



Procurement Review of the Chamber of Commerce of Bogotá, Colombia

ALIGNING PRACTICES WITH THE OECD PUBLIC PROCUREMENT RECOMMENDATION



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Foreword

Procurement accounts for almost one-third of government expenditures and for between 30% and 50% of the cost structures of productive firms. Furthermore, procurement is more than a purely administrative task: organisations are increasingly recognising its power as a tool for achieving strategic goals and improving productivity. For both public entities and private entities receiving public funds for the functions delegated to them by law, the way in which procurement is carried out has a major impact on how public services are delivered with taxpayers' money.

For private entities, procurement has major implications for profitability and the quality of the products and services they offer, as well as for competitiveness. It should therefore be used strategically to create the right conditions for firms to grow and innovate, and for societies to thrive. While in many OECD countries public entities have been leading the implementation of those policies through national strategies or public procurement regulatory frameworks, private entities are increasingly becoming aware of the role they could play in this regard.

The Chamber of Commerce of Bogotá (*Cámara de Comercio de Bogotá*, CCB) is a private non-profit entity – the largest of its kind in Colombia – in the country's capital region and most important economic area (29% of Colombian GDP), with 13,385 registered businesses. Recognising the strategic role of procurement in delivering its mission, the CCB invited the OECD to assess its procurement framework in line with the *OECD Recommendation on Public Procurement* and international best practices in the following areas: e-procurement, efficiency, integrity and risk management, capacity of procurement employees, implementation of policy objectives and access to procurement opportunities. This report presents findings and recommendations derived from this analysis, and reflects on the role chambers of commerce can play as enablers of better practices and promoters of growth and productivity.

Unlike public procurement, which is regulated by a specific regulatory framework aligned with national priorities and aimed at maximising social welfare, procurement operations implemented by private entities are regulated by frameworks of their own design aimed primarily at maximising profitability or limiting expenditures. The *OECD Recommendation on Public Procurement* sets the standards for transforming public procurement into a strategic tool, advancing public policy objectives while also achieving efficiency, transparency and accountability in the administration of public money. The *OECD Recommendation* primarily targeted public entities; however, its comprehensiveness and aspirational features also make it attractive to private entities as a standard for developing and enhancing their own procurement frameworks.

The effective implementation of public policies, including in public procurement, requires interaction and collaboration between the public and private sectors. The unique position of chambers of commerce places them at the forefront of this policy dialogue. Chambers of commerce bridge knowledge gaps between the public sector and private

firms. They represent and defend the interests of the private sector in a specific market and geographical location, and regularly liaise with the public sector on a wide range of policies that could impact their adherents. They can also disseminate best practices within their adherents and influence their strategies including towards public procurement.

The report analyses the contribution of the CCB to the national public governance sphere and provides policy recommendations to strengthen CCB's role in the Colombian public procurement system, allowing it to contribute more broadly to the effective dissemination of public policies with its associates.

If implemented, those policy recommendations will enable the CCB to improve the quality of services offered to its beneficiaries, help raise productivity on both sides, become a leading entity in the procurement field and fulfil its goal of “making entrepreneurs' dreams come true”.

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Executive summary

Procurement is a crucial activity for both public and private entities. Indeed, given the share of the economy it represents, the strategic and efficient use of procurement can help both public and private entities achieve strategic goals and respond to the needs of their stakeholders and beneficiaries.

Chambers of commerce play a key role in facilitating access to public procurement. Their main goal is to improve the capacity of their associates and advance the interests of businesses, including suppliers and potential suppliers of the public procurement system. They also undertake procurement processes. In some OECD countries, chambers of commerce are subject to a public procurement framework; in others they operate under a procurement framework of their own devising. In Colombia, they are defined as “private non-profit entities” and receive a significant share of public funds for the functions delegated to them by law.

This review assesses the procurement system of the Chamber of Commerce of Bogotá (CCB) in line with the *OECD Recommendation of the Council on Public Procurement*. It looks at key aspects of the system, including digitalisation, system efficiency, measures to safeguard integrity, the capacity of CCB employees involved in procurement activities, the strategic use of CCB procurement, and access to procurement opportunities.

As a private entity, the CCB has undertaken many voluntary actions and initiatives to align with international best practices in public and private procurement. In addition, given its important role in the Colombian public procurement system, the OECD looks at how the CCB contributes to good public governance in Colombia and promotes best practices in the private sector. To further align the CCB procurement system and its role in the public procurement system with international standards, the review includes over 60 concrete recommendations grouped under five central topics.

- **Using procurement to achieve public policy objectives.** The CCB is a key actor in the Colombian economy and is committed to helping achieve the Sustainable Development Goals (SDGs) and implementing public policies in areas such as SME development, innovation and sustainability. Many of its actions in relation to these policies are implemented by different vice-presidencies and subsidiaries of the CCB. However, the CCB procurement framework does not reflect a clear strategy to achieve those policies. The CCB could draw on the expertise of its vice-presidencies and subsidiaries, in particular that of the environmental business corporation CAEM, to develop a strategy to align its procurement system with its sustainability goals.
- **Improving the efficiency of the CCB procurement framework.** Efficient spending requires specific procurement tools and adequate information and communication technologies (ICTs). There is significant potential for improving the efficiency of the CCB’s procurement system. For instance, the CCB could further consolidate its procurement needs with its subsidiaries and explore all the possibilities offered by procurement tools such as framework agreements. Better

use of key performance indicators would strengthen efficiency evaluations of the system. Currently, the CCB uses only four indicators and measures savings only for certain procedures. Furthermore, a well-implemented e-procurement system could make the procurement system more efficient by improving relationships with suppliers and allowing automatic data collection and processing. However, the CCB's procurement activities are mostly supported by an enterprise resource planning system that does not include certain key functionalities of e-procurement systems, such as e-submission. The CCB could therefore pursue the digitalisation of its procurement system by exploring the possibility of developing an e-procurement system with other chambers of commerce, or by using SECOP, the national e-procurement system managed by the Central Purchasing Body.

- **Enhancing competition in CCB procurement opportunities.** Effective competition requires engaging with the market to maximise supplier participation and developing an appropriate procurement strategy to match market capabilities. The CCB could help ensure a level playing field for companies of all sizes by improving transparency, lowering tender requirements and promoting access to procurement opportunities. As a private entity, the CCB endeavours to promote competition in its procurement activities. However, it could benefit from better aligning with international best practices such as by lowering the threshold for open tenders, which is relatively high (USD 250 700), or standardising private calls, which represent around 40% of CCB procurement volume. Since transparency is crucial for competition, the CCB could also consider providing more information on its procurement system and activities. Furthermore, qualification criteria in the tender documentation and the numerous bonds required to participate in procurement activities may also hamper participation in CCB procurement activities.
- **Strengthening both the capacity of the procurement workforce and the integrity of the system.** Procurement activities require a workforce with high professional standards in terms of knowledge, practical implementation and integrity. The CCB could benefit from developing a clear strategy for developing the capacity of employees involved in procurement activities, by identifying them, working more closely with the HR Directorate, and undertaking a diagnosis of capacity and knowledge gaps. Procurement is also a high-risk area for corruption and other integrity breaches. While the CCB has taken some positive steps, such as aligning its risk management system with international best practices, it would benefit from developing a coherent and comprehensive organisational integrity system that assigns clear responsibilities, and from reviewing the Code of Ethics with a view to increasing its impact on behaviour.
- **Strengthening the CCB's role in the Colombian public procurement system.** The CCB plays a key role in the public procurement system as it manages the Single Suppliers Registry (RUP), exercising functions delegated by law, and provides training to support an efficient public procurement system. However, the CCB could increase co-ordination and support reforms with public procurement stakeholders; for instance, it could work towards integrating RUP information into the national e-procurement system, and develop additional targeted training courses to increase knowledge of public procurement in the private sector.

Chapter 1. Reinforcing the CCB's contribution to the Colombian public governance sphere

This chapter discusses the role of the Chamber of Commerce of Bogotá (CCB) in the Colombian public governance sphere, including the national public procurement system. Chambers of commerce provide a platform for debating policy issues affecting the course of their members and advancing proposals to mitigate adversarial impacts of public policies. Since public procurement represents a sizeable share of government activities, initiatives and efforts carried out by chambers of commerce in this area support the economic development of their members. The chapter presents several recommendations to strengthen the role of the CCB in Colombian public procurement and benefit its registered companies.

Chambers of commerce around the world are business networks established to further the interests of businesses. They consist of multi-sectorial membership organisations representing the business community, and comprise enterprises and individuals engaged in trade, industry or services.

Chambers of commerce can take several different forms but can be grouped into two main categories (see Table 1.1): the **continental model**, which has its roots in early nineteenth-century France, and the **Anglo-Saxon model**. The main differences between the two models lie in their legal status and membership structure. The continental model is subject to public law and membership is obligatory, at least for certain categories of companies. The Anglo-Saxon model is governed by private law and membership is voluntary.

Table 1.1. Chamber of commerce models

	Continental model	Anglo-Saxon model
Legal status	Special Chamber Law (Public Law)	No chamber legislation (Private Law)
Membership	Mandatory	Voluntary
Relations with government	Formal consultative role	No institutionalised dialogue
Coverage	Regulated regional coverage	Unregulated coverage
Delegation of public services	Delegation of public tasks	No delegation of public tasks

Source: Adapted from Pilgrim and Meier (1995), National Chambers of Commerce, A Primer on the Organisation and Role of Chamber Systems, Centre for International Private Enterprise.

Beyond offering a community of interests for their members, chambers of commerce also provide a platform to debate policy issues affecting the course of their business and to advance proposals to mitigate the adversarial impacts of public policies. In this sense, they function as both service and representative organisations – on the one hand, providing assistance to their members and, on the other, advising and influencing government to create a more favourable business environment (Pilgrim and Meier, 1995).

In order to achieve their primary objective – to protect and promote their constituencies – chambers of commerce and business associations influence public policies and support their implementation. As a matter of public governance, this also holds true in public procurement systems. Accordingly, this chapter discusses the CCB's contribution to the Colombian public procurement environment. However, since public procurement is increasingly used as a strategic governance tool to support broader policy objectives (e.g. innovation, environmental performance or the economic development of SMEs), any assessment of the CCB's contributions should not only assess direct support provided in public procurement processes, but also account for efforts to achieve those other objectives.

1.1. Chambers of commerce: A private contribution to public governance

While the models adopted by chambers of commerce imply different types of activities and competences, both exert an influence on public governance. Private and public interdependence in the field of public governance has been long recognised in the literature. Freeman argues that administration is more a set of negotiated relationships where public and private actors negotiate over policy making, implementation and enforcement (Freeman, 2000). This holds true for the CCB which accounts for 13 385

registered businesses and defines itself as a private non-profit entity aiming at improving business environment with an impact on public policies.

1.1.1. The CCB could build on its regional initiatives and further expand its advocacy role to influence national public policies

Chambers of commerce represent and defend the interests of the private sector in a specific geographical location, regularly liaising with the public sector on a wide range of policies that could affect their adherents.

Their participation in public governance can take multiple forms ranging from advocacy roles to institutional partners and sometimes implementation. For example, the Hungarian Chamber of Commerce participated actively in government efforts to reduce administrative red tape (see Box 1.1).

Box 1.1. Hungary's Cutting Red Tape Programme

The Cutting Red Tape Programme aimed primarily to streamline the “chaotic” – as the government defined it – functioning of bureaucratic machinery and strengthen entrepreneurship and competitiveness. It also sought to facilitate and consolidate Hungary's efforts to combat informality.

From the outset, the programme was conceived to be as open and participatory as possible. To facilitate the collection of information and enhance buy-in during the programme design phase, the government organised several business panels.

As a part of the programme, the government identified 114 actions in areas ranging from taxes or digital government to regulatory activities and business law. Twelve key priority measures address the most pressing problems facing business. These included: simplification of the collection process for employment data and corporate tax; a commitment to deal with business-related administrative tasks within 30 days (after which, in principle, approval is automatic); more relevant cash controls for family enterprises; and the elimination of unnecessary increases to the administrative burden through new regulation.

The government considered the Hungarian Chamber of Commerce (MKIK) and other business associations as strategic partners. The MKIK mobilised its members through the use of general and sector-specific surveys designed to identify and rank topics according to their relevance and priority for simplification. The lists and their input were then forwarded to the government which worked with MKIK to address the identified topics in a co-ordinated manner.

The government expected the programme to create more than 1 000 jobs, yield long-term economic growth in the order of 1.2-1.3% of GDP and lead to improvements in the balance of the state budget of HUF 150 billion.

Source: Adapted from OECD (2015c), "Reducing administrative burdens in Hungary", in *Hungary: Towards a Strategic State Approach*, OECD Publishing, Paris.

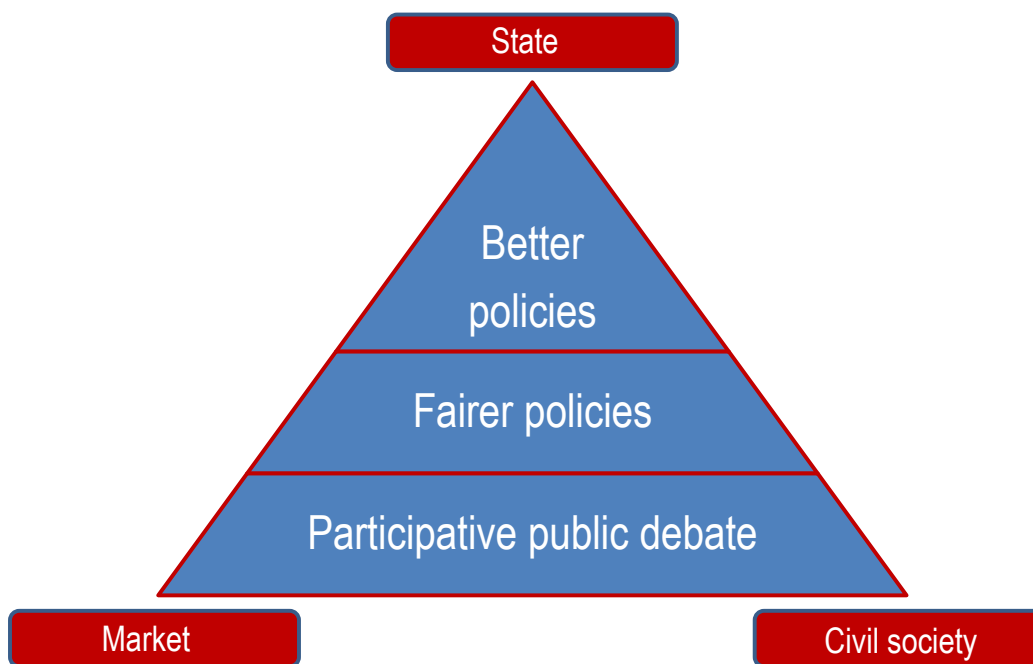
<http://dx.doi.org/10.1787/9789264213555-6-en>.

The 2014-2018 Colombian National Development Plan (*Plan Nacional de Desarrollo 2014-2018*) published by Law no. 1753 of 9 June 2015 defines national development objectives to be supported by public policies set by the public administration. It is constructed around three main pillars: peace, equity and education. To support progress in those three areas, the government identified five transversal strategies:

- competitiveness and strategic infrastructure
- social mobility
- land transformation
- security, justice and democracy for the construction of peace
- good governance.

Several of these strategies and the associated actions aim to enhance the productivity of the private sector. However, as acknowledged by the Ministry of Public Administration (*Departamento Administrativo de la Función Pública*), increasing the quality of governance requires developing policies that involve not only the state and civil society, but also the market (see Figure 1.1).

Figure 1.1. Improving public governance in Colombia



Source: Departamento Nacional de Planeación (2014).

Building on its representative function, the CCB could therefore contribute to increasing the quality of public governance in Colombia and more specifically in the Bogotá region, which represents 34% of all companies located in the country and contributes to 29% of the national GDP (CCB, 2017).

The CCB has already initiated efforts to articulate regional public-private interactions and promote the interests of its members. First and foremost, this translates into an organisational structure with a vice-presidency dedicated to this issue (VP de Articulación Público-Privado). The CCB has also participated in discussions including a recent debate

on options and alternatives in public transportation surrounding the creation of the first subway line in Bogotá. Opportunities to contribute to national policies could arise in the future, especially where reforms are called upon to foster inclusive growth and raise productivity (OECD, 2017). Similar opportunities could be generated by the national initiative to restore and maintain peace in the country.

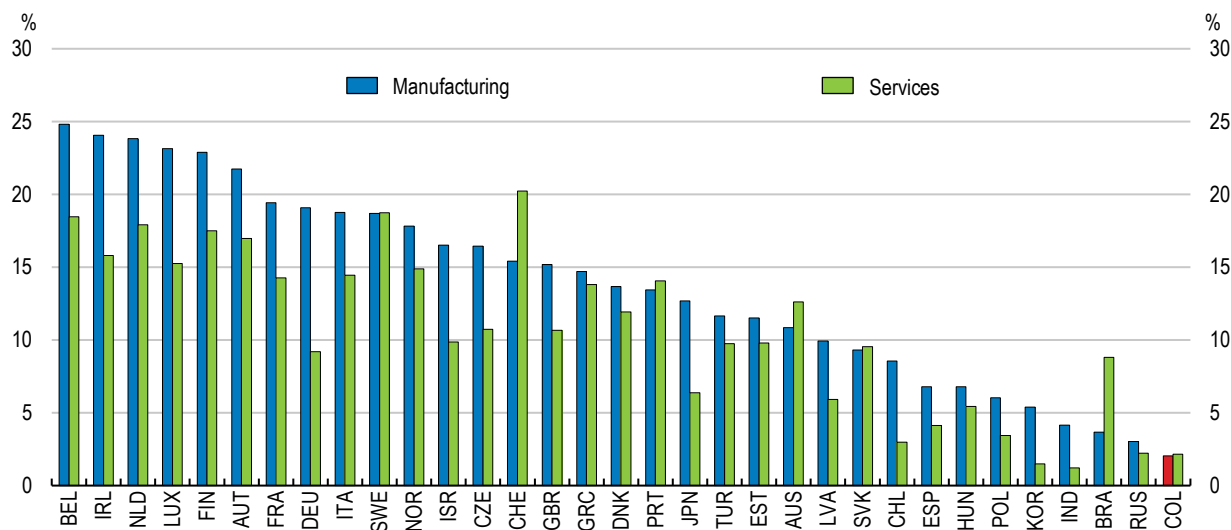
Participation in these legislative debates could be channelled through the national Confederation of Chambers of Commerce, Confecámaras. The primary objective of this network of chambers of commerce is to represent regional chambers at the national and international level.

In addition to contributing to the legislative debate, the CCB also undertakes additional work under the umbrella of the programme “Transform Bogotá” (*Transformar Bogotá*). This aims to promote regional sustainability by improving the business environment. The programme centres around six main pillars (urban management, economic development, peace, security, government and citizens, and competitiveness) and generates information on the Bogotá region to support public and private decision making. It also offers a wealth of information on regional economic development. Considering the role of the latter in the development of the national economy, the CCB could play a leading role in advancing this programme by providing national perspectives on the economic pillars on which it relies. Greater evidence of the CCB's regional and national contributions would also help legitimise its potential influence on national policies.

1.1.2. Closer alignment between the CCB's activities and public policies would support their effective implementation

Besides contributing to whole-of-government programmes and participating in the design of public policies, chambers of commerce can support more targeted policy objectives such as environmental stewardship or sustainable economic growth. Indeed, by virtue of their membership, chambers of commerce are well placed to disseminate public policies in the private sector.

In 2017, the Ministry of Commerce, Industry and Tourism (*Ministerio de Comercio, Industria y Turismo*, MinCIT) decided to invest extensive efforts in diversifying the Colombian economy, which traditionally focuses on raw materials and commodities. To this end, the government launched their Policy of Productive Development (*Política de Desarrollo Productivo*, PDP) to promote innovation and entrepreneurship in different sectors, such as the textile industry, by providing opportunities for economic development. Aside from positive linkages between innovation and productivity, the promotion of innovation is a priority in Colombia due to the country's weakness in that regard (see Figure 1.2).

Figure 1.2. Percentage of firms introducing new products to the market by sector, 2010-12

Note: International comparability may be limited due to differences in innovation survey methodologies and country-specific response patterns. European countries follow harmonised survey guidelines with the Community Innovation Survey. Please see www.oecd.org/sti/inno-stats.htm and chapter notes for more details.

Source: OECD (2015b), *OECD Science, Technology and Industry Scoreboard 2015: Innovation for growth and society*, OECD Publishing, Paris. http://dx.doi.org/10.1787/sti_scoreboard-2015-en

The programme supports the national textile industry by proposing a number of services to 2 300 companies in the sector aimed at improving their competitiveness through value generation and innovation. Those services include technical assistance, consultancies to adopt international best practices in production improvements, training programmes in partnership with education institutions, and guidance and financing for certification required to enter international markets.

The initiative partners with a number of companies and academic institutions, notably to design specific training programmes; however the CCB is not involved in its implementation. This represents a missed opportunity, as its base of adherents in the Bogotá region where companies are concentrated, would allow the CCB to play an effective role in implementing this public policy. The CCB could also align more systematically its training offering, and thus its procurement strategies, with public policies, so as to disseminate them more effectively throughout the business community.

This closer alignment would complement efforts already taken by the CCB to promote innovation throughout its registered businesses. Indeed, the chamber has implemented initiatives to boost the economic growth of its members according to strategies defined by clusters. These clusters are organised around specific sectors and allow for the creation of a network of enterprises, academia and public actors. The initiatives seek to enhance the productivity of the companies and create better conditions for competitiveness in the economic sector that defines them.

The role of chambers of commerce in disseminating government objectives and policies can also be seen in other fields, such as environmental performance. In the United States, a wide array of chambers of commerce are developing a green business network aimed at promoting and facilitating growth among industries already achieving, or working

towards environmental stewardship and economic prosperity. By supporting a green business network, a chamber of commerce enables its members to rebrand themselves as ecologically aware businesses, and thus become more attractive to consumers.

The CCB is also participating in the District Commission of Science, Technology and Innovation (*Comisión Distrital de Ciencia, Tecnología e Innovación*, Codiciti) and the Department Council (*Consejo Departamental de Ciencia, Tecnología e Innovación de Cundinamarca*, Codecti), institutions that are both developing public policies related to innovation in the Bogotá region. In order to promote such policies, the CCB could implement an incentive scheme for its members to become leaders in innovation.

More generally, the CCB could further leverage its promotion of the Sustainable Development Goals (SDGs) for dissemination throughout its membership. The CCB's Vice-Presidency for Competitiveness and Shared Value, in charge of co-ordinating the chamber's sustainability agenda, could work to diffuse those strategic objectives across registered businesses to ensure they become leading enterprises in the field of sustainable development. The Environmental Business Corporation (*Corporación Ambiental Empresaria*, CAEM), one of the CCB's subsidiaries, could also play a more active role in meeting these objectives.

1.2. Supporting the implementation of strategic public procurement

Experience in numerous jurisdictions has shown that the participation and involvement of stakeholders in procurement systems is central to ensuring that operations are carried out in a co-ordinated manner and that the desired strategic objectives are understood by all. The OECD Recommendation on Public Procurement (OECD, 2015a) considers stakeholder engagement essential to the creation of a sound procurement system able to leverage its strategic capability (see Box 1.2).

Box 1.2. Recommendation of the OECD Council on Public Procurement

RECOMMENDS that Adherents foster transparent and effective stakeholder participation.

To this end, Adherents should:

- (i) Develop and follow a standard process when formulating changes to the public procurement system. Such standard processes should promote public consultations, invite the comments of the private sector and civil society, ensure the publication of the results of the consultation phase and explain the options chosen, all in a transparent manner.
- (ii) Engage in transparent and regular dialogues with suppliers and business associations to present public procurement objectives and to ensure a correct understanding of markets. Effective communication should be conducted to provide potential vendors with a better understanding of the country's needs, and government buyers with information to develop more realistic and effective tender specifications by better understanding market capabilities. Such interactions should be subject to due fairness, transparency and integrity safeguards, which vary depending on whether an active procurement process is ongoing. Such interactions should also be adapted to ensure that foreign companies participating in tenders receive transparent and effective information.
- (iii) Provide opportunities for the direct involvement of relevant external stakeholders in the procurement system with a view to increasing transparency and integrity, while ensuring an adequate level of scrutiny, provided that confidentiality, equal treatment and other legal obligations in the procurement process are maintained.

Source: OECD (2015a), *OECD Recommendation of the Council on Public Procurement*. www.oecd.org/gov/ethics/OECD-Recommendation-on-Public-Procurement.pdf.

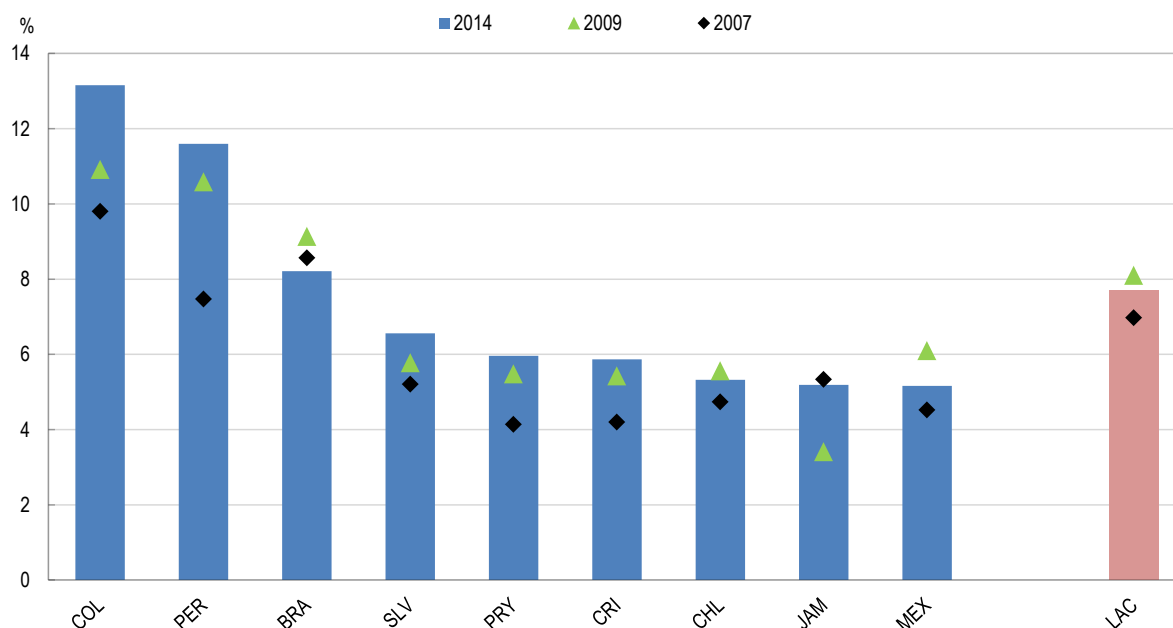
While policy makers, auditors or judges are recognised as part of the broad procurement community, chambers of commerce and business associations are not often perceived in such terms. Yet, they can play a significant role in procurement systems at the interface between the public and the private sector, among the various stakeholders in the procurement process.

1.2.1. Closer relations between certain activities and public procurement could enhance co-ordination between the CCB and other procurement stakeholders

Among the different public registries held by the CCB, one plays a central role: the Single Suppliers Registry (*Registro Único de Proponentes*, RUP). The chamber is responsible under law for managing the registration of companies in the Bogotá region and incorporating the information into a national register. Registration on the RUP is a prerequisite for participation in public procurement operations. It provides access to procurement opportunities and serves as a set of legal and administrative compliance checks, which must be carried out before entering into public tenders. The increasing importance of public procurement in Colombia (see Figure 1.3) provides suppliers of all size with the potential to stimulate economic growth by being awarded public contracts. It represents a non-negligible market for companies, accounting in 2014 for almost 30% of

government expenditure, the second highest total in Latin America and the Caribbean after Peru (OECD, 2016a).

Figure 1.3. Government procurement as a percentage of GDP, 2007, 2009 and 2014



Note: Data for Peru and Paraguay are recorded on a cash basis. For Costa Rica and Jamaica, the part of government procurement related to gross fixed capital formation does not include the consumption of fixed capital.

Costs of goods and services financed by the general government are not included in government procurement, because they are not counted separately in the IMF Government Finance Statistics (database).

Data for El Salvador and Mexico refer to 2013 rather than 2014. Data for Colombia refer to 2008 rather than 2007.

Source: OECD (2016a), *Government at a Glance: Latin America and the Caribbean 2017*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264265554-en>.

Concerns have been noted in the past about the costs and administrative burdens entailed by participation in public tenders (OECD, 2016a) and, notably, their potential impact on the limited number of registered companies. Indeed, as of August 2017, only 10 844 companies from the Bogotá region were registered on the RUP, compared to more than 694 000 established businesses in the region. It should, however, be noted that companies from the Bogotá region represent almost 29% of all companies registered on the RUP.

In an attempt to minimise, as much as possible, the resources necessary for suppliers to register on the RUP, the CCB is working to digitalise registration services. In 2016, according to the chamber, 78.5% of annual renewals and 25% of first inscriptions were carried out online. In addition to easing the administrative steps necessary to participate in public tenders, the complete digitisation of this process could provide new opportunities to exploit and communicate information on and to suppliers, in order to increase the overall efficiency of the procurement system in accordance with the legislative framework.

Indeed, considering the above-mentioned reservations regarding this process, the CCB could further increase and demonstrate the benefits that these inscriptions provide to the

main stakeholders in procurement processes. Within the existing normative framework and in co-operation with Colombia Compra Eficiente (CCE), the national Central Purchasing Body (CPB) responsible for the development and management of the e-Procurement system (SECOP), the CCB could join forces with CCE and invest efforts in identifying technological solutions to seamlessly integrate information hosted by the RUP into the national electronic platform for public procurement. Tangible benefits of integration between systems in public procurement have been acknowledged in other OECD countries, such as Korea, where it contributed to generating an estimated USD 8 billion in annual transaction cost savings primarily for the private sector (see Box 1.3).

Box 1.3. Data connections in KONEPS

A central responsibility of the Korean Public Procurement Service (PPS) is the management of the E-Procurement System (KONEPS), which involves both policy and purchasing dimensions. KONEPS processes nearly two-thirds of all public procurement in Korea, and responsibility for the system is undertaken in an integrated and strategic manner, driving continuous improvements in public procurement.

KONEPS is a comprehensive, fully fledged e-procurement system covering the entire procurement cycle, including procurement requests from public buyers, publication of tender notices, communication with suppliers, collection of e-bid submissions, bid opening and contract awarding, inspection and e-payment.

Central to this ability to standardise and centralise functionalities is a network linking KONEPS to a variety of electronic systems, both within and outside the government. Connections with 19 surety companies allow the automated verification of four types of sureties, including bid bonds and performance bonds. Interfaces with 12 private sector associations and 9 credit rating companies enable the automatic collection of credit and past performance data, which are used to verify qualifications and to evaluate bids. Business registration certificates and tax-payment certificates are transmitted through appropriate data exchange interfaces.

As a result of this integrated system, 477 documents used in public procurement, including bid forms, contract forms, inspection requests and payment requests, have all been converted to digital equivalents.

The introduction of KONEPS also fostered efficiency and delivered value for money. A study conducted by Hanyang University in 2009 indicated that these changes led to an estimated USD 8 billion in annual transaction cost savings, primarily in savings to the private sector in reduced costs for visiting public entities, obtaining required certificates and proof documents, and registering and updating accounts in multiple systems.

Source: Adapted from OECD (2016b), "Driving efficiency through e-procurement: KONEPS", in *The Korean Public Procurement Service: Innovating for Effectiveness*, OECD Publishing, Paris.
<http://dx.doi.org/10.1787/9789264249431-5-en>.

In addition to devoting efforts to streamline procurement processes, the CCB could also provide additional services to its members relating to public procurement opportunities. For example, the London Chamber of Commerce and Industry developed a tender monitoring service where suppliers can subscribe to automatic alerts informing them of upcoming public tenders in areas of their interest. A noteworthy feature of this service is

that it compiles information not only on national tenders, but also on procurement opportunities across Europe and the rest of the world. It can filter alerts by product categories, countries or keywords. Developing such a service could provide members of the CCB with enhanced awareness of public procurement opportunities and usefully complement the search functionalities of the national e-Procurement system, SECOP II.

Beyond those efforts, the active participation of the CCB, either directly or through ConfeCamaras, in discussions on public procurement reforms would ensure that the views of the private sector are duly captured and debated when drafting new legislation.

While formal consultations with chambers of commerce on legislative procurement reforms are not foreseen in Colombia, as is the case in Germany (see Box 1.4), the CCB could strengthen its advocacy role when reforms are being publicly debated.

Box 1.4. The involvement of German chambers of commerce in procurement reform

The cascade mechanism (*Kaskadensystem*) is a fundamental principle of the German public procurement system that describes a three-stage regulatory framework. The primary procurement law, the Act against Restraints in Competition (*Gesetz gegen Wettbewerbsbeschränkung*, GWB), is complemented, among other specific laws, by a general secondary law, the Ordinance on the award of public contracts (*Vergabeverordnung*, VgV). These provisions are detailed in third-level regulations on goods and services (*Vergabe- und Vertragsordnung für Leistungen*, VOL) and public works (*Vergabe- und Vertragsordnung für Bauleistungen*, VOB).

The tertiary laws have created public procurement committees for supplies and services tendering and contract regulations (DVAL) and for construction tendering (DVA). Both committees are charged with the revision and amendment of the third-level public procurement regulations.

