



Final Report Capacity Building Programme for Government Procurement Reform

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**Organized by: the United Nations Department of Economic and Social Affairs(UNDESA)
and the United Nations Governance Centre (UNGC)
in collaboration with the Public Procurement Service (PPS) of the Republic of Korea**

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The views expressed in this paper are those of the author(s) and do not necessarily represent those of the United Nations or its Member States.

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Overview

Background

The United Nations Governance Centre (UNGC), under the auspices of the United Nations Department of Economic and Social Affairs (UNDESA), aims to support the efforts of the UN Member States to promote good governance and public administration through its activities in the field of (1) research and policy development, (2) advocacy and outreach and (3) capacity development.

In consideration of the portion of government procurement out of the total government budget and the number of the participants involved in its process, reform in government procurement is one of the most important areas of the government innovation that will benefit governments and their people by bringing enormous savings of the government budget, administrative efficiency and corruption prevention. Government procurement reform will also help the government regain trust of its people.

One of the ways to achieve government procurement reform in the age of information and communication technology is through the adoption of electronic procurement system, which can maximize the efficiency and transparency in procurement process.

This is why UNGC and UNDESA organized the first UNGC workshop on government procurement reform including e-procurement. This workshop also aims to enhance the awareness of the UN Member States on the UN Public Service Awards by introducing the Korea ON-line E-Procurement System (KONEPS) which won the Award in 2003.

In addition to this workshop, which targeted at the procurement experts from the Asia-Pacific countries, the UNGC plans to continuously organize similar training programmes for the countries in other regions.

Objective

This training programme provides a forum for government officials from Asia-Pacific countries to learn about current status of procurement reform, including e-Procurement in neighbouring countries, be motivated to follow best practices, and help their governments to establish further action plans for government innovation.

Organization and Format

The Capacity Building Programme for Government Procurement Reform was held at UNGC in Seoul, the Republic of Korea from 19 to 21 December 2006. The Programme received 20 delegates from 9 countries in the Asia-Pacific region: Brunei, China, Fiji, Indonesia, Malaysia, Pakistan, Papua New Guinea, Thailand, and Vietnam.

First Day

Opening: Mr. Key Cheol Lee, Officer-in-Charge of UNGC opened the meeting and introduced the

foci of the programme. Ms. Haiyan Qian, Chief of the Knowledge Management Branch, UNDESA, made opening remarks reiterating the importance of conducting such a workshop, and acknowledged with appreciation the sponsors from both government, private and academic institutions of the Republic of Korea for hosting this timely event. Ms. Jieho Choi, Communications Officer of the UNGC, briefed on the role and functions of the Centre.

Lectures: The first-day session consisted of three lectures: (1) recent global and regional trends related to e-Government by Dr. Kuk Hwan Jeong, (2) preliminary report on a survey conducted to find out current status of e-Procurement in pacific-rim countries by Mr. David McDermont, and (3) a summary report on Korean experience with e-Procurement system development and implementation by Dr. Seunghyun Kang.

Second Day

Country Reports: On the second day, delegates from nine countries – Brunei, China, Fiji, Indonesia, Malaysia, Pakistan, Papua New Guinea, Thailand, and Vietnam – made presentations about the status of their procurement reform and e-Procurement systems. Each presentation was followed by questions and answers.

Wrap-up Session: After all the delegates presented and discussed their country reports, a final wrap-up session was held in order to encourage in-depth discussions of key issues and challenges related to procurement reforms. The group identified recurring themes and built a priority list of critical policy issues for any e-Procurement system to become successful. In short, the following critical success factors for achieving good governance using e-Government and e-Procurement were identified.

- (1) Innovate procurement processes first
- (2) Begin inter-agency coordination as early as possible
- (3) Government push first, but citizen pull at the later stage
- (4) Mandate the use of e-Procurement system across agencies
- (5) Take a step-by-step approach in establishing realistic expectations for each stage
- (6) Build awareness campaign to increase adoption and participation from the private sector
- (7) Induce cultural changes through comprehensive training programme for suppliers as well as buyers
- (8) Pay close and systematic attention to user complaints and requests
- (9) Continuously measure payoffs and performances

Third Day

Site Tours: On the final day, delegates paid visits to the Government Innovation Hall of the Republic of Korea, Samsung SDS Data Center and Seoul Regional Public Procurement Service of the Republic of Korea for in-depth understanding of e-Government and e-Procurement systems. All of these sites provided opportunities for keen observations of procurement reform from the infrastructure of e-Procurement systems to the actual applications and interfaces of the system as well as descriptions of surrounding conditions and legal environment.

Closing: Concluding remarks and reference to some of the key recurring issues, which emerged from the three day programme, were made by Ms. Haiyan Qian, UNDESA and Mr. Key Cheol Lee,

UNGC. These recurring issues are explained at the end of this report in the conclusions and recommendations session.

e-Government, Procurement Reform, and e-Procurement: Striving for Transparency and Efficiency

This section of the report summarizes the three lectures made on the first day of the Capacity Building Programme for Government Procurement Reform. These lectures were designed to trigger discussions on how to build capacities for development, implementation, and sustenance of e-Government, government procurement reform and e-Procurement.

