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: Dr. Seung-Hyun Kang

DATE: March 2011

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

1. Merits and Problems of Existing e-Procurement Systems

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.).*

In Korea, Public Procurement Service, which is the central government procurement agency, is operating Korean online e-Procurement System(KONEPS). This system is characterized by following three features :.

○ Integration

KONEPS handles entire procurement processes online from bidders' registration, bid acceptance, bid evaluation, contracting, delivery/inspection, and through to final payment for the delivered goods.

○ One-stop service

Because it is linked to all the relevant external organizations' systems, KONEPS provides one-stop service. For example, it can evaluate bidders' qualifications by using data available at the relevant associations.

○ Single window

KONEPS is used by all the public procurement organizations in Korea. All the public tenders are required to be published on KONEPS. One time registration with KONEPS suffices bidders to participate in all public tenders. More than 70% of total public procurement is done through KONEPS.

Due to these characteristics, KONEPS has achieved the following innovative governance in the public procurement sector.

(1) Cost Reduction

In Korea, thanks to the operation of the Korea Online e-Procurement System (KONEPS), procurement-related costs have been reduced sharply in the entire public procurement sector throughout the whole procurement cycle. This cost saving is being made on the part of both suppliers and government buyers. Roughly speaking, the saving amounts to 8 billion US dollars per annum.

(2) Increased Productivity

Productivity of procurement officials has been enhanced to a great extent. The number of contract cases handled by each procurement officials after the establishment of e-Procurement system has increased five times compared with the number before the implementation of e-Procurement system.

(3) Decreased Corruption

According to the survey conducted for suppliers who are doing business with public procurement entities in Korea, the illegal practices including the leakage of critical tender information has been sharply reduced. This is supported by the fact that the cases of criminal charges against suppliers and procurement officials have been diminishing dramatically.

(4) Reduced Purchasing Price

Because it has become much more easier for suppliers to participate in public tenders through e-Procurement system, the competition among suppliers has increased, thus leading to the decrease of purchasing price for government buyers.

(5) Contributions to SMEs

SMEs are being given more opportunities to get the government contracts due to their increased participation in public tenders which is made possible by easy and convenient access to public tender information.

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.*

Although it is true that KONEPS is evaluated as one of the most advanced, integrated, and efficient e-Procurement systems in the world, it still has some problems. Some of these

problems are currently being resolved. Our solution schemes are expected to serve as a useful reference for other countries who are experiencing similar problems in operating their e-Procurement systems.

(1) Difficulty of blocking unqualified suppliers from entering the e-Procurement system at the outset : Expansion of linkage with relevant systems
(2) Difficulty of preventing collusion among bidders before they enter e-procurement system
(3) Difficulty of preventing illegal remote- controlled use of other bidders' PCs to participate in tenders : Technical improvement to block this illegality
(4) Difficulty of preventing illegal rent of other bidders' authentication certificates : registration of bio fingerprint of representative bidders of each supplier company

2. A Common Framework / Toolkit for e-Procurement in Developing Countries

*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**.*

We have an e-Procurement establishment toolkit written in Korean. It will take a little while to translate this material into English.

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.*

We have worked out a questionnaire for feasibility study designed to help establish e-Procurement systems in developing countries. This questionnaire will serve to collect

information regarding general aspects of e-Procurement. Actually, this questionnaire has been already used in helping establish e-Procurement systems in Vietnam, Costa Rica, and Mongolia. (Please refer to the attached material to be sent by a separate email)

In addition, we suggest the following general approach method to collect information on public procurement.

(1) Hosting of conferences including workshops and seminars where participants are required to report on the general aspects of e-Procurement systems and fill out the prearranged questionnaires regarding the same subject

(2) Co-hosting of international e-Procurement events with MDBS

(3) Obtaining already available reports, research papers, and survey materials published by MDBs and international organizations

(4) Exchanging information with regional procurement networks such as PPN, PEPPOL, SOLVIT, and EuLab in Europe, IGPN in Central South America, and CCPN in Africa, etc

(5) Exchanging information with procurement research institutes such as :

 - PPRC(Public Procurement Research Center): Florida Atlantic Univ.NIGP

 - Public Procurement Research Group : Nottingham Univ.

 - Public Program Law Program : George Washington Univ.

 - Consip Procurement Research Center : Major player in EU Procurement Area

 - Plan(Procurement Law Academic Network) : supported by EU Commission Asia Link Programme

(6) Exchanging information with organizers of international procurement conferences including :
 - IPPC (International Public Procurement Conference)
 - IRSPP (International Research Study of Public Procurement)
 - Global Revolution Conference (Nottingham Univ.)
 - Public Procurement Conference of the Americas : organized by GSA, CCC, NIGP, FAU
 - Asia Public Procurement Forum hosted by ADB
 - Multilateral Cooperation Meeting on Government Procurement co-hosted by governmental organizations of USA, Canada, UK, Italy, and Chile
 - Global Conference on e-GP hosted by MDBs
 (7) Exchanging information with procurement associations and academic societies including

 - ISM (Institute for Supply Management)

- NIGP (National Institute of Governmental Purchasing)

- IFPMS (International Federation of Purchasing and Supply Management)

- PMAC (The Purchasing Management Association of Canada)

4. Country Surveys

In order to facilitate the above-mentioned data collection and analysis, UNPOG and DPADM plan to undertake __country surveys__, starting first with the __member states in Asia and the Pacific__. 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 __requisite questionnaires__.