The composition of the committees is designed to reflect the concerns of the private sector. Among the committee members are representatives from the public sector (federal ministries, federal state ministries, municipal associations) and the private sector, including representatives from chambers of commerce and unions.

The committees have one general assembly a year, but members can request additional debates. During these meetings, they vote on changes to the third-level regulations. Public procurement committees can also form subgroups to address specific topics.

Source: Based on European Commission (2016), *Public procurement – Study on administrative capacity in the EU, Germany Country Profile* And Deutscher Bundestag (2016), *Reform der Struktur des Vergaberechts*, www.bundestag.de/blob/407490/d8266240294e7269511a8c2b5b2e070e/wd-7-015-15-pdf-data.pdf.

1.2.2. The CCB could build on recent efforts and reinforce its training offering to support an efficient public procurement system

Training provided to members is the common denominator among the regular activities of chambers of commerce around the world. Indeed, training in a number of different topics is deemed to increase the skills and competencies of the recipients, thereby supporting their development. Applied to businesses, training can take the form of workshops, seminars or conferences to increase companies' attractiveness or reinforce

their competitiveness. Chambers of commerce often provide a catalogue of training to support and further develop the competitiveness of their adherents.

The CCB offers a full suite of training courses including over 200 courses covering a variety of topics, approximately 90% of which are free of charge. Just over 50% of the courses utilise the workshop format, but other formats are also used (Table 1.2).

Table 1.2. List of capacity-building activities provided by the CCB, 2016

	Information	Training	Assessment	Contacts	Total
Business strategy	14	39	19	0	72
Innovation	2	16	6	0	24
Market and sales	4	20	4	6	34
Production and quality	4	24	4	0	32
Finance and financing	2	10	3	3	18
Internationalisation	0	22	2	0	24
Transversal	0	0	3	0	3
Total	26	131	41	9	207

Source: Information provided by the CCB.

Since 2008, the training catalogue of the CCB has provided multiple opportunities for companies to increase their knowledge and capacity in different fields, including general knowledge of public procurement. Recently, the CCB decided to devote additional efforts to this area and developed targeted training courses on public procurement.

In late 2017, the CCB offered different capacity-building activities to the private sector. An introductory two-day course in September provided general knowledge to suppliers on the public procurement system and the conditions required to participate in public tenders. This course was complemented by another distance training module providing additional details on public procurement law and requirements relating to contract execution.

In addition to these training sessions, which were undertaken in partnership with universities such as the Universidad Externado de Colombia, the CCB has developed a more comprehensive diploma on strategic public procurement benefiting from the expertise of the CCE. Delivered in 80 hours, this diploma should provide participants with an in-depth understanding of the different milestones of strategic public procurement from strategic sourcing and planning to contract management. This course is intended both for members of the private sector and public procurement officials.

This initiative combining the CCB's network of businesses with the expertise of procurement practitioners in CCE provides knowledge on major principles of public procurement and could prove useful in further increasing competition in public tenders. Indeed, based on data generated by SECOP II, the national e-Procurement system, an average of 20% of bidders participating in tenders do not qualify for a comprehensive assessment of their proposals because they fail to meet technical or administrative requirements. Increasing the knowledge of bidders about common pitfalls in public tenders could therefore positively impact the ratio of competing bidders.

This training programme might require further development before it can provide its members with a thorough understanding of the different dimensions of public procurement, and thereby increase their chances of winning public contracts. Box 1.5

offers an example of an academic diploma developed by the Peruvian Chamber of Commerce.

Box 1.5. Chamber of Commerce of Peru and public procurement training

The National Chamber of Commerce of Peru is offering out a specialised diploma in public procurement, which includes the following modules:

- general provisions
- pre-tendering phase
- methods of procurement
- settlement of disputes during award phase
- contract execution
- settlement of controversies during contract execution
- mechanisms for dispute resolution
- code of ethics and ethics council
- registers.

The diploma includes 350 hours of academic lectures delivered as a distance learning programme. The chamber emails participants the training material along with a final timed evaluation, which should be returned to the chamber. At the end of the programme, successful participants are provided with an official diploma.

Source: Adapted from <http://camaranacional.org.pe/contrataciones-del-estado>.

In addition to a diploma comprehensively detailing the different phases of the public procurement cycle, the CCB could further develop business-oriented training courses. In other countries, chambers of commerce are implementing public procurement trainings designed from the supplier's perspective. As an example, the London Chamber of Commerce and Industry has developed one-day masterclasses on how to submit winning bids, where participants learn strategies for developing proposals that not only respond to requirements put to tender, but also maximise their chances of being awarded a public contract (London Chamber of Commerce and Industry, 2017). The CCB could leverage its subsidiary, the Business University (*Fundación Universitaria Empresarial de la Cámara de Comercio de Bogotá, Uniempresarial*), to develop and deliver such courses.

Taking into consideration their share in the Colombian economy (99.6%), and in the Bogotá region specifically, the CCB could also tailor specific support for SMEs on public procurement. Interviews during the fact-finding mission confirmed that many SMEs experience difficulties in understanding and applying public procurement legislation. Indeed, tailored support for SMEs in public procurement has long been identified as an effective measure to increase their participation in public tenders (OECD, 2014). Pursuing this objective, the Dublin Chamber of Commerce developed a practical guide providing best practice to promote the participation of SMEs in public tenders (Dublin Chamber of Commerce, 2013). The CCB could build on this type of exercise and develop comparable guidance to ensure that SMEs in Colombia are given every means to access public tenders. In addition, through the Business Strengthening Vice-Presidency, the CCB could further present public procurement as a key area of development for enterprises by becoming suppliers of the public sector.

1.3. Proposals for action

The Chamber of Commerce of Bogotá has ample opportunities to strengthen its role in the Colombian public procurement system and to contribute more broadly to the effective dissemination of public policies.

To do so, the CCB could consider the following proposals:

- Further expand its advocacy role to shape national public policies. This could be done by actively participating in public debates on legal reforms, either directly or through the national network of chambers of commerce.
- Ensure a closer alignment between its activities and national initiatives to reinforce their effective implementation. This could be done, for example, by taking into account national policies and initiatives when designing its training portfolio.
- Increase co-ordination with public procurement stakeholders to reinforce the efficiency of the Colombian public procurement system. The CCB could achieve this objective by working towards direct integration of the information it holds on potential suppliers in the RUP into the national e-Procurement system.
- Develop additional targeted training courses to increase the public procurement knowledge of the private sector for companies of all size. This could be done by developing programmes that provide companies with support to win public contracts, as a means to foster their economic growth.

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Chapter 2. Moving towards digitalisation of the CCB procurement process

This chapter discusses the use of diverse information and communication technologies (ICTs) in the procurement system of the Camara de Comercio de Bogotá (CCB). It analyses in particular the degree of digitalisation of procurement processes. Recognising the diverse benefits of an e-procurement system, the chapter makes suggestions to the CCB's use of ICT to further reap its benefits.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

2.1. Introduction

E-procurement refers to the use of digital technologies to replace or redesign paper-based procurement procedures. It is an effective tool to improve administrative procedures and contributes to the main principles that govern procurement. Implementation of a sound e-procurement system increases the transparency of public procurement processes by easing access to public tenders and allowing timely diffusion of information to diverse stakeholders. This information facilitates the participation of more suppliers, especially SMEs, in public procurement processes through improved market access and reductions in marketing and transaction costs. Increased competition helps the procuring entity to find better terms and conditions for the purchase and results in higher value for money. E-procurement systems also provide better traceability of information and higher transparency across the whole process, which in turn enhances the integrity and accountability of the actors and the system.

Recognising the diverse potential benefits from harnessing digital technologies to support e-procurement innovation throughout the procurement cycle, the OECD Recommendation on Public Procurement (hereinafter “the OECD Recommendation”) urges Adherents to employ recent digital technology developments and pursue state-of-the-art e-procurement tools. The use of e-procurement is also closely linked with and contributes to the promotion of other major principles of procurement highlighted by the OECD Recommendation (Box 2.1).

Box 2.1. Main linkages between e-procurement and other principles of the OECD Recommendation

- *Transparency*: E-procurement systems limit direct interaction between officials and potential suppliers.
- *Integrity*: E-procurement tools facilitate access to public tenders and improve the transparency of public procurement processes, as well as the accountability of procurement officials, which contributes to mitigating risks of corruption inherent to procurement processes.
- *Access*: E-procurement systems ensure access to public tenders and increase competition.
- *Balance*: The effectiveness of procurement in achieving secondary policy objectives can be measured using e-procurement systems.
- *Participation*: The use of e-procurement systems can contribute to effective communication with suppliers, business associations and other relevant stakeholders, as well as to effective information.
- *Efficiency*: E-procurement tools simplify processes for the awarding and management of contracts and drive cost savings.
- *Capacity*: The public procurement workforce and potential bidders/suppliers need to know how to use e-procurement systems and tools.
- *Evaluation*: E-procurement systems contribute to assessment of the results of procurement processes by collecting consistent, up-to-date and reliable information and use data on prior procurements.

Source: OECD (n.d.), “OECD Public Procurement Toolbox”, webpage, (accessed on 30 August 2017).

The Chamber of Commerce of Bogotá (CCB) supports the use of digital technologies, as stated in its Procurement Policy. Furthermore, employing digital technologies to support the e-procurement system contributes to the main institutional goals of the CCB, especially facilitating easy access by businesspersons to all services at any time or place.

Against this background, this chapter discusses diverse information and communication technologies and electronic mechanisms that the CCB uses to support its procurement system. This chapter also analyses how the CCB could benefit from further digitalising its procurement system and adopting other electronic tools to support the CCB's procurement system.

2.2. Publication of procurement information through the CCB website

The use of ICTs in procurement systems facilitates the timely diffusion of procurement information to a wide range of stakeholders. Indeed, the implementation of e-procurement systems by governments and private entities focuses primarily on increasing the transparency of the procurement system.

The CCB uses its website¹ to publish procurement information and advertise public calls. The link to the relevant webpage is given at the bottom of the homepage under the heading “suppliers” (*Proveedores*). This webpage provides three main links related to three topics: supplier registration, current calls for tenders, and previous call to potential

suppliers and contractors. It also includes a sidebar containing links to important documents, which as of late 2017 included:

- Annual Procurement Plan 2017 (*Plan Annual de adquisiciones 2017*)
- Supplier registration form (*Formato de inscripción de proveedores*), available in Spanish and English
- Code of Ethics and Good Governance of the CCB (*Código de Ética y Buen Gobierno de la CCB*), available in Spanish and English
- Procurement Policy of the CCB (*Estatuto de Contratación de la Cámara de Comercio*), available in Spanish and English.

2.2.1. Improving the online presentation of procurement information on the CCB webpage

The current webpage serves mainly to provide potential suppliers and contractors with key information related to the CCB's procurement system, in order to facilitate their participation in and access to procurement opportunities. In particular, it provides information on the CCB's regulatory framework, the procedure related to registration within the Registry of Suppliers, and past and current public calls for tenders.

The information on the regulatory framework of the CCB's procurement system is not complete. At present, only the Procurement Policy and the Code of Ethics and Good Governance are available on the website. The Procurement Policy establishes the main elements of the CCB's procurement system, but does not detail their practical application. Communicating the regulatory framework applicable to the CCB's procurement system in a simple and clear manner would help suppliers better understand the system and obtain the necessary information to participate in procurement opportunities.

In this light, the CCB could consider publishing provisions and rules that apply to their procurement system including those included in the Procurement Procedures Manual and other guidelines of the CCB. This does not necessarily mean adding further documents to the current list displayed on the main procurement webpage, as this might make it harder for users to navigate and capture the desired information. While the option to download the file is important, the webpage should clearly indicate where and how suppliers can consult the information. One option would be to include an additional webpage explaining in simple and easy terms the different procurement processes used by the CCB and the actions to be taken at each stage. Such active communication with suppliers would help the CCB enhance mutual understanding regarding the procurement system and its operation.

As an additional example, the page on current calls for tender displays the object of each contract. By clicking the links associated with these tenders, the user is directed to a page with key information and links to download the tender documents. The following information is displayed: the object of the tender; date of publication of call for tenders; closing date for submitting clarification questions; closing date for receiving bids; requesting area; and information of the contact person at the CCB. If the main objective of the CCB is to increase competition by promoting participation among suppliers, these webpages need to better communicate the CCB's needs to potential suppliers and contractors, as well as the information to facilitate their participation in procurement opportunities. For example, the CCB could include additional key information on the webpage for current calls for tender, such as the category of goods or services required, and display more prominently the deadline for submitting bids. The CCB could also

reconsider the structure of these webpages with a view to reordering information to better reflect its objectives. Similar considerations could be made for the page on previous calls for tender. Currently, the main page for previous tenders displays calls made in 2017 with earlier calls (2015 and 2016 are available) organised by year. This navigation approach is not user friendly, unless the interested parties have information on a specific tender. It could be improved by the addition of search functionalities on previous and current calls for tenders to allow users to search at least by product category.

2.2.2. Increasing the transparency of procurement processes by publishing and disseminating more information

An adequate degree of transparency is essential for a well-functioning procurement system and has been at the heart of many public procurement reforms around the OECD countries-“reform efforts [have] focused in particular on ensuring an adequate degree of transparency that does not impede the effectiveness of public procurement (OECD, 2013).” These reforms have focused primarily on publishing and disseminating public procurement information through e-procurement systems. For an entity like the CCB, which is not a public entity but is largely funded by public funds, increasing transparency has implications as a mechanism to hold them accountable for taxpayer money spent through procurement.

The CCB uses its website to publish and disseminate key procurement information to its potential suppliers and contractors, as previously discussed. The current procurement webpage of the CCB has links to current calls for tenders as well as previous calls. However, only processes carried out by public calls are published on the website. There were 20 open tenders published in 2014, 46 in 2015 and 18 in 2016. These represent approximately 1% of all CCB procurement procedures (see Figure 7.3). Despite accounting for about 20% of value, public calls do not provide a comprehensive picture of processes carried out by the CCB. These “high-value” contracts represent a significant share of the CCB’s procurement spending, as they have higher expected benefits through open advertisement. However, potential suppliers not registered on the Registry of Suppliers or registered suppliers not contacted for private calls are unable to obtain any information on the CCB’s procurement processes other than open tenders through its website.

Publishing information on procurement processes other than open tenders could improve the transparency of CCB’s procurement system as well as its relationship with suppliers and the latter’s access to CCB procurement opportunities. However, publishing the same level of information for other processes could create an excessive administrative burden and might not produce efficiency and effectiveness gains relative to the burden. Nevertheless, giving suppliers a comprehensive picture of procurement opportunities offered by the CCB could attract more competent suppliers with better offers. This information could be published on the website to help any interested party understand the overall functioning of the CCB’s procurement system. Making available information on the contracts offered by the CCB, divided by product categories, type of procurement method and year, could help the CCB attract more suppliers and thus find better terms and conditions for purchases, and hold the chamber accountable for its procurement activities.

CCB procurement activities that are funded with public funds need to be published on SECOP, especially calls for tender (in cases of competitive tendering) and contracts. Information on these processes is not published on the CCB’s website, except in the case

of public calls. Indeed, when funded with public funds, these activities are subject to an additional regulatory framework: the Law of Transparency and Right to Access National Public Information-Law 1712 of 2014. In this regard, publishing key information on these processes on its website would help the CCB provide more complete information on its procurement activities to stakeholders. At a minimum, the website could include links to information on these processes.

2.2.3. Improving the Annual Procurement Plan to better communicate CCB's procurement needs

The presentation of information on upcoming procurement opportunities needs to reflect an entity's communication objectives. On the one hand, an annual procurement programme helps a procuring entity plan procurement activities for the forthcoming year and organise and control their spending in a more structured and predictable way. On the other hand, this information is crucial for suppliers to remain informed about upcoming procurement opportunities, in order to plan and prepare for them. Such information would facilitate the participation of suppliers in the CCB's procurement activities and thus increase the efficiency of the CCB's procurement activities by enabling more competitive terms and conditions for purchases.

The CCB publishes its Annual Procurement Plan on the procurement webpage. Currently, the plan for year 2017 is available along with other documents. However, the Annual Procurement Plan for 2017 was made available only in March. Late publication of the plan directly affects the ability of potential suppliers and contractors to inform themselves and plan their participation in the CCB's procurement opportunities ahead of time. This timeline could be defined along with others (see Chapter 7.). The CCB could consider publishing a preliminary version of the Annual Procurement Plan at the start of the year, or earlier, and then finalise this draft following validation of the budget.

The Annual Procurement Plan of the CCB is published on its website in the form of a Microsoft Excel file containing the following information: product or service category, requesting area and quantity. Only five product or service categories are identified on the file: consulting, training, administrative and infrastructure services, communication services, and information and communication technologies. If the main objective of the CCB in the plan is to inform suppliers about upcoming procurement opportunities, the information contained in the current file is not sufficient to effectively communicate their needs.

The internal version of the Annual Procurement Plan contains more detailed information about each area's upcoming needs, including: budget order numbers, the estimated value of each procurement, product and service categories, related framework agreements and so on. However, the information contained in the public version of the plan is too minimal and too general. For instance, the current grouping of procurement needs by product or service category is too broadly defined for suppliers to understand the exact product or service to be procured. While the required quantity is stated in the Annual Procurement Plan, this information is effectively useless without more data about the concrete needs of each requesting area. Furthermore, the plan provides no indication of the timing of the call for tender. In this light, the CCB should reconsider the extent of the information communicated to potential suppliers and other stakeholders in the Annual Procurement Plan. In particular, the CCB could consider adding the following information: more concrete descriptions of the requesting area's needs, the approximate size of the contract or duration of the service, and an indication of the timing of the

tender. The Annual Procurement Plan List of the Australian Government procurement information system, AusTender, is illustrative in this regard (see Box 2.2).

Box 2.2. The Annual Procurement Plan List of the Australian Government

AusTender, the Australian Government procurement information system, provides suppliers with a central point of access for publicly available business opportunities and planned procurements advertised by the Australian Government.

Suppliers can browse annual procurement plans by agency or search procurements by keyword, category or date of approach to market and/or agency. For example, if a supplier sells office equipment, they can filter procurements by this category and then browse planned procurements across government. Suppliers can also add procurements of interest to their AusTender “watch list” to receive updates and notifications.

Source: <https://www.tenders.gov.au/?event=public.APP.list>

2.3. Digitalising the whole procurement cycle of the CCB

OECD countries as well as non-member countries have developed and implemented e-procurement systems in recognition of their benefits. Notably, implementation of e-procurement systems can simplify the way procurement is conducted, reduce waste and deliver better procurement outcomes (European Commission, n.d.). The systems in place have different functionalities covering the pre-tendering, tendering and contract management phases. E-procurement systems in OECD countries are most commonly used to publish and store procurement information, to announce tenders, provide tender documents and notify contract awards. While early development has focused on increasing the transparency of procurement systems, e-procurement is increasingly used to improve efficiency by reducing administrative and transaction costs. In particular, the electronic submission of bids is supported by approximately two-thirds of OECD countries' e-procurement systems for the public sector (Table 2.1). Private entities also use e-procurement systems for the purpose of publishing information, in order to reap the efficiency benefits.

Table 2.1. Provision of e-procurement functionalities

	Announcing tenders	Provision of tender documents	E-submission of bids	E-reverse auctions	Notification of award	E-submission of invoices	Online catalogue
Australia	●	●	●	○	●	○	○
Austria	◆◆	◆◆	◆◆	◆	●	●	◆
Belgium	●	●	●	●	●	◆	●
Canada	●	●	○	○	●	◆	◆
Chile	●	●	●	○	●	○	●
Denmark	◆◆	◆	◆◆	◆	◆◆	◆◆	○
Estonia	◆◆	◆◆	●	●	●	◆	○
Finland	●	●	●	●	●	●	◆
Germany	◆◆	◆◆	◆◆	○	◆◆	○	○
Greece	●	●	●	●	●	○	○
Hungary	●	●	○	○	●	○	○
Iceland	●	●	○	○	●	●	○
Ireland	●	●	●	○	●	○	○
Israel	◆◆	◆◆	○	●	●	●	○
Italy	◆◆	◆◆	◆◆	◆	◆◆	●	●
Japan	◆◆	◆◆	◆◆	○	◆◆	◆◆	◆◆
Korea	●	●	●	○	●	●	●
Latvia	◆◆	◆◆	●	○	◆◆	○	○
Mexico	●	●	●	●	●	○	○
Netherlands	●	●	●	○	●	○	●
New Zealand	●	●	●	●	●	◆	●
Norway	●	●	◆	○	●	◆	◆
Poland	●	◆	○	●	●	○	●
Portugal	●	●	●	●	●	○	●
Slovak Republic	●	●	●	●	●	○	○
Slovenia	●	●	○	●	●	●	●
Spain	●	●	●	○	●	●	●
Sweden	◆	◆	◆	◆	◆	◆	○
Turkey	●	●	●	○	●	○	○
United Kingdom	●	◆	◆	◆	●	◆	◆
OECD Total							
● In a national central e-procurement system	29	26	21	11	29	10	11
◆ Only in e-procurement systems of some specific procuring entities	1	4	3	5	1	7	5
○ No	0	0	6	14	0	13	14

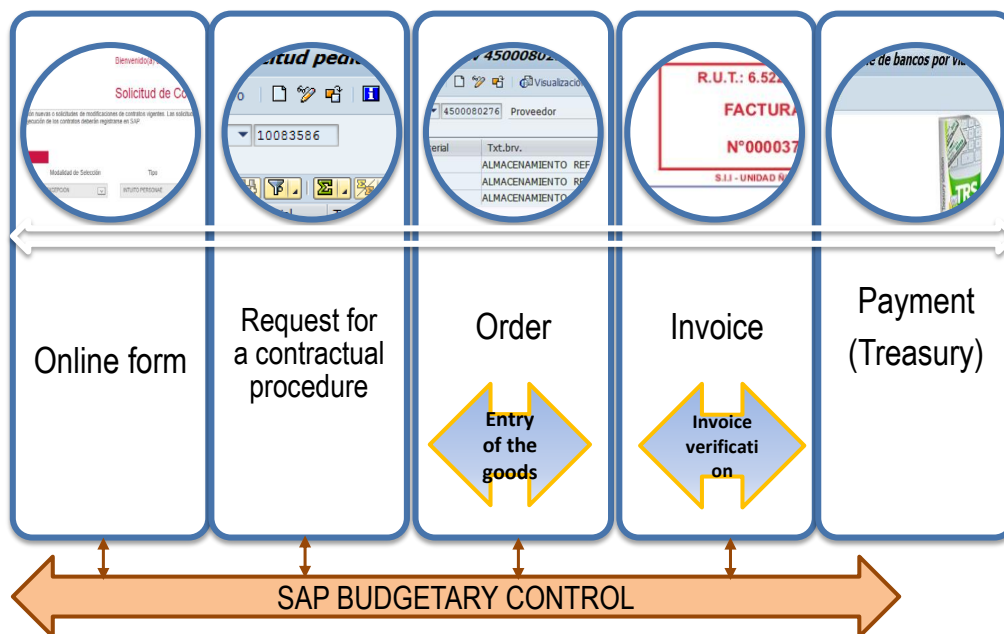
Source: OECD (2017), *Government at a Glance 2017*, OECD Publishing, Paris.
http://dx.doi.org/10.1787/gov_glance-2017-en

2.3.1. Rendering current ICTs more procurement process-oriented

The CCB uses an enterprise resource planning (ERP) system called SAP to support its internal processes. The ERP system focuses on budget management which is integrated with the procurement process. It enables the CCB to track and control the budget, potential suppliers (via a database), procurement requests and approval by procurement stakeholders (e.g. paymasters general; contracts; and their execution, including deliverables, invoicing and payments).

The use of the ERP system for procurement processes supports systematic and efficient contract management, especially during creation, execution and monitoring. Its objective is to maximise financial and operational performance and minimise associated risks through automatic control of the budget. Requesting areas make procurement requests by completing a virtual form on the CCB intranet. This form is integrated into the ERP system, allowing for the consolidation of budget transactions during procurement cycles.

Figure 2.1. CCB's procurement process supported by the ERP system



Source: Information provided by the CCB.

The ERP system is also integrated with other systems that form part of the procurement process, such as the document management system (Royal Image), a risk management application for consulting restrictive lists (Risk Consulting) and the public registry system (SIREP), among others.

The CCB's ERP system supports its procurement activities, however with some limitations as it is not designed around procurement processes. Instead, ERP systems are oriented around business processes, and track resources and commitments based on common databases of expenditures. When compared with tailored e-procurement solutions, ERP systems often lack personalised vendor portals, catalogue hosting and shopping capabilities, electronic bidding, and open and unlimited supplier access to catalogues, accounts and reports (NASPO, 2013). Even though the CCB's ERP system

supports certain report-generating functions, these are limited to basic operations. For instance, as a resource management system, it does not allow automated aggregation of spending by product categories and analysis thereof.

One inconvenience of the ERP system raised during the fact-finding mission was the need to split orders (i.e. place two separate purchase orders for the same products or services) when using more than one funding source. This stems from an obligation on CCB to present separate financial statements according to the origin of the funds, as stated in Decree 4698 of 2005 and the Single Circular of the Superintendency of Industry. However, this requirement duplicates work and impairs system efficiency. In order to address this issue, the CCB could assess the possibility of developing mechanisms to reduce duplication, at least at the operational level.

Furthermore, new mechanisms envisaged by the CCB to consolidate procurement needs with its subsidiaries, including shared services (see 0), further emphasise the need for an ICT environment that supports external relationships not only with suppliers, but also with other entities to manage procurement processes. In line with organisational objectives in procurement activities, the CCB could consider further adopting its current ICT environment to better manage its procurement processes and manage external relationships with suppliers.

2.3.2. Implementing e-procurement solutions

As previously discussed, ERP systems do not support the functionalities required for open, transparent and accessible contracting. In the case of the CCB, which is a significant recipient of public funds, procurement activity is subject to certain forms of public accountability. The promotion of transparency, integrity and accountability are of particular relevance, in line with the OECD Recommendation. The designs of e-procurement solutions widely used by governments support these principles. As shown in Table 2.1, e-procurement systems in OECD countries can be characterised as informational platforms that publish and disseminate information along the procurement cycle.

In addition to facilitating storage and the timely diffusion of public procurement information, e-procurement systems are also increasingly used to enhance system efficiency through the standardisation and automation of processes and savings in transaction and administrative costs and time. Among the functionalities provided by e-procurement systems, the electronic submission of bids is particularly crucial when considering efficiency benefits, as it significantly reduces administrative and transaction costs and allows for reliable data collection. This functionality is often used to measure e-procurement uptake.

Some of these functionalities which are not supported by the CCB's current IT systems are envisaged for future implementation, according to the procurement rules. Article 17 of the Procurement Manual states that "the CCB may, whenever they deem it convenient, set up the possibility for the offers to be submitted digitally in the Invitation to Submit a Proposal. In any case, they will have to contain all the information required as well as all attachments as required. Also, the offers must be submitted in PDF format, or in any other format that guarantees the data and information contained in the proposal cannot be altered." However, the CCB does not currently allow the electronic submission of bids with bids submitted instead by mail. Communication with suppliers takes place mainly through emails. Furthermore, the CCB uses a third-party electronic platform for e-reverse

auctions, provided by Certicámara, which is one of the CCB's subsidiaries. On average, the CCB carries out four e-reverse auctions per year.

Further digitalisation of the procurement process and the adoption of more e-procurement functionalities could bring about diverse benefits for the CCB. In this regard, the CCB could consider the following options.

First, the CCB could consider developing an e-procurement system of its own, tailored specifically to its needs and structure. The new e-procurement features could more easily be integrated into the current ERP system and the CCB could also collect and retrieve the data needed to review its performance.

Developing such a system would incur a significant cost burden for the CCB, as the entire cost of development and implementation would have to be borne by the entity. There are 57 chambers of commerce in Colombia of different sizes. However, they share similar goals and functions, which may also be the case for procurement needs. Having similar institutional objectives, the CCB could take an initiative to develop a common e-procurement system to be used with other chambers of commerce, while sharing the cost for its development and implementation. The CCB could lead this initiative based on its procurement size. Alternatively, development of the system could be carried out through the Colombian Confederation of Chambers of Commerce-Confecámaras. Under both scenarios, developing e-procurement in collaboration with other chambers of commerce would lead not only to sharing costs, but also knowledge and expertise.

A second option would be to use Colombia's e-procurement system, SECOP (see Box 2.3). The CCB defines itself as "a private non-profit entity that seeks to build a long-term sustainable Bogotá region, promoting the increase in prosperity of its inhabitants by providing services that support business skills and that improve business environment with an impact on public policies". A significant share of the CCB's budget is funded by public funds to accomplish this mission. In 2016, it accounted for 76% of the total budget. In accordance with the Law of Transparency and Right to Access National Public Information-Law 1712 of 2014, the CCB has the obligation to inform the State Contracting Agency, Colombia Compra Eficiente (CCE), about contracts signed with public funds through publication on the SECOP platform.² The public procurement processes of the CCB published on SECOP represented 46% of the total processes in terms of number in 2015 and 57% in 2016. Additionally, the CCB has to submit accounts to the Colombian General Comptroller through the Sistema de Rendición Electrónica de la Cuenta e Informes (SIRECI) platform.

Box 2.3. E-procurement in Colombia

Colombia passed a law in 2007 that made it mandatory for every procuring entity to disclose documents related to procurement on an electronic online system called Sistema Electrónico de Contratación Pública (SECOP). Interested suppliers can thus check online for business opportunities, thereby boosting competition in tender processes.

In 2015, Colombia Compra Eficiente launched SECOP II, a fully transactional e-procurement platform conceived as an evolution of the first SECOP. In this platform, suppliers create a profile and receive updates of new business opportunities. Interaction with procuring agencies takes place through the platform, bids are submitted in a paperless manner and data are disclosed in real time for any interested party. Modules for the publication of annual procurement plans and contract management have also been included. SECOP II improves overall efficiency as it increases competition and reduces transaction costs related to procurement processes. Furthermore, it is linked to the budget system of the central government.

SECOP II can be accessed at: www.colombiacompra.gov.co/secop/secop-ii.

Source: Information provided by Colombia Compra Eficiente.

SECOP was developed to reap the benefits of transparency and efficiency of e-procurement systems. CCE has recently implemented a next-generation e-procurement platform, SECOP version II. This is designed to increase the electronic availability of all procurement documents, permit electronic communication at all stages of the procurement cycle and allow the electronic submission of tenders. Another important advantage of SECOP II is the automation and centralisation of many data collection activities, away from the resource-intensive manual processes of reporting data, sampling and testing for inaccuracies, and generating relevant reporting from the system. Despite the fact that the CCB is not subject to the procurement framework, further use of this well-developed e-procurement platform, especially to support electronic tendering not limited only to the publication of certain information, as previously mentioned, could benefit the CCB.

2.3.3. *Benefiting from an e-procurement system through automated collection of structured data*

A well-implemented e-procurement system enables and facilitates the timely collection of comprehensive and reliable data. Statistical information on procurement using these data is essential to evaluate the policies and functioning of the system. The 2015 OECD Recommendation underlines the importance of “driving performance improvements through evaluation of the effectiveness of the public procurement system from individual procurements to the system as a whole, at all levels of government where feasible and appropriate”. To achieve this end, it states that countries should “assess periodically and consistently the results of the procurement process. Public procurement systems should collect consistent, up-to-date and reliable information and use data on prior procurements, particularly regarding price and overall costs, in structuring new needs assessments, as they provide a valuable source of insight and could guide future procurement decisions” (OECD, 2015).

Due to the limitations of the CCB's ICT environment, as discussed in this chapter, the current system does not allow for automated collection of data in structured formats. Furthermore, the CCB has defined only two indicators: the number of tenders not awarded due to the contracting process and the time taken to respond to requests. However, as suggested in Chapter 3. , developing additional indicators in line with the entity's strategy and policies would be key to improving the performance of the CCB's procurement system. With this in mind, the CCB could adopt e-procurement developments to enable the timely collection of reliable data in a structured format.

OECD countries increasingly make use of data generated through e-procurement systems in order to assess the performance of these systems and to communicate it to different stakeholders for monitoring purposes. The CCB could also make further use of procurement data to assess its performance and enhance communication with stakeholders. The case of Korea's public procurement data system (see Box 2.4) provides an example of such use and the communication of procurement data.

Box 2.4. Korea's public procurement data system

While almost 70% of public procurement transactions in Korea occur via the Korean ON line E Procurement System (KONEPS), the remaining transactions, including defence procurement, procurement transactions by other public enterprises that use their own e-procurement systems, and some manual transactions, are not currently captured in a centralised manner. In 2013, Korea's Public Procurement Service (PPS) launched a Public Procurement Data System project to close this gap and provide policy makers and citizens with complete procurement transaction data across the entire public sector, enabling better understanding of the procurement market and an analytical assessment of the results of the policy.

Proper legal authority for the project was established by modifications to existing procurement laws including the Government Procurement Act (July 2013) and the Enforcement Decree on the Government Procurement Act (January 2014). This gave PPS the legal authority to request data and establish deadlines for government agencies to submit the requested procurement data.

Total public procurement encompasses both electronic and non-electronic procurements. Electronic procurement is carried out on KONEPS and 23 other electronic procurement platforms for specific procuring entities. Thus, data integration includes linking 24 e-procurement systems as well as the central collection of manual records. A report will be prepared to present the data collected on government bodies, companies and projects. Data will also be presented in infographic form to facilitate end user comprehension.

