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E-PROCUREMENT IN THE PHILIPPINES: STATUS AND FUTURE CHALLENGES

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Current efforts to improve the country's fiscal position largely focus on increasing revenues either through legislation of new tax measures and/or improvements in tax administration. Equally important though is the need for government to plug leakages in the expenditure stream, particularly in the procurement of goods and services. After all, any additional revenue inflow could hardly improve public services if funds are eventually lost to corruption and inefficiencies in government[1]. In times of financial difficulties, it becomes more imperative upon government to exercise greater economy, efficiency and effectiveness in public spending.

Procurement and PEM

Public expenditure management (PEM) requires that government keeps its spending within sustainable limits *(aggregate fiscal discipline)*, allocates funds with strategic priorities *(allocative efficiency)*, and provides public services at reasonable quality and cost *(operational efficiency)*[2].

The issue of procurement touches on all three. To impose fiscal discipline could mean confining all government purchases within the agency budget, aligning them with fund releases, and strictly adhering to an Annual Procurement Plan. On the other hand, to allocate funds efficiently means that public procurement activities are directed by strategic priorities of the country. And operational efficiency could simply mean government getting the best buy for its money. As a procuring entity, government should aim to "obtain high-quality goods and services at competitive price and on a timely basis."[3]

* The author wishes to thank Dr. Romulo E.M. Miral, Jr. for the valuable inputs to this paper, and to Rosa Maria Clemente and Joel Eayte for the interviews and demonstration on PhilG-EPS.

[1] *IMD Competitiveness Ranking places the Philippines at no. 49. Except for Indonesia that ranked 59, the country's ranking is low compared with Singapore (3), Thailand (27), and Malaysia (28). Countries are judged based on four competitiveness factors: economic performance, government efficiency, business efficiency, and infrastructure.*

[2] *Campos, "Hellooooooo…, It's the Deficit": Fiscal Management for the 21st Century (2002).*

[3] *Schiavo-Campo, "Managing Public Expenditures" published by the Asian Development Bank (2001).*

One important requisite to improve operational efficiency is a well-functioning procurement system. To a large extent, achieving quality and efficiency both in terms of cost and time depends on the laws, rules and regulations that govern public procurement. The Government Electronic Procurement System (G-EPS) is a major reform introduced under Republic Act 9184, and it is important to see the benefits that can be achieved from the perspective of transparency and efficiency gains.

Corruption and Procurement

The passage of Republic Act 9184 or the Government Procurement Reform Act (GPRA) of 2002 was primarily a response to calls for combating graft and corruption in government. Several studies indicate the need for the Philippine government to pursue an anti-corruption program:

- ❑ According to Transparency International, corruption in the Philippines was perceived to be getting worse as the country's corruption perception index or CPI [with 10 as highly clean] declined from 3.6 in 1999 to 2.8 in 2000.
- ❑ A survey (Dec 2000) by the Social Weather Station (SWS) revealed that as high as 85% of respondents believed that corruption exists in government.
- ❑ The World Bank cites reasons why government should undertake with much urgency a credible anti-corruption program: *(a)* corruption erodes the country's competitive position and could hold back investors; *(b)* corruption depletes resources available for development and undermines public confidence in the government's will and capacity to serve the poor; and *(c)* international aid agencies increasingly use corruption as a criterion for allocating scarce development aid resources.[4]

One major source of fund leakage in government is procurement—such as in the building of roads, provision of textbooks to public schools, and purchase of office supplies

[4] *"Combating Corruption in the Philippines", The World Bank Philippine Country Management Unit (May 2000).*

and equipment[5]. The Commission on Audit (COA) reports irregularities like overpricing, sub-standard quality of work, ghost deliveries, non-completion of projects, granting contracts to favored firms, and abuse of discretion by procurement authorities. On the average (1997-2001), annual outlays by the national government for procurement of goods, civil works and services amounts to more than P113 billion[6]. At an estimated leakage of P21 billion[7] (2001), government stands to lose almost 20% of total public procurement.

Corruption does not only increase the cost of doing business of both government and private sector but it also compromises the quality of public services. For government, losing 20% of total procurement could mean fewer textbooks (which may not even be the ones that students need) and classrooms, sub-standard roads and bridges, drugs that do not match prevalence of diseases in the area, and obsolete hospital and office equipment. For businessmen, transaction cost could easily go up with bribes paid to gain favors from procuring authorities. And if businesses were to keep their profit margins, the quality of goods produced and services rendered are most likely to be compromised.

