Guidance Note on the use of e-Procurement in Islamic Development Bank financed Procurements

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IsDB

البنك الإسلامي للتنمية
Islamic Development Bank

Common Abbreviations and Defined Terms

Common abbreviations and defined terms that are used in these Guidelines. Defined terms are written using capital letters.

Abbreviation / term	Full terminology / definition
BDS	Bidding Data Sheet
BED	Board of Executive Directors
Beneficiary	A Beneficiary is the recipient of IsDB Project Financing. This term includes any entity involved in the implementation of an IsDB financed project on behalf of the Beneficiary.
Bid	An offer, by a Bidder, in response to a Request for Bids, to provide the required Goods, and/or Works and/or related services.
Bidder	A Firm that submits a Bid for the provision of Goods and/or Works and/or related Services
CIPS	Chartered Institute of Purchasing and Supply
Consultant	A Consultant Firm or Individual Consultant that provides Consultant Services. A Consultant is independent of both the Beneficiary and IsDB.
Consultant Service(s)	Consultant Services are those intellectual services delivered by a Consultant Firm or an Individual Consultant. Consultant Services are normally of a professional, expert or advisory nature. Consultant Services are governed by these Guidelines.
Electronic Procurement	e-Procurement
Goods	A category of procurement that includes, for example: consumables, equipment, machinery, vehicles commodities, raw materials or industrial plant. The term may also include related services, such as: transportation, insurance, installation, commissioning, training or initial maintenance.
ICT	Information and Communications Technology
IFB	Invitation for Bids
IsDB	Islamic Development Bank
IT	Information Technology
MDB	Multi-Lateral Development Bank
Non-Consulting Services:	Services which are not Consulting Services. Non-Consulting Services are normally Bid and contracted based on performance of measurable outputs, and for which performance standards can be clearly identified and consistently applied. Examples include: drilling, aerial photography, satellite imagery, mapping, and similar operations.
OECD	Organization for Economic Co-operation and Development
P&SM	Procurement & Supply Chain Management

Abbreviation / term	Full terminology / definition
PPL	Public Procurement Law
Prequalification	The shortlisting process, which can be used prior to inviting Request for Bids in the procurement of Goods, Works and related services.
Procurement	The function of planning for, and sourcing Goods, Works, Non-Consulting Services, and/or Consulting Services to meet required objectives.
Procurement Documents	A generic term used in these Guidelines to cover all Procurement Documents issued by the Beneficiary. It includes: GPN, SPN, EOI, REOI, Prequalification document, RFB and RFP, including any addenda.
PPR	Project Procurement
RFB	Request for Bids
RFP	Request for Proposals
RFQ	Request for Quotations
SBDs	Standard Bidding Documents
Standard Bidding Documents	Standardised procurement documents issued by IsDB to be used by Beneficiaries for IsDB financed projects. These include IsDB's standard documents for, e.g.: GPN, SPN, Prequalification, LOI, RFB and RFP.
SWOT	Strengths, Weaknesses, Opportunities and Threats
VFM	Value for Money
Works	A category of procurement that refers to construction, repair, rehabilitation, demolition, restoration, maintenance of civil work structures, and related services such as transportation, insurance, installation, commissioning, and training.

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Section 1 - Introduction

1.1 Overview

This Guidance Note relates to the use of electronic procurement (e-Procurement) and details how and under what circumstances IsDB permits the use of e-Procurement in different stages of the procurement process. The Guidance Note describes the benefits of e-Procurement and the tools IsDB uses in assessing Beneficiaries e-Procurement systems.

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 should be designed, developed and implemented. For the successful implementation of an e-Procurement system, high-level sponsorship and oversight is essential.

Effective implementation of e-Procurement may:

- *Increase Efficiency and Reduce Procurement Process 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; and
  - Offers the opportunity to fully integrate the procurement process into other systems, such as budget, 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, audit and feedback mechanisms;
  - Establishes an analytical base for policy and business process improvements, thereby reducing operational risks; and
  - Automated processes reduce the risk of mistakes that could compromise the whole procurement process.

- *Improve Transparency and Fairness*
  - Helps support the timely online publication and disclosure of information from procurement plans, procurement opportunities, processes, and results which enhances the transparency and accountability of the procurement process;
  - Encourages transparent, easy to access, and secure system solutions with effective confidentiality features that help to attract more competition and build trust among participants in the procurement process;
  - Supports the creation of audit trails that improve the transparency and integrity of the procurement process; and

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- o Supports the creation of procurement complaints management functionality, improving the fairness, integrity, and accountability of public procurement.

- ***Deliver Value for Money***
  - o A cross-government e-Procurement system minimizes duplication of processes, provides greater supplier efficiencies, removes duplicated effort and costs across multiple agencies, and can leverage government buying power through framework agreements.

1.2 Background

The Islamic Development Banks (IsDB) 2019 Guidelines for the procurement of Goods, Works and related services under IsDB Project Financing Procurement and Guidelines for the Procurement of Consultant Services under IsDB Project Financing detail the need for fairness and efficiency in procurement. Fairness and Efficiency are two (2) of IsDB's four (4) Core Procurement Principles. ISDB encourages Beneficiary's to continually modernize their procurement systems, including conducting procurement through electronic means if appropriate and with approval from IsDB.

The Chartered Institute of Procurement and Supply (CIPS) defines e-Procurement as

> *"The combined use of electronic information and communications technology (ICT) in order to enhance the links between customer and supplier, and with other value chain partners, and thereby to improve external and internal Procurement & Supply Chain Management (P&SM) processes. e-Procurement is a key component of e-business and e-commerce". There are many definitions of e-Procurement, however it is inclusive of indent management, e-Informing, e-Tendering, e-Auctioning, vendor management, catalogue management, Purchase Order Integration, Order Status, Ship Notice, e-invoicing, e-payment, and contract management."*

The purpose of this Guidance Note is to describe how e-Procurement may be used in projects financed in whole or in part by IsDB and to guide Beneficiaries on introducing or extending e-Procurement in national and agency-level procurement systems.