The data integration process faces certain difficulties due to administrative burdens imposed on approximately 28 000 government agencies and delays in concomitant projects in some government agencies to improve their electronic systems, which were intended to facilitate data integration. In order to alleviate the administrative burden on the collection of manually kept data, discussions have begun on linking KONEPS with other financial information systems, including the Educational Financial System, the Local Government Budget and Accounting System, the Local Public Enterprise Budget and Accounting System, and the National Budget and Accounting System. Additionally, some difficulties arose due to the disparity of the information collected at

each government agency and across different e-procurement systems. In response, new code mapping was provided to agencies where data were collected under different standards.

The provision and publication of data statistics on total public procurement on a monthly and annual basis and the publication of 103 specific reports are expected to increase data availability for companies and the general public, and enhance the transparency of the government budget. The reports will be made available online.

Source: OECD (2016), *The Korean Public Procurement Service: Innovating for Effectiveness*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264249431-en>.

2.4. Streamlining the CCB Registry of Suppliers

2.4.1. Effective management of the potential supplier's registry

In order to participate in the CCB's procurement opportunities, all potential suppliers need to register on the Registry of Suppliers, as stated in the Procurement Policy. Requests for registration on the CCB registry can be submitted online by completing the form available on the entity's website.³

As described in Chapter 1. , the CCB also manages the Single Suppliers Registry (*Registro Único de Proponentes*, RUP) for the Colombian public procurement system. Suppliers registered within the RUP are also integrated into the CCB's Registry of Suppliers. Article 10 of the Procurement Policy establishes that the CCB can search for information on RUP for supplier registration. The integration of the two registries took place in 2013, with the addition of 12 916 new suppliers to the CCB's Registry of Suppliers (Table 2.2).

Table 2.2. Number of new suppliers added to the supplier's registry

	Integrated from the RUP	Independently added to the CCB's Registry of Suppliers	Total number of suppliers added
2013	11 904	1 012	12 916
2014		642	642
2015		522	522
2016	1 510	667	2 177

Source: Information provided by the CCB.

With the exception of potential suppliers from the RUP, whose information is submitted to the RUP according to its requirements for registration, potential suppliers must fill out the registration form, which is signed by the legal representative, and comply with the following requirements in order to be registered:

- The supplier must have renewed its registration on the mercantile register in accordance with its legal obligations.
- The supplier must demonstrate its experience in providing goods and services by submitting a certificate.
- The supplier must not be in liquidation or under certain financial conditions implying a risk for the CCB.

- The supplier must not have a debt level below 80%. However, this requirement is analysed on a case-by-case basis by the CCB depending on the related risks.

All cases of registration are studied by the CCB for illegibility and/or conflict of interest as well as against lists of money laundering and terrorist financing. These checks during the registration process not only help the CCB manage the risks of doing business with its suppliers, but also could contribute to enhancing its role in strengthening public sector integrity in the Bogotá region, as discussed in Chapter 4.

Public calls for tender are published in a nationwide newspaper and on the CCB's website, where potential suppliers can consult the information. However, aside from open tenders, which represented only about 2% in 2015 and 1% in 2016 of the CCB's procurement processes (Figure 7.3), suppliers listed on the CCB's registry are selected and contacted for procurement opportunities directly by the requesting areas, or the contracting directorate in cases of private calls for tender of more than 100 times the SMMLV (minimum salary) (100 SMMLV is approximately USD 25 070).

Up to 2016, a total of 19 268 suppliers were registered on the CCB's registry, a relatively high number compared to the CCB's procurement size. Indeed, the integration of the RUP into the CCB's registry gave the CCB access to a larger base of suppliers (see Table 2.2). According to the projected need analysis of the Contractual Monitoring Plan, the CCB integrated into its own registry suppliers registered with the RUP who provide goods and/or services identified by the analysis. Yet, only about 7% of the potential suppliers registered on the CCB's registry entered into contractual relationships with the entity – 1 050 suppliers out of 14 080 registered in 2015 and 1 096 out of 16 257 in 2016. Considering the size and scope of procurement activities carried out by the CCB, the entity could benefit from assessing the effectiveness of the management of its registry. This assessment could consider whether the number and composition of suppliers within the CCB's registry is efficient and effective by examining the share of suppliers entering into contractual relationships with CCB, the repetitive winning of certain suppliers, and whether the goods and services that potential suppliers could offer correspond to the CCB's needs and so on.

2.5. Proposals for action

The CCB uses diverse information and communication technologies to improve its procurement system. It employs two main systems: its website and an enterprise resource planning (ERP) system. The CCB uses its website to publish diverse information on the entity's procurement system, whereas the ERP system supports systematic management of the entity's budget and contracts.

However, only procurement processes subject to public calls are made available on the CCB's website, while information on private calls are only available to suppliers registered on the Suppliers' Registry in a limited way. Furthermore, while the ERP system supports internal financial management of the entity's budget, it lacks some key e-procurement functionalities, such as the electronic submission of bids. In order to reap the full benefits of adopting ICTs in procurement processes, the CCB could consider the following actions.

Publication of procurement information through the CCB's website

- The CCB could consider further publishing the provisions and rules that apply to CCB's procurement system.
- When communicating current calls for tender, the CCB could include additional information on its website and review the presentation and structure of its webpages to ensure that key information, including the product category and deadline for submitting bids, is more visible.
- When presenting previous calls for tender, the CCB could consider implementing additional search functionalities, such as product category.
- The CCB could publish more information on all its procurement activities, both private calls and direct awards, and make key statistics available to at least registered suppliers.
- The CCB could publish its Annual Procurement Plan in a timely manner or, at a minimum, make a preliminary version available at the beginning of the year. It could also include more concrete information regarding the CCB's upcoming procurement needs.

E-procurement system covering the whole procurement cycle

- The current ICTs used by the CCB to support its procurement processes, such as the ERP system, could be made more procurement process-oriented. This would alleviate restrictions on their use according to budget source and improve supplier relations.
- The CCB could consider further digitalising procurement processes by adopting more e-procurement functionalities such as the electronic submission of bids. This would allow for the automatic collection of structured data. In this regard, CCB could consider: (i) developing an e-procurement system of its own; (ii) developing an e-procurement system together with other chambers of commerce; or (iii) further utilising SECOP.

Registry of Suppliers

- The CCB could promote more effective management of registered suppliers through active and transparent communication of the entity's procurement processes.

- The CCB could consider assessing the effectiveness of the registry management by examining the share of suppliers entering into contractual relationships with the CCB and the appropriateness of the selection criteria when integrating suppliers within RUP into the CCB's Registry of Suppliers.

2.6. Notes

¹ www.ccb.org.co/Proveedores-y-Contratistas.

² www.ccb.org.co/La-Camara-CCB/Nosotros/Ley-de-Transparencia.

³ www.ccb.org.co/Proveedores-y-Contratistas/Convirtase-en-proveedor-de-la-CCB.

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Chapter 3. Fostering the efficiency of the CCB procurement system

This chapter aims to analyse procurement tools and technical processes implemented by the CCB to enhance the efficiency of its procurement system. It also evaluates processes in place to engage with the market and obtain a better understanding of market capabilities, given their impact on system efficiency. Lastly, it analyses indicators used by CCB to evaluate efficiency ranging from individual procurement to the performance of the system as a whole.

Procurement refers to the process of identifying what is needed, determining who the best person or organisation is to supply the need; and ensuring what is needed is delivered to the right place, at the right time, for the best price and that all is done in a fair and open manner (OECD, 2015). In the public and private sector, procurement often accounts for a substantial portion of expenditure. Although not subject to the public procurement legal framework in Colombia, the CCB receives a high share of public funds (76% of the total budget in 2016) and is, therefore, expected to carry out procurement efficiently, so as to ensure value for money and a high quality of service delivery in fulfilment of its mission.

The main CCB principles related to procurement activities are equality, transparency, ethics, objective selection, and efficiency and savings. Efficiency is a pivotal principle of the OECD Recommendation on Public Procurement, which insists on the development of processes to drive efficiency throughout the procurement cycle. This principle is linked to many other principles of the Recommendation (see Box 3.1). In order to assess the efficiency of the system, this chapter analyses the different tools and processes used by the CCB to ensure internal customer needs are satisfied, evaluate existing processes to reduce duplication and achieve greater value for money.

Box 3.1. Main linkages between efficiency and other principles of the OECD Recommendation

Efficiency can be strengthened by addressing the following closely linked principles of the OECD Recommendation:

- *Transparency.* Transparency in the flow of public funds, for example, can help policy makers organise procurement strategically and improve its efficiency.
- *Integrity.* By reducing waste, efficiency reduces vulnerability to corruption, since funds are better accounted for and used for the intended purpose.
- *Access.* Coherent and stable institutional, legal and regulatory frameworks are essential to increasing participation in business with the public sector and key to ensuring sustainable and efficient public procurement systems. The use of competitive tendering drives efficiency by achieving better value for money (low prices and/or better products are desirable because they result in resources being either saved or freed up for use on other goods and services).
- *Participation.* Transparent and regular dialogues with suppliers and business associations helps promote a correct understanding of markets and contributes to more realistic and effective tender specifications.
- *E-procurement.* E-procurement tools simplify processes for contract awarding and management and drive cost savings.
- *Capacity.* A procurement workforce with adequate capacity ensures efficient and effective delivery of value for money.
- *Evaluation.* Indicators can help measure performance, effectiveness and savings of the public procurement system.
- *Risk management.* Risk management tools contribute to identifying potential mistakes in the performance of administrative tasks and bring them to the attention of relevant personnel, providing an intervention point where prevention or mitigation is possible.
- *Integration.* Carefully issued budget commitments can reduce fragmentation, which in turn increases efficiency. Multi-year financing options can contribute

to purchasing decisions that properly allocate risks and achieve long-term efficiency.

Source: OECD (2016), *Checklist for Supporting the Implementation of OECD Recommendation of the Council on Public Procurement: Efficiency*.

www.oecd.org/governance/procurement/toolbox/search/Checklist%2006%20Efficiency.pdf.

3.1. Implementing procurement tools to maximise value for money

Entities are increasingly considering procurement as a strategic tool rather than an administrative task. The OECD recommends that entities develop and use tools to improve procurement procedures, reduce duplication and achieve greater value for money (including centralised purchasing, framework agreements, e-catalogues, dynamic purchasing, e-auctions, joint procurements and contracts with options).

In terms of procurement tools aimed at enhancing the efficiency of the procurement system, Article 14 of the CCB Procurement Policy and Article 19 and 20 of the CCB Procurement Manual mention the possibility of using e-auctions and negotiation. An e-auction, also known as a “reverse auction”, is an electronic auction where qualified suppliers compete online to win a bid based on published specifications. E-auctions can only be implemented for quantitative values such as price, delivery dates, discount percentages and so on. The CCB uses this procurement tool on average four times per year. Article 19 of the CCB Procurement Policy states that e-auctions should be used regardless of the contract value when the award is based exclusively on the price criterion.

In addition, as an entity not subject to the public procurement framework, the CCB is entitled to undertake a negotiation process in specific cases, after the approval of the Procurement Committee. According to the CCB, the use of e-auctions and negotiation has enabled the entity to save USD 440 000. However, the entity is already implementing and could further benefit from efficiency tools such as centralised procurement and framework agreements.

3.1.1. Consolidating the needs of the CCB and its subsidiaries to reduce duplication

The CCB has six subsidiaries: *Corporación Ambiental Empresarial* (CAEM), an environmental business corporation; *Certicámara*, a digital certification entity; *Corferias Bogotá*, the Bogotá International Business and Exhibitions Centre, *Invest in Bogotá*, the investment promotion agency for Bogotá; *Uniempesarial*, the Business University Foundation of the CCB; and *Corparques*, an entity in charge of the development of parks and recreation.

Although each subsidiary may have specific needs, a high share of their procurement can be aggregated, especially with regard to operational expenditure such as cleaning and security services, office furniture, electricity and so on. In most cases, the headquarters and the subsidiaries currently undertake procurement separately, leading to duplication of tasks and inefficiencies. According to a recent survey by Deloitte (2017), 40% of entities focus primarily on consolidated spending in procurement as a means to deliver value for money.

In 2017, for the first time, the CCB launched a tender on security services together with one of its subsidiaries, Uniempesarial. Indeed, for unregulated services, the consolidation

of needs between the two entities enabled the CCB to reach savings ranging between 17.7% and 28.7%. Similar to centralisation, joint procurement enables entities to reduce duplication but also benefit from economies of scale for homogeneous needs. This first joint tender was undertaken as a pilot exercise. The other subsidiaries were consulted, but the starting period did not match the termination date of their current contracts, and they were unable to take part in the exercise. The CCB could benefit from further implementing such efficiency tools with better planning to facilitate the participation of all subsidiaries. Moreover, an understanding of the spending of all subsidiaries for each procurement category would enable the CCB to develop a clear strategy.

The CCB is currently undertaking a feasibility study for the implementation of procurement shared services with its subsidiaries. A shared service is a tool to reduce waste and duplication by reorganising resources and sharing investments between headquarters and subsidiaries. As the project is still in the feasibility study phase, an exact description of the operation of the system and its governance structure has not yet decided. However, given the benefits of consolidating procurement activities, the CCB could consider implementing a shared services centre to reduce duplication and enhance the efficiency of the procurement system. Box 3.2 provides an example of shared services in Canada.

Box 3.2. Shared Services Centre in the Department of Public Works and Services of the Government of the Northwest Territories (Canada)

The Procurement Shared Services Centre in the Department of Public Works and Services was launched in Yellowknife in June 2013. The Centre brought together a team of professionals previously located in individual departments.

Following the successful launch the Centre began operating government-wide in order to better support its goals of reducing waste and duplication and sharing investment. This made it possible for the government to maximise and build upon the skills of its employees, while also providing a more efficient, consistent and transparent procurement experience for the business community.

The Centre is positioned to focus on procuring goods and services at reasonable prices, while considering key environmental and social benefits such as worker health and safety, energy efficiency, minimal packaging and other sustainability aspects over the entire life-cycle of the product or service.

Source: www.gov.nt.ca/newsroom/tom-beaulieu-procurement-shared-services.

3.1.2. Aggregating Chambers of Commerce's needs to benefit from economies of scale for strategic procurement categories

Colombia has 57 chambers of commerce. Although of different sizes they all have the same aim – to enhance the business environment in the country. In order to achieve their goals the chambers need to procure similar goods and services for their daily operations. While each chamber works to promote local procurement, some categories of goods and services cannot be procured locally and could benefit from consolidating needs to achieve economies of scale.

This kind of initiative could be implemented under the leadership of one of the chambers of commerce such as the CCB, given its procurement size, or through the Colombian Confederation of Chambers of Commerce-Confecámaras. Indeed, as a national organisation co-ordinating and providing chambers of commerce with assistance to develop their functions, Confecamaras could play a key role in enhancing the efficiency of the Chambers of Commerce procurement systems through consolidated tenders. However, a number of criteria and parameters must be taken into account, in order to obtain the benefits of consolidated tenders (see Box 3.3).

Box 3.3. Criteria and parameters when implementing consolidated tenders with other entities

- *Homogenous needs*: it is important to ensure that entities have the same needs for products and services under the consolidated tender.
- *Financial situation of each partner*: adding partners facing financial issues may represent a risk for the suppliers, who might then apply a uniform premium for all prices of products and services under the consolidated tender.
- *Delivery options (time, location and quantity) of each partner*: the presence of several delivery options in the same contract can make it hard to disentangle the incremental value of a particular delivery option.
- *Timing of purchase*: entities need to be aligned in terms of timing of purchase to ensure the starting date of the contract is convenient for everyone.

Source: OECD (2018), *Second Public Procurement Review of the Mexican Institute of Social Security (IMSS): Reshaping Strategies for Better Healthcare*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264190191-en>.

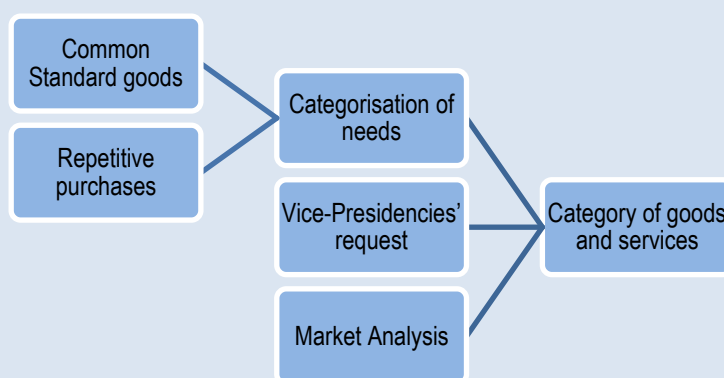
3.1.3. Fostering implementation of all types of framework agreements

A framework agreement (FA) is an agreement with one or more economic operators for the supply of goods, services and, in some cases, works. Its purpose is to establish the terms governing contracts to be awarded by one or more procuring entities during a given period (OECD, 2014). Entities can use different types of framework agreement which depend on a combination of two main driving parameters: the number of suppliers (one/many) and the completeness of the terms of the agreement (complete/incomplete). The type of FA used will depend on the specificities of each procurement category in terms of needs assessment and market capability. Box 3.4 provides an example of how to define the categories of goods and services subject to an FA.

Box 3.4. Definition of categories of goods and services for framework agreements

The following steps must be taken when defining the categories of goods and services subject to a framework agreement:

- Retrieve historical information on common/standard goods and repetitive purchases. Based on this information categorise the historical needs.
- Collect requests from all vice-presidencies.
- Conduct a market analysis.
- Combine and compile the results from the categorisation of historical needs, the requests from vice-presidencies and the market analysis to produce the proposed categories of goods and services.



Source: adapted from OECD 2014, Manual on Framework Agreements, www.oecd.org/governance/procurement/toolbox/search/manual-framework-agreements.pdf.

The CCB implements FAs for specific procurement categories such as food, logistics, transport and stationery. However, those FAs are established with a single supplier and all terms are agreed in advance. The CCB could explore the possibility of using other forms of FA to enhance its procurement system in terms of price savings and process cost savings. For instance, one of the CCB's largest procurement expenditures relates to consultancy for the Business Strengthening Vice-Presidency (BSVP), amounting to USD 28 million in 2016. At present, the CCB sets price agreements with different consultants through exceptions to open tenders (see Chapter 7.); however, it would be possible to establish a framework agreement with multiple suppliers (with or without all terms agreed in advance). This would reduce red tape and improve contract management, thereby enhancing the efficiency of the system.

3.2. Reviewing technical processes to better serve system efficiency

3.2.1. Lowering qualification criteria to enhance the efficiency of the system

System efficiency is also linked to the performance of suppliers. To ensure that the selection of suppliers is appropriate, procuring entities must ensure that the tender

documentation includes adequate identification and choice of qualification criteria and requirements, in accordance with the legal framework. Such qualification criteria enable procuring entities to require suppliers to satisfy minimum levels of economic, financial and professional standing, and guarantee their professional ability. However, when used disproportionately, qualification criteria can represent an obstacle to access procurement opportunities (European Commission, 2008). Hence, procuring entities need to locate the right balance between ensuring high-quality suppliers and enabling access and competition to procurement opportunities. Qualification criteria should be established in line with principles of equal treatment, non-discrimination, proportionality and transparency.

Article 11 of the CCB Procurement Manual (2014) states that the qualification criteria should be adequate and proportionate to the nature and cost of the contract to be executed. Qualification criteria and requirements include the technical, administrative and financial capacity of the bidders. Administrative and legal requirements include the commercial register (*matricula mercantil*), bid and performance bonds. The financial requirements are analysed for the previous year and include the working capital and the entity's capital, which depends on the tender value, a liquidity ratio larger than 1.2, an indebtedness lower than 70% and a positive net income. Technical criteria include acceptance of the technical specifications and the experience of potential bidders.

However, some requirements and qualification criteria can harm the efficiency of the system, given the administrative burden involved in submitting a bid. In the case of a tender for paper, for instance, the CCB requires bidders to provide up to five completion certificates for similar goods for a minimum amount of USD 173 262. The provision of multiple bonds (discussed further in Chapter 6.) can also be viewed as an excessive administrative burden, limiting access to procurement opportunities. A review of the qualification criteria and an effort to reduce the administrative burden for suppliers could have a positive impact on the overall efficiency of the CCB procurement framework by improving market competition.

3.2.2. Fostering the use of multi-award criteria and introducing the life cycle approach when evaluating prices

The OECD recommends that entities identify award criteria that are objective, relevant to the subject matter of the contract, and precisely and clearly specified in the tender/solicitation documents, to ensure that the award is made solely on the basis of the criteria stated in the documents. However, entities should also clearly define the manner in which award criteria are combined, their relative weight and the scoring method.

In 2014, the CCB reviewed its legal framework including provisions related to award criteria. While the previous framework foresaw a minimum percentage for the price criterion, the new framework rescinded this provision and included the possibility of using other criteria. Indeed, Article 12 of the CCB Procurement Manual highlights the following criteria: price, technical aspects, organisation and personnel involved, as well as experience. In line with the OECD Recommendation, all award criteria are clearly mentioned in the tender documentation. However, the experience of bidders should not be assessed at the same time as award criteria and as qualification criteria. Clarification of the procurement framework to establish a clear distinction between award and qualification criteria would be beneficial for the CCB.

Analysis of open tenders published in 2016 shows that the weight associated to price was higher than 50% in all cases. In more than 45% of cases, the weight was higher than 90%,

and in 63% of the cases it was higher than 80%. Other criteria, such as quality, have a lower weight. The CCB could therefore benefit from fostering the use of multi-award criteria and giving more weight to other criteria.

The analysis of prices should not be based solely on initial prices submitted by potential suppliers. A comprehensive analysis of prices should be implemented to take into account direct as well as indirect costs. This approach, referred to as the “total cost of ownership” or “life-cycle costing”, has been promoted in many countries including EU countries (see Box 3.5). Implementation of this approach would be beneficial for the CCB, since it would provide the entity with a comprehensive vision of costs, which could also foster the implementation of secondary policy objectives (see Chapter 6.).

Box 3.5. Life cycle approach in the European Union

Life-cycle Costing (LCC) is being applied by an increasing number of public authorities across the EU and in a range of sectors. Under the 2014 EU procurement rules, a contract must be awarded based on the most economically advantageous tender.

Cost or price forms part of the assessment of any procedure, and is usually one of the most influential factors. Costs may be calculated on the basis of a product’s life-cycle. But how do you define the cost? When you purchase a product, service or work, you always pay a price. Purchase price, however, is just one of the cost elements in the whole process of purchasing, owning and disposing. Life-cycle costing (LCC) means considering all the costs that will be incurred during the lifetime of the product, work or service:

- purchase price and associated costs (delivery, installation, insurance, etc.)
- operating costs including energy, fuel and water use, spares and maintenance
- end-of-life costs such as decommissioning or disposal.

LCC may also include the cost of externalities (e.g. greenhouse gas emissions) under specific conditions laid out in the directives.

Source: European Commission, <http://ec.europa.eu/environment/gpp/lcc.htm>.

3.2.3. Setting clear guidelines on establishing appropriate award and qualification criteria in tender documentation

Requesting areas are responsible for setting award criteria. However, the Contracting Directorate also plays a crucial role as it is charged with reviewing the award criteria and their weights to guarantee free participation and transparency in the process. The procurement committee is also involved in the process since it has to review all qualification and award criteria when the procurement value is equal to or above 100 times the SMMLV (minimum salary) before VAT (USD 25 070). However, the CCB Procurement Manual does not provide guidance on the weighting and scoring method to be used by procurement employees.

The Planning and Contract Management Directorate is currently implementing a project called Optimisation in the Contract Planning Stage (OPC), which actually only involves sector studies of the CCB’s strategic categories. These studies will enable the

identification of appropriate qualification and award criteria by category. However, this project covers only strategic categories: training, consulting, advertisement, infrastructure, security, and ICT goods and services. The CCB could benefit from developing clear guidelines on weighting and scoring methods adapted to each product and service category. Table 3.1 provides an example of guidelines set by the Ministry of Public Administration (SFP) in Mexico on how to set appropriate award and weighting criteria for goods.

Table 3.1. Guidelines on weighting formula and award criteria for goods (Mexico)

	Award criteria	Weight
Technical criteria	Technical characteristics of the different goods	20-25 points
	Tenderer capacity	5-10 points
	Tenderer experience	5-7.5 points
	Contract performance	10-20 points
Price criteria	Price	Max 50 points

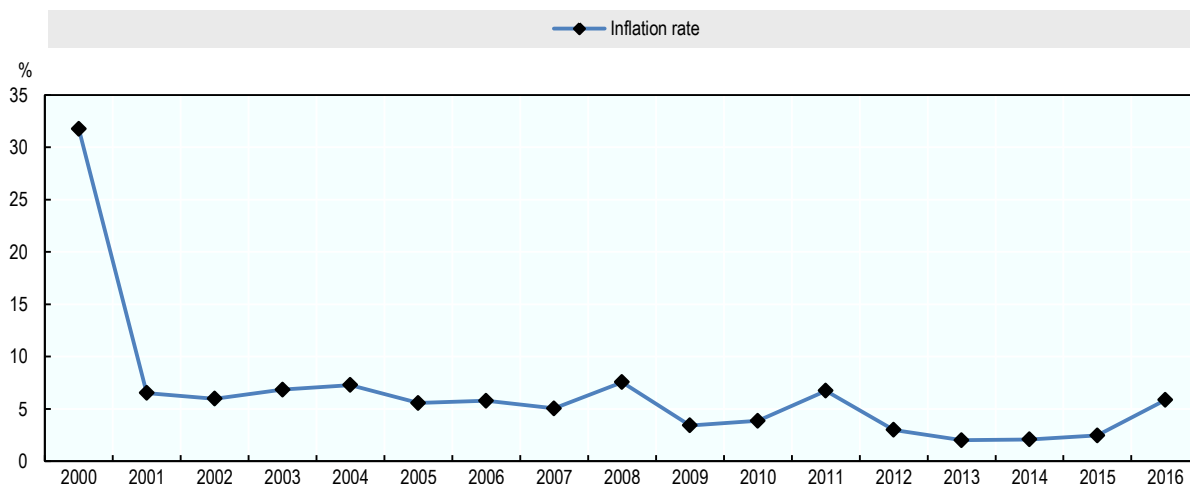
Source: Ministry of Public Administration, Mexico.

3.2.4. Promoting the use of multi-year contracts and price revision clauses in tender documentation

Most CCB contracts are awarded on a yearly basis, in line with the annual budgeting plan. However, for some specific products and categories considered as recurrent purchases, the CCB has introduced multi-year contracts based on the initiative of requesting areas (Vice-Presidencies). Currently, five contracts are being implemented under a multi-year scheme ranging from two to three years. These contracts include products and services such as IT licences and security services. Multi-year contracts require the approval of the Board of Directors or the Executive Committee of the Boards of Directors. The OECD encourages multi-year budgeting to optimise the design and planning of the procurement cycle. The “Optimization in the Contract Planning Stage” – OPC project currently being implemented by the CCB will enable the entity to better identify procurement categories that could benefit from multi-year budgeting. However, the CCB could also benefit from assessing the possibility of implementing multi-year contracts for other procurement categories and not only for the strategic ones.

Procuring entities could also benefit from introducing price adjustment clauses into their contracts, in particular for markets with high price volatility or economies with high inflation. In Colombia, the inflation rate has fluctuated dramatically in recent years (OECD, 2016a), reaching 5.8% in 2016. Figure 3.1 illustrates the shifts in inflation in Colombia from 2000 to 2016.

Figure 3.1. Inflation rate in Colombia, 2000-16



Source: World Bank, <http://data.worldbank.org/indicator/NY.GDP.DEFL.KD.ZG?end=2016&locations=CO&start=2000>.

The lack of price adjustment clauses can represent a risk for the supplier, who might add a risk premium to their economic offer. Without price adjustments during the lifetime of the contract, a price increase can place the supplier in a difficult financial predicament and impact performance of the contract. Conversely, a price decrease can engender substantial inefficiencies for the procuring entity. For this reason, many procuring entities in OECD countries have introduced price adjustment clauses, based either on a reference catalogue price or a reliable and recognised index.

The CCB has implemented price revision clauses in seven contracts with a high human input, such as security services or maintenance. However, the inclusion of these clauses in other CCB contracts could be beneficial, especially in the case of multi-year contracts or contracts vulnerable to high price volatility. For example, the contract for paper supplies in 2016 did not include price adjustment clauses. Paper pulp (the main input) then experienced a price increase of 10%¹ between June 2016 and June 2017. The entity can either base its price revision clause on prices set in the supplier's catalogue or use indexes such as those published by the National Statistics Department (Departamento Administrativo Nacional de Estadística, DANE) and the National Bank (*Banco de la Republica-Colombia*). Box 3.6 provides an example of guidance on setting price adjustments in Canada.

Box 3.6. Types of price adjustment at public works and government services (Canada)

The price adjustment method used should be the simplest, most suitable adjustment formula that provides the protection necessary to both parties with the least administrative effort. The requirements of materiality and practicality must also be met.

Adjustment provisions to prices for commercial goods and services should be based on increases or decreases from an agreed-upon posted reference or firm base price. If the original contract or firm base price includes a discount factor from the initial or then current established catalogue price, the same discount factor should be applied to the adjusted price, unless otherwise stated in the contract.

Statistics Canada publishes a variety of reports that provide changes in price indices, material and labour costs. Adjustments to actual rates for labour or actual costs for material are based on the increases or decreases in firm base price elements experienced by the contractor. The use of this adjustment method is limited to contingencies beyond the contractor's control, and where the contractor's accounting system permits timely compilation of all necessary cost data relative to the economic price adjustment during contract performance.

Source: <https://buyandsell.gc.ca/policy-and-guidelines/supply-manual/section/4/70/20/50>.

3.3. Engaging further with the market to improve competition**3.3.1. Enhancing supplier engagement to maximise participation in CCB procurement opportunities**

Engaging suppliers in different stages of the procurement process has recognised benefits, since it helps reduce the information asymmetry between the market and the procuring entity. It also raises the supplier's awareness of procurement opportunities. Indeed, suppliers have more information than the procuring entity regarding their costs, prices, market trends, products or services, and their substitutes. Supplier engagement can take different forms ranging from requests for information to regular meetings (OECD, 2017).

Given its role as a chamber of commerce, the CCB has access to the largest database of potential suppliers in the country through the following registries for which it is responsible: the Business and Social Registry (*Registro Unico Empresarial y Social, RUES*), the Commercial Register (*Registro Mercantil*) and the Single Suppliers Registry, (*Registro Unico de Proponentes-RUP*).

According to the CCB, supplier engagement occurs through business rounds, clarification meetings following the launch of a tender and market surveys. Every year, the CCB organises the Annual Day of Integrated Supplier Management. This event is intended to enhance the capacity of suppliers to strengthen their competitiveness, and includes a regular session on the CCB procurement framework. However, the last event in 2016 explored business strengthening topics but not the CCB procurement framework.

Given its impact on procurement outcomes and system efficiency, supplier engagement should be seen as a strategically important step. The CCB could also benefit from undertaking further action to strengthen supplier engagement, in particular for strategic

categories, by establishing clear and regular processes and procedures, and leveraging information from the different registries.

3.3.2. Presenting CCB procurement opportunities using services and initiatives to strengthen businesses

As a chamber of commerce, the CCB implements numerous activities to strengthen business development, in particular for SMEs, through different vice-presidencies, including the Business Strengthening Vice-Presidency (BSVP). As described in Chapter 1. and Chapter 6. , the BSVP undertakes capacity-building activities as well as a business diagnostic for firms established in the Bogotá Region. Through these diagnostics, the CCB helps businesses define their profile and priorities and identify needs and opportunities.

Although the CCB favours its affiliates in tender documentation – with affiliation to the CCB established as an award criterion – the entity’s procurement activities are not presented to firms as part of the business diagnostic. Reversing this practice could lead to greater competition and efficiency.

In addition, as described in Chapter 6. , the Vice-Presidency for Competitiveness and Shared Value is responsible for cluster development. CCB procurement opportunities could be presented as part of clusters such as software and IT or electric energy.

3.3.3. Improving market analysis to better understand market capability and devise appropriate procurement strategies

Aside from demand analysis, a key step to understanding market capability and implementing the best procurement strategy (which will be reflected in the related technical documentation) is market analysis. Indeed, market analysis enables the identification of market capability in terms of volume, quality and technicality, as well as potential to implement secondary policy objectives (see 0).

The selection of strategy to be implemented by the procuring entity includes, among others, the choice of the most appropriate tender procedure, efficiency tools, contract duration, the inclusion of secondary policy objectives, award and qualification criteria, minimum technical requirements and so on. All those parameters will impact procurement outcomes.

Currently, market analysis is undertaken by CCB employees from the requesting area who can request the support of the Planning and Contract Management Directorate (PCMD). Indeed, the PCMD is implementing a strategy to enhance the capacity of employees working on procurement planning including market research. This involves the development of a guide and capacity-building activities. However, as a first step, working groups were formed with employees from the PCMD and the requesting areas to undertake market analysis together. The OPC project being implemented by the PCMD includes sector analysis, which will provide key inputs for market studies.

The market study undertaken at the CCB consists of two steps: (i) identify products and services and potential suppliers that could meet their needs; and (ii) request information from different sources including the CCB supplier database, the Single Suppliers Registry (RUP), online supplier catalogues and the electronic public procurement system (SECOP).

The template developed for requests for information (RFIs) includes relevant questions to help understand market capacity. The analysis also includes a risk section, which is considered good practice. However, while market analysis requires a minimum of three sources of information, the CCB should ensure comparability between them. Indeed, the CCB should consider improving the methodology for market analysis to take into account the total life-cycle approach, so as to ensure comparability of products and services.

In addition, market analysis should be aligned with the entity's strategy. Indeed, when undertaking this activity, employees from the requesting area should take into account all the policies and goals of the CCB, such as those embedded in its sustainability goals, to assess whether the market has the capacity to respond to those policies.