Electronic Government Procurement (e-GP)

Following the growth of electronic commerce and developments in information and communications technology (ICT), countries like Korea, Singapore, Malaysia, UK, Germany and Brazil took the opportunity to modernize, simplify and improve their respective government procurement systems. More than just enhancing transparency, electronic government procurement (e-GP) contributed to achieving efficiency in terms of reduced price, lower transaction cost, and shorter procurement cycle.

To cite some realized benefits by more advanced e-GP systems, public online procurement in Germany showed it can reduce purchasing price by 10%-30% and transaction cost by 25%-75%. Some 500 schools in UK were able to save as much as 100

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[5] *SWS survey in late 90's revealed that aside from tax collection, corruption was perceived to be rampant in procurement particularly in the three activities mentioned above.*

[6] *Country Procurement Assessment Report (Philippines), The World Bank (Feb 2004).*

[7] *Figure was quoted from a sponsorship speech of Rep. Rolando G. Andaya Jr on the Government Procurement Reform Bill (HB 4809) during the 12th Congress.*

million British Pounds in a year and reduce the order processing time by about 90%. In Korea, the staff of the Public Procurement Service was reduced by 12%—from 1,058 in 1998 to 935 in 2002—even as total volume of government procurement increased by 30% from USD12.8 billion to USD17.1 billion. Payments to suppliers were electronically transferred and it now takes less than four hours to complete the payment process. Furthermore, the European electronic procurement SIMAP system showed that the time between advertising and contract awarding can be trimmed down from 52 days to only about 15 days.[8]

A World Bank Draft Strategy for Electronic Government Procurement describes the major components of a well-functioning e-GP system. At the core of e-GP is the use of ICT and web-based technology to support the procurement process, consisting primarily of *e-Tendering* and *e-Purchasing.* To differentiate the two, e-Tendering is a solution designed to electronically handle the process of public tender (or public bidding as commonly termed) for the acquisition of specialized goods, works and consulting services that are of *high value* and *low volume*. On the other hand, e-Purchasing is designed to electronically facilitate the acquisition of *low value* and *high volume* standard goods and services. To illustrate, e-Tendering may include procuring the services of bridge design consultants and public works contractors while e-Purchasing includes the acquisition of commonly-used goods such as office supplies *(e.g. paper, pens and diskettes)* and medicines.

In more detail, e-Tendering should include basic steps such as the publication of procurement notices and contract awards, download of bidding documents (or any requests for clarification), upload or submission of bids, online pre-bid conferences, and electronic bid opening. Also, a tracking system should be part of e-Tendering to allow both suppliers and procuring entity to determine the status of bids and movement in transaction. E-Tendering does away with submission of voluminous documents, and it reduces face-to-face contact in processing of papers which makes even rank-and-file procurement personnel prone to bribes for small favors.

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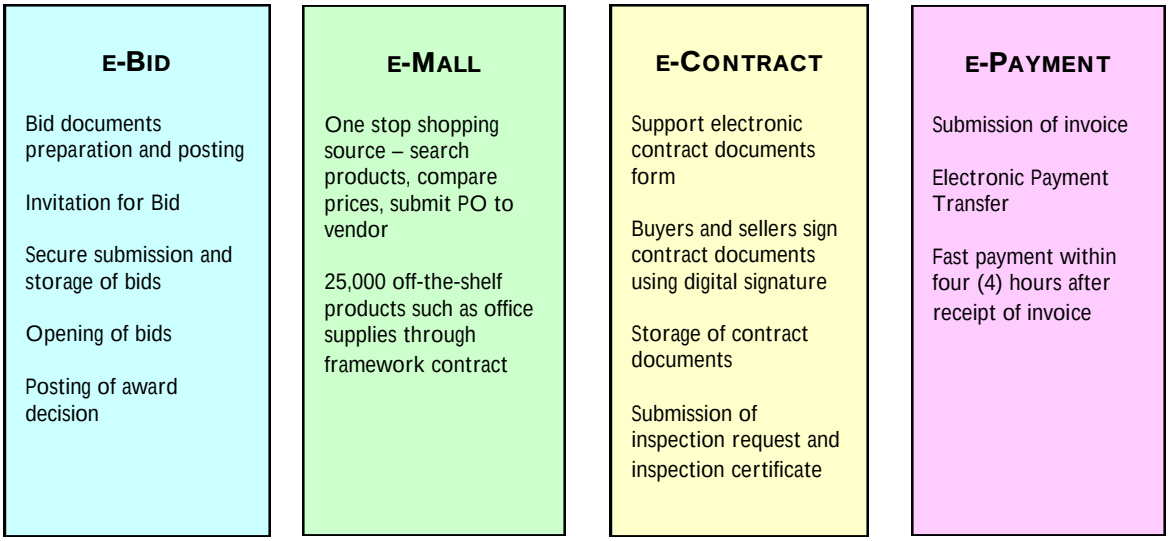
[8] *Electronic Government Procurement (e-GP) World Bank Draft Strategy, October 2003.*

