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Applying Innovation and Technology to Reduce Corruption in Public Procurement

Experiences of Korea

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Public Procurement Service

OPublic Procurement and Corruption

O2 Anti-Corruption Measures on KONEPS

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Public Procurement and Corruption

01



Corruption in Procurement

"Over <u>\$400 billion</u> is lost annually to bribery and corruption in public procurement"

- Transparency International -

"An estimated <u>\$1.5 trillion</u>, or <u>2% of global GDP</u>, is spent on bribes annually—ten times the value of overseas development assistance."

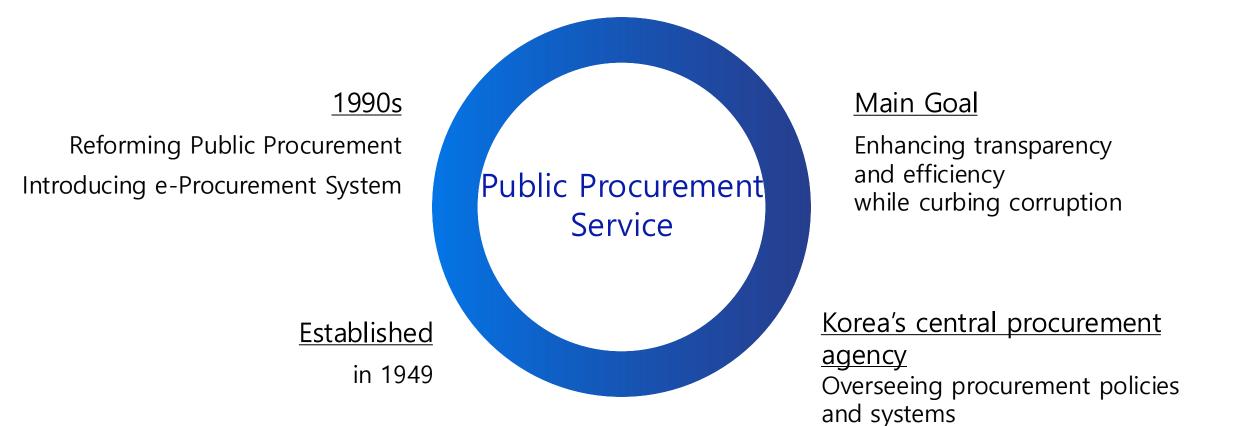
- Combating Corruption, The World Bank -



Competitiveness INTERNAL This information is accessible to ADB Management and Staff. It may be shared outside ADB with appropriate permission.



Introduction of Public Procurement and Corruption





Introduction of Public Procurement and Corruption

•Annual transaction for a 200T KRW (148B USD) in public procurement market, serving 570,000 suppliers and 70,000 end-users

PPS

businesses

•Growth ladder supported by public financing

Procurement of Goods/Services/C onstruction

Raw Materials Stockpiling Government Goods/ State-Owned Property Management KONEPS Operation and Management