IsDB Beneficiaries are encouraged to use e-Procurement and e-Procurement may be designed and used across IsDB's procurement cycle, as detailed in the following figure and particularly for the procurement planning, Bidding, Bid evaluation, contract award, and contract implementation stages. The use of an e-Procurement system must be approved by IsDB.
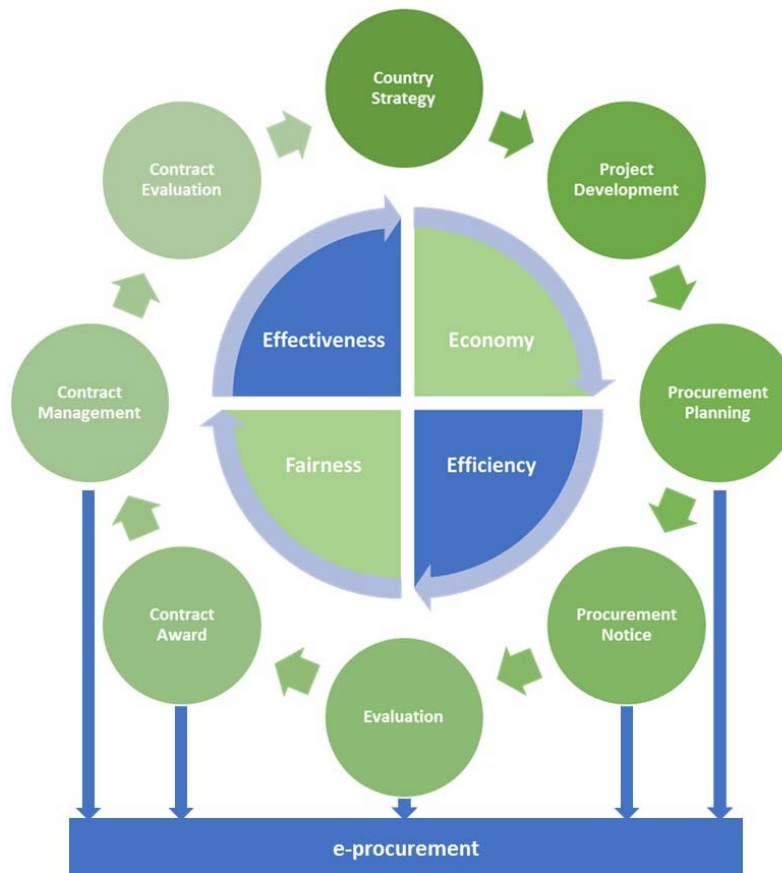
Figure I – IsDB's Procurement Cycle

The use of e-Procurement is a powerful tool as it can help to promote good governance, transparency and Value for Money (VFM) though the aggregation of requirements and the reduction in transaction costs and time, auditing. An e-Procurement system also helps to give the broadest possible access to Firms, Suppliers, Contractors (including sub-Contractors) or Individuals to procurement opportunities.

1.3 Scope of e-Procurement

The advances in e-Procurement systems have evolved over the last decade from simple portals and bulletin boards to today's multifunctional fully integrated systems. These systems now can include enterprise resource planning applications, stand-alone productivity apps, open source, custom-built, hosted solutions and subscription-based software as a service.

The impact of improving VFM in public sector procurement is difficult to overstate. The Organisation for Economic Co-operation and Development (OECD) estimates that gross domestic product spent through public procurement in its member countries is typically between 10% – 20%, and savings from effective e-Procurement may result in 10% of the procurement value[1].

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[1] http://stats.oecd.org/Index.aspx?QueryId=78413.

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 and effective use of information technology (IT) provides an unparalleled tool for strengthening governance and efficiency in all forms of procurement.

The decision for Beneficiary's and their executing and implementing agencies is not whether to implement e-Procurement but how and what type of system is best suited to their individual requirements. This can be relatively straightforward in a greenfield environment where the system does not have to be integrated into other systems or it can be complex when the system is required to interface with other systems, such as accounts payable or asset registry. Adding to complexity will be the rules and regulations governing the procurement process in the country, which must be mirrored in the system.

For many reasons off-the-shelf systems are preferable to bespoke systems and there are many choices currently in the market that offer differing levels of functionality. These systems are proven to be more robust than custom-built systems and already have most standard procurement processes and functionality built-in to the system. A custom-build system can be appealing as it may be perceived as providing a closer fit to existing manual procurement and business processes, however it should be resisted unless it is on a scale to offset the significant development, implementation, management and maintenance costs inherent with a custom-built system.

The optimal approach is to select the system with the closest fit to your organisations manual processes and the existing IT infrastructure. It is also advisable that existing processes should be reviewed and modified as needed to match standard out-of-the-box functionality and to bring in line with current best practice processes. Be-spoked systems that require IT systems to be modified to meet customers' requirements have high implementation costs for little or negative return on their investment. The best e-Procurement systems are ones that are configured, rather than customize.

1.4 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-designed and functioning 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. The introduction of 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 a traditional paper-based procurement system can suffer from the following.

- Non-collaborative purchasing across government with different agencies and departments having different contracts and different prices for the same commonly procured goods and services;
- High process and procurement costs;
- Lack of clear transparency and checks and balances;
- Limited budgetary control;
- Disaggregation of spend, leading to higher purchase costs;
- Lack of procurement data and outdated market intelligence;
- Off contract purchasing; and
- Inefficient payment processes and obsolete audit information; and

e-Procurement, when configured effectively, streamlines all aspects of the procurement process, end-to-end from procurement planning to contract management, payment, asset tracking and depreciation. 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 procurement standardised catalogues.