ILLUSTRATION
AUTOMATED PROCUREMENT PROCESS: THE KOREAN CASE



Note: The Government Electronic Procurement System (GePS) of Korea received the Public Service Award (PSA) from the United Nations in June 2003 for innovations in government in the Asia Pacific Region.

Meanwhile, e-Purchasing systems may include the use of online Catalogues, e-Requests for Quotation/Proposals (RfQ/RfP), or the e-Reverse Auction. The objective of this phase is to create a system that will allow suppliers and buyers to directly transact on-line—i.e., for suppliers to offer their goods and services, and for public entities to select the best offer, order the supply, and make the payment.

Any government procuring entity can simply browse through the Catalogue and proceed to request for quotation. In case there are several suppliers of similar products, the e-Reverse Auction takes place to determine the lowest bid. A public notice is posted online, based on which competing suppliers can post their bids, view other quotations, and amend previous offers within a specified period. However, it is important that e-Purchasing starts with a pre-qualification process which may use the e-Tendering approach in order to shortlist the companies or to identify the selected "contract" supplier(s). Those who gain entry into e-Purchasing marketplaces are usually subject to pre-determined terms and conditions—*e.g., technical and quality standards, warranty provisions, maintenance service terms, and price ceilings.*

Another important component of an e-GP is its links and interoperability with other systems both in government and the private sector. In Korea, for example, their system is linked to procurement-related external agencies like supplier certification agencies, financial clearing institutes, construction related associations, the Ministry of Internal Affairs, the Ministry of Finance, and e-guarantee and e-payment systems[9].

e-GP in the Philippines

By virtue of Executive Order 322, the Procurement Service of the Department of Budget and Management (PS-DBM) launched the Electronic Procurement System[10] (EPS) in December 2000. Subsequently, Executive Order 40 (October 2001) consolidated all procurement rules and required the use of EPS that introduced only two features—the *e-Bulletin* for bid announcements and the *Catalogue*. Additional features such as the *Supplier Registry, Virtual Store, Electronic Bid Submission* and *Electronic Payment* were later introduced under Republic Act 9184 (January 2002). The Government Electronic Procurement System (PhilG-EPS), so was the EPS, is funded out of proceeds[11] from purchases of common-use goods at the Procurement Service—the central purchasing authority created under LOI 755 (1978) so that government can benefit from volume purchases.

The G-EPS was envisioned as a single electronic portal that will serve as the primary source of information on all government procurement. Republic Act 9184 provides the blueprint for G-EPS *(see Table-p7)*, the implementation of which is expected to promote greater transparency and improve efficiency in government. More specifically, PhilG-EPS sets three basic objectives—*(a)* to get better prices, *(b)* to get optimum quality of goods and services, and *(c)* avoid delays in the delivery of government services.