Building e-Government to Improve Governance by Dr. Kuk Hwan Jeong

e-Government as an effective tool for good governance: Information revolution is making a huge impact on the way government operates. E-Government is being accepted in many countries as an effective tool to improving the quality of government services, changing the way citizen services are delivered, and even transforming the way citizens participate in the governance process.

Cores of e-Government: The four critical components of e-Government are: information sharing, government portal, broadband networks, and electronic document processing systems. Although these four components are all critical, more emphasis is put on information sharing and government portal. Broadband network is important as the necessary infrastructure for e-services to be delivered on time while electronic document processing system is a prerequisite for document process across different levels of government, different branches of government and different agencies. Data and information sharing is important for integrating governance processes while government portal represents, metaphorically, one-stop service delivery for citizens.

Information sharing - A Prerequisite for Inter-Agency Coordination: From the beginning stage of the e-Government reform, information sharing is critical. Information sharing enables databases to be inter-connected and for one-stop administrative services to be established through Internet connection. Information sharing takes much time as compatibility and standardization problem needs to be resolved across many databases as well as 'information-as-power' cultures. Organizational culture needs to be changed and officials need to give up the idea of information as a source of power.

Government portal - One-Stop Service Metaphor: Government portal aims to provide citizens and businesses with an easy access to governmental information or services in an integrated way. It should be functionally designed and organized around life-cycle events. Such life-event portals enable citizens to avoid confusion about governmental service process, to acquire service-based information and to access application forms or relevant legal systems directly.

Procurement Transformation: Global Trends and Issues By Mr. David McDermont

Electronic Government Procurement Systems (e-GP): e-GP refers to the use of information and communication technology by governments in conducting their procurement relationships with suppliers for the acquisition of goods and services in government and the public sector. The technology supports to establish database for e-Procurement programme. The database is linked to other corporate planning, financial and supply chain systems. The technology is related to underlying components such as leadership, planning, governance, infrastructure, private sector involvement, and procurement management. These factors are all involved in e-Procurement programme, which consists of e-tendering, e-purchasing, and e-contract management.

Process Transformation: In general, government procurement consists of three general steps: (1)

planning stage where needs are identified, business cases are established, purchase plans are made and bidding documents are developed, (2) formation stage where bids are invited/received and evaluated, due diligence is negotiated and performed, and the contracts are finalized and awarded, and (3) management stage where contracts are actually executed with periodical reviews.

However, during this process, corruption is likely to interrupt each stage's development. When needs, data, or plans are selected in the first stage, the selecting methods may be biased and uncontrolled. In the next stage, the procedure for dealing with biddings and contacts can become corrupted by unfairness, poor criteria and poor management control. Lastly, for management of e-Procurement, the corruption often occurs due to absence of auditing system and review programme.

Procurement and Governance: Governments focus on procurement reform to reduce opportunities for corruption, improve procurement effectiveness and efficiency and enhance market participation by suppliers. For good governance, there are three critical features to develop effectiveness and reduce poverty: public financial management, procurement, and combating corruption through preventive, investigative and enforcement measures. Thus, many countries are currently considering the procurement reform with transformation from the existing procurement to electronic procurement.

International Survey on e-GP Systems: Resulting from the international survey on Asia-Pacific systems, there are key findings on e-Procurement system. First, the e-system in the surveyed countries has very similar functionalities; for example, for e-Tendering, 27 out of 49 functionalities and for e-purchasing, 33 out of 36 functionalities. Second, most systems were found to be custom-built web applications though their functionalities were similar. Third, most systems were developed and commissioned from 1999 to 2002. E-tendering system took 4 to 12 months for development and implementation while e-purchasing system took 9 to 36 months. Finally, small or medium size systems often lack functionalities such as document download, payments online, provision of audit trails, online buyers/suppliers manuals, and linkage to other system.

e-GP Strategies and Approaches: Sharing the Korean Experience by Seunghyun Kang

Introducing GPEG: Government Procurement Experts Group (GPEG) was established during APEC meeting to promote 21 member countries to share information on GP systems. The member countries adopted non-binding principles for GP system in the Asia-Pacific region. The principles cover value for money, accountability, fair dealing, and non-discrimination.

Effects of e-GP: Development of e-GP system enhances transparency and consequently increase efficiency and effectiveness by reducing corruption. Also, it saves resources and eventually the financial budget by improving the decision-making process. Finally, e-Procurement system encourages firms to participate in the e-system process.

Introducing KONEPS: The Public Procurement Service (PPS) of the Republic of Korea developed and implemented the Korea ON-line E-Procurement System (KONEPS), digitalizing the entire procurement process from purchasing and contracting to financial settlement, as the one-stop procurement portal. It provides comprehensive bidding information at one site, enhancing efficiency, transparency and opportunities for participation from public and private sectors.

