Department of Economic and Social Affairs
Division for Public Administration and Development Management

E-Procurement:

Towards Transparency and Efficiency in Public Service Delivery

Report of the Expert Group Meeting

Expert Group Meeting
E-Procurement: Towards Transparency and Efficiency in Public Service Delivery

4-5 October 2011
United Nations Headquarters, New York

United Nations
New York, 2011

DESA

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The term "dollar" normally refers to the United States dollar ($).

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Contents

Acknowledgments

This publication was prepared under the overall responsibility of Haiyan Qian, Director of the Division for Public Administration and Development Management (DPADM) of the United Nations Department of Economic and Social Affairs (UNDESA).

Among other objectives, this paper reflects the conclusions of the United Nations Expert Group Meeting (EGM) "E-Procurement: Towards Transparency and Efficiency in Public Sector Delivery" held in New York on 4th -5th October 2011 and organized under the leadership of Haiyan Qian and direct supervision of Vincenzo Aquaro, Chief, e-Government Branch, DPADM (EGB/DPADM), counting on the technical support of Jonas Rabinovitch, Senior Adviser for E-Government Development.

The paper has drafted by Mr. Joseph Fagan, working as a consultant under the guidance of Mr. Vincenzo Aquaro, Chief, e-Government Branch, DPADM and the direct supervision of Mr. Jonas Rabinovitch, Inter-Regional Adviser, DPADM. As a consultant, Joseph Fagan provided valuable substantive inputs to these proceedings, particularly in preparing the background paper for the EGM, which helped frame the meeting discussions and deliberations.

Vincenzo Aquaro and Jonas Rabinovitch, DPADM, prepared the agenda and aide-memoire of the EGM and provided final substantive editing of this paper.

DPADM / UNDESA is particularly grateful to all the experts who attended the Expert Group Meeting held in New York on 4th- 5th October 2011, as their inputs have been fundamental to the success of the Expert Group Meeting. Their names and affiliation are listed as an Annex to this paper.

Abbreviations

UN	United Nations
UNDP	United Nations Development Programme
UNPOG	United Nation Project Office on Governance
UNDESA	United Nations Department of Economic and Social Affairs
UNPACS	United Nations Public Administration Country Studies
UNCITRAL	United Nations Commission on International Trade Law
UNSPSC	United Nations Standard Products and Services Codes
DPADM	United Nations Division for Public Administration and Development Management
WB	The World Bank Group
ADB	Asian Development Bank
IADB	Inter-American Development Bank
AFDB	African Development Bank
OECD	Organization for Economic Cooperation and Development
EU	European Union
EGM	Expert Group Meeting
E-GP	Electronic Government Procurement
ICT	Information Communication Technology
BPR	Business Process Re-engineering
WTO	World Trade Organization
MDB	Multi-Lateral Donor Organizations (WB, IADB, ADB, AFDB)
NIGP	The Institute for Public Procurement
PDF	Portable Document Format
PKI	Public Key Infrastructure
PMAC	Purchasing Management Association of Canada
XML	Extensible Markup Language

Foreword

This is a concept paper prepared in response to the demand from United Nations Member States in understanding the challenges, potential and available options in improving or developing E-Procurement systems.

This paper is based on a series of consultations and inputs from various experts, culminating with the Expert Group Meeting (EGM) held in New York, October 4-5, 2011. It also draws on the conclusions a the Technical Consultation held in Seoul in March 2011, organized by the United Nations Project on Governance (UNPOG), which is part of the Division for Public Administration and Development Management of UNDESA. The paper also takes into account information from existing websites as well as the extensive work of various competent institutions already working on e-procurement.

This concept paper has been designed as a self-standing product which is intended to serve the purpose above, adding to the collective knowledge on e-procurement and available to all regions worldwide, with due credit to all concerned actors at global, regional and national levels.

Executive Summary

One of the topics of interest from member states, and part of the overall mandate of DPADM for supporting the on-going development of good governance in member states, is the introduction of e-procurement.

E-procurement has proven itself as one of the more effective and efficient tools for bringing good governance to the procurement process in many member states, and e-procurement initiatives have received significant support from the donor community including the World Bank, the Asian Development Bank, the Inter-American Development Bank and the African Development Bank. Various initiatives have already taken place, spearheaded by different organizations to define best practices and strategies for the implementation and development of e-procurement systems, and many countries have already introduced e-procurement into their business practices through various business models and approaches.

As part of this mandate, the Division for Public Administration and Development Management (DPADM) of UNDESA convened an Expert Group Meeting (EGM) from 4-5 October 2011 to discuss the feasibility for the development of an e-procurement Knowledge Guide to serve as an information resource for member states looking at implementing or improving e-procurement solutions within their individual jurisdictions. A list of EGM participants is attached at the end of this paper, including key national, regional and global experts on E-Procurement from all regions.

The EGM was a follow-up session to an initial technical consultation on e-procurement held in Korea in March, 2011, organized by the United Nations Project Office on Governance (UNPOG) which is part of the Division for Public Administration and Development Management (DPADM) of the United Nations Department of Economic and Social Affairs (UNDESA).

That technical consultation highlighted a number of issues in relation to better understanding e-procurement, including the merits and benefits of a system implementation as well as the many challenges and misconceptions associated with it. The consultation also identified a number of initiatives that have been undertaken by donor organizations to help define e-procurement and consolidate different sources of information currently available.

Even with the undertaking of these various initiatives, however, there still appears to be a lack of awareness about e-procurement at various levels of government, especially within the developing country communities who remain unsure about how to proceed with an implementation and how to overcome the various challenges they may face.

The EGM was organized as means to tap into the comprehensive knowledge of e-procurement experts from various regions around the globe, including representatives from the donor organizations (WB, ADB, IADB, AFDB) already involved in the

development and implementation of many government e-procurement initiatives. The initial goal was to obtain feedback for the development of a set of annotated e-procurement implementation guidelines that would form part of an e-procurement theme within UNPACS as part of the e-government knowledge centre being developed by DPADM. Country specific information about E-procurement development will be available in UNPACS in the future.

The expert panel presented many of the existing e-procurement information initiatives, both those in the process of being developed as well as those that are already in place. Some of these initiatives included the development of e-procurement guidelines and toolkits to support system implementation, along with policy papers and country studies. Participants also shared their individual experiences with e-procurement system implementations within their respective jurisdictions and regions.

The EGM provided a forum for members to discuss their views of e-procurement and to address challenges in formulating a set of unified guidelines that would be applicable in all jurisdictions and environments.

The donor organizations, the EU, OECD and the UN, have all been very active in e-procurement, supporting the development and preparation of a number of studies, applicable standards, guidelines and other resource information.

The groups have also been conducting a number of country studies in relation to a number of different e-procurement implementations in order to share those experiences. For example, the EU highlighted a number of e-procurement initiatives to support a single market through multiple system implementations across jurisdictions, applying standards and common policy and legal frameworks that could be applicable in other environments.

Though the initial goal was to develop a set of unified guidelines for e-procurement, the expert panel quickly identified that developing countries would receive greater benefit from the development of a Knowledge Guide on E-Procurement that brings together existing resources and country experiences into a central knowledge resource. At the moment, a good deal of e-procurement information is available on various websites and in various publications provided by the donor organizations, the EU and others, but the sites are not connected and the information is not easily found.

The proposed Knowledge Guide would provide a harmonized view on e-procurement by bringing together information and views from the different sources.

The centralized Knowledge Guide would allow member states to better understand the basic concepts and requirements for the implementation of an e-procurement system. It would also direct them to related information and the tools they would need to develop an implementation plan that meets their own objectives and operates within the capabilities and infrastructure of their local environments.

Below, the list of the basic principles for implementing Public E-Procurement

- E-Procurement is not just about placing an "E" in front of outdated

procurement practices; it is predominantly a governance exercise that should go beyond ICT aspects.

- E-Procurement will not guarantee the complete elimination of corruption practices, but it can serve as a deterrent and as an instrument towards effective and efficient public administration.

- E-Procurement is not about digitizing information and using ICT, but a holistic opportunity to modernize public financial systems and related purchases.

- The integration between public financial systems and E-Procurement aspects is necessary for managing the end to end procurement process including payment, but not necessarily required for getting started on the basic implementation of a system.

- There are distinct strategies, approaches, standards and references for each one of the basic phases of an E-Procurement process: pre-award, award and post-award.

- Implementing E-Procurement in developing and less developed countries may require the need to consider hybrid approaches combining on-line and off-line approaches.

- E-Procurement may require a combination of centralized and decentralized approaches depending on the particular features of each country and geographic region.

- The conditions for implementing E-Procurement are related more to governance and capacity development than to the availability of technology

- It would be a mistake to invest massively on infrastructure for E-Procurement if there is no installed capacity to handle the various phases of the purchasing process; it is also important to count on political will towards transparent approaches and towards engaging the supplier community and civil society.

- The implementation of an E-procurement system is not a short-term ICT project but a business process re-engineering project that should have a long-term plan over 10 to 20 years period; it is not just a "quick-fix" system implementation plan.

- The long-term benefit of the E-procurement system will come from analyzing the information collected in the system over the years of operation to better understand spending patterns, the marketplace and processes applied. Governments need to give consideration to the information required for analytical and reporting requirements and interaction with other system to obtain to most value from the procurement information management system provided by e-procurement practices.

The following concept paper presents an option to the UN for moving towards the development of a Knowledge Guide on E-procurement to assist member states in better understanding the challenges and issues associated with the implementation of an e-procurement program within their individual jurisdictions.

The context of the proposed Knowledge Guide is based on the findings of the Expert Group Meeting and their recommendations.

Part One: E-Procurement – Brief Background and Review

1.   The Case for E-Procurement

E-procurement has been a common theme of many organizations for the promotion of transparency and good governance in procurement for many developed and developing nations. Some of the early adopters began implementing e-procurement / e-tendering systems 20 years ago before the Internet and Web services became a primary medium for the exchange and dissemination of information.

E-procurement systems have proven themselves within various government organizations as an effective tool for instituting procurement reforms and establishing a fully transparent and open procurement environment.

The business case for implementing an e-procurement system has also been undeniable through:

- Significant improvement in transparency: traceability of all transactions; effective for preventing fraud and corruption; provides audit trail.

- Enhances value for money: enhances competition through improved accessibility; reduces procurement costs and transaction costs; facilitates on-line catalogue based purchases, such as framework contracts; improved market intelligence and resource allocation management.

- Improved work efficiency: reduces disputes; better enforcement of regulations; reduced procurement time; standardization and streamlining of procurement process.

E-procurement systems have also allowed governments to apply standard procurement processes across institutions, using appropriate monitoring and management controls to delegate more responsibility to the individual procuring entities. The proper implementations of standard processes and controls has improved the work efficiency within procuring entities and reduced procurement times by providing users with electronic tools and environments to support their tasks.

Countries with a well implemented system have noticed higher participation of SMEs (Small and Medium Enterprises) due to improved market access and a reduction in marketing costs.

Korea is seen as a leader with the implementation of a fully integrated e-procurement solution that is integrated with all other electronic government operations, including financial management systems, company registrations and tax systems.