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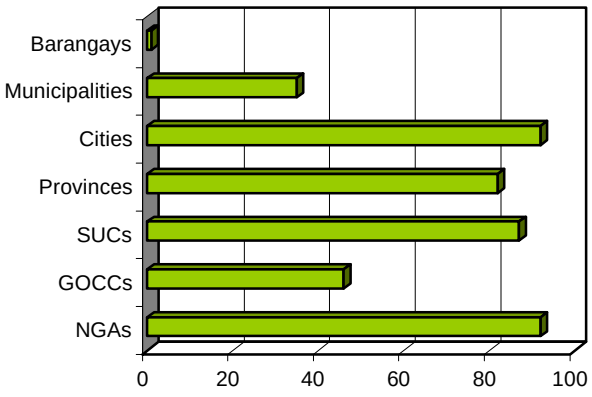
[9] *"Korea's move to e-procurement", PREM notes of The World Bank, No. 90 (July 2004).*
[10] *Initially implemented with the assistance of the Policy, Training and Technical Assistance Facility (PTTAF) of the Canadian International Development Authority (CIDA). More recent systems development has already been outsourced to Ayala Systems.*
[11] *LOI 755 (1978) authorizes the Procurement Service a 4% mark-up on all purchases.*

STATUS OF IMPLEMENTATION OF G-EPS

FEATURES OF G-EPS PER RA 9184	STATUS
PHASE 1 **Electronic Bulletin Board** ❑ posting of bid opportunities, notices, awards and reasons for award ❑ provides update of all procurement contracts—status, awardees, and contracted amount ❑ posting of clarifications/amendments to bid invitations and to bidding documents through Supplemental/Bid Bulletins **Electronic Catalogue** ❑ viewing of common and non-common use goods, supplies, materials and equipment **Registry of Suppliers** ❑ database of all manufacturers, suppliers, distributors, contractors and consultants	❑ fully operational but procuring entities do not provide reasons for awards; can download bid documents but attachments are not mandatory ❑ fully operational but procuring entities do not completely fill-up data fields in award notice *(e.g., award contract);* can view status using reference numbers of bid notices ❑ operational *(amendments are posted as attachments to original bid notice);* suppliers can contact agency through e-mail for queries *(no message board provided)* ❑ limited to common-use goods available at PS *(listing by categories, and includes price list, pictures and code numbers)* ❑ fully operational *(allows suppliers to create bid-matching profiles; and system to automatically notify suppliers of relevant bid notices)*
PHASE 2 **Virtual Store** ❑ ordering of common-use and non-common use items online ❑ open only to registered procuring entities and may not be accessed by suppliers **Electronic Bid Submission** ❑ creates electronic bid forms ❑ bid submission for all types of procurement—goods, civil works, and consulting services ❑ electronic bid evaluation **Electronic Payment** ❑ generates purchase order / processes request for payment upon delivery of goods or services and completion of approval process ❑ facilitates e-fund transfer between / among PS-DBM, procuring entities, and suppliers ❑ interface with designated bank of procuring entity and suppliers to support e-fund transfers	❑ PHASE 2: Has yet to be operationalized
Other Features ❑ provides audit trail for on-line transactions and allows COA to verify the security and integrity of the system at any time ❑ tracks performance of suppliers *(e.g., compliance with delivery schedule)* and of procuring entities *(e.g., settlement of obligations to suppliers)*	❑ allows COA to view postings *(e.g., to determine compliance with mandatory publication)* but audit is limited because bid process is still manual ❑ not applicable because procurement system is not fully-automated

A summary of the implementation status of G-EPS shows that based on the general features outlined in RA 9184, Phase 1 *(Electronic Bulletin Board, Electronic Catalogue,* and the *Registry of Suppliers)* is fully-operational except for the e-Catalogue which is limited to common-use goods. Per RA 9184, the e-Catalogue should also include the viewing of non-common use goods, supplies, materials and equipment. On the other hand, Phase 2 *(Virtual Store, Electronic Bid Submission,* and *Electronic Payments)* has yet to be operationalized.

PARTICIPATION RATE BY AGENCY TYPE IN PERCENT (AS OF 31 MARCH 2005)



The Implementing Rules and Regulations (IRR) of RA 9184 mandates the use of G-EPS by all government entities as scheduled: (a) all central and regional offices of NGAs, GFIs, GOCCs, SUCs and city governments *by end of 2003*; (b) all district offices of NGAs and provincial governments *by end of 2004*; (c) all municipal offices of NGAs and municipal governments *by end of 2005*; and (d) barangays *by end of 2006*.

Out of the total 30,875 government entities—only 3,327 or roughly 11% registered with G-EPS as of 31 March 2005. Meanwhile, total registered suppliers have reached 13,072 *(as of 30 June 2005).* Participation in G-EPS is considerably high among NGAs (92%) and city governments (92%), but surprisingly low among government corporations (46%) and municipal governments (35%). Participation rate among SUCs and provincial governments are 87% and 82%, respectively. Note that the compliance target date for barangays is set end of 2006 which could partly explain their very low participation rate (1%). Besides, barangays have the option to procure through the municipal governments.