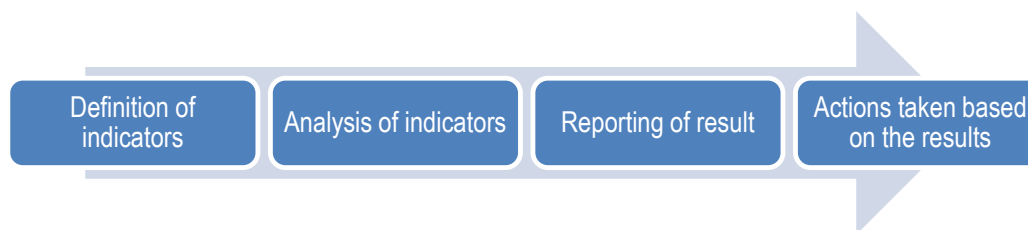
3.4. Evaluating the performance of the procurement system

To drive efficiency and performance improvement, the OECD recommends that entities undertake an evaluation of the effectiveness of the procurement system from individual procurement to the system as a whole. Therefore, entities should periodically and consistently assess the results of procurement processes, and develop indicators to measure the performance, effectiveness and savings of the procurement system, both for benchmarking and to support strategic policy making on procurement. A variety of indicators are used for the assessment, and they are crucial for informing procurement decisions and aligning them with the entity's strategy and policies.

3.4.1. Developing comprehensive key performance indicators to assess the performance of the procurement process

Recognising the importance of indicators to enhancing the efficiency of its activities, the CCB developed a set of guidelines for their management (see Figure 3.2). A target of 100% was set for each indicator. If the indicator is equal or larger than 100%, it is considered compliant. However, if the indicator passes 150%, the responsible vice-presidency should review its definition. If the indicator ranges between 90% and 99%, it is considered acceptable, albeit with risks, and corrective action may be taken to reach the initial target. If the indicator is lower than 90%, it is considered critical and corrective action must be taken.

Figure 3.2. Process for the management of indicators at the CCB



Source: Information provided by the CCB.

In the CCB, all procurement processes are undertaken through Enterprise Resource Planning (ERP). This system is used not only for procurement activities, but also for human resources, finance and other areas. The digitalisation of the procurement process allows for the achievement of greater efficiency and productivity (see Chapter 2.). To

obtain all the benefits of the digitalisation process, the system should be able not only to store data, but also to collect it in a structured and reusable way.

The procurement system used by the CCB enables the collection of information essential for the procurement process such as the budget, supplier database, orders, contracts, delivery dates, supplier performance and so on. To assess the performance of its procurement system, the CCB employed two indicators: the number of tenders not awarded due to the contracting process and the time to respond to requests. The latter corresponds to the time taken from the procurement request to the signature of the contract, depending on the contract value (see Chapter 7.). The indicators are assessed on a quarterly basis; in 2016, their value was 100%.

The CCB is currently implementing two additional indicators related to competition in procurement activities. The first aims to analyse the share of qualified bids in a tendering process; the second aims to assess the level of participation of potential bidders to open and restricted tenders launched by the entity. However, the CCB could benefit from developing additional indicators in line with its strategy and policies. Box 3.7 presents some key points to take into account when developing key performance indicators.

Box 3.7. Establishing good key performance indicators (KPIs)

Good KPIs must possess the following fundamental qualities to fully benefit an organisation and its suppliers:

- *Relevance.* They should be linked to key objectives of the organisation (critical outcomes or risks to be avoided) rather than processes.
- *Clarity.* They should be defined in the contractual document in easily understood terms to ensure common understanding by the buying organisation and the supplier.
- *Measurable and objective.* They should be expressed using pre-determined measures and formulas, and based on simple data that can be gathered objectively and in a cost-effective manner.
- *Achievable.* They should be realistic and within the control of the supplier.
- *Limited.* They should achieve the objectives, while minimising their disadvantages (costs, efforts and risk of dispute). To the extent possible, they should promote the use of information and documentation already available under the contract management process, rather than requiring the collection of additional data or documentation.
- *Timed.* They should include specific timeframes for completion.

Source: OECD (2013), *Public Procurement Review of the State's Employees' Social Security and Social Services Institute in Mexico*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264197305-en>.

3.4.2. Developing a methodology to calculate savings for all procurement activities

One of the most common indicators used to measure the performance of the procurement system is savings. All entities whether from public or private have to report to their stakeholders on how they manage resources. The measurement of savings is therefore a key indicator for the performance of the procurement system. This holds true for the CCB as they receive a large share of public sector resources.

There is no unique methodology to calculate these savings as each procurement system has its own specificities. However, a sound methodology should distinguish between recurrent procurement and new procurement, and in both cases the market research will play a key role in identifying the most relevant price reference.

The CCB calculates savings only when using electronic auctions or undertaking a negotiation process. The savings are calculated based on the difference between the price estimated by the CCB and the final price submitted by the awarded supplier. The negotiation process and the electronic auctions enabled the entity to save USD 440 000 in 2016. However, the CCB does not calculate savings for all its procurement activities.

In addition, as mentioned earlier, the CCB is implementing a project called Optimisation in the Contract Planning Stage (OPC). This includes measurement of savings at different phases of the procurement cycle, including at the contract award stage. Despite this positive measure, the OPC covers only strategic categories. The CCB could therefore benefit from developing a specific methodology for all categories of goods and services regardless of the procurement method used.

Different methodologies have been implemented in OECD countries. For instance, for recurrent purchases the methodologies include a comparison between historical prices or the reference price based on market analysis and the final price proposed by the awarded supplier, or an assessment of the total cost of ownership of products or services procured compared to reference prices. As a key indicator of the performance of procurement systems, the CCB would benefit from developing a methodology to measure savings for all its procurement activities.

3.4.3. Improving the methodology to monitor supplier performance

In procurement activities, supplier performance has a direct impact on the performance of the procurement system. Low performance can either mean that the selected supplier does not have the capacity to meet its obligations or that the tender documentation (technical specifications and terms and conditions) is not aligned with the reality of the market.

The CCB is monitoring closely the performance of each supplier. This is considered good practice. Indeed, the entity has developed a clear methodology per procurement category. Table 3.2 provides examples of supplier evaluations for some categories of products and services.

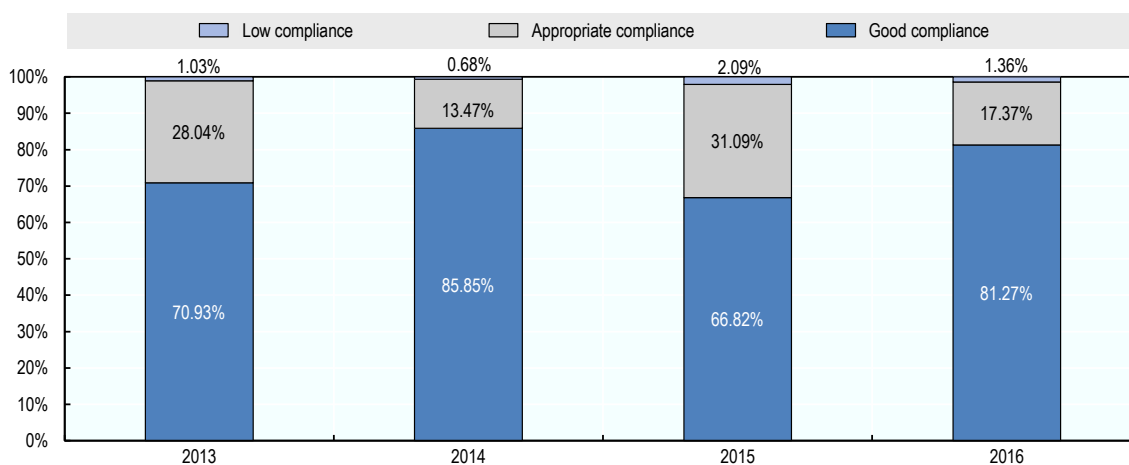
Table 3.2. Methodology to assess supplier performance

Criteria	Sub-criteria	Software and hardware maintenance	Postal services	Consulting services
Tendering process	Document delivery	5%	5%	5%
	Conformity and compliance with the contract	45%	30%	35%
	Compliance with the delivery dates	30%	40%	30%
Contract performance	Compliance with the reports to be submitted by the supplier	10%		20%
	Compliance with storage norms			
	Compliance with the payment of social benefits		15%	
Post-sales	Compliance with the invoicing system	10%		10%
	Compliance with performance bonds terms			

Source: Information provided by the CCB.

If a supplier's performance is lower than 60/100, the supplier will be excluded from the supplier registry of the CCB for a period of one year, and will have to develop and implement an action plan to overcome its deficiencies. In 2016, nine suppliers were excluded from procurement opportunities. Figure 3.3 presents the share of suppliers with low, appropriate and good compliance. An analysis of suppliers with low compliance that were excluded for one year shows that some became CCB suppliers in subsequent years. For instance, out of all suppliers excluded in 2013, around 40% managed to become CCB suppliers again.

Figure 3.3. Supplier performance, 2013-16



Source: Information provided by the CCB.

As described in Table 3.2, evaluation of supplier performance is based on three criteria: the tendering process, the contract performance and the post-sales phase. These criteria are divided into sub-criteria which are evaluated on a scale of one to five from fully compliant to incompliant. Evaluation of the tendering phase accounts for 5% of the total performance. However, while the contract performance and the post-sale indicators are determining factors in the evaluation of supplier performance, evaluation of the tendering phase should not be taken into account. The CCB could benefit from reviewing the methodology to evaluate supplier performance focusing on the contract management phase.

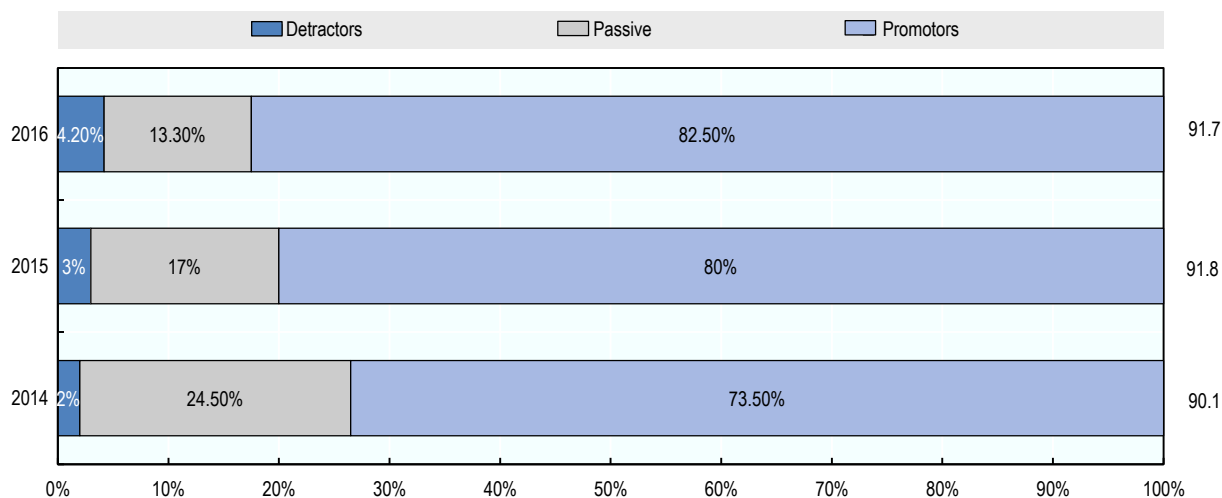
3.4.4. Leveraging the monitoring of suppliers and internal user satisfaction

One way to assess system efficiency is to conduct a user evaluation. This can help identify gaps and areas for improvement. In this context, the CCB introduced the Supplier Satisfaction Index in 2013. In order to measure this index the CCB designed a survey for its suppliers with the assistance of the Legal Vice-Presidency. This survey is then undertaken by an external company. In 2016, 120 suppliers were asked to evaluate the CCB's procurement system representing 5.5% of total suppliers (in 2010 this figure was 250). In order to obtain more reliable information on supplier satisfaction, the CCB could increase the number of surveyed suppliers.

Evaluation of the CCB system is based on three indicators: (i) satisfaction at being a provider of the CCB, (ii) experience of being a CCB supplier, and (iii) the Net Promotor

Score, which analyses whether CCB providers would recommend becoming a CCB supplier. Overall, the general indicator has improved since 2014 (see Figure 3.4). However, the Net Promoter Index decreased between 2015 and 2016. The CCB developed an action plan to enhance supplier's satisfaction, which is considered good practice. Most of the actions involve the Legal Vice-Presidency and the requesting areas. The CCB could benefit from better understanding the reasons behind this decrease by engaging further with its suppliers.

Figure 3.4. Net Promoter Index



Note: Figures on the right correspond to the average score obtained by the CCB in 2016, 2015, 2014. The percentage breakdown describes the share of suppliers who would recommend becoming CCB suppliers (Promoters) and those who would not recommend it (Detractors) and a third category of suppliers not belonging to the two first categories (Passive).

Source: Information provided by the CCB.

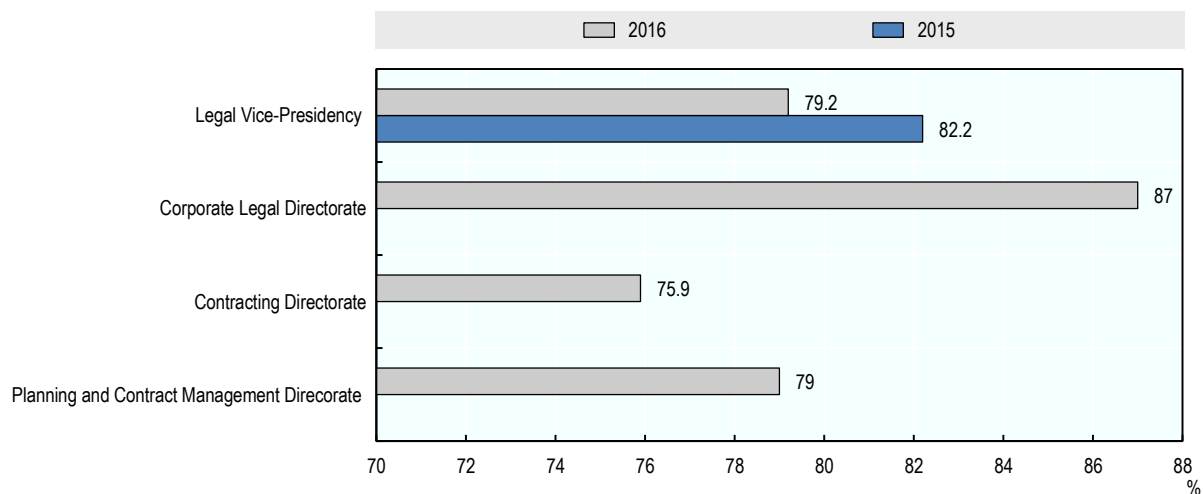
The CCB also introduced a survey to assess the satisfaction of requesting areas regarding the services and system provided by the Legal Vice-Presidency including those related to procurement. The survey covered the following areas:

- timeliness in answering requests or fulfilling requirements according to established/agreed times
- service delivery meets quality requirements
- availability to meet requests and requirements
- adequate knowledge to respond to requests
- clarity of processes related to the request or requirement
- ease of access to Legal Vice-Presidency services
- information on the progress of requests.

User satisfaction with the services of the Legal Vice-Presidency, which is responsible for the procurement system, decreased between 2015 and 2016 (see Figure 3.5). In 2016, the directorates in charge of procurement received scores of 75.9 and 79 in an evaluation, which were considered average. To enhance this indicator, the Legal Vice-Presidency developed a one-year action plan including updated procurement material, capacity-building activities and meetings with requesting areas. The CCB could benefit from

pursuing the implementation of this action plan and monitoring its results on a regular basis.

Figure 3.5. Satisfaction of services provided by the Legal Vice-Presidency



Source: Information provided by the CCB.

3.5. Proposals for action

The CCB undertook many actions and implemented several tools to enhance the efficiency of the procurement system. However, system efficiency could be further enhanced by consider the following actions:

Implementing procurement tools to maximise value for money

- The CCB could benefit from consolidating its needs with those of its subsidiaries to reduce duplication and achieve economies of scale. In addition, and for the same purposes, the CCB could benefit from exploring the possibility of consolidating its needs with other chambers of commerce for specific procurement categories.
- The possibility to use other forms of framework agreements (with multiple suppliers, with or without all terms agreed in advance) could enhance the CCB procurement system in terms of price savings and process cost savings.

Reviewing technical processes to better serve the efficiency of the system

- A review of the CCBs qualification criteria and requirements could lead to a reduction of the administrative burden for suppliers and enhance efficiency and competition in the market. The CCB could also benefit from clarifying its procurement framework with a clear distinction between award and qualification criteria.
- The CCB could benefit from fostering the use of multi-award criteria and giving more weight to other criteria such as quality. It should also implement a “Life-cycle Costing” approach in its award criteria.
- The CCB could benefit from developing clear guidelines on weighting and scoring methods adapted to each product and service category.
- The CCB could consider the possibility of increasing the use of multi-year contracts, when appropriate, and including price adjustment clauses in procurement contracts.

Engaging the market

- The CCB could benefit from undertaking further actions to strengthen supplier engagement, in particular for strategic categories, by setting clear and regular processes and procedures and leveraging information from the different registries. Furthermore, it could be beneficial for the CCB to present procurement opportunities using the entity’s services and initiatives to strengthen businesses
- The CCB could benefit from improving the methodology used to undertake market analysis, taking into account the total life-cycle approach and its sustainability goals.

Evaluation of the procurement system

- The CCB should consider developing comprehensive key performance indicators to assess the performance of the procurement process, and elaborating a methodology to calculate savings for all procurement activities regardless of the procurement method used.
- The CCB could benefit from reviewing the methodology to evaluate supplier performance focusing on the contract management phase.
- The CCB could benefit from focusing on supplier and internal user satisfaction to tailor strategies to enhance its procurement system.

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Chapter 4. Safeguarding the integrity of the procurement system: Integrity, risk management and accountability

Procurement is a high-risk area for corruption and other integrity breaches, due to the money involved, the interface between buyer and seller, and the competitive pressure between bidders. This chapter reviews current measures taken by the Chamber of Commerce of Bogotá to foster integrity and prevent corruption in general and in procurement processes in particular. The key to this approach is developing a coherent and comprehensive integrity system based on sound risk assessments. This should aim to promote accountability and cultivate an organisational culture of integrity, by mainstreaming and implementing integrity measures in all processes, in particular procurement processes, and developing the capacity of its employees.

4.1. Introduction

Procurement is a high-risk area for corruption and other integrity breaches. The amount of money involved in the contracts, the close interface between the procurement agents and the sellers of goods and services, as well as the competitive pressure between bidders, all create incentives for malpractice, endangering the operational efficiency and reputation of the Chamber of Commerce of Bogotá (CCB). While procurement processes are at particular risk and require specific countervailing measures, they are not insulated from the rest of the organisation. Preventing integrity breaches in procurement thus requires the embedding of procurement-specific and more general integrity measures in a coherent, internal, integrity strategy.

Ensuring the integrity of all CCB operations and especially its procurement processes is important from an efficiency and reputational perspective. However, as an entity receiving public funds, the CCB is accountable not only to its registered businesses, but also to the citizens of the region for upholding high standards of integrity. Indeed, the CCB defines itself as “a private non-profit entity that seeks to build a long-term sustainable Bogotá-Region, promoting the increase of the prosperity of its inhabitants by providing services that support business skills and that improve the business environment with an impact on public policies”. In this definition and elsewhere on its website and official documents, the CCB positions itself as an entity contributing to the public good governance and establishing a link between the private and public sector. More concretely, the CCB receives public funds to provide certain public services such as registries. The CCB Board is composed of elected directors from both the private sector and directors from the public sector appointed by the President of Colombia.

High standards of integrity that are implemented and communicated effectively contribute to strengthening both the reputation of the CCB and public trust in the entity, while minimising risks of corruption and scandals that could undermine its legitimacy. Indeed, unethical practices can occur at any phase of the public procurement cycle, with each phase prone to specific integrity risks (see Table 4.1). In addition, the CCB can play a role as a leader and promoter of good practice, encouraging its registered businesses to also incorporate integrity into their business practices.

Table 4.1. Corruption risks associated with different phases of the public procurement cycle

	Phase	Corruption risks
Risks of the pre-tendering phase	Needs assessment	Lack of adequate needs assessment Influence of external actors on official decisions Informal agreements on contracts
	Planning and budgeting	Poor procurement planning Procurement not aligned with the overall investment decision-making process Failure to budget realistically or deficiencies in the budget
	Development of specifications/ requirements	Technical specifications are tailored for a specific company Selection criteria are not objectively defined and not established in advance Requests for unnecessary samples of goods and services that can influence decisions Purchase of information on project specifications
Risks of the tendering phase	Choice of procurement procedure	Lack of proper justification for the use of non-competitive procedures Abuse of non-competitive procedures on the basis of legal exceptions (e.g. contract splitting, abuse of extreme urgency, non-supported modifications)
	Request for proposal/bid	Absence of public notice for the invitation to bid Evaluation and award criteria are not announced Procurement information is not disclosed or made public
	Bid submission	Lack of competition or cases of collusive bidding (e.g. cover bidding, bid suppression, bid rotation, market allocation)
	Bid evaluation	Conflict of interest and corruption in the evaluation process through: <ul style="list-style-type: none"> familiarity with bidders over time personal interests such as gifts or future/additional employment no effective implementation of the "four-eyes principle"
	Contract award	Vendors fail to disclose accurate cost or pricing data in their price proposals, resulting in an increased contract price (i.e. invoice mark-ups, channel stuffing) ¹ Conflict of interest and corruption in the approval process (i.e. no effective separation of financial, contractual and project authorities) Lack of access to records on the procedure
Risks of the post-award phase	Contract management/ performance	Abuses in the performance of the contract by the supplier, especially in relation to quality, price and timing: <ul style="list-style-type: none"> substantial changes in contract conditions to allow more time and/or higher prices for the bidder product substitution, sub-standard work or services not meeting contract specifications theft of new assets before delivery to end-user or recording of assets deficient supervision from public officials and/or collusion between contractors and supervising officials subcontractors and partners chosen in a non-transparent way or not held accountable
	Order and payment	Deficient separation of financial duties and/or lack of supervision of public officials leading to: <ul style="list-style-type: none"> false accounting and cost misallocation or cost migration between contracts late payments of invoices False or duplicate invoicing for goods and services not supplied and for interim payment in advance entitlement

Source: OECD (2016), *Towards efficient public procurement in Colombia: Making the difference*, OECD Public Governance Reviews, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264252103-en>.

This chapter focuses on providing concrete recommendations to strengthen the current organisational and normative setting of CCB's integrity measures from a risk management perspective and with a focus on procurement. The framework for the analysis is provided by the OECD Recommendation on Public Procurement, especially Principle III (OECD, 2015a; see Box 1.1), the OECD Recommendation on Public Integrity (OECD, 2017) and good international practices. While these recommendations are developed for the public sector, corruption and integrity risks are inherently related to the delegation of activities, and there is essentially no difference between delegating the procurement of goods and services to a public official in a public entity and delegating the same task to a procurement employee in a private enterprise. Also, even though the CCB is a private entity, it is subject to the legal changes Colombia introduced through

Law 1474 of 2011 (Articles 16, 17 and 18), which introduced the crimes of private corruption, fraudulent administration, trafficking in private influence, misuse of privileged information and agreements restricting competition, among others.

Indeed, given this context, it is commendable that the CCB has followed the standards of the Global Reporting Initiative (GRI) and is committed to the Global Compact of the UN, which in its Principle 10 states that “businesses should work against corruption in all its forms, including extortion and bribery”. Nevertheless, the CCB could further strengthen its integrity policy by taking a systemic risk-management approach towards mitigating risks related to corruption and lack of integrity. In particular, the CCB should increase its efforts to ensure the implementation of integrity measures by mainstreaming concrete actions into key processes aimed at promoting an organisational culture of integrity; enhancing accountability through internal control and fraud and corruption risk management, which builds on CCB’s existing risk-management framework; and safeguarding the credibility of its system internally through effective and visible sanctions.

Box 4.1. Integrity in the OECD Recommendation of the Council on Public Procurement

III. RECOMMENDS that Adherents preserve the integrity of the public procurement system through general standards and procurement-specific safeguards.

To this end, Adherents should:

- (i) Require high standards of integrity for all stakeholders in the procurement cycle. Standards embodied in integrity frameworks or codes of conduct applicable to public-sector employees (such as on managing conflict of interest, disclosure of information or other standards of professional behaviour) could be expanded (e.g. through integrity pacts).
- (ii) Implement general public sector integrity tools and tailor them to the specific risks of the procurement cycle as necessary (e.g. the heightened risks involved in public-private interaction and fiduciary responsibility in public procurement).
- (iii) Develop integrity training programmes for the procurement workforce, both public and private, to raise awareness about integrity risks, such as corruption, fraud, collusion and discrimination, develop knowledge on ways to counter these risks and foster a culture of integrity to prevent corruption.
- (iv) Develop requirements for internal controls, compliance measures and anti-corruption programmes for suppliers, including appropriate monitoring. Public procurement contracts should contain “no corruption” warranties and measures should be implemented to verify the truthfulness of suppliers’ warranties that they have not and will not engage in corruption in connection with the contract. Such programmes should also require appropriate supply-chain transparency to fight corruption in subcontracts, and integrity training requirements for supplier personnel.

Source: OECD (2015), *OECD Recommendation of the Council on Public Procurement*. www.oecd.org/gov/ethics/OECD-Recommendation-on-Public-Procurement.pdf.

4.2. Developing a coherent and comprehensive organisational integrity system

4.2.1. Establishing a dedicated Integrity Person with responsibility to develop, monitor and evaluate an internal integrity system, provide guidance to CCB employees and stakeholders, and report to the Board of Directors

Clear responsibilities are required to enable accountability for results. However, diffused or shared responsibilities cannot always be avoided, especially when different, independent actors are part of the integrity system. In such cases, effective formal and informal co-ordination mechanisms become a key factor of success. In a hierarchical organisation, as is the case of the CCB, it is possible to assign a clear responsibility for integrity to an existing unit or to create a new one.

Although integrity is ultimately the responsibility of all organisational members, the OECD recognises that dedicated “integrity actors” are particularly important to complement the essential role of managers in stimulating integrity and shaping ethical behaviour (OECD, 2009). Indeed, international experience highlights the value of having a specialised unit or individual responsible and in the end also accountable for the internal integrity policies of an organisation, ensuring its coherence across different units and directorates including those dealing with procurement, monitoring its progress and learning from regular evaluations. Guidance on ethics and conflicts of interest also needs to be provided on a personalised and interactive level, rather than through written materials or training sessions only, and should be capable of responding on an ad-hoc basis when employees are confronted with a specific problem or doubts.

Currently, no such clear responsibility seems to exist in the CCB, with multiple units playing a role in various aspects of integrity. Among these are the Legal Vice-Presidency, which includes the Contracting Directorate and the Planning and Contract Management Directorate; the Procurement Committee; the Committee of Good Governance, Risk and Audit; the Planning and Innovation Directorate, which leads the strategic management of risks and internal processes and includes a compliance officer within the Risk Management Office; the Corporate Assurance Directorate, which leads the internal control system; and the HR Directorate in charge of HR policies (internal rules and training). While the responsibilities of these units are clearly delimited in the statutes of the CCB and have a key role to play in implementing actions that aim to ensure integrity in the CCB, there is currently no clear responsibility for ensuring their coherence from an integrity perspective, overseeing their implementation and impact, and providing guidance to employees.

The CCB could consider assigning the responsibility for the integrity system to a key person who reports directly to the Board of Directors and informs the Committee of Good Governance, Risk and Audit. More concretely, the CCB could consider nominating an Integrity Contact Person who would be entirely dedicated to these tasks, and perhaps supported by a small team or secretariat. The Integrity Contact Person should hold a senior position, be respected and have longstanding experience in promoting organisational ethics. The core mandate of the Integrity Contact Person would be the responsibility for developing, monitoring and evaluating an internal integrity system, communicating progress on implementation and achievement of results, and providing guidance to CCB employees and stakeholders. A clear distinction will need to be made between the role of the Compliance Officer and the Integrity Contact Person. Unlike the current profile of the compliance officer, the Integrity Contact Person would have a purely preventive role rather than an investigative role. A good example of such a role

focusing exclusively on the prevention of corruption is Germany's contact persons for corruption prevention (Box 4.2).

Box 4.2. Germany's contact persons for corruption prevention

Germany has institutionalised units for corruption prevention at the federal level, as well as a responsible person dedicated to promoting corruption prevention measures within a public entity. The contact person and a deputy have to be formally nominated. The "Federal Government Directive concerning the Prevention of Corruption in the Federal Administration" defines these contact persons and their tasks as follows:

A contact person for corruption prevention shall be appointed based on the tasks and size of the agency. One contact person may be responsible for more than one agency. Contact persons may be charged with the following tasks:

- serving as a contact person for agency staff and management, if necessary without passing through official channels, along with private persons;
- advising agency management;
- keeping staff members informed (e.g. by means of regularly scheduled seminars and presentations);
- assisting with training;
- monitoring and assessing any indications of corruption;
- helping keep the public informed about penalties under public service law and criminal law (preventive effect), while respecting the privacy rights of those concerned.

If the contact person becomes aware of facts leading to reasonable suspicion that a corruption offence has been committed, he or she shall inform the agency management and make recommendations on conducting an internal investigation, taking measures to prevent concealment and informing the law enforcement authorities. The agency management shall take the necessary steps to deal with the matter.

Contact persons shall not be delegated any authority to carry out disciplinary measures; they shall not lead investigations in disciplinary proceedings for corruption cases.

Agencies shall provide contact persons promptly and comprehensively with the information needed to perform their duties, particularly with regard to incidents of suspected corruption.

In carrying out their duties of corruption prevention, contact persons shall be independent of instructions. They shall have the right to report directly to the head of the agency and may not be subject to discrimination as a result of performing their duties.

Even after completing their term of office, contact persons shall not disclose any information they have gained about staff members' personal circumstances; they may however provide such information to agency management or personnel management if they have a reasonable suspicion that a corruption offence has been committed. Personal data shall be treated in accordance with the principles of personnel records management.

Source: German Federal Ministry of the Interior (2014) "Rules on Integrity", https://www.bmi.bund.de/SharedDocs/Downloads/EN/Broschueren/2014/rules-on-integrity.pdf?__blob=publicationFile.

The first responsibility of the Integrity Contact Person in the CCB would be to ensure coherence between the various integrity measures across the entity. This can be achieved by setting clear goals and objectives for the integrity system that enable proper planning, monitoring, evaluation and communication of the implemented integrity measures (OECD, 2016b). These goals, objectives and indicators should be formulated in a participative way, led by the Integrity Contact Person, perhaps supported by an internal or external monitoring and evaluation (M&E) expert, and involving the key units and directorates of the CCB. Clear objectives at all levels would enable the development of measurable indicators to monitor and evaluate both the effectiveness and efficiency of the measures implemented. At the impact level, results could be measured through regular staff surveys, for instance. Implementation of the measures, in turn, would remain the responsibility of the various units in the CCB. However, the Integrity Contact Person could liaise with the different units to provide advice and support.

The second responsibility would be to regularly communicate progress on implementation and results to the Board of Directors, as well as to internal staff with support from CCB's communication team and interested persons through an annual report and statistics. This duty links to (but is not the same as) internal and external awareness raising campaigns or actions that might form part of CCB's integrity strategy.

The third responsibility would be to provide ad hoc guidance to staff at all levels, including directors, on how best to proceed in situations of doubt concerning potential conflicts of interest or ethical dilemmas. Such consultations would remain confidential and unrelated to sanctions. Indeed, the fear of potential sanctions might prevent employees from coming forward. All CCB managers with staff responsibility should also be trained in providing such guidance, but the Integrity Contact Point should be explicitly present in case an employee distrusts his direct superior. In addition, and along the same lines, it is important not to confuse doubts and dilemmas with reports of cases. Separate channels should exist for the latter, and are discussed later in this chapter.

4.2.2. The Code of Ethics should be reviewed in a participative way to strengthen its focus and clarity with the aim of influencing actual behaviour

Currently, CCB's single most important normative document related to integrity is the Code of Ethics and Good Corporate Governance (Code of Ethics). In line with good international practice, it is available online in English and Spanish and can be downloaded by CCB employees, suppliers and other interested third parties. A code of ethics should provide guidance to employees with respect to expected behaviour and the shared values of the organisation. Given the particular risks in procurement processes, some entities have developed a specific code of conduct for procurement employees. However, CCB could aim to strengthen the current Code of Ethics both in content and process, and ensure the revised code incorporates targeted measures aimed at procurement activities.

One factor that is likely to reduce the desired impact of the Code of Ethics is the legal language in which it is written. Such an approach blurs the line between a code of ethics aimed at influencing behaviour and an internal regulation. Since the language resembles that of draft laws or regulations, it may make the code difficult to decipher at all levels of the organisation. In addition, the length of the Code of Ethics represents another barrier to internalisation by employees, and thus diminishes the probability of its impact on actual behaviour. To help prevent the Code of Ethics from becoming an internal regulation, the functioning of the Board of Directors would be ideally regulated in a separate document.