An e-Procurement system does not automate all aspects of the procurement process. Procurement and project professionals will continue to manage procurement, design contracts, develop procurement plans, contracting strategies, and evaluation criteria and specifications and the use of an e-Procurement system can free up procurement professionals time to focus on these value adding procurement stages.

The potential and limitations of e-Procurement are often misunderstood. An e-Procurement system is not a magic solution and is only as effective as the quality of its design, implementation and usage. The automation of flawed and inefficient procurement and business processes, and poor strategic choices, will simply make ineffective procurement faster.

One of the documented risks with the implementation of an e-Procurement system is the system becoming the process. This can stifle innovation and improvements because of system constraints and configuration. This is particularly the case for bespoke systems, due to the sunk costs invested. In turn, this can be an impediment to further procurement reforms and innovation.

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Section 2 – Use of e-Procurement

2.1 Overview

Beneficiaries are encouraged to use e-Procurement for Goods, Works, and Consulting and Non-Consulting Services for all procurement methods (e.g., open competitive Bidding with international or national advertisement, limited competitive bidding, Request for Quotations).

As a minimum, Beneficiaries are required to publish an advance procurement notice and procurement plan on the IsDB website, as well as advertise all their open competitive Bidding procurement opportunities with international advertisement on this site.

The project procurement risk assessment completed by IsDB should verify and confirm the proposed use of e-Procurement or related arrangements as being considered adequate, efficient, and secure, and should not prevent participation of any potential eligible Bidders as detailed in IsDB's Guidance Note on Eligibility[2].

A description of the use of e-Procurement and related specific arrangements and decisions shall be indicated in the approved project procurement plan and procurement strategy, if requested by IsDB, before implementation.

The e-bidding or e-tendering module in Beneficiary-led e-Procurement will be verified for compliance to the latest version of the Multi-Lateral Development Bank's (MDB's) e-tendering requirements, as adopted by IsDB[3]. The other modules of e-Procurement, such as catalogue management or e-marketplace, will be verified for compliance with reference to IsDB's Core Procurement Principles as detailed in Paragraph 1.5 of IsDB's 2018 Guidelines for the procurement of Goods, Works and related services under IsDB Project Financing and the requirements set out in Paragraph 1.47.

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

2.2 e-Procurement System Accreditation Modalities

The accreditation of an e-Procurement system by ISDB is not necessary if its use is limited to the advertising of opportunities and the publication of contract award notices.

ISDB will approve the use of an e-Procurement system on a case by case basis. If a system is found to be substantially non-compliant with the 2019 Procurement Guidelines, the non-compliances would need to be remedied by way of Standard Bidding Document (SBD) conditions, or such

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[2] https://www.isdb.org
http://siteresources.worldbank.org/INFORMATIONANDCOMMUNICATIONANDTECHNOLOGIES/Resources/e-reverse_auction-requirements.pdf

measures as defined in Annex I of this Guidance Note, the concerned project executing agency will be asked to adopt these remedial measures while using the e-Procurement system. IsDB will avoid, whenever possible, requiring changes to the standard functionality and processes of the system.

If an e-Procurement system was accredited previously by IsDB, or another MDB, and no substantial modifications were introduced since such accreditation, IsDB will consider authorizing the use of the system on a case by case basis if it complies with ISDB's Core Procurement Principles. If the system was not accredited previously by IsDB or another MDB, or substantial modifications were since introduced, the system must be (re)assessed by an IsDB-appointed consultant or staff during the procurement planning stage of the project.

The executing agency is required to facilitate assessment of the e-Procurement system by IsDB staff or consultant deployed on-site. The first step in the assessment of the agencies e-Procurement system is for the agency to complete the questionnaire in Annex II. The scope of the assessment will be determined by the results of the e-Procurement questionnaire, the procurement's complexity and the system's maturity.

The executing agency is requested to submit a compliance statement of its e-Procurement system to ISDB's e-Procurement requirements in relation to compliance to the MDB e-tendering Guidelines, as applicable[4]. IsDB may review the system onsite to verify compliance and identify non-compliances, if any, and analyse their risks and impacts. When the risks and impacts are considered material, remedial measures will be recommended to address the non-compliance. If these are agreed to and addressed, IsDB may consider approving the use of the system. Any assessment result may recommend the use of certain e-Procurement specific requirements to be inserted in the SBD's of the procurement to be processed using the e-Procurement system.

The current approach for assessing and accrediting an e-Procurement system for use in IsDB operations is drawn from recent independent assessments of e-Procurement systems, IsDB, Asian Development Bank (ADB) and World Bank reports on e-Procurement development in IsDB's developing member countries, and IsDB's own experience in implementing e-Procurement systems. The approach will be updated from time to time to ensure that it remains consistent with evolving changes in e-Procurement practice.

IsDB may choose to reassess an already accredited e-Procurement system under any of the following circumstances.

• Complaints and issues are raised to IsDB about the accredited e-Procurement system, such as an inability to access, or modifications or corruption of submissions;
• The accredited e-Procurement system has undergone material changes after accreditation by IsDB; and/or
• A significant period (5 years) has elapsed since the system was accredited by IsDB or use of the system was authorized by IsDB.

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http://siteresources.worldbank.org/INFORMATIONANDCOMMUNICATIONANDTECHNOLOGIES/Resources/e-reverse_auction-requirements.pdf

Section 3 -Planning and Strategy

3.1 Overview

One of the main challenges when implementing a significant e-Procurement system or initiative is ensuring that all the anticipated benefits that were identified as part of system planning and design are realized in the transition period from old to new. This can be even more challenging when the project sponsor expects instant benefits from the system and for it to be as efficient as the existing manual procurement and contract management processes.

Like with many complex IT system implementation can often be months to years longer than expected and it can be a challenge to deliver the system within the original cost estimate. 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.

3.2 Development of a Strategy

Plans for the introduction or enhancement of e-Procurement will be unique for each country, as each will have a different legislative and regulatory framework and operational environment. Where there is a Public Procurement Law (PPL) 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, the PPL includes large state-owned corporations and these can be subject to a specific set of regulations separate from the broader public sector.

