



Electronic- Government Procurement (e-GP)

Blandine Wu Chebili

June 30, 2021

e-GP and the Functional Principles of Public Procurement

Definition: Electronic public procurement (e-GP) is the use of a transactional system of information by government institutions and other organizations of the public sector as to conduct and handle their procurement activities and their relations with the suppliers for the procurement of works, goods and consulting services required by the public sector.

- ✓ Resource optimization
- ✓ Economy
- ✓ Integrity
- ✓ Effectiveness
- ✓ Equity
- ✓ Transparency, and
- ✓ Adaptation to the needs



Some Figured Data

Public Contracts: About \$ 11 billions on a global GDP of about \$ 90 billions in 2018, 12% of the global GDP spent in accordance with the public procurement regulation.

Savings thanks to e-GP: 10% to 20% of the expenses related to public procurement or equal to 1.2% to 2.4% of the GDP and up to 6% of the GDP of certain countries!

Bangladesh : US\$ 99 million in revenue generated by e-GP in FY18-FY20, average time for public procurement (from the tender to the signature of the contract) goes down from 100 days to 59 days

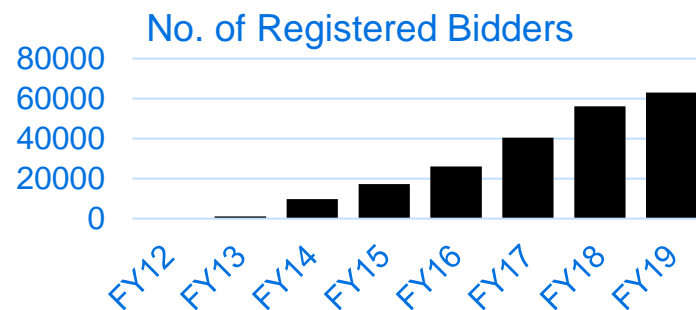
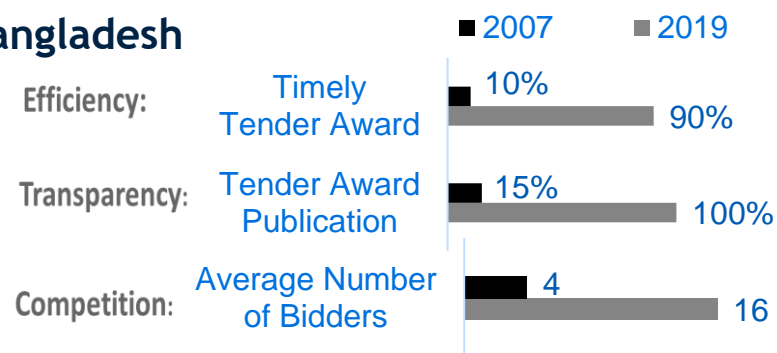
Turkey: US\$ 1 million saved on the printing of notices, tender documents and contracts. The average tender figure decreases from 5.6 to 3.3 for tenders on paper.

Brazil : 51% of the savings on transaction costs and the big data has reduced the time for the estimate of contract amounts from 20 days to 11 minutes

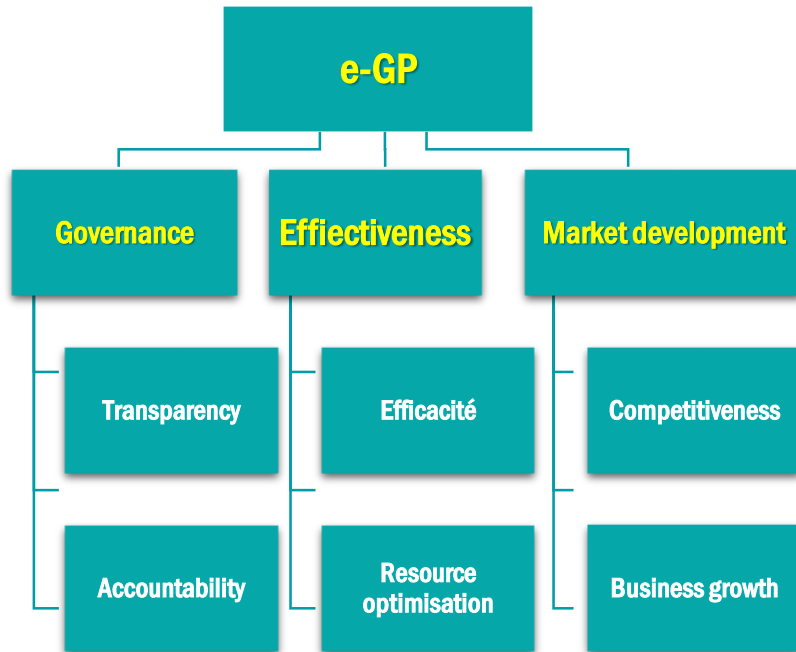
China: Award notice published within an average of 48 hours after bid opening for goods.

