, registration of suppliers for information distribution, etc. Benefits also include gaining experience with business process reengineering at a low-risk level and the cultural change aspects.

4.3 The timetable of phased introduction depends on political and executive prioritization, particularly if there is a requirement for new legislation or amendments to existing legislation. A period of introduction of 2–4 years should be typical, although major steps can be undertaken within 6–12 months. A fast-tracked program that does not require legislative change could yield significant results in 6 months. Prioritization should be tuned to political requirements and, thus, should be at the “front end” of the functionality. Where developments take place at the “back end,” they have little political visibility, such as online submission of bids.

B. Risk Management

4.4 For any systems development, customization, and ongoing operations, one of the highest risk areas involves governance, not technology. The use of a third party, with the necessary skills and expertise, can help alleviate the risk associated with the management and retention of resources, as well as with continually
evolving technology. However, even where these issues are the responsibility of a supplier, the risks remain shared with government and the government’s contract management with the supplier.

4.5 Supplier lock-in. The risk of supplier lock-in is unavoidable with off-the-shelf systems and significant with custom-build, depending on the platform selected. This makes it essential that a long-term view is taken. There is a significant risk of getting locked into an inferior or suboptimal system because of poor selection in the early phase of implementation. There is a need to plan for the eventual transition of a system. Issues to be managed include intellectual property, data, and software ownership. It would be impractical to assume that a new supplier could conceivably take over from its predecessor while ensuring business continuity, without any support, even when moving to a new platform. It would take time to gain familiarity with the software coding and systems, and there would be little incentive for the outgoing provider to assist unless it is required to as part of the original agreement.

4.6 Contractually specified transition and exit clauses must be strong, as the circumstances for terminating a contract are inherently adversarial. Suppliers are aware that system availability is essential and may use this fact opportunistically. Governments and agencies must apply proper contractual controls and standard processes as they would with the delivery and support of any e-service agreement, to ensure their proprietary rights for the system and data are clearly defined and that the agreement includes a transition plan upon termination of the agreement. The supplier lock-in risks are invariably underestimated.

4.7 There are system and operator risks involving business continuity, software and hardware downtime, and security. The “software as a service” licensing and distribution model will minimize these risks, but each supplier’s organizational resilience model must be reviewed. Typically, best-in-class suppliers will have service level guarantees of 99.9% uptime or system availability. Such issues are usually within the scope of system audits, which should be undertaken at least annually regardless of the operator or ownership model being used. Also, regardless of the business model selected, the government ultimately remains responsible for the management of business services being delivered, and will need an operations management unit responsible for managing the service operation even when the service is fully outsourced to a third party.

4.8 In addition to these operational and contractual risks, a detailed risk assessment and risk management plan is required if an e-procurement system is going to be developed, or if an off-the-shelf system is to be significantly customized. The risks and costs under the simplified model portal are relatively minor compared to a full system development or customization.
V. Developing an E-Procurement System

5.1 Two developmental or functional options can be considered for an e-procurement system: an incremental conservative approach or a more ambitious turnkey approach. The choice between these options, discussed in this section, is primarily to do with political and bureaucratic leadership, authority, and capacity to manage change.

5.2 Within both, there are several options for how to develop. The first phase can be piloting by a single agency and consolidating in an e-portal (with minimal “back end” functionality), with information functions and some other features discussed in this section, plus new legislation if required. A fully interactive e-procurement system, with various modes of procurement management and fund transfers, would follow this e-portal phase.

5.3 The conservative approach would thus be an e-procurement portal, which would be an enhancement of any existing portal, followed by a fully specified e-procurement system that would eventually replace the portal. The phase one portal development would be relatively low-risk in terms of cost and process changes. The simplified portal should not be built upon to create a full system, but instead would be replaced by a turnkey operation. This approach could push full transformation back by around 2 years.

5.4 The second, more advanced path would see the introduction of a fully comprehensive turnkey operation from the start. This direction would be relatively high-risk in terms of cost and reform. This option would drive technological and cultural change into many government operations and into the country’s public procurement and business sectors.