The implementation of the Korean KONEPS system was just one of 11 electronic government system initiatives across various institutions to support a fully integrated

environment, including system support for the distribution and management of digital certificates to ensure the authenticity and security of the system and associated processes. Korea has invested millions of dollars over a number of years as its system evolved from an electronic tendering system to improve transparency in the procurement process to today's fully integrated e-procurement solution that takes full advantage of the efficiencies an electronic system offers.

Though the investment in electronic procurement numbered in the millions and Korea continues to fund millions each year to support system operation and business development activities, the results of the system outweigh the investment with an estimated $6 billion USD economic impact in savings to government and participating suppliers. KONEPS currently supports over 41,000 public entities, 191,000 registered suppliers and over $50 billion in annual procurement activity.

In the Philippines, the e-procurement initiative has focused more on e-tendering with the initial objective to improve transparency, open access and competition. Since 2001, PhilGEPS, the Philippine Government Electronic Procurement System, has served as the central procurement portal for all government procurement activity for goods, services and works. The system started as a pilot service with a few agencies and participating suppliers while the government began to initiate a procurement reform program that included a new procurement law instituting the use of PhilGEPS as the official procurement portal for all government procurement. One of the key changes with the new law was the change in requirement for newspaper advertisements.

Under the old regulations, agencies were required to advertise public tenders twice in three national papers at an average cost of $200 USD per ad. Under the new law, public tenders processed on PhilGEPS only require one newspaper ad, providing each agency a savings of $1,000 per public tender that required newspaper advertising. With an average of over 1,000 public tenders requiring newspaper advertising each month, the government on the whole is realizing a savings of almost $1 million USD each month in newspaper advertising costs alone. PhilGEPS now supports more than 8,000 government agencies and 50,000 suppliers, and publishes an average of 600 notices each day.

PhilGEPS continues to evolve each year with the recent introduction of an e-catalogue and e-payment services. PhilGEPS has provided a technical foundation to support program reforms and grow the supplier marketplace by allowing suppliers to find and participate in tenders in different regions around the country. The system also provides management with access to a wealth of procurement data that was previously impossible to collate, allowing them to better understand and analyze the procurement activity being conducted across agencies.

For the Government of Canada, the initial implementation of e-tendering took place 20 years ago at a time of government restraint and budget cuts. The introduction of an e-tendering business model in partnership with the private sector allowed the government to outsource the manual and electronic distribution of bid documents and removed the need

to maintain various supplier source lists as all suppliers could now access all procurement information from the website and participate in any tender they chose. The result was an open and transparent procurement environment supported through user fees at no cost to government.

This e-tendering approach helped the federal government realize over $6 million dollars in annual savings by outsourcing the manual duplication and distribution of physical bid documents to potential suppliers that had previously registered in various source lists maintained by different agencies. The open access and transparency provided by the system also supported Canada's commitments under the WTO, NAFTA and other trade agreements by enabling the same access to foreign suppliers as it did to local suppliers.

Though there have been many successful e-procurement implementations there have also been a number of failed programs. Failures are not only related to how technology is applied, but also to how the implementation is managed and the level of leadership or support provided to ensure successful adoption by the participating agencies and supplier communities. Quite often, failures are not related to the E-Procurement system in itself but to lack of institutional coordination and workflow design.

Government agencies have learned that an e-procurement system on its own is not a guarantee for success regardless of how advanced or technically sound the e-procurement system may be. Success of the system is not measured by the physical implementation of the system alone, but must also consider the procurement conducted on the system. And, success of procurement is more dependent on the regulations and policies governing the procurement process, the content of the procurement notice, and the associated bidding documents and participation of the supplier community.

2.   Mapping the Global Status of E-Procurement

A number of initiatives have been undertaken by various organizations around the world to assist in the development and promotion of e-procurement as a key e-government initiative in developing countries to foster good governance and assist in the fight against corruption through transparency and open access. The initiatives have included numerous country case studies, papers and development of strategies, plans associated with the development of e-procurement systems and information about instituting e-procurement with sound legislation, policies and business practices.

The Technical Consultation meeting held in Korea (March 2011) identified different challenges resulting from the experience. They include:

a) Lack of awareness and capacity building programs:

- Lack of government policies and legal frameworks (e-GP is not just ICT).

- Lack of institutional capacity for public procurement.

b) Resistance to change: Procuring agencies' reluctance to convert to e-procurement.

c) IT infrastructure and Internet readiness:

- IT infrastructure for e-commerce not mature in many developing countries.

- IT divide in different regions within a country.

d) Lack of cross-governmental coordination:

- Difficulties in legislation.

- Multiple platforms may jeopardize long-term goals of e-procurement.

e) Ineffective implementation:

- Improper Business Process Re-engineering (BPR).

- Digitalization without procurement reform.

- Technology can complicate rather than simplify procedures.

f) Obstacles for cross-border e-procurement: Electronic signatures are recognized only domestically.

Many of the challenges identified have more to do with the implementation of the operational processes and policies supporting the system than just the technology associated with the system. This lends credence to the fact that e-procurement is more about a business service operation and not just an ICT project implementation. The outcome of the initial consultation in Korea confirmed a need for the consolidation of existing information sources and collaboration between organizations on their initiatives in order to develop new case studies and share information that would form a set of

guidelines for supporting the implementation of e-procurement systems.

The e-procurement topics should consider both the issues associated with general objectives of an overall procurement reform strategy as well as system implementation.

The reform strategy should encompass:

- Governance – more open, transparent and auditable procurement process

- Efficiencies – business re-engineering of the procurement process, reducing cost and timelines, facilitating integration of processes and other systems

- Economic Development – supporting both internal and external trade, supplier marketplace development, integrating SMEs into the procurement process

- The system implementation should present information about the various components that should form an e-procurement solution, including:

- e-tendering – advertising and distribution of tender documents, supplier registration, submission of bids

- e-purchasing – online catalogues, framework contracts, payments

- e-contract management –audit trails, reporting, spend analysis, management controls

The underlying features supported by different systems will vary based on individual interpretations of a requirement or business need or the information collected and managed in the system.

Audit trails, for instance, may be interpreted as an audit of the procurement or the system process. From the system perspective, the audit trails would focus on the system process, recording each transaction performed in the system that in turn makes a change in the data collected by the system in a transaction log file. The log file should include each sign-on and sign-off transaction, document ordering, downloading, publishing, viewing of bid documents and supplements, submitted queries and responses. System audit trails support the audit process by enabling an auditor to verify that all procedures were conducted properly. The transactions files and associated data tables also provide governments with valuable reporting tools to analyze how the system is being used; for example, they can see where activity is occurring, the number of registered users and their location in order to determine if the system is achieving expected goals.

The nature and type of reports derived from the different system components is dependent on the data parameters associated with the types of information in the system, such as the application of standard commodity classifications like UNSPSC and units of measure (UOM) to define tenders or items being procured or the forms of organization, region codes (country, state…) and organization identifiers (tax number, registration number…) to identify users in the system. The detail commodity classification of items serves as the foundation for an e-catalogue system and for identifying or matching

potential suppliers. The more detail the commodity classification provides, the more the system is able to analyze spending and procurement patterns on the various commodities, ultimately leading to better analysis and decision making.

Governments have taken different approaches and applied different solutions with the implementation of their e-procurement systems. The nature and scope of the solutions varies based on the overall objectives, business model applied and the environment in which they operate. Countries like Singapore and Hong Kong have a significantly different operating environment, from the technical infrastructure available to support e-government initiatives to their ability to institute national regulations and policies, when compared to countries like Indonesia and the Philippines which are comprised of thousands of islands with varying levels of technical infrastructure or large countries like India, China and Russia that have a significant number of rural areas with varying degrees of capacity.

The nature of the security methodology and supplier authentication processes also has an effect on the e-procurement system as does the structure of the information associated with a supplier or tender record. The use of standards for technical implementation security and the exchange of data help facilitate integration and data exchange with other systems. In environments like the EU, cross border access to procurement opportunities is one of the foundations of open trade between jurisdictions which makes streamlining the registration processes and facilitating the exchange of documents through a standard process critical to procurement operations within each jurisdiction. The PEPPOL project in the EU is attempting to facilitate the interaction with suppliers and procuring entities across jurisdictions by establishing open data exchange standards and processes.

The EGM identified information sources to address the above requirements and implementation issues as well as other topics or content that should be included in a harmonized knowledge base. One component of the knowledge base should be a full collection of individual country case studies in order to facilitate the sharing of individual country experiences with new implementations. The EGM also made recommendations about what information should be included in the country cases studies and what approach should be taken to collect and maintain the information. This information is summarized in the proposed architecture of the Knowledge Guide on E-Procurement presented at the end of this paper.

3.   E-Procurement Frameworks and Institutional Coordination

Over the years, e-procurement systems have evolved to become an integral tool for the management of the procurement process for both the private and public sectors. Today, governments are presented with a number of existing solutions and options to support the implementation of an e-procurement solution.

Each option presents different implementation considerations, including integration to existing practices and systems and the adoption of a solution across an entire organization.

The EGM examined various ICT options available and current trends with the implementation of e-procurement systems and models applied, as well as the management approaches taken in support of the implementation, both from a legislative and policy perspective and from a technical perspective. Some of the questions for consideration included:

a) How to design/reform e-procurement systems within government agencies in terms of institutional arrangements, new skills, financial resources and operational support required to manage the system. This would entail:

- understanding and enhancing the role of e-procurement in ensuring transparency, accountability and the delivery of services, including the need for demonstrated leadership with the implementation of the system;

- outlining and evaluating the operational context for e-procurement approaches;

- outlining and evaluating ICT tools and frameworks to increase a country's ability to engage in e-procurement policies and practices;

- evaluating methods for collaborating across government departments to achieve common outcomes;

- long-term planning and risk management for the on-going operation of the system, including required support resources and funding requirements.

b) How to achieve efficiencies that reduce government costs while enhancing transparency of procedures.

c) How to address the issue of digital divide and how governments could use mobile technology to enhance e-procurement possibilities.

d) How to improve the integration of e-procurement services of different government sectors which entails back-end coordination and interoperability issues, and how to practically assess back-end integration by reviewing the upfront services.

The EGM identified other key issues with respect to ICT considerations and available tools. These included: How to improve the integration of e-procurement in different sector initiatives which may incur back-end coordination and interoperability issues? What is the current state of mobile applications in e-procurement? How to introduce and develop e-procurement procurement practices? Some of the main challenges identified in the Korea consultation related to the integration of the system with the users and the need to facilitate change and improve user skill sets. Large implementations across multiple agencies and a large supplier base will present significant training and communication challenges for many organizations. What tools or strategies exist to facilitate the development of a communication and training support program? Who has applied e-learning as part of the training program and what were the results?

As stated, e-procurement will present a significant change management exercise as well as a project opportunity for business processing re-engineering to gain efficiencies from the implementation of the system. The re-engineering of existing processes can take significant effort and may require additional back-end systems for financial management and inventory management if fees are charged and if the government applies a central warehouse for the distribution of selected goods. New policies will also be required to govern the operation of the system and to establish rules and processes for handling system failures or supporting different payment instruments for bid documents and bid securities.

