

#ACK CORRUPTION

Nepal April 2023

ARTIFACT 2



OPEN CONTRACTING & TRANSPARENCY OF PUBLIC PROCUREMENT

Create solutions to reduce corruption & fraud in the public contracting process by increasing transparency and ensuring proper delivery of essential public goods and services to citizens.

Note: This problem statement is about increasing transparency and access to the process of government contracting, also known as procurement. Hackathon teams who select this issue area are encouraged to review this briefing and do their own investigation of how contracting and procurement currently operate in your country or local government office. From there, teams can begin brainstorming about how a new technology-powered solution could strengthen transparency and make government contracting more open and visible in your own country or region.

INTRODUCTION

Each year, governments spend a large portion of their budgets on the procurement of goods and services. For example, procurement accounts for about [one third](#) of public spending in Bangladesh and up to [two thirds](#) of public spending in India. The way procurement processes operate – and the way citizens engage with them – has a big impact on a country's level of corruption and on the lives of citizens.



KEY CONCEPT: TRANSPARENCY

Before diving into the details of government procurement and contracting processes, it's important to clarify the term transparency. In the context of government or business, transparency means openly and honestly sharing information about decisions, spending, and activities. In regards to this topic, the more governments are transparent about the way they purchase goods and services, the more citizens can hold their leaders to account for their decisions, identify mistakes or errors, and root out corruption.



KEY CONCEPT: PUBLIC PROCUREMENT

Public procurement happens when governments (at the national or local level) purchase goods and services from businesses. Globally, procurement involves huge amounts of money, and most of it isn't transparent. Governments around the world spend [\\$13 trillion](#) on public contracts for goods, services, and public works, but less than 3% of these contracts are published openly. With so much public spending in the dark, Open



Contracting Partnership cites procurement as the number one [corruption risk](#) for governments.

In addition to corruption, the massive scale of public procurement can make it difficult to execute effectively. Delays, inefficiencies, and corruption stem from factors like: (1) the sheer number of contracts, (2) large contract amounts, (3) high contract complexity, (4) the number of stakeholders and beneficiaries, and (5) secrecy surrounding some procurement tenders.

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Corruption interacts with this complexity in more than one way. Some forms of corruption, like bribes, come from attempts to cut through contracting red tape (i.e. greasing the wheels). Other illicit activity, like kickbacks or extortion, come from corrupt actors taking advantage of complicated procedures for personal gain. As the World Bank noted in its analysis of procurement [in Bangladesh](#), this makes corruption both a symptom of the failings in procurement processes and an impediment to fixing procurement and making it more competitive and transparent.

KEY CONCEPT: OPEN CONTRACTING

[Open contracting](#) addresses both the inefficiencies and corruption risks in public procurement by making the process more open, transparent, and standardized. For instance, many contracting processes discourage businesses from bidding on government tenders by imposing access requirements like fees. Open contracting says that bidding should be free of charge and that procurement platforms should invite participation from a wide number of applicants. Furthermore, since public procurement is executed with taxpayer money and has a direct impact on citizen [wellbeing](#), it makes sense for it to be subject to public scrutiny. Open contracting ensures that citizens and other stakeholders can monitor and provide feedback on government tenders and procurement decisions.

Recent evidence confirms the value of these principles. Analysis by the Center for Global Development shows that when the public has access to information on government tenders and opportunities to provide feedback, competition increases, prices are reduced, and the quality of [public services improve](#). A [2022 review](#) of over 60 research papers by the Open Government Partnership concluded that the impact of open contracting “is largely positive” in the area of “cost savings and efficiency...value for money, and competition”. The review also found “more limited evidence that open contracting leads to beneficial social outcomes such as increased access to quality public services, decreased corruption, or greater equality [and] inclusion”. Overall, open contracting not only reduces corruption, it also raises the value for money that citizens receive from public spending.

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Open contracting principles have become [more popular](#) over the past few decades, most notably through collective action movements like the [Open Government Partnership](#) (OGP) and the [Open Contracting Partnership](#) (OCP). To date, OGP has over 78 signatory countries; 50 countries have an active open contracting program; and 30 national and subnational governments have adopted the OCP's [Open Contracting Data Standards](#). These agreements and standards help governments achieve greater transparency and increase stakeholder engagement on procurement. These stakeholders include (1) citizens who benefit from government programs and services, (2) private companies that compete for contracts, and (3) civil society organizations that monitor government services and programs.

In South Asia, several governments have invested in the creation of electronic procurement systems. For example, between 2002-2017, [Bangladesh overhauled](#) its procurement laws, processes, and institutions in a 15-year project funded by the World Bank. The resulting [electronic government procurement system](#), or e-GP, can be visited at [eprocare.gov.bd](#) and similar systems are in use in [India](#), [Nepal](#), and [Pakistan](#). At the same time, civil society initiatives like [Open Nepal](#) and [Open Contracting India](#) providing important monitoring, awareness raising, and advocacy roles on public procurement processes.