5.5 A simple procurement e-portal service should consist of an information section and an interactive section. A model e-portal is discussed in the subsections below, which identifies desirable functionality for existing or new implementations. The e-portal would ideally include the information sections and functions at the early stage of procurement modernization, before shifting toward an interactive, transactional, end-to-end e-procurement system. This initial phase could be purchased off-the-shelf or could be custom-built, in most cases by local national expertise for less than $100,000. It can provide visible benefits while other requirements to build the enabling environment for a fully functional e-procurement system, such as legislation, are put in place.
5.6 The model e-portal, as set out in subsections A and B of this section, is not a fully functional e-procurement system. It has many functions missing, but can be an effective start-up that gets suppliers and buyers online in a short time and at little cost and risk. Even if it is not a fully functional e-procurement system, it still brings both public and private sectors online and has useful functionality in each case.

A. Simplified E-Portal Step 1: Information Section

5.7 The information section of a model e-portal service would include the following:

(i) information about the lead agency and its structure, roles, mandate, and contact details;
(ii) downloadable documents, including public procurement law and relevant regulations, circulars, and directives;
(iii) downloadable procurement manuals and guidelines;
(iv) downloadable standard bidding documents for the procurement of goods, works, and services;
(v) downloadable standard templates for statutory and ad hoc reports, and a data collection template for public procurement performance measurement and monitoring;
(vi) annual procurement plans of public procuring agencies or entities;
(vii) categorized listing of invitations for bids (IFBs), requests for proposals (RFPs), etc. (procurement advertisements), published by public procuring agencies or entities by procurement type, geography, or any other classification;
(viii) list of active framework agreements, to be used by public procurement entities;
(ix) downloadable annual public procurement performance measurement and monitoring reports;
(x) information on best evaluated bidders and contract award notices;
(xi) brief details on awarded contracts;
(xii) list of blacklisted bidders;
(xiii) cases of administrative review of complaints (optional);
(xiv) analytical statistics on procurement and contracts (optional);
(xv) news and events (optional);
(xvi) list of planned training programs on public procurement (optional); and
(xvii) frequently asked questions and a public discussion forum on procurement processes.
B. Simplified E-Portal Step 2: Interactive Section

5.8 The interactive section of a model e-portal service would include the following:

(i) **Bidders’ Register**
   (a) Bidders should have a facility to register themselves in the procurement information portal with their information on competency, geography of operations, availability, etc.
   (b) Bidders should have a facility to upload scanned copies of credentials (i.e., incorporation certificate, trade licenses, tax clearance certificates, etc.).
   (c) Bidders should have a facility to update their profile and documents at their own pace from their private dashboard. The bidders’ profile section may include past experience, shareholder information, annual turnover, etc.
   (d) Public procurement agencies or entities should be able to search the bidders’ profile database by competency, geography, and other factors.
   (e) Bidders’ profiles should be in a suitable form for the preparation of prequalification or short lists for limited competitive bidding procedures.

(ii) **Annual Procurement Plan**
   (a) Facility to prepare, update, and publish the annual procurement plan (APP) using an online form.
   (b) Facility to prepare APP offline using a standard Microsoft Excel template, provided by the e-portal, and upload it to the e-portal. Data uploaded using Microsoft Excel files should be read by the e-portal and populated into the database.

(iii) **Preparation, Publication, and Amendment of Invitations to Bid, Requests for Proposals, etc.**
   (a) Online forms should be available to prepare IFBs, RFPs, requests for quotations, etc., including for framework agreements. It should be possible to verify, update, save as a draft, and schedule a date to publish—or publish immediately—or receive authorization to publish.
   (b) An online form should be available for amendments. Amendments should be published together with the original invitation.
   (c) It should be possible to attach PDF files of bidding documents or amendment documents.

(iv) **Publication of Best Evaluated Bidder and Contract Award Notice.**
After evaluation, a public procuring entity should be able to upload a notice of preferred bidder(s), including for framework agreements, and this should be displayed for a specified period of time to accommodate any complaints and clarifications from the bidders if a standstill period applies (e.g., usually 10 working days).
(v) **Publication of Brief Details of the Awarded Contract and Variations**

(a) An online form should be available for public procuring entities to prepare and publish a fact sheet about an awarded contract, with the information on the winner of the contract, contract award amount, contract signing, planned commencement date, and estimated completion date.

