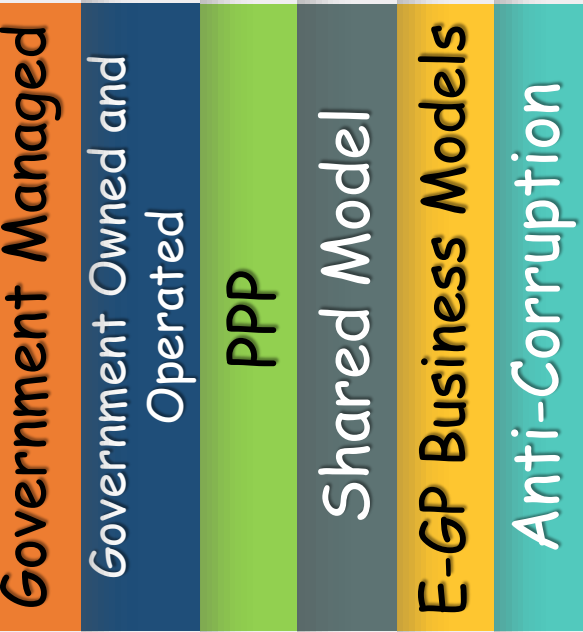


Electronic Government Procurement



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Public sector organizations use e-procurement for contracts to achieve benefits such as increased efficiency and cost savings (faster and cheaper) in government procurement and improved transparency (to reduce corruption) in procurement services.

From e-GP Benefits ...

Efficiency/Savings

- **Australia:** AI/ML raised category accuracy by **27%** and saves **160 days** a year
- **Bangladesh:** e-GP revenue generation of **\$99 million** in FY18-FY20 and reduction of procurement time from **100 to 58 days**
- **Brazil:** Big Data reduced time for cost estimates from **20 days to 11 minutes**
- **Chile:** e-GP price savings of **8.3%** for drugs and **9.1%** for medical devices
- **India:** reduced procurement lead time generates **9.75%** savings
- **Korea:** annual savings of **\$21 million** by using AI/ML for demand forecast
- **USA:** Bots modify over **1,000** public contracts in **3 days** instead of **1 year** and automate eligibility check from **15 minutes to 10 seconds** per vendor



Enhancing Transparency & Integrity

- **Bangladesh:** online citizen portal for contract monitoring
- **Estonia:** open access to PP information, status, contracts
- **Georgia:** public portal for contract monitoring & analysis
- **Rwanda:** UMUCYO system = Transparency
- **Ukraine:** CSO engagement for PP monitoring



Increased Competition

- **Albania:** bid participation increased by factor of **5**
- **Bangladesh:** bid participation by factor of **4**
- **India:** start-up participation increased by **2** bids per tender



Socio-Economic Benefits

- **India:** **58%** of public spend in GeM to MSMEs/Women-Owned Businesses
- **Korea:** **75%** of government contracting in KONEPS awarded to SMEs
- **Malawi:** WB support on e-GP Marketplace with focus on local MSMEs
- **Mexico:** Share of SMEs in winning public contracts increased by **20%**
- **South Africa:** SMME Clearing House initiative in Gauteng Province



Better Service Delivery

- **Ghana:** drones deliver health products to **14 million** people
- **India:** quality of roads increased by up to **19%** and e-catalogue as quick COVID response with over **100k** items
- **Indonesia:** reduction of probability of project delays by **16%**
- **Spain:** 3D printing for up to **100** Ventilators/week
- **USA:** 3D printing for **4 million** COVID testing swabs/week

... to e-GP Impact



Economic Growth

- **Australia:** Government initiative on e-invoicing with savings of **\$20** per invoice amounting to total savings of **\$28 bn** over 10 years
- **Bangladesh:** **\$1.1bn** savings due to use of e-GP in FY19 (6% of public procurement spend)
- **Korea:** Annual savings of **\$8bn** in transaction costs
- **UK:** Survey found **\$100** savings for every **\$14** invested in e-GP = **720%** ROI
- **USA:** Big Data in NY State for informed strategies save **\$156 million/year**
- **Brazil:** Big Data Analytics helped identify savings of up to **17%** of public procurement spend in the city of Rio

Digital Technologies + Data Analytics = powerful tool to create fiscal space for economic recovery:

Annual public procurement spend of 10-30% GDP + e-GP savings of up to 20% = up to **6% of GDP**

Political Economy

Government Managed

Government Owned and Operated

PPP

Shared Model

E-GP Business Models



Corruption control - eProcurement is considered to be a suitable tool to prevent corruption as it can make the tender process easier to monitor. Electronic tools are also believed to reduce the amount of mistakes or errors made by humans involved.