Low participation rate among municipalities, barangays and GOCCS may be due to the following reasons: *(a)* resistance to any introduction of new technology; *(b)* misconception that Procurement Service will do all the bidding under G-EPS; *(c)* low level of

computer literacy of procurement officials/personnel; *(d)* limited coverage of training and promotions; and *(e)* problems with connectivity and internet access [although this may not be true to GOCCs which are usually located in urban centers and tend to be adequately funded]. While the IRR provides deadlines for government agencies to comply with the use of the G-EPS, apparently it is silent on penalties and sanctions in case of non-compliance—thus, participation appears to be voluntary.

Transparency Gains. Launching the G-EPS provides government, suppliers and the public greater access to procurement information. For procuring government offices, the e-Catalogue allows easy viewing of common-use supplies available at the Procurement Service. The Supplier Registry contains company profiles and information on their respective product lines which helps improve the quality of procurement decisions. Moreover, procuring entities are alerted of blacklisted suppliers and contractors through announcements posted in the G-EPS homepage. On the whole, pursuing a credible e-GP can help restore public and investor confidence on government but this further requires extensive promotion of the G-EPS to increase public appreciation and understanding of the system and on how it can actually reduce opportunities for fraud.

Transparency in procurement can make doing business with government more predictable and help private sector in its business/investment decisions. With increased access to procurement information, supplier access to the government market also improves—thus, stimulating even small players to compete in the bid process. Since bid announcements *(includes product specifications, approved budget, and timetables, etc.)* are posted on-line, all suppliers scouting for business opportunities in government gets the same information that will help them decide on whether they should put up a bid. With the e-Bulletin Board, government is able to do away with instances of some suppliers being favored through better access to bid information as is the tendency when inquiries and transactions are done on personal basis.

However, to ensure greater transparency and fair competition, it is also important that the criteria for awards be posted on-line so that suppliers contemplating on participating in the bid could pre-judge their chances of winning the bid. Reasons for the awards should

also be provided on-line by the procuring entities so that even those who failed to get the bid will have ideas on how they can improve their next bid attempts. Moreover, such information are important for monitoring entities (whether public or civil society) when they evaluate the terms and conditions of contracts entered into by government with suppliers and contractors.

The non-discretionary pass/fail criterion was introduced by RA 9184 to address the use of excessive discretion by members of the Bids and Awards Committee (BAC). Eligibility check—the first step in qualifying bidders—is a simple check of the presence or absence of required documents which can automatically terminate a bidder from the rest of the bid process in case of incomplete documentation. This reform should be considered in the design development of the e-Bid Submission component of G-EPS.

Efficiency Gains. Initial gains could result from procurement information being readily accessible through the internet anywhere at anytime, and at greater convenience to the users. Through a bid-matching mechanism, the system automatically notifies suppliers of relevant bid postings. For suppliers, this could mean lower newspaper subscription cost, reduced travel expenses, and greater use of time which otherwise would have been spent on office visits.

On the part of the government, the e-Bulletin Board has consequently reduced the required number of publication of bid notices in newspapers—i.e., from a previous total of six publications (twice in three newspapers) to only two publications (twice in one newspaper) as currently prescribed under RA 9184. Per PhilG-EPS estimate, this saved the government at least P250 million since 2001. Potential savings could actually be higher because with the e-Bulletin Board, newspaper publication is no longer required when procurement contract amount is: *(a)* P2 million or less for goods; *(b)* P5 million or less for civil works; and *(c)* P1 million or less for consulting services.

Efficiency gains from a fully developed G-EPS could be greater but the system is still under development and participation rate needs to be further improved. To date, G-EPS is limited to the e-Bulletin Board for posting of bid opportunities and awards, the e-Catalogue

for viewing common-use goods sold at the Procurement Service, and the Supplier Registry containing company and product information.