Standards also represent a key component of any e-procurement system, particularly if there are any plans for the integration of the e-procurement with another service, for facilitating interaction with e-payment gateways or for supporting integration with a security solution to support digital signatures and encryption processes.

Another standard to be applied is related to the classification of tenders and goods procured through the system. The application of a commodity classification using the UNSPSC coding, for example, would enable price monitoring, shopping in an online catalogue and system audits.

Different system implementations may have taken different approaches in the development of policies and practices supporting the electronic procurement process which may require further analysis in order to provide member countries with the necessary information when formulating their own rules and policies for their systems.

4.   Designing what we know, Managing our Knowledge

As a key strategy for the establishment of good governance and transparency, donor organizations have initiated the development of a number of knowledge sources to support the definition and implementation of e-procurement solutions.

The donor organizations have taken the initiative in the development of various country case studies and papers on various aspects of e-procurement system implementation, including general guidelines and a toolkit to guide governments in the development of their own programs. The MDB-EGP website was established in collaboration with the ADB, WB, IADB and the AFDB to provide a guide/roadmap for the implementation of an e-procurement system. The site is a work in prog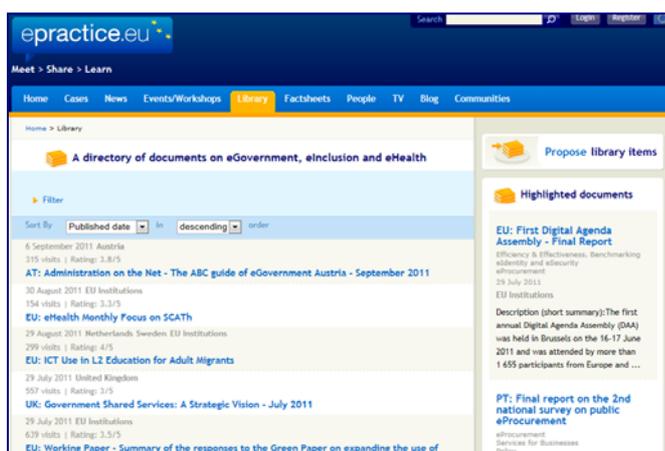ress, but already provides guidelines, definitions, country experiences and discussion papers to help formulate a toolkit for understanding e-procurement and planning the implementation of a system. The MDB information is available at the mdbegp.org website. Additional reference material, country experiences and access to papers from workshops and conferences on e-procurement can also be found on the individual donor organization websites.

Other groups and countries have also developed papers on e-procurement and strategies for the implementation of an e-procurement system.

The EU is developing various sources of information, sponsoring studies and establishing standards to support the interaction between multiple systems within member states. The e-practice web portal provides access to information related to a number of e-government initiatives, including the implementation of e-procurement which is an important business function for supporting cross border trade throughout the member states. The establishment of common rules and data standards in e-procurement is important criteria for the development of a harmonized business environment. The e-practice portal supports an e-procurement forum to support the exchange of ideas and to network with other member states as well as maintain a list of projects and initiatives being undertaken across the EU.

Countries have also created many misconceptions regarding the implementation of e-procurement which also affects their ability to properly define and manage the system implementation. Common misconceptions include:

Misconceptions	Reality
E-GP is primarily an ICT project	**E-GP is primarily a procurement project.** • The project should be led by the organization in charge of government procurement rather than IT authorities or IT vendors. • A common understanding on the roles and the balance of procurement professionals and IT professionals is important
E-GP is a digital replication of traditional procurement	**E-GP is an overall procurement reform agenda** • Conversion to e-GP requires the re-engineering of the overall procurement process in order to be successful. • It is not an automation of the traditional paper-based process.
E-GP will eradicate corruption	**E-GP may significantly increase transparency**. • It can provide traceability for audits, facilitate data analysis for detecting corruption, and enhance transparency through e- disclosure of bidding results. • If implemented improperly, it may leave room for new forms of corruption and abuses including illicit access to bidding data and data manipulation
The introduction of E-GP requires heavy legislation	**E-GP does not require heavy prescriptive legislation** • Initiating E-GP may not require legislation • Light legal framework can be used in combination with complementary regulations and guidelines
Single window E-GP portal requires centralized procurement system	**Single window E-GP portal can be adopted in countries with decentralized procurement systems** • Single window e-procurement portal only requires a system operating entity • Individual contracting agencies may commonly use the single window portal, while individually conducting biddings

One goal of the EGM was to identify the different sources of information available and current development initiatives in progress or being planned and to separate that information into different themes or topics for e-procurement for developing countries, sharing lessons learned while addressing the misconceptions mentioned above.

The EGM helped identify key issues relevant to developing countries planning an e-procurement initiative and suggested the best way to organize and present that information to target user groups.

The information identified is intended to form the basis for the design of a Knowledge Guide on E-Procurement; it is also meant to help identify any additional issues that do not appear to be fully addressed or which may be required by developing countries in formulating their own objectives and functional requirements for a system implementation.

5.   Consolidation and Dissemination of our Knowledge on E-Procurement

An overall objective of the EGM was to develop guidelines for supporting e-procurement capacity development. This idea was later consolidated into the format of a Knowledge Guide on E-Procurement. The target audience will primarily be developing and less developed countries that are looking at implementing or improving an e-procurement system but would like to have a better understanding of e-procurement systems or how to go about improving or implementing them. The e-procurement theme will also serve all other U.N. member states by providing reference materials on the various components that make up an e-procurement system and access to up-to-date case studies and research papers being conducted on the various aspects of e-procurement that allow them to be informed on the latest trends and strategies being applied.

The goal is to provide UN member states with a consolidated view on e-procurement, bringing together multiple sources of information that have been or are currently being developed or published by various organizations from around the world. DPADM does not intend to recreate or duplicate any of the activity that has already taken place or is in the process of being conducted by other organizations.

Guidelines for e-procurement will be organized into different sub-themes to provide decision-makers and project managers with direct access to their area of interest and tools that will assist them in performing their work and related policy decisions. The current plan for the e-procurement theme is to organize the information on e-procurement in such a manner that allows the target audience to fully understand the requirements for an e-procurement system, provides an information reference for the planning, development and implementation of a system and offers insights on how to support and manage an e-procurement service operation both from a policy and business development perspective and from a technical perspective.

Chile   e-GP Maturity   **Country Statistics**

| Institution & Regulation | Technical Platform | Maturity | Services |

GDP: 163,669,060,913 (2009)
GDP Per Capita: 9,739.91 (2009)
Source: The World Bank

Leading Institution

Indexes

Dirección de Compras y Contratación Pública
Ley 19886 y reglamento de compras y contratación pública
Inception year: 2003

? e-GP Coverage Index (State Entities): 1.17
? E-GP Usage Index (State Entities): 1
? E-GP Coverage Index (suppliers):
? Public Procurement Index: 0.22
? E-GP Value Index: 0.17
? E-GP Index: 0.04

CONTACT

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REGULATIONS

Mandatory use of the system?: Yes
Electronic document same as paper?: Yes

Country Facts

Capital: Santiago
Currency: Peso
Population: 16,803,952
Number of states/provinces: 16
President / Head of state:
Sebastián Piñera

The expert panel examined current sources of information that could form the basis of the country study and identified what other information should be incorporated into the country study. The ADB has already initiated a study with some of its member countries and the MDB-EGP portal has an existing template of information for providing a map of existing e-procurement systems. The e-practice website also includes several country reports on EU country initiatives.

The expert panel defined what information could be incorporated into the Knowledge Guide on E-Procurement to give countries the opportunity to expand on their individual implementation experience or guide them in embarking on e-procurement initiatives. What approach could be applied to collect and disseminate information on the e-procurement initiatives in the 193 member countries? The consultation in Korea confirmed the value of consolidating information to establish an e-procurement set of guidelines for enhancing the capacity of developing countries in coordination among national and international organizations including the UN, MDBs, EC and individual

e-GP System

System Name:
Chilecompra
URL: http://www.chilecompra.cl
Inception Year: 2003

ChileCompra

MODULES

Acquisition Plan: Yes
Vendors: No
Contract Management: No
Warehouse: No
Inventory: No
Search Engine: Yes
Automatic Notification: Yes
Offering Notification: Yes
Invoicing: No
Guarantees: No
Frequently Asked Questions: Yes

ELECTRONIC BIDDING

Electronic Bidding : Yes
Publication of Bidding Documents: Yes
Allow Document Downloading: Yes
Offering Notification: Yes
Online Award Notification: Yes

REVERSE BIDDING

Reverse Bidding: No
Legislation: No
Requires Synchronic Participation: No
Anonymous Bidding: No
Online Tracking: No

CATALOGUE PURCHASES

Catalogue Purchases: Yes
Legislation: Yes

countries. Participants expressed an interest to support DPADM in the undertaking and agreed to share current survey results and knowledge products.

In pursuit of the creation of the guidelines, the expert panel paid attention to some of the known reference sources, also identified at the technical consultation in Korea, which include:

1. Exchanging information with regional procurement networks such as:

   - ePractice - European ePractice newsletter (http://www.epractice.eu/);

   - PPN - European Public Procurement Network (http://www.publicprocurementnetwork.org/);

   - PEPPOL - Pan-European Public Procurement Online (http://www.peppol.eu/);

   - SOLVIT - European Union - on-line problem solving network in which EU Member States work together to solve without legal proceedings problems caused by the misapplication of Internal Market law by public authorities (http://ec.europa.eu/solvit/site/about/index_en.htm);

   - EuLab in Europe - EU Learning Lab meeting on Public Procurement of Innovation (http://www.epractice.eu/en/community/eprocurement/guide_page/3);

   - IGPN in Central South America - Inter-American Government Procurement Network;

   - CCPN in Africa;

   - Others.

2. Exchanging information with procurement research institutes such as :

   - Public Procurement Research Center (PPRC): Florida Atlantic University

   - Public Procurement Research Group: Nottingham University

   - Public Program Law Program: George Washington University

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

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

3. 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 University)

   - 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

4. 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)

Part Two: A Tool for Transparency and Efficiency in Public Sector Delivery

1.   Objective of the Expert Group Meeting

The EGM provided a forum for discussion on the methodological aspects of e-procurement, including themes, topics and emerging challenges and trends associated with its development and implementation, as well as its misconceptions.

Existing e-procurement systems have followed different approaches and used different business models to support their implementation such as fee-based systems that provide services at no cost to government. Some of the systems have been developed by the government organizations themselves while other systems have been developed and delivered on behalf of a government organization, sometimes with little support from the government organization itself. Some government systems have focused on the use of reverse auctions to ensure best value from the procurement process while others replicate the manual procurement process.

E-procurement introduces new complexities, dependencies and parties that did not exist within the framework of the manual procurement process. Previously, procurement was conducted between two parties – the procuring entity and the suppliers. Security of the process, though sometimes questionable, was managed with sealed envelopments, sealed bid boxes and public bid openings. With e-procurement, the parties are now dependent on the reliability and security of an electronic system and in many cases they have a contractual relationship with the provider of the e-procurement system that is independent of the actual procurement being conducted.

Security and authentication of users becomes a necessity to help establish the integrity of the system and a level of trust in the procurement process. The implementation of the security and authentication procedures can become a significant project on its own, depending on the tools or standards applied such as the use of PKI (Public Key Infrastructure) and external certification authorities. The authentication process may also become a deterrent to suppliers if too many conditions or criteria are required to access the system as a registered user.