(b) An online form should be available for contract variations or repeat orders. If any contract variation occurs during the contract execution, that information should be updated with the information on contract awards showing changes in scope, cost, time, and any other contract terms.

(vi) **Performance Measurement and Monitoring Reports**

(a) Online forms should be available to enter data related to procurements at the completion of different stages of specific procurements or contracts.

(b) It should be possible to generate reports on different contract performance indicators.

(c) It should be possible to generate annual procurement performance measurement and monitoring reports and publish them in the procurement information e-portal.

(d) It should be possible to generate reports on different criteria, i.e., on different performance indicators, public procurement agencies, procurement types, procurement items, procurement sectors, value of procurements, etc.

(e) It should be possible to download data in Microsoft Office and PDF file formats.

(vii) **Monitoring Annual Procurement Plans**

(a) The lead agency should have a function to print the list of public procuring entities that did not publish an APP or are delayed in publishing an APP, and notify the procuring entities.

(b) The lead agency should have a facility to see the status of awarded contracts from the APP and pending procurements.

(viii) **Administrative Review Case Entry and Publishing.** The lead agency should have an online form for complaints to be filed and administrative reviews of the complaints filed by bidders, to be managed and published in the procurement information e-portal.

(ix) **Sanctions**

(a) The lead agency should have an online form to specify bidders, blacklisting period, and reasons for blacklisting after completing the required process for blacklisting.

(b) The lead agency should have a facility to release a bidder from the blacklist.

(x) **General**

(a) Search and advanced search functionality should be available for IFBs, APPs, blacklisting, and other sections.

(b) There should be a provision for archiving old records after a defined period, and a means to retrieve them when required.
C. Technical Specifications

5.9 The e-portal and/or full e-procurement system should provide for single sign-on capability for users to logon once and be able to access all appropriate services in the system, based on authorizations created for the user. The system needs to facilitate access to content and services on users’ roles. The user interface of such a system needs to be intuitive and operational in all popular Internet browsers, such as Internet Explorer, Google Chrome, and Safari, while noting that this is a dynamic technology and new browsers are likely to appear over time. Technical prerequisites for accessibility should not impose significant limitations to suppliers.

5.10 For custom-build, the system should be developed in an open source platform, i.e., currently PHP in combination with JavaScript, HTML, Ajax, etc. As with browsers, more platforms may emerge. The user interface needs to be capable of displaying in multiple languages, allowing users to set their preferred language from a user profile screen. Dates should be displayed in terms such as for Hijri and Gregorian calendars.

5.11 User profile management involves the secure storage of user personal details and specifying appropriate authorization levels for the user’s allowed activity within the system. Authorization levels are defined at both the system level and the workflow-based specific process level. All workflow activities must be stored in an audit log. It should be mandatory to store user credentials and profiles in an encrypted and secure manner, which cannot be decrypted by database administrators. The system should support user IDs and passwords, and/or biometric authentication methods.

5.12 The system must be resilient to access by multiple users and to disruptive events, including internet connection failures, malicious attacks, power failures, system software or hardware failures, etc. Suppliers must ensure that their systems can handle these issues. The recovery point objective should be set at 1 hour or less—i.e., in the case of complete system failure, not more than an hour’s data is lost. The e-portal should be scalable to meet larger transactional load than its initial requirements.

D. Implementation of the E-Portal

5.13 The lead agency establishes the approach and regulations, assembles the technical expertise, and monitors issues. The lead agency requires authority to ensure a unitary approach to the e-portal and subsequently to the e-procurement system, without which there are risks that developments will not be adopted by all procurement entities or may not match their procurement processes and functions.

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5 PHP, JavaScript, and HTML are languages used for web development, while Ajax is a set of development techniques to create web applications.
Fragmentation has, in some cases, seen entities creating their own portals, which would exacerbate security risks, add to costs of development and maintenance, and impose inefficiencies on the private sector.

5.14 An e-portal, as the first phase toward an e-procurement system, would drive standardization of some procurement documentation and some processes. Initially, standardization would be in the form of advertising notices and some documentation, and a supplier registry. These developments would be applied across all participating public sector entities. The advertising and information provided on the e-portal should be complete and represent the official notices of all procurement opportunities, such that suppliers would come to rely on this single portal instead of seeking information from a range of sources.