The values and guidance in the Code of Ethics could also be streamlined for coherence and clarity. Currently, the values of the CCB are: ethics, excellence, responsibility and shared value (Article 2). The Board of Directors and employees are expected to be independent, act according to good faith and transparency, be responsible, diligent and careful, disciplined, respect confidentiality and be loyal (Article 6 and 10). However, some inconsistencies in the code could raise questions. For instance, while employees are explicitly expected not to ask for commissions or accept gifts for contracts or services provided (Article 10b), no mention is made of members of the Board of Directors (Article 6b). The Code of Ethics should also contain specific provisions regarding contracts with suppliers who are members of the Board of Directors. Currently, this seems to be a grey area vulnerable to ethical issues. Ultimately, it is difficult to ascertain why standards of integrity should differ between different groups within the CCB.

Both the complex nature of the objectives pursued by the CCB and the value of loyalty and confidentiality can lead to ethical dilemmas, and it is not clear how employees should proceed in such cases. The Code of Ethics states that in cases of doubts or questions related to loyalty, confidentiality or conflicts of interest, employees should inform their direct manager who should then decide on the action to take. However, the definition of what constitutes “harm” (*perjudicio*) under Article 10(e) could be subject to interpretation and may lead to a lack of clarity. For instance, do employees of the CCB understand when and what type of information should be made known to the authorities, and how to do so without provoking a conflict with values of loyalty and confidentiality? While the Integrity Contact Person could help clarify these kinds of doubts, clearer written guidance might be desirable.

While coherence between the Code of Ethics and regulations on internal disciplinary sanctions should be ensured and impunity avoided, codes of ethics are intended to appeal to the intrinsic motivation of the target group – in other words, doing the right thing because it is right, not out of fear of sanctions or rewards (extrinsic motivation). The CCB could therefore consider separating regulations concerning sanctions from the Code of Ethics. At the same time, impunity must be avoided, and the CCB must make plain that it will apply sanctions in the event of breaches of its regulations. This is key to ensuring the credibility of the internal governance system overall. Such communication must be transparent and should focus not on individual cases, but on the overall working of the system (e.g. by communicating aggregate statistics on sanctions).

In light of these issues, the CCB should consider reviewing the Code of Ethics to align its content with international good practice and lessons learnt from the private and the public sector, with a view to making it a useful tool for shaping ethical behaviour and guiding employee decision making (see Box 1.3). Stevens (2008), in reviewing evidence on corporate codes of ethics to extract lessons learnt concerning effective codes, came to the following conclusion:

Managers must model the desired behaviour and employees need to see that sanctions occur if codes are violated. Communication is a requirement for codes to be successful. Employees must be aware of the content in their ethical codes and participate in discussions about the codes so they have full understanding of the meaning. Codes do not work when they are written by management and passed down to employees as a mandate. Employees must perceive the ethical code as a personal document in which they have ownership, as a key component of the organisational fabric, and as one that is central to the organisations strategic functions.

Box 4.3. Guidance for drafting integrity codes

The following guidelines (Maesschalck and Schram, 2006) might increase the quality and relevance of a code that adopts a model consisting of a limited number of core values which are defined and then further specified in rules with examples:

- *Clear*: Make the text as clear and legible as possible. The code should be clear for all staff members who are expected to apply it.
- *Simple*: Make the text as simple as possible, but not too simple. Integrity is a complicated topic and this should not be neglected in a code. However, there is no reason to make explanations more complicated than necessary.
- *Concrete*: Avoid empty generalisations. Vague statements are not always avoidable, particularly in (values-based) “codes of ethics”. Nevertheless, it is important to try and make the values as concrete as possible (e.g. by specifying them in specific rules and guidelines or by illustrating them with concrete examples).
- *Structured*: Make sure that the code is constructed logically and centred on a number of core values that do not overlap. If the values are truly mutually exclusive, it will become easier to identify the tensions between them. These tensions are typical for ethical dilemmas and a code with clearly delineated values thus becomes a very useful tool for dealing with ethical dilemmas or teaching dilemma training sessions.
- *Consistent*: Use concepts in a parsimonious and consistent way. It is not a good idea to use different terms for the same concept within the same code (or in different documents within the same organisation). Likewise, avoid using the same term for different meanings. Decide on the term that is most appropriate and use it consistently throughout the different documents. This will strongly increase the chance that all staff members use the same language, thus allowing the code and related documents to become truly useful tools in training and daily conversation.
- *Linked*: Include sufficient cross-references in the code to other documents, guidelines and codes, where staff members can find further details about specific themes.
- *Relevant*: The code should move beyond the obvious and particularly focus on issues where guidance is needed. The chances for this will increase if the following techniques are used in preparation of the code: risk analysis and dilemma analysis.

Source: OECD (2009); Maesschalck, J., & Schram, F. (2006). Meer dan een brochure of affiche: de deontologische code als kernelement van een effectief ambtelijk integriteitsbeleid. *Burger, Bestuur En Beleid*, 3(1), 49-61.

Indeed, experience shows that is not recommended to use a top-down approach to draft the code, as it may become another instrument of control (Stevens, 2008). Additionally, while it is relatively easy to draft a code according to good practices, this approach risks the document having a relatively low impact. Instead, a participative, bottom-up process to revise the existing Code of Ethics, according to clear methodological guidance provided by the Integrity Contact Person and/or an external consultant, can mitigate these

risks, and help ensure that the code does not become a “check-the-box” exercise, as has been observed in many private firms and public entities around the world.

As such, the recommended revision of the current Code of Ethics would create an opportunity to emphasise a consultative and participative process. Such an approach, complemented by an analysis of CCB’s particular integrity risks and potential ethical dilemmas, would promote discussion among employees and build consensus about the shared values and principles of behaviour. Involving staff members from all levels as well as dependencies of the CCB in the process (e.g. through focus group discussions, surveys or interviews) would not only ensure the relevance and effectiveness of the code, but also likely intensify staff members’ feelings of ownership and thus increase the probability of compliance.

In addition, international experience shows that consulting with or actively involving external stakeholders, such as providers or users of services delivered by the organisation, in drafting a code helps to build a common understanding of the values and expected standards for employee conduct. For instance, a participative revision of Chapter V of the current Code of Ethics, which contains principles directed to registered businesses of the CCB, could be used as an opportunity to openly discuss the values and principles of the entity and its members, with the aim of creating awareness and real ownership. The CCB could consider separating this chapter of the Code of Ethics and promoting it as a stand-alone code for members. The CCB should also involve private firms using the registry processes, and providers of goods and services, in discussions on the revision the Code of Ethics, as this would demonstrate its commitment to integrity and accountability, and thereby contribute to building trust.

4.2.3. Developing a strategic approach concerning CCB’s role in enhancing integrity within its members and suppliers

The public role and aspirations of the CCB create opportunities for the entity to establish itself as a leader and model of good practice in matters of private sector integrity in the Bogotá region. Indeed, the CCB is already active in this field and has developed several initiatives in partnership with the private sector to enhance integrity in Bogotá. Examples include the Business Security Perception Survey, the programme “Towards Integrity: a construction between public and private sectors in Colombia”, and the campaign “*Con la ilegalidad, no voy yo*”.

However, none of those initiatives are directly linked to the procurement processes of the CCB. The CCB used to present topics aimed at strengthening supplier competitiveness, including the CCB contracting policy and principles, at the Annual Day of Integrated Supplier Management. However, the CCB procurement policy was not covered during the event in 2016 (see Chapter 3.). The CCB could therefore consider developing and reinforcing initiatives with the private sector to enhance the integrity of its member’s procurement processes, for instance, by presenting and implementing measures related to integrity, transparency and participation, as a follow-up to the recommendations in this procurement review.

At the same time, the CCB has an incentive to promote integrity and create adequate inducements for its providers of goods and services. Indeed, potential suppliers interested in taking part in CCB procurement opportunities and those registered on the CCB Registry of Suppliers have to comply with the provisions listed in the Code of Ethics. Any potential supplier willing to be registered has to provide a statement prepared by its legal representative declaring that he/she understands and accepts the provisions of the

CCB's Code of Ethics and Good Governance. In addition, the CCB checks that potential suppliers are not linked to illicit activities, money laundering or terrorist financing during the registration process, through the use of a risk management application (Risk Consulting). This validation process is also conducted for open tenders prior to awarding contracts.

CCB tender documentation and contracts also include "integrity clauses" or "probity pacts" (*pacto de probidad*), such as an Eligibility Clause and an Acceptance of the provisions of the Code of Ethics. The supplier declares under oath that he/she is not ineligible to enter into a contract with the CCB and is not in a conflict of interest situation. A provision related to money laundering and terrorist financing was recently added, by which the contractor certifies that its funds do not stem from illegal activities. These clauses are included in the contract template which should be made available to all bidders/participants.

However, the ways in which the current system reaches out to potential providers could be improved. With regard to open tenders that are accessible online, the new provisions (money laundering and terrorist financing) are included in the draft contract (*Proyecto de contrato*), but are not explicitly mentioned in the tender documentation (*Invitación*). The CCB could clearly mention these provisions in the article related to the probity pact. Additionally, the CCB should publish clear provisions regarding sanctioned or blacklisted suppliers as well as those not respecting integrity standards or who are in a conflict of interest situation. Finally, for all the measures mentioned above, and in addition to the tools and actions implemented by the CCB such as the risk management application, audits and risk analysis, the entity could benefit from a co-ordinated and regularly conducted monitoring mechanism for the effective implementation of these provisions. As mentioned previously, all measures should be monitored and evaluated regularly, once in place, to ensure the integrity of the system.

4.3. Cultivating an organisational culture of integrity

The Code of Ethics presents the normative, desired conduct within the CCB. However, a code by itself cannot guarantee ethical behaviour. International experience in both the private and public sector shows that this desire remains wishful thinking if not supported by measures aimed at implementing the goals stated in the code and adequate incentives to ensure compliance by staff. In the end, the objective is to cultivate an organisational culture of integrity that makes the organisation more resilient to integrity and corruption risks. A code of ethics is an important, yet insufficient, starting point to establishing such a coherent organisational integrity strategy.

In 2014, the CCB designed and developed an e-learning course on preventing, detecting, investigating and confronting fraud, which was shared with all employees. The goal of this course was to create a culture of "zero tolerance" for fraud. However, it is unclear what additional measures, apart from training, are currently being taken to achieve an organisational culture of integrity and to support implementation of the code. Assigning clear responsibilities, clarifying the normative underpinning for integrity and designing a code in a participative way, as recommended above, are an essential starting point for influencing the expected behaviour of employees in the workplace. To be effective, the Code of Ethics needs to be embedded in a broader organisational integrity strategy to promote ethical behaviour which is based on solid risk management.

4.3.1. Further strengthening the three lines of defence of the internal control system

Operational risk management aims to ensure that management control is proportionate to the potential vulnerabilities of an organisation. It is not simply a matter of regulating internal practices and procedures; it requires putting in place a systematic process and adequate capability (i.e. knowledge, resources, etc.) to assess and use gathered information to adjust management systems to prevent risks in a cost-effective manner. It also calls for an ex-post assessment of risk-mitigating actions, while recognising that earlier diagnoses and mitigating actions may not always have the desired effect. This requires leadership to create a culture that encourages risk management as a strategic and continuous action, rather than as a process of attributing fault to individuals and the inadequacies of systems (Bounds, 2010).

The CCB's internal control system is mature and follows the COSO-ERM (Committee of Sponsoring Organizations of the Treadway Commission-Enterprise Risk Management) standard. The system includes monitoring and evaluation of plans, methods, principles, rules, procedures and mechanisms. An internal audit function forms part of the system and falls under the purview of the Internal Control Office (*Contraloría Interna*). In 2012, the Internal Control Office implemented training activities for all CCB employees. In addition, in 2013, the Internal Control Office developed an e-learning tool on internal control, which was disseminated to all CCB employees. The tool was updated in 2015 and is available online for CCB employees.

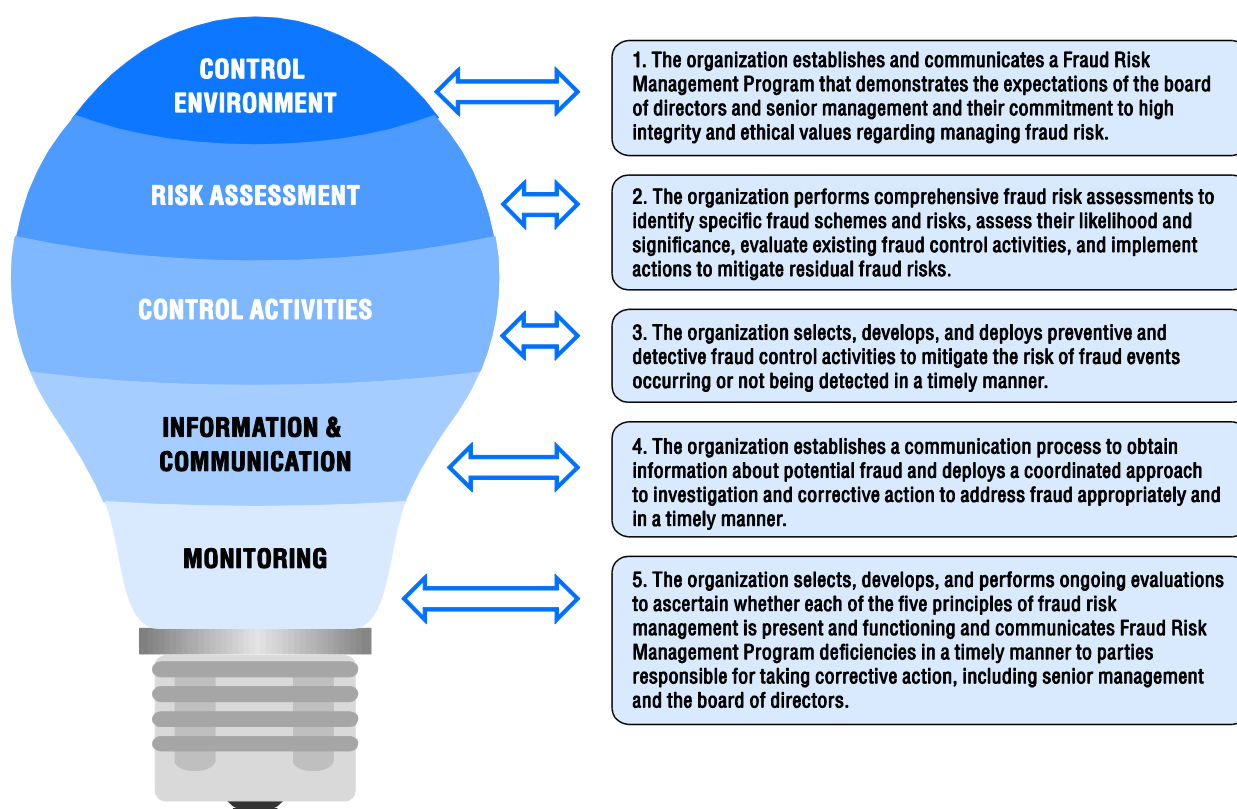
In addition to the Internal Control Office, the CCB also has a Risk, Good Governance, and Audit Committee (*Comité de Riesgos, Buen Gobierno y Auditoría*). Such Audit and Risk Committees are established in the vast majority of private sector organisations, and it is considered good practice for internal auditors to report to an independent audit committee appointed by the board. In the private sector, if an audit committee exists, it is usually charged with overseeing internal and external financial reporting processes, risk management, internal control, compliance, ethics and external audit arrangements, and ensuring the independence of internal audit functions (e.g. IIA, INTOSAI, Treadway Committee-COSO and the International Federation of Accountants).

In terms of risk management, since 2012, the CCB has elaborated a Risk Management Plan based on an Operational Risk Matrix (risk map), which includes a risk assessment and mitigation plans for controlling these risks. This risk map is accessible to officials implementing the different processes and those managing the risks in each area. Among other risks, the risk map also identifies some integrity risks in procurement processes such as fraud and corruption. In practice, the risk management plan for each area of the CCB is defined on a yearly basis. A risk manager trained in the operational risks methodology is appointed for each area and is responsible for communication with the Risk Management Office. He/she schedules meetings with the team in charge of identifying and assessing risks and also developing mitigation measures. The working team develops a risk matrix which is then revised by the Risk Management Office and approved by the process owner.

In 2016, the CCB implemented a project to define a methodology and mechanisms to manage risks of corruption, fraud, money laundering and terrorist financing. As a result, the CCB defined the role of "Compliance Officer" within the Risk Management Office. In addition, it was decided that these kinds of risks would be managed according to the operational risks methodology. While this is a positive step, the existing internal control and risk management system could be strengthened further. The CCB could consider focusing on corruption and fraud risk assessment specifically in the procurement cycle, in

order to ensure a more comprehensive and systematic assessment of fraud and corruption risks, and streamline concrete responses through all five components of the internal control system (Figure 4.1). Indeed, effective risk management can also map, detect and mitigate corruption and preserve integrity throughout the procurement cycle. Specific risk assessment tools to identify and address threats to the proper functioning of the procurement system should be developed and implemented. Where possible, tools should be developed to identify risks of all sorts, including potential mistakes in the performance of administrative tasks and deliberate transgressions, and bring them to the attention of relevant personnel, who provide an intervention point where prevention or mitigation is possible.

Figure 4.1. Linking the COSO 2013 Internal Control-Integrated Framework components with COSO's Fraud Risk Management Guide's principles



Source: Adapted from COSO 2013 Internal Control-Integrated framework and COSO's 2016 Fraud Risk Management Guide.

In particular, the CCB should recognise procurement as a high-risk area. For instance, the internal control and risk management tools tailored to procurement could concretely explain how the five internal control components are linked with the procurement process. A checklist could be included to verify that the five components are being taken into account in daily procurement activities, and that the risks are evaluated and mitigated (see Table 4.2). Current risk management policy and methodologies state that every risk in the organisation should be actively and properly treated (e.g. transferred, mitigated or avoided). Thus every owner of any new/emerging risk must comply with these guidelines. In addition, the CCB could develop a specific checklist of risks linked to

procurement activity along with the generic risks presented in Table 4.1. These risks should be actively managed.

Table 4.2. Leveraging internal control over the procurement cycle

Internal control components	Tailor-made linkages with the procurement process
Control environment	Are there clearly defined ethics requirements and professional certifications for those employed in the procurement units?
Risk assessment	Has the entity assessed vulnerable areas in the procurement procedures?
Control activities	Are there effective controls in place to mitigate the procurement risks identified?
Information & communication	Are deficiencies in the procurement process communicated and remediation activities shared?
Monitoring	Is the procurement process linked with indicators and a monitoring system to document its efficiency and effectiveness as well as the implementation of corrective actions?

Red flags are warning signals or hints that need extra attention, such as excluding or confirming potential fraud and corruption. Red flags may be person or organisation-related (Table 4.3). While the CCB includes red flags related to money laundering and terrorism finance risks in its procurement projects, this could also include fraud and corruption risks. Therefore, the CCB red flag system could cover other integrity breaches in the area of procurement and be extended to other identified risk areas, such as registry processes.

Table 4.3. Examples of red flags for corruption in procurement

World Bank red flags for fraud and corruption in procurement	Chartered Institute of Public Finance and Accountancy red flags
<ul style="list-style-type: none"> • Complaint from bidders or other parties • Multiple contracts below procurement threshold • Unusual bid patterns • Seemingly inflated agent fees • Suspicious bidder • Lowest bidder not selected • Repeated awards to the same contractor • Changes in contract terms and value • Multiple contract change orders • Poor quality work and/or services 	<ul style="list-style-type: none"> • Physical losses • Unusual relationship with suppliers • Manipulation of data • Photocopied documents • Incomplete management/audit trail • IT controls of audit logs disabled • Budget overspends • IT logins outside working hours • Unusual invoices (e.g. format, numbers, address, phone, VAT number) • Vague description of goods/services to be supplied • Duplicate/photocopy invoice • High number of failed IT logins • Round sum amounts invoiced • Favoured customer treatment • Sequential invoice numbers over an extended period of time • Interest/ownership in external organisation • Non-declaration of interest/gifts/hospitality • Lack of supporting records • No process identifying risks (e.g. a risk register) • Unusual increases/decreases

Source: Adapted from OECD (2015b), *Effective Delivery of Large Infrastructure Projects: The Case of the New International Airport of Mexico City*, OECD Public Governance Reviews, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264248335-en>.

4.3.2. Mainstreaming specific integrity measures into the human resource management cycle of the CCB

In general, Human Resource Management (HRM) policies are part of the problem and the solution with regard to promoting integrity in any organisation. HRM is the main point of contact for all staff within an organisation and, as such, has unique access to staff throughout their career, from induction training to exit interviews. HRM can support the integration of ethics into processes such as the organisation's vision and mission, recruitment, induction, appraisal, retention, motivation, rewards, diversity, coaching and training. Staff surveys, appraisals and exit interviews can all provide valuable information indicating whether or not the company's ethical values are embedded; they can also provide ways to evaluate both the success of an ethics programme and whether the company is living up to its values in practice.

In addition, it is useful to distinguish between measures to ensure the integrity of HR processes themselves, or "integrity in HRM", and measures to mainstream integrity in HR processes, or "integrity through HRM". Indeed, on the one hand, organisations should ensure the fairness of their existing personnel management by the consistent application of principles such as merit and transparency to prevent favouritism, nepotism, undue political influence and the risk of abuse of position and misconduct (OECD, 2017). On the other hand, integrity can be integrated into personnel management processes as a tool to enhance integrity and, for instance, make the Code of Ethics a living document that not only exists, but is applied.

Building on its current practice to evaluate integrity as one of the key functional competencies of employees, the CCB could therefore consider further mainstreaming integrity measures into its HRM processes. Table 4.4 provides some examples of concrete measures at different points of the process. Ideally, the definition and design of these measures would be undertaken jointly by the Integrity Contact Person and the HR directorate of CCB, clarifying the goal and objectives of each measure. These measures could be targeted in particular at strengthening capacities related to high standards of ethical conduct and becoming a role model for desired behaviours in teams, as evaluated by the 360-degree feedback-based employee evaluation. It is commendable that the CCB is currently developing measures to strengthen the recruitment process, in particular concerning background checks and conflict-of-interest declarations. In addition, the CCB could consider testing candidates on ethical values during the selection process for positions with a higher corruption risk. Further measures to strengthen integrity throughout the subsequent stages of the HRM processes could be considered as summarised in the overview provided in Table 4.4.

Table 4.4. Integrity measures and the Human Resource Management process

HRM practices	Mainstreaming integrity
Human resources planning	Assessing the integrity risks of different positions and planning accordingly
Vacancies	Including integrity criteria for job positions in job descriptions Requiring a commitment to the values of the organisation for all applicants seeking to apply for positions
Entry	Background checks, ethical tests, managing potential conflicts of interest arising from previous employments (revolving doors), developing job descriptions with ethical considerations in mind
Professional development, training and capabilities certification	Tailored training on integrity policies Special training for managers with staff responsibilities on providing guidance on the identification and management of conflict of interest situations and resolving ethical dilemmas
Performance evaluation	Assessing the capacities of managers and employees to identify and resolve conflict-of-interest situations or ethical dilemmas Assessing the capacity of managers to provide guidance on integrity policies, conflict-of-interest situations and ethical dilemmas
Severance	Monitoring potential conflicts of interest arising from subsequent employment (i.e. revolving doors)

Source: OECD.

The particular responsibility of the leadership levels of the CCB should be noted here. Managers with responsibilities for personnel should be sensitised and trained specifically to live up to their function as role models and ethical leaders. A public disclosure of a conflict-of-interest situation by a senior manager or a member of the Board of Directors is likely to have a stronger impact on employee behaviour than any training session on ethical guidelines. Indeed, using the OECD Principles of Corporate Governance as the basis for their recommendations, the WCF and CIPE (2011) recommend that “Board members should subscribe to high ethical standards in the association as well as in their own businesses and should adopt and subscribe to an ethics code and a code of conduct”.

4.3.3. Developing specific capacities on integrity by providing guidance on ethics and conflict of interest for employees involved in procurement activities

Raising awareness is just the first step towards effective implementation of the Code of Ethics and other internal regulations of the CCB. According to interviews conducted and the material provided for this report, the CCB does not currently provide any training related to the Code of Ethics and has no capacity-building strategies in place for high-risk areas, including procurement.

The CCB should therefore consider assessing the current capacities of its staff in order to fine-tune their training needs (see Chapter 5.). Ideally, this training would be designed and implemented by the Integrity Contact Person recommended above with help and inputs from the procurement areas.

Therefore, in addition to a general induction course and regular trainings from all CCB employees, the CCB should consider developing specific courses on fraud and corruption risk management in procurement processes. These courses should raise awareness of the risks in procurement processes, the potential consequences at the personal level and for the CCB, as well as knowledge of concrete risk mitigation strategies decided upon during risk assessments, as recommended above. Understanding the risks related to procurement processes and including risk factors in daily work can indeed contribute to developing effective internal control and risk management processes in public procurement. CCB employees working in procurement activities within the Legal Vice-Presidency, as well

as the requesting areas, therefore need to be made aware of the new approaches and trained on using related tools for identifying and mitigating risks.

Training courses should, moreover, help managers and employees in the procurement process use their judgement. An effective system of internal control demands more than rigorous adherence to internal policies and procedures. Judgement can be used to determine how much control is enough, and to select, develop and deploy controls across the entity (COSO, 2013). This also helps to avoid overly strict and heavy controls that could make the procurement process cumbersome and inefficient.

In addition to training, capacity building could be supported by the development of user friendly practical manuals or guidelines for procurement practitioners. These could describe in detail past or potential situations where ethical values and CCB principles were put into question, such as real conflict-of-interest situations, ethical dilemmas or case studies based on past cases of integrity breaches or corruption. Again, these manuals or guidelines would benefit from participatory development to ensure that the knowledge and experience collected by CCB's procurement practitioners is harvested. Of course, the documents should also provide guidance on the steps that employees are expected to take in these situations or the options they can choose from.

4.3.4. Enabling a culture of dialogue and openness by providing credible channels to raise doubts, voice concerns and report breaches of integrity

Whistleblower protection is an essential element for promoting a culture of accountability and integrity, and constitutes the ultimate line of defence for safeguarding the integrity of an organisation, by facilitating the reporting of misconduct, fraud and corruption. Generally speaking, there are three possible types of whistleblowers: external individuals who participate in or uncover a case, internal employees who become aware of misconduct by colleagues, and internal employees who participated in misconduct. Effective whistleblower protection can be provided if a process for reporting misconduct, fraud or corruption is clearly set forth and accessible for all three types of potential whistleblowers. It is essential here that the whistleblowers trust the reporting mechanism and the promised protection (e.g. that anonymity will be secured).

The CCB is in the process of implementing a "Transparency Line" managed by the Internal Control Office that can be used by employees and different stakeholders (potential suppliers, civil society) to report wrongdoing, integrity breaches or mismanagement. The Transparency Line seems to enable whistleblowers to complain confidentially and anonymously.

As mentioned previously, the addition of an Integrity Contact Person could significantly contribute to promoting an internal culture of dialogue. While such a person would mainly provide guidance on conflict-of-interest management and ethical dilemmas, they could also supply orientation in the event of doubts concerning potential misconduct. In such cases, the role of the Integrity Contact Person should not be to contribute to the investigation, as this is the role of the Compliance Officer, but instead should be restricted to helping the whistleblower assess the situation and his or her options. To provide an alternative option in cases where the employee does not feel comfortable raising the issue internally, the CCB could consider appointing, in addition to the internal Integrity Contact Point, an external ombudsman (lawyer). Registered businesses, providers, citizens and CCB staff could contact the ombudsman directly and arrange a strictly confidential consultation. The external ombudsman could then take the case

forward to the Board of Directors and the Integrity Contact Person. The German International Cooperation agency GIZ is currently using such a system with success.

4.4. Proposals for action

Developing a coherent and comprehensive organisational integrity system

- The CCB could consider establishing a dedicated Integrity Person with responsibility for developing, monitoring and evaluating an internal integrity system, providing guidance to CCB employees and stakeholders, and reporting to the Board of Directors.
- The Code of Ethics should be reviewed in a participative manner to identify and discuss typical ethical dilemmas, integrity risks and conflict-of-interest situations, in order to strengthen its focus and clarity, with the aim of influencing actual behaviour.
- The CCB should develop a strategic approach concerning its role in enhancing integrity with its members and suppliers.

Cultivating an organisational culture of integrity

- The CCB has a well-designed internal control system; however, it could further strengthen the three lines of defence and introduce dedicated fraud and corruption risk assessments.
- The effectiveness of integrity policies could be enhanced by mainstreaming specific integrity measures into the human resource management cycle of the CCB.
- In particular, the CCB could develop specific capacities on integrity by providing guidance on ethics and conflict of interest for procurement agents and other employees working in high-risk areas.
- The CCB should enable a culture of dialogue and openness by providing credible channels to raise doubts, voice concerns and report breaches of integrity.

4.5. Note

¹ “Channel stuffing” refers to a business practice involving sending a customer unneeded goods that can be booked as sales and revenue under the guise of accrual accounting, as a way to manipulate accounts and manage earnings (Markham, 2006).

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Chapter 5. Strengthening the capacity of the procurement workforce and the efficiency of the procurement system

This chapter analyses the current framework for capacity building at the CCB, identifies key actors in this process, and assesses the measures being taken to enhance the knowledge and skills of procurement employees. It also examines the training offered to suppliers to enhance their capacity to use the CCB procurement system. Finally, it proposes ways for CCB to increase the general level of competency through needs assessments, training plans and a competency framework that takes into consideration the role of procurement employees.

To ensure a strategic focus to procurement, professionals must possess a wide set of skills and competencies, including negotiation and project and risk management skills. The procurement function is responsible for specifying, providing access to and managing the external resources and assets an organisation needs, or may need, to fulfil its strategic objectives. Adequate capacity of the procurement workforce is a crucial element of a sound public procurement system, and lays the foundation for the successful development of all other components.

As discussed in Chapter 1. , the Camara de Comercio de Bogotá (CCB) is a private, non-profit entity established with the aim of building a sustainable Bogotá region, by promoting prosperity for its inhabitants through services that support entrepreneurship capacities and improve the environment for businesses impacting public policies. The CCB is not subject to Colombian public procurement law and has its own legal and institutional framework. It plays a key role in the Colombian economy both for the private and public sector. The CCB is currently responsible for the public procurement Registry of Suppliers (the Single Suppliers Registry - RUP) and offers courses on public procurement for the private sector.

This chapter focuses on the institutional setting that supports CCB employees working on procurement activities, taking into consideration the scale and magnitude of the work. It also examines whether the actions taken by the CCB to ensure its procurement workforce has the capacities necessary to perform its duties. The CCB has approximately 980 employees and has grown rapidly in recent years, with frequent changes to job profiles and positions (see Table 5.1). Analysts comprised the largest part of the entity, however in 2016 these positions, including the majority of procurement employees, were reclassified as professionals.

Table 5.1. Number of employees working for the CCB

Positions within the CCB	2012	2013	2014	2015
Executive President	1	1	1	1
Executive Vice-president	1	1		
Vice-president	6	8	9	8
Manager	6	7	6	6
Director of Headquarters and Service Centre	10	11		
Director	22	25	36	40
Head of Unit	25	25		
Head of Department	4	5		
Head			59	53
Coordinator	2	2	49	65
Professional Coordinator		1		
Senior Professional				244
Professional				70
Junior Professional				121
Specialised Analyst IV	26	26		
Analyst IV	67	65	258	
Analyst III	45	108	73	
Analyst II	94	103		
Analyst I	42	47	127	
Advisor	31	30		
Assistant I	14	14		
Assistant II	21	22		
Clerical Assistant	225	232	190	
Administrative Assistant				40
Support Assistant				145
Total	642	733	808	793

Source: www.ccb.org.co/La-Camara-CCB/Nosotros/Ley-de-Transparencia/Informes-de-sostenibilidad.

Recent OECD surveys suggest that workforce capacity represents the most prominent weakness in many procurement systems (OECD,2017a). In public procurement systems across OECD countries, procurement practitioners face a number of common challenges, including the transition towards a more strategic function; increasingly complex rules, the multidisciplinary nature of the profession and the lack of professionalisation. The OECD's experience working with countries shows that capacity is a key pillar for a sound public procurement system. An efficient system usually includes:

- procurement rules and procedures that are simple and clear, and ensure access to procurement opportunities;
- effective institutions to implement procurement plans and procedures; and produce, manage and monitor contracts;
- appropriate electronic tools;
- suitable human resources in terms of numbers and skills to plan and carry out procurement processes;
- competent contract management.

The OECD Recommendation of the Council on Public Procurement called upon countries to develop a procurement workforce with the capacity to continually deliver value for money efficiently and effectively (see Box 5.1). This chapter assesses whether the CCB has the capability and capacity to perform its duties and meet the standards and principles

set by the OECD Recommendation. It also includes a proposal for the CCB to help support the organisation on its path to raise the level of competency and professionalism among procurement employees.

Box 5.1. Recommendation on Public Procurement

IX. RECOMMENDS that Adherents develop a procurement workforce with the capacity to continually deliver value for money efficiently and effectively.

To this end, Adherents should:

(i) Ensure that procurement officials meet high professional standards for knowledge, practical implementation and integrity by providing a dedicated and regularly updated set of tools, for example, sufficient staff in terms of numbers and skills, recognition of public procurement as a specific profession, certification and regular trainings, integrity standards for public procurement officials, and the existence of a unit or team analysing public procurement information and monitoring the performance of the public procurement system.

(ii) Provide attractive, competitive and merit-based career options for procurement officials, through the provision of clear means of advancement, protection from political interference in the procurement process, and the promotion of national and international good practices in career development to enhance the performance of the procurement workforce.

(iii) Promote collaborative approaches with knowledge centres such as universities, think tanks or policy centres to improve the skills and competencies of the procurement workforce. The expertise and pedagogical experience of knowledge centres should be enlisted as a valuable means of expanding procurement knowledge and upholding a two-way channel between theory and practice, capable of boosting application of innovation to public procurement systems.