The introduction of e-procurement, in many cases, represents a significant change for many of the target users especially within a developing country where the internal IT infrastructure used by target agencies or suppliers may be limited and the resources and skills sets not readily available.

For many developing countries the ability to conceive and manage the implementation of e-procurement is a daunting task, particularly when they do not fully understand the implications associated with a system implementation or the various policies issues that will need to be addressed to support the successful implementation of a system.

The EGM highlighted the need to consolidate existing information sources and to foster collaboration between the various organizations contributing to the development of e-procurement. Consolidation offers the opportunity to build a knowledge center that in turn helps to identify many of the issues and topics to be considered in the on-going development and operation of an e-procurement system.

The objective of the expert panel was to define and disseminate the topics for e-procurement, identify sources of information for the related topics and determine how to manage the collection or development of the information topics in collaboration with participating organizations to support the development of a **Knowledge Guide on E-Procurement.**

2.   The Results of the Expert Group Meeting

Several donor organizations, including the IADB, AFDB and the WB along with representation from the EU, Italy, Korea and the UN through UNPOG, took part in the expert panel discussion. The ADB was unable to attend but provided comments and a summary of current activities related to its ongoing efforts in support of expanding the knowledge base on e-procurement, including a country survey for the Asia region, the development of an e-procurement toolkit as well as information about a regional E-procurement conference in Bali (November 2011).

The main objectives were to define the requirements for an annotated set of guidelines to assist developing countries in understanding and implementing e-procurement systems; identify principal components of e-procurement; and, establish an approach for information sharing between organizations. Four (4) main session themes were presented as a means to generate discussion in relation to developing a set of unified guidelines. Representatives also set out to review the outcome and issues raised during the technical consultation and to provide feedback on the Background Paper prepared in support of the meeting.

The EGM Sessions were:

1. **Feedback from Global, Regional and National Institutions.** Discussion about the approach to developing the annotated outline of guidelines to enable e-procurement development for governments with recommendations drawing from the work of their own respective institutions.

2. **Existing Frameworks for E-Procurement.** Discussion about conceptual frameworks for e-procurement, definitions, components and stages of e-procurement, concrete references from specific countries, indicators, sources of information and websites giving full credit to current actors; global, regional and national sources of information on e-GP.

3. **Building Guidelines for E-Procurement, including Regional Perspectives.** Discussion about how to develop guidelines on e-procurement without misleading

countries: What components cannot be missed? What stages should be considered?; Building Blocks: being selective and focused on what information to search, share and update; What regional differences should be considered, if any?

4. **Technical Requirements for E-Procurement.** Discussion about technical requirements for overall e-procurement and knowledge management; What stages and business models need to be considered;are there leapfrogging possibilities and concrete cases; Are mobile technology applications being applied for e-procurement?

For the most part, participants agreed with the outcome of the technical consultation in Seoul, which helped to identify the benefits and challenges associated with e-procurement system implementation as well as the various misconceptions. They were also on the same page in relation to discussions about corruption and the fact that e-procurement is not just an ICT project but should be associated with an overall procurement reform strategy.

The technical consultation identified activities that have already been undertaken by various organizations, including the MDB organizations (ADB, AFDB, IADB and the WB), the UN, and the EU, as well as the PEPPOL initiatives in relation to studies on various components of e-procurement and implementation. It also recognized several country studies, guidelines and toolkits that have been developed as a means to support e-procurement implementation.

General Feedback

Some of the key points raised by the expert panel included:

- The proposed approach highlighted substantive parts for e-procurement implementation – policy and technology. There is a hierarchy of conceptual breakdowns of the main pillarsof e-procurementwhich need to be prioritized and configuredas the requisite elements and phases for e-procurement.

- Some overlap exists between the MDB Guidelines and the outline presented in the background paper; therefore, the UN will need to coordinate the development of the guide, working with existing sources to avoid any duplication or replication of information.

- Importance of linking e-procurement with larger strategic objectives. A wide spectrum of national solutions are in place, but an implementation is not simply an exercise in replicating an existing solution . Countries need to consider their own objectives and environments and tailor solutions to their own needs. A cut-and-paste approach should be avoided.

- Importance of monitoring and showcasing accomplishments.

- Consider a focus on Results, Reforms, Risks.

- Address varying terminologies (e-GP, e-procurement, e-public procurement).

- Express legislatives dimensions for e-procurement implementation which should be driven through policy and supported by legislation.

- Importance of civil society engagement and not just supplier and buyer engagement; importance of developing the marketplace for the e-procurement system to ensure participation in the procurement process.

- Need to be able to mobilize resources and funding to support the implementation and ongoing operation over the longer term.

- Need to instill the importance of governance within the implementation and deployment of e-procurement systems.

- Need for strategic planning to set long-term goals not short-term political agenda.

- Need coordinated sources of information from the various donors and other members of the EGM to support the development of a comprehensive guide.

- Need to provide the tools and knowledge that will allow implementers to manage expectations, perceptions and misconceptions associated with the implementation of an e-procurement system.

- Provide implementers with the tools to validate a business case for a system.

- Note that the e-procurement system is only a tool to support the implementation of procurement reforms. On its own, the e-procurement cannot rid the process of corruption as it is not the system that is corrupt, but users of the system. Corruption is fought through better transparency, policies, sound practices and enforcement. The e-procurement system can only support the initiatives by reporting anomalies in a process.

- Sustainability should be presented as a key component of the system implementation.

- Highlight the need for open standards to support interoperability between multiple systems when planning to implement an integrated solution. Highlight the importance of data integrity and data management as key components of the system.

- Provide for political will and political sustainability to support the ongoing implementation of procurement reforms supported by the e-procurement platform.

- Find a way to communicate experiences from different countries and regions, highlighting commonalities and differences in terms of return on investment, infrastructure conditions and challenges.

- Focus on identifying and defining the initial building blocks for an e-procurement system. Start with a few key items with anemphasison fundamental good practices, how to prioritize the selected items and the establishment of the political and administration commitment required to institute a change.

Existing Frameworks

Representatives discussed the basic tenets of transparency, effectiveness, economic development and how to map the objectives with the formulation of a strategic plan.They also pointed to the need for more concrete thought on the fundamental pillars of an e-procurement system implementation: efficiency, effectiveness, accountability and economic development.

It was determined that countries would benefit from a better understanding of the guiding principles, perhaps in the form of a decision-making tree that would lay the foundation for an e-procurement system supported by both an ICT implementation strategy and a sound business strategy.

There should be a focus on leadership (policy, regulation and legislative framework), technology approach, capacity building/engagement and funding/governance which are considered key pillars in the implementation of an e-procurement system. The challenge is to bring a harmonized view of the objectives and pillars of e-procurement together with the various components of the system.

To what extent can the effectiveness of an e-procurement implementation be measured against its original goals? How can governments develop benchmark indicators in order to demonstrate improvements against their overall objectives, not just the implementation of an ICT project? Measurements and indicators demonstrating system success would help build the case for e-procurement implementation in other countries. The use of Transparency International indicators and ratings may serve as an initial benchmark for developing countries in formulating their goals.

The group of experts identified a number of existing sources of information available through the MDB EGP portal and the EU e-practice and EU single market portals. These sites provide access to a number of different topical reports on e-procurement and guidelines for the implementation of e-procurement systems as well as country reports on system implementation.

The websites for the donor organizations, including the WB Learning Institute and website for the UNDP and OECD, also provided sources of topical information and country studies. The MDB EGP site provides an initial global map by region of e-procurement installations. The individual donors are coordinating country surveys within their respective regions to provide input to the EP Map.

Lessons learned from relevant national experiences such as those from Chile, Italy, Republic of Korea, USA and others were also shared and discussed and should be reflected in the central information resource.

The frameworks need to help guide a country in formulating its own strategy and establishing its own business case, supported by policies and governance structures that facilitate the institutionalization of a procurement reform strategy. E-procurement then becomes a tool to support procurement reform.

Building Guidelines

Experts provided significant input and discussion in relation to the development of guidelines for an E-procurement system. Guidelines should tie the basic tenets of E-procurement - transparency, effectiveness, economic development – with the key pillars and components of an e-procurement system and should assist in the formulation of a strategic plan for the institutionalization of a procurement reform process and not just the
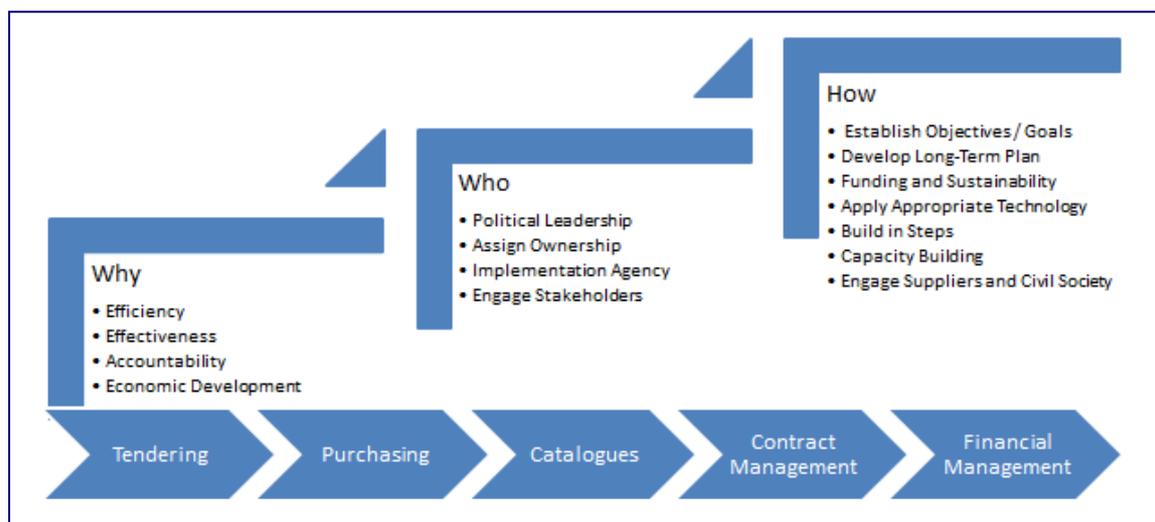
implementation of an e-procurement system.

The guidelines should help map the objectives for the system with the why, who and how of the system to formulate a strategic plan tied to leadership, policy, regulation, legislative framework, technology approach, capacity building/engagement, funding and governance. The strategic plan should place a focus on results, reforms and risk, and establish a benchmark for the system while measuring its effectiveness.

The implementation of E-procurement represents an evolution in the procurement process and, like the procurement process itself, the system implementation should also be viewed as an evolving process. Instead of trying to define all aspects and deliver all components of a system at the beginning of a program, the strategic plan should evolve in a manner that can be easily accommodated and integrated into the local environment. The system should be implemented in steps; beginning with the basic functionality associated with core system components such as tendering, purchasing and catalogues at the different stages of pre-award, award and post-award.

