

Questions and Answers from the OECD Webinar of 4 June 2020 on “Public Procurement responses to the COVID-19: Lessons and experiences from countries”

During the webinar we did not get an opportunity to address questions sent in to us through the chat and social media so, as promised, we are very pleased to communicate to you input on some of the topics that attendees raised. You will find below a summary in five sections which accurately represents the scope of the many excellent questions received, as well as replies and insights given by the panellists in response.

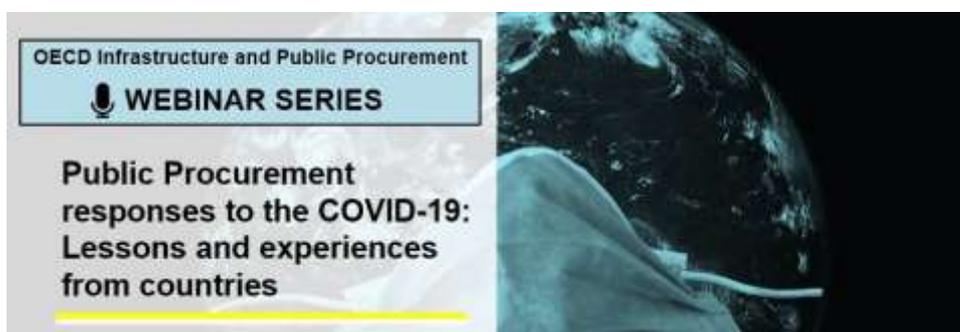
Balancing

- *How do you balance the need for urgent procurement with preventing fraud and corruption?*

Heehoon Kang: In Korea, we simplified the procurement process and applied guidelines specifying the scope of emergency contracts in response to COVID-19. Tendering related to COVID-19 is conducted through KONEPS (On-line e-procurement system); like other contracts, process and award information are open to the public in real time.

Paul Quinn: Transparency remains the key pillar of procurement, even during a crisis. Within the EU, the Procurement Directives provides flexibility to enable action in response to an emergency situation. However, such action should still be conducted with the greatest degree of transparency and notices regarding the action and its reasons must be published. The action can then be challenged by interested parties. It is also important that public bodies record both their actions and the reasons for those actions to enable audit and parliamentary oversight. In most cases, transparent public procurement procedures can still be conducted in line with legislative obligations, or accelerated timeframes. Leveraging Framework Agreements, often available through national Central Purchasing Bodies, can also accelerate a response and in a transparent fashion.

Lars Ohse: The key issues of preventing fraud and corruption in times of urgency are transparency (i.e. information about orders placed via procurement platform), 4-Eyes-Principle (i.e. implementation of an electronic multi-stage approval system), competition (i.e. working with minimum 3 different offers) and detailed documentation of each purchase.



- *How will the EU manage the regulation of direct award or emergency procurement measures given that several countries will still have urgent need and may want to benefit from flexible and quick arrangements for procurement (for example construction or reinforcing of some hospitals)?*

European Commission : For the urgent needs of public buyers, the Commission has issued guidance on 31 March 2020: [Guidance from the European Commission on using the public procurement framework in the emergency situation related to the COVID-19 crisis](#). The guidance outlines the options and flexibility provided by EU legislation. It provides an overview of choices available to public buyers in tendering procedures and applicable deadlines. It also clarifies how, in conditions of scarce key supplies, public buyers might find innovative solutions on how to engage with the market.