Source: OECD (2015), *OECD Recommendation of the Council on Public Procurement*, <https://www.oecd.org/gov/ethics/OECD-Recommendation-on-Public-Procurement.pdf>.

5.1. The institutional capacity framework

5.1.1. Enhancing collaboration between the Legal Vice-Presidency and the HR Directorate to assess needs, develop courses and establish a training plan for procurement employees

The Human Resources Directorate is in charge of human resources (HR) policies (internal rules, trainings). Part of its remit includes developing training programmes for employees working on procurement-related issues. In addition to general training, the HR Directorate provides specific training based on assessments made by the Legal Vice-Presidency. In particular, the CCB has a training programme focusing on “encouragement, development and reinforcement of capabilities and knowledge” for personal and professional growth intended to help achieve the organisation’s objectives. The majority of training is mandatory and, in 2016, the participation rate was 93%, with 100% coverage of scheduled plans. However, the CCB has no specific targets for procurement training courses. Human resource activities contribute significantly to

achieving the strategic objectives of any entity. For this reason, the HR Directorate should adopt a more proactive role during the needs assessment phase. The Directorate should not rely solely on requests from CCB departments, but should instead carry out its own assessment.

There is a rigid system in place that covers areas such as internal work regulations, the Ethics Code, development and formation, and a programme for work-life balance. The internal work regulations cover rules that the CCB and all its employees are subject to including: admission conditions, probationary period and learning, work schedule, offences and disciplinary sanctions, and so on. This information is a fundamental part of individual employment contracts and also applies to subsidiaries outside the main domicile of the entity. The Ethics Codes contains the main rules that regulate the behaviour of employees inside the CCB (see 0 for more information).

The present development system focuses on the management and modelling of competencies, 360 degree feedback and scholarships. The system assesses individual and team performance, with the purpose of establishing lines of action that lead to a coherent working environment, where satisfaction and employee and team well-being are reflected in organisational results. Last, but not least, the CCB has implemented a programme called *Live Well, Live Happy*, designed to help improve the work-life balance and happiness of employees and their families, with a view to attracting the best talents. The programme is structured using the methodology of the European Institute of Social Capital (EISC) and consists of three initiatives to balance work and life for seven categories (EISC, 2017).

The HR Directorate has developed a strategic approach to the management of human resources, which focuses on five pillars: increasing value generation for companies supported by the CCB, offering services, allowing entrepreneurs access to services, leading civic dialogue with government and achieving a high level of job satisfaction (see Figure 5.1). The main target of HR's strategic approach is the companies that the CCB serves and the services provided to them. Only one pillar directly addresses CCB employees, and only to a limited extent, specifying happiness and productivity at work. This pillar also promotes the simplification of processes and communication between employees of the CCB. To achieve the other pillars, the CCB will need a sound capacity-building system that enables employees to undertake related activities such as procurement.

Figure 5.1. Strategic approach of Human Resources



Source: Information provided by the CCB.

There are limited numbers of courses available to improve the capacity of procurement employees in the CCB. An overview of internal courses carried out in 2014 shows that only one course actually addressed the issue of procurement, and this related to the new public procurement legislation from which the CCB is exempt (see Table 5.2). In 2015 and 2016, the CCB offered 239 workshops to employees including procurement-related courses such as a workshop on the CCB Procurement Manual and public procurement. However, the number of procurement-related courses is small and those that exist are not always tailored to the real needs of procurement employees. This could be due to the fact that the CCB's core role and responsibilities do not include procurement, which is more of a support function within the organisation. This chapter looks at the key aspects necessary to create a support system for CCB's procurement employees.

Table 5.2. Internal courses for CCB employees, 2014

Subject	No. of workshops	No. participants
Decree 1510 RUP for venues	9	153
Renewals	16	257
New model of services for headquarters training techniques	12	125
New procedures, fraud prevention system	11	194
SIPREF (inactive enrolments)	1	186
Update on corporate law	10	20
General aspects of corporate law	10	30
Legal and registration aspects of non-profit entities	10	31
Scanning document records	1	26
Non-compliant products	13	184
Receipt of documents	1	53
Reading legal texts	11	20
CAE advisors	39	16
Total	144	1 295

Source: CCB (2015), Informe de gestión 2014 Cámara de Comercio de Bogotá

The HR Directorate has a system in place to assess the need for additional training courses. For a new course to be developed each department must frame their needs by producing a business model that makes a case for the course, with indicators and so on. A new course will also be developed when legislation is introduced or updated. The budget plays an integral part in any decision to introduce a new course, as well as requests from the Executive President Committee. A few courses will be introduced in 2017, however the HR Directorate could benefit from working more closely with the Legal Vice-Presidency to identify ways to offer a wider variety of courses to employees.

5.1.2. Enhancing collaboration with knowledge centres to develop the capacity of procurement employees

Part of training development involves building relationships with knowledge centres and universities, as they are home to experts in fields essential to CCB, including procurement. In the past, the CCB has worked with knowledge centres including the Instituto de Alta Redacción and the Instituto Colombia de Normas Técnicas and Certificación (ICONTEC), as well as with consultancy companies. At present, the CCB has agreements with several different knowledge centres including the Business Training Management Office, and higher education institutions such as Universidad del Rosario, Universidad Externado, Universidad Nacional, Universidad de los Andes, CESA and Universidad Javeriana. They can assist the entity in the development of sustainable training courses for its employees. However, procurement has not been the main topic of these collaborations. The CCB could therefore benefit from working closely with knowledge centres to develop specific training programmes for procurement employees.

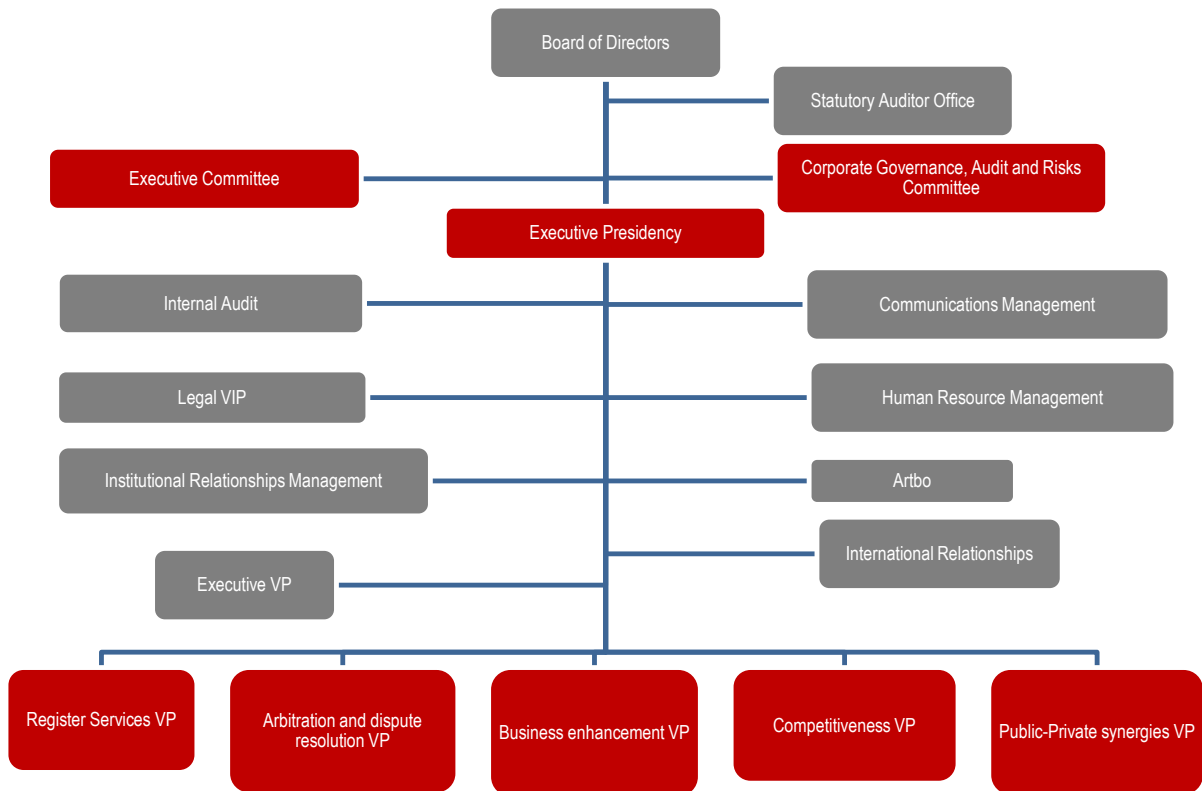
The CCB has also benefitted greatly from the training of trainers (ToT) programme provided by Colombia Compra Eficiente (CCE) and ATKearney. The objective of this programme was to provide skills and knowledge on strategic procurement and using best practices to improve efficiency, transparency, planning and control of spending, as well as competition in procurement processes. CCB employees that attended the training acquired skills and tools to train buyers in those specific topics. The CCB should therefore support participation in these kinds of initiatives.

5.2. An overview of procurement employees in CCB

5.2.1. Identifying employees involved in procurement activities

The structure of the CCB is divided up into five core operational Vice-presidencies with supporting Vice-Presidencies, one of which is the Legal Vice-Presidency. There are also committees and a Board of Directors, the latter being responsible for establishing strategies and policies (see Figure 5.2). The Legal Vice-Presidency (*Vicepresidencia Jurídica*) is a key vice-presidency in charge of implementing the legal procurement framework adopted by the Board of Directors. It includes three directorates two of which work on procurement activities – the Contracting Directorate and the Planning and Contract Management Directorate.

Figure 5.2. Organisational structure of the CCB



Source: Information provided by the CCB.

Each directorate has a very specific role. The Contracting Directorate (CD) is in charge of preparing and revising legal documents, as well as providing standard documents to all directorates and areas involved in the procurement process. The CD comprises about 20 lawyers, based on the role of the directorate. The CCB would benefit from having employees from more varied backgrounds, such as economics or social sciences, working in the directorate.

The Planning and Contract Management Directorate (PCMD) is a smaller directorate with approximately eight employees. The PCMD consists of professionals from more diverse

backgrounds that, combined, have the expertise required to perform procurement studies. These identify all participants in the supply chain and compare qualification and evaluation criteria defined by the requesting areas, per category, with those resulting from sector studies. The PCMD also identifies strategies to optimise processes and resources from sector analyses. Together, the CD and PCMD account for the key procurement employees within the CCB. Any training developed on procurement should therefore focus closely on employees from those two directorates.

However, a number of other actors are involved in procurement activities at the CCB. These include the requesting areas and the Procurement Committee, which is an advisory and consultative body for procurement above 100 SMMLV (minimum salary) without VAT. The committee reviews procurement processes in cases where it is not possible to select a proposal, where the process is a matter of urgency and where a selection process does not take into account price as an evaluation criterion. It can also authorise use of the negotiation mechanism, as well as down payments or an early payment larger than 50% of the contract value and other relevant cases. The Procurement Committee tends to be an assembly of high-level employees appointed by the Executive President. Currently, the committee consists of the Executive Vice-President, the Financial and Administrative Vice-President, the Legal Vice-President and any invited Vice-president. A representative of the Internal Control Office and a representative from the requesting area are also invited and are allowed a voice, but cannot vote on decisions. As procurement is a multi-disciplinary activity, the committee members, despite being high-level officials, could benefit from specific procurement courses that target many of the elements they need to address.

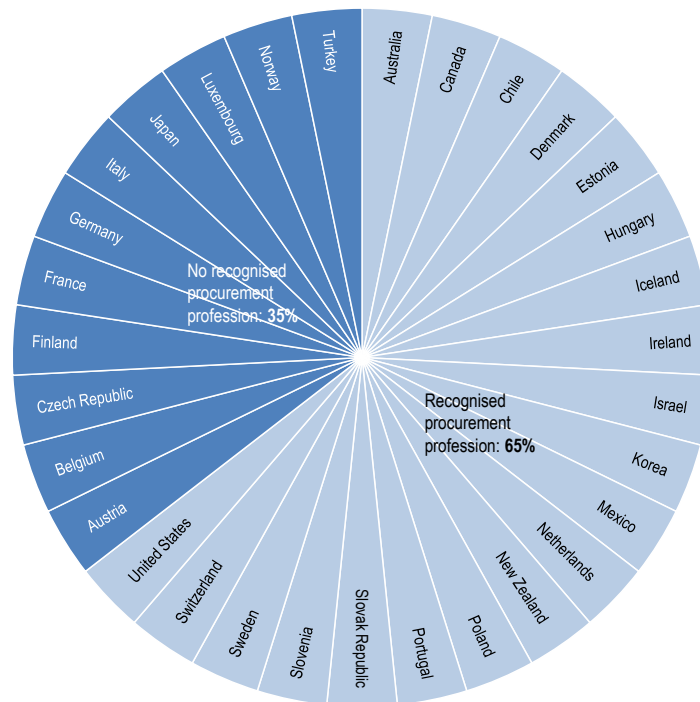
The other key area involved in the procurement process that should not be overlooked is the directorate doing the purchasing, referred to as the requesting area. The requesting area is supposed to analyse the need and convenience of the procurement process; define the technical specifications, qualifications and evaluation criteria with the support of the CD and the PCMD when necessary; and determine the core elements of the contract including the object, financial conditions, terms and all essential aspects for fulfilment. Given that some employees from the requesting area work at the forefront of the procurement system and will be responsible for drafting the required technical documentation, the CCB should ensure that they have the appropriate capacity and receive suitable training to perform these tasks.

This is especially true for employees who assume the role of supervisors. The supervisor represents the CCB in each contract or agreement and is designated by the vice-president or his/her delegate. He/she monitors contract execution from a technical, administrative, financial, accounting and legal standpoint. The supervisor also represents the CCB in the relationship with the selected supplier and can participate in drafting technical specifications. Hence, the role of supervisor is a significant one and those selected for this role should either have experience in procurement and contract management or receive specific training. During the fact-finding mission, it was mentioned that supervisors receive training on CCB procurement activities. However, given their responsibility and role in the procurement system, the CCB could benefit from further strengthening their capacity in this field. In addition, it should be clear from the outset which employees can take on the role of supervisors, for example, by including this in job descriptions.

The best approaches to assess the skills and competencies of the procurement workforce are discussed in the next section. However, it is important for the HR directorate to be aware that the level of need varies between different roles of employees in the

procurement process. The needs of a requesting area might not match those of the Procurement Committee or the CD or PCMD. It is important for the CCB to recognise that the task of a procurement specialist is no longer an administrative function; it should instead be recognised as a specific professional profession. Indeed, more and more OECD countries are recognising procurement as a profession (see Figure 5.3).

Figure 5.3. Recognition of procurement as a specific profession in OECD countries



Source: OECD (2013a), *Implementing the OECD Principles for Integrity in Public Procurement: Progress since 2008*, OECD Public Governance Reviews, <http://dx.doi.org/10.1787/9789264201385-en>.

5.2.2. Moving towards the specialisation of procurement employees

As mentioned previously, the CCB could benefit from having more employees with different backgrounds, such as economics or social sciences, working in the Contracting Directorate (CD). The increasingly strategic use of procurement necessitates specialisation on the part of the workforce. Normative knowledge will continue to be important, but, to achieve value for money, entities must perform a number of specialised tasks, especially during the pre-tendering stage, in order to gather information on the market, such as level of competition, ability of suppliers to deliver and prices. The addition of employees with the requisite skills and background should strengthen the overall team. However, it is important for CCB to identify where they can be of most value throughout the tendering process and when normative knowledge is better suited.

In addition, one of the challenges identified during the fact-finding mission related to the specialisation of employees from the Legal Vice-Presidency by procurement category. Currently, CD employees are specialised by vice-presidency. However, the CCB has to procure a variety of goods and services, and the development of technical and legal

documentation requires specific knowledge of the product and service category and its market environment, in order to implement the best procurement strategy.

5.2.3. Reviewing the Procurement Manual to ensure clarity and alignment with the CCB's strategy

The CCB has taken steps to put in place processes and procedures to ensure consistency and a high level of professionalism throughout the procurement process. The most significant documents for procurement employees at the CCB are the Procurement Procedures Manual and the Procurement Policy (*Estatuto de contrataciones*). The entire CCB Procurement Policy is included in the manual which explains the different processes and procedures necessary to address specific needs. The last amendment to the manual was done in 2014 to align it with the CCB Procurement Policy. The objective of the manual is to integrate all the procurement policies and procedures that govern the CCB's processes to procure goods, services and works. These procedures must be applied by all parties directly or indirectly involved in the procurement processes, where the CCB acts as either the procuring party or as one of the parties to an agreement.

The manual itself is not excessively long or overly detailed, which makes it easy to use during a tendering procedure. It comprises seven chapters covering everything from the Advisory Committee on Procurement, planning, modalities and assessment criteria to contract formalities, proceedings, content and execution. The latter part of the manual lays out the procedures to guide CCB employees through the different steps. However, the decision-making process is not always clear and can be misleading for employees when mixing different procurement methods. For example, in cases of open tenders, the decision-making process proposes three options: (i) invitation to submit a bid; (ii) agreements, and (iii) exceptions. As mentioned in Chapter 3. , the manual lacks guidelines to define award and qualification criteria and should be updated to enhance the efficiency of the system. Although the Procurement Manual contains some sections on qualification criteria, the CCB should consider developing and improving those sections to give clear guidance to procurement employees. In addition, the inclusion of more specific guidance on criteria, such as green and social criteria, SMEs and innovation, would help CCB move towards strategic procurement.

The manual is part of a wider methodological support framework for CCB procurement employees. Consistent and systematic use of standardised templates for contractual documents provides clarity, security and consistency both to the buying organisation and the marketplace, and reduces risks in the contractual process. The Contracting Directorate is in charge of preparing and revising the legal documents, but also providing standard bidding documents to the requesting areas. In this regard, the CCB seems to be in line with the OECD Recommendation. The CCB needs to ensure that the standard documents include a template version of the contract. This is a fundamental component of a transparent procurement system; It guarantees that the contract is in line with both relevant rules and the terms of the tender invitation (if not, the bidders may immediately challenge its terms), and that all bidders will execute the agreement under the same general terms. The CCB could benefit from publishing a version of these standard documents on its website to enhance the understanding of potential suppliers.

5.2.4. Further enhancing the capacity of suppliers involved in CCB procurement opportunities

Efforts should be directed towards enhancing the capacity of CCB employees working on procurement opportunities; however the capacity of suppliers participating in CCB procurement opportunities should not be overseen. Their capacity to understand the CCB procurement system is based on the CCB Procurement Policy, which is available online, and “the Annual Day of Integrated Supplier Management”. This day is intended to strengthen supplier competitiveness. However, the annual session covering topics related to the CCB contracting policy and principles was not organised in 2016. Instead, the day included a conference on work-life balance and a workshop on exploring and learning about the needs and behaviours of consumers or clients. The CCB could benefit from organising a session on its procurement framework at such events in a more sustainable manner.

In addition, several channels are available to suppliers should they have any questions or need advice, including phone, e-mail, chat or the “Suggestions, Complaints, Requests and Congratulations System”. Issues raised by suppliers are directed to an employee equipped with the knowledge and ability to respond to the concerns of potential providers or contractors. The CCB could benefit from taking a more proactive approach to enhancing the capacity of its suppliers and potential suppliers. In 2013, the CCB put in place an index to measure supplier satisfaction (see 0). The results of this satisfaction index could be exploited to tailor capacity-building activities for CCB’s own suppliers.

5.3. Assessing the skills and competencies of the procurement workforce

5.3.1. Undertaking a diagnostic of capacity and knowledge gaps among procurement employees in order to develop a new procurement capacity plan

Complex systems, frequent changes in the regulatory framework, risks of incorrect application of rules, court cases and lack of trust are among the challenges facing organisations working to ensure the integrity and quality of the procurement process. In order to mitigate those risks, it is important to assess current needs and problems and develop a procurement capacity plan. The assessment should identify bottlenecks, skills, knowledge, structures and the ways in which employees navigate the process within the organisation. A need analysis can also help to identify specific issues that need to be tackled or simply help to assess the procurement training portfolio. The CCB has performed competency assessments resulting in action plans which can be personalised to the whole team or a specific collaborator. In the case of procurement area, assessments have been carried out to identify the strengths and weaknesses of employees from a specific area, that have included workshops, shared sector analysis exercises, 360 degree feedback exercise, case studies, lessons learned and so on.

In addition to these assessments, the CCB should explore other ways to carry out analyses. For example, the OECD has applied a gap analysis approach in different environments and countries (i.e. Slovakia) through the development of a framework focusing on three dimensions, each of which impacts individually or jointly the capacity of the procurement workforce: (i) characteristics of the procurement workforce, (ii) the performance of the procurement system, and (iii) the training system in place. This kind of approach would include various types of interaction with procurement stakeholders as well as employees. It will be important for the CCB to cover all aspects of the procurement process, from the pre-tendering to the tendering phase, as well as the

contract management stage. Some countries have developed initiatives to professionalise and empower the public procurement workforce. These often tackle different aspects of human resource management to recognise the singularity and specificity of procurement professionals, as shown in the example of New Zealand (Box 5.2).

Box 5.2. Key initiatives to professionalise and empower the public procurement workforce in New Zealand

- Develop a model to assess procurement capabilities in agencies.
- Assess agency procurement capability on site and provide action plans for its development.
- Agencies not targeted for onsite assessment should complete a self-assessment against the procurement capability model.
- Develop standard procurement role competency requirements and implement them in agencies.
- Benchmark key agency procurement and price performance against the private sector.
- Increase the migration of skilled and qualified procurement professionals to fill skills gap.
- Ensure government procurement salaries reflect market norms.
- Ensure agencies allocate resources to reform procurement practice.
- Identify opportunities for procurement shared service centres.
- Include procurement professionals in work project teams.
- Establish a small team of strategic procurement experts (commercial pool) to support high-risk/value projects across government.
- Allocate resources to support public-private partnership projects.
- Determine procurement training needs and source providers.
- Ensure that agencies use the tools provided to assess procurement capability and capacity.
- Agencies should ensure procurement staff are trained to fill identified skill gaps.
- Provide e-learning to help procurers obtain a professional procurement qualification.
- Target key procurement personnel within agencies to fast track their professional procurement education.
- Develop and launch career development plans for procurement personnel.
- Develop a New Zealand procurement academy.
- Encourage and subsidise public sector procurement professionals to gain recognised procurement qualifications.
- Launch a procurement graduate programme to increase capacity in New Zealand.
- Facilitate secondments and career progression planning between agencies for procurement professionals.
- Establish and facilitate a Procurement Leaders Group (aged under 35 years) of future procurement leaders.
- Develop “Demystifying Procurement” as a two-day introductory course to procurement in a public sector context or for online learning.

Source: OECD (2016), *Towards Efficient Public Procurement in Colombia: Making the Difference*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264252103-en>.

Box 5.2 provides ample suggestions for organisations at the country level. Out of these, the following may be relevant for organisations such as the CCB:

- Develop standard procurement role competency requirements.
- Establish a small team of strategic procurement experts (commercial pool) to support high-risk/value projects across the organisation.
- Determine procurement training needs and source providers.
- Develop and launch career development plans for procurement personnel.
- Establish and facilitate a Procurement Leaders Group (aged under 35 years) of future procurement leaders.
- Develop “Demystifying Procurement” as a two-day introductory course to procurement for online learning.

The assessment requires evidence gathered through interviews in order to obtain a more comprehensive view of the situation. A list should be made of the most common irregularities or mistakes during the tendering procedure. This list should help prioritise the kinds of training needed most. A separate list should be made for all actors involved in the procurement process, including those from the requesting areas, the Legal Vice-Presidency and the Procurement Committee (see Table 5.3).

Table 5.3. Roles of different parties in the procurement process

Steps in the procurement process	Requesting area (technical)	Planning and Contract Management Directorate	Contracting Directorate	Procurement Committee
<i>Pre-tendering phase</i>				
Preparation and planning	X	X		
Definition of requirements	X			
Market analysis	X	X		
Determination of estimated value	X			
Tender specification	X			
Development of tender documents			X	
Choice of tendering procedure			X	
<i>Tendering phase</i>				
Tender notice			X	
Clarification about tender documents	X		X	
Modification of tender documents			X	
Integration of tender documents			X	
Tendering				
Evaluation	X		X (Legal evaluation)	
Award	X			
Award approval				X
Settlement of disputes in open tenders	X		X	
<i>Post-tendering phase</i>				
Signing of the contract	X		X	
Subcontracting	X		X	
Additions and reductions	X		X	X
Extension of the agreed period	X		X	
Complementary contracts	X		X	

Source: Information provided by the CCB.

The assessment should not be too general; if certain mistakes or irregularities are frequently raised by either employees or stakeholders, then measures could be devised to address those issues. Measures could include: courses, a guide, a handbook, shadowing a colleague and so on. The assessment can also be more specific, identifying the level of knowledge for each employee and the kind of training or information they need to raise their competency level. More specific or very detailed assessments may be considered too cumbersome in many large organisations. However, organisations with relatively few employees working on procurement, like the CCB, could apply a more comprehensive approach. The Government of Peru has applied this approach using a scored questionnaire to classify the public procurement workforce into four categories (see Box 5.3). Those that fall into category 1 need more intense training, while those in category 4 are capable of conducting procurement in accordance with the regulatory framework. The CCB should consider adopting a similar approach to tailor specific capacity strategies depending on the level of each employee working in procurement activities.

Box 5.3. Diagnosing capacity and knowledge gaps in Peru

Since 2010, SERVIR has performed diagnoses of capacity and knowledge gaps in the Peruvian public service. These diagnoses cover the following areas: human resources, accounting, public financial management, public investment, modernisation of public management, public procurement and strategic planning. These analyses aim to provide a better overview of the characteristics of civil servants, by measuring knowledge gaps and guiding the development of capacity development strategies according to identified needs.

SERVIR conducted two diagnoses of capacity and knowledge gaps in the area of public procurement in 2010 and 2014. The first diagnosis identified 3 646 public procurement practitioners, 78% of which participated in the evaluation. In 2014, SERVIR identified 6 158 public procurement practitioners, 78% of which again participated in the evaluation. The public procurement system has the participation rate for evaluations. The 2010 diagnosis was based on a test consisting of 30 questions. This permitted the public procurement workforce to be classified into four categories:

- (i) *From 0% to 50%:* Capacity building is needed for general as well as specific issues, in accordance with the functions of the public procurement staff (category 1)
- (ii) *From 51% to 70%:* Specific knowledge needs to be strengthened in order to carry out the functions of the public procurement staff (category 2)
- (iii) *From 71% to 85%:* Specific knowledge needs to be strengthened in order to advance the capabilities of the public procurement staff (category 3)
- (iv) *From 86% to 100%:* Optimal knowledge present to carry out the functions of the public procurement staff (category 4).

Source: OECD (2017a), Public Procurement in Peru: Reinforcing Capacity and Co-ordination, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264278905-en>.

The results of the needs assessment could be used as a basis for developing a procurement capacity plan, while also highlighting the importance of improving the professionalisation of procurement employees. The results of the analysis of capacity and knowledge could

also serve as the basis for developing specific job profiles and procurement training curricula.

5.3.2. Using the needs assessment to develop comprehensive procurement job profiles based on a competency framework

The OECD is encouraging and supporting its member countries and partners to improve the professionalisation of the public procurement workforce. This requires the determination of specific functions, skills and competencies critical to achieving the missions and goals of public entities. The CCB is neither a central purchasing body, nor is it a public entity; hence, the following suggestions have been tailored to the real needs of the organisation. The principles for public procurement officials can be applied to the procurement employees of the CCB. However, legislative frameworks, regulations or rules restrict public officials more than employees of private entities such as the CCB. The CCB rules require the entity to act in a way that is transparent and upholds the integrity of the process. The competencies normally covered in competency frameworks are: professional, technical and personal effectiveness skills (e.g. teamwork, communication, leadership and management of people, projects and resources). The CCB could assess which competencies to choose based on how they contribute to the successful implementation of the procurement plan and the entity's strategy.

Skills and competencies for effective performance need to be specified for each job involved, and integrated into a competency model or framework. Competency management frameworks not only help to identify the capabilities needed in the workforce, they can also be used in different stages of human resource processes, such as workforce planning, recruitment, promotion, training and performance assessment. In a competency-based selection process, the required competencies identified for a vacant position are used as the selection criteria. Peru has developed a framework based on four categories described in Box 5.4. It includes a few competencies that cover most aspects of the procurement cycle. However, many OECD countries have developed more complex competency management frameworks. In Scotland, for example, the framework has 13 competencies that make reference to the technical skills needed at different levels to conduct procurement. The CCB could benefit from developing a framework similar to the one described in Box 5.4, adapting it to its own structure and organisation.

Box 5.4. Four types of competencies defined by OSCE in Peru for procurement officials

The Government Procurement Supervising Agency (Organismo Supervisor de las Contrataciones del Estado or OSCE) has defined the four following skills and competencies that a public procurement officials should have:

- 1) cross-cutting competencies (teamwork, results-based management);
- 2) general competencies (records management, office automation, mathematics and statistics, organisational and management skills);
- 3) legal and administrative competences (public procurement system, other administrative systems, public management and administrative procedures);
- 4) technical competencies (planning and programming techniques, market analysis techniques, monitoring and control techniques, and supply chain management).

The latter covers professional and technical effectiveness as well as personal

effectiveness skills. The definition of required skills and competencies allows public procurement officials to understand the requirements and helps them identify areas on which they need to focus.

Source: OECD (2017a), Public Procurement in Peru: Reinforcing Capacity and Co-ordination, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264278905-en>.

The skills and competencies identified can then be used in the development of job profiles. These combine a statement about what is expected from a job with a view of what the job-holder must bring in terms of skills, experience, behaviours and other attributes in order to perform the job well (OECD, 2013b). The CCB could consider using the assessment to identify or finalise specific procurement employee profiles corresponding to the requirements for occupying a specific position. In Peru, the OSCE has listed four different job profiles or job levels: (i) public procurement assistant, (ii) public procurement analyst, (iii) public procurement co-ordinator/specialist, and (iv) public procurement executive. Proper dissemination of job profiles/levels is key to recruitment processes, human resource management and the continued training of procurement employees. Profiling procurement jobs could therefore be one of the outputs of the new procurement capacity plan.

5.4. A procurement capacity plan to professionalise the workforce

5.4.1. Developing a procurement capacity plan to professionalise procurement employees in the CCB and its subsidiaries

The needs assessment should pave the way for the development of an ambitious and sustainable training plan. This should provide a detailed roadmap to increase the skills competencies of procurement employees (see Figure 5.4), and should target each group and requesting area, the two directorates (CD and PCMD) and the Procurement Committee. Furthermore, as discussed in 0, the CCB is undertaking a feasibility study on implementing Procurement Shared Services with its subsidiaries, with a view to enhancing system efficiency. The CCB will need to pay careful attention to the capacity of the shared services in terms of the required skills and competencies, as well as capacity development needs.

Figure 5.4. Process for assessing needs, developing a plan and implementation



Source: OECD (2017b) Developing Public Procurement Capacity in Europe. <http://www.oecd.org/gov/public-procurement/publications/public-procurement-capacity-europe.pdf>

Raising competency levels at the subsidiary level and ensuring consistency are key challenges to be addressed in the capacity plan. In addition, the plan should include courses that have been identified in the needs assessment. The training plan should also include indicators that allow for the regular assessment of impacts. As described in 0, the

CCB has introduced a survey to assess the satisfaction of requesting areas with the services and system provided by the Legal Vice-Presidency, including in terms of procurement. The services of the CD and the PCMD are currently assessed on a yearly basis. The CCB could benefit from exploiting those results to tailor specific capacity plans for the two directorates.

A training plan should be precise and to the point. However, it needs to include specific information such as course names, objectives, target groups, mode of delivery and dates. Based on recent OECD capacity-building initiatives in European projects, the training plan once implemented should last for at least two to three years to ensure the vision for improvement can actually materialize (OECD, 2017b). A shorter timeframe would limit the possibility of showcasing results. An employee assessment should test competencies prior to training and after implementation of the training plan in order to measure the progress made. As discussed previously, the training plan must take the assessment into consideration by including a specific competency levels or introducing a plan to classify the procurement workforce into categories. For example, an OECD training course identified dimensions for the following three groups in a Slovakian project on capacity development in 2016:

- *beginners*: newcomers or officials who have recently joining the profession or are confronted with the respective topic only rarely or occasionally;
- *intermediate*: the training targets officials regularly exposed to the respective concepts;
- *advanced*: employees requiring extensive expertise on the topics.

5.4.2. *Sharing best practices with other entities*

The process for developing a capacity plan should build on good practices elsewhere, as well as incorporating a more theoretical approach, taking into consideration the procedures and rules guiding the process. The capacity plan could also include the six subsidiaries: *Corporación Ambiental Empresarial* (CAEM), an environmental business corporation; *Certicámara*, a digital certification entity; *Corferias Bogotá*, the Bogotá International Business and Exhibitions Centre, *Invest in Bogotá*, the investment promotion agency for Bogotá; *Uniempesarial*, the Business University Foundation of the CCB; and *Corparques*, an entity in charge of the development of parks and recreation. In this case, the CCB will need to reconsider the presentation of the training courses.

The CCB could establish a dialogue with other chambers of commerce by creating a platform to share best practices and discuss capacity challenges and related issues. Confecamaras, the Colombian Confederation of Chambers of Commerce, could play a key role in the creation of this platform, as one of the roles of this entity is to share best practices between the different Colombian chambers of commerce.