5.15 The use of the portal by public sector entities in government is recommended and should be mandated by the lead agency. The lead agency would also need to address differences between paper and electronic procurement notices on the portal, and related transitional issues. The adoption of the e-portal by entities should be provided with a short transition period (e.g., 1 month) if they are not already linked.

5.16 The development of the e-portal itself would come as in subsections A and B of this section. The e-portal would require functionality whereby decentralized agencies can upload procurement plans, procurement advertisements and notices, notifications of award, etc. Initially, this uploading activity might in some cases be undertaken centrally, but entities should be required to undertake this function themselves at an early stage to drive their own capacity development. The implementation of the first step of the e-portal should not be challenging for most entities. A SWOT analysis of the simplified model approach is shown in Figure 2.

E. Project Management

5.17 Regardless of whether an e-portal is to be acquired off-the-shelf, or internally or externally developed or contracted, a project management team should be formed to ensure compliance to specifications, system operations, and maintenance. The team should be permanently established, to manage the operations if these are undertaken within government, and to manage the contract if the operations are outsourced. There should also be an oversight to maintain strategic direction and that objectives are achieved.

5.18 Key stakeholders need to be engaged in the change management process from different user groups among the buyer and supplier organizations. This is to gain their input in the planning and acceptance of new features and functions of the e-portal, and eventually, in a full e-procurement system. Buy-in from key stakeholders facilitates the transition to the new system and processes. Their input and feedback also assist with the development of a communications and training strategy for deployment of the e-portal, and for new features in the future.
5.19 There should be a help desk that functions to support all stakeholders, including the private sector. The contract for the development of the portal might require skills transfer to national personnel, if it is from a foreign contractor. The technical specifications of the e-portal should be nonproprietary.

**F. Policies and Regulations**

5.20 The e-portal should publish a usage policy or regulation that includes a clause on limited liability. It should also include a policy regarding any inconsistencies between electronic and hard copy documentation from government agencies. It is usual practice for the electronic version to prevail, but during the portal-only phase, the reverse should be preferred because online security will not be at full strength and an e-document law might not exist. A clear policy statement should be issued, making the use of the e-portal mandatory for public sector entities for advertising and notifications. To increase access, it would also be desirable to adopt a policy that accommodates e-procurement access through internet cafes and mobile phones. This requirement might affect authentication methods.
5.21 The e-portal service need not require legislation before it is launched. However, new legislation may be required before a comprehensive e-procurement system is introduced. This will depend on how permissive existing legislation is. Countries may require e-signature and e-document legislation as a priority, not only to facilitate e-procurement, but also to reduce uncertainty about other modern electronic transactions.

5.22 An e-procurement system should avoid the requirement of digital certificates and public key infrastructure for supplier authentication, as these add little value and significant cost. Supplier vetting, registration, and user IDs and passwords are more effective.

5.23 The e-portal and/or e-procurement system will provide all stakeholders in the procurement process with appropriate access using their secured user name and access codes, and will have private secured working dashboards. Direct users of the system may include the procuring entities, the lead agency, suppliers, and other business entities, as well as maintenance service providers and the general public.

**G. Business Process Reengineering**

5.24 The launch of an e-portal would not require extensive business process reengineering, which will be required for a comprehensive e-procurement system. However, it is desirable for some notices and forms to be standardized for consistent standard data entry. The following documents used in the procurement process would be standardized in the portal:

(i) APPs;
(ii) information notices;
(iii) advertisements (RFP, IFB, etc.);
(iv) bid summary notices;
(v) notifications of award; and
(vi) evaluation reports.

5.25 This standardization process is an important source of the efficiency and transparency that accompanies e-procurement. The e-portal should provide these standardized templates. It is recommended that the lead agency develop downloadable standard template versions of these forms during the portal development and mandate their use as a step toward efficiency and transparency.

