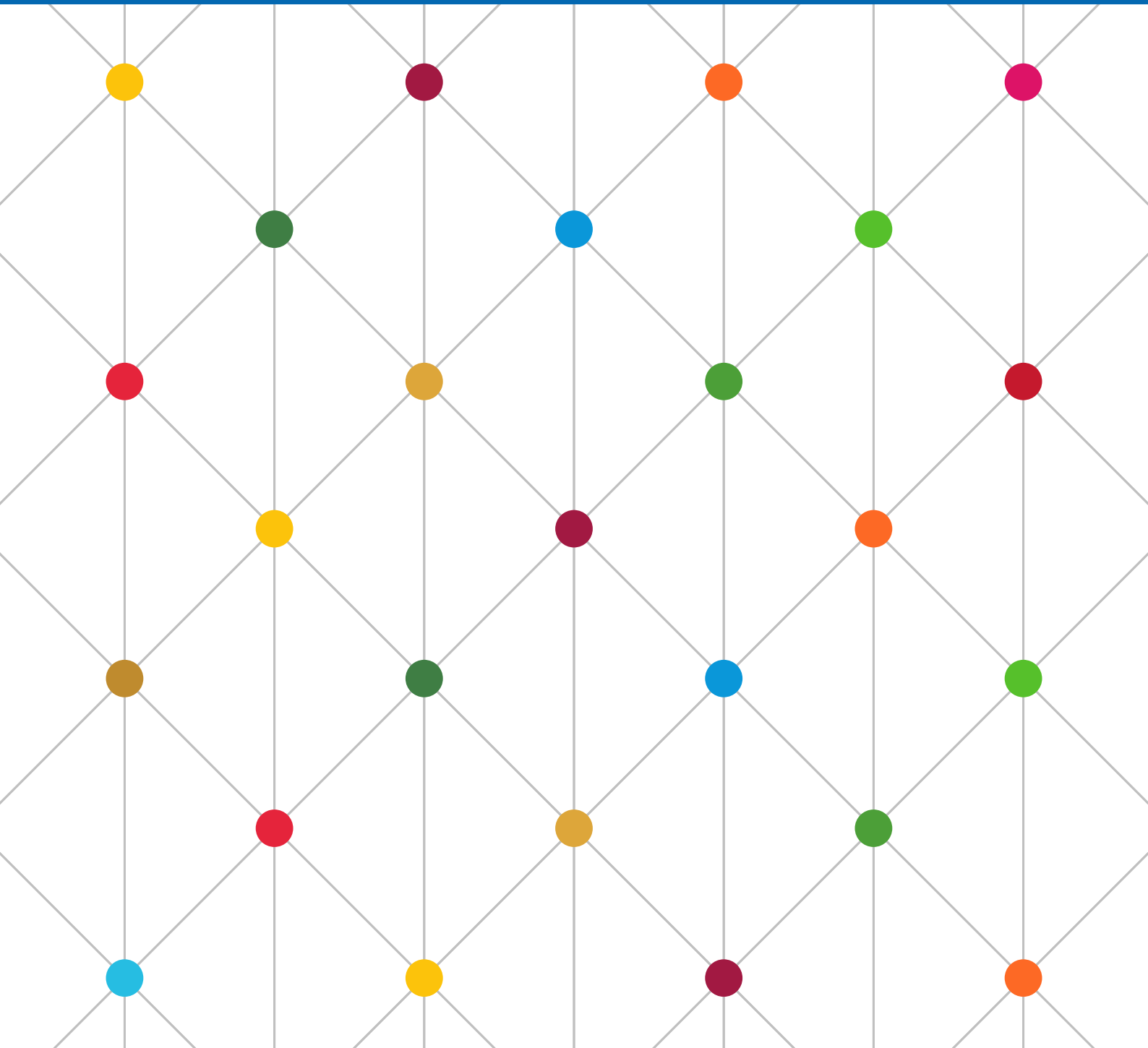


# Resource Guide

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## BUILDING TRANSPARENT AND OPEN PUBLIC PROCUREMENT SYSTEMS FOR ACHIEVING THE SDGS IN ASEAN



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# INTRODUCTION

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Corruption poses a significant threat to economies around the world. It weakens institutions, erodes public trust, undermines fair competition, and discourages investment. According to the United Nations Office on Drugs and Crime (UNODC), approximately 10 to 25 percent of all funds spent globally on procurement is lost to corruption. As a result, poor infrastructure development and insufficient service delivery to taxpayers and citizens prevail.