Despite having these three components in operation, the procurement process in so far as registration, purchases at the Procurement Service (PS), and public announcement of bid opportunities (to some extent) still could not do away with paperwork, expensive advertisements, lag time between publication and contract award, and face-to-face contact with procuring entities. Aside from posting bid opportunities on-line, government agencies still need to publish Invitations to Bid in major dailies following the procedures and schedule as detailed in the IRR-A of RA 9184. Given the number of days and intervals required for publication, bid submission, bid evaluation, post-qualification and awarding of contract, the whole procurement process would still take at least three months.

Efficiency gains can also be measured through savings from improvements in procurement administration and acquiring quality goods/services at lower contract price. However, potential savings from procurement administration can be realized only once the procurement process is effectively streamlined, staff is downsized, and paperwork and use of office supplies are reduced. At Phase 1 of the G-EPS, it is still difficult to ascertain actual savings as a result of better bid offers. Phil-GEPS has to fine-tune the system so that it generates the exact amount of savings—the difference between the approved budget and the actual contracted price. Besides, there is also a need to increase compliance by government offices in posting award details. Out of the 93,010 total number of bid notices—only 12,112 awards were posted *(as of 12 April 2005).*

Theoretically, increased competition positively influences product quality. Bidders can compete not only for price but will tend to offer products with better specifications. The e-Bulletin Board provides the venue for suppliers and buyers to match product specifications, but beyond the e-GP system, assuring the quality of goods/services largely depends on how property inspection is conducted. It is the duty of inspectors to verify whether delivered supplies and equipment conform with the specifications in the order/contract as required by the user.

The 2nd phase of PhilG-EPS which has yet to be operationalized includes the *"Virtual Store"*—i.e., buyers can actually make orders on-line through a system that will be maintained by the Procurement Service. It will do away with the filling up of Agency Procurement Request Form (APRF) and lengthy processing of purchase requests. This means that while for now buyers are limited to viewing the Catalogue—with the Virtual Store, the buyer can automatically post the order on-line. While this can fast-track the processing of purchase orders and reduce paperwork, a centralized procurement set-up will limit the choices of procuring entities only to goods available at the Procurement Service. Government offices will have better choices from a wide array of goods and offers if they are allowed to transact directly with the suppliers after they have been pre-qualified by the Procurement Service.

Two other components in Phase 2 is the Electronic Bids Submission and the Electronic Payment Facility. It is not certain at this point on whether the e-Bids Submission will also include civil works and consulting services. Unlike procurement of goods, these two involve more voluminous documentation that has to consider issues of storage, and proprietary and confidential procedures, among others. On the other hand, e-Payment is widely used by the corporate sector in the country, and the development of this facility should be able to modify and improve on systems already in place in banks and other financial institutions.

To compare the progress of work in the development of the e-Procurement in the Philippines with that of Korea and Malaysia, it would appear that we are moving on a rather slow pace. It took Korea five years (1997-2002) to phase in the implementation of e-Procurement and go fully operational with sophisticated features already incorporated in its system. Now, there is a single window for public procurement that is linked to 53 external public and private sector systems. Electronic Government Procurement (e-GP) in the Philippines, on the other hand, since its inception in 2000 is still fine-tuning the programs in Phase 1.

Future Challenges

The benefits from e-Procurement can go a long way at improving the country's public finances and ensuring quality and timely delivery of government services. Savings, as a result of competitive bid offers and reduced administrative costs, can be redistributed to finance other expenditure priorities. To maximize the benefits from e-GP, however, the development of PhilG-EPS should be able to address institutional challenges that touch around policy and regulation, technology, administration, and human resources.

Policy and legal framework. Traditional laws and regulations may not be supportive of e-GP innovative approaches. If PhilG-EPS were to develop an e-GP system that fully maximizes the use of digital technology—e.g., bid proposals are submitted electronically, purchases and payments done on-line, and bid documents are signed using digital signatures—existing procurement guidelines/regulations should be reviewed to address some resulting concerns: *(a)* validity of electronic records; *(b)* recognition and authentication of electronic signatures; *(c)* protection of intellectual property rights (IPR); *(d)* security, privacy and confidentiality and data integrity; *(e)* admissibility of electronic evidence; and *(f)* responsibility for breaches of security.