Our questionnaire described in our answers given in Item No. 3 will be able to serve its purpose here in this Item too.

5. Past and On-going Initiatives *optional*

Briefly list three or more __major (past and on-going) initiatives__ 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.

- Asia Public Procurement Forum : ADB
- Multilateral Cooperation Meeting on Government Procurement : co-hosted by governmental organizations of USA, Canada, UK, Italy, and Chile
- Global Conference on e-GP : hosted by MDBs
- IPPC : International Public Procurement Conference
- IRSPP : International Research Study of Public Procurement
- Global Revolution Conference : Nottingham Univ. UK
- Public Procurement Conference of the Americas : hosted by GSA, CCC, NIGP, FAU

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NAME: Knut Leipold

DATE: March 4, 2011

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

1. Merits and Problems of Existing e-Procurement Systems

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.).*

(1)   Increased transparency and efficiency of public procurement throughout the process;

(2)   Reduced opportunity for fraud and corruption (less in-person contacts, automated compliance);

(3)   Improved management and quality of procurement by availability of data in electronic format;

(4)

(5)

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)   The main problem is the name "E-Procurement" itself (technology vs. business).

(2)   Lack of awareness & capacity building including change management.

(3)   Technology can complicate rather than simplify procedures.

(4)

(5)

2. A Common Framework / Toolkit for e-Procurement in Developing Countries

*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)	Simple and self-intuitive
(2)	Freely available
(3)	Modular to expand in future
(4)	Regular update and maintenance
(5)	Focus on specific areas such as benchmarking of e-Procurement systems and performance measuring

3. Recommended Methodologies for Data Collection and Analysis

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(1)	Collaboration with EC who did similar exercise
(2)	Clearly defined questionnaires channeled through high political level
(3)	Incentives for completing questionnaires/providing information
(4)	Follow-up activities
(5)	

4. Country Surveys

In order to facilitate the above-mentioned data collection and analysis, UNPOG and DPADM plan to undertake country surveys, starting first with the member states in Asia and the Pacific. 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 requisite questionnaires.

(1)	Balanced mix of open and closed questions
(2)	Select consultant to develop questionnaires and follow up on completion in countries
(3)	Ask for specific examples and data as evidence for improved governance
(4)	Ask for available tools to measure the impact of e-Procurement
(5)	

5. Past and On-going Initiatives *optional

Briefly list three or more __major (past and on-going) initiatives__ 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.

(1)   GAC in Projects knowledge distribution, World Bank (see attached document)

(2)   MDB e-GP WG toolkit for e-GP, MDBs, (www.mdbegp.org)

(3)   Analytical and technical assistance in multiple countries, World Bank

(4)

(5)

NAME: Miguel Villegas Lerdo De Tejada

DATE: Wednesday, March 2nd, 2011

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

1. Merits and Problems of Existing e-Procurement Systems

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.).*

(1) Reduce administrative cost by improving the procurement process. Its also reduce bureaucracy by helping the State avoid repeating tasks such as registration and certification of contractors, allowing for more efficient control mechanisms and reducing paperwork.

(2) Give signs of transparency, as the transactions between contractors and State agencies become public;

(3) Reduce purchasing prices, due to a more efficient operation and to a larger number of potential contractors.

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) Lack of competences, need of training and absence of motivation in many public procurement offices, are some of the main reasons for which any new projects, new tools like e-Procurement, or any change have to improve the already existing bureaucratic standards. For example, new ICT tools for e-Procurement are technically implemented, but are not anticipated nor followed-up by changes in quality oriented goals, processes, human resources etc.

(2) Lack of IT infrastructure. Technological infrastructure is not updated and nor aligned with modern e-Procurement requirements.

(3) Lack in legislation. The use of electronic means in the area of public procurement needs to be supported by appropriate legislation as the basis of the legal validity of electronic procurement procedures and documents.

2. A Common Framework / Toolkit for e-Procurement in Developing Countries

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) Its important to determine a specific objective and develop an integrated programme and operations strategy strategy that reflects all country levels.

(2) The Toolkit can contain different types of documents like concept papers, model, case-studies, etc.

The concept paper sets out the thinking and methodology behind a capacity-building tool or activity. The model is a suggested tool that may be widely used, but will need to be adapted for any particular circumstances. The case-study is an example of capacity-building activity from a particular country; it is not automatically replicable but should stimulate further ideas.

3. Recommended Methodologies for Data Collection and Analysis

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(1) The research strategy could be to use a multiple-case. The rationale for using a multiple case design is that it can help to the researchers better understand the dynamics and complexities present within each case study as well as learn about the processes, critical issues, and perceived requirements as pre-conditions for an e-Procurement project.

(2) The data can be collected from structured interviews conducted on directors of purchase departments.

(3) It's important to include open-ended questions throughout the interviews. They allowed for flexibility and provided the possibility of in-depth qualitative answers; they also enabled the interviewer to clear up misunderstandings (through probing), ascertain a respondent's lack of knowledge, detect ambiguities, encourage cooperation and make better estimates of the respondent's true intentions, beliefs, and attitudes.

4. Country Surveys

*In order to facilitate the above-mentioned data collection and analysis, UNPOG and DPADM plan to undertake **country surveys**, starting first with the **member states in Asia and the Pacific**. 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 **requisite questionnaires**.*

Develop individual in-depth interviews that can be carried out by trained interviewers with key staff of a sample of purchase authorities according to a pre-designed, detailed scenario that defines the objectives and general guidelines for the discussions. The main objectives of the requisite questionnaires in the interviews can be:

(1) recognize the most problematic areas in the everyday performance of the procurement authorities, specific e-procurement;

(2) describe existing practices of dealing with those problems;

(3) define important areas of training and development in relation to existing problems and practices;

(4) Learn about key sources of information in topical areas related to procurement authority performance.