Larger and/or decentralised procurement bodies in countries or states engage in practices such as face-to-face workshops, e-learning, communication, job swapping or on-the-job training, which allows an employee to shadow and learn from an expert in the field. Of these, face-to-face workshops are the most likely fit for the CCB. However, if the idea is to widen the training plan and incorporate external customers, such as subsidiaries or other chambers of commerce, then e-learning might be an option to consider enhancing the competency of those employees working on procurement.

5.5. Proposals for action

The CCB is a mid-sized organisation with approximately 1 000 employees. Of these, around 30 are full-time procurement experts working together in two directorates under the same Vice-President. The CCB also has a Procurement Committee and requesting areas in other directorates, which undertake a certain amount of the preparation of tenders. For this reason, it is important to place recommendations usually directed at countries or states, or even larger public agencies, into perspective when dealing with a non-public entity. However, the CCB has demonstrated commitment to adhering to the OECD's public procurement principles, and the following recommendations will help the entity raise its level of competency and professionalism in this area, if implemented.

The institutional capacity framework

- The CCB should enhance collaboration between the Legal Vice-Presidency and the HR Directorate to assess needs, develop courses and establish a training plan for procurement employees.
- The CCB should enhance collaboration with knowledge centres.

An overview of procurement employees in CCB

- The CCB should identify employees involved in procurement activities.
- The CCB should move towards the specialisation of procurement employees.
- The CCB should review the Procurement Manual to ensure clarity and alignment with its strategy.
- The CCB should further enhance the capacity of suppliers involved in CCB procurement opportunities.

Assessing the skills and competencies of the procurement workforce

- The CCB should undertake a diagnostic of capacity and knowledge gaps among procurement employees in order to develop a new procurement capacity plan.
- The CCB should use the needs assessment to develop comprehensive procurement job profiles based on a competency framework.

A procurement capacity plan to professionalise the workforce

- The CCB should develop a procurement capacity plan to professionalise procurement employees in the CCB and its subsidiaries
- The CCB should share best practices with other chambers of commerce.

5.6. References

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Chapter 6. Promoting secondary policy objectives in procurement to meet CCB's strategic orientation

This chapter assesses strategic actions undertaken by the CCB to enable its procurement system to achieve secondary policy objectives including: green and social procurement, access for SMEs to procurement opportunities and innovation. The chapter also provides recommendations to the CCB regarding the use of its procurement system to achieve sustainability goals.

In many OECD and non-OECD countries public and private sector entities are increasingly using procurement as a strategic tool to achieve secondary policy objectives. The primary goal of procurement is to deliver goods and services necessary to accomplish the entity's objectives in a timely, economical and efficient manner. However, the OECD Recommendation on Public Procurement encourages the inclusion of secondary policy objectives such as sustainable green growth, the development of small and medium-sized enterprises, innovation, standards for responsible business conduct and broader industrial policy objectives. Indeed, some simple actions can make a significant contribution to economic growth and job creation, helping to improve people's lives while achieving value for money.

Those actions are not just the responsibility of the public sector. All entities working to achieve economic growth and sustainability have a duty to implement such policies. In addition, these secondary policy objectives which the OECD groups under the principle of "balance" have clear linkages with other principles of the OECD Recommendation on Public Procurement (see Box 6.1). Pursuing secondary policy objectives can advance and improve these other principles, thereby enhancing the whole procurement system.

In order to do so, the OECD Recommendation identifies steps that should be taken whenever such objectives are pursued. The first step is to evaluate the use of procurement as one method of pursuing policy objectives in accordance with national and organisational priorities. The second is to develop an appropriate strategy for the integration of secondary policy objectives into the procurement system. The third step is to employ an appropriate impact assessment methodology to measure the effectiveness of procurement in achieving secondary policy objectives.

This chapter explores policies implemented by the CCB through its procurement system to support secondary policy objectives and its own organisational objectives, in particular those with a focus on SMEs, sustainability (green and social procurement) and innovation.

Box 6.1. Main linkages between balance and other principles of the Recommendation

Balance can be strengthened by addressing other closely linked principles of the Recommendation:

- **Integrity:** Public procurement can be used to achieve secondary policy objectives, such as the development of small and medium-sized enterprises and standards for responsible business conduct, which have the potential to strengthen integrity and fight corruption within the framework of public procurement processes and beyond.
- **Access:** The design of specific tender opportunities can encourage broad participation from potential enterprises, including new entrants and small and medium-sized enterprises.
- **Participation:** Public procurement objectives including secondary policy objectives can be presented within the framework of transparent and regular dialogues with suppliers and business associations.
- **E-procurement:** E-procurement systems are a key tool to facilitate the achievement of secondary policy objectives. The effectiveness of procurement in achieving these objectives can also be measured using e-procurement systems.
- **Capacity:** Adequate capacity on the part of the procurement workforce can support secondary policy objectives. Specialised expertise is also often necessary to achieve secondary policy objectives.
- **Evaluation:** Evaluation of the use of public procurement as a means to pursue secondary policy objectives in accordance with clear national priorities, can contribute to balancing the potential benefits of pursuing secondary policy objectives with the need to obtain value for money.

Source: OECD (2015b).

6.1. Leveraging on CCB procurement to achieve sustainability goals of the entity

6.1.1. Aligning the CCB procurement system with the Sustainability Development Goals of the entity

Sustainability is a concept that integrates economic, social and environmental dimensions. As a chamber of commerce and given its activities, the CCB is committed to implementing the UN Global Compact and to achieving the Sustainable Development Goals (SDGs) (see Figure 6.1). Indeed, entities from the public and private sector are increasingly using their purchasing power to achieve secondary policy objectives and the SDGs, in particular through four main policies: green procurement, social procurement, access to procurement opportunities for SMEs and innovation.

Figure 6.1. The Sustainable Development Goals (SDGs)



Source: www.un.org/sustainabledevelopment/sustainable-development-goals.

Green procurement refers to the purchasing of products and services that are less environmentally damaging when their whole life cycle is taken into account. However, despite its recognised benefits many entities have not fully implemented this approach. Major barriers to “going green” include: (i) the fear that green products cost more; (ii) lack of technical knowledge and training on integrating green criteria; (iii) lack of monitoring capacity to establish whether green policies work; (iv) absence of incentives; and (v) lack of sufficient suppliers (OECD, 2015a). **Social procurement** refers to the purchasing of goods and services with the ability to generate positive social outcomes that transcend legal requirements. By purchasing wisely, entities can promote employment opportunities, decent work, social inclusion, accessibility and seek to achieve wider compliance with social standards (European Commission, 2010).

In many countries SMEs are the backbone of the economy. In most OECD countries they account for more than 90% of total firms. Four main areas impact SMEs performance: (i) the institutional and regulatory framework, (ii) the entrepreneurial culture, (iii) access to resources, and (iv) access to markets (OECD, 2017b). As a chamber of commerce, and given its activities and mandate, the CCB could provide support for SMEs in the three last areas and, in particular, through access to CCB procurement opportunities.

Innovation is a crucial policy area for achieving sustainability, employment, productivity and growth. Innovation in procurement can be defined as “any kind of procurement practice that is intended to simulate innovation through research and development and the market uptake of innovative products and services” (OECD, 2017a). The strategic use of procurement for innovation can be implemented through products and services or processes. This chapter focuses on the former. In terms of procurement of innovative products and services two approaches can be adopted: pre-commercial and the commercial procurement. While the latter refers to procuring innovative goods and services available on the market, the former refers to the concept of stimulating innovation, developed within the public sector to steer the development of new solutions directly towards its needs.

The first article of the CCB's Procurement Policy promotes "efficient and effective planning and the encouragement of best practices in contractual management to guarantee the supply of goods and services in a responsible, sustainable and effective way in accordance with quality, costs, risk minimization and opportunity" (CCB, 2014b). The CCB has taken steps to improve its ecological footprint, some of which impact its procurement system, such as decreasing paper consumption for forms. Indeed, the consumption of paper forms has decreased by 45% between 2014 and 2015. Sustainability can thus be enhanced through usage, as well as the targeted procurement of goods and services (European Commission, 2012). The CCB also awarded a contract to a supplier for the management of hazardous and non-hazardous wastes, which included 500 kg of electric devices in 2015. Management of non-hazardous wastes is undertaken by a foundation that prioritises employment opportunities for single mothers (CCB, 2015).

However, analysis of the different provisions of the Procurement Policy and Manual has not identified a clear sustainability strategy. The CCB could therefore benefit from aligning its procurement system with the SDGs, which it is committed to achieving.

6.1.2. Enhancing co-operation and knowledge sharing with other Vice-Presidencies and subsidiaries

Vice-presidencies and subsidiaries of the CCB play an important role in enhancing the sustainability of the entity and businesses. This is particularly the case for the Vice-Presidency for Competitiveness and Shared Values, the Business Strengthening Vice-Presidency (BSVP), as well as two subsidiaries, the *Corporación Ambiental Empresarial* (CAEM) and *Uniempresarial*.

The Vice-Presidency for Competitiveness and Shared Value is responsible for coordinating the chamber's sustainability agenda and strengthening its capacity to create shared value within the CCB. It is also charged with promoting the sustainable agenda of the UN Global Compact, with a view to making the CCB a point of reference at national and international levels for implementing SDG measures. In this regard, it is leading a cluster development agenda on six areas including sustainability which comprises a cluster on Electric Energy. The vice-presidency also undertakes numerous actions and programmes to boost innovation in the Bogotá region. For instance, in 2014, the CCB launched the "Shared Value Award" (*Premio al Valor Copartido*) which rewards economic operators for sustainable business practices based on four criteria: impact, scalability, institutional strength and innovation. Clusters and awards could be leveraged by the CCB to identify innovative firms who could participate in procurement opportunities. Others initiatives undertaken by the CCB, such as "Smart Specialisation" (*Especialización Intelegente*) and the INNOVALAB, could also be leveraged to help procurement employees (from the Legal Vice-Presidency and the requesting areas) enhance the sustainability of the procurement system.

The BSVP undertakes capacity-building activities as well as business diagnostics for firms established in the Bogotá region (see Chapter 3.). In addition, this vice-presidency highlights innovation as a crucial theme for business development. BSVP could leverage these activities to identify SMEs, innovative firms, and firms with a clear social and green policy that could help enhance the sustainability of CCB's procurement system.

One of CCB's subsidiaries, CAEM, could play a key role in enhancing the sustainability of the CCB procurement system. The main objective of CAEM is to help businesses build a sustainable environment and create shared value. Since 2007, CAEM has worked to

align the CCB with SDG 6 (Clean water and sanitation), SDG 7 (Affordable and clean energy), SDG 12 (Responsible consumption and production), SDG 13 (Climate action) and SDG 15 (Life and Land). For example, CAEM has helped the CCB measure its CO₂ footprint and implement an Environmental Management System.

Through its subsidiary Uniempresarial, the CCB aims to enhance the capacity of businesses to contribute to economic growth, in particular in the Bogotá region. By maintaining close contact with the productive sector, Uniempresarial creates an enabling environment for businesses that need to benefit from growth and innovation.

In addition to the SDGs, and given the national context in Colombia, the CCB could leverage its procurement system to achieve SDG 16 (Peace, justice and strong institutions). The CCB acts as the technical secretariat of “Business for Peace” and has nominated a directorate in charge of “Building Peace”. These initiatives aim to help businesses build a better society in a post-conflict environment. The CCB could use its procurement system to foster the achievement of this social policy objective.

The CCB will need to develop an appropriate strategy to integrate all the secondary policy objectives and SDGs into its procurement system. In order to achieve this, the entity could benefit from and rely on the expertise of its different vice-presidencies and subsidiaries, and follow the steps outlined in the OECD Checklist (see Box 6.2).

Box 6.2. Evaluating procurement as a means to pursue secondary policy objectives

Adherents should evaluate the use of procurement as a means to pursue secondary policy objectives in accordance with clear national priorities, balancing the potential benefits against the need to obtain value for money. To do so, adherents should:

- identify secondary policy objectives to be pursued through the use public procurement, such as sustainable green growth, the development of SMEs, innovation, standards for responsible business conduct or broader industrial policy objectives, in addition to the primary procurement objective, which refers to delivering the goods and services necessary to accomplish the government’s mission in a timely, economical and efficient manner – in accordance with national priorities;
- measure the cost and burden of procedures linked to specific policies and programmes aimed at supporting secondary policy objectives against the benefits they offer;
- monitor, evaluate and manage risks linked to secondary policy objectives;
- prevent the potential risk of “objective overload” (addressing so many secondary policy objectives through public procurement that the system of mandates and preferences becomes unmanageable or impossible to satisfy);
- consider the capacity and capability of the procurement workforce to support secondary policy objectives;
- consider the effort associated with the promotion of such objectives.

Source: OECD checklist (2016)

<http://www.oecd.org/governance/procurement/toolbox/search/Checklist%2004%20Balance.pdf>

6.1.3. Promoting a culture of sustainability among procurement employees and enhancing their capacity

Procurement activities are no longer considered solely an administrative activity. Aligning procurement policies with sustainability goals is a clear first step towards improving the sustainability of the procurement system. However, the capacity factor should not be overlooked. Raising the awareness and enhancing the capacity of procurement employees is a clear factor in the successful integration of secondary policy objectives and a sustainability approach into procurement processes. Many OECD and non-OECD countries have understood the key role of capacity in achieving strategic procurement. Box 6.3 provides an example from the Slovak Republic.

Box 6.3. Educational activities for green public procurement (Slovak Republic)

The Ministry of Environment of the Slovak Republic prepared the National Action Plan on Green Public Procurement 2011-2015-NAP GPP II, which was approved on January 2012.

In order to achieve the strategic goals of the NAP GPP II, it was necessary to involve public organisations as well as municipalities in the educational process. Their involvement was encouraged by an active approach towards the implementation of educational activities including the dissemination of technical information on green public procurement and related issues (e.g. eco-labelling, environmental management systems, energy labelling, green offices) to the widest possible group of stakeholders.

Source: OECD toolbox, www.oecd.org/governance/procurement/toolbox/search/slovak-republic-best-practices-green-public-procurement-gpp-professionalisation.pdf

In the CCB, market analysis, technical specifications, and award and qualification criteria are prepared by employees of the requesting area and reviewed by the Legal Vice-Presidency. The CCB should therefore consider developing an action plan to enhance the capacity of procurement employees in these fields by providing capacity-building activities and guidance for procurement employees. Box 6.4 provides an example of guidelines set at the national level to include green criteria in public procurement. The CCB could benefit from developing similar guidelines focusing on strategic categories.

Box 6.4. Guidelines to include green criteria in public procurement (Colombia)

The Government of Colombia has a strong social focus with incentives embedded in regulations to support SMEs, national industry and disabled people. The government decided to promote green procurement by setting environmental objectives. The National Development Plan (*Plan Nacional de Desarrollo para Todos*) 2010-14 prioritises sustainable production and processes and the optimal use of natural resources. To promote these objectives, in 2012, the Colombian Ministry of Environment started collecting information on environmentally sustainable public procurement and selected five products (coffee, printed materials, lightbulbs, paper and mining materials) on which it conducts market research to arrive at environmental procurement targets (e.g. product specifications, selection criteria). Alongside this market research, the Ministry has issued 15 guidelines on including green criteria in procurement, five of which incorporate life-cycle analyses of products.

Source: OECD (2016c), *Towards Efficient Public Procurement in Colombia: Making the Difference*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264252103-en>.

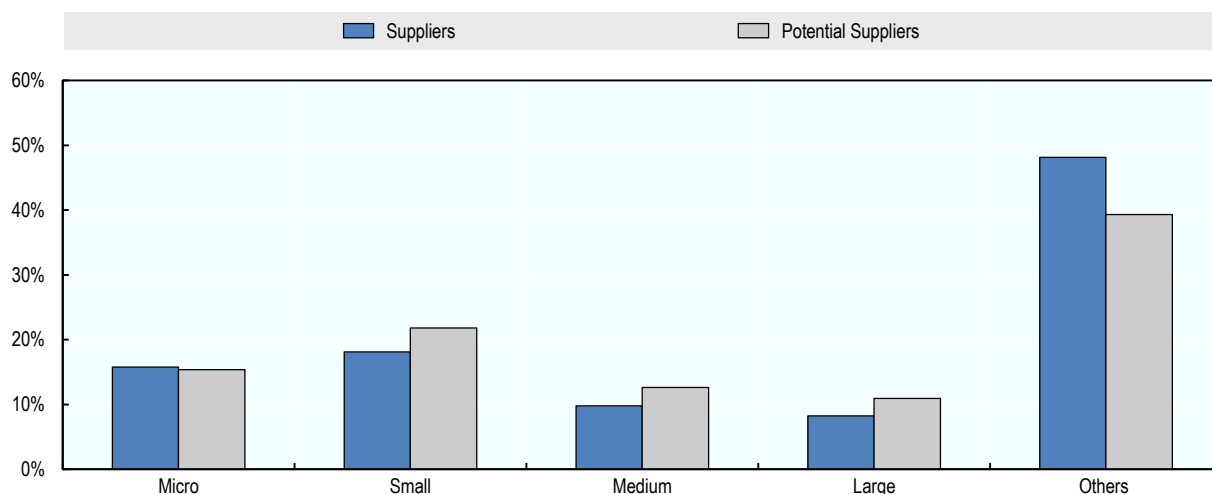
6.2. Fostering access for SMEs to CCB procurement opportunities

Given the role that entities from the public and private sector can play as purchasers of goods and services, and also given the critical role of SMEs in the economy, governments and entities are increasingly using procurement to promote, develop and support local SMEs. One of the main roles of the CCB is to strengthen businesses in the Bogotá region, including SMEs. It has therefore implemented diverse actions to support SME development. In Colombia, SMEs account for 99.6% of companies, 94.7% of which are micro-enterprises. SMEs contribute to 28% of the country's GDP and generate around 67% of its employment. In 2004, Colombia adopted Law 905 to promote the development of micro, small and medium enterprises. However, SMEs frequently face obstacles when attempting to participate in procurement opportunities with public and private entities.

6.2.1. Tracking information on supplier categories and origins

The CCB has developed a policy to favour local suppliers, in particular those affiliated with the entity in the Bogotá region. Affiliation with the CCB is used as an award criteria set to 3% in the tender documentation. In 2015, 96.46% of suppliers were from the Bogotá region, while 2.01% came from other regions and 1.55% were based outside the country.

The CCB was unable to provide information for all of its suppliers, as it only tracks those established in the Bogotá region. As shown in Figure 6.2, the share of small and medium-sized suppliers winning contracts is lower than the share of potential suppliers invited to submit a bid or to present an offer. In order to undertake a comprehensive analysis and tailor a specific strategy to foster the participation of SME in CCB procurement opportunities, the entity should consider tracking information on the size of all its suppliers, in order to assess their contribution to national priorities and to tailor specific strategies.

Figure 6.2 Share of suppliers and potential suppliers by firm size, 2015 and 2016

Note: Others refers to entities not registered in the Bogotá region, public entities or persons not registered on the commercial register.

Source: Information provided by the CCB.

6.2.2. Implementing mechanisms to enhance access for SMEs to CCB opportunities

When undertaking a procurement activity, a key factor in tailoring strategies to enhance the participation of economic operators of different sizes, in particular SMEs, is an analysis of market structure and market capacity (see Chapter 3.). Such an analysis will help identify the best strategy to use in each particular case to facilitate access by SMEs to procurement opportunities. Indeed, to overcome barriers to participation by SMEs, many entities have implemented several mechanisms such as set-asides, joint bidding and subcontracting provisions, allotment strategies and so on (European Commission, 2008). While some mechanisms impact the selection and participation of SMEs in the procurement system (i.e. set asides, joint procurement, subcontracting, etc.), others affect the size of the contract (i.e. allotment strategy).

Subcontracting arrangements are considered as a way to provide access for SMEs to large volume or complex contracts. In the same vein, joint bidding enables suppliers to participate in a tender that would otherwise be beyond their limited capacity (human, technical and geographical). While CCB suppliers are allowed to form a consortium to submit a bid (joint bidding), they are not allowed to subcontract any share of their contract with the entity to a third party. The CCB could benefit from including subcontracting arrangements in its procurement policy and contracts to enhance the participation of SMEs in procurement activities. In addition, joint bidding arrangements are not mentioned in the CCB procurement framework, and are referenced only in the terms of reference and tender documents. The CCB should therefore add these provisions to its legal framework and promote their use in tender documentation following the market analysis. Through a project entitled Optimisation in the Contract Planning Stage (OPC), the CCB aims to identify all participants in the supply chain for strategic categories, which could lead to specifically tailored strategies in relation to subcontracting and joint bidding.

Another mechanism that could enhance SME participation, especially when procuring large volumes, is an allotment strategy. This consists of dividing contracts into lots of reasonable size, thereby enhancing access to procurement opportunities for businesses, in particular SMEs. At present, the CCB has implemented allotment strategies for four contracts covering: insurance, catering, office supplies and maintenance. However, other tenders and contracts might also benefit from the implementation of an allotment strategy, and the CCB could analyse each tender accordingly.

6.2.3. Reducing the financial burden for SMEs to participate in CCB procurement

When participating in procurement activities, potential suppliers pay careful attention to financial arrangements. Indeed, arrangements such as payment deadlines, advanced payments or the provision of bid and performance bonds can have an impact on suppliers' interest in submitting a bid, in particular SMEs. The payment deadline set by the CCB is 30 days following the reception and validation of the invoice. However, according to the entity, the delay is shorter in practice.

Many procuring entities require potential suppliers to provide bid bonds to ensure the authenticity of the supplier and its proposal, and performance bonds to ensure that the supplier will fulfil the contract in line with the terms of reference. However, when used disproportionately they can impact participation by SMEs, who may find it difficult to provide these bonds (OECD, 2017b).

Article 29 of the CCB Procurement Manual introduces several categories of bonds. In general, bonds are required only for tenders with a value above 100 SMMLV (USD 25 070), depending on the category of goods and services and the related risks. In addition to performance bonds, the Procurement Manual mentions additional bonds described in Table 6.1, such as quality bonds, bonds for the replacement of products and so on. These different categories of bonds are encompassed within a single bond covering the different risks. However, the provision of this single bond could be considered excessive and harm the participation of SMEs in CCB procurement opportunities. Indeed, qualification criteria are already set to ensure the supplier's ability to fulfil the contract (see 0). Therefore, the CCB could benefit from reducing the value of the bonds or exempting SMEs from this requirement in order to enhance their participation in procurement opportunities.

Table 6.1 Bonds to be provided by CCB suppliers

	Percentage in terms of the contract value	Validity
Performance bond	10%	Term of the contract +4 months
Salaries, social benefits and labour indemnity bond	5%	Term of the contract +3 years
Quality bond	10%	Term of the contract + 3 years (for goods) and + up to 2 years (for services)
Bonds for the provision of replacements and accessories	10%	Term of the contract +4 months
Stability/security of the works	10%	3-5 years after

Source: CCB (2014), Procurement Manual, Cámara de Comercio de Bogotá, Bogotá.

Another financial mechanism to enhance participation by SMEs in procurement opportunities is the provision of advanced and down payments. According to the CCB, suppliers can require an advanced payment from the entity under certain conditions. The

decision as to whether an advanced payment is appropriate or not will depend on the nature and complexity of the procurement process and the terms of the contract. In order to make a decision, the CCB must take into account several factors listed under Article 26 of the Procurement Manual. These include whether the supplier needs to import equipment and products, price volatility, and whether the supplier needs to procure inputs or hire staff to perform the contract. In general, it is not possible to receive an advanced payment exceeding 50% of the contract value. Although the possibility of requesting an advanced payment is mentioned in the tender documentation, contracts and the Procurement Manual, the conditions are not mentioned in the CCB Procurement Policy, which is available online to suppliers. In order for suppliers to understand better the CCB procurement framework, the entity could benefit from adding the provision regarding advanced payment to its Procurement Policy. Furthermore, the CCB could benefit from facilitating access to advanced payments for SMEs, thereby simplifying their participation in procurement opportunities.

In addition to complying with the legal framework in terms of payment deadlines, many OECD countries have implemented additional financial arrangements to support access to procurement activities for SMEs. Box 6.5 provides an example from Korea. In Colombia, Bancoldex, a state-owned commercial bank, is supporting firms and SMEs in particular through the development of factoring solutions. The bank has designed a financial product, "Liquidex COP-USD", which an SME can buy at a discount and without prior resources for up to 80% of the invoice value. The CCB could promote such measures and/or develop specific ones to encourage SMEs to participate in CCB procurement opportunities.

Box 6.5 Financial arrangements implemented in Korea to support SMEs

PPS, Korea's Central Government Procurement Agency, provides special financial support to SMEs involved in public contracting. SMEs are entitled to an upfront payment of up to 70% of the value of a government contract. For some contracts for goods, including orders against unit price contracts and lump sum contracts for goods valued up to KRW 500 million, or at the request of the end user, the business is entitled to instant payment upon presentation of the invoice. In such cases, payment is made from a PPS special account and then reimbursed by the end user. Although central government entities are entitled to a payment period of up to five days, instant payment allows SMEs to receive payment within as little as four working hours.

Source: OECD (2016b), *The Korean Public Procurement Service: Innovating for Effectiveness*, OECD Publishing, Paris.

<http://dx.doi.org/10.1787/9789264249431-en>.

6.3. Developing a policy to include innovation, green and social criteria in the CCB procurement framework

6.3.1. Implementing measures to encourage green and social procurement in the CCB

Entities can use several mechanisms and measures to integrate sustainable policy objectives into procurement activities throughout the procurement cycle from tender preparation to completion of the contract. However, any measures used should be in accordance with the overall strategy of the entity. As described in Chapter 3, the first

step is to undertake a sound market analysis which will identify whether the market has the capacity to contribute to the entity's sustainability goals. If the market has this capacity, the entities can use the following mechanisms to achieve its goals: award and qualification criteria, technical requirements and contract performance clauses. Table 6.2 provides some examples of ways to include sustainable criteria in procurement.

Table 6.2. Incorporating sustainable criteria into procurement

	Examples
Qualification criteria	Social inclusion: Proportion of disabled staff or professional integration of people excluded from the job market
Award criteria	Total life-cycle Share of recycled material Materials using less water and energy Eco-labels Social inclusion: Proportion of disabled staff or staff in a professional integration of people excluded from the job market Using an environmental management system
Technical requirements	Share of recycled material Materials using less water and energy Eco-labels Specific production processes and methods
Contract clauses	Recycling packaging Reduction in energy consumption to perform the contract

Source: OECD.

A number of factors linked to market analysis must be taken into account when deciding whether to integrate environmental or social characteristics into award or qualification criteria for tender specifications. Furthermore, all the options considered should ensure effective competition in the market.

However, despite a few initiatives such as the inclusion of biodegradable material in the technical requirements for a tender on printing material, the CCB has not leveraged these mechanisms in its procurement activities. In 2017, the CCB introduced environment certification as an award criterion in a tender for paper supply. This criterion was accounted for only 5% of the total weight. In order to enhance the sustainability of the procurement system, the CCB should consider expanding the number of tenders with such measures and increasing the weight of sustainable-friendly criteria.

When analysing economic offers and prices, an additional measure that could enhance the integration of secondary policy objectives into the CCB procurement process is effective implementation of the life-cycle approach. This enables the system to take into account direct but also indirect costs and externalities (see 0).

6.3.2. Developing a policy to promote innovation in the CCB procurement framework

The Sustainable Development Goals recognise the potential impact of innovation on the economy (SDG 9: Industry, innovation and infrastructure). The CCB is actively working to achieve these goals through different vice-presidencies and subsidiaries. The Business Strengthening Vice-Presidency, for example, provides constant support to businesses with a view to promoting innovation not only in terms of products and services but also in terms of processes. It is also about to launch the Centre for Innovation and Corporate

Design. These actions could also play a key role in fostering innovation in CCB procurement opportunities.

The main barriers in OECD countries to implementing such policies in public procurement systems are risk aversion, management, personnel, skills and capacity (OECD, 2017a). To assist countries and entities implement such policies in their procurement frameworks, the OECD has suggested a list of measures described in Box 6.6. Given its role in the Colombian economy, as well as its internal knowledge and capacity to embed this policy, the CCB could develop a clear strategy to promote innovation by including some of those measures.

Box 6.6. Measures to encourage innovative goods and services in procurement activities

- Establish a specific legislative provision or policy that encourages participation from firms with innovative goods or services, and define specific product categories that allow preferential purchasing for solutions with innovative technology.
- Offer preferential treatment (e.g. waiving fees, quotas) to innovative firms.
- Encourage participation from SMEs with innovative solutions including:
 - a purchasing assurance scheme
 - framework contracts for certified products with innovative solutions.
- Allow more flexibility within the tendering process to foster collaboration between parties to develop solutions not readily available on the market including:
 - joint cross-border collaborations
 - collaboration between different institutions with complementary expertise.
- Bridge the innovation gap by using demand-side policies based on needs assessment.
- Create incentives for contract authorities or innovative suppliers to spread good practice cases.

Source: OECD (2016a), Checklist for Supporting the Implementation of the OECD Recommendation of the Council on Public Procurement,

www.oecd.org/governance/procurement/toolbox/search/Checklist%2004%20Balance.pdf.

6.4. Proposals for action

The Chamber of Commerce of Bogotá (CCB) has ample opportunities available to use its procurement system to achieve the entity's policy objectives and sustainable development goals. In particular, the CCB could consider the following options:

Leveraging procurement to achieve sustainability goals

- The CCB could benefit from aligning its procurement system with the sustainability development goals of the entity.
- The CCB could enhance co-operation and knowledge sharing with other vice-presidencies and subsidiaries. The CCB could benefit from leveraging the activities of the different vice-presidencies and subsidiaries to support the development of a strategy to integrate secondary policy objectives into its procurement activities. These VPs and subsidiaries could also play a role in the identification of relevant firms (innovative firms, SMEs, and firms with green and social aspects).
- The CCB could benefit from promoting a culture of sustainability among procurement employees and enhancing their capacity by developing guidelines on how to integrate secondary policy objectives into procurement activities.

Fostering access for SMEs to CCB procurement opportunities

- The CCB should consider tracking information on supplier categories and origins in order to assess their contribution to national priorities and tailor specific strategies.
- To enhance participation by SMEs, the CCB could benefit from permitting subcontracting arrangements in its procurement policy and contracts, including joint bidding arrangements in its legal procurement framework, and promote their use in tender documentation. In addition, the CCB could benefit from analysing tenders for opportunities to implement an allotment strategy.
- The CCB could benefit from reducing the value of bonds for SMEs or exempting them from this requirement, in order to enhance their participation in procurement opportunities. In addition, the CCB could benefit from integrating the conditions for suppliers to request advance payment into its procurement policy. In order to improve access for SMEs to procurement opportunities, the CCB could also facilitate their access to advance payments. Lastly, the CCB could promote and/or develop additional financial arrangements to support access by SMEs to procurement activities.

Developing a policy to include innovation, green and social criteria in the CCB procurement framework

- The CCB could benefit from increasing the number of procurement activities with measures to encourage green and social procurement through qualification and award criteria, technical requirements and contract clauses. The CCB could also benefit from increasing the weight of sustainable-friendly criteria.
- The CCB could consider developing a policy to promote innovation in its procurement framework.

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Chapter 7. Facilitating access to procurement opportunities

Facilitating access of potential suppliers to procurement opportunities is crucial to building an efficient and effective procurement system, as it allows the procuring entity to find the best match for its procurement needs. This chapter analyses the main elements of the procurement system that ensure access for suppliers to procurement opportunities. It examines institutional, legal and regulatory frameworks as well as procurement methods used by the entity and provides suggestions to further facilitate suppliers' access to procurement opportunities.

7.1. Introduction

Procurement is a critical activity of any organisation. Governments and private entities increasingly recognise and use procurement as a strategic lever to achieve various institutional objectives including increasing operational efficiency. Many organisations, both public and private, have taken this transformative view of procurement, while acknowledging increasing demands for sound stewardship that drives value and efficiency gains throughout the whole procurement cycle.

Efforts to ensure an efficient and effective procurement system are grounded in fair access to procurement opportunities for potential competitors of all sizes, as highlighted in the OECD Recommendation of the Council on Public Procurement (hereinafter “the OECD Recommendation”). Access is also closely related to other principles of the OECD Recommendation. For instance, the transparency of a procurement system is crucial to ensuring fair and equitable treatment for potential suppliers and their access to procurement opportunities. This also decreases corruption risks, increases competition and contributes to achieving better value for money. The e-procurement systems implemented by governments and private entities play a key role in increasing participation through timely diffusion of information to a broad base of suppliers. Facilitating access refers not only to the tendering phase, but also to the pre-tendering phase, so as to facilitate the participation of a sufficiently large base of suppliers to help the procuring entity find the best terms and conditions for the good or service required.

Fostering access to procurement activities is particularly important for the Chamber of Commerce of Bogotá (CCB), as its main objective is supporting the economic and social development of Bogotá region. By so doing, the CCB not only drives efficiency and effectiveness in its procurement system, but also leads by example and promotes good procurement practices in other organisations.

In this context, this chapter provides an overview of the CCB’s procurement system and discusses its institutional and regulatory framework, as well as diverse tools that the CCB uses to ensure access to its procurement opportunities by potential suppliers in line with the OECD Recommendation.

7.2. Providing coherent and stable institutional, legal and regulatory frameworks

Coherent and stable institutional, legal and regulatory frameworks are crucial to a well-functioning procurement system, as emphasized in the OECD Recommendation. They facilitate the participation of potential suppliers of all sizes, which in turn helps the procuring entity to find better terms and conditions through increased competition and ensure the sustainability of the procurement system. In particular, the OECD Recommendation stresses that these frameworks should: (i) be as clear and simple as possible; (ii) avoid including requirements which duplicate or conflict with other legislation or regulation; and (iii) treat bidders, including foreign suppliers, in a fair, transparent and equitable manner (OECD, 2015).