For many governments, the implementation of a system starts in the pre-award stage with tendering for large value procurement projects that include the advertisement and distribution of bid documents. In some cases the initial system also supports the electronic submission of bids. The tendering system process for large value contracts would normally encompass fewer tenders in a smaller marketplace of potential bidders minimizing the capacity building activity supporting the system implementation.

In other cases, the implementation targets the purchasing process for lower value tenders in a broader marketplace tackling a higher number of simple transactions

increasing the number of potential users and capacity building requirements. The introduction of online catalogues help facilitate the purchasing of small value good and services by streamlining process and reducing the number of simple tenders processed in the system.

The basic systems would normally support the award stage by publishing contract awards to provide a fully transparent process then move to the post-award stage by incorporating monitoring functions for contract and financial management and integrating the procurement system with existing back-end and financial systems to provide an end-to-end solution including electronic payments. The evolution to an end-to-end solution is not always simple and in some cases may not be a viable option due to the nature and capacity of the local environment.

Illustrating how to build a system in steps would allow an institution to gain a better understanding of overall system operation and issues tied to the implementation and integration of system components. Within each step, a government can continue to clarify its overall objectives and goals (question "**Why**?"); clearly define the roles and responsibilities for the organizations involved with system implementation and operation (question "**Who**?"); and, make adjustments with the technology and policies governing the operation of the system implementation (question "**How**?").

The proposed Knowledge Guide can help tie existing guidelines and implementation strategies to country experiences, giving developing countries a better perspective when developing their own strategic plans, which should include clearly defined objectives linked to who will be responsible and how the system will be implemented.

Government should conduct self-readiness assessments to have a firm understanding of their existing capabilities and those of the stakeholders and supporting infrastructure in order to identify what areas needs to be addressed in the development of a strategic plan for the implementation of an e-procurement system.

Proposed guidelines should not be prescriptive but serve to guide a government to the development of a strategic plan that addresses their own needs and objectives and which can be applied within their current environment.

Technical Requirements

The expert group noted the existence of a number of technical options and solutions for the delivery of an e-procurement system; however, it was noted that the focus should not be on the system only, but also on the quality and integrity of the data. The data and information collected in the system provides the foundation for any analytical tools and monitoring systems that can be derived from a system in the future.

Data management is a critical function of any system and information should only be collected once and not recreated or entered again into different system components that may form part of the overall system implementation. Technical planning of different system components needs to take into account data interoperability to facilitate the

exchange of information instead of operating as independent silos in the process.

Discussions highlighted the need to foster an understanding about the differences between open source and applying an open architecture to ensure a truly open system, and to encourage technical standards to facilitate future integration. The technical requirements for an e-procurement system need to take into account the local environment and resources available, including the technical capacity and telecom infrastructure available to support users accessing the system.

The experts also presented the need to understand the issues around the use of third-party services or proprietary system solutions as part of an e-procurement solution. Governments need to establish sound contract management practices with third-party providers to ensure their rights to data and system components are fully protected during a contract period and at the end of a contractual relationship. Termination clauses and transition plans should be established before entering into an agreement to ensure a smooth transition and protection of rights at the end of the contract. Canada has been using third-party service providers for the delivery of its e-procurement service for the past 20 years. Not only has it experienced first-hand the challenges of transitioning from one system to another, but it has also taken the transition plan into consideration as part of its requirements when re-tendering the contract for delivery of the e-procurement system.

Contract management has been an issue with various ICT projects and not just e-procurement implementations. The USA expert recalled how the USA became hostage to a private vendor with proprietary software due to limitations on data rights and access at the end of a contract period which had to be rectified before proceeding with other developments of its e-procurement program. It is important for governments to have a forum to share individual experiences so that future system implementations can apply a "best practice" approach in the management of a third-party contract arrangement.

Lessons learned from relevant national experiences such as those from Chile, Italy, Republic of Korea, USA and others were also shared and discussed. Existing solutions and shared experiences from other countries can help developing countries overcome a number of hurdles associated with the e-procurement implementation by allowing them to learn from others and better understand the various requirements and challenges ahead, including the need for supplier engagement, the application of security, how a live system can evolve from a pilot system or how to plan for the transition from one platform to another.

Supplier engagement and civil society in general are key to the success of an e-procurement system; without a significant supplier marketplace, the desired effectiveness and efficiency of the system will not be achieved. All successful implementations are primarily due to the size and scope of the participating supplier community. Korea, Canada, Singapore and USA all have supplier development programs promoting not only the use of the e-procurement system, but also promoting business with the government to continue expanding their supplier base for a more competitive bidding environment.

For many countries, security is an important system component to ensure the integrity and security of the bid submission process. Some countries, like India and Korea, have applied a PKI infrastructure through certification authorities outside the e-procurement system. Others, like Singapore and the Philippines, apply the user id / password process to secure and encrypt information. For others, like Canada and the USA, security was a lesser issue as the primary focus of e-procurement was on transparency and the distribution of bid information and not the submission of electronic bids themselves.

The approach taken for the implementation of a system is also an important consideration, from the use of off-the-shelf solutions or third-party services to in-house solutions. When selecting one approach over another, governments need to consider and adhere to established ICT policies to ensure there is no conflict with other systems upon implementation. The USA, for example, has a policy to avoid proprietary software solutions and opt for open source solutions. However, the use of open source could create its own issues if not managed appropriately. The technical implementation should follow an open architecture policy versus open source consideration to better support the need for interoperability with other systems such as a Financial Management Information System (FMIS).

The panel recognized the various challenges associated with the implementation of a full e-procurement solution and determined that most developing countries should keep their system implementations in perspective with their current capabilities, even if it means beginning with the basic system components such as e-tendering or basic purchasing functions and allowing the system to evolve with additional capabilities and capacity over time.

Many existing implementations began with a simple grassroots program within a department that initiated the online advertisement of opportunities and distribution of documents through a web portal. These systems evolved into a process which was then supported and institutionalized across institutions. The institutionalizing of a system introduces a whole new set of challenges for the implementing agencies and changes the business environment from an internal system to a very visible external system that requires a significantly higher level of support to guarantee the delivery of the service. Gaining a better understanding of the business and support processes applied to other systems would be a significant benefit for new system implementation when planning system delivery and deployment.

Part. Three: A Knowledge Guide on E-Procurement

1. Building the Conceptual Framework

As identified during the EGM, there is a pressing need to consolidate existing information sources in order to provide a consolidated, unified view of e-procurement that can facilitate new system implementations while ensuring the continued evolvement and delivery of effective, transparent and accountable procurement practices
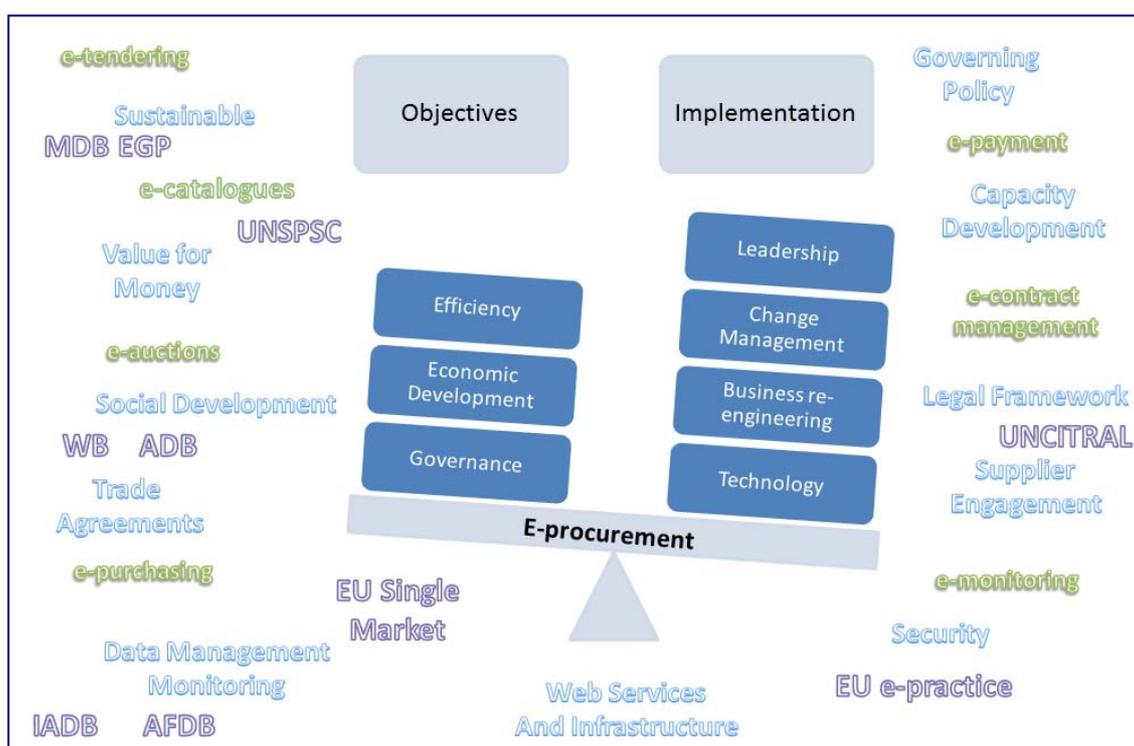
E-procurement has a number of system components and sources of information that need to be balanced with a set of core objectives and implementation strategies, as illustrated in Figure 1. For developing countries, the task of understanding the complexities of e-procurement and where to find the required information and tools to support the implementation of a system is daunting.

E-procurement is not just about the delivery of an "e-"service offering by governments. E-procurement entails a strategic shift in the delivery and management of a key business service supported by governance, policies, legal frameworks and requiring leadership, support and political will to institute change. The general consensus of the expert panel was that there is a need to help guide developing countries through the vast number of existing sources of information on e-procurement – to give a better perspective and understanding of the key pillars associated with system implementation tied to system objectives. A clearer understanding will in turn help them to address the 'Why?' and 'How?' of their individual implementation needs.

A UN-led e-procurement initiative could serve as a focal point for member states by giving access to a harmonized view of the various components of e-procurement and linking them to existing sources of information created by the key actors supporting and promoting the use of e-procurement as an integral element in the establishment of effective and transparent procurement practices. The focus would be on guiding developing countries in the development of their own objectives and implementation strategies, helping them substantiate the business case for an e-procurement solution by illustrating the success of other countries and the approaches they have followed.

Various countries have already applied a number of different approaches across a number of system implementations, providing a wealth of experience and understanding about the application of e-procurement in support of procurement reform/ The proposed e-procurement guide would serve as a vehicle to share these challenges and solutions, with the intent of facilitating successful system implementations for others.

Life Cycle of General Procurement Aspects (*)						
Pre-Award			**Award**	**Post-Award**		
Public Purchases Strategy	Feasibility Analysis	Selection of Suppliers and Data Validation	Contract Definition	Contract Management		Evaluation of Results
Operational and Implementation Aspects						
Purchasing Strategies	Feasibility Analysis for the Acquisition of Goods and Services	Public Contracting of Services and Data Validation	Terminology for Public Purchases ———— Implementation Applications	Terminology and References for Suppliers	Contract Management and ICT aspects	Dissemination and Communication of Innovations	Approaches for Verification of Results
References – Partnerships						
				Qualitative Models and References	Examples of Recognized Best Practices applied to specific contracts	
Best Practices and Examples of Standards						

A centralized Knowledge Guide could help consolidate and harmonize all sources of information, including country experiences, thereby providing a clear understanding of e-procurement and the different system components involved. Member states would gain access to a variety options to consider when implementing an e-procurement system and a single, comprehensive online portal to visit when they require information to help develop a strategic plan.