5. Past and On-going Initiatives *optional

Briefly list three or more __major (past and on-going) initiatives__ 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.

(1) "Productive Chains"

How to strengthen the liquidity of the suppliers once they have sold to the government?

In Mexico, large public and private companies are financed mainly from suppliers. Credit penetration and financial system in Mexico is still very limited, so 62% of the financing of large companies is by way of suppliers.

Given this reality we developed the program called "Productive Chains" which is an electronic factoring system. That is, we advance the federal government payments to its suppliers via this system. "Productive chains" is called for through the corporation which may be a government entity, we provide information, training and financing to their suppliers, either via internet or phone.

All part from the big company. This public company rises to the system the payable accounts to the supplier company; the supplier enters the system with his username and password and select the documents wants to be paid immediately. The government agency or private may have a policy of paying 30, 60 or 90 days, but the suppliers through this tool can deduct the documents immediately.

A commercial bank accepts the transaction (transfer of rights) and requests the funds from the Development Bank. The commercial bank deposit resources in the supplier's account on the same day, of course discounting the interest thereon.

Then the agency, the corporation pays the assignment of rights to the bank and suppliers become detached because they received the resources already.

The supplier enters to the portal in this case Nafinsa which is the largest development bank in Mexico, select the section of production chains and the big company to which he sold.

With his username and password go to his documents, as shown on the screen.

The supplier can observe the number of unpaid invoices, the amount involved, the interest and the rate would be charged at the time he decides to discount the document; the bank that would make the operation and the actual cash that would be deposited into his check account.

The supplier may select one or all documents with a click operation. The supplier need not submit supporting documentation because that was incorporated into the system earlier. All alerts are electronic.

It is important to mention that by law since 2007, all entities of the Mexican Federal Government are required to record the payments to suppliers in this system.

The benefits for suppliers are:

- Access to immediate cash without recourse

- Access to a competitive interest rate
- Access to working capital credits based on sales history
- Access to Training & Technical Assistance
- Access to Information in tenders

We have over 500 large companies affiliated in this program, both public and private. We started with Wal-Mart and PEMEX (the state oil company).

Since the Program began in 2002, has been awarded liquidity to the suppliers companies for more than 80.000 billion dollars, thus making production chains in the second tool of the world's largest factoring.

In conclusion:

- Nafinsa's platform prevents fraud
- Potential to be an important source for SMEs in countries with poor credit information.
- Ideal source of financing in countries with small, risky suppliers
- Highlights how the use of electronic channels
- Productive chains can cut costs and provide greater financing opportunities for the new born SMEs

NAME: <u>Marco Roman</u>

DATE: <u>March, 1st</u>

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

1. Merits and Problems of Existing e-Procurement Systems

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.).*

Context of the Mexican e-procurement system called CompraNet.

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.

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.

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

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 UPCP 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, UPCP 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 when[1]:

- 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

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[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 where 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 UPCP 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

software installed for procurement, people involved in the process, case studies and practices, etc.

(2) Visit each Government Web pages to collect publications, documents and cases.

(3)

(4)

(5)

4. Country Surveys

In order to facilitate the above-mentioned data collection and analysis, UNPOG and DPADM plan to undertake **country surveys**, *starting first with the* **member states in Asia and the Pacific**. *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* **requisite questionnaires**.

(1) Identify e-procurement procedures (type, modality, publication and other relevant and related aspects)

(2) Identify procurement public policy.

(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…

(4) Ask about budget capacity to adopt new implementation for e-procurement.

(5)

5. Past and On-going Initiatives *optional

Briefly list three or more **major (past and on-going) initiatives** *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.*

(1)

(2)

(3)

(4)

(5)

Research and Policy Development Consultation Meeting

on e-Procurement for Innovative Governance

10 - 11 March 2011

Seoul, Republic of Korea

<u>TABLE OF TECHNICAL INPUT</u>

NAME: _Yinguo Huang_____

DATE: _01 March 2011_____

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

1. Merits and Problems of Existing e-Procurement Systems

*A) Kindly list three or more **<u>merits</u>** 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.).*

(1) Economic significance (enhanced competition, reduced transaction cost and purchase cost)

(2) Governance (increased transparency, enhanced auditing and anticorruption)

(3) Efficiency and Effectiveness (reduced procurement time, increased efficiency in government operations and project implementation)

(4) Information management and analysis (improved market intelligence, resource allocation management and analyzing buying profiles)

(5) Environment (less paper and travel; less CO_2)

*B) Kindly list three or more **<u>major problems</u>** 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) Government Policy and legal frame work (e-GP is not just ICT)

(2) Institutional capacity in public procurement (e-GP is implemented by human)

(3) Internet availability and connectivity in remote areas (unequal access to eGP)

(4) Paper submission option (beat the purpose of e-procurement)

(5) The issue of integration (decentralizing vs. centralization)

(6) Electronic signature (as obstacle for cross-border e-procurement)

2. A Common Framework / Toolkit for e-Procurement in Developing Countries

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) Set up a panel of expert (UN, MDBs, EU, governments, private sector) to examine the existing framework/toolkit, identify useful materials and areas which need to be strengthened or updated;

(2) Set up a joint Working g\Group (UN, MDBs) to work out an action plan based on the recommendations of the panel to develop a new framework/toolkit.

