

**Research and Policy Development Consultation Meeting
on e-Procurement for Innovative Governance**

10 - 11 March 2011

Seoul, Republic of Korea

TABLE OF TECHNICAL INPUT

NAME: Marco Roman

DATE: March, 1st

*Participants may use as much space as deemed necessary in filling out the following sections.

1. Merits and Problems of Existing e-Procurement Systems
<p><i>A) Kindly list three or more merits shared by the existing public e-procurement systems. In what way have they been successful in promoting innovative governance? Please include short remarks to provide their contexts (developmental stage, geographical scope, legal and institutional background, etc.).</i></p> <p>Context of the Mexican e-procurement system called CompraNet.</p> <p>From 1996 until December 2010, the Mexican Federal Government used the previous e-procurement system called Compranet (third version). The major disadvantage was that it was based on a client – server configuration so that the buyers where encouraged to install a client application, but previously needed a classroom training program to register the Buying Unit and to receive the installation CD. The time and budget required to do this had an important negative impact on the buyers to initiating the tendering process. The average time was 1 week to conclude this process if local training was available at that moment. There were additional issues when clients' local system presented a technical problem, the only way out was to immediately fix the problem so that the tendering process could continue and this had collateral impact on other aspects, such as legal.</p> <p>The description above and other major factors, for example, the need of a refreshed e-procurement system with the advantage of integrating updated technology information and communication systems, innovative Governance practices, international e-procurement good practices and the results of a Project submitted by the World Bank in 2006 for Ministry of Public Administration, took into account the incorporation of a new and recognized e-procurement system. With this new e-procurement system and public policy reform, the State could achieve the best conditions in economics, effectiveness, efficiency, honesty and impartiality as mandated by the Constitution. In April 2009 the Ministry of Public Administration created a new specialized procurement unit called the UPCP (Public Procurement Policy Unit) to oversee the e-procurement system and to create procurement public policy. Since the UPCP's creation the focus was to reform the existent procurement law to incorporate the results of the conclusions of the World Bank consultancy. It was in May 2009 that the Mexican Government published the reformed procurement laws and in June 2010 the new e-procurement system called CompraNet 5.0 became public.</p> <p>This new version was adopted from a highly rated e-procurement system used in Europe developed by BravoSolution, the only thing to do was modify it to fit the Mexican Legal framework and other minor</p>

considerations.

The merits of the new version of CompraNet are:

(1) 100% Web accessibility.

The only technical requirements for the buyer and the supplier is to have a x86 PC or equivalent, at least 512 Mb RAM recommended, at least 1 Gb HDD free space, Java client, Web navigator and a broadband Internet connection. With these requirements users can access worldwide and it also has the alternative to mobile access. The security access level incorporates international standard protocols, firewalls and encryption so that the data meets with integrity, accessibility, effectiveness, efficiency, confidentiality, availability, compliance and reliability.

Other advantage using Web access is that users have the choice to select between 3 languages (Spanish, English and French). This especially comes into account when the procurement is an international tendering.

(2) On-line registration for buyers and suppliers.

The Previous version of Compranet required an appointment system for the registration process; the major disadvantage of it was the need for personal presence and the related costs. Today the registration process for suppliers can be done on-line, filling several forms with mandatory fields and attaching the digital certificate emitted by the Tax Administration Service (SAT). For buyers there is an additional online registration system where the head of procurement in each Government Entity called UC (Buying Unit) can enroll users for the training program and follow up on the progress of each one of them. When users credit the training program they receive an email with the login account for CompraNet. With the first access to CompraNet, the user is encouraged to change their passwords for security reasons.

From August 2010 until March 2011 we have the following progress in CompraNet registration.

Suppliers / Contractors enabled: 7285

Suppliers / Contractors expected for 2011: more than 30000

Buyer Units registered: 1546

Buyer Units with access to CompraNet: 1027

Buyer Unit users registered: 5829

Buyer Unit users with account in CompraNet: 2554

Buyer Units expected for 2011: more than 8000

(3) e-learning training program for buyers.