Transparency and Audit

- *How do you think auditors should change their approach to procurement audit in light of the coronavirus?*

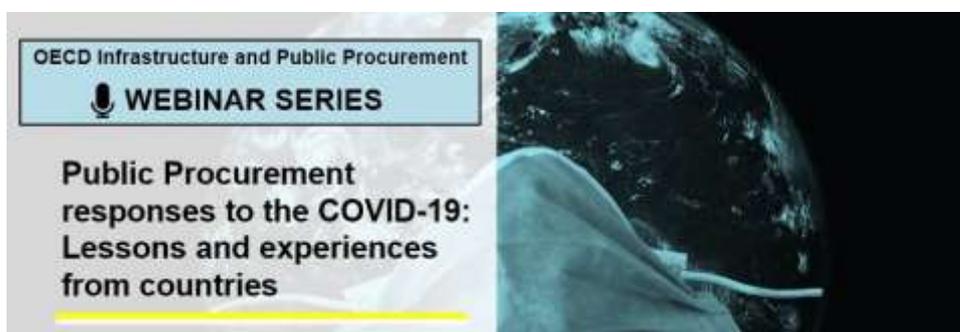
Heehoon Kang: The audit of our procurement work is conducted by the Board of Audit and Inspection (BAI). BAI announced the direction of its audit operation to support the response to COVID-19 in March. As speedy execution is essential to respond and overcome the coronavirus, BAI asked the public organizations to work promptly and actively to recover from this crisis.

Lars Ohse: In public institutions, audits are mainly focused on checking compliance with detailed and complex law. Auditors should focus on main principles such as anti-corruption, results and data provided by central procurement bodies with electronic purchasing systems.

Paul Quinn: Independent audit is a critically important mechanism to give confidence and assurance to necessary action, particularly at a time of crisis. Public bodies should maintain records regarding their actions and the associated reasons, publish notices, and conduct any necessary action in line with its legal obligations and in as transparent and competitive a fashion as possible during the crisis. An audit conducted in a timely fashion can help a public body demonstrate that it did its work fairly and appropriately during this period, and deviated from its legal obligations only where allowed and only to the minimum degree necessary.

- *Have any preliminary data been gathered on the effects of public buyers' increased risk appetite, such as on corruption and fair competition?*

Lars Ohse: I think there is no increase of such appetite. Public purchasers simply want to work faster and more efficiently. It is a fact that the more electronic purchasing tools are used, the less corruption and the more fair competition occurs, as it the case with an



electronic tender system. An additional reason for this is that it is harder to manipulated electronic data rather than paper.

Joint tendering

- *One of the most important features in fighting COVID-19 in Europe is the JPA. What are the challenges with joint tendering, such as JPA? Does it need reform?*

Angela Russo: Joint procurement is indeed an interesting opportunity among different contracting authorities and different CPBs, willing to join forces and cross borders. There is already an [existing initiative](#) from the European Commission (DG SANTE) on PPE that mainly engages MS Ministries of Health and Civil Protection Institutions. A discussion has just started with the European Commission on how to open similar joint framework agreements also to CPBs in the future.

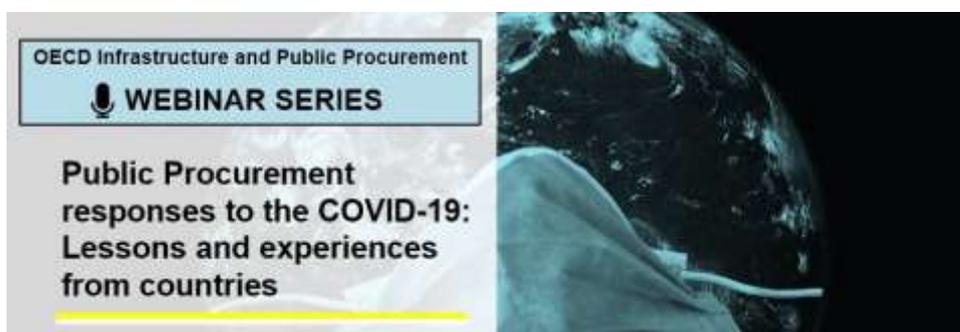
Paul Quinn: There are a number of key challenges to international joint procurement such as the alignment of specifications over multiple parties, legal jurisdiction, product localisation, variance in regulation, language barriers, etc. Existing product distribution and licensing arrangements within countries can also create complexity for bidders and post award, to support arrangements. There are however significant and obvious benefits in terms of leveraging purchasing power, particularly in dealing with large suppliers, and also benefits in terms of standardisation and regulatory alignment. The public procurement structures within the EU support cooperative procurement at national and international level, so it is not an impediment.