(3) Hire consultants (jointly financed by UN and MDBs) to develop the framework/toolkit under the supervision and guidance of the Working Group.

(4) Present the draft framework/toolkit to the Asia and Pacific eGP Conference in October 2011 (sponsored by ADB) for discussion and comments at the conference.

(5) Finalize the framework/toolkit based on comments/suggestions received at the conference.

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) ADB is planning to do a survey of current eGP status in its developing member countries (DMCs). The survey will be done by national consultants based on the questionnaire prepared by ADB. The questionnaire will cover all the essential items required by the MDP eGP-Map.

(2) Collaboration between ADB and UN on the surveys in countries which have membership with both organizations would be preferred if timeline permits. ADB plans to complete the survey by end of April.

4. Country Surveys

In order to facilitate the above-mentioned data collection and analysis, UNPOG and DPADM plan to undertake __country surveys__, starting first with the __member states in Asia and the Pacific__. 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 __requisite questionnaires__.

(1) See above.

5. Past and On-going Initiatives *optional*

Briefly list three or more __major (past and on-going) initiatives__ 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.

(1)   In 2002, ADB and other MDBs formed a working group to coordinate MDB e-GP initiatives and develop related policies and guidelines.

(2)   In 2004, ADB and MDB-eGP WG published a document entitled "MDB e-Tendering Requirements" to provide guidance to MDB's member countries in use of e-GP.

(3)   In 2006, ADB conducted first survey on use of e-GP in Asia and Pacific.

(4)   In 2007, ADB made an assessment on the Chhattisgarh Water Resources Department e-procurement system in India

(5)   In 2008, ADB approved a TA to help the Philippines develop e-GP.

(6)   In 2009, ADB and World Bank jointly made an assessment of Government of Karnatka e-procurement system

(7)   In 2009, ADB participated in the Beijing eGP Forum and made a presentation

(8)   In August 2009, ADB created and hosted the Asia Pacific Public Procurement Forum; the e-GP was a key subject discussed at the Forum.

(9)   In October 2009, ADB conducted the second survey on use of e-GP in Asia and Pacific

(10) In November 2009, ADB co-sponsored the Global Conference on e-GP held in Washington DC.

(11) In 2010, ADB launched its own electronic procurement system for recruiting consulting services for ADB financed project.

Research and Policy Development Consultation Meeting

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<u>**TABLE OF TECHNICAL INPUT**</u>

NAME: Ms. Hui LIU

DATE: 6 March 2011

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

1. Merits and Problems of Existing e-Procurement Systems

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.).*

(1) *Transparency (aiming at repressing the space for corruption and rent-seeking)*

(2) *efficiency (achieve a greater saving through reducing the expense and time-cost of transportation and cargo、 transactional cost and cost of paper-made documents.)*

(3) *Contributes to a scientific and systematic Government Procurement Governance, for traditional Government Procurement Processes might be not scientific、 systematic or procedural adequately due to excessive artificial factors.*

(4) *Standardization. Chinese standardization is still immature and on its developing stage, it's expected that the construction of data base of suppliers、 experts and commodities would be promoted through e-procurement so as to push forward the standardization of Government Procurement as a whole.*

(5)*Dispute Settlement restrain, A transparent and systematic electronic Government Procurement serves the public wealth substantially and manifests equity to all the parties participated in, thus it does reduce the number of cases of dispute settlement.*

(6)*Regulation implementation. A sophisticated electronic Government Procurement system could be conducive to the implementation of directives and regulations.*

(7)*Competition Stimulation. A scientifically designed E-Government Procurement system could also stimulate the competition between suppliers so as to realize the best value at the lowest expense.*

(8)*Eco-friendly , a sort of Green procurement itself. E-Government Procurement not only contributes to save more financial fund, but also cuts down the resource──consumption through the disuse of traditional paper-made biding documents.*

(9)*Risk circumvention. It's obvious that a high-tech E-Government Procurement may be convenient for risk circumvention, especially those artificial and administrative ones, moral corruption of officials and malfeasance, for example.*

(10) *Easy for statistics. E-Procurement covers the whole processes of public procurement projects, involving e-sourcing, e-ordering, e-tendering, e-reverse auction, e-payment and etc, and these procedures must be carried out*

through the Internet. This means a lot for information and data gathering, what's more, a large and sophisticated data base can probably provide statistical guidance for the further improvement.

(11)Prompt reaction and communication. With the E-Procurement system- a modern technology business platform, all parties participated in the Government Procurement project may communicate、compete and collaborate real time and without any avoidable delay. This would definitely optimize and streamline the administrative conduction of public sectors.