Critical Expansion Strategies of KONEPS: The PPS had developed and implemented strategies to facilitate nation-wide adoption of KONEPS. First, PPS established a call center and web call center as a customer satisfaction center to handle complaints or Questions, and eventually minimize user's resistance to the system. Second, PPS provides its users with extensive education and training programme both online and offline. These training programme work as awareness campaign for KONEPS. Such training programmes lead the users to be familiarized with KONEPS. Third, PPS paid attention to users' convenience and opened up system resources for expansion. For example,

users may access KONEPS service through their PDA, contacts by CRM channels, or other source on Internet such as private portals. Lastly, PPS is currently trying to build mutual confidence between government and users by increasing system stability and security. These strategies had increased trust on the users' side.

Discussions

Throughout the presentation and the follow-up discussions, it is evident that successful e-Government system, including e-Procurement, develops gradually rather than overnight. It takes time not only to resolve technological problems but also to overcome social and organizational hurdles. Discussions naturally led to evolutionary stages of e-Government.

With respect to the evolutionary stages of e-Government, participants avoided comments on what are the stages as they are already aware of different theories proposed about these stages. Rather, participants discussed defining characteristics of these stages. Several suggestions were made about defining characteristics, and participants and presenters agreed with two critical dimensions of successful e-Government evolution: *level of information sharing* and *degree of citizens' participation*.

As stated earlier, information sharing is an important dimension as e-Government targets towards integration across different departments and agencies. Without sharing information across these organizational boundaries, e-Government will stay as standalone systems without streamlined and integrated processing capability. In this regard, one important dimension of e-Government development would be the level of information sharing. As e-Government develops, the level of information sharing will also increase.

Another dimension of importance seems to be the degree of citizens' participation. Discussion of this dimension emerged from the point that as e-Government advances, citizens' demand should drive the evolution so that real and practical needs shape the system. Although participants agreed that drive from the government side is important, this has to come in parallel with citizens' participation.

Discussion led to the following figure summarizing two important characteristics of evolutionary stages of e-Government, which may lead to "good governance." It is a two by two matrix where the level of information sharing on one axis and the degree of citizens' participation on other axis. Using these two characteristics, this evolutionary grid may explain four different stages of e-Government and e-Procurement systems in a simplified manner: *web-presence*, *integrated portal*, *participatory governance*, and *electronically enhanced governance* with integrated services.

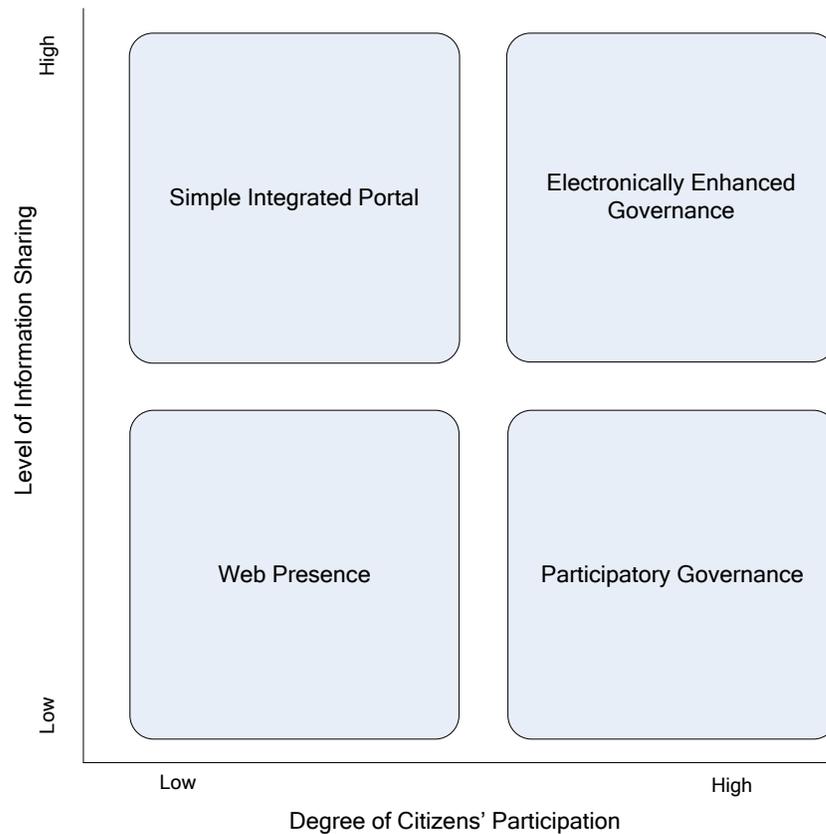


Figure 1. Evolutionary Grids for e-Government

Web Presence: This stage is characterized by low level of information sharing and low degree of participation from citizens. Websites are developed for various reasons but most likely these websites are built by following structural boundaries without any information sharing across these boundaries. This is where most e-Government initiative begins. In this stage, not much interaction happens with citizens except limited communication through bulletin boards.

Simple Integrated Portal: This type of e-Government is characterized by a high level of information sharing but low degree of participation from citizens: As the demand for transactional service increases, government websites begin to be linked with each other for more integrated information presentation and transactions. Participants have suggested that many government websites might contain linkages to other databases and websites but it is also possible that these linkages may not reflect requirements from the citizens' viewpoint. Rather they may be built upon processing convenience from the government's perspective.

Participatory Governance: Practically and theoretically, the degree of citizens' participation does not have to go along with the level of information sharing. E-Government could be a collection of information islands despite high degree of citizens' participation. Local government may run their own websites with citizens' requirements fully reflected. However, considering the nature of government services, this can only be transitory state because eventually, citizens transactions and requests usually go through different levels of government as well as different departments.

Electronically Enhanced Governance: This is where the e-Government is composed of highly interconnected systems where information flows across boundaries of systems and organizational boundaries and citizens' demands are fully reflected in the system, and the degree of participation from citizens is very high. Here participation includes prompt feedback on governance issues as well as service transactions. This is the stage where implicitly and explicitly the system is driven by citizens' push along with strong drive from the government side.

As the discussion was drawing to a close, an important point was raised. It is clear that the starting point is the web presence and target destination is the enhanced e-Governance. But it is unclear whether e-Government system goes through partial e-Governance first or portal service first, or in combination with both. In this regard, participants agreed that the evolutionary models of e-Government may be not normative at all but prescriptive in every sense.

Country Reports and Discussions

On December 20, 2006, the second day of the workshop, delegates from each country presented and discussed the status of their government procurement systems. This session was chaired by Dr. Jungwoo Lee, Associate Dean of the Yonsei University, Seoul, Republic of Korea. Dr. Lee designed this session to lead participants to devote more attention to the issues and strategies that may be of particular importance and relevancy.

Country Reports

Each country presented its development situation in the government's e-Procurement system. Although most countries were taking steps forward to improving the e-system, they had different challenges depending on the country's situations. Malaysia, Thailand and Vietnam have improved the e-Procurement system through developing the legal system and the financial allocations. Brunei, China, Indonesia, Pakistan, and Papua New Guinea are currently taking the initiative to establish e-Procurement system. As they have challenges to transform the existing system to the new e-system, they are preparing to learn from successful models by participating in international forums/workshops. Fiji has not yet developed its e-Procurement programme.

Brunei

The current status of Brunei's procurement system under the Department of Information Technology and State Stores (DITSS) is regulated by its legal system on procurement. Through establishing Customer Relationship Management (CRM), the Government of Brunei is dealing with all aspects of interaction between the Department and its clients. However, there are several challenges resulting from centralization of the process, instability of fund allocation and absence of clear monitoring methods. The Brunei Government is now taking a three year project for the e-Procurement system under DITSS, Ministry of Finance Centre, and currently at the stage of preparation of tender documents. This project aims to provide end-to-end procurement service enabling a community of buyers and sellers to transact goods and services via the Internet.

China

The e-Procurement system in China is at the very beginning stage, integrated with the procurement reform. The Chinese Government has put great importance to this procurement reform in order to refine its legal system and improve transparency and efficiency. Despite continuous efforts in the past years, Chinese system has obstacles, mainly about lack of apposite legal system, unified e-Procurement structure, security guarantee for confidential business information and limitation of IT infrastructure. There are also disputations on types of e-Procurement system due to China's huge territory and 5-level governance structure with millions of suppliers. The Chinese government is willing to learn and research advanced international experiences and conduct its e-Procurement development plan for further development.

Fiji

The government procurement system in Fiji is operated by the decentralized public administrative departments under the Ministry of Finance. Although the procurement methods have been developed since 2005, complying with the relevant regulations and the Finance Act, the Fiji's Government has to improve for a more efficient, effective and transparent procurement system. To

do so, the government is currently addressing its difficulties in limitation of purchasing, lack of resources and technologies and corruption/monitoring problems through training local staff or sending them to participate in international training programmes.

Indonesia

The Indonesian Government is currently developing its procurement programme by issuing a series of Presidential Decrees and operating the National Government Procurement Examination in order to enhance transparency and fair competition. However, there are still challenges to overcome: transparency, uniformity in procurement standard, fair and effective competition, and accountability. The Indonesian Government will accept to use the US model and actively participate in intergovernmental forums or conferences to learn technological skills, resources, and e-system information.

Malaysia

The Malaysian e-Procurement programme is currently transforming the existing procurement system into a global system, emphasizing the feedback in benefits of e-Procurement system to organize future planning. The Malaysian e-Procurement 6 Modules cover supplier registration and all procurement modes. The e-Procurement reform aims to enhance accountability and transparency, to reduce time and expenses and to boost cooperation between government and business sectors. The Malaysian government needs to improve the following: low IT literacy, changes in work ethics and practices, lack of up-to-date information, and infrastructure readiness. By doing so, Malaysia expects a more efficient and effective procurement process in the future.

Pakistan

The situation of Pakistan's procurement system is also in the very early stage. To achieve a better system, the procurement procedure is decentralized and the regulatory framework has been established on general and specific regulations on procurement. Pakistan has also developed the public procurement rules dealing with procurement planning, negotiations, procedures, and evaluation criteria through Pakistan Procurement Regulatory Authority (PPRA). By reforming the procurement system, Pakistan is pursuing to restrain corruption, to increase transparency and efficiency, to save its financial budget, and to promote competitiveness. To do so, the Pakistan government agencies have strategies to build basic infrastructure, standards, relevant application forms and enabling environment for e-Government procurement system.

Papua New Guinea

Papua New Guinea is currently undergoing internal reform, including procurement reform, with promulgation of new Legislation and Finance Act, under the Central Supply and Tenders Board (CSTB). Also, in cooperation with the Australian Governments Donor Agency, CSTB is developing a procurement reform plan and reviewing all major procurement procedures. According to the procurement plan, Papua New Guinea is now in a development phase which focuses on establishing consistent procurement practices and expertise within the CSTB and related agencies. Despite the recent efforts on e-Procurement programme to conduct research into ICT development and to develop more effective services, its infrastructure has yet to be stable to improve telecommunications in provinces. The CSTB as the centralized government procurement body will take a project to improve current legal systems, to form a working committee, and to encourage public and private sectors to participate in, for its new e-Procurement system.

Thailand

Thailand's current procurement methods, including e-Procurement system, are restricted by the regulations of the Office of the Prime Minister. The Thai Government has developed a plan to

transform the current procurement system to e-Procurement system since 2004. With the introduction of the e-Procurement programme, the Thai Government budget can incur savings and the procurement procedures can be easily accessed and monitored. However, the current procurement system has problems in inflexibility of relevant regulations and procedures, and absence of experts and standards and insufficiency of information. For a future e-Procurement system, Thailand will develop supplier registry and management system, customer rating system, supplier black listing system, information system, and professionalize the e-system.

Vietnam

Vietnam has reformed the legal system on procurement since 2005. The Vietnamese government is currently undertaking a plan to develop IT infrastructure, resources and all services on its e-Procurement system. Although the Vietnamese procurement system has professionally experienced experts, it has some problems in procurement process and bidding results. Also, another problem remains in lack of IT infrastructure, limitation on information and necessity of detailed regulations on e-Procurement. The Vietnamese government is trying to handle the process-related complaints and legal cases of violations of procurement law by establishing the Consulting Council. Moreover, the government will publish the procurement newspaper and operate a public website to provide information by advertisements and announcements.

Discussions

At the end of country reports presentations, Dr. Lee, the chairperson, held a summary and discussion session, discussing issues and challenges involved in developing e-Procurement system for good governance. It was agreed that the development of e-Procurement system involves not only technical investment but also accompanying changes in social systems including, but not limited to, legal systems. Next section summarizes the issues and challenges discussed in the session.

Critical Success Factors of Procurement Reform through e-Procurement

Through the country reports and presentations, it became clear that recurring themes across different presentations and discussions concerning e-GP was noted. It was generally agreed that nine lessons have emerged and the delegates' consensus is that these are critical for the success of procurement reform through e-Procurement, in the following order of importance.

(1) Innovate Procurement Processes First

Previous experience reported by Korean delegates and case presentations from other countries emphasized the process innovation long before the system implementation. Without renewed and reengineered processes, the new system may technically work but will not serve the final objective of enhancing governance. Also, as some parts of the procurement processes are unique for certain situations on hand, environmental assessment should be done first even before the system is designed and developed. In this regard, e-Procurement system is recommended to be put as a single national platform, so that procurement processes are at least monitored centrally though the system may operate in a decentralized manner. This innovation process is an on-going effort with which systems go through continuous changes and surrounding environment evolves.

(2) Begin Inter-Agency Coordination as Early as Possible

As procurement processes cross over many departments and ministries, it was noted that the amount of efforts made in the coordination among these organizational units are tremendous. Also, as fragment of processes are controlled by different departments and agencies, the hand-off time

among these coordinating bodies are the major hurdles in expediting the process. In some countries, procuring small but standardized items took more than three months to be processed and delivered, not because of the availability of the item but due to the hand-off time among different departments and authorities. Most of the delegates with experience in e-Procurement system implementation unanimously voiced that achieving coordination among relevant ministries in the process of network deployment and service provision is the greatest Challenge they faced.

Successful information sharing, integration of service, and processes across organizations is dependent on how relevant agencies effectively overcome the barriers that exist in legislation and resource allocation. Effective coordination can take place centrally, and policies will be most effective when coordinated to implement a clear set of action programmes from the planning stages as well as implementation stages. Many of the action programmes convey and reinforce a sense of importance and priority. In this regard, development initiatives must be guided by coordination among the parties at stake on how networks and services are to be designed, constructed and maintained in balance with the existing infrastructure and the current mechanism of service delivery.