Lars Ohse: During the current situation, an official Joint Tendering is not the way to save peoples' lives. All those tenders take too much time. We prefer frame contract tendering with more than one vendor for every material. I think such crisis can only be addressed if centralized public organizations have sufficient know-how to organize projects efficiently. Otherwise, too much time is lost with the tendering process and with explaining to external project partners how the administration works. So we prefer Task-Forces with people from relevant public institutions. For the COVID-19 crisis, we combined the know-how of professional purchasers and medical experts from the Ministry of Health.

Long-term impacts on procurement and recovery

- *Do you see long-term impacts to public procurement, in particular with respect to Kick-Start or Recovery procurement managing short-term stimulus / jobs support and longer-term green / digital transition?*

Heehoon Kang: COVID-19 will have a great influence not only on procurement, but also on the overall economy. In order to prepare economic growth after the COVID-19 induced downturn, the Korean Government plans to implement a Digital New Deal to build an advanced digital infrastructure and foster non-face-to-face industries and a Green New Deal



to pursue sustainable development and create jobs. Public procurement can be used as a strategic tool to support government-wide initiatives.

Karen English: Procurement definitely has a role in supporting economic and social recovery. Strategic or social procurement is likely to have an increased focus and imperative, as economies look to use all the levers available to them to support recovery. However, there will be challenges for procurement and potentially trade-offs to be made, where economies may seek to balance saving money through procurement and making investments that support recovery and/or other transitions.

Lars Ohse: The winners will be the organizations which transform their processes from paper to electronic. Those processes are efficient, fast and green (e.g. no paper is needed). The second thing is, that COVID-19 showed us how easy it could be to work outside of the office. So the coronavirus is a catalyst in changing working circumstances in order to combine private and business life and this will have long-term impacts.

Paul Quinn: Going forward, there will be a challenge as there are likely to be significant demands on public procurers to address multiple policy agendas, such as tighter budgets, a greater reliance on and desire for Government contracts by SMEs, the green agenda, and tackling unemployment. Some of these policies have the potential to conflict in public procurement. Thankfully, many lessons have been learnt from the recent financial crisis and so investment can be better focused.

International supply chains and co-operation

- *Is it possible to achieve both national resilience (production) and international co-operation (supply chains)?*

Karen English: Notwithstanding the impact of COVID-19 on supply chains, it is difficult to imagine that economies, even ones that are very large, can return to a pre-globalization state. We need to find a way to achieve both national resilience and our international connectedness and trade links.

Paul Quinn: Ultimately this is a matter of the balance of benefits versus risk. Each country will analyse their individual circumstances for major categories of expenditure to assess this balance and assess if correction is necessary. For example, the risks regarding security of supply for certain medical equipment of far-shore sourcing may be too great for countries who have little indigenous capability and may require a change in industrial policy. However, the same may not be true for the supply of vehicles. Action may be necessary at federal, national or potentially international level to address the issues that emerge.

Lars Ohse: The most successful way is a mixture: To produce the main stock locally in order to be independent from production shocks in other countries or continents, and to co-operate in order to build up supply chains for all other products.



- *Do you ultimately see a role for the WTO in facilitating the kind of co-operation most of the panelists have advocated?*

Karen English: The WTO could certainly have a role in facilitating discussions on co-operation in a post-COVID world, particularly with its focus on trade. But these discussions could also proceed in a number of other organizations and forums – the important thing is to have the discussion, tackle the difficult conversations and be open to new ideas and approaches.

Lars Ohse: I think the WTO is important but does not play a main role in this matter. The problem is not the trade between countries but the circumstances of production. In order to have fair trade, it is important to talk about ILO-Regulations, green product standards, consideration of “non-price issues” during tender procedures, etc. As long as only the cheapest product counts, there will be no real co-operation. So I think, most importantly it should be up to the political level to initiate more co-operation projects.