

BENCHMARKING PUBLIC PROCUREMENT | 2017

ASSESSING PUBLIC PROCUREMENT
REGULATORY SYSTEMS IN 180 ECONOMIES



WORLD BANK GROUP

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Public procurement is a powerful lever for achieving economic, environmental, technological, and social goals



- ❑ Volume of public spending: **1/5 of global GDP**
- ❑ Low-income countries have the highest share of public procurement in their economies, at **14.5% of GDP**, followed by upper-middle income countries, at 13.6%

Despite its importance and the greater attention being paid to public procurement, global information about the public procurement market is still scarce

Benchmarking Public Procurement

2013

G20 request
and BPP
Kick - off

2014

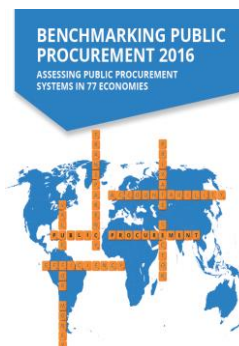
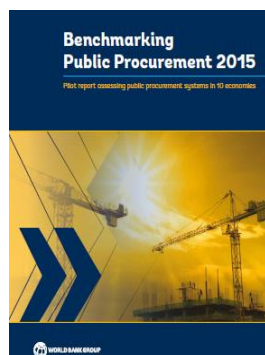
Pilot data
collection in 11
economies

2015

Data collection in
77 economies

2016

Data collection in
180 economies



Indicators

BPP presents global data and analysis on legal and regulatory environments that affect the ability of private sector companies to do business with governments.

PILLARS:

The procurement process

The public procurement
complaint review
mechanisms



Procurement Process indicators

Measures elements that matter for the private sector throughout the tendering process

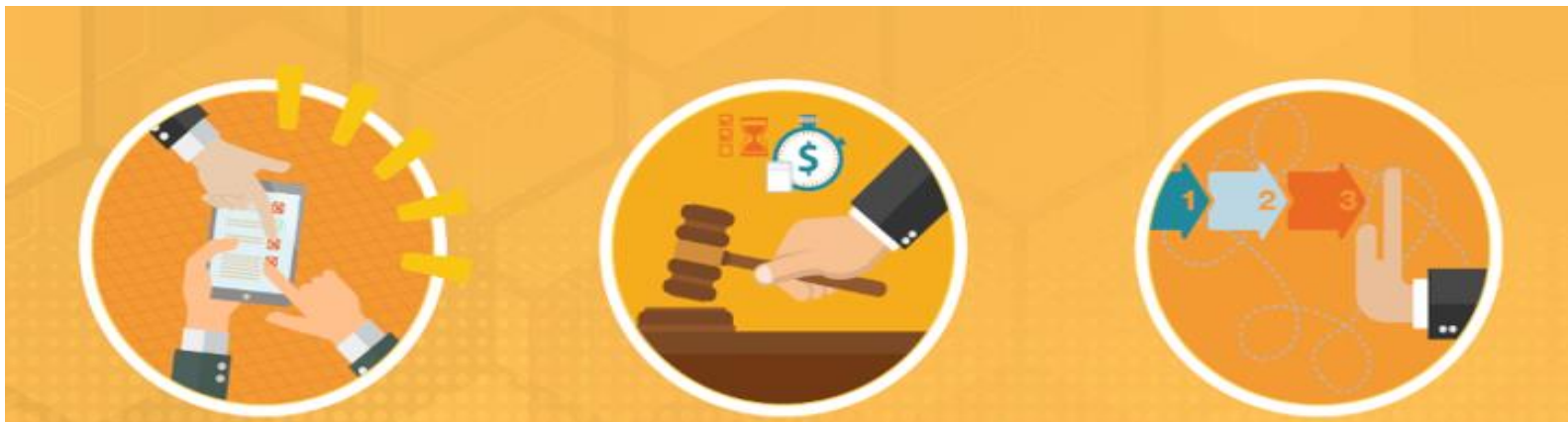


Measures elements that matter for the private sector during contract management phase



Complaint and review mechanisms indicators

Measures elements that matter for the private sector when filing a complaint



Data collection in 180 economies

- Indicators based on primary data collected from expert contributors through standardized surveys.
- Information collected from **more than 1,900** local practitioners with knowledge about public procurement systems.
- Dataset was collected from **March 1, 2016 to June 1, 2016**.
- Contributors are professionals with public procurement knowledge: Law firms, professional services providers (mainly accounting and consulting firms), chambers of commerce, bar associations, private firms, public officials, legal experts in academia



Case study assumptions

The procuring entity:

- › Is located in the economy's largest business city.¹²
- › Is a local authority.
- › Is planning to resurface a road.

The bidding company (BidCo):

- › Is a limited liability company (or its legal equivalent).
- › Operates in the economy's largest business city.
- › Is 100 percent domestically and privately-owned.
- › Has never previously responded to a public call for tender.

The public call for tