



**Annual Report 2015: We have lift off!**

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# We have lift off!

2015 was a big year for the Open Contracting Partnership. In January, we spun out from the World Bank Group to become a cutting-edge, multi-stakeholder collaborative.

We put together what we hope is a compelling strategy for how we are going to open up the closed world of public contracting. We wanted to channel the power of open data to identify and address problems, put learning and evidence at the heart of our work, and lastly – given the extraordinary scale and scope of public contracting – build a new field of allies and practitioners working on open contracting.

Overall, we are pretty pleased with how things have developed so far. We now have a passionate and super-smart team of six, great support from some fabulous funders, a well-resourced global helpdesk helping publishers of open contracting data worldwide, promising international advocacy wins, and – most importantly – clear demand from innovators, reformers, and open government champions for open contracting in more than 15 countries. We've also made a few mistakes and learned valuable lessons.

Our overwhelming impression so far is of the enormous, bottom-up energy from so many local reformers, technologists and advocates working on public contracting and procurement worldwide. Open

contracting isn't some new force being imposed from the top, it's very much a story of local energy and innovation, co-creation and collaboration, focussing on key user needs. This is exactly the story in our two showcase and learning projects in Ukraine and Mexico City (see p.8).

Open contracting data is now making bids and contracts open in Canada and Paraguay and there is an exciting pipeline of potential partners and collaborators in Colombia, Indonesia, Mexico, Mongolia, Philippines, Romania, the UK, Vietnam, Zambia and others (see p.11). Meanwhile, more than 40 countries of the Open Government Partnership have committed to more transparent public procurement.

Other organisations are also stepping up. The World Bank Governance Group remains a key partner, and has been joined by an exciting new program from Hivos. The German development agency GIZ is also exploring open contracting for its programming and we will work with them on identifying champions in Africa and in specific sectors.

Our advocacy successes (and those of our allies) included the G20 Principles of Public Procurement, which emphasize both the importance of transparency and participation, as well as the G20 Anti-Corruption Open Data Principles, which directly identified public procurement as a priority dataset to be published.

We have learned quite a bit over this first year (see p.14). We often get to work with the most forward-looking and innovative departments in government, but we need to make sure we can jump scale and reach out across bureaucracies to help them become more agile and to rethink interaction with companies and citizens. We've learnt to focus on user needs to make sure that open contracting does not become just another compliance-based box ticking exercise imposed from the outside. It needs to add value and actually improve life for both citizens and contractors.

Open contracting needs to grow not only in numbers, but also in depth and effectiveness. Disclosing contracts is not enough: for open contracting, feedback is as important as the data itself. It's the engagement that unlocks the ability to actually fix the problems that are identified. We believe this is one of the key challenges for 2016 that we need to tackle across organizations, sectors and countries.

So we have lift off. Now we need to reach escape velocity, make sure we remain on target to maximize our global impact and unlock the incredible grassroots energy for reform that we have experienced so far.

Ad astra per aspera in 2016!

“We were wary of public procurement, given the history of corruption in Ukraine. But after winning the bid, securing the contract, and successfully cooperating with the government, we can say we are the living proof that rules have changed.”

—Ihor Zvyahintsev, from the Ukrainian paper manufacturer Ruta that won a US\$ 2,500 contract for the Ministry of Defence through the platform ProZorro

# Open contracting in 2015

From our first showcase projects to major advocacy successes and more, here is a timeline of what has stood out for us in 2015.

January

March

May

We become an independent organization and spin out of the World Bank Group

We set up a global helpdesk to support the Open Contracting Data Standard

Global learning and sharing events at the International Open Data Conference in Canada

Ukraine launches its revolutionary e-procurement pilot Prozorro based on the Open Contracting Data Standard

Our Advisory Board provisionally endorses our new strategy

We sign an MoU with Mayor Mancera to implement an open contracting Showcase and Learning project in Mexico City

City of Montreal launches platform publishing award data in the Open Contracting Data Standard

We present at the Batumi Procurement Knowledge Forum, Georgia; the APEC Finance Ministers meeting, Philippines; the Open Impact Day, Washington D.C.; and the UN Global Compact, New York

The World Bank agrees to pilot disclosing beneficial ownership information for its contractors following a campaign by us and 106 other organizations

February

April

June

- Norms/Advocacy
- Our implementation
- Implementation by others
- Organization & Learning

July

We present at the G20 Anti-Corruption Working Group in Washington D.C.

We co-host an event on the need for better and open data on development finance flows at the Financing for Development conference in Addis Ababa

Kick-off for Mexico City Showcase and Learning Project

Open contracting is listed as a transformational engagement in the World Bank's new procurement strategy

Kick-off for Ukraine Showcase and Learning Project

September

Open Contracting is identified as a key anticorruption tool at 16th International Anti-Corruption Conference

Joined-up Data Alliance launches. We are one of the initial members

We launch our strategy for 2015-2018

First full team retreat

Launch of OpenLandContracts.org

Re-launch of ResourceContracts.org

Open contracting emerges as one of the hot topics at the OGP Summit in Mexico. Mexican President Peña Nieto announces the adoption of open contracting for the new Mexico City airport

New International Open Data Charter recognizes public procurement as a key dataset to be opened as a priority

August

November

Public Works and Government Services in Canada publishes a pilot data set with historical contract data in the Open Contracting Data Standard

We conduct a collaborative workshop on the UK OGP National Action Plan

G20 adopts Principles for Promoting Integrity in Public Procurement and Principles of Open Data for Anti-Corruption with input from us

November Advisory Board meeting

The OCP contributes to the Open Data Index incorporating analysis of procurement data for the first time

October

December

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# Our engagements

Open contracting is driven by enormous, bottom-up energy from many local reformers, technologists and advocates. Their goal, as ours, is to open up their country's public contracting and procurement and make sure that problems get fixed.

Bearing in mind the huge scale and scope of public contracting, we learned this year that we need to be very deliberate in choosing when, where, and how we engage. We also need to be realistic about where we can add most value in a crowded field of transparency and accountability advocates. We think that our work is best directed to where:

1. We can show a clear a normative shift or a powerful demonstration of the benefits of open contracting on the ground.
2. There is a clear learning opportunity where, succeed or fail, we can gain valuable insights or learn something new about methodologies and tools needed to implement open contracting that will help other practitioners.
3. There is a credible and diverse local coalition of local partners, ideally involving government reformers, activists, technologists, and businesses.

4. We have thought through the opportunity costs and implications for our time, money and other resources.
5. For our showcase and learning projects, we look for a high-level public commitment from a government agency to advance open contracting and a demonstrated willingness to collaborate with civil society organizations and businesses in the project design and implementation, as well as to iterate and learn.
6. For our advocacy interventions, we have specific objectives that we want to achieve and a plausible exit strategy where we can declare victory or failure to avoid endless entanglement with a process.

We will prioritize efforts where we can have a significant impact both on best practices on the ground and where there is a positive global demonstration effect. Our advocacy and implementation need to reinforce each other and create a virtuous cycle. Nothing beats the demonstration effect of positive impacts for citizens, so we will always prioritize this.





“The potential for connecting open data and procurement is endless. When we manage to work with this information we can analyse risks in the contracting process ahead of time. We can find new and better ways to engage every citizen in those contracts they care about.”

—Eduardo Bohórquez, Executive Director, Transparencia Mexicana

# Our Showcase and Learning Projects

## Ukraine: A bottom-up contracting revolution



During the Maidan revolution, a group of committed reformers came together to procure emergency humanitarian supplies during the conflict in the east of the country. In order to make the most of scarce resources, and building on advice from a group of Georgian technologists, they searched for global examples of best practice and

found open contracting. We seized on the potential for learning and demonstration from their efforts to establish one of our first Showcase and Learning projects with this unique effort.

Ukraine is still riddled by corruption with a very volatile political environment, putting advances at constant risk. Yet government, business and civil society have already built a world-class, transparent procurement process called Prozorro. It has now run more than 26,000 tenders for \$240 million in goods. Apart from doing this fully, openly and fairly, Prozorro has helped save an average of 13% on budgeted spending too. It is now being scaled up across government.