The [COVID-19 health crisis has also brought forth the vulnerability of the procurement function to corrupt practices](#) when it lacks the necessary tools to ensure transparency, accountability, and integrity throughout the procurement cycle. Hence, this crossroads can be perceived as an opportunity for public procurement to build community resilience, catalyse economic development, and reinvent public and private partnerships towards the creation of public value. These values encourage a move away from restrictive processes to give way to open digital platforms based on transparency, fair and competitive contracting.

Indeed, open and transparent public procurement systems are a strategic tool, not only in preventing corruption but for achieving the Sustainable Development Goals (SDGs), as they are a prerequisite of delivering medical goods, water services, quality education infrastructure, access to justice and sustainable infrastructure. Successful experiences around the world demonstrate that open data, e-procurement, citizen engagement and collective action by the private sector can strengthen the integrity and efficiency of public spending.

Responding to this positive trend, this resource guide builds on the UNDP guidebook, [Tackling integrity risks in government contracts](#) (2017), which provides a methodology for governments

to assess normative gaps and loopholes that can lead to corruption in government contracts.

Through this new Resource Guide, UNDP promotes a multi-stakeholder approach wherein governments, citizens, and the private sector work together to strengthen transparency and openness in public procurement systems.

Recent literature on procurement, in both the public and private sectors, have recognized that its efficiency depends on the [“highly interconnected network of co-existing elements: stakeholders, business imperatives, suppliers, third-party partners, data \(internal\), intelligence \(external\), enabling tools and systems”](#). This is contrary to the historically common practice wherein the procurement function tried to increase impact and maturity by addressing these elements in a one-off rather than an integrated manner. Moreover, few organizations took the time to be reflective and see how inter-related procurement is as a business function.

Hence, this publication advocates for a systems approach in which all relevant stakeholders (public officials, citizens and the private sector) collaborate to improve the procurement ecosystem; its structures therewith, internal and external impacts, and resources. In doing so, the paper recommends five interlocking pieces for ensuring transparent and open public procurement systems. Upon execution, these strategic enablers can pool savings from procurement and optimize public funds for sustainable development.

The five enablers are:

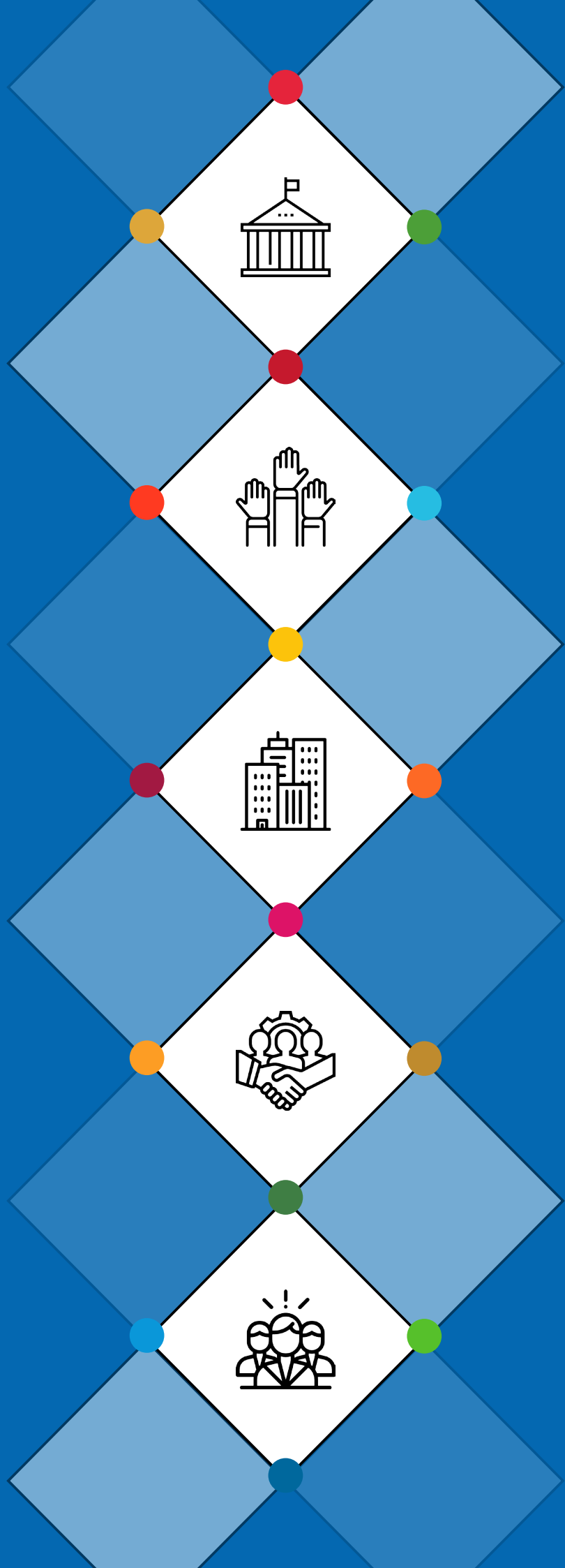
1. Transparent and open public procurement institutions.
2. Citizen participation, monitoring and reporting through procurement cycle.

