



Sierra Leone Electronic Government Procurement Business Process Reengineering (BPR)

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Abbreviations

1. APP: Annual Procurement Plan
2. BPR: Business Process Reengineering
3. e-BG: Electronic Bank Guarantee
4. e-GP: e-Government Procurement
5. GoSL: Government of Sierra Leone
6. IFMIS: Integrated Financial Management Information System
7. NPPA: National Public Procurement Authority
8. PIU: Project Implementation Unit
9. UNSPSC: United Nations Standard Procurement and Service Code

1 Preamble

The Government of Sierra Leone (GoSL) has taken the initiative to implement an e-Government Procurement (e-GP) system, under the “*Accountable Governance for Basic Service Delivery*” project. The e-GP is a key reform initiative by the GoSL, with the potential to impact all the procurement undertaken by the government. Many years of sustained effort is required to effectively implement this reform. This document explains the Business Process Reengineering (BPR) required to be undertaken by the government for realizing the maximum benefit from the implementation of the e-GP system.

2 e-GP Vendor Registration

The establishment of a unified e-GP platform for the Government of Sierra Leone is advised, in which the vendors will need to get registered at first. The e-GP system will be integrated with the Tax ID system and other external IT systems to validate a vendor’s identity and to ensure that a vendor does not get registered in duplicate. A vendor needs to get registered in the e-GP system at first before it is able to participate in any of the tenders advertised in the platform.

In the present manual system:

- i) The Government does not have a mechanism for centralized registration of vendors
- ii) The Section 21 (9) of Public Procurement Act 2016 enables procurement entity specific registration: *“Non-registration with a procurement entity by suppliers, contractors or consultants shall be a bar to their participation in public procurement unless the circumstances demand and it is expressly stated in the particular bidding document.”*

With reference to the e-GP vendor registration, the following business process reengineering is proposed:

- i) NPPA will validate and confirm the identity of the vendors, as a pre-requisite for vendor registration. It is clarified that the e-GP vendor registration will be limited to identity verification and it will not be extended to verify the vendors’ capabilities.
- ii) The vendors seeking to register in the e-GP system are required to pay an annual registration fee. This fee will be used as a source of revenue for continued sustenance of the e-GP platform.
- iii) Only the registered vendors will be allowed to participate in the tenders published in the e-GP system.
- iv) If Procuring entity specific registration is allowed, the vendors will need to register in the e-GP platform at first and then register with the procurement entity to participate in certain tenders.

3 Budget – APP – Tendering Integration

It is fiscally prudent when the budget entities execute their procurement contracts within the budget. By integrating the budget and the e-GP systems, it is possible to effectively enforce compliance to the budget. It is proposed to integrate the e-GP system with the budget system as detailed below:

- i) A procurement in the Annual Procurement Plan (APP) has to compulsorily identify a budget source from the approved budget and it can be created only when there are adequate funds

- available in the budget source. An amount equivalent to the estimated value of the procurement will be locked in the budget source, while a procurement is added to the APP.
- ii) For multi-year-procurement, the system will record the budget requirements for all the years during the APP creation and lock funds against the budget source only to the extent funds are required for the present financial year. During the APP creation for the subsequent year, the system will automatically lock the funds required to execute the project in that financial year (i.e.) against the allotted budget funds.
 - iii) The approved version of the original Annual Procurement Plan (APP) will be kept intact, which the procuring entity can revise the APP as required during the year (i.e.) to the extent there is budget availability. The revisions will be recorded and kept separately.
 - iv) A tender can be created by consuming a yet to be advertised procurement item in the APP.

4 eGP – IFMIS Integration

The e-GP and the Integrated Financial Management Information System (IFMIS) will be integrated to validate fund availability for the budget funded procurement. Refer below for the validation checks implemented in this integration:

- i) A new contract or a variation to the contract can be created in the e-GP system only after the FMIS system provided confirmation on the commitment of funds.
- ii) The processed online shall be concluded in the e-GP system with the contract award.

5 Electronic Bank Guarantee Submission

The vendors must have a facility to submit their bids entirely electronically including a mechanism to provide the bank guarantee in electronic format. Refer below for the approach proposed for the submission of Electronic Bank Guarantee (e-BG):

- i) The NPPA will require the national banks or such financial institutions (e-BG issuing agencies) allowed by the Law to submit Bank guarantees on behalf of the businesses and contractors to sign a legal agreement confirming their willingness to stand by the guarantee issued by them in electronic format.
- ii) The e-BG issuing agencies will log into the e-GP system, digitally or electronically sign as required, and submit Bank guarantees on behalf of a supplier with reference to a bid or a contract.
- iii) The submission of e-BG will be a pre-requisite for online bid submission in National Competitive Bidding (NCB) tenders & contracts signed by the national bidders
- iv) The procuring entities can invoke electronic Bank guarantee directly from the e-GP system.