The starting point for development of a strategy should be a strength, weaknesses, opportunities, threats (SWOT) analysis of the current circumstances within the change environment of the government. This identifies the issues that may require attention as a government moves towards e-Procurement. More information on how to complete a SWOT analysis and other procurement and management tool which assist in developing the strategy are detailed in IsDB's Guidance Note on Procurement Planning and Strategy Development[5].

The principal factor determining success is the culture and authority of the implementing entity. Where the implementing entity is sufficiently resourced with the right capacity and capability, and empowered to roll out e-Procurement, solutions are available for almost all obstacles and any risks can be managed effectively. Conversely, where capacity and capability is lacking, and the project doesn't fully have senior management support, the rollout is unlikely to be fully successful.

Planning for e-Procurement implementation or enhancement takes place in the same way as planning for any complex procurement activity, with an assessment of (i) needs, (ii) stakeholders,

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[5] https://www.isdb.org

(iii) the supply market (systems providers and developers), and (iv) existing IT infrastructure. Neglecting any of these exposes the project to high-risk both during implementation and ongoing operations. More information on Procurement Strategy is detailed in the Guidance Note on Procurement Planning and Procurement Strategy[6] as defined in IsDB Guidelines.

The development of a strategy for e-Procurement should be informed by the national legislative and regulatory framework, 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. The Strategy helps to inform the decision on whether to make or buy the e-Procurement system. The strategy for an end to end e-Procurement system should include.

- The system objectives;
- Stakeholder analysis;
- Needs identification (specifications and/or terms of reference);
- Identification of authority to lead the change management and rate of change constraints;
- Market assessment (developers and systems vendors with appropriate selection criteria);
- Business process reengineering and training;
- Contract and systems management;
- Implementation plan; and
- Technical support (operation and maintenance) and risk management.

The objectives of the strategy should be 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.

The e-Procurement strategy should include a stakeholder analysis to help identify and address the needs of individual stakeholders and stakeholder groups as part of the assessment. There may be some resistant to change, while others will want to try and exert control over functionality. 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 and corruption, though these issues are far more prevalent in manual procurement systems, where they are difficult to track, monitor or prevent.

The capacity and capability of the executing agency, department and the private sector to implement, manage, and maintain the system should be considered as part of strategy development.

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[6] https://www.isdb.org

The ease of use of the e-Procurement system, the capacity of the procurement professionals and the current IT infrastructure all need to be carefully considered. The more complex the system (from a user perspective), the more resources will be required in the system's rollout, training and support needed for users. Leading long established e-Procurement systems have governance and compliance requirements built-in and are generally easy to use after years of development. These systems are modular, therefore additional functionality can be added as user capacity increases and enables further process alignment.

3.3 Central System

There are many advantages of a centralised e-Procurement system across government. The economies of scale and benefits of having a single, national platform for the whole government such as central data management, reporting and governance can be significant. However, the implementation of a central e-Procurement system should not be underestimated, the additional time and preparation can take years and cost can quickly exceed originally estimates.

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 senior management support that must come from the highest level.

A single cross government e-Procurement system can make better use of the technology and minimizes duplication of processes, such as security management, catalogue management and supplier registries. It provides a single interface for Firms, Suppliers, Contractors (including sub-Contractors) or Individuals and provides the government with a single point for all procurement spend, process data and analytics. It promotes the aggregation of requirements, leveraging buying power through framework agreements.

A central system removes the duplicated effort and costs of design, development and implementation across multiple agencies. Examples of single systems in use in ISDB's member countries include the Kyrgyz Republic's Public Procurement Portal and Bangladesh's Electronic Government Procurement system.

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.

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 how 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.

3.4 Leadership

Political and institutional leadership are the most important elements of an e-Procurement strategy. A central lead procurement agency is required, and this agency must have the competence, mandate and authority to drive procurement reforms. Without this, e-Procurement will deliver limited value. Reforms should include standard documents, contract forms, whole of government framework agreements, policies around the use of electronic bidding, and whole-of-government policies for online catalogues and security.

Section 4 -Capital Investment and Funding

4.1 Overview

One of the key considerations with any e-Portal or e-Procurement system is how the system will be funded. This section covers a capital investment and funding and covers a phased approach to e-Procurement and looks at risk and risk management.

4.2 Phased Approach to e-Procurement

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 can require a 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 any process changes.

When planning for the implementation of an e-Procurement system it is best to plan for a phased implementation approach. A model approach recommended by MDB's is set out in Section 5 of this Guidance Note, starting with a e-Portal that does not represent a major upfront investment in software or hardware. The implementation of a e-Portal is fairly low-risk but has a range of useful functions. A e-Portal can be procured from the market or built in-house by the procuring entity using local programmers and with a relatively small budget.

Systems that are built in-house are less likely to be able to be integrated 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. A simple e-Portal requires no data centre, however, the benefits are substantial, including transparency in advertising procurement opportunities and awards, registration of Firms, Suppliers, Contractors or Individuals for information distribution and the submission of complaints. Benefits also include gaining experience with business process reengineering at a low-risk level and the cultural change aspects.

Implementation and the speed of a phased approach will likely depend on political and executive prioritization, particularly if there is a requirement for new legislation or amendments to existing legislation. A period of introduction of two (2) – four (4) years should be typical, although major steps can be undertaken within a six (6) – twelve (12) months period. If no legislative changes are required results could be seen within six (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.

4.3 Risk Management

It is common that the biggest risk is governance for any IT systems development, customization, and/or ongoing operations, not the technology itself. 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 the continually evolving technology. However, even where these issues

are the responsibility of a Firm, Supplier or Contractor the risks remain shared with government and the government's contract management with the Firm, Supplier or Contractor.