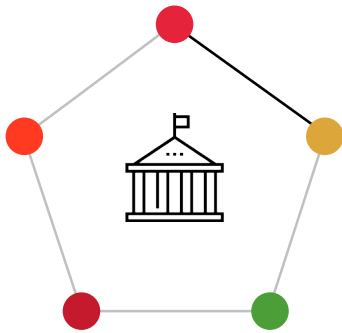
3. Private sector engagement and promotion of responsible business conduct and business integrity.
4. Collaboration with oversight institutions in the prevention and identification of 'red flags'.
5. Inclusive and fair environment for public procurement to be accessible by small and medium enterprises, businesses owned by women, persons with disabilities, and other traditionally underrepresented groups.

The guide is structured around the five enablers and presents relevant examples where they have been applied with good results. These strategies can also benefit from innovation and new technologies as a cross-cutting enabler for open and transparent government procurement to accelerate transformation towards sustainable development.

Since transparency in government operations is multi-dimensional, in turn, these strategies will illuminate the connections between transparency in government contracts and achieving enhanced governance results.

# FIVE COMPONENTS OF TRANSPARENT AND OPEN PUBLIC PROCUREMENT ECOSYSTEMS





# TRANSPARENT AND OPEN PUBLIC PROCUREMENT INSTITUTIONS

When government creates a transparent and [open contracting system](#), it can win trust, increase the value for money of public contracts, reduce corruption risks, and encourage the growth of higher and efficient competition for small and medium-sized enterprises. Such a system also entails disclosure of timely and useful information throughout the procurement cycle to allow for the monitoring of public funds expenditure, capturing data to inform procurement planning and management, and increasing competition among bidders.

A transparent and open system consists of three dimensions: First, the government must establish relevant institutional arrangements to plan, develop, manage and enforce its contracts, while also creating a cadre of procurement professionals to lead the charge; second, clear legal frameworks are necessary to secure key principles for the functionality of a national public procurement system namely

concrete steps to enhance overall transparency in government contracting. The following international examples of early adopters of open contracting may offer insightful [lessons](#) for those just beginning the journey. For instance, [Ukraine's Prozorro](#) e-procurement portal where "everyone sees everything", and [Georgia's](#) open-source procurement monitoring and analytics portal, are among the most transparent in Europe. Asia also has its front runners, such as the Korea ON-line E-Procurement System ([KONEPS](#)) in the Republic of Korea and the Philippine Government Electronic Procurement System ([PS-PhilGEPS](#)).

UNDP's collaboration with CoST (the Infrastructure Transparency Initiative), through the "FairBiz"<sup>1</sup> Project, has also led to better monitoring of infrastructure projects. The initiative works with local stakeholders to increase the completeness and accuracy of government - disclosed infrastructure project/

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