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) *The development of e-commerce is still immature, and, as a result, this would exert a negative influence on the electronic Government Procurement.*

(2) *It's serious that different public sectors and organs are taking their own roads due to Lacking of the coordination between themselves and a centralized e-procurement system.*

(3) *The construction and development of electronic Government Procurement is hindered by the backward standardization system.*

(4)*Regional uneven development. As is known to all, China is a developing and transitional country. Interlocally uneven development may be one of the greatest challenges facing the authorities. Chinese E-Government Procurement system may be up against the similar difficulty correspondingly, the construction of E-procurement in western China is still in its early time.*

(5)*Excessive E-procurement systems. There are tens of E-procurement systems on this continent, which increases the cost of trans-regional business, thus to build trade barriers regionally.*

(6) *Utilization. A sophisticated E-procurement system ought to realize noticing、tendering、 bidding and clearing online, however, the system is used for posting bidding information only in many backward regions in China.*

2. A Common Framework / Toolkit for e-Procurement in Developing Countries

*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)*Commercialization. To promote commercialization of the operation of the E-procurement system may be one of the incentive methods in the circumstance of market economy to advance the improvement of quality of the system, namely to contract out the conduction of E-procurement system to private IT companies.*

(2)*Institutionalization. To advance the development of electronic Government Procurement system by statutes and regulations, for example to make it compulsory through statutes or regulations in some well-developed region first.*

The reason is that E-procurement have been proved a applicable and efficient way to realize the administrative functions and to serve the public wealth for public sectors.

(3)Integration. To integrate the portals of E-procurement with the E-Government websites, this would be convenient for public supervision and control, and also contributes to facilitate those suppliers who will to participate in Government Procurement projects .Furthermore this would be also conducive to E-Government advancement in return.

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) Collect information and data through webside;

(2) Case and analysis from newspaper, journals;

(3) Survey;

(4) Project report

(5)

4. Country Surveys

In order to facilitate the above-mentioned data collection and analysis, UNPOG and DPADM plan to undertake __country surveys__, starting first with the __member states in Asia and the Pacific__. 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 __requisite questionnaires__.

(1) What authorities are in charged in the administration of e- public procurement? What are there functions?

(2) What kind of agencies are involved in e-procurement system in the Country? Their activities and responsibilities.

(3) What is local e-procurement administration procedure, How many steps included;

(4) What is procedure of e-procurement practice(management) , How many steps included;

(5) Is Reverse auction used?

5. Past and On-going Initiatives *optional*

Briefly list three or more __major (past and on-going) initiatives__ 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.

(1) immediacy control and innovative governance for the government administration and management;

(2) profit gaining through the design and maintenance of e-procurement system and framework;

(3) cost saving for procurement agencies and tenders by reducing paper work, traveling and organizing tendering and bidding work.

(4)

(5)

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TABLE OF TECHNICAL INPUT

NAME: ROSA MARIA M. CLEMENTE

DATE: MARCH 4, 2011

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

1. Merits and Problems of Existing e-Procurement Systems

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.).*

An important breakthrough in the Philippines' Government Procurement Reform Act (RA 9184) is the provision mandating all government agencies to utilize the Government Electronic Procurement System (now the PhilGEPS with URL address http://www.philgeps.net) as the single, central electronic portal that shall serve as the primary source of information on all government procurement.

What has become PhilGEPS today had its beginnings as the Pilot Electronic Procurement System (Pilot EPS) in November 2000. By utilizing the accessibility of the internet, the pilot EPS was established with the assistance of the Canadian International Development Agency (CIDA) as a common portal for registration of suppliers and advertisement of bid opportunities. The PhilGEPS is being managed by the Procurement Service, an agency under the Department of Budget and Management with supervision of the Government Procurement Policy Board (GPPB).

The passage of the Government Procurement Reform Act in 2003 further boosted the importance of PhilGEPS. This law set forth the rules and regulations for government procurement transactions as guided by the principles of transparency, competitiveness, streamlined procurement processes, accountability and public monitoring. It required all government requirements from goods, consulting services to civil works to be centrally posted by all procuring entities (National Government Agencies, Government Financial Institutions, Government Owned and Controlled Corporations, State Universities and Colleges, Local Government Units (LGUs) – Provinces, Cities, Municipalities and Barangay) through an internet infrastructure which will be called the Philippine Government Electronic Procurement System (PhilGEPS).

As of December 31,2010, the PhilGEPS hosted bid opportunities posted by 11,298 government agencies

and accessed by 47,760 suppliers/contractors and consultants. A total of 1,228,761 bid notices and 215,347 award notices have been posted by various procuring entities in the system accumulated from its pilot implementation.

The following are the objectives of the PhilGEPS :

- to establish an open, transparent, efficient and competitive marketplace for government procurement;
- to get better prices;
- to build the framework to continually improve the procurement processes; and
- to be sustainable over the long term.

The PhilGEPS presently offers the following functionalities:

- **Electronic Bulletin Board** for posting procurement opportunities, notices, awards and reasons for award for government procurement. This also includes a facility for automatic notification of suppliers registered in the system who have set their bid match profile to receive e-mail notification on bid notices posted by government agencies that matches their line of business.

- **Electronic Catalogue** to support purchases of common goods, supplies, materials and equipment by public sector agencies. The catalogue is a listing of all the items available in the Procurement Service which consist of about three hundred items. The **Virtual Store** which allows government agencies to order and reserve common-use goods available in the Procurement Service online is being pilot implemented in five (5) National Government Agencies. Implementation to other government agencies in the National Capital Region (NCR) will start in April, 2010.

- **Subscriber Registry** for the registration of suppliers who wish to do business with government agencies and government procuring entities (National Government Agencies, Government Owned and Controlled Corporations, Government Financial Institutions, State Universities and Colleges and Local Government Units – Provinces, Cities, Municipalities and Barangays)

- **Material Project Information**

   The COST (Construction Sector Transparency Initative)-Material Project Information (MPI) page enhance existing transparency initiatives and facilitate a more informed

monitoring of infrastructure projects from projects studies, pre-procurement activities to contract implementation phases. Presently, information regarding the ten (10) pilot projects therein comes from three pilot government agencies – the DPWH, DOTC and LRTA. All information posted on the page has been validated by COA as Assurance Partner of CoST Philippines. This facility was implemented last November 15,2010.