In this regard, it was recommended a government-wide task force involving all the related agencies should be organized, and assign team leaders for decision-making, plan-execution and intra-agency collaboration. In some cases, setting up a government-wide semi-permanent collaborative organization is also recommended even after the first phase of implementation so that the maintenance and stabilization of the system can be performed without critical problems.

(3) Government Push First, but Citizen Pull at the Later Stage

In general, when driving e-Government initiatives including e-Procurement systems, supply side (government side) push comes first. The initial stage of e-Procurement is no exception. Usually, initial efforts to implement e-Procurement system are driven by desire to reduce corruption and increase transparency. Also, initial stage requires a large portion of public investment which prevents citizens or private sector from fully participating in the beginning. However, as initiatives more into mature stages, pull from the demand-side (citizen side) becomes more and more important. Demand-side pull is important as this becomes a driver for actual practical use of the system where private participation can be induced naturally.

Despite the fact that supply and demand forces work together in the adoption and diffusion processes of new service innovations, the dynamics of interaction between the forces themselves change depending on circumstances such as the relative state of technical knowledge, the availability of complementary and substitutive factors, the needs of society at any given time, and the effectiveness of the market in translating needs into clear demands.

The government sees a necessary leadership role in the development of application services, which are provided to citizens first, in order to create further demands. In the initial stage, the e-Government projects have been very active in the generation of service applications. The supply-side strategy has been reflected in the funding mechanism. At the initial stage, the special funding mechanism allowed the rapid start-up of building databases and networks by avoiding bureaucratic processes. While this initial funding system had been criticized as breaking the basic principles of national budget system, it has played a great role in preparing the groundwork for the government projects. Conclusively, support from government needs to be at the high level in the beginning, committed and well resourced while when it comes to mature stages, citizens' demand will drive the move.

(4) Mandate the Use of e-Procurement System Across Agencies

Implementation of e-Procurement system usually induces resistance from the users' side – users in this case refer to not only citizens but also governmental officials. As streamlining of business processes and removal of duplicate processes usually reduces the manual tasks, which scares

officers from voluntarily using the system. This kind of user resistance, whether implicit or explicit, is sometimes epidemic across different department and agencies once started. Despite foreseeable benefits in a large picture, this may triggers a vicious cycle of resistance.

In this regard, it is critical, from the beginning, to mandate the use of the systems throughout the government across departments and agencies including government-funded external agencies. By officially mandating the use, people will feel the executives' willingness to proceed with the reform process. People will begin to feel that the resistance at the individual level is futile as the bigger objective prevails over personal agenda. Also, at the same time, as system would not be properly evaluated if not used, this mandate will increase the usage and, in turn, usage increases the effective feedback about the system so that the system can be enhanced in a more expedited manner.

(5) Take step-by-step Approach in Establishing Realistic Expectations for Each Stage

Procurement reform with e-Procurement is not a single-leap event which may happen overnight, or over a week or even several months. It usually takes much longer than expected at the initial stage. Technical design, development and implementation of the system is one thing while social system change needs to accompany these technical changes, which may take much longer than technical changes. So, from the beginning, governments must be patient and adopt a step-by-step approach. Governments should start from the areas that can offer the largest and fastest return-on-investment to demonstrate the value of e-Procurement.

Also, within each stage of planning, design, and implementation, participation from the users' side is critical for the success of the system, and these participation needs to be properly motivated, not only driven by proper authorities. To maintain the proper participation level, it is critical to manage expectations about the progress and the system itself. High expectation may lead to premature disappointment while low expectation may lead to lack of proper attention. Care should be taken about how technology enables an individual voice to be heard and these voices are not lost in the mass. Appropriate management of expectation requires attention to these voices and it is an on-going challenge.

(6) Build Awareness Campaign to Increase Adoption and Participation from the Private Sector

The participants generally agree on the importance of awareness campaign along with extensive training of suppliers and vendors. Awareness campaign includes advertising on popular media as well as government channels. It is recommended that an awareness campaign manager be appointed, who will be responsible for building and managing technical assistance/help desk and customer satisfaction center, for example. Another example would be operating an educational tour programme and conducting nationwide education through centers of excellence in e-business.

However, this awareness campaign should be targeted towards realistic expectations rather than fancy promotion. This helps the private sector participate with realistic expectations as well as citizens to be aware of the government services though government procurement may not be directly related to citizens' daily life.

(7) Induce Changes in Business Culture through Comprehensive Training Programme for Suppliers as well as Buyers

Successful e-Procurement system not only involves technical training but also training about social and task changes incurred by the system. People need to learn about systems features but also the changes in the business processes, which may lead to cultural changes in the workplace. Training requires significant investment of time and resources. Probably the lack of adequate training is the reason why it was not successfully implemented in most countries. It needs to be started very early in the programme and continued throughout the process and even after the implementation. Also,

training is necessary not only for buyers but also suppliers.