The UN has the opportunity to bring together all available e-procurement resources provided by the different organizations, including the MDBs, the EU, the UN and separate regional network associations, as well links to the many country initiatives that have already been implemented. The goal of the UN initiative would not be to replicate and duplicate these activities but to collaborate with the supporting institutions in order to bring a common view and gateway to the information on e-procurement, ultimately providing member states with a comprehensive source of information that would provide a thorough examination of the various issues and requirements involved in the development and implementation of an e-procurement system.

E-procurement experts overwhelmingly acknowledge the value in creating a harmonized source of information on e-procurement for developing countries. There was a consensus with the general outline for a guide provided in the Background Paper,with a note to give further consideration to items solicited from feedback and to facilitate collaboration with participating organizations to avoid any duplication of effort.A key component of the Knowledge Guide would be the sharing and acknowledgement of country experiences and initiatives at both a global and regional perspective. This would complement and support the exchange of information between existing initiatives within Asia, South America and the EU.

A complete annotated outline for the proposed Knowledge Guide is provided in this report.

The main themes of the Knowledge Guide would include:

- Understanding E-Procurement.

- E-Procurement Implementation Options and Country Strategies.

- Understanding the Technical Implementation of an E-Procurement System.

- Events, Networking and Reference Material.

The primary audience for the Knowledge Guide will be developing countries within the member states looking to implement an e-procurement system. A primary target is the management level official who is looking to initiate the implementation of an e-procurement system. The guide will give those officials a better understanding of e-procurement, what it will mean for their organization and how to go about getting started with an e-procurement program. A secondary audience will be countries in the process of implementing a system or maintaining a system so that they may continually improve by keeping up to date with current trends and initiatives being undertaken by partner organizations while learning from other country experiences.

The Knowledge Guide would steer users to the necessary information required to formulate a business case that would then be used to help 'sell' e-procurement to the political and administrative powers in developing companies that wish to embark on e-procurement. The business case would provide for the institutionalization of an e-procurement solution to support procurement reforms strategy.

The UN, through existing infrastructure within UNPACS, has the opportunity to deliver an essential resource to member states with the development and implementation of an e-procurement system through the creation of a harmonized Knowledge Guide on E-Procurement. The Knowledge Guide could be developed as an online living document within UNPACS, remaining abreast of current technical trends as well as the business practices and approaches governing procurement reforms, governance and transparency and supported by offline documents and reports.

2. Annotated Outline for Knowledge Guide on E-Procurement

Participants at the EGM recognized the primary need is not to re-invent the wheel and duplicate existing competent work on e-procurement by repeating existing guidelines, but to develop a centralized e-procurement knowledge resource. Such a resource – or knowledge guide – would tie together existing information, guidelines and toolkits that have already been developed by the donor organizations and partner institutions, such as the EU, OECD, UN and other regional e-procurement associations.

The Knowledge Guide would link the many components of an e-procurement system implementation with the core objectives and pillars supporting implementation. The Knowledge Guide would provide member states, in particular developing countries, with a resource tool that would provide access to all relevant information, helping to foster a better overall understanding of e-procurement and the value it can provide. It would also detail challenges and system requirements, provide lessons learned from existing system implementations and keep member states up to date with trends and practices being applied regionally and around the world, including key institutional players and sources of information.

The Knowledge Guide would be a collaborative effort, bringing together the development initiatives, reports and country studies from the donor organizations and partner institutions. As mentioned above, the focus of the Knowledge Guide is not to duplicate existing work, but to bring all applicable information sources into a central knowledge resource to facilitate the presentation and dissemination of a guide to e-procurement that encompasses global and regional viewpoints.

The UN recognizes the efforts being undertaken by the MDB organizations (WB, ADB, AFDC and IADB) in the development of websites (MDB EGP, for example, guidelines and toolkits for the implementation of e-GP. It is also fully aware of the initiatives of the EU Single Market to support and deliver e-procurement standards and create policies to facilitate open access to multiple e-procurements system implementations within the EU states, as well as the South American purchasing network and other activities in Asia and Africa that would be an important part of a central guide.

Participants illustrated many viewpoints and associated terminology that define e-

procurement and discussed how they can be tied together into common goals and objectives to give a unified view. This unified view would encourage a better understanding of e-procurement systems, the challenges associated with delivery and implementation, and how to measure their effectiveness to ensure they continue to meet initial objectives and goals. The goal of the Knowledge Guide is not to establish uniform guidelines for e-procurement, but to provide users with access to a broad range of information so that they can formulate a plan that meets their individual objectives and can work within their respective national and regional environments.

It is recommended that the Knowledge Guide be a living document delivered as an online resource such as UNPACS (United Nations Public Administration Country Studies) to provide the member states with current information, trends and plans associated with the implementation and delivery of e-procurement. The Knowledge Guide would continue to evolve with the ongoing evolution and development of e-procurement systems and strategies.

The proposed Knowledge Guide would encompass the following sections: (1) Understanding E-Procurement; (2) E-Procurement Implementation and country strategies; (3) Understanding the Technical Implementation of E-Procurement systems; (4) Events, Networking and Reference Material.

These are illustratively outlined below:

1. **Understanding E-Procurement**
   a. Overview and clear definition of what e-procurement is and how it is applied, including conceptual illustrations about the fact that E-procurement is a business service project -- not just an ICT project; the fact that understanding the task is not just implementing an e-procurement system but institutionalizing a procurement reform process; this section may also include considerations on system implementation over time, focusing on initial objectives and moving forward as they develop the business marketplace for the system.
      i. Local environment and capabilities from a business and ICT perspective;
      ii. Results, reforms and risks;
   b. Defining core objectives for a system:
      i. Governance and transparency
      ii. Efficiencies – business re-engineering processes, standardizing processes
      iii. Economic development – supplier engagement, civil society
   c. Definition of the main pillars for an e-procurement system:
      i. Leadership

    ii. Change Management

   iii. Business Process Re-engineering

   iv. Technology

    v. Policy

   vi. Capacity

d. System components, tendering, use of reverse auctions, purchasing, catalogues, payment, monitoring.

e. Case studies to demonstrate that e-procurement is not just an ITC project but a business service delivery that should be part of an overall procurement reform strategy.

f. Merits and value propositions provided by e-procurement, such as ….? .

g. Difference between initiating an e-procurement system and instituting a new reform process, with examples and references to online sources.

h. Misconceptions of e-procurement.

i. Challenges with system implementation.

j. Classifying commodities.

    i. Stress the need for standard classifications of commodities

   ii. Links to sources such as UNSPSC, NIGP, others.

k. Current trends and practices.

    i. Papers and studies on e-procurement available through various donor sites (ADB, WB, IDB, AFDB, EU…)

l. Guide to planning an e-GP implementation (MDB toolkit, EU tools, others).

m. Are you ready? References to E-GP Readiness Self-Assessment from the MDB EGP portal and supporting guidelines and forthcoming toolkit.

    i. Legal framework, Human Capacity, Web Services and Infrastructure, Technical Capabilities, Supplier Development, Organization Structure

   ii. Diagnostics – establishing baselines – supplier analysis, performance

   iii. Results and Monitoring

2. **E-procurement Implementation and Country Strategies**

a. Provide a summary of the different approaches for the implementation of e-GP:

    i. Business Models and Approaches

       1. Shared Service – A third-party e-procurement service that

is fully managed, owned and operated by the third party and used by one or more governments and their suppliers.

2. Public Private Partnership (PPP) – A government e-procurement solution that is managed, owned and operated by a third-party service provider, often with the intent to transfer the platform back to the government in the future.

3. Government Owned and Operated – A government developed and operated e-procurement solution that may or may not have been delivered by third-party partners.

4. Government Managed Service – A government managed e-procurement solution that is operated and owned by a third-party partner.

   ii. Risk associated with the different business models as related to internal capacity to develop and manage a system and managing the use of a private system for a system that may be in place for a 10-, 15- or 20-year period.

b. Institution governance and legislative framework to support a system implementation.

   i. Need to institute governance of the system through a lead implementing agency:

1. Roles and responsibilities of the agency, buyers and suppliers

2. Policies and practices governing the operation; no difference in manual and electronic documents, dealing with bid security instruments, supporting manual submissions, dealing with system failures

3. Terms of use for accessing system by procuring entities and suppliers – limitation of liabilities

4. Privacy – dealing with access to information laws while protecting privacy of users; information collected may only be used for intended purposes.

   ii. Policies, regulations and legislative framework for supporting e-procurement and e-government initiatives; recognition of electronic documents:

1. Basic principles that should be addressed, such as transparency, open access, governance, standard bid documents and processes, security, instituting lead organizations and mandating use of system, process for remedy and complaints

2. How to formulate policies and legislative framework to support the implementation of e-procurement

3. Link to reference sites (UNCITRAL, WTO, e-practice, others)

iii. Samples of existing laws from UN member states – link to existing country official websites.

iv. Samples of Standard Bidding Documents and process – link to existing official sites.

c. Capacity building and business development.

i. Supporting and training procuring entities:

1. Links to organizations supporting the development of procurement professionals (NIGP, PMAC)

ii. Supporting, training and developing the supplier marketplace to participate in the system.

iii. Applying e-learning tools for training and support.

d. Engagement of the business community and civil society.

e. Managing risk with the implementation of a system.

i. Understanding Project Risk:

1. Short-term contracts with long-term plans

2. Managing third-party ICT providers (termination and transition plans)

3. Rights and control of system and data

ii. Recognizing need for long-term plans:

1. Institution capacity to manage and operate an ITC business service

2. Changing governments and change in leadership and objectives

3. Project sustainability

iii. Data integrity and security:

1. Need to ensure data integrity

2. Security of the process

f. Country system implementations

i. Country database of member states e-procurement initiatives.

ii. Case studies and links to existing systems and document sources.

3. **Understanding the Technical Implementation of an e-procurement system**

   a. Summarize approaches for the technical implementation of e-procurement systems.

      i. Understanding business needs and policy objectives:

         1. Is the focus on tendering or purchasing?

         2. Open market and transparency

         3. External trade with other countries

         4. Integration with other systems (e-payment, financial management, company registration, tax system…)

      ii. Strategies for implementation:

         1. Single system versus multiple systems

         2. Proprietary system, open source and open architecture

         3. Starting with a pilot meeting basic requirements and letting the system evolve over time

         4. Current system standards and best practices

   b. Components of e-procurement.

      i. Different components and basic requirements of e-procurement:

         1. e-tendering

         2. e-reverse auctions

         3. e-purchasing

         4. e-contract management

         5. e-payment

         6. Administration and management of the system and users

         7. Procurement information management system

         8. Links to papers and discussions on technical components and standards

      ii. Understanding security and user authentication.

         1. Link to papers and discussions on the topic

         2. Standards for exchanging data

         3. Sample of different solutions

      iii. Understanding data requirements.