When designing the requirements and the strategy, including risk identification and analysis, a common risk is supplier lock-in. The risk of supplier lock-in can be unavoidable with off the- shelf systems and significant with custom-build, depending on the platform selected, therefore a long-term view needs to be taken. With an interim solution there is significant risk of getting locked into an inferior or suboptimal system because of poor selection in the early phase of implementation., therefore 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, architecture and systems, and there would be little incentive for the outgoing provider to assist unless it is contractually obliged.

It is critical that contractually specified transition and exit clauses are 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. In many e-Procurement/Portal system implementations the supplier lock-in risks are invariably underestimated.

There are system and operator risks involving business continuity, software and hardware downtime, and security that need to be carefully considered. The "software as a service" licensing and distribution model will minimize these risks, but each supplier's organizational resilience model must be reviewed accordingly. 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. 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 (agency) responsible for managing the service operation even when the service is fully outsourced to a third party.

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. Information on how to complete a risk management plan can be found in IsDB's Guidance Note on Procurement Planning and Strategy[7].

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[7] https://www.isdb.org/

Section 5 - System Development

5.1 Overview

There are two developmental or functional options that can be considered for an e-Procurement system.

- An incremental conservative approach; or
- A more ambitious turnkey approach.

The choice between these options, as detailed in this section, is primarily to do with political and bureaucratic leadership, authority, and capacity to manage change. There are several ways to develop the e-Procurement system for both options. The first phase can be piloting by a single agency and consolidating in an e-Portal, 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.

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 implemented e-Portal. Phase one of developing an e-Portal is relatively low-risk in terms of cost and process changes. The simplified e-Portal should not be enhanced to create a full e-Procurement system, but instead it should be replaced by a turnkey operation. This approach could push full transformation back by around 2 years.

The second, more advanced path would see the implementation of a fully comprehensive turnkey operation from the beginning. This option can be relatively high-risk in terms of cost, implementation and reform. This option can help to drive technological and cultural change into many government operations and into the country's public procurement and business sectors.

5.1.1   e-Portal

A simple e-Portal 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.

Any 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 a relatively small budget. 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.

The model e-Portal, as set out in subsections 5.2.1 and 5.2.2 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.

5.2 Simplified E-Portal

5.2.1 Step 1: Information Section

The information section of a model e-Portal system would include the following:

- Agency information including its structure, roles, mandate, and contact details;
- Downloadable documents, including the Public Procurement Law (PPL) and relevant policies, regulations, circulars, directives and guidance notes;
- Downloadable procurement manuals and guidelines;
- Downloadable SBDs for the procurement of Goods, Works, and Services including Consultancy Services;
- Downloadable standard templates for statutory and ad hoc reports, and a data collection template for public procurement performance measurement and monitoring;
- Annual procurement plans of public procuring agencies or entities;
- Categorized listing of Invitation for Bids (IFBs), Request for Bids (RFBs), Requests for Proposals (RFPs) and procurement advertisements published by public procuring agencies or entities by procurement type, geography, or any other classification;
- List of active framework agreements, to be used by public procurement entities;
- Downloadable annual public procurement performance measurement and monitoring reports;
- Information on contract award notices;
- List of blacklisted Firms, Suppliers, Contractors (including sub-Contractors) or Individuals;
- Analytical statistics on procurement and contracts (optional);
- News and events (optional);
- List of planned training programs on public procurement (optional); and
- Frequently asked questions and a public discussion forum on procurement processes.

5.2.2 Step 2: Interactive Section

The interactive section of a model e-Portal system would include the following:

- ***Bidders' Register***
  - o Bidders should have a facility to register to the e-Portal providing key information;
  - o Bidders should have a facility to upload scanned copies of credentials (i.e. incorporation certificate, trade licenses, tax clearance certificates);
  - o Firms, Suppliers, Contractors (including sub-Contractors) or Individuals should have a facility to update their profile and documents at their own pace from their

private dashboard. The profile could be configured to include details important to the Public procurement agency or entity;

- o Public procurement agencies or entities should be able to search the Bidders' profile database by competency, geography, and other factors; and

- o Bidders' profiles should be in a suitable form for the preparation of prequalification or short lists for limited competitive bidding procedures.

- **Annual Procurement Plan**

  - o Functionality to prepare, update, and publish annual procurement plans;

  - o Functionality to prepare procurement plans offline using a standard Microsoft Excel template, provided by the e-Portal; and

  - o Data uploaded using Microsoft Excel files should be read by the e-Portal and populated into the Portals database.

- **Preparation, Publication, and Amendment of Invitations to Bid, Request for Bids and Requests for Proposals**

  - o Online forms should be available to prepare IFBs, RFBs, RFPs and Requests for Quotations (RFQs). Additional functionality should include the ability to verify, update, save as a draft, and schedule a date to publish;

  - o An online form should be available for amendments. Amendments should be published together with the original publication; and

  - o Ability to attach PDF and JPEG files of Procurement Documents.

- **Publication of Best Evaluated Bidder and Contract Award Notice**

  - o The ability to upload a notice of preferred Bidder(s) which can be displayed for a specified period of time to accommodate any complaints and clarifications from the Bidders/Proposers if a standstill period applies.

- **Publication of details of the Awarded Contract and Variations**

  - o Online form to prepare and publish contract award notices, with the information on the winner of the contract, contract award amount, contract signing, planned commencement date, and estimated completion date; and

  - o Online form 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.

- **Performance Measurement and Monitoring Reports**

  - o The ability to enter data related to procurements at the completion of different stages of specific procurements or contracts;

  - o Report(s) generation on different contract performance indicators;

- o The ability to generate and publish annual procurement performance measurement and monitoring reports;
- o The ability to generate reports on different performance indicators, public procurement agencies, procurement types, procurement items, procurement sectors and procurement value; and
- o It should be possible to download data in Microsoft Office and PDF file formats.

