Drivers of change in e-Government Procurement

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“By far and away the most important aspect of the implementation is the change-management aspect. Run it as a change program.

The technology is not difficult to use; you can sit down and learn about that in, say, an hour - it really doesn’t take that long to pick it up. It’s the change-management and the engaging with category managers and the sustainability that takes time”
Simplified framework for eGP

Policy
- Procurement policy
- Legal framework
- Management of procurement

Process
- Procurement procedures
- Performance measurement
- Private sector

Platform
- System ownership
- Technology
- Security
Policy as a driver of change

• New procurement regulation
  – Modern procurement law
• Management of Procurement
  – Procurement lead body
• Procurement Capacity Building Programs
Process as a driver of change

- Business Process Re-engineering
  - Simplified rules & Procedures
  - New SBDs
  - Roles & responsibilities
- Metrics for measuring performance
  - Use of Key Performance Indicators
- Supplier community
  - Inclusion of SMEs
Platform as a driver of change

• Business model of eGP
  – Role of service provider

• Role of IT
  – Efficiency improvements
  – Security

• Enhanced Transparency
  – CSOs
Challenges in adopting change

- Early Adopters
- Early Majority
- Late Majority
- Laggards

eGP pilots
Compliance to Performance monitoring

• Use of technology to ensure enhanced compliance
• Transparency of real-time procurement information
• Data analytics to detect of fraudulent activities
• Securely operated electronic system
• Minimized manipulation of procurement information
• Electronic Audit trails
Case: eGP in Karnataka (India)

• Second state in India to launch a state-wide e-Procurement system

• Key drivers:
  – Development of infrastructure required for effective procurement policy implementation
  – Enhanced transparency in government procurement ($3.7 bn annual spend)
  – Equal opportunity to all bidders
Case: eGP in Karnataka (India)

• Preliminary work:
  – 4 years of set-up time
    • Detailed understanding of as-is situation
    • Buy-in from key departments (eGP champions)
    • Managerial structure (eGovernance cell)
    • Customization of software
  – Functional scope 11 modules
    • Supplier registration, Indent management (goods and works), e-Tendering, eAuctions, Contract management, Catalogue Management, MIS, Accounting, ePayment, Security
Organization Structure for e-Procurement Cell

**External stakeholders**
- ASP
- Contractors
- Government users
- NIC
- Bank

**Functional delivery team**
- Project Director, e-Procurement
- Office Assistant
- PIC/ COO
- Nodal officer
- Acc team
- e-Proc admin
- Registrar
- DSC officer
- Tech. support

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Case: eGP in Karnataka (India)
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• Go live in Nov-2007
  – Pilot of 18 entities
  – Dedicated procurement cell
  – 3rd party audit
  – Supplier training programs
  – Buyer training programs

• Citizen centric procurement information
  – Progress by various government agencies in works, goods and services procurement on a real-time basis over the Internet
  – Performance management framework
Case: eGP in Karnataka (India)

• High quality MIS reports
• Focus on insights much required to evolve procurement policies and procedures
  – E.g modify the turn-over requirements to attract higher participation for tenders and thus minimize re-bids
• Indicators focused on change management
  ☞ Number of entities notified to ‘Go-live’
  ☞ Number of government users and contractors registered
  ☞ Number of tenders and estimates created
  ☞ Standardization of procurement procedures
Case: eGP in Karnataka (India)

- Indicators focused on performance improvements (under development)
  - Time taken to complete a ‘procure-to-pay’ cycle
  - Number of tenders floated and average number of bids received
  - Actual spend versus planned expenditure
  - Correctness of rates used for preparation of estimates
  - Percentage of contracts where actual expenditure exceeded budgeted amount
  - Effect of tender conditions on competition