The following are the benefits/merits derived from the PhilGEPS:

(1)   Improved transparency in government procurement

Posting of procurement opportunities and award information on the PhilGEPS enhances transparency.   Procurement information is readily available in a single portal and could easily be accessed by potential bidders, auditors, civil society organizations and the public.

(2)   Enhanced competition and realization of value for money procurement

With bidding opportunities available in the PhilGEPS, potential suppliers could readily access the information which encourage competition and therefore will result in more competitive pricing.

(3)   Improved administrative efficiencies.

Wide dissemination is done through the internet and invitation to suppliers/contractors are done automatically through the bid matching notification facility. When the e-bidding functionality is in place, there is also the potential to reduce administrative cost by eliminating manual paper based redundant processes and improving the efficiency of public procurement.

(4)   Reduction in procurement costs, including newspaper advertisements

Through competition, procurement cost is reduced. Based on the report generated by the PhilGEPS as of December,2010, 40% savings has been realized by the Government of the Philippines.

In the past, procurement laws and policies requires government bidding opportunities with an approve budget for the contract (ABC) costing above two million pesos (P2,000,000) for the procurement of goods and above five million (5,000,000) for the procurement of infrastructure projects to be posted in newspapers of general circulation thrice.   With the enactment of RA 9184, posting in the newspaper was reduced from three to two and recently to one. With this development, accumulated newspaper cost

savings from April 2001 to December,2010 is estimated at 561,628,522 pesos (13,061,128 US dollars @ 43 a dollar). This savings is estimated based on bid notices posted in three newspapers (Philippine Daily Inquirer, Philippine Star and Manila Bulletin).

(5)   Provision of audit trails through information posted in the system

PhilGEPS provides audit trails i.e. report on government bids and results which are accessible to the auditors and other stakeholders interested in government procurement information. This provides stakeholders easily accessible information in spending and supply pattern.

(6)   Serves as a medium in the implementation of government procurement policies

Through the PhilGEPS, government procurement policies particularly those in the RA 9184 are implemented.

Suppliers and contractors doing business with government derive the following gains from using the system :

(1)   Access to government bid opportunities 24 hours a day and 7 days a week

PhilGEPS is internet based; access to government procurement opportunities is available all the time even after office hours and during weekends and holidays.   Before, suppliers need to visit government offices or to buy newspapers to look for bidding opportunities. Now, government bid opportunities are readily accessible even at the convenience of the supplier's/contractor's home or office.

(2)   Downloading of electronic bid documents

Government agencies are required under the revised Implementing Rules and Regulations of RA 9184 to upload bidding documents in the PhilGEPS from the time that the Invitation to Bid/Request for Expression of Interest is advertised. Prospective bidders may download the bid documents for free and pay upon submission of their bids. Suppliers need not visit government offices to get bid documents or to get more information about a certain bidding opportunity.

(3)   Automatic notification, through the user's e-mail, of bid postings and

        supplements

PhilGEPS registered suppliers receive automatic notification of bid notices in their e-mail and later through   SMS.   Once a government buyer posted a bid notice in the system, the system automatically sends notification about the bidding opportunity to suppliers whose line of business matches the product or services being procured by the government

office. Also, when an amendment or bid supplement associated with a bid notice is posted, the system informs the suppliers through this notification facility.

(4)   Savings on newspaper costs, transportation and man-hours

Since access to government bid notices is available in the PhilGEPS website, suppliers need not visit government offices or buy newspapers to look for opportunities, thus it provides them savings on transportation cost and time. Later, with the e-bid submission feature of the PhilGEPS, suppliers could submit their bid proposals online.

(5)   Information on government bid projects is important in market research and in making business decisions

The system stores information regarding government procurement including bid notices posted in the last five years. Suppliers who are planning to do business with the government could access the information and study the buying patterns of the government.

The following functionalities of the PhilGEPS are under development and are targeted to be pilot implemented within the year :

a)   Expanded Supplier Registry
        The provisions for the inclusion of a Registry of Suppliers in the PhilGEPS is expressly provided for in Sec. 8.2.2 of Rule III of Republic Act No. 9184. It is prescribed therein that the PhilGEPS shall have a centralized electronic database of all manufacturers, suppliers, distributors, contractors and consultants registered in the system. Eligibility documents may be uploaded online through the PhilGEPS system or physically submitted at the PhilGEPS office. Once these eligibility documents are hosted in the system, procuring entities and their buyers will be able to access information and download documents for use during bid or evaluation activities. This facility makes it less difficult and cumbersome for suppliers to participate in various government tenders and saves them the cost and effort of reproducing and manually submitting documents commonly required in bidding by government agencies. This also enhances competition and levels the playing field in public biddings. This feature will be pilot implemented in the PhilGEPS by April,2011

b)   **Charges and Fees**
        The PhilGEPS is presently funded out of the eGov Fund managed by the CICT.