To get to use the new version of CompraNet it's mandatory for the buyers to certify their abilities and knowledge in this version. The UCP implemented an e-learning program with the support of BravoSolution and using open source programs like moodle.org and video streaming from well known service providers so that it could be possible to train almost 12000 users in one year. The initial schedule was 1000 users per month with 24 hour access to the e-

learning Web page (cen.funcionpublica.gob.mx) and with estimated time duration to review contents of 6 hours and practice in the test environment (compranet-test.funcionpublica.gob.mx) with the same view and functionality of the production environment.

User can access the certification test immediately, which consists of 50 questions and 30 minutes to answer with no limit of repeating the test until the student scores 80 or more, then, UCP staff starts the account creation of the user for CompraNet.

(4) Procurement Law reform.

To better respond to the integration of the new information technology system with the legal and institutional context, there was the need to reform the procurement Law and to publish the procurement manual, the TIC manual, the procurement guidelines so that the public servants could easily have a clear directive of how procurement should be done.

(5) Traceability in all the electronic transactions done in the e-procurement system.

One important thing to gain confidence in Government practices is that citizens can require information on e-procurement and CompraNet is enabled for accountability and traceability of all the transactions made in the platform identifying users, files, actions taken, and so on.

(6) Auction module

In the previous version of Compranet the auction modality had to be done using external services, this included the software and the consultancy costs. CompraNet now has the Auction module known as OSD (reverse auction) and with the first OSD undertaken in September 2010 there were savings of 1 million dollars. This is another alternative to traditional procurement when there are the conditions to do it this way.

(7) Framework contract.

Within CompraNet, it is now possible to create a procedure that can select the framework agreement as the procurement method. In November 2010 CompraNet had its first Framework agreement procedure for food stamps.

The SFP promotes the use of Framework agreements when¹:

- The demand from buying units can lead significant volume discounts;
- Incapacity of small buying units to arrange and manage their contracts;
- Procurement cannot wait the established time for traditional processes;
- When a single supplier is considered with insufficient capacity.
- Buying units are duplicating each other's effort;
- Budget certainty doesn't exist

¹ Paul Schapper. Workshop International Practice. World Bank

- Delivery dates cannot be predicted;
- Frequent ordering based on similar specifications;
- Supply may be required over an extended period;

(8) Annual Procurement program.

CompraNet includes a module for procurement departments of Federal Government as a tool for their annual program and planning. This is a decision making tool because it's possible for them to take quick decisions about procurement versus budgetary control. The information generated is available for citizens and stakeholders that want to see what the government is going to buy (<http://213.215.148.12/PAAASOP/buscador.jsp>)

(9) Six projects financed with external credit from the World Bank to improve the current e-procurement system and professionalize human resources in procurement at all government levels as a key component of managerial capacity.

(11) Catalog Standardization and the implementation of the Public Procurement Unique Classifier (CUCoP).

With the renewal of the Expenditure classifier emitted by the Ministry of Finance and Public Credit (SHCP) it was necessary to create an updated catalog and classifier for procurement using this Expenditure classifier. These intertwined classifiers make it possible to gain a quick understanding and linkage of tendering procedures and budgetary control.

*B) Kindly list three or more **major problems** shared by the existing public e-procurement systems. In what way have these problems been proved obstacles to advancing government efficiency, transparency and participatory governance? Please indicate concrete examples to provide details.*

(1) Compranet Lacks advanced search for opportunities in public section.

The Public section has a simple procurement opportunity search of tendering procedures; for example, it's not possible to find procedures by location or by date. BravoSolution has promised the delivery of a new search engine so citizens and stakeholders can access information while facilitating everyday participation.

(2) Change resistance

After 10 years using the previous Compranet version (with minor changes), public servants confronted a new way to go about e-procurement and training, this brought an adverse reaction just because people wanted to do things like they were used, this is, reporting closed tendering procedures when they were finished and classroom training.

Another problem was that not all public servants had the ability to adapt quickly to these changes so a special effort for UCP was needed to help the transition process.