- *Monitoring Annual Procurement Plans*

  - o 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; and
  - o The facility to see the status of awarded contracts from the Annual Procurement Plan and pending procurements.

- *Administrative Review Case Entry and Publishing.*

  - o The lead agency should have an online form for complaints to be filed and administrative reviews of the complaints filed, to be managed and published in the procurement information e-Portal.

- *Sanctions*

  - o The lead agency should have an online form to specify Firms, Suppliers or Contractors (including sub-Contractors) or Individuals blacklisting period, and reasons for blacklisting after completing the required blacklisting process; and
  - o The lead agency should have a facility to release a Firm, Supplier or Contractor (including sub-Contractors) or Individual from the blacklist.

- *General*

  - o Search and advanced search functionality should be available covering IFBs, Annual Procurement Plans, blacklisting, and other sections.
  - o There should be a provision for archiving old records after a defined period, and a means to retrieve them when required for auditing purposes.

5.2.3   Technical Specifications

The e-Portal and/or full e-Procurement system should include a single sign-on capability for users to logon once and be able to access all appropriate services in the system, based on individual authorizations created for each user. The e-Procurement system needs to facilitate access to content and services on the role of the user. The user interface of an e-Procurement 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 Firms, Suppliers or Contractors or Individuals.

With a custom-build e-Procurement system it should be developed in an open source platform such as PHP in combination with JavaScript, HTML and Ajax, etc. The user interface should be displayed in multiple languages, or as a minimum the language of the country and English, allowing users to set their preferred language from a user profile screen.

When considering technical specifications user profile management should be clearly specified. User profile management involves the secure storage of user's personal details and specifying appropriate authorization levels for the user's allowed activity within the system. Authorization levels should be defined at both the system level and the workflow-based specific process level and 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.

The system must be capable to be accessed by multiple users and have the functionality to manage disruptive events, including internet connection failures, malicious attacks, power failures and system software or hardware failures. Potential suppliers of e-Procurement or e-Portal systems must be able to demonstrate that their systems can handle these issues. It is important to set a recovery point objective which should be set at 1 hour or less, for example in the case of complete system failure, not more than an hour's data should be lost. The e-Portal should be scalable to meet larger transactional load than its initial requirements.

5.2.4   Implementation of the e-Portal

It should be the responsibility of the lead agency to establish the approach and regulations, assembles the technical expertise, and monitors implementation issues. It is important that the lead agency has the 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.

If fragmentation accrues it can lead to entities creating their own portals, which exacerbates security risks, adds to the cost of development and maintenance, and impose inefficiencies on the private sector.

An e-portal, as the first phase toward an e-Procurement system, helps to drive standardization of some procurement documentation and 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 Firms, Suppliers or Contractors or Individuals would come to rely on this single portal instead of seeking information from a range of sources.

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, for example one (1) month, if they are not already linked.

The development of the e-Portal itself would cover items detailed in subsections 5.2.1 and 5.2.2 of this section. The e-Portal would require functionality whereby decentralized agencies can upload procurement plans, procurement advertisements and notices and notifications of award 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 II.

5.2.5   Project Management

In readiness for the implementation of an e-Portal, whether the 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 function to maintain the strategic direction and that objectives as identified as part of the strategy development are achieved.

Key stakeholders need to be engaged in the change management process from different user groups among the buyer and supplier organizations. It is important 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 the deployment of the e-Portal, and for new features in the future.

Strengths	Weaknesses
• Low Cost • Fast Implementation • No Data Center Required • Low Risk • Functional Enhancement • Domestic Expertise	• No Bid/Proposal Submission functionality • Slow Implementation of a full e-Procurement system • Missing functionality
Opportunities	**Threats**
• Reduced Transaction Costs • Business Process Reengineering • Drives Cultural Change • Helps Assess Readiness	• May increase fragmentation of system development • Lack of Political Support • Cost and Implementation

Figure II – SWOT Analysis

The implementation of a help-desk to support all stakeholders, including the private sector is critical to a successful implementation. The contract for the development of the portal might require skills transfer to national personnel, if it is from a foreign contractor and the technical specifications of the e-Portal should be non-proprietary.

5.2.6   Policies and Regulations

The e-Portal should publish a usage policy or regulation that includes a clause on limited liability. The policy should also include details on how any inconsistencies between electronic and hard copy documentation from government agencies should be interpreted. It is usual practice for the electronic version to prevail, but during the e-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 procurement notifications. To increase access, it would also be desirable to adopt a policy that accommodates e-Procurement access through mobile devices.

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 if the existing legislation is flexible. 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.

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.

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, Firm, Supplier, Contractor or Individual, and other business entities, as well as maintenance service providers and the general public.

5.2.7   Business Process Reengineering

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 should be standardized in the e-Portal:

- Annual Procurement Plan's;
- Information notices;
- Advertisements (RFB, RFP, IFB);
- Contract award notifications; and
- Evaluation reports.

The 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 e-Portal development and mandate their use as a step towards better efficiency and transparency.

5.2.8   Intellectual Property

In the case of a pre-existing e-Procurement system, where there is a need to increase its functionalities, if the upgrade is major, then it can be better to invest in a new system altogether. Regardless of whether users have any 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 the amount of customization, 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 endeavour not to pay for development costs associated with essential customization, but pay instead for functional capacity or functional performance, if 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.

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, however this doesn't need to be the case. 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.

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 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.

5.2.9   Training

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 should be simple but would become significant when the e-Portal phase is overtaken by the implementation of a full e-Procurement system.

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 and 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.

5.2.10 Performance Evaluation

The targets and outcomes should be clearly identified and quantified in advance as part of the strategy development so that the process can be managed effectively. Typically, success metrics will revolve around the value of procurement managed through the system, the number of suppliers registered, the number of agencies adopting the system and the scope of transactions captured. It is important to set target implementation dates for each should be set.

The setting of target implementation dates enables progress to be measured and managed. It ensures that the objectives of the e-Procurement system are clearly stated, understood, and met. The success metrics are often referred to as key performance indicators.