         1. Data integrity and quality

         2. Reporting

         3. Controls and monitoring

         4. Interoperability with other systems

     5. Ownership and copyright and privacy

  iv. Understanding document management.

     1. Developing electronic procurement documents:

        a. PDF, XML, Forms – link to papers and approaches on this topic

     2. Supporting works projects with virtual plan rooms for the management and distribution of plans

     3. Applying security and encryption of documents

  v. System implementation planning.

     1. Operation requirements:

        a. Facilities, network, system architecture, backup and recovery, service level agreements

     2. Disaster recovery planning

     3. Technical requirements and planning (open source versus closed sources)

     4. User technical infrastructure requirements

     5. Support services – call centre

     6. Product planning

  vi. Use of new technology in e-procurement solutions.

  vii. Mobile applications

  viii. Use of social media

  ix. Link to sources of discussion and papers

4. Events, Networking and Reference Material

  a. Promoting events on e-procurement.

  b. Support network forums to submit questions to associated experts.

  c. Links to other related material.

Conclusions

The paper outlines a recent process through which the Division for Public Administration and Development Management of the United Nations Department of Economic and Social Affairs attempt to facilitate for U.N. member states a better understanding of E-Procurement as a tool to facilitate transparency and efficiency in public sector delivery.

The main exercise has been an Expert Group Meeting held at the UN Headquarters in New York from 4th-5th October 2011, counting on the presence of key international experts and institutions working on this theme. Following a spirit of cooperation among all these institutions, the EGM successfully highlighted some of the main challenges, components, policies and practices of e-procurement at global, regional and national levels, and also outlined the basis for a concrete product tentatively called "Knowledge Guide on E-Procurement", which will be developed in cooperation with all key actors working on E-procurement without duplicating their good work. This Knowledge Guide will be ultimately disseminated to all 193 Member States of the United Nations.

The proposed Knowledge Guide would encompass the following sections:

- Understanding E-Procurement;

- E-Procurement Implementation and country strategies

- Understanding the Technical Implementation of E-Procurement systems;

- Events, Networking and Reference Material.

The Knowledge Guide on E-Procurement would be a collaborative effort between members of the expert panel; it would not attempt to duplicate or replicate any initiatives already under way, but would serve to promote those activities and highlight the different sources of information available to help educate and assist member states in the development and operation of e-procurement programs. The centralized guide would become a forum for sharing information and country experiences, and for networking with experts. This would allow member states to remain current on the various e-procurement initiatives undertaken throughout the world.

E-procurement has been recognized as one of the e-government solutions that can have a profound effect on government operations, supporting government reforms for better transparency, effectiveness and accountability within the procurement process. DPADM and UNPOG have recognized the need to provide member states with a more comprehensive tool for better understanding e-procurement and how go about implementing a system, which is why they have organized a technical consultation and the Expert Group Meeting to determine how to address the issue and better serve the needs of the member states.

The next steps suggest a need for international, regional and national institutions to cooperate on the development of this "Knowledge Guide on E-Procurement" and possibly other products that demonstrate the value of international cooperation to facilitate the delivery public services worldwide.

References

- Final Report on the Research and Policy Development Consultation Meeting on e-Procurement for Innovative Governance (10-11 March 2011, Seoul, The Republic of Korea), prepared by James Kang, Korean e-Procurement Service, Seoul.

- AIDE MEMOIRE for Expert Group Meeting E-Procurement Towards Transparency and Efficiency in Public Service Delivery (4-5 October 2011, U.N. Headquarters, New York)

- A Review of Business Models and Approaches – A study conducted for the World Bank (November 2010)

- The Background Paper – E-Procurement Towards Transparency and Efficiency in Public Sector Delivery, UN, October 2011

Web Resources

- mdbegp.org – MDB EGP tool kit documents and eGP MAP

- epractice.eu – selection of e-procurement papers

- www.worldbank.org

- www.adb.org

- www.uppan.org

- www.peppol.eu

- www.cen.eu

- www.unspsc.org

- www.uncitral.org

- http://ec.europa.eu/internal_market/publicprocurement/index_en.htm

Annex 1: List of Participants

Experts

- Mr. Ashish Bhateja, USA, Senior Procurement Specialist, World Bank, Washington, DC

- Mr. André Hoddevik, Norway Programme Coordinator, PEPPOL (Pan European Public Procurement On Line), Norway

- Mr. Alejandro Barros, Chile, EGP and IT Specialist, IDB, Washington, DC

- Mr. David Salazar, Ecuador, Procurement Specialist, IDB, Washington, DC

- Ms. Lesley Field, USA, Procurement Specialist. US Procurement Policy, Washington, DC

- Mr. Eric Yoboue, France, Sr Procurement Specialist, African Development Bank, Tunis

- Mr. Gian Luigi Albano, Italy, Head, Research and Development Unit The Italian Public Procurement Agency, Italy

- Mr. Tae Kyung Kim, ROK, Sr. Deputy Director Information Planning Division, Korean Public Procurement Service, ROK

- Mr. Joseph Fagan, Canada, Consultant e-Procurement Systems

- Mr. Kang-il Seo, ROK, Project Manager Global Procurement Task Force, Korean Public Procurement Service, ROK

- Mr. Eung Keol Kim, ROK, Director Global Procurement Task Force, Korean Public Procurement Service, ROK

- Ms. Blandine Wu Yao Kuang-Chebili, France, Principal Procurement Specialist African Development Bank, Tunis

DPADM/UNPOG

- Mr. Vincenzo Aquaro, United Nations, Chief e-Gov Branch, DPADM/UNDESA

- Mr. Jonas Rabinovitch, United Nations, Inter- Regional Advisor DPADM/UNDESA

- Mr. Richard Kerby, Unitied Nations, Inter- Regional Adviser, DPADM/UNDESA

- Mr. Vijay Parmar, Senior Governance Advisor, United Nations, UNPOG

- Ms. Ji Hyung Yu, United Nations, Administrative Assistant, UNPOG

Annex 2: Agenda

Division of Public Administration and Development Management
Department of Economic and Social Affairs

UNITED NATIONS EXPERT GROUP MEETING (EGM)
E-Procurement: Towards Transparency and Efficiency in Public
Sector Delivery
New York, USA, 4 - 5 October 2011

AGENDA

TUESDAY, 4 OCTOBER 2011

EGM CHAIRPERSON: Vincenzo Aquaro, Chief e-Gov Branch,
DPADM/UNDESA

09:30 – 09:50	**WELCOME AND OPENING REMARKS** Ms. Haiyan Qian Director, DPADM/UNDESA
09:50 – 10:10	**INTRODUCTION TO THE EGM** Mr. Vincenzo Aquaro Chief e-Gov Branch, DPADM/UNDESA
10:05 – 10:25	**BACKGROUND: DESA/DPADM CONSULTATION** **MEETING HELD IN SEOUL, MARCH 2011** Mr. Jonas Rabinovitch Inter-Regional Advisor, DPADM/UNDESA
10:25 – 11:00	**PRESENTATION OF THE BACKGROUND PAPER** Mr. Joseph Fagan (Canada) Consultant
11:00 – 11:20	**Coffee Break**
11:20 – 13:00	**SESSION 1** **FEEDBACK BY GLOBAL, REGIONAL AND** **NATIONAL INSTITUTIONS** **Facilitator: Jonas Rabinovitch**

Discussion will focus on the feedback from participants about the approach to developing the annotated outline of guidelines to enable e-procurement development for governments, particularly those from developing countries and least developed countries, with recommendations drawing from the work of their respective institutions.

13:00 – 14:30	**Lunch Break**
14:30 – 15:30	**<u>CONTINUATION SESSION 1</u>**
15:30 – 15:50	**Coffee Break**

15:50 – 17:50   **SESSION 2**
<u>EXISTING FRAMEWORKS FOR E-PROCUREMENT -</u>
Facilitator: Gian Luigi Albano

Discussion will focus on conceptual frameworks for e-procurement, definitions, components and stages of E-Procurement, concrete references from specific countries, indicators, sources of information and websites giving full credit to current actors; global, regional and national sources of information on e-GP.

WEDNESDAY, 5 OCTOBER 2011

09:30 – 11:30   **SESSION 3**
<u>BUILDING GUIDELINES FOR E-PROCUREMENT,</u>
<u>including Regional Perspectives</u>
Facilitator: Ashish Bhateja

Discussion will focus on how to develop guidelines on E-Procurement without misleading countries; what components can not be missed? What stages should be considered? Building blocks: Being selective and focused on what information to search, share and update; what regional differences should be considered, if any?

11:30 – 11:50	**Coffee Break**
11:50 – 12:50	**CONTINUATION OF SESSION 3**

12:50 – 14:30	**Lunch Break**

14:30 – 15:30	**SESSION 4** **TECHNICAL REQUIREMENTS FOR E-PROCUREMENT** **Facilitator: Leslie Field**

Discussion will focus on technological requirements for overall E-Procurement information and knowledge management; what stages and business models to be considered; leapfrogging possibilities and concrete cases; mobile technologies for E-Procurement.

15:30 – 15:50	**Coffee Break**

15:50 – 17:30	**SESSION 5** **WRAPPING-UP and CONCLUSIONS** **Facilitator: Joseph Fagan**

Discussion will focus on conclusions:
Outline of guidelines and next steps to design a roadmap to enhance capacity development on E-Procurement, including format for guidelines, promotion, dissemination, networking, knowledge transfer, identification of what is missing at regional and global levels, synergies among actors and institutions and follow-up actions.

17:30 – 17:45	**CLOSING REMARKS** Vincenzo Aquaro, Chief e-Gov Branch, DPADM/UNDESA

Annex 3: Aide-Memoire

UNITED NATIONS   NATIONS UNIES

**DIVISION FOR PUBLIC ADMINISTRATION AND DEVELOPMENT MANAGEMENT
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS**

AIDE MEMOIRE

**Expert Group Meeting
E-Procurement :
Towards Transparency and Efficiency in Public Service Delivery**

4-5 October 2011, U.N. Headquarters, New York

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1.   INTRODUCTION

The Division for Public Administration and Development Management (DPADM) of the United Nations Department of Economic and Social Affairs (UNDESA) is organizing an Expert Group Meeting (EGM) on the topic " **E-Procurement : Towards Transparency and Efficiency in Public Service Delivery.** It will be held in New York, USA on 4 to 5 October 2011.

The EGM is part of DPADM's global initiative on e-Procurement as well as a follow-up to the "Research and Policy Development Consultation Meeting on e-Procurement for Innovative Governance" which was organized by UNPOG in March 2011 in Seoul, Republic of Korea.

The move towards a more citizen-centric approach entails improving online public service delivery through better use of ICT tools towards promoting the digitalization of the public sector, enabling better access to electronic services, including mobile delivery, and making self-service solutions through electronic and mobile services an opportunity for all.