6 Collection of Transaction Fees to Sustain the e-GP Platform

After the initial implementation phase, the e-GP system will need to be maintained continuously. If the e-GP system could earn a revenue from the transactions processed online, it can self-sustain. Refer below for the key cost items typically incurred for maintenance of the e-GP system:

- i) The software will need to be modified to be in sync with the revisions made to the law, regulations and procurement practices. Further, the software would have to be upgraded to leverage the emerging technologies such as the Artificial Intelligence, Robotic Process Automation and Blockchain.
- ii) New patches and upgrades will need to be made to the e-GP system.
- iii) The e-GP system must be regularly subjected to an information technology security audit
- iv) The server-side infrastructure will have to be upgraded and replaced after its end of life. If the servers are hosted in a cloud set-up, rental payments will need to be made.
- v) Software support / licenses will need to be renewed and upgraded
- vi) A 10-15 member Project Implementation Unit (i.e. project manager, training and help desk) is required to sustain the system and to ensure its reliable performance.
- vii) An office space is required to seat the Project Management team. Also, the operational expenditure (e.g. Internet, Electricity, Telephone, Car rental and Fuel) will need to be paid.

The Government can decide to fund the e-GP system entirely using its budget resources for all the years to come, in which case the vendors can use the system entirely free of charge. When such an approach is adopted, a decreased budget allocation due for *force majeure* or such reasons will adversely impact functioning of the e-GP (i.e.) a mission critical infrastructure.

If a *modus operandi* could be evolved to collect transaction fees from the vendors for using the platform, the revenue earned from it can be used to sustain the e-GP platform. A few methods are proposed below for collection of the transaction fees:

- i) Vendor registration fee – Annual subscription fee to be paid by the vendors to get registered in the e-GP system. At the start, NPPA is considering to apply a fee of Le 500 per year from a vendor seeking to register in the e-GP system. This fee will be modified from time to time, as per the advice of the NPPA board and the approval accorded by the Ministry of Finance.
- ii) Bid processing fees – The vendors shall pay the bid processing fees towards using the e-GP system for submitting their bid online. When the vendors pay the bid processing fees, they need not pay for purchasing the tender documents. The NPPA Board is likely to consider a slab-wise rate, which each participating bidder shall pay (e.g.)
 - a. Tender with an estimate of up to 100,000 Leones
 - b. Tender with an estimate between 100,000 – 500,000 Leones
 - c. Tender with an estimate between 500,000 – 1000,000 Leones
 - d. Tender with an estimate exceeding 1000,000 Leones

7 Selection of a Principal Bank for e-Payment Implementation

To enable the vendors to submit their bids entirely online, a facility should be created to handle e-Payment of the bid processing fees and the vendor registration fees. The bidders can pay the fees either using online payment gateways or using the Automated Clearing House System (ACS) in which 14 National Banks are connected (i.e.) from any of the Bank branches in Sierra Leone. The e-GP system will electronically acknowledge receipt of the payment, a pre-condition for the bidders to proceed with the transaction as in submitting the vendor registration application or bid submission.

Broadly there are two payment types, classified based on the time taken for the e-GP system to receive and reconcile the payment receipt confirmation:

- i) Real-time (i.e. Credit card and Net Banking)
- ii) Deferred (i.e. Cash deposits made Over the Counter and Inter-Bank transfers).

It is generally considered safer to mark a payment as received upon receipt of an electronic scroll from a Bank confirming receipt of the payment in the Bank account of the e-GP system. As the payment reconciliation requires tight integration between the Bank and the e-GP systems, the selection of only one single principal bank is advised. When the e-GP payments are deposited in multiple bank accounts, the e-GP system will need to integrate with multiple Banks and pull the payment scrolls. Such an integration will be expensive, and the resulting quality of service will be poor.

The following key process reforms will be undertaken to implement the envisaged e-Payment system:

- i) Creation of a Bank account to receive and process e-GP transaction fee payments.
- ii) Selection of a Principal Bank, wherein the transaction fees will be deposited, and the bank will integrate with the e-GP system and provide the electronic scrolls required for the timely payment reconciliation.

8 Adoption of a Unified Item Code Classification

When the procurement by all the procuring entities is processed online in a single unified e-GP platform, high quality data about the nation's government procurement will get generated. This data can be meaningfully analyzed when each item procurement by the government is identified by a standard item code. For example, "Desktop Computer" is identified by the item code "43211507" in United Nations Standard Procurement and Service Code (UNSPSC), a global codification standard. The UNSPSC is a continuously evolving standard. The latest version of UNSPSC released in August 2023 contains 158,449 codes.

All the procuring entities will be mandated to uniquely identify their procurement, processed online in the e-GP system, with a code from the UNSPSC code-set. NPPA will analyze the codified procurement spend data for the development of procurement policy.