For example, in order to help users adopt the system, the Public Procurement Service of the Republic of Korea provided mock bidding services in which users can experience and learn the system on their own. Also, they have provided educational tours for employees of purchasing organizations as well as suppliers, and conducted nation-wide education at 22 e-Commerce Support Centers. Also, they have established education centers at the head office and regional offices for extensive training.

(8) Pay Close and Systematic Attention to User Complaints and Requests

In successful cases of system implementations, users' complaints and requests are carefully listened and taken care of. In case of the Republic of Korea, a call center was established at the early stages of implementation. The call center handled questions and complaints about the system on a real-time basis. It handled 75,000 cases during three months in 2002. The center provides around-the-clock replies to user questions by telephone, e-mail, and bulletin board. In 2004, a Web Call Center was established for more advanced services. The Center provides screen-sharing between the consultant and users for direct question and answer.

(9) Continuously Measure Payoffs and Performances

Most of the benefits of information systems are invisible and intangible. Tangible benefits usually come as layoff or re-assignment of personnel, but in the public sector, these are not an easy option, and it takes time to figure out how to reorganize operations in order to fully reap the benefits of the new technologies. Therefore, it is recommended to: "Never stop measuring results and refining business processes." Continually evaluate performance and user satisfaction for the purpose of seeking out ways to further reduce expense and increase efficiency.

The chairperson concluded the second day of the programme by stating that progress was made towards a common understanding of how to best ensure that e-Procurement implementation takes place, and that there is a role UN organizations can play in filling up the gap between countries with advanced e-Procurement systems and less-advanced countries. Ms. Haiyan Qian and Mr. Key Cheol Lee, representing UNDESA and UNGC respectively, also agreed on this point in general.

Conclusions and Recommendations

Participants agreed that the programme sessions were beneficial for their practice in preparation for the future procurement systems for their countries. Despite the short duration of the programme, in-depth discussions were made concerning issues and challenges involved in procurement reform with regard to e-Procurement system. There was a consensus among the participants that e-Procurement is a necessary tool to achieve good governance for participation, transparency, efficiency and accountability.

Participants contributed numerous suggestions for issues that they would like to see addressed related to e-GP in the future. At the end of the programme, participants agreed to make following recommendations to UNGC and UNDESA.

1. ***UNDESA will invite participating countries to be part of World Summit on Information Society (WSIS) Action Line 1 and 7:*** After its second phase in Tunis, WSIS established eleven action lines, mostly focusing on how to promote information society. Action line 1 states "the role of government and all stakeholders in the promotion of ICTs for development. Action line 7 e-Gov is concerned about "ICT applications: benefits in all aspects of life." In this regard, action line 7 consisted of eight areas of applications – e-Government. UNDESA, as lead agency and facilitator, will extend an invitation to all the participating countries of the workshop to future meetings for Action Line 1 and 7 e-Gov.

2. ***UNGC will assist the PPS in developing KONEPS into a model system applicable to the countries under different IT infrastructure with the help of UNDESA in resource mobilization:*** Korean ON-line E-Procurement System (KONEPS) is a relatively comprehensive e-Procurement system successfully developed, implemented and being operated. With proper funding arrangements, PPS has shown some interest in partially supporting the packaging of necessary components of system into a portable system so that developing countries can adopt as their e-Procurement system. UNDESA and UNGC will try their best to mobilize internal and external resources for this purpose.
3. ***It is recommended to build a web dictionary for common vocabulary concerning e-Procurement systems and related procurement processes:*** Throughout the programme, delegates found some difficulties in communication as the terminology used were different in some context across countries. It seems that countries have developed their own terminologies as their procurement system evolved. UNGC and UNDESA will find a way to mobilize resources to build a web dictionary of procurement terminologies, on the UNPAN website.
4. ***UNGC should do its best to continuously develop this kind of training and dialogue for “e”-Procurement in cooperation with UNDESA and other organizations:*** There was a consensus among delegates that this capacity building programme was helpful and mutually beneficial. This kind of dialogue should be continued among countries whether they are developed or less developed.
5. ***In response to the verbal invitation extended by Mr. Wang Shao Shuang, Director, Ministry of Finance of China, to host the next follow-up training workshop in Beijing, China, UNDESA/UNGC will follow-up on this matter upon receiving an original written invitation from him.***