However, the G-EPS may be used for operational purpose while retaining some paperwork for legal purpose. What is important is that legal and regulatory reforms can be gradual depending on the advancing capabilities of the e-GP system. "The phased development [of PhilG-EPS] consistent with the gradual improvement of the legal framework offers more potential for success than the elimination of all legal risks before proceeding with e-GP".[12]

Streamlining procurement procedures. Any e-GP will be able to realize its gains only if it re-engineers its processes from a traditionally manual and paper-based transaction to ICT-based procurement process. Amendments to the Government Procurement Reform Act (GPRA) and the Implementing Rules and Regulations (IRR) are needed to

[12] *Electronic Government Procurement (e-GP) World Bank Draft Strategy, October 2003.*

simplify the process once the system is fully automated. Otherwise, a simple automation of the existing process that emphasizes more on control (highly rule-based) will fail to achieve the desired efficiency gains. The idea is to transform rigid, inefficient bureaucracies into more efficient, responsive organizations by redesigning office workflows and decision-making processes.

Adopting e-Reverse Auction could encourage greater competition and could present procuring entities with better bid offers. However, this will require changes in procurement policies particularly with the confidentiality treatment of bid prices. Bid offers are currently submitted in sealed envelopes and no negotiation in price is possible.

Improving ICT infrastructure. For government agencies to participate in electronic procurement, they need telephone lines and PCs with internet access. However, there are still many areas in the country that simply have no access to telephone and internet services which is why compliance especially by municipal governments (including barangays) remains low. It is important that the government invest in connectivity. Otherwise, instead of opening the markets, it will restrict participation in on-line procurement to privileged suppliers with web access. Specialized e-GP centers can be strategically set up to cater to internet and staff training needs of geographically contiguous LGUs. User fees may be charged to support maintenance and operating expenses of the centers.

Interoperability of G-EPS with other systems. It is important that the design and implementation of PhilG-EPS should consider the compatibility of the system with other government management systems. Integrating PhilG-EPS with other systems *(e.g., tax and financial)* can significantly simplify the qualification process, and facilitate the process of on-line payment. Connectivity of PhilG-EPS with the Bureau of Internal Revenue (BIR), for example, can facilitate the determination of any tax arrears which could be used to disqualify any supplier until such time tax deficiencies are settled. The integration of the e-GP system with financial regulatory agencies like the Securities and Exchange Commission (SEC) can also speed up verification of licenses and permits of business enterprises.

It is important that local systems of key actors in the procurement process like the BIR, SEC and other supplier certification agencies be developed to provide readily accessible information. The E-Government Fund which was appropriated to support ICT projects of government should be able to incorporate in its projects the development of local agency systems that can later be linked to PhilG-EPS.

Reviewing the functions of the Procurement Service. With e-procurement, the Procurement Service (PS) may need to undergo organizational changes. Ideally, a well-functioning e-Purchasing system will allow government procuring entities to directly transact with suppliers without need for a central office to do the purchasing for them. This will not only make transactions and delivery of goods faster, but it can prevent instances where PS fails to deliver the goods even though payments have been already made. Instead of serving as the central purchasing office for government, the Procurement Service can pre-qualify companies for e-Purchasing and focus on functions such as policy and standards development, regulation, and training/technical assistance. Removing from the Procurement Service the function of buying-and-selling of common-use goods can reduce the agency's staff requirement.

Professionalizing the procurement practice. There is need for those in the procurement practice to be equipped with the necessary competencies of the profession. Attempts to put standards, such as the certification/accreditation of professionals and undergoing training programs, should be a welcome development in the profession. Continuous practical training of users of G-EPS should also be undertaken.

Summary

More than just increasing revenues through new taxes, improving the country's fiscal position calls for serious efforts to plug the leakages on the expenditure side. Modernizing the procurement practice in government is a move in the right direction but expected gains from G-EPS can be realized only if more government entities like the GOCCs participate in the system. Savings from electronic government procurement can be redistributed to

support other expenditure priorities such as infrastructure development and provision of more social services.

Many countries that advanced in the implementation of their e-GP systems have reaped the benefits—reduced administrative costs, increased savings from better bid offers, greater predictability of doing business with government, timely delivery of goods/services, faster payment systems, and lesser opportunities for fraud. Realizing such benefits, however, would require the development of supporting legislation and ICT infrastructure, changes in workflow designs, active involvement of the private sector as users and developers, adoption of security and interoperability standards, imposition of penalties and sanctions for non-compliance, and government-wide promotion and support. ❑

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