The success of the project so far has been due to the genuine collaboration between different stakeholders. For them, this project went far beyond open data as a principle but as a key tool to rebuilding trust with the private sector after the years of cronyism and corruption. From the off, implementers were very results-orientated, not only in terms of numbers and savings, but also in terms of transforming the business culture into something more beneficial for the country.



## Mexico City: Open contracting going local



Mexico City, thanks to the leadership of Mayor Mancera and his team, and with support from Bloomberg Associates, aims to be the first city in the world to fully integrate the Open Contracting Data Standard into its public procurement process. Departments will soon be publishing procurement data across the complete procurement cycle (including tenders, spending and contracts). The data standard is being

implemented on top of the existing SAP procurement software and has made fast progress over a short time. The first contracts were published internally by the city's finance department in December 2015.

The mayor's team is also partnering with the Mexican Institute for Competitiveness (IMCO), a civil society organization, and a local startup, Gobierno Facil, to develop a public portal that will enable citizens to visualize and analyze the newly released open contracting data.

One insight during the project was that while we have often seen that governments who implement open contracting are motivated by priorities like cost savings and efficiency, our partners in Mexico City also see their efforts in a more transformative light. As the team has implemented and championed open contracting, we have seen how motivated they are by values of justice, transparency and improving the lives of citizens.

We will now be working to support the city's OCDS rollout in other municipal departments, as well as in their engagement with local civil society organizations including Transparencia Mexicana. Together, we want to make sure that published contracting data is used to improve results in priority areas for citizens, such as transport and street lighting contracts.

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# Where open contracting is taking hold

In 2015, we saw the Open Contracting Data Standard turn from a theoretical exercise into actual useful data. Our helpdesk was busy supporting over 30 partners from 18 countries. Now, Ukraine, Paraguay, Canada, and the city of Montreal are the first to use the Open Contracting Data Standard.

In Ukraine, the data standard is the model for the new open source e-procurement system Prozorro and publishes data up to the point of the award of the contract, including planning, tenders, bids, and contracts. Montreal is publishing contract award data while in Paraguay, data and visualizations are available for tenders, awards, and contracts. In addition, Public Works and Government Services in Canada has published a pilot data set of historical contract data.

Implementation of the data standard is in progress in Colombia, Mexico City, Romania, the UK, and Zambia. Both Vietnam and Moldova are developing a pilot of open contracting data using historical information. Nepal successfully completed a pilot in 2014 and is looking towards full implementation in 2016. Mexico's federal government has committed to pilot open contracting in the Mexico City's new airport project.

Civil society is a vital user of public contracting data as well. Activist allies in Russia, Taiwan and Nigeria are experimenting with converting