Key performance indicators may include the following:

- *Transparency*
  - o The value and number of notices published in the system compared with the baseline value;
  - o The number and value of procurement transactions uploaded in the system;
  - o The number of competitive procurement outcomes published on the system;
  - o The value of contracts posted in the system; and
  - o The number of complaints received and resolved.

- *Efficiency*
  - o Level of competing Bidders/Proposers compared with baseline;
  - o Transaction cost and time reductions;
  - o Average percentage of price reductions;
  - o The number and value of orders using pre-negotiated framework contracts;
  - o The value and number of contracts and orders generated in the system;
  - o Time to prepare Procurement Documents;
  - o Time to generate a purchase order (contract); and
  - o Time to review invoices and effect payment.

- *Integrity*
  - o Tracking relationships;
  - o Price profiles for commonly purchased items;

- o Recording of contracts and subsequent amendments;
- o Contractual performance tracking; and
- o Complaints tracking and trend analysis.

- *Development of private sector*
  - o Supplier satisfaction surveys;
  - o Broadening private sector involvement in public procurement;
  - o Supply-side cost reduction; and
  - o Success rates of small and medium-sized enterprises.

- *System performance*
  - o Tracking and reporting on help desk activity; and
  - o System uptime and downtime.

Many of these metrics, if not all, can be built into the e-Procurement system and generated through standard reporting. Reports can be captured either periodically or through real-time management information dashboards.

5.2.11 Further Options

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 that will need to be addressed.

The introduction of a fully functioning e-Procurement system is a much greater risk because of the greater complexity and significantly higher system and implementation costs. More infrastructure is also required, such as a data centre and a disaster recovery centre. Additional functionality could include, for example, a project management information system, which adds into the system a function that can undertake intelligent data analysis.

5.2.12 Project Management Information System

The e-Portal and/or e-Procurement system will be able to track or record a large volume of information for any transaction or activity including.

- Firms, Suppliers, Contractors or Individuals responses to information posted online, such as expressions of interest, RFPs, IFBs;
- Buyer online postings, amendments and notices;
- Supplier data, such as history and consortia;
- Contract awards to individual Firms, Suppliers or Individuals by individual procuring entities;

- Complaints by a Firm, Supplier or Contractor (including sub-Contractors) or Individual to a procuring entity;

- Value of transaction by Firms, Suppliers, Contractors or Individuals;

- Contract overruns by Firms, Suppliers, Contractors or Individuals and contract extensions;

- Contracts awarded by procuring entities;

- Classification codes for each catalogue, for each Firm, Supplier, Contractor or Individual; and

- Contract prices.

A government may be able to anticipate what sort of regular reporting it will require, and this can be specified 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 in 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 and procurement method 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.

5.2.13 Online Bid Submission

Another function not available under a simplified e-Portal model is online Bid/Proposal submission from Firms, Suppliers, Contractors or Individuals. 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.

Annex I. Risks and Risk Mitigations

Background

Non-compliance to the MDB e-Tendering requirements[8] 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 non-compliances, IsDB may consider certain procedural remedial measures, instead of a change in software. Medium and low-risk non-compliances and their associated remedial measures are explained in the following table.

Section No.	Chapter	MDB e-Tendering Requirement	Remedial Measure
1	1.1	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.	When Bidders are required to pay a fee to register or download Bidding documents, the same shall be clarified in the relevant Bid Data Sheet (BDS) section.
1	1.3	The system shall be an internet-based approach, accessible by users through readily available and commonly used browser software.	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.
3	3.2	Amendments or substitutions by any official will be tracked and recorded for audit. Systems shall ensure that only authorized changes can be made.	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.
3	3.4	Contracting authorities should track receipt by Bidders or Consultants	When there is no provision to track receipt of amendments,

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[8] World Bank et al. 2009. *E-Tendering Requirements for MDB Financed Procurement.* Washington, DC. (undergoing revision as of June 2018)
http://siteresources.worldbank.org/INTPROCUREMENT/Resources/E-Tendering_Requirements_for_MDB_Loans-Grants_and_Credits_November_2009.pdf.

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		when distributing pre-bid amendments, substitutions, and clarifications online.	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.
5	5.4	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.	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.
6	6	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 post-qualification.	When Bid securities are required in paper format, the project team leader shall in discussion with the executing agency decide on the following: **Option 1:** 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 office address before the due date and time for Bid submission. Should there be any discrepancy between the scanned copy of the bid security uploaded by bidder in the e-procurement platform and the original submitted by Bidder, the employer will verify compliance of the Bid security to the Bid

			requirements as per the original Bid security submitted by Bidder.
			Option 2: 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 opening. A scanned copy of the Bid security corresponding to the original shall be uploaded by Bidder 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 office address before the due date and time for Bid opening.
			Should there be a material discrepancy between scanned copy of the Bid security and the original submitted by Bidder, employer shall not consider the Bid for evaluation.
9	9.2	There shall be no outstanding audit issues that represent material risk to the integrity or security of any project.	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 onetime audit certificate will be considered as a medium-risk.
			IsDB 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 non-compliances.
9	9.3	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	When contracting authorities do not have a system malfunction procedure in place, a brief writeup on such a procedure will be included in the BDS.

11	11.3	or breakdowns other than in those systems strictly within their own control.	
		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).	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: **Option 1:** 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. **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.

Annex II. e-Procurement Assessment Questionnaire

System Area	Requirement	Functionality		Comments
		Yes	No	
System Access	Is the system access open, equal, and unrestricted to all prospective Bidders and members of the public?			
	Is single sign-on functionality available?			
	Is the system internet accessible?			
	Documents can be downloaded and opened on commonly used office software?			
	The system preforms reliably?			
Advertising	Are advertisements posted on a publicly accessible website that is free to access?			
	Is concurrent advertising possible?			
	Are advertising periods recorded in the system?			
	Is there a secure log of these entries which is available for audit as required?			
	Where bidding is restricted or subject to pre-qualification, is this clearly disclosed in the Bid advertising?			
	Are Bid advertisements and results disclosures restricted?			