**H. Intellectual Property**

5.26 In the case of a preexisting e-procurement system, where there is a need to extend its functionalities, if the upgrade is major, then it can be better to invest in a new system altogether. Regardless of whether or not users have any

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6 These would be replaced by online interactive forms in a full e-procurement system.
existing e-procurement system in place, the acquisition of an off-the-shelf system will almost always require some customization. Every effort should be made to minimize this, and the key message is to configure rather than customize. Each layer of customization adds to instability and cost. There must be a balance between the needs and expectations of public and private sector users, and the costs of modifying an off-the-shelf system. The government should make every endeavor not to pay for development costs associated with essential customization, but pay instead for functional capacity or functional performance, provided that access to the software is assured. The development costs and intellectual property can remain with the supplier, who can on-sell enhancements to other clients and defray costs.

5.27 It is often asserted that the government should claim ownership of any software developed on its behalf for any aspect of e-government, including e-procurement—it does not need to. The decision should depend, as for any other contract, on a cost–benefit assessment. Where a software development or upgrade has been required by a government, it may be that the developer would be able to extend this to other clients, and such development may be available at a much reduced cost or even at no cost. However, if the government insists on retaining ownership, then the developer will charge full development costs.

5.28 Further, with regards to the intellectual property rights in the case of customized off-the-shelf packages and other supporting components of a shared implementation, it may not be possible for a government to actually claim rights to the intellectual property anyway. In such cases, much of the intellectual property for a software product or solution is likely to be held by the supplier and, therefore, may continue to rest with the supplier after a contract terminates. Governments need to ensure that rights of use and access, rather than ownership, for any component of their system implementation, can be transferred to them if they opt to take over its operation.

I. Training

5.29 Training on the e-portal features should be a part of the contractual arrangements for the lead agency, or system developer or supplier. Training in the use of the e-portal would be simple, but would become significant when the portal phase is overtaken by the implementation of a full e-procurement system.

5.30 It is desirable that the lead agency builds awareness and expectation around the introduction of e-procurement. In several countries, the implementing agency or ministry has issued newsletters setting out progress and expected timelines, as well as how individuals may be affected. For example, in Bangladesh and Kazakhstan, e-procurement announcements have been made at presidential or prime ministerial level. Available training is highlighted in these publications. Usually, the same messages have been reiterated several times between the various newsletters, which have been targeted at business chambers, implementing agencies, and the media.
J. Performance Evaluation

5.31 The targets and outcomes should be clearly identified and quantified in advance so that the process can be managed effectively. Typically, success metrics will revolve around the value of procurement managed by the system; the number of suppliers registered; the number of agencies adopting the system; and the scope of transactions captured (requisition to order, requisition to payment, etc.). Target implementation dates for each should be set.

5.32 This will enable progress to be measured and managed. It will ensure that the objectives of the procurement system are clearly stated, understood, and met. The success metrics are often referred to as key performance indicators.

5.33 Key performance indicators may include the following:

(i) **Transparency**
   (a) the value and number of notices published in the system compared with the baseline value;
   (b) the number and value of procurement transactions uploaded in the system;
   (c) the number of competitive procurement outcomes published on the system;
   (d) the value of contracts posted in the system;
   (e) the number of complaints received and resolved;

(ii) **Efficiency**
   (a) level of competing bidders compared with baseline;
   (b) transaction cost and time reductions;
   (c) average percentage of price reductions;
   (d) the number and value of orders using pre-negotiated framework contracts;
   (e) the value and number of contracts and orders generated in the system;
   (f) time to prepare bidding documents;
   (g) time to generate a purchase order (contract);
   (h) time to review invoices and effect payment;

(iii) **Integrity**
   (a) tracking buyer–supplier relationships;
   (b) price profiles for commonly purchased items;
   (c) recording of contracts and subsequent amendments;
   (d) contractual performance tracking;
   (e) complaints tracking and trend analysis;

(iv) **Development of private sector**
   (a) supplier satisfaction surveys;
   (b) broadening private sector involvement in public procurement;
   (c) supply-side cost reduction;
   (d) success rates of small and medium-sized enterprises;

(v) **System performance**
   (a) tracking and reporting on help desk activity; and
   (b) system uptime and downtime.
5.34 Many of these metrics, if not all, can be built into the system and generated through standard reporting. Reports can be captured either periodically or through real-time management information dashboards.