02 Anti-Corruption Measures on KONEPS



Before Tender Notice Preliminary Notice

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입찰정보 👩	수요기관		로그인
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찰공고	>		
 찰결과		입찰공고 검색 결과 (2,997,990건) 정확도순 I 공고일순 ~ 1개	찰일순 ▼
· 종낙찰자		홍역 [20241126397-01] 용역 사건규격 공개(2025년 하수술러지 처리 및 운반 용역(연간단가)) 취소 마감웹시 2024/11/27 14:00 중고일시 2024/11/19 16:34 개월월시 2024/11/27 15:00 수요기관 경기도 과	▼펼치기 천시
소계획		물품 [20241017129-00] 비추미호 주기관 부품(인터큘러) 구매규격 사전공개	▼ 펼치기
i전규격		일반 마감일시 2024/10/22 11:00 공고일시 2024/10/17 10:12 개찰일시 2024/10/22 12:00 수요기관 혁양수산책	
l약진행현황		응역 [20240911265-00] 2024학년도 현장체형학습(수학여행)위탁용역 입찰 사전규격 공개 일반 마감일시 2024/09/26 17:00 공고일시 2024/09/11 15:01 개찰일시 2024/09/27 10:00 수요기관 총청남도고	▼펼치기 고육청 …
친자서고		물용 [20240805114-00] 2025학년도 해밀고등학교 교복(동복,하복) 학교주관 구매규격 사건공개 일반 마감입시 2024/08/20 11:00 공고일시 2024/08/20 13:46 개침입시 2024/08/20 12:00 수요기관 석종특별2	▼펼치기 사치시 …
		물품 [20240806235-00] 2025학년도 경운중학교 교복 학교주관 구매 사건규격 공개 일반 마감열시 2024/08/19 14:00 공고일시 2024/08/07 12:46 개철열시 2024/08/30 15:00 수요가관 경상남도감	▼펼치기 길해교…
		물품 [20240805624-00] 2025학년도 서산부춘중학교 교복(동복, 하복) 학교주관구매 사건규격 공개 일반 마감임시 2024/08/21 11:00 공고일시 2024/08/06 17:00 개철임시 2024/08/23 11:00 수요가관 출청남도시	★ 펼치기
		물품 [20240722799-00] 제안서 사건규격 공개(CCTV 통합관계센터 운영용 강비 구매) 일반 마감입시 2024/07/18 11:00 공고일시 2024/07/18 09:32 계칠입시 2024/07/18 12:00 수요가관 서울특별/	▼ 펼치기 \ 서울 …
		응의 [20240708175-01] 남구시니어공유생활센터(가칭) 건립공사 기본 용역 긴급 사건규격 공개(수정 취소 마감일시 2024/07/11 10:00 중고일시 2024/07/05 18:43 개철일시 2024/07/11 11:00 수요기관 대구경역시	▼펼치기 시 남구
		응역 [20240700442-00] 2023학년도 광주동신중학교 2학년 수학여학 위탁용역 사전규격 공개 일반 마감일시 2024/07/11 14:00 공고일시 2024/07/01 15:49 개발물시 2024/07/10-10-00 구요기관 공주광역시	▼펼치기 시동부…

- Contracting authorities are required to disclose purchase specifications in advance to tender notice [Government Bidding Execution Criteria Article 77]
- 5 days in advance via the e-procurement system

01

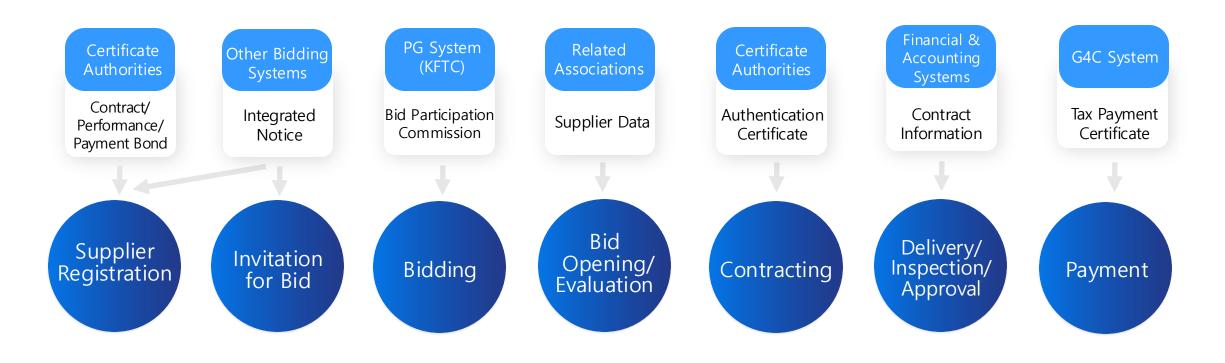
Challenge tender conditions before official notice

02

Raise objections to contracting officials in case of competition hindrance or preferential treatment



Bid Process KONEPS (Korea Online e-Procurement System)