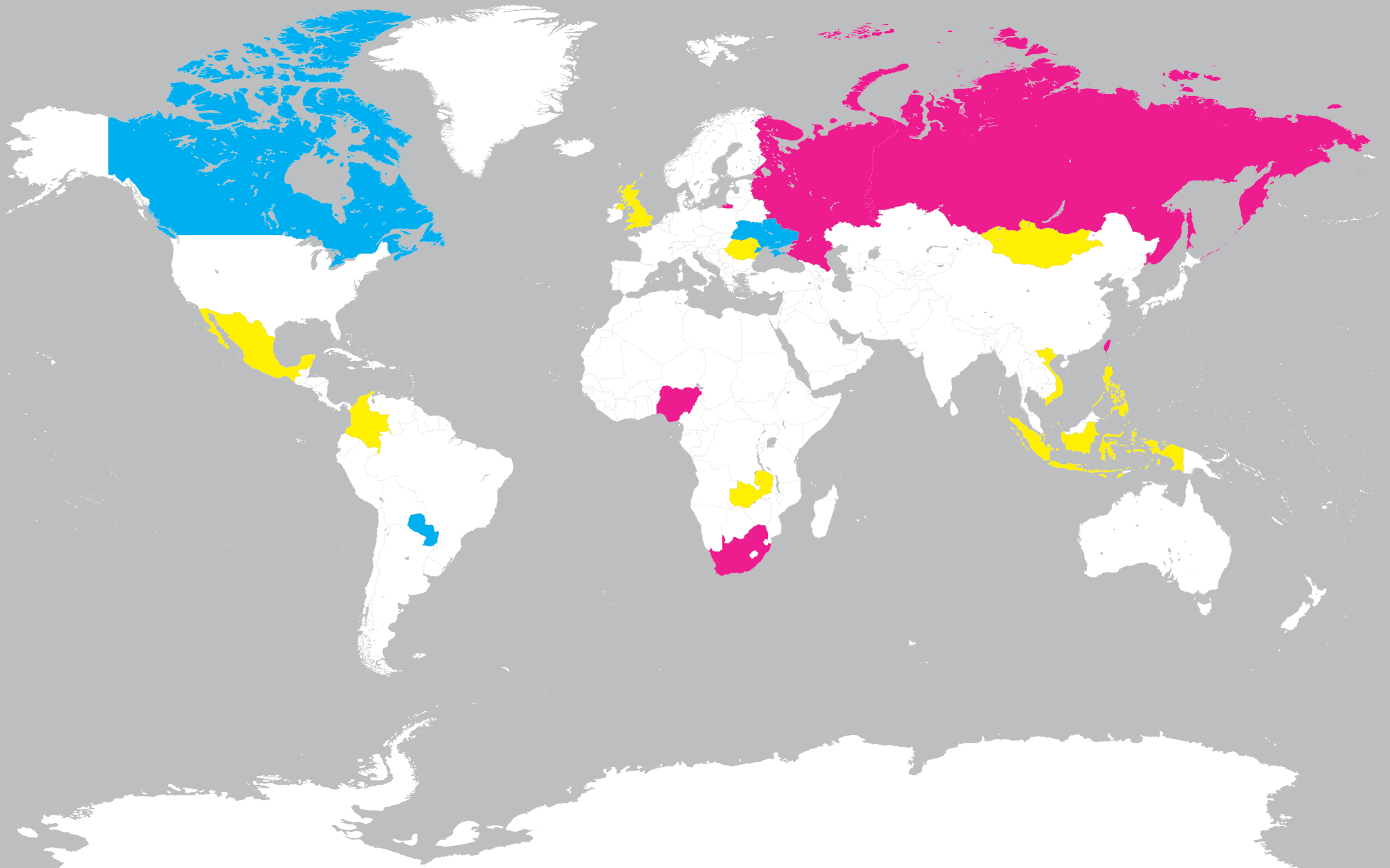
public contracting information into the data standard for analysis, training and advocacy. South Africa and Indonesia have completed open contracting baseline assessments.

To support our European partners, the helpdesk is mapping the Open Contracting Data Standard and the schema of the European journal, the Tender Electronic Daily.

The World Bank is implementing open contracting projects with the governments of Zambia, Vietnam, Mexico, Indonesia, Mongolia and the Philippines. GIZ and Hivos are also planning to support programs related to opening contracting data.

## Open contracting worldwide

- Implementation: Ukraine, Paraguay, Canada, Montreal
- Implementation in progress: Colombia, Indonesia, Mexico, Mexico City, Moldova, Mongolia, the Philippines, Romania, the UK, Vietnam, Zambia
- Open contracting projects by civil society: Russia, Taiwan, Nigeria, South Africa, Indonesia



“Using open data, open source, and an open standard is key to rebuilding the trust of Ukraine’s private sector in its government. The procurement reform is critical in order to save US\$2 billion and meet national targets of economic development.”

— Max Nefyodov, Deputy Minister, Ministry of Economic Development and Trade

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## Our finances

We intend to be fully open about our finances, contracts, and operations. We were awarded the top rating for our being open about our funding by Transparify. However, we did not make our own contracting public as planned. We didn’t prioritise this sufficiently in 2015 and we faced a couple of hiccups due to our status as a fiscally-sponsored organisation. We want to publish the information in a proper open format and not dump a bunch of PDFs.