Mauritius : a global saving of 20% for the 86 public entities using the e-GP system.

Bangladesh



Advantages and Impacts of e-GP



State of Law

Control of Corruption

Civil Society Awareness

Regional Development

socio-economic Impacts

- Korea: 75% of contracts awarded to SMEs
- India: 58% of the amounts on e-Marketplace (GeM) are associated with women-led enterprises

Best Services

- Ghana: Delivery of sanitary products with drones to 14 million people
- Indonesia: Reduction in 16% of projects' average time

Economic Growths

- UK: For each \$14 invested in e-GP, saving of \$100 => ROI 720%
- Australia: \$ 20 saving on each invoice thanks to e-invoicing
- Bangladesh: \$ 1 billion savings per year

Reduction of Fraud and Corruption

- Botswana: e-GP system interfaced with tax system to avoid the participation of blacklisted enterprises
- Romania: de 65% reduction of conflict of interest cases in 2 years

Main Preoccupations of Players at the Government Side

- ✓ Slowness in public procurement process, especially at the level of tender assessment
- ✓ Implementation of an e-GP system that will lead to a new reform of public procurement code
- ✓ National digital facility (internet coverage) and other services and equipment necessary for the efficient operation of an electronic procurement system
- ✓ Internet access limited (speed), financing and availability
- ✓ The inexistence of effective security device (against hackers, viral attack, cyber spy, ill-intentioned tenderer)
- ✓ National providers/ entrepreneurs' training in order to equip them to compete with international firms
- ✓ Flow management by the tenderers.

Main Preoccupations of Players at the Level of the Economic Operators

- ✓ Limited access to the internet and other services and equipment necessary for the efficient operation of an electronic procurement system
- ✓ Disposal of the national providers in favor of more seasoned providers
- ✓ National providers/ entrepreneurs' training as to equip them to compete with international firms
- ✓ The reliability of the e-GP system
- ✓ Cost of the internet access
- ✓ IT equipment costs
- ✓ Equity between bidders
- ✓ Etc.