ANNEX I: PROGRAMME AGENDA

19 December 2006	Activity
9:00 – 9:30 a.m.	Registration
9:30 - 10:30 a.m.	Opening Ceremony <ul style="list-style-type: none"> - Opening Statement : Mr. Key Cheol Lee, Officer-in-Charge, United Nations Governance Centre - Opening Remarks : Ms. Haiyan Qian, Chief, Knowledge Management Branch, United Nations Department of Economic and Social Affairs - Introduction of Programme - Introduction of UNGC : Its Role and Activities - Introduction of the Participants
10:30 - 11:00 a.m.	Group Photo and Coffee Break
11:00 - 12:30 p.m.	Building e-Government to Improve Governance <ul style="list-style-type: none"> - Dr. Kuk Hwan Jeong Executive Director, Korea Information Society Development Institute
12:45 - 2:15 p.m.	Lunch Break
2:30 - 4:00 p.m.	Procurement Transformation: Global Trends and Issues <ul style="list-style-type: none"> - Mr. David McDermont Managing Director, International Governance Solutions
4:00 - 4:30 p.m.	Coffee Break
4:30 - 6:00 p.m.	Sharing e-GP Strategies and Approaches <ul style="list-style-type: none"> - Dr. Seunghyun Kang Deputy Director, Public Procurement Service of Korea
20 December 2006	Activity
9:00 - 10:35 a.m.	Presentation of Country papers <ul style="list-style-type: none"> - Chair: Dr. Jungwoo Lee Associate Dean, Graduate School of Information, Yonsei University, Korea - China, Fiji, Indonesia
10:35-10:55 a.m.	Coffee Break
10:55-12:00 p.m.	Presentation of Country papers <ul style="list-style-type: none"> - Chair: Dr. Jungwoo Lee Associate Dean, Graduate School of Information, Yonsei University, Korea - Malaysia, Pakistan
12:15 - 1:45 p.m.	Lunch Break
2:00 - 3:30 p.m.	Presentation of Country papers : Continued

	- Papua New Guinea, Thailand, Vietnam
3:30 - 4:00 p.m.	Coffee Break
4:00 - 5:00 p.m.	Discussion & Wrap-up
21 December 2006	Activity
9:15 - 10:00 a.m.	Site Tour - Government Innovation Hall
11:00 - 12:15 p.m.	Site Tour : Continued - Samsung SDS
12:15 - 1:15 p.m.	Lunch Break
2:00 - 5:00 p.m.	Site Tour : Continued - Seoul Regional Public Procurement Service
6:30 - 8:30 p.m.	Farewell Dinner

ANNEX II
LIST OF PARTICIPANTS IN THE CAPACITY BUILDING PROGRAMME
FOR GOVERNMENT PROCUREMENT REFORM

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ANNEX III



AIDE MEMOIRE

Capacity Building Programme for Government Procurement Reform 19-21 December 2006, Seoul, Republic of Korea

Background and Purpose

Transparency, accountability, fairness and efficiency are most important values to pursue in the realm of good governance and government reinvention because they enhance both the capacity of government and the quality of life for citizens. While most of the countries have attempted various initiatives to realize these values, e-Government has emerged as one of the central themes of their attention.

One of the important areas that government could be recommended to consider on priority in their implementation of e-Government at the initial stage is public e-Procurement system which will bring about the following spillover effects.

First of all, the e-Procurement system will contribute greatly to saving government expenditure and labor. The Republic of Korea which has introduced e-Procurement system since 2003, has saved roughly \$2.5 billion annually. Secondly, the system generates other numerous benefits including improvement of administration efficiency, more participation by private sector, and more fairness and competitiveness in the procurement process and elimination of corruption. Lastly, the system has helped the government to regain the trust of people by demonstrating its will to make the society more transparent and effective.

In addition, the Programme on the e-Procurement reform which will introduce in one of the sessions the Korean e-Procurement system which was endowed with the United Nations Public Service Award in 2003 will enhance the public recognition of the UN Award.

It is against this backdrop that the United Nations Governance Centre in collaboration with the Public Procurement Service of Korea is to organize the “Capacity Building Programme for Government Procurement Reform,” with a view to providing answers to the challenges and opportunities that governments of the Asia-Pacific region are facing in the process of introducing e-Procurement services.

The UNGC will plan to organize another programme on the same subject for East European and African countries in November 2007.

Format

- **Date:**
December 19 (Tue.) ~ December 21 (Thu.), 2006
- **Venue:**
Seoul Plaza Hotel
- **Proceedings:**
 - Day one: Lectures on e-Government and e-Procurement
 - Day two: Country reports on public procurement reforms
 - Day three: Site Tour (site visit to the Government Innovation Hall, Samsung SDS, and the Seoul Regional Public Procurement Service)
- **Participants:**
Around 20 participants are expected to attend this three-day training workshop, including one or two middle-level officials from public procurement-related agencies in each of the following countries: Brunei, China, Indonesia, Malaysia, Pakistan, Papua New Guinea, Fiji, Thailand, and Vietnam.

Programme Contents and Composition

- Presentations and discussion on policy and standards framework for e-Government and its impact on electronic government procurement systems.
- Presentations and discussion on public procurement reform, its linkages with electronic government procurement systems and potential impact of both on public sector transparency, accountability, fairness and efficiency.
- Presentations and discussion on electronic government procurement systems, their functionality, implementation issues.
- Presentations and discussion of the progress of trainee countries on e-Government, government procurement reform and electronic government procurement systems.
- Presentations and discussion of the Korea experience on E-Government, government procurement reform and electronic government procurement systems.
- Discussions of the application to the between government officials and experts from trainee countries of the topics explored, as well as to formulate new or modified plans of action.