Our open contracting and access to information policies are now out for public feedback. We are committed to making radical openness our own practice in 2016. This way, we hope to help others understand who we are, what we do, and what we spend.

To be raised	\$ 200,000
Likely commitments	\$ 900,000
Carryover to 2017	\$ 1,570,000
Firm commitments	\$ 2,048,000
Carryover from 2015	\$ 1,071,032

#### 2016 REVENUE

**\$2,649,372**

Personnel	\$ 921,413
Consultants	\$ 999,220
Special events	\$ 230,000
Travel	\$ 97,500
Rent	\$ 36,000
Innovation challenge	\$ 50,000
Other expenses	\$ 55,000
FCNY mgmt & admin fee	\$ 215,022
Contingency	\$ 45,217

#### 2016 BUDGET

**\$2,649,372**

Advocacy	\$ 522,214
Implementation	\$ 1,180,526
Research/Learning	\$ 400,022
Overhead/Governance	\$ 501,392
Contingency	\$ 45,217

#### BUDGET BY ACTIVITY

**\$2,649,372**



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# What we have learned

Learning about what does and doesn't work and about the impact of open contracting is central to our theory of change. But learning remains a buzzword – perhaps even a fuzzword – until it is backed up with clear guidance and practices.

Over the last year, we have taken time to develop our monitoring, evaluation and learning framework and to build up our own learning culture and practices. This framework guides us in reviewing and adapting our strategy and projects, as well as in tracking the uptake of open contracting and its results.

We clarified who should be doing the learning, what we are trying to learn, and to what end. We balanced the development of detailed targets against the level of effort we and our partners can dedicate to collecting the indicators that measure them. Rather than being a set of retroactive, burdensome indicators, we want to make sure that we are able to correct course before things go wrong.

Our key insights so far:

- **There is genuine demand and enthusiasm for open contracting.** We were particularly surprised by how quickly cities can innovate around open contracting and how much tighter the feedback loops

are between citizens, civil society and local government. Mexico City and Montreal are good examples of this.

- **We are serving a diverse audience with different motivations.** Open contracting is being implemented by a range of diverse stakeholders, in different countries, and in a range of different contexts. Broadly, civil society cares most about integrity and service delivery, governments are primarily interested in saving money and building economic opportunity, business cares about fairness and a level playing field. Our programs must reach across these diverse audiences and balance comparability with the unique contexts.
- **Local ownership is vital.** We need to be concrete and crystal-clear about the benefits of open contracting on the ground, and foster ownership so that it is not perceived as just another top down, box-ticking exercise.
- **We need to tailor our arguments more.** In particular, we need to engage with businesses' fears of disclosing information. Some businesses see the benefits of open contracting but are concerned about how to manage commercial confidentiality.

This year, we missed an opportunity for a potential showcase collaboration with a major US program, partly because we did not sufficiently focus on user needs. While we were successful in getting political buy-in and support from the program itself, and our mapping showed the project was technically feasible, tight administrative deadlines hindered us from adequately engaging with the different agencies involved. We did not adequately explain the benefits of open contracting and what it means for operations on the ground. We also thought that the new US DATA Act would encourage innovation and a willingness to engage, but instead, found that some agencies have adopted await-and-see approach to DATA Act Implementation.

“Opening up contracting data will only be as impactful as the capacity to transform it into actionable information. We will focus on supporting infomediaries – independent journalists, hacktivists, artists, academics and civic watchdogs, who will demand and use the data to drive real change for social progress and a more democratic future.”

—Will Jansen, Director of the Open Society Programme, Hivos

“If every public contract can be openly and uniquely identified, Nigeria would move a step closer to improving the efficiency of public services at the least responsive cost. This is the promise of open contracting.”

—Seember Nyager, Executive Director, Public and Private Development Centre, Nigeria

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## Tracking our organizational targets

We regularly take stock of our progress as an organization through monthly rapid reflection sessions. This helps us check-in on our objectives and targets. Taking a quick break to reflect allows us to analyze where we stand and, when needed, shift course and adapt, thereby doing our work more effectively.