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Correspondence, Amendments, Substitutions and Clarifications	Are all clarifications and amendments or substitutions of the Bidding documents, as well as any pre-Bid conference minutes posted simultaneously onto a Bid tracking page of the Bid advertising website that is freely accessible to all?			
	Are Bidders directly informed electronically of any such postings who have already expressed an Interest?			
	Are amendments or substitutions tracked and recorded for audit?			
	Does the systems ensure that only authorized changes can be made?			
	If there are any amendments or substitutions to the Bidding Document/RFP by the Contracting Authority, does the Contracting Authority provide such changes by means of an additional document in line with the same distribution mechanism as for the Bidding Document/RFP?			
	Is there a record kept that tracks receipt by Bidders when distributing pre-bid amendments, substitutions and clarifications online?			
	Is correspondence during Bid evaluation for clarification sent electronically with the normal restrictions against modification of the substance and price of the bid?			
Bidding Documents	Is the use of Standard Bidding Documents required?			
	Is the integrity of Bidding Documents in electronic format, and their online publication amendments			

	similarly secure and stored with the Bidding Document?			
Submission of Bids	Are there security arrangements that ensure confidentiality (i.e. protect privacy by allowing only authorized persons access to the content at the authorized time)?			
	Are Bids submitted online virus scanned before being uploaded and accepted into the online Bid box?			
	If the virus scan causes a Bid to be rejected is the Bidder notified immediately?			
	Are online submissions received into an electronic bid box and maintained to high standards of security for long term record-keeping and audit?			
	Are Bids always kept in an encrypted format?			
	The date and time of an automated closure of an electronic Bid deadline can only be set simultaneously by at least two authorized persons?			
	Are there secure procedures that ensure that the settings are in accordance with international time-zone standards?			
	Are Bidders advised that their Bids must be readable through open standards interfaces?			
	Are Bidders allowed to submit modifications to Bids withdraw previously submitted Bids electronically up to, but not after, the time of the Bid submission Deadline?			

	Is receipt of modification or notice of withdrawal including the date and time acknowledged, and shall also electronically?			
	Do Contracting Authorities accept only those Bids in electronic format the submission or modification of which is completed at the time of the Bid submission deadline?			
	Is receipt of electronic submissions, including the date and time, acknowledged immediately, and is it also sent electronically?			
	Is the date and time for the receipt of Bids/ the same for both regardless if submitted electronically or in paper?			
Bid Securities	Do Contracting Authorities may employ other measures, such as requiring Bidders to sign a declaration and/or sanctioning Bidders who do not honor Bids?			
Public Bid Opening	Are electronic and or print bids if submitted opened in a public opening at a location and time (deadline) designated in the Bidding documents?			
	Are Bidders who choose to do so able to attend the Bid opening and are they invited to sign a record of attendance?			
	Is a record of the Bid opening kept in print copy and signed by individuals authorized to initiate the opening?			
	Do Contracting Authorities make freely available the Bid opening minutes by means of a website download?			

	Are Bids in electronic format protected against access by unauthorized persons until the publication of the contract award?			
	Does the Contracting Authority open Bids in electronic format first followed by the Bids submitted on paper?			
	Are RFPs, financial proposals in electronic format only accessed and opened after the evaluation of the technical proposals?			
Bid Evaluation and Contract Award	Does the BER shall contain scanned copies of the signed record of Bid opening, advertisement, and other documents for which copies are required?			
	Are contract awards published online consistent with Bid advertising?			
Information Security Management	Does the Contracting Authority develop, maintain and implement an information security management system that conforms with international standards for information management and takes account of recognized best practice, including but not limited to asset security, access security, human resource security, operations management and business application controls, documentation and script sufficiency and security, physical and online security, business continuity, record keeping and compliance?			
	Are there any outstanding audit issues that represent material risk to the integrity or security of any project?			
	Does the Contracting Authorities indicate in the Bidding Documents procedures to be followed in			

	the case of any failure, malfunction, or breakdown of the electronic system used during the procurement process?			
	Does the e-GP systems and information security ensure that secure records are kept of every process, procedure, transmission, receipt, transaction in terms of the content, executing individual and authorizations, time and date?			
	Are records kept for at least two years after the closing date of the Loan Agreement and be made available for audit on request?			
Authentication	Does the certification process certify Bidders for a reasonable period (at least one year) and Bidders shall not be required to request a certification for each Bidding process?			
	Is the certification process kept open permanently allowing Bidders to submit the request for certification at any time to allow them to register in advance for future Bidding processes?			
	Does the certification process allow bidders to take all actions required for their certification within their own countries, without the need to travel abroad?			
	Does the certification process accept an electronic signature, or a digital certification/signature issued by certifying authorities within the country of the Bidder?			
	Does the process accept submission of online or offline documentation for certifying the authenticity of the Bidder representative, accepting such documentation that can be obtained under			

	commonly used procedures in the country of the Bidder (for example, no notarization in consulate or embassy shall be required)?		
	Does the certification process require Bidders to submit mandatory information with origin outside the Bidders own country?		
Payment	Do prospective Bidders have open and free access to all Specific Procurement Notices (SPNs) and Bidding documents published in electronic format?		
	Is a single, nominal fee charged as a condition of submitting a Bid. Nominal is expected to be an amount less or like that charged for obtaining paper Bidding documents?		
	Are Bidders 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?		
Other Requirements	Are third party service providers and their subsidiaries or parent company's ineligible to be awarded contracts on procurement processes that are undertaken through the e-GP system?		

For any additional information, such as Standard Bidding Documents (SBDs), Guidance, training materials and briefing, please see

www.isdb.org/procurement

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