- Entirely digitalized process
- Evaluation performed electronically
- Easy-to-search tender notices
- One-stop service integrated with 156 external systems



Bid Process Technical Evaluation Committee Member Selection

01

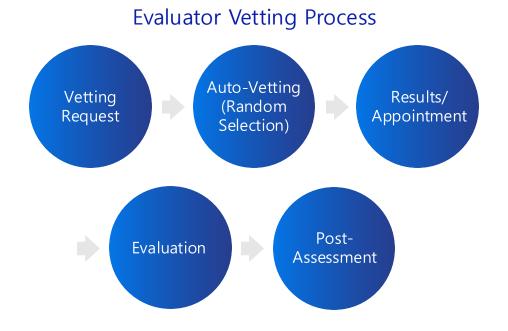
Purpose

Preventing corrupt practices in selecting members of the Technical Evaluation Committee

02

Contents

- Around 9,000 online-registered external evaluators actively involved
- Members selected through an online random selection system
- Evaluator list announced 30 minutes before evaluation



Evaluation Committee Safe from Lobbyists

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Bid Process Collusion Statistics Analysis System

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A system that automatically extracts suspected collusive contracts for goods/services

Contents

- Automatically extract collusive bidding based on the number of participants, bidding rate, and participation history
- Perform in-depth evaluation by referring the provided data to the Korea Fair Trade Commission (KFTC)

5 Key Areas of Focus

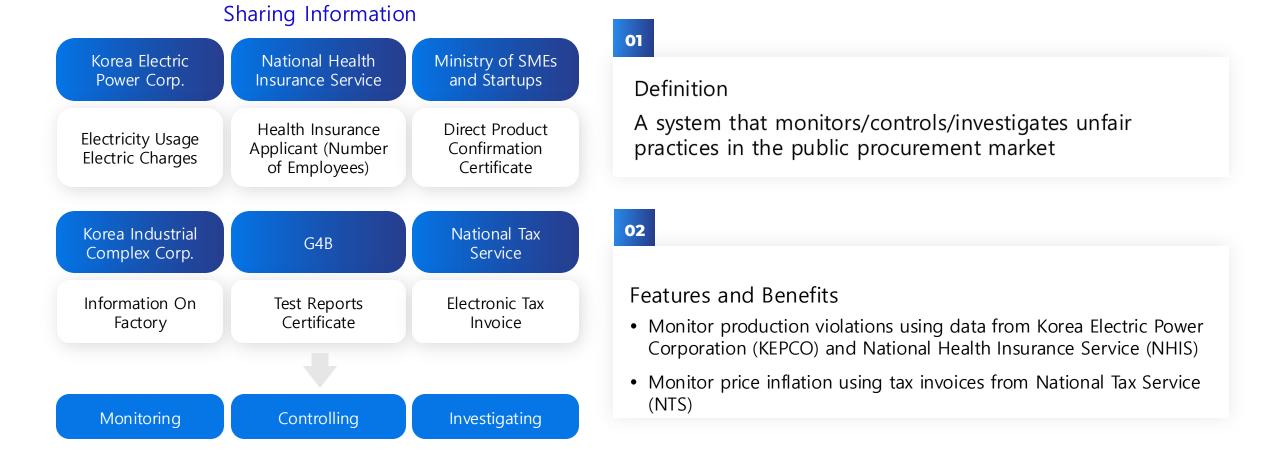


Provides **Early Warning** and a **Fair Competition Environment** by Identifying Patterns of Fraudulent Behavior via Data Analysis

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After Bid Process Contract Performance Verification System





Conclusion

01

Use of Online system Introduce new anti-corruption policies and measures on a regular basis

02

Cooperation with Related Agencies Address corruption-prone areas in close cooperation with agencies like the Fair Trade Commission (FTC) and the Anti-Corruption & Civil Rights Commission (ACRC)

Prone to corruption due to large fund management, public procurement has seen improved fairness through PPS's reforms and digitalization, with further progress underway

Thank you O 2 A