The charts below summarize the conclusions and highlights our progress and challenges related to each of our targets for 2015. Some of the targets have been updated throughout the year, reflecting the iterative learning process we are going through as an organization.

## Building a global norm

OBJECTIVE	2015 TARGET	2015 RESULT	DETAILS
Advocacy asks	1	1.5	G20 Principles of Public Procurement, G20 Open Data Principles Draft Open Data Charter Anti-Corruption Toolkit Miss on Financing for Development/Sustainable Development Goals
Open Government Partnership National Action Plans or similar reforms	2	3	National Action Plans for Colombia, Ghana, France
Key arguments or reports on open contracting developed		1	Guidance: Open government guide to government contracting Arguments: Why open contracting is essential to open government

## Learning & Evidence

OBJECTIVE	2015 TARGET	2015 RESULT	DETAILS
OCP Strategy	Strategy endorsed Team retreat Annual report	1 1 1	Strategy 2015-2018 adopted by Advisory Board and published. Team retreat held in September 2015 Annual report published in January 2016
Tools	New open contracting resources and tools	2	Open contracting assessment methodology. Data validation tool
Field coordination/development	Coordination with extractive industries	4	Convening monthly network and coordination call. Collaborating with NRGI, World Bank, Columbia Center on Sustainable Investment, OpenOil. Field coordination in additional sectors: Beneficial ownership, Joined-Up Data Alliance, Open Data Charter Working Group on Anti-Corruption
Monitoring Evaluation and Learning	Frameworks and baselines developed S&L: Mexico City S&L: Ukraine	1 1 0.5	MEL framework developed, three rapid reflections held  Project plan developed and baselines captured: October 2015 Project plan developed, baselines to be captured early 2016

## Communications

OBJECTIVE	2015 TARGET	2015 RESULT	DETAILS
Website	1	0	Launch scheduled for January 2016.
Traffic increase	11,656	20,320	May baseline of 11,656 users (15,640 sessions), and 5,570 sessions from developing countries. By the end of December, 20,320 users (30,496 sessions), and 16,174 sessions from developing countries.
Social media	25% 25% 25%	27% 94% 818%	Followers on Twitter increased from 2244 to 2839. Average monthly mentions increased to 97. Average impressions increased to 52.4k.
Substantial engagement	40%	45%	Based on a prior defined list of key influencers
Traditional media	Internal media database	5	Media database developed. Over 50 mentions. Op-Eds on <u>Trust Law</u> and <u>CNNExpansión/CNNMéxico</u> . Notable mentions in <u>Foreign Policy</u> , the <u>Guardian</u> , the <u>Washington Post</u> (letter).


## Organisation

OBJECTIVE	2015 TARGET	SO FAR...	DETAILS
Fundraising	US\$3m raised	US\$ 3.4m	Omidyar Network \$1m, Arnold \$1.3m, Hewlett \$900K, Open Society Foundation \$200K.
Hires	2	3.5	Communications, Data & Engagement, part-time Procurement expert, Program Analyst/Administrator hired. Learning director not yet hired.
Governance	Board meetings Board manual adopted More private sector on the Board 5-star rating Transparify Disclose own contracts	Yes Yes Yes  Yes No	April and November 2015 November 2015 Stephen Peel has joined the Advisory Board  <u>On list of the “the most transparent pro-transparency advocates”</u> Agreement with Fund for the City of New York. Open contracting and access to information policy developed.



## Strengthening implementation

OBJECTIVE	2015 TARGET	2015 RESULT	DETAILS
Governments implementing the OCDS	2	4	Canada, Ukraine, City of Montreal, Paraguay
Increase in using OCDS data		3	Analysis of OCDS data from Ukraine, Montreal, Nigeria
OCDS milestones	Helpdesk launched	1+	The helpdesk supported 34 partners from 18 countries. Interim OCDS governance proposal complete.
Showcase and Learning Projects	2	2	Mexico City & Ukraine Miss on US government program
Agreements with key partners	2	2	GiZ & OGP
Implementation milestones	Network baseline Support for in country partners	1 1	OCP's network baseline completed UK



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