Main Preoccupations of the Civil Society

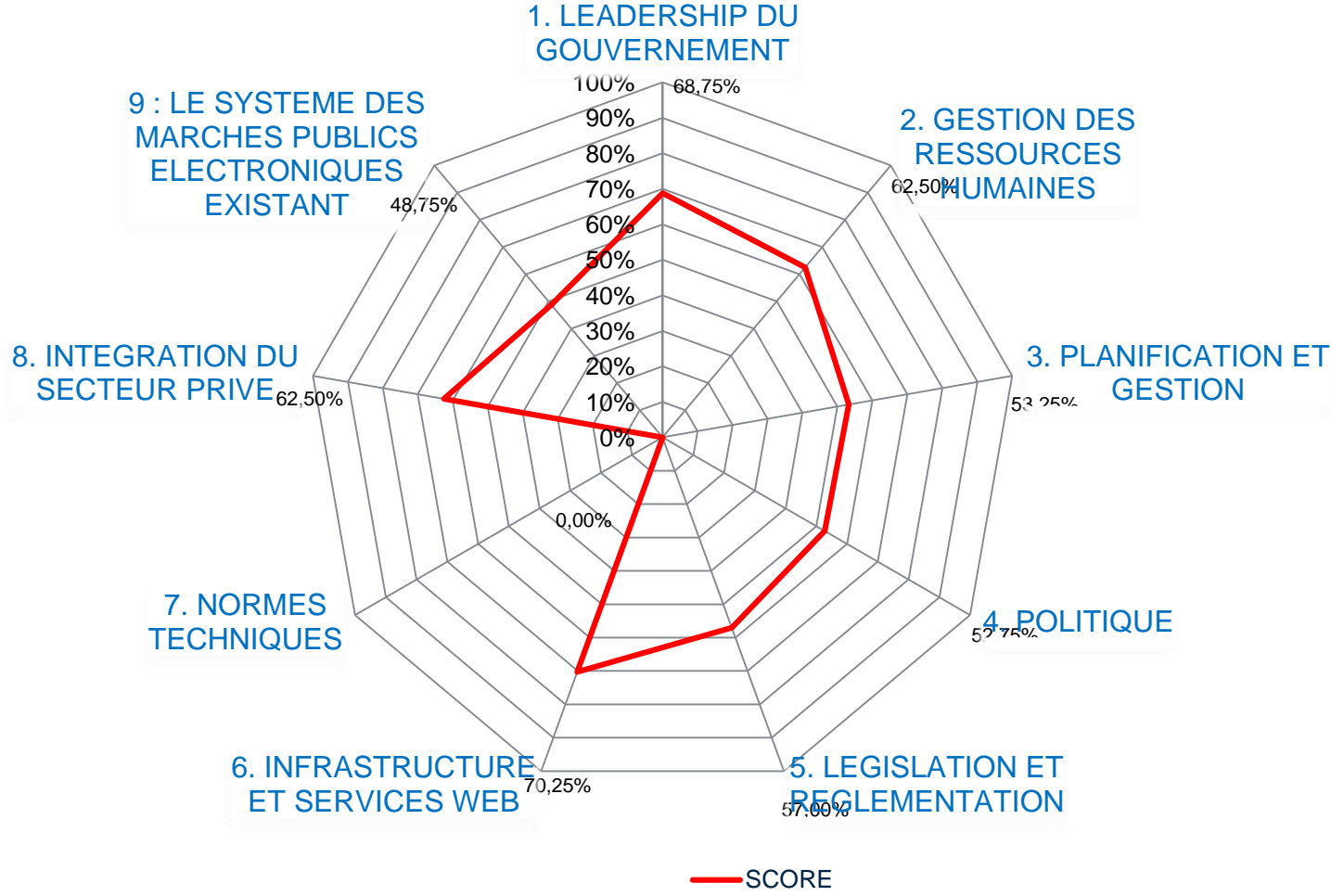
- ✓ Complaint management
- ✓ Transparency of the new e-GP system
- ✓ Security and data saving
- ✓ Etc.

Main Preoccupations of Actors at the Level of the World Bank

- ✓ Application of PP code and the best international practices such as the use of data format according to the OCDS standard
- ✓ Legal and institutional frame
- ✓ Transparency and effectiveness
- ✓ Availability and publication of reliable data
- ✓ The best control of fraud and corruption in PP
- ✓ Communication with and between contracting authorities, economic operators including SME and civil society
- ✓ Political commitment for the project
- ✓ Structure for the implementation and the monitoring of the project
- ✓ Financing and sustainability of the project
- ✓ Socio-economic impacts and development of the country



Self-assessment of e-GP readiness



Risques associés à un projet e-GP

Regulatory and Institutional Capacity

- The inheritance of an ineffective and inconsistent application
- Weak predictability of funds availability
- Implementation plan not followed up (too ambitious, contingencies, etc.)
- Insufficient staff having the competences and the adequate compartments for the implementation of the e-GP system
- Contracts with the e-GP system providers are not efficiently managed

Integrity and Control

- Internal and external oversights
- The inheritance of fraud and corruption risks
- Registers are incomplete and not well kept
- Absence of effective system to receive and process complaints

Market Preparation Risks

- The targeted market for the electronic public procurement is not clearly identified
- Stability of e-GP solution markets and risks of the supply chain

Fonctionnalités ou Modules e-GP

Pre-awarding phase

e-Procurement Planning

e-Publication/Notification

e-Tendering

e-Reverse Auctions

e-Evaluation / Awarding

Post-awarding phase

Contract management

e-Catalogues

Catalogue Management

e-Purchasing

Supporting features

e-Registration

Supplier management

Transverse search

Monitoring and reporting

e-Complaints

e-GP Approaches: Business Model

Ownership and Operation by the Government (in-House or Custom or tailored)

The government possesses and operates the e-GP system

Build the system by its own IT team or external partners may be used during the project's development or support phase

Service Managed by the Government (COTS or commercial off-the-shelf)

The system is operated, supported and owned by a third party partner

The government remains the owner of all the data and support services such as user helpdesk and training

A unit dedicated within the government is responsible for the management of the service

Shared Services (SaaS or Software as a Service)

A service provider proposes a service used by several governments or other clients.