(3) Expensive implementations to the Compranet platform.

Compranet is a box product that was adapted to Mexican Government procurement Laws. If changes in

functionality are necessary the cost are very high for the implementation, so the product is limited as is and this disables the capacity of innovation and reaction to changes in the e-procurement system.

*UNPOG (United Nations Project Office on Governance) and DPADM (Division for Public Administration for Development Management, UNDESA) will jointly design a common framework and/or toolkit which aims to provide developing countries with a comprehensive set of strategic guidelines to advance e-procurement for innovative governance. In light of the existence of similar toolkits available in other organizations (such as multilateral development banks), and taking into account our necessity to avoid possible redundancies, kindly provide three or more **technical recommendations on how to develop such a common framework/ toolkit with added values**.*

(1) Identify critical mass where cross Government issues apply in the procurement procedures so that it is possible to think about a global tool or common framework. Issues like open tendering and its exceptions, type of procurement, buyers and suppliers qualifications, etc. Difference of criteria in each country may be found so a matrix may help to define specific areas of opportunity where a common framework can be established.

(2) e-procurement Information gathering from each country to find common elements, needs and procedures. Include relevance of technology information and communication system to adopt an e-procurement system.

(3) Search the market for international good e-procurement practices. Take note of futures, specifications, benefits and case studies.

(4) Evaluate the cost-benefits of each selected e-procurement system and how it can be adapted to the specific procurement needs of the countries.

(5) Ensure professionalism of Government human resource that will operate the e-procurement system and also how knowledge will be delivered to them. Professionalism should start with the training detection needs and then the development of the training programs. It is highly recommended to use open source programs like moodle.org as a learning management system because it's a free web application that educators can use to create effective online learning sites so the big investment could be done in the e-procurement infrastructure. This also applies to content creation, hosting and video streaming.

3. Recommended Methodologies for Data Collection and Analysis

*Following the conclusion of our consultation meeting (10-11 March), UNPOG and DPADM will undertake data collection and analysis on the e-procurement status of the United Nations member states. The information to be collected will include legal, administrative, managerial and other diverse institutional aspects of their public e-procurement status, including relevant cases of innovative governance. Kindly suggest three or more ideas on **the approach and/or methodologies** to be used in this data-gathering and analysis.*

(1) Interviews with the direct responsible of the actual e-procurement system to gather information like type of

<p>software installed for procurement, people involved in the process, case studies and practices, etc.</p> <p>(2) Visit each Government Web pages to collect publications, documents and cases.</p> <p>(3)</p> <p>(4)</p> <p>(5)</p>
<p>4. Country Surveys</p>
<p><i>In order to facilitate the above-mentioned data collection and analysis, UNPOG and DPADM plan to undertake <u>country surveys</u>, starting first with the <u>member states in Asia and the Pacific</u>. The compilation of these analytical surveys will lead to the formulation of a ‘regional inventory of e-procurement systems for innovative governance’ in Asia and the Pacific. Kindly list 3 or more concrete recommendations for preparing the <u>requisite questionnaires</u>.</i></p> <p>(1) Identify e-procurement procedures (type, modality, publication and other relevant and related aspects)</p> <p>(2) Identify procurement public policy.</p> <p>(3) Ask about e-procurement costs and if the Government is taking into consideration the use of TIC’s as an important part of their policies for innovation...</p> <p>(4) Ask about budget capacity to adopt new implementation for e-procurement.</p> <p>(5)</p>
<p>5. Past and On-going Initiatives <i>*optional</i></p>
<p><i>Briefly list three or more <u>major (past and on-going) initiatives</u> undertaken by multilateral agencies to assist governments, particularly of developing countries, in advancing innovative governance with the application of an e-procurement system. How have they contributed to advancing e-procurement systems? What specific approach have they employed in promoting innovative governance? For each initiative to be listed, kindly provide its title and short descriptions, as well as the name of the agency in charge.</i></p> <p>(1)</p> <p>(2)</p> <p>(3)</p> <p>(4)</p> <p>(5)</p>