As more functionalities in the system are introduced, it is expected that it should be supported by improvements in IT infrastructure and security and further systems enhancement and upkeep. In order to sustain the operations and maintenance of the country's only electronic exchange in public procurement, the government will implement user fees. This facility is available in the system by April,2011 however the user fees will be implemented upon its approval by the National Economic Development Authority (NEDA)

c) **Electronic Payment**

R.A. 9184, specifically Section 8.2.4.2, also prescribes that the PhilGEPS support E-payment functions to pay for goods purchased through the Virtual Store, to manage the generation of Purchase Orders and the payment of bids processed through the system. The focus of this feature is to facilitate the electronic transfer of funds from PS-DBM to and from procuring entities and suppliers, and from procuring entities to suppliers, for bids managed directly by the procuring entity. This also includes the payment of registration fees and other charges that have to be implemented by the PhilGEPS Project Management Group as mentioned earlier and the payment of bid documents downloaded from the system. Development of this module requires interface with designated banks. Hence, by April, 2011, only the payment of Registration Fees in the PhilGEPS is to be fully supported initially and the total functionality is expected to be implemented depending on the implementation of the government's integrated financial management system.

d) **Electronic Bid Submission**

Under provision 8.2.4.3 of R.A. 9184, the PhilGEPS is tasked to support the implementation of e-Bid submission processes which includes such activities like creation of electronic bid forms, creation of bid box, delivery of bid submissions, notification to supplier of receipt of bids, bid receiving and electronic bid evaluation. The facility shall cover all types of procurement for goods, infrastructure projects and consulting services. This feature in the PhilGEPS is expected to be launched by 3rd Quarter of 2011

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.*

The following are the major problems/challenges in implementing the PhilGEPS:

(1)   Technology Infrastructure and Internet readiness

The problem in technology infrastructure and internet readiness is a major problem in implementing e-governance systems in the Philippines because it is an archipelago and there are islands provinces that do not have access to the internet. This is particularly encountered by the regional branches of government agencies and in Local Government Units (LGUS). Some LGUs claimed that internet service for the Bids and Awards Committee (BAC) office is not budgeted nor a priority expense. Other LGUs also claimed that despite the training on the PhilGEPS, there is difficulty experienced in posting because of the poor connectivity in their locality.   Registration in the regional branches of government agencies is only about 88%, 84% for the Government Owned and Controlled Corporation's regional branches, 75.15% for the municipalities and 11.59% for the Barangays. The low percentage of registration is attributed to the internet connectivity problems. Transparency is affected since the procuring entities in areas where there are no internet connections or have problems connecting to the internet were not able to register and post their bid notices and awards in the PhilGEPS.

(2)   Awareness and Capacity Building

Based on the Country Procurement Assessment Report (CPAR) 2007 of the World Bank and the Asian Development Bank (ADB), most Filipinos are unaware of the impact of procurement on their daily lives, through the delivery of public services, and of the importance of procurement reform. A survey conducted by the SWS at the time of the CPAR development shows that only 13 % of the general public and 30% of government employees knew about the 2003 GPRA. A better communication strategy needs to be devised and implemented to raise the public profile of procurement so that its stakeholders and beneficiaries can participate more actively and safeguard against wrongdoing. It is therefore necessary to deepen civil society and private sector involvement in vigilant monitoring of procurement operation. (CPAR 2007).

As to the Capacity Building, although PhilGEPS conducts regular training to its users through its training partner, the E-Blackboards Solutions, Inc. and has recently launched its trainers training program, some LGUs still claimed that accessing the government portal is a challenge because of the lack of technical capacity of the personnel tasked to

post the bid . This may be due to the requirement that the BAC must be reconstituted every year and the conduct of local elections every three years which resulted to change in the administration of a particular LGU. Training will have to be conducted continuously to build the capacity of the system users in the use of the PhilGEPS.

(3)   Institutional Change

Implementing an e-procurement system requires changes in the procurement process of the government procuring entities. Based on the information available in the PhilGEPS as posted by the procuring entities, not all relevant information regarding the bidding has been provided.   This is also raised by the selected suppliers and contractors using the PhilGEPS in the Focus Group Discussions (FGDs) conducted by the PhilGEPS Project Management Office.   With this, it can be conclude that some procuring entities are not using the PhilGEPS in their procurement activities but only to comply with the requirements of the law.

There are only 215,347 awards posted or 17% in the PhilGEPS as against the 1,228,761 bid notices posted since its implementation. Despite the mandatory posting requirements of the GPRA, there are no incentive provisions and clear sanctions   to reprimand non-complying government agencies that do not post in the PhilGEPS. Monitoring government agencies' compliance to the posting requirements as per the law is also limited. The GPPB-Technical Support office (GPPB-TSO) which is supposed to monitor the implementation of the PhilGEPS lacks the manpower to do the monitoring activities. Moreover, not all suppliers registered in the system download their bid documents electronically.   Based on the experience in operating the system, suppliers registers in the system only to be able secure a "PhilGEPS certificate of registration" which is before a requirement for eligibility and now a requirement for post qualification.   However, after registration, not all suppliers use the system regularly to find bidding opportunities. Updating of the suppliers profile in the system is being required by the PhilGEPS PMO in the renewal of the PhilGEPS registration to compel the suppliers to login into the system.

2. A Common Framework / Toolkit for e-Procurement in Developing Countries

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) A research must be conducted on the existing E-GP frameworks and toolkits
>
> (2) The existing toolkit must be carefully studied and assessed as to its effectiveness by conducting online surveys, sending questionnaires through e-mail among selected developing countries which includes questions that will measure the following :
>
> > a) awareness regarding the existing e-GP toolkit
> >
> > b) extent of use of the e-GP toolkit
> >
> > c) feedback of the users on the effectiveness of the e-GP toolkit (ease of use, applicability to the real scenario)
>
> (3) Conduct follow up interviews/meetings with selected countries that have used any existing E-GP framework and toolkits.   If possible, case studies in the use of the e-GP toolkit must be developed.
>
> (3) Identify gaps determined from the online survey/meetings/interviews conducted
>
> (4) Develop the E-GP toolkit addressing the gaps identified.