Economies of scale created by a shared service often make of it a very profitable choice

Personalization limited because of other users of the platform

Appealing approach when the government doesn't wish to possess the technical and physical infrastructure and associated software.

Public-Private Partnership (PPP)

Owned and operated by a third party provider.

The service transferred after some years to the government.

Almost cost-free for the government for the implementation and the operation

The service provider is paid either by annual flat fee or by transaction revenues.

Models for a Sustainable Economy

Fees Collected from the Economic Operators:

- ✓ **Registration Fee** initial and permanent for participation in the system
- ✓ **Submission Fee** for individual tenders
- ✓ Flat fees by transaction or percentage of the order/invoice values processed by the system
- ✓ Fees to cover some costly procedures such as appeals
- ✓ **Alert Service Fees** for tender notifications based on category codes
- ✓ Combination of the above options

There is no common sample accepted:

- Application service provision based on transaction fees to be paid by the suppliers participating in the enterprise that operates the e-GP system (India)
- Outsourcing of e-GP system operations to the private sector (Brazil, Chile) => risk that the private company gives up after a certain time because of no generated profit
- e-GP managed by a government agency and funded by the government budget

Other funds collection possibilities may be envisaged:

- Placing an ad on the e-tendering system pages
- Exposition of e-tendering data for commercial purposes
- Commercial use of the e-tendering system to sustain markets of the private sector

Models for a Sustainable Economy

The fees collected from the contracting authorities may be as follows:

- ✓ **Flat fee per bid** managed by the system (the fees may vary for procedure types to account for relative complexity)
- ✓ **Percentage of savings made through the use of the system** (this fee needs a clear agreement on the definition of savings in order to avoid any dispute by contracting authorities on the amounts due on their behalf)
- ✓ **Percentage of estimated or awarded value of a procurement procedure** regardless of the savings achieved through the use of the system
- ✓ **Fixed fees per contract managed by the system**
- ✓ **Fixed costs per transaction** or percentage of the order/invoice value processed by the system
- ✓ **Combination** of the above options

Challenges

Leadership

- Lack of political engagement
- Lack of high-level leaders and key actors
- Lack of principal agency or entity and collective agreement
- Lack of implementation plan

Technology

- Hardware and software development, interoperability and maintenance
- Internet access and coverage
- Hosting: cloud vs local
- Strengthening security
- Training of experts in e-procurement assessment and related technologies
- Technical capacity constraints: system response time / stability / compatibility

Attitude and behavior

- Cultural and political resistance to change
- Complication instead of simplification
- Weakness in change management at managerial and professional level
- Lack of awareness and mass communication workshops

Sustainability

- Business Model
- Trust
- Qualified human capital
- Development and implementation of e-procurement metrics

Misconceptions about e-GP

- Just another technology
- Decentralization of public procurement
- Complication of processes
- Elimination of some suppliers
- Wait for other new technologies to be implemented
- Solution to all public procurement problems

Where there is a will...there is a way!

- USA: \$69 million advance payment for 1500 fans, three times the retail price
- India: Prices changed between bidding date and opening of bids to favor one supplier

Set of costs associated with an e-GP project

Initial investment

- Design of the e-GP project
- Study on the choice of the e-GP system
- Initial investment in hardware, hosting and applications
- Training of administrative and technical staff
- User training
- Communication

Operation costs

- Product data and catalog management
- Data analysis and report generation
- Training of administrative and technical staff
- User training
- Communication

Maintenance costs

- Maintenance of the E-GP system
- Specific improvements and modifications
- Operational costs for hardware, software licenses and support staff

Tools available

- ✓ Online training on e-GP: <http://www.eprocurementlearning.org>
- ✓ Tools for electronic procurement including 4 important reports on <http://www.eprocurementtoolkit.org/en>
- ✓ Preparation of electronic procurement (e-procurement)
- ✓ Methodology for implementing Open Public Order standards
- ✓ Public procurement indicators
- ✓ Guidelines for contract analysis relating to electronic procurement systems
- ✓ Global Public Procurement Database (GPPD) at www.globalpublicprocurementdata.org
- ✓ Community of e-procurement practitioners at <https://collaboration.worldbank.org/content/sites/collaboration-for-development/en/groups/e-procurement.html>

Thanks

bwuchebili@worldbank.org