The purpose of the meeting is to provide a forum for discussion to allow experts who are representative of various Regions to review and methodically examine e-Procurement approaches to provide developing countries with selected information and knowledge about conceptual frameworks, existing references, indicators, case studies and other features to guide national development practices without the presumption of advancing prescriptive formulas. In addition, the EGM has been designed to provide a truly global approach towards identifying the type of information and the sources of existing information to facilitate access of developing countries to E-Procurement approaches through **the development of annotated guidelines on the challenges, components, policy options and other key features of E-procurement systems.**

2.   BACKGROUND

Information and communication technologies (ICTs) have been increasingly applied to the practices of public sector organizations. The application of ICTs to government activities has been making remarkable impacts on their productivity, efficiency, and accountability, leading in many cases to substantial reforms of governmental structures and operations.

Quite often, active and systematic participation of citizens, NGOs and the private sector is made possible through the use of on-line systems built within the governmental decision-making processes, and, for this reason, outside sources can play a key complementary role in public service delivery.

Public procurement services are an integral part of public administration, and carry vital importance in the national economy of a country or group of countries. For example, the volume of goods and services procured by the public sector in European countries exceeds 16% of the European Community's GDP.

How to ensure efficient and fair public procurement thus came to the center of attention of a number of countries. In addition to a number of individual countries, the international community also recognized the need for good governance in public procurement. The initiative of the Task Force on Procurement led by OECD-DAC, for example, resulted in the formulation and application of guidelines for assessing the quality and effectiveness of public procurement systems.

It is in this context that online procurement of goods and services for the use of government agencies, i.e., "e-procurement" or "e-government procurement" (EGP), needs to be more closely examined. The practice of e-procurement to the public sector is differentiated among groups of countries. Some Governments have already established refined and complex systems of e-procurement for saving time and energy of government officials and creating an enabling environment for competitive biding while avoiding corruption. Some other Governments, on the other hand, seem to be struggling for funding and legal frameworks to build the necessary physical infrastructure for introducing e-procurement systems. Awareness is made that "one-size-fits all" approaches are not compatible with the diversity of procurement situations and the current reality of both developed and developing countries.

The support of international organizations has also been extended to their member countries so as to enable them to make use of e-procurement systems to enhance service delivery in an efficient and democratic manner. For instance, the Multilateral Development Banks, including the World Bank, the Inter-American Development Bank, the African Development Bank, and the Asian Development Bank, have been playing leading roles to provide the member countries with up-to-date strategic guidelines to promote common understanding of public sector e-procurement.

From the perspective of UNDESA's mandates, in order to support UN member states we would manage knowledge about shortcomings of e-procurement systems presently practiced in different groups of countries, identifying common challenges and issues for advancing innovative governance through the use of e-procurement, and clarifying elements required for developing a common framework or a toolkit for a systematic application of e-procurement schemes in developing countries, without duplicating current efforts by other partners and mentioning sources of information.

3.   CHALLENGES TO BE ADDRESSED

The EGM has been designed to review key issues related to e-Procurement within the context of current trends in e-government programmes existing in developing countries. The invited experts will also discuss some challenges and emerging issues with the aim of providing a template to guide policy development and implementation in the field of e-procurement.

In the technical consultation held in Seoul, Korea, sponsored by DPADM and the United Nations Project Office on Governance, the following challenges for e-Procurement development were identified.

a) Lack of awareness and capacity building programs

- Lack of government policies and legal frameworks (e-GP is not just ICT); lack of institutional capacity for public procurement;

b) Resistance to change

- procuring agencies' reluctance to convert to e-Procurement

c) IT infrastructure and internet readiness

- IT infrastructure for e-commerce not mature in many developing countries
- IT divide in different regions within a country

d) Lack of cross-governmental coordination

- difficulties in legislation
- multiple platforms may jeopardize long-term goals of e-procurement

e) Ineffective Implementation

- improper BPR (Business Process Reengineering)
- Digitalization without procurement reform
- Technology can complicate rather than simplify procedures

f) Obstacles for cross-border e-procurement

- Electronic signatures are recognized only domestically

In addition, the following issues were also mentioned by specific experts as relevant:

- technology infrastructure and internet readiness; limited use of e-Procurement by government agencies; difficulty in preventing collusion; illegal practices such as borrowing and using other bidders' authentication certificates aimed to increase the possibility of getting the contract; the development of e-commerce is still immature in many countries; different public sectors and institutions taking their own approach due to lack of the coordination between themselves and a centralized e-procurement systems within a country; backward standardization systems; uneven regional development; excessive e-procurement systems in certain countries without internal coordination; lack of internet availability and connectivity in remote areas (unequal access to e-GP); technology can complicate rather than simplify procedures; risk of vendor-biased construction of the e-Procurement system; danger of a misconception that e-Procurement system would be a panacea. Current challenges and key issues for the development of e-procurement systems also include the importance of commodity classification systems, auditability and security of EGP frameworks.

The issues above were mentioned for illustrative purposes concerning the context of E-Procurement. The intention is not to expand the scope of the EGM excessively. The focus of the exercise is outlined below in Section 4.

4.   OBJECTIVES AND ISSUES FOR DISCUSSION

The discussion on methodological aspects will focus on how to develop guidelines for e-procurement that could capture emerging challenges and trends in moving from conventional procurement to e-procurement approaches, including an awareness of merits and misconceptions of e-procurement. The objective is to disseminate these guidelines through the United Nations Public Administration Network and its portal United Nations Public Administration Country Studies (UNPACS), so that it becomes a useful tool for civil servants and practitioners in developing countries.

The meeting sponsored by DPADM and UNPOG held in Korea in March 2011 managed to identify misconceptions and the reality of e-Procurement as a departure point to guide policy-makers along a more realistic path for implementation.

Misconceptions and reality of e-Procurement

Misconceptions	Reality
E-GP is primarily an ICT project	**It's primarily a procurement project** - e-GP project should be led by the organization in charge of government procurement rather than IT authorities or IT vendors. - A common understanding on the roles and the balance of procurement professionals and IT professionals is important
e-GP is a digital replication of traditional procurement	**e-GP is an overall procurement reform agenda** - Conversion to e-GP requires the re-engineering of the overall procurement process in order to be successful - It is not an automation of the traditional paper-based process
e-GP will eradicate corruption	**e-GP may significantly increase transparency. However, when implemented improperly, it may give rise to new forms of corruption** - e-GP can provide traceability for audits, facilitate data analysis for detecting corruption, and enhance transparency through e- disclosure of bidding results. - However, when implemented improperly, it may leave room for abuses including illicit access to bidding data and data manipulation.
The introduction of e-GP requires heavy legislation	**e-GP does not require heavy prescriptive legislation** - Initiating e-GP may not require legislation - Light legal framework can be used in combination with complementary regulations and guidelines.
Single window e-Procurement portal requires centralized procurement system	**Single window e-Procurement portal can be adopted in countries with decentralized procurement systems** - Single window e-Procurement portal only requires a system operating entity. - Individual contracting agencies may commonly use the single window portal, while individually conducting biddings

Merits and Challenges of e-Procurement

In order to define the EGM agenda, the idea is not to invest too much time in discussing the merits of e-Procurement vis-à-vis its corresponding challenges. It is proposed that the experts should focus discussions on a set of topics defined below, based on previous e-procurement discussions.

Merits	Challenges
Significant improvement in transparency - traceability of all transactions - effective for preventing fraud and corruption - provide audit trail	**Lack of awareness and capacity building programs** **Resistance to change** - procuring agencies' reluctance to convert to e-Procurement
Enhances value for money - enhance competition through improved accessibility - reduces procurement costs and transaction costs - facilitates on-line catalogue based purchases, such as framework contracts - improved market intelligence and resource allocation management - facilitates the analysis of buying profile	**IT infrastructure and internet readiness** - IT infrastructure for e-commerce not mature in many developing countries - IT divide in different regions within a country **Lack of cross-governmental coordination** - difficulties in legislation - multiple platforms may jeopardize long-term goals of e-procurement
Ensures higher participation of SMEs - improved market access for SMEs to government procurement - reduced marketing cost	**Ineffective Implementation** - improper BPR - digitalization without procurement reform - technology can complicate rather than simplify procedures
Improved work efficiency	**Obstacles for cross-border e-procurement**

- reduces disputes - better enforcement of regulations - reduced procurement time - standardization and streamlining of procurement process	- electronic signatures are recognized only domestically

The following areas / questions are suggested for specific discussion.

a) Components of the Guidelines

One of the outputs of the EGM would be the design guidelines providing information, knowledge and guidance for U.N. member states on e-procurement issues. This framework will become part of a toolkit set to collect at global level e-Procurement information and promote capacity development .

The mission of the United Nations Public Administration Network (UNPAN) is to promote the sharing of knowledge, experiences and best practices throughout the world in sound public policies, effective public administration and efficient civil services, through capacity-building and cooperation among the United Nations Member States, with emphasis on south-south cooperation and UNPAN's commitment to integrity and excellence. A portal of UNPAN is called United Nations Public Administration Country Studies (UNPACS). <u>UNPACS is envisioned as a comprehensive, up-to-date and readily accessible online knowledge-base in public administration.</u> UNPACS will help governments in making evidenced-based decisions by providing country data and global views on conventional and emerging topics related to public administration on all 193 UN Member States.

UNPACS Content is categorized by countries and regions, and by themes with relevant linkages to the mandate of DPADM and specific goals of the MDGs.

The following issues could be addressed:

- Conceptual framework for e-procurement, concrete references from specific countries, indicators, case studies and other features to guide national development practices

b) A proposed list of questions would include:

How to design/reform e-procurement systems within government agencies in terms of institutional arrangements, new skills and financial resources; this would entail:

- **understanding and highlighting the role of e-procurement in enhancing transparency, accountability and the delivery of services;**

- **outlining and evaluating the operational context for e-procurement approaches;**

- **outlining and evaluating ICT tools and frameworks to increase a country's ability to engage in e-procurement policies and practices;**

- **evaluating methods for collaborating across Government departments to achieve common outcomes;**

The drivers behind these concerns are to achieve efficiencies that reduce government's costs while enhancing transparency of procedures.

c) How to address the issue of digital divide and how governments could use mobile technology to enhance e-procurement possibilities;

d) How to improve the integration of e-procurement services of different government sectors which entails back-end coordination and interoperability issues, and how to practically assess back-end integration by reviewing the upfront services;

5.   EXPECTED OUTPUTS

This two-day meeting will be tightly structured, with a clear focus on seeking concrete advice and recommendations for developing an approach and a tool aimed at improving support for e-procurement practices in U.N. member states at a global level.

As _concrete deliverables_ of the meeting, the following outputs are expected:

- Identification of current availability of information about e-Procurement as a basis for guidelines to be disseminated to all UN members states
- Identification of where information about E-Procurement can be located, including websites, current work being developed by multilateral development banks and other agencies.
- Definition of annotated guidelines to cover issues such as conceptual frameworks for E-Procurement, components of E-Procurement systems, Dos'and Don'ts, what is missing in the national, regional and global scenario, technology-related aspects, use of mobile technologies and others.
- Guidelines on how teams of non-experts could gather, organize and manage such information according to the template
- A final report outlining the issues discussed, conclusions and outputs.

6.   LANGUAGE OF THE WORKSHOP

English

7.   PARTICIPANTS

The Expert Group Meeting will be attended by a number of e-government experts drawn from a variety of fields, including academia, the United Nations system and other relevant international organizations.

8.   CONTACT FOR FURTHER INFORMATION

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