According to the United Nations Office on Drugs and Crime (UNODC), corruption and fraud may amount to 10-25% of procurement budgets. In real life, this means ... much needed equipment never reaches hospitals ... and people's lives ... are at risk.

Where there is a will...

- **USA:** State of New York paying **\$69 million** in advance for 1,500 ventilators at triple the retail price without having ever received them.
- **India:** Preventing interested bidders from submitting their bids in the Municipality of Mumbai.
- **India:** Change of bid prices between bid submission deadline and bid opening to favor preferred bidders in State of Madhya Pradesh

Product/Contract Details	New York City	Dallas
Vendor	Ivalua/KPMG/Accenture	Bonfire Interactive
Cost	\$45,515,448	\$49,900
Offers enterprise-wide licensing?	Yes	Yes
Is contract enterprise-wide or department/agency based?	for 40 agencies.	for 15 licenses across multiple departments.
Average cost per department/agency?	\$1,125,000	\$3,327 (or less)
How many total departments or agencies?	138	71
Can product handle \$15 billion-plus of annual spending?	Yes	Yes
Does product offer eSourcing/source to contract?	Yes	Yes
Does product offer vendor management?	Yes	No
Does product offer request to order?	Yes	No



Reducing Fraud & Corruption

- **Botswana:** Interface of e-GP system with Tax system to avoid participation of blacklisted companies in public procurement
- **Rwanda:** online complaints handling, no in-person contacts
- **Romania:** PREVENT reduced Conflict of Interest cases by **65%** within **2** years
- **Spain:** blockchain eliminates bribery and corrupt tendering
- **Ukraine:** AI helped identify **20k** procurement irregularities
- **Indonesia:** Governance filters for the prevention of fraud in real time

... there is a way!



Digital Technologies + Data Analytics = powerful tool to pro-actively detect and prevent corruption in public procurement

Anti-Corruption

Political Economy

E-GP Business Models

Government Managed

Government Owned and
Operated

PPP

Shared Model

Shared Services

Public Private Partnership (PPP)

Government Owned and Operated

Government Managed Services

E-GP Business Models

Anti-Corruption

Political Economy

Government Managed

**Government Owned and
Operated**

PPP

Software as a Service (SaaS) is one of the options in Cloud Computing

A third-party provider owns and hosts applications and makes them available to customers over the Internet.

Only subscription to be paid.
Subscription is based on software functions, duration of use, no. of users, no. of tenders, etc.

Growing Trend in using/limitations should be assessed

Shared Model

E-GP Business Models

Anti-Corruption

Political Economy

Government Managed

Government Owned and Operated

E-GP System developed, managed, and operated by a third-party under BOT/BOOT

Revenue sharing and Self-funding

Almost no cost for the Government for the implementation and operation

Usually Terms based Contractual PPPS

In India, most of the States follow PPP model

Adjust agreement based on government policy:
Design-Build-Finance-Operate-Maintain-Transfer
(DBFOMT)

PPP

Shared Model

E-GP Business Models

Anti-Corruption

Political Economy

Government Owned and Operated

E-GP Solution developed and operated by the government that may or may not be developed by a third-party

All financial implications risks covered by the government

Sustainability is the major challenge

Government Owned and Operated

PPP

SaaS

E-GP Business Models

Anti-Corruption

Political Economy

A government managed e-GP system that is operated and owned by a third party

E-GP Platform can be managed by a third party operator

Funded by the government through a monthly fee to the third party for the development and service

Model provides government with fix cost and minimizes the risk for the third party

Philippines has adopted this model

Government Managed

Government Owned and
Operated

PPP

Shared Model

E-GP Business Models

Anti-Corruption

Political Economy

Thank You!

Government Managed

Government Owned and
Operated

PPP

Shared Model

E-GP Business Models

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Political Economy