K. Further Options

5.35 When greater functionality is required than that provided by the simplified e-portal, or in cases where it is desirable to opt for the full functionality of what e-procurement can offer, then there are other issues, functions, and reengineering of business processes to be addressed. This larger step is a much greater risk because of the greater complexity and significantly higher cost. More infrastructure is also required, such as a data center, a disaster recovery center, etc. Additional functionality will include, for example, a project management information system, which adds into the system a function that can undertake intelligent data analysis.

L. Project Management Information System

5.36 The e-portal and/or e-procurement system will track or record a large volume of information for any transaction or activity including

(i) supplier responses to information posted online, such as expressions of interest, RFPs, IFBs, etc.;
(ii) buyer online postings, amendments, notices, etc.;
(iii) supplier data, such as history, consortia, etc.;
(iv) contract awards to individual suppliers by individual procuring entities;
(v) complaints by a supplier to a procuring entity;
(vi) value of transaction by supplier;
(vii) contract overruns by supplier and contract extensions;
(viii) contracts awarded by procuring entities;
(ix) classification codes for each catalog, for each supplier; and
(x) contract prices.

5.37 A government may be able to anticipate what sort of regular reporting it will require and can specify this in the system specifications. However, there are also likely to be ad hoc reporting requirements that are difficult to anticipate. The project management information system should be designed to label every datum entered into any field and allow any variable to be cross-referenced or correlated with any other field or set of fields. Thus, the system should be able to undertake any analysis in aggregate or in terms of individual contracts by any other factor, such as year, value, etc., according to a user configuration page. Some analyses must be subject to commercial or privacy restrictions and, as such, accessible only by appropriate authorizations with appropriate security. However, some analyses have no security sensitivities, such as summary data for annual reports, media, etc.
M. Online Bid Submission

5.38 Another function not available under a simplified e-portal model is online bid submission from suppliers. This, together with many other functions such as banking, would be provided under a fully functional e-procurement system upgrade that would replace the simplified model.
Appendix: Risks in E-Bidding and Remedial Measures

A1 Noncompliance to the multilateral development bank (MDB) e-tendering requirements identified during the assessment of an e-procurement system must be rectified by the executing agency, ideally by modifying the software. However, for certain medium- and low-risk noncompliances, the Asian Development Bank (ADB) may consider certain procedural remedial measures, instead of change in software. Medium- and low-risk noncompliances and their associated remedial measures are explained in the following table.

### Remedial Measures for Noncompliance to Multilateral Development Bank E-Tendering Requirements

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<th>Section Number</th>
<th>Chapter</th>
<th>MDB E-Tendering Requirement</th>
<th>Remedial Measure</th>
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<tbody>
<tr>
<td>1</td>
<td>1.1</td>
<td>System access shall be open, equal, and unrestricted to all prospective bidders or consultants, and members of the public. Those who want to submit information or receive online alerts or notifications of amendments or clarifications shall be offered an online enrollment facility.</td>
<td>When bidders are required to pay a fee to register or download bidding documents, the same shall be clarified in the relevant BDS section.</td>
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<td>2</td>
<td>1.3</td>
<td>The system shall be an internet-based approach, accessible by users through readily available and commonly used browser software.</td>
<td>In systems that can be accessed by only one commonly used browser, the name and version(s) of the browser to be used for accessing the system shall be defined in the relevant BDS section.</td>
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<tr>
<td>3</td>
<td>4.2</td>
<td>Amendments or substitutions by any official will be tracked and recorded for audit. Systems shall ensure that only authorized changes can be made.</td>
<td>When a system does not provide online maker-checker type of verifications for publication of amendments or substitutions, the executing agency shall be advised to keep a manual record of the authorizations for amendment or substitution.</td>
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<tr>
<td>4</td>
<td>4.3</td>
<td>Contracting authorities should track receipt by bidders or consultants when distributing pre-bid amendments, substitutions, and clarifications online.</td>
<td>When there is no provision to track receipt of amendments, substitutions, and clarifications by bidders, the BDS shall clarify that the onus is on the bidder to visit the e-procurement website to learn about the amendments, substitutions, and clarifications.</td>
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<td>5</td>
<td>5.4</td>
<td>Contracting authorities shall ensure that the date and time of an automated closure of an electronic bid deadline can only be set by authorized persons. There must also be secure procedures to ensure that the settings are in accordance with international time-zone standards. A secure log of these processes shall be available for audit as required.</td>
<td>Where online maker-checker provision is not available for setting of automated closure of electronic bid deadline, the executing agencies shall be advised to get requisite approvals for specifying the bid submission deadline offline in the manual system. A copy of these manual records shall be made available for audit as required.</td>
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<tr>
<td>6</td>
<td>6.3</td>
<td>If bid securities are required in paper format, a scanned copy of the original can be accepted at the time of bid submission and the original shall be submitted at the time of postqualification.</td>
<td>When bid securities are required in paper format, the project team leader shall in discussion with the executing agency decide on the following: <strong>Option 1:</strong> The bidder is required to submit original copy of the bid security to the employer's office address on or before the due date and time for bid submission. A scanned copy of the bid security corresponding to the original shall be uploaded in the e-procurement platform during online bid submission. A bid will be considered as incomplete if original copy of the bid security did not reach the employer's</td>
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Appendix