The existence of a current government e-procurement system does not mean that open contracting has been achieved. An e-procurement system may not be very intuitive or user-friendly, and it may not include all government tenders. It may also impose access fees and exclude procurement operations by local and regional governments. This [map-based tracker](#) by Open Contracting Partnership shows how the implementation of open contracting principles is a ongoing endeavor in over 50 countries, and commitment levels vary. As a now-defunct [Nepal open contracting](#) website shows, government commitments to open contracting can also change over time. HackCorruption teams should consider evaluating how current tools align (or fail to align) with open contracting principles and brainstorm technology solutions that can help fill gaps.

★ KEY PRINCIPLE: TECHNOLOGY CAN...

Now that you've reviewed the concepts above, take a moment to consider your purpose at HackCorruption. Without recreating any tools that already exist ("re-inventing the wheel"), your hackathon team has been tasked with brainstorming, refining, and then building a basic prototype of a technology solution that will advance efforts to achieve open contracting and transparency of public procurement. To help get the creative juices flowing, the following list (inspired by this [academic article](#) and [OECD report](#)) can remind you that technology can...

- **Facilitate Transparency** by harnessing groups of people to demand openness, or by making difficult-to-access or difficult-to-understand data more intelligible and actionable
- **Raise Awareness** by leveraging networks of citizens through SMS, messaging apps, and social media

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- **Increase Understanding and Engagement** by using easy-to-follow and interactive mediums like videos, animations, infographics, audio/podcasts, and chatbots
- **Improve Monitoring** using scripts, algorithms, smart-alerts, machine learning, or AI to cut through noisy data and identify relevant risks, errors, and behavior
- **Sharpen Decision-Making** by using smarter data collection methods, gathering feedback through surveys and questionnaires, tracking trends and seizing on important moments in real time, or applying best practices identified by new generation AI like ChatGPT
- **Enhance Security** by anonymizing the identities of individuals who report wrongdoing (whistleblowers), make complaints, or provide suggestions
- **Facilitate Discovery** by crowd-sourcing data points and by leveraging groups of people to parse data and make discoveries (see [Bellingcat](#), [iFollowTheMoney](#), and [Shasaan](#))
- **And more:** Drawing on the technologies you follow, what other impacts are missing from the list? Take a minute to make your own addition(s)

KEY INFORMATION: NATIONAL COMMITMENTS TO OPEN GOVERNMENT & OPEN CONTRACTING

Take a look at the table below to see how countries in South Asia are engaged in these agreements and what public information is currently available.

Country:	India	Pakistan	Nepal	Bangladesh
Freedom of Information Law?	Yes	Yes	No	Yes
Signatory of Open Government Partnership?	No	Yes	No	No
Uses the Open Contracting Data Standard?	Not yet, but some local NGO support	No	Not yet, but strong local NGO support	No
What Public Information Does Each Country Share? (T-Index Profile Page)	Link	Link	Link	Link

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⚡ KICKSTART ACTIVITY (OPTIONAL):

Do a Google search on your local government (at the subnational level if possible) and try to find out how their procurement process works. Is there information that is publicly available about tenders and budgets? Are there local non-profit organizations tracking the procurement process? (Tip: In addition to information in the tables above, investigate country information provided in the Appendix). Given the information available, could you imagine a tool that would improve or strengthen the process as it currently stands, or that could strengthen accountability to citizens in your area?

APPENDIX

Note: Use this appendix to dive more deeply into the tools and initiatives that already exist in South Asia, as well as similarly themed work that has been done in other contexts. While the goal is to avoid re-creating the wheel, your team may find that existing ideas and initiatives can be usefully applied to a specific context in your region.

🎯 Existing Dashboards, E-Procurement Tools & Initiatives in South Asia

<p>India</p>	<p>India Government - E-Procurement Home Page, E-Procurement Dashboard Mobile App - Govt eProcurement System - NIC Open Contracting Tool for Citizens - Assam Open Contracting Open Contracting Initiative - Open Contracting India India Integrity Pacts - Integrity Pact Standard Operating Procedures</p>
<p>Pakistan</p>	<p>Pakistan Government - Punjab Procurement Regulatory Authority Portal, Punjab Online Procurement System - only available only within Pakistan or via VPN Academic Paper - Pakistan's Public Procurement Regime, 2021 Law Firm - 2022 Review of Pakistan Procurement & Contracting Process</p>
<p>Nepal</p>	<p>Nepal Government - National Electronic Government Procurement System World Bank - Nepal Government Commitments to Public Procurement Civil Society Community - Open Nepal Open Contracting Tool for Citizens (no longer in use) - Open Contracting Portal</p>
<p>Bangladesh</p>	<p>Bangladesh Government - e-GP e-Procurement System, Public Procurement Mobile App Bangladesh Government - Overview Dashboard of Procurement Process, National Commitment to Procurement Efficiency World Bank - Two-part Blog Series and Case Study on development of new procurement legal framework and e-GP in Bangladesh</p>

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E-Procurement Case Studies from Around the World

Case Study: [Open Contracting Reforms in Paraguay](#)

Case Study: [Open Contracting Reforms in Colombia](#)

Case Study: [Thailand, Ukraine, and Honduras](#)

Case Study: [ProZorro E-Procurement System](#)

Case Study: [Open Contracting Recommendations in West Africa](#)



Photo by Sora Shimazaki



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