7.2.1. *Establishing clear and simple procurement rules and communicating them effectively to stakeholders*

The CCB is a non-for-profit, private, corporate, autonomous entity whose procurement is governed by private law. Its procurement volume accounted for COP 81 064 561 874 (USD 27 548 617) in 2016 and for COP 121 297 905 188 in 2017 (USD 41 221 337).

Several legal instruments establish the contracting principles and rules of the entity, including the Procurement Policy (*Estatuto de Contratación*), the Procurement Manual, the Code of Ethics and Good Corporate Governance, the Supervision and Auditing Manual, and so on. They are complemented by procedure guidelines for specific stages of procurement, such as registering suppliers and preparing contract summaries, and support tools, such as formats for monitoring reports, final supervision reports and minutes of meetings. These are prepared by the Contracting Directorate and are made available to all members of the working team.

The Procurement Policy of the CCB establishes the general procurement framework and lays out the objectives and major principles of the CCB's procurement activities. It applies to all processes in which the CCB acts as the contracting party, except for those outlined in Article 2 of the statute. Contracts to which the policy does not apply include: employment contracts; utilities contracts; operations performed through petty cash; banking or financial services; memberships of organisations or clubs and payments of programmes offered to the general public for employees' training purposes; affiliations, contributions, taxes or fees and payments that correspond to or derive from the compliance of legal or regulatory obligations; and legal businesses in which the CCB acts as a provider of goods and services. The Procurement Manual establishes more detailed guidelines to assist CCB employees with their procurement activities, in line with the rules and principles outlined in the Procurement Policy.

The aforementioned instruments define the regulatory framework of the CCB's procurement system. However, some key procurement rules have yet to be clearly defined, including provisions on joint bidding, payment deadlines, and timelines for submitting bids and quotations. The missing provisions represent crucial information for potential suppliers and contractors. Furthermore, although payment periods are defined in the contract, and the deadline for submitting bids is established in the schedule for each procurement process, more clarity on general rules and applications would greatly help stakeholders, including potential suppliers, understand the CCB procurement system. In this light, the CCB should regularly review its regulatory framework in an effort to provide clear and simple procurement rules. Queries the entity receives from potential and actual suppliers and contractors regarding the procurement processes could be an important source of information in this regard. Furthermore, each time the regulatory framework is revised, the changes should be widely disseminated and clearly communicated in advance to ensure effective application.

7.2.2. Establishing and actively communicating the principles and objectives of the CCB procurement system

The perception of procurement has shifted away from an administrative function towards a strategic one. As well as conforming to established rules, procurement is increasingly expected to operate in an efficient and effective manner and contribute to the various objectives of an institution.

The main function of the procurement activities of the CCB is reflected in Article 1 of the Procurement Policy. Under the entity's main institutional objective, which is to increase the prosperity of inhabitants of the Bogotá region, the Procurement Policy promotes and encompasses key principles including efficiency, value for money (*economía*), transparency, integrity and capacity (see Box 7.1).

Box 7.1. Key principles of CCB procurement

Article 1 of the CCB Procurement Policy

The Procurement Policy establishes a general framework under which CCB shall manage its contracting processes to guarantee efficacy in the acquisition of goods and services required to meet its main objective, which is to: increase the prosperity of the inhabitants of the Bogotá region.

To that effect, the policy promotes and encompasses the following:

- Ensure efficient and effective planning and the encouragement of best practices in contractual management to guarantee the supply of goods and services in a responsible, sustainable and effective way in accordance with quality, costs, risk minimisation and opportunity.
- Guarantee procurement transparency through the use of a Registry of Suppliers of goods and services, and implementation of the policy and of this Statute, as well as verification and dissemination of contractual processes where CCB acts as a buyer or contractor.
- Create liaison spaces with vendors and contractors to promote conditions that strengthen competitiveness and generate actions for mutual benefit.
- Extend the use of ethical, responsible and sustainable practices in accordance with CCB's institutional values.
- Improve the understanding of procurement needs and procedures by strengthening the technical and professional skills of employees whose duties revolve around acquisitions and procurement.
- Promote the use of electronic techniques as long as they guarantee compliance with requirements established under the law.

Source: CCB procurement policy

Active communication of the CCB's vision for procurement to stakeholders (e.g. CCB employees involved in the procurement process and potential and actual suppliers) through different means used by the CCB to advertise procurement opportunities (website, newsletters) could contribute to increasing the effectiveness of the procurement system by building a common understanding of institutional objectives. This could be done by disseminating information on the manual and guidelines provided to procurement officials, and informing potential suppliers of the CCB's procurement vision and objectives upon completion of registration on the Registry of Suppliers. New Zealand provides a good example of this communication approach (Box 7.2).

Box 7.2. Principles of government procurement (New Zealand)

The New Zealand Government Procurement website provides information on the national public procurement system. The section for agencies includes the Government Rules of Sourcing, with a dedicated page explaining the “Principles of Government Procurement”. These are prefaced by the following message: “Take time to read the five principles. You need to understand how they apply to the work that you do.”

The five principles are:

1. Plan and manage for great results.
2. Be fair to all suppliers.
3. Get the right supplier.
4. Get the best deal for everyone.
5. Play by the rules.

Source: New Zealand Government Procurement (2015).

7.2.3. Continuing the clear establishment of roles and co-ordination between bodies involved in procurement processes

Several bodies are involved in diverse stages of CCB procurement. The **Board of Directors** is responsible for the general management of the entity; it establishes procurement strategies and policies, in addition to the general institutional strategy, as stated in Article 14 of the CCB’s bylaws. Comprising representatives from the public and private sectors, it is responsible for approving important financial and operational decisions, including the annual budget and procurement spending, as well as authorising the opening of any procurement procedure above 2 000 times the legal monthly minimum salary (*salario minimo mensual legal vigente*, SMMLV).

The **Executive President**, who is also a member of the Board of Directors, executes the budget approved by the board and acts as the legal representative of the entity. He or she can authorise procurement procedures below the value of 1 000 SMMLV without further authorisation from another body. The Executive President also appoints the Procurement Committee members.

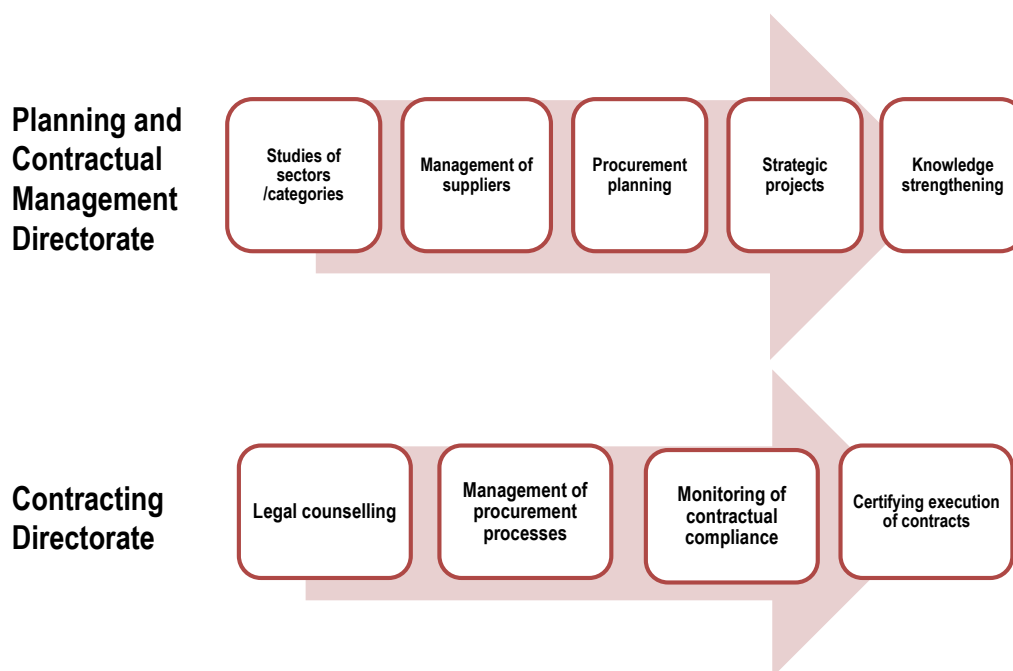
The **Legal Vice-Presidency** implements the procurement legal framework adopted by the Board of Directors (see Figure 7.1). In terms of procurement activities, the Legal Vice-President is a member of the Procurement Committee and its office includes two key directorates: the Contracting Directorate and the Planning and Contractual Management Directorate (see Figure 7.2).

Figure 7.1. Structure of the Office of the Legal Vice President



Source: Information provided by the CCB.

Figure 7.2. Responsibilities of the Contracting Directorate and the Planning and Contractual Management Directorate during the procurement process



Source: Information provided by the CCB.

The **Contracting Directorate** (CD) is in charge of preparing and revising legal documents, as specified under Article 22 of the Procurement Manual, as well as providing standardised documents to all directorates and areas involved in procurement processes. A representative from the CD participates in Procurement Committee meetings, but without a right to vote. Depending on the procurement procedure, the directorate has different duties:

- For restricted tenders with a procurement volume above 100 SMMLV, the CD is responsible for sending the tender documents to potential suppliers using

appropriate means. In such cases, the CD is also responsible for consolidating and managing the final documents. Any modification to the tender documents should be revised by this directorate. When the procurement volume is below 100 SMMLV, the requesting area is responsible for determining the appropriate means to send requests for quotations. When receiving bids, the CD is in charge of analysing the qualification and evaluation criteria.

- For open tenders, the CD is in charge of consolidating and managing the final text of the tender documents. Any modification to the tender documents should be revised by the CD. In addition, a representative of the directorate should attend the bid opening session together with representatives of the Internal Control Office and the requesting area. When receiving the bids, the CD is in charge of analysing the qualification and evaluation criteria that fall under its responsibility.
- For some exceptions to the open or restricted procedure, the CD is in charge of reviewing justifications (i.e. unique supplier, suitability, *intuito personae*, etc.).

The CD also has the following duties:

- organising procurement auctions that take place either physically or by electronic means;
- assisting different areas with negotiations with potential suppliers;
- preparing a termination or anticipated completion certificate after analysing information provided by the contract supervisor, when necessary;
- reviewing the legal aspects of contract settlement certificates;
- ensuring that compliance with contract requirements is verified and approved in cases of bid bonds.

Another key directorate within the Office of the Legal Vice-President is the **Planning and Contract Management Directorate** (PCMD). Its main responsibilities include:

- conducting procurement studies such as the project Optimisation in the Contract Planning Stage, which involves sector studies of the entity's strategic categories, in order to identify all participants in the supply chain, as well as the most suitable qualification and evaluation criteria per category;
- analysing the needs of requesting areas to identify strategies to optimise processes and resources.

The institutional responsibilities of the different bodies involved in procurement processes are clearly established by the CCB's regulatory framework. While the Board of Directors establishes procurement strategies and policies, actual procurement activities are carried out by the Contracting Directorate and the Planning and Contract Management Directorate within the Legal Vice-Presidency. Further implementation of co-ordination mechanisms, for example through regular meetings, could help the CCB ensure effective implementation of strategies and policies, while aligning institutional objectives with practical implementation, and facilitating the exchange of knowledge.

7.2.4. Clarifying the responsibilities of different control bodies

The **Procurement Advisory Committee** plays a key role in the CCB's procurement system. It provides recommendations for procurement activities whose estimated value is above 100 SMMLV. The committee's composition and operation are determined by the Executive President. Table 7.1 summarises the composition and rights of the committee.

Table 7.1. Composition of the Procurement Advisory Committee of the CCB

	Right to vote	Right to speak
Executive Vice-President	X	X
Financial and Administrative Vice-President	X	X
Legal Vice-President	X	X
Any invited vice-president	X	X
Representative from the Internal Control Office		X
Representative from the Contracting Directorate		X

Source: Information provided by the CCB.

The committee meets:

- for bid opening sessions when the procurement volume is larger than 100 SMMLV without VAT;
- for procurement volumes above 100 SMMLV without VAT, in cases of contracts with one supplier, *intuito personae*, or for suitability reasons;
- for agreements where the contribution of the CCB exceeds 100 monthly SMMLV without VAT;
- in cases where the selection process does not take into account price as an evaluation criterion;
- to review the procurement process whenever it is not possible to select a proposal, and after having followed the selection process regardless of the procurement volume;
- to review procurement cases where the urgency clause has been invoked;
- to authorise use of the negotiation mechanism;
- to authorise a down payment or early payment larger than 50% of the contract value.

While the Procurement Policy of the CCB establishes the Procurement Advisory Committee as an advisory and consultative body whose recommendations are not binding, the interviews carried out during the fact-finding mission affirmed the *de facto* binding nature of these recommendations in practice. As the recommendations have a significant impact on procurement decisions, the CCB could consider establishing procedures for cases where the expenditure authority does not agree with the committee's recommendations.

In addition to the aforementioned bodies, several control bodies perform additional checks to ensure the procurement process is correctly carried out. These bodies include supervisors, controllers and auditors. In addition, the **Good Governance, Risk and Audit Committee** (*Comité de Buen Gobierno, Riesgos y Auditoría*), established by the CCB, acts as an advisory committee to examine risk policies and the internal control system (see Chapter 4.), and reports to the Board of Directors every six months with an analysis of functions and responsibilities. The Board of Directors could consider circulating the reports of the Good Governance, Risk and Audit Committee to the relevant procurement and control authorities to enable them to better understand the risks related to procurement processes and the risk factors that they encounter in their daily operations.

Procurement is a complex activity involving various stakeholders at different stages of the procurement cycle from pre-tendering to post-tendering. Therefore, it is often associated with diverse risks, some of which are linked to the transformation of the procurement function. Even though the entity's size is smaller compared to many public

procurement systems, CCB's procurement system also involves many bodies at different stages of the procurement cycle. In order to increase efficiency and the effectiveness of the system, while ensuring an adequate degree of control against risks, it is crucial to clarify institutional responsibilities and to establish co-ordination mechanisms.

7.3. Defining and selecting appropriate procurement methods

The CCB uses four main procurement procedures: public calls, private calls, exceptions and agreements. These are established in Chapter V of the Procurement Policy of CCB as and Chapter IV of the Procurement Manual. Table 7.2 summarises the main procurement methods used by CCB.

Table 7.2. Type of procurement methods applicable for CCB

Procurement method	Conditions for application
Exceptions	Established in Article 18 of the Procurement Policy
Private call	RFQs to at least two suppliers
	Invitation to make a proposal
Open tender	The contract value is estimated to be above 1 000 SMMLV.
Agreements	There is no restriction on the amount for which agreements are to be applied

Note: SMMLV in 2017 is equivalent to COP 737 717, which is approximately USD 250.70 (based on the average exchange rate in January of 1 USD = COP 2942.60).

Source: CCB's Procurement Policy and Procurement Manual

Agreements (*Convenios*) are used to fulfil the functions of the CCB established in Article 4 of Decree 2042 of 2014. They include, notably, the following:

1. Advance, develop and promote legal, financial, statistical and socio-economic research and studies on issues of regional and general interest that contribute to the development of the community and the region in which they operate. (...)
6. Advance actions and programmes aimed at providing the region with the necessary facilities for the organisation and holding of fairs, exhibitions, artistic, cultural, scientific and academic events, among others, which are of interest to the business community in the jurisdiction of the respective chamber of commerce. (...)
14. Promote programmes and activities in favour of the productive sectors of the region in which they have to act, as well as for the promotion of culture, education, recreation and tourism.
15. Participate in activities aimed at strengthening the business sector, as long as it can be demonstrated that the project represents a technological advance or necessary supply, or implies development of the region. (...)
19. Contribute to all kinds of programmes and projects of economic, social and cultural development in which the nation or territorial entities, as well as their decentralised entities and non-profit entities, are interested or have committed their resources.

20. Participate in regional, national and international programs aimed at economic, cultural or social development in Colombia.

In line with these functions, the CCB signs agreements with non-profit entities whose purpose does not include acquiring specific products or services for the operation of the CCB.

7.3.1. Decreasing the threshold for competitive tendering

Competitive tendering enhances transparency in the procurement process and offers procurement opportunities to a wider range of suppliers. The OECD Recommendation promotes the use of **open and competitive tendering**, which should be the standard method for conducting procurement as a means of driving efficiencies, fighting corruption, obtaining fair and reasonable pricing, and ensuring competitive outcomes (OECD, 2015).

The CCB applies competitive tendering as the main procurement method with some exceptions stated in the Procurement Policy and discussed later in this section. Different methods – public calls, invitation to make a proposal and a request for quotation (RFQ) sent to at least two suppliers – are applied mainly according to their estimated value.

The CCB's procurement policy gives 1 000 SMMLV (approximately USD 250 700) as the **public call** threshold. Notwithstanding the fact that a procurement process could be carried out through public calls when deemed appropriate by the entity, this threshold is quite high compared to the open tender thresholds of public procurement systems. It is even higher than the general EU threshold for public tender (see Table 7.3).

Table 7.3. EU thresholds for open tender

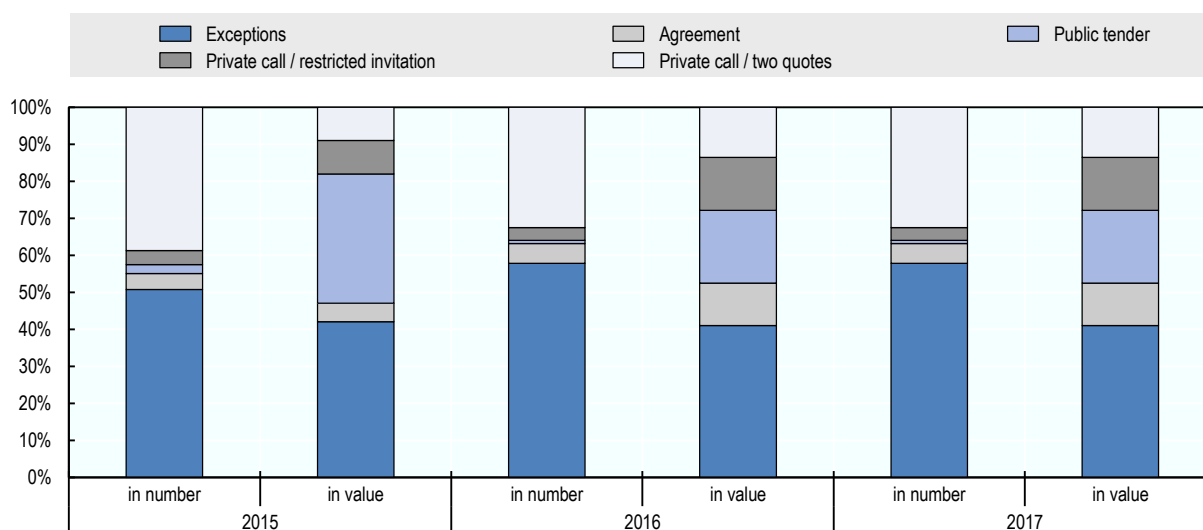
Central government authorities	Works contracts, subsidised works contracts	EUR 5 225 000	
	All services concerning social and other specific services listed in Annex XIV	EUR 750 000	
	All subsidised services	EUR 209 000	
	All other service contracts and all design contests	EUR 135 000	
	All supplies contracts awarded by contracting authorities not operating in the field of defence	EUR 135 000	
	Supplies contracts awarded by contracting authorities operating in the field of defence	Concerning products listed in Annex III	EUR 135 000
		Concerning other products	EUR 209 000
Sub-central contracting authorities	Works contracts, subsidised works contracts	EUR 5 225 000	
	All services concerning social and other specific services listed in Annex XIV	EUR 750 000	
	All other service contracts, all design contests, subsidised service contracts, all supplies contracts	EUR 209 000	

Source: European Commission, https://ec.europa.eu/growth/single-market/public-procurement/rules-implementation/thresholds_en.

Procurement processes carried out through public calls advertised on the CCB's website represented only 0.9% of total processes carried out by the entity (see Figure 7.3). In this light, decreasing the thresholds for public calls would increase the share of public procurement activities that are openly advertised and might help CCB find better terms through increased competition thereof. Decreasing thresholds for competitive tendering could imply increasing the administrative burden for requesting areas, as well as different

control bodies. In particular, this would mean increasing the number of cases that the Procurement Advisory Committee would have to review. The CCB should therefore consider both aspects in order to find the right balance between the efficiency of the system and the administrative burden when setting thresholds for competitive tendering.

Figure 7.3. Share of each type of procurement procedure in terms of number and value



Source: Information provided by the CCB.

Currently, the application of different procurement methods in the CCB is determined by the estimated amount. The CCB could also consider applying different public call thresholds depending on whether the procurement process is targeting goods, services or works, as is the case in the European Union (see Table 7.3). Procurement activities whose estimated values are above 100 SMMLV and below 1 000 SMMLV have to be carried out through **private calls**. Processes carried out through this method represented a higher share than those through public calls. Yet, the majority of procurement activities carried out by the CCB, in terms of number, is carried out as **exceptions** to competitive tendering, which accounted for almost 40% of procurement volume in value. Reconsidering the thresholds for competitive tendering for private calls as well as public calls could have significant implications for the efficiency of the system.

7.3.2. Standardising private call procedures and increasing their transparency

The CCB's regulatory framework states that RFQs should be sent to at least two suppliers for procurement processes valued below 100 SMMLV. This number is not sufficient to ensure the CCB will be able to find better terms and conditions. In practice, RFQs are sent on average to 8 to 10 suppliers, according to the CCB. To maintain an adequate degree of competition, the CCB could reconsider increasing the minimum number of suppliers to which it sends RFQs in its regulatory framework.

The responsibility for selecting suppliers to receive RFQs lies with the requesting area. While the Procurement Advisory Committee reviews the winning bid, less control is applied to the selection of suppliers within the requesting area. Approximately 19 000 suppliers are registered on the CCB's registry (see Chapter 2.). Ensuring that competent

suppliers are given the opportunity to participate in the CCB's procurement opportunities is crucial not only to satisfy the procurement needs of the entity, but also to secure the sustainability of the CCB's procurement system.

In this light, the CCB could consider clearly establishing procedures for private call RFQs and invitations to make a proposal-including the criteria for selecting which suppliers to invite. To ensure effective implementation, guidelines or training could be provided to the requesting areas. This information could also be communicated to suppliers, which would enhance the clarity and transparency of the procurement methods and processes of the CCB.

7.3.3. Improving the monitoring of exceptions to competitive tendering

While the OECD Recommendation on Public Procurement supports the use of competitive tendering, it recognises that if exceptional circumstances justify limitations to competitive tendering and the use of single-source procurement, such exceptions should be limited, pre-defined and should require appropriate justification when employed, subject to adequate oversight taking into account the increased risk of corruption, including by foreign suppliers (OECD, 2015). Inappropriate choice of a procurement procedure can represent a high integrity risk, in particular with lack of proper justification for the use of non-competitive procedures and the abuse of non-competitive procedures on the basis of legal exceptions through, for example, contract splitting, abuse of extreme urgency and non-supported modifications (OECD, 2016).

The CCB Procurement Policy defines exceptions to the use of competitive tendering (see Table 7.4). The use of exceptions by requesting areas is subject to several lines of control and requires the recommendation of the competent body or authorisation by a higher authority (see below).

Table 7.4. Type of exceptions applicable to competitive tendering

	Application of the exception
Urgency	The situation shall be justified and approved by the expenditure authority and competent authority, and analysed by the Procurement Advisory Committee.
Unique provider	The situation shall be justified and approved by the expenditure authority and competent authority upon review by the procurement area.
Suitability	The situation shall be justified and approved by the expenditure authority and competent authority upon review by the procurement area.
Procurement under market conditions, below 100 SMMLV before VAT	The situation shall be justified and approved by the expenditure authority and competent authority.
Intuitu personae	The situation shall be justified and approved by the expenditure authority and competent authority upon review by the procurement area.
Inability to identify a contractor through the selection process	The situation shall be justified and approved by the expenditure authority and competent authority upon the recommendation of the Procurement Advisory Committee.

Source: CCB's Procurement Policy

However, the CCB's use of exceptions to competitive tendering during 2015-17 accounted for approximately half of procurement processes in terms of number (Figure 7.3). When examining the use of different types of exceptions, certain types are more often invoked, with suitability reasons cited in more than 80% of the cases, and their use varying quite significantly across time (Table 7.5). The significant usage of

exceptions means that different control bodies must review a large number of processes. Before the authorising officer can authorise the expenditure, approval must be given by a higher authority, such as the Procurement Advisory Committee, the Executive Vice-President, the Executive President or the Board of Directors, prior to signing the contract.

Table 7.5. Types of exception used by the CCB, 2014-17

Type of exception	2014	2015	2016	2017	Total (2014-17)
Suitability	89.19%	80.29%	81.72%	81.72%	84.26%
<i>Intuitu personae</i>	3.39%	6.98%	10.41%	10.41%	6.91%
Unique provider	2.92%	5.76%	5.81%	5.81%	4.62%
Procurement under market conditions	4.34%	6.20%	1.94%	1.94%	3.85%
Direct contracting	0.16%	0.78%	0.12%	0.12%	0.35%

Source: Information provided by the CCB.

In this regard, the CCB should continue to review carefully the use of exceptions, paying attention to the type of exception applied, and evaluate whether there is room to apply competitive tendering or other procurement instruments instead, with a view to increasing the efficiency of the procurement system. Reviewing the use of exceptions by product and service category or requesting area could also be done to establish whether certain types of goods or services, as well as certain areas or directorates, are more prone to have recourse to exceptions. This continuous monitoring of the use of exceptions could be used to review the control system and to adapt the level of control depending on the risks involved, as well as to strengthen the internal control and risk management system with a system for red flags, as discussed in Chapter 4.

7.3.4. Facilitating access by clarifying and increasing advertising days for open tenders

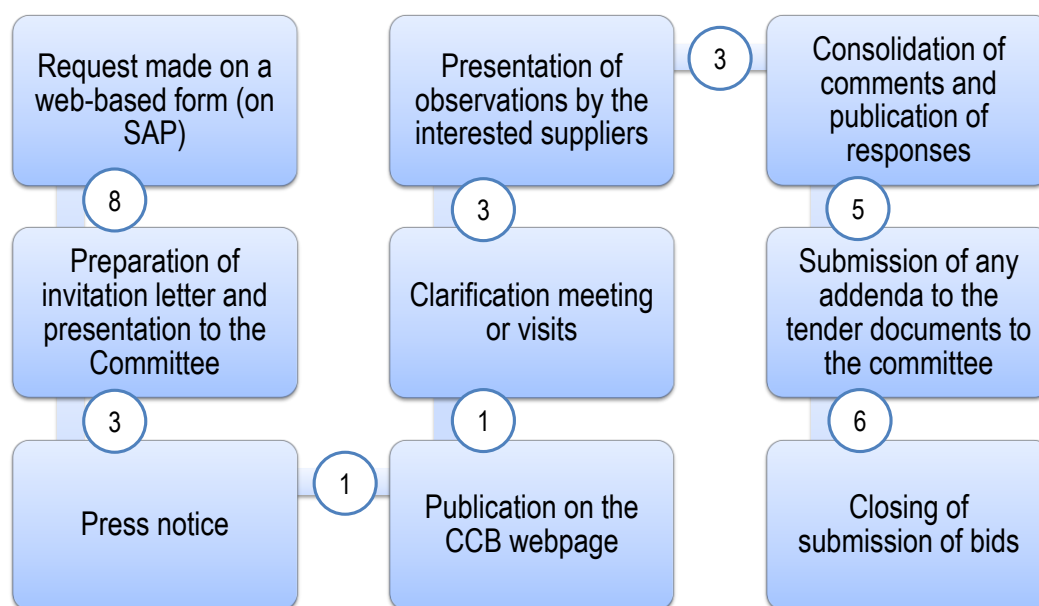
Advertising is one of the key aspects of procurement. OECD (2015) stresses its importance in public procurement and recognises the benefits of full and open advertising as follows:

- *Facilitate appropriate competition* by informing as many potential economic operators as possible about contract opportunities and thereby enabling them to compete, which leads to the best value-for-money outcomes for contracting authorities.
- *Develop markets* by showing potential economic operators that business opportunities are available, which encourages the development of the marketplace with new and more diverse economic operators and widens the source of economic operators at local, regional and international levels.
- *Help in the battle against corruption* by increasing transparency and ensuring that economic operators, the public, the press and other stakeholders are aware of available contract opportunities and are able to find out more about these opportunities and about the economic operators that have been awarded contracts.

Clear rules on advertising days and efforts to ensure that procurement opportunities are adequately advertised to interested stakeholders are key to a sound procurement system. Furthermore, giving suppliers sufficient time to respond to call for tenders is vital to increase the number of bidders and competitiveness.

According to the timeline defined by the CCB for procurement processes (see Figure 7.4), suppliers have three business day after the announcement of tender and publication on the CCB webpage before the clarification meeting takes place. Following the clarification meeting, they are given three business days to submit observations on the tender document. The time limit for submitting bids is 19 business days from the press notice.

Figure 7.4. Timeline for a CCB procurement process



Note: The numbers in circle represent the number of (averaged) days between the different steps of the procurement process.

Source: Information provided by the CCB.

From the call for tenders currently available on the CCB's website, the time given to suppliers to submit their bids varies from 15 days to 30 days (Table 7.6). However, suppliers may not have had sufficient time to review the tender documents prior to attending the clarification meeting, submit questions and submit their bids. In the case of procurement process ref. no. 3000000421, suppliers were given only six days, including weekends, between the publication of the call for tender and the clarification meeting. The time limits used in CCB's open tenders – an average of 17 business days according to the CCB webpage – are lower than the minimum advertisement days used in some public procurement systems including those of the European Union (Box 7.3).

Table 7.6. Timeline for CCB calls for tenders

Brief overview of the timeline for available calls for tender on the CCB webpage

Process reference number	Publication of call for tenders	Clarification meeting	Deadline for submitting comments or questions on the tender documents	Deadline for submitting a bid
3000000415	31 July 2017	–	4 August 2017 (4 days)	30 August 2017 (30 days)
3000000421	22 August 2017	28 August 2017 (6 days)	1 September 2017 (10 days)	13 September 2017 (22 days)
3000000400	5 June 2017	–	12 June 2017 (7 days)	20 June 2017 (15 days)
3000000398	25 May 2017	–	5 June 2017 (11 days)	20 June 2017 (26 days)
3000000395	22 May 2017	–	26 May 2017 (4 days)	8 June 2017 (17 days)

Note: The days in parentheses represent the difference with respect to the publication dates of the call for tenders.

Source: CCB, www.ccb.org.co/Proveedores-y-Contratistas/Invitaciones-vigentes.

Box 7.3. EU rules on the minimum time limit for submission of tenders

Open procedure

The minimum time limit for submission of tenders is 35 days from the publication date of the contract notice. If a prior information notice has been published, the time limit can be reduced to 15 days.

Restricted procedure

Any business may ask to participate in a restricted procedure, but only those who are pre-selected will be invited to submit a tender. The time limit to request participation is 37 days from the publication of the contract notice. The public authority then selects at least five candidates with the required capabilities, who then have 40 days to submit a tender from the date the invitation was sent. This time limit can be reduced to 36 days if a prior information notice has been published.

In urgent cases, the public authority may set a time limit of 15 days to receive participation requests (this can be reduced to 10 days if the notice was sent electronically) and 10 days for the submission of the tenders.

Source: European Commission, http://europa.eu/youreurope/business/public-tenders/rules-procedures/index_en.htm.

In practice, suppliers can request to the CCB to extend the deadlines when they need more time. Such requests are often taken into consideration by the CCB. However, this practice runs the risk of being arbitrary and may not represent suppliers' interests in a fair manner. In this light, the CCB should consider increasing the number of advertisement days for open tender procedures and clearly establishing the time limits for open tender procedures, as well as for private calls, including minimum and maximum time limits for submitting bids.

7.4. Proposals for action

Ensuring a fair degree of access to procurement opportunities for potential competitors of all sizes is crucial to building an efficient and effective procurement system. In accordance with the OECD Recommendation, the CCB provides a coherent and stable institutional and regulatory framework, but could consider the following actions to bring about improvements:

- The CCB should regularly review its regulatory framework and continue its efforts to communicate its procurement rules to its stakeholders effectively, so as to build a common understanding of the system.
- CCB could consider clearly establishing and communicating to stakeholders the strategy and objective of its procurement system by increasing their visibility on the website and including them in communication materials such as newsletters.
- Different bodies of the CCB involved in procurement should continue co-ordinated and sustained efforts to ensure effective implementation of the regulatory and institutional framework.
- The CCB could consider implementing co-ordination mechanisms for procurement and the associated control activities.
- Clarifying the institutional responsibilities of control bodies could help the CCB increase the efficiency of the control system.

The CCB also promotes the use of competitive tendering as a main method to ensure an adequate degree of competition among suppliers and, thereby, guarantee value for money in the entity's procurement processes. The CCB could consider the following actions to bring about improvements:

- The CCB could consider decreasing the threshold for competitive tendering and should endeavour to find the right balance between efficiency benefits from lowering publication thresholds and the resulting administrative burden.
- In cases of private calls, the CCB could benefit from standardising procedures, especially regarding the selection of invited suppliers.
- The CCB could continue to monitor and review the use of exceptions by analysing applications per requesting area and product category
- The CCB should consider increasing the number of advertisement days for public calls and setting clear rules on the timeline for its procurement processes.

7.5. References

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Procurement Review of the Chamber of Commerce of Bogotá, Colombia

ALIGNING PRACTICES WITH THE OECD PUBLIC PROCUREMENT RECOMMENDATION