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) Using Available Information –   Research on existing case studies and available information on the status of e-procurement system that has been conducted by MDBs and other institutions must be conducted.

(2) Administering Online Survey – should be developed and to be made available in the UNPOG website or the website of the Multilateral Development Banks for E-government procurement .Surveys can also be sent to the e-mail of the participants. This survey should not only be given to administrators/managers of the e-procurement system but also the selected client/users of the e-GP coming from the government and the private sector.

(3) Development/Implementation of E-GP status self-assessment tool – A computerized E-GP self assessment tool should be developed and be made available to the UNPOG website. This tool will assess the status of E-GP in the UN member countries as to legal, administrative, managerial and other instructional aspects. The analysis could also be done through the computerized system.

The OECD-DAC Baseline Indicator (BLI) tool should be used as a guide for the development of the assessment tool. (The OECD-DAC tool assess the levels of achievement against BLI international standard for the four key result areas or pillars for the public procurement system as follows: Pilar I: Legislative and

Regulatory Framework, Pilar II: Institutional Framework and Management Capacity, Pilar III: Procurement Operations and Public Procurement Market Performance and Pilar IV: Integrity and Transparency of the Public Procurement System)

(4) Interviews/Meeting with selected member countries – A meeting with selected member countries could be done with a local UN representative to conduct interviews and meetings with the managers/administrators of the e-procurement system and also the users of the e-GP.

4. Country Surveys

In order to facilitate the above-mentioned data collection and analysis, UNPOG and DPADM plan to undertake __country surveys__, starting first with the __member states in Asia and the Pacific__. 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 __requisite questionnaires__.

(1) All key factors for successfully implementing an e-GP must be taken into consideration i.e. legal framework, political/government leadership, administrative/institutional change, human resources capacity building, technology. The four pillars in the Public procurement system assessment (baseline indicators) as provided by the OECD-DAC can also be considered as a guide in development of the questionnaires.

(2) Existing e-GP toolkit could be use as a guide in the development of questionnaires

(3) The prepared questionnaires will have to be pilot tested to the countries participating in this meeting and recommendation/comments/feedback on the questionnaires could be provided as a result of the testing. The feedback will be used to modify the questionnaire.

5. Past and On-going Initiatives *optional*

Briefly list three or more __major (past and on-going) initiatives__ undertken 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.

(1) WORLDBANK – IDF GRANT TF 092271- STRENGTHENING THE PROCUREMENT SERVICE IN THE IMPLEMENTATION OF THE PHILIPPINE GOVERNMENT ELECTRONIC PROCUREMENT SYSTEM –   The Grant amount is $300,000. The agency in-charge is the Procurement Service. It's component include the following:

A,   TRAINING

- Capacity Building for the Administrators/Managers of the PhilGEPS and also the client agencies using the system

• A study tour to visit the Defense Science and Technology Agency (DSTA) of Singapore who operates the e-procurement system of Singapore (GEBIZ) was conducted in May,2009. It was attended by the PhilGEPS and PS officers and selected

staff and officers from selected pilot agencies. Participation to the 3rd Global E-Procurement Conference held in IADB headquarters in Washington, DC, USA of the PhilGEPS managers was also funded.

- Trainers Training Program

  Train the trainers program was established by the PhilGEPS Project Management officers through this grant to train selected trainers from selected government agencies on the use of the PhilGEPS. These trainers have to undergo the PhilGEPS training and use the e-learning facility (provided under the ADB grant) to learn more and review the use of the PhilGEPS. They have to take the online comprehensive examination which is included in the e-learning facility to become PhilGEPS certified trainers. This pool of trainers is currently available in selected regions of the country and is being tapped by the PhilGEPS private sector training partner, the E-blackboard Solutions, Inc. (EBBSI) for regular training being conducted for the government users and suppliers. Government Auditors was also trained in the use of the PhilGEPS which is included as a part of the training for the Procurement Audit Guide.

B. GOODS

- Computers and printers were purchased and were deployed in the PS-DBM regional depots to serve as public kiosks. These facilities will provide government agencies that don't have accessed to internet for the posting requirements in the PhilGEPS as mandated under the GPRA.

C. CONSULTANCY SERVICES

- Consultants were hired to look into the following:
  ➢ Development of the training module for trainers
  ➢ Technical implementation of the PhilGEPS
  ➢ Conduct security testing and load testing before launching the Virtual Store and the E-bid submission facility

(2) ADB PATA 45237– STRENGTHENING THE PHILGEPS

The Grant amount is $600,000. The implementing agency is the PhilGEPS-Procurement Service. It's component include the following:

A. GOODS – Provision of various equipment to be used by the PhilGEPS Management Office which provides the help desk services to its client agencies and suppliers

B. TRAINING – Development and Implementation of E-learning facility. This facility is currently being used by the PhilGEPS Project Management Office and the pool of PhilGEPS trainers

C. ADVISORY SERVICES – International Consultant who provide the advisory services to the PhilGEPS Project Management Office on the design of the E-bid submission facility based on

International Standards

D. NGO MONITORING – Hiring of a Non-Government Organization to monitor the implementation of the PhilGEPS