Remedial Measures continued

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<th>Remedial Measure</th>
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<tr>
<td>7 9.2</td>
<td>There shall be no outstanding audit issues that represent material risk to the integrity or security of any project.</td>
<td>The system as deployed in a specified URL (i.e., e-procurement installation) ought to have been audited at least one time. For operational purposes, an expired one-time audit certificate will be considered as a medium-risk. ADB will recommend that the executing agency does periodic audit of its e-procurement installation and, subject to that, it will authorize use of the system, provided there are no other high-risk noncompliances.</td>
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### Remedial Measures continued

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<td>8</td>
<td>9.3</td>
<td>Contracting authorities shall have in place procedures to be followed in the case of any failure, malfunction, or breakdown of the electronic system used during the procurement process. Contracting authorities shall not accept any responsibility for failures or breakdowns other than in those systems strictly within their own control.</td>
<td>When contracting authorities do not have a system malfunction procedure in place, a brief write-up on such a procedure will be included in the BDS.</td>
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<tr>
<td>9</td>
<td>11.3</td>
<td>Bidders should be offered an electronic payment facility (e.g., electronic check, credit card) to avoid situations where bidders incur charges online, but must visit an office to pay for them. Bidders could be asked to have an account and be invoiced by the system for the fees resulting from the number of bids submitted or contracts awarded during a period (e.g., month or year).</td>
<td>In systems where bidders are asked to submit details of bid processing fees as a scanned copy, the project team leader in discussion with the executing agency should agree on the procedure to be followed for submission of the bid processing fees:  <strong>Option 1:</strong> The bidder is required to upload as part of its bid a scanned copy of the bid processing fees as required in the bidding documents during online bid submission. Also, the bidder shall submit original copy of the bid processing fees to the employer’s office address on or before the due date and time for bid opening. A bid will be considered as incomplete if original copy of the bid processing fees did not reach the employer’s office address before the due date and time for bid opening.  Should there be any discrepancy between scanned copy of the bid processing fees uploaded by bidder in the e-procurement platform and the original submitted by bidder, the employer will verify compliance of the bid processing fees to bid requirements as per the original bid processing fees submitted by bidder.</td>
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Option 2: The bidder is required to upload as part of its bid a scanned copy of the bid processing fees as required in the bidding documents during online bid submission. Also, the bidder shall submit original copy of the bid processing fees to the employer’s office address on or before the due date and time for bid opening. A bid will be considered as incomplete if original copy of the bid processing fees did not reach the employer’s office address before the due date and time for bid opening. Should there be a material discrepancy between scanned copy of the bid processing fees and the original submitted by bidder, the employer shall not consider the bid for evaluation.
E-Procurement

Guidance Note on Procurement

This guidance note explains how ADB encourages the use of electronic procurement (e-procurement) in different stages of the procurement process. It describes the benefits of e-procurement and the tools ADB uses in assessing systems, suggesting possible approaches to its implementation. E-procurement is a powerful tool that promotes good governance, transparency, value for money, audit trails, and the broadest possible access to suppliers. Key to successful implementation of e-procurement is flexibility. The implementation of an e-procurement system should be part of a change management strategy that must be developed and implemented, and high-level sponsorship and oversight is essential.

About the Asian Development Bank

ADB’s vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region’s many successes, it remains home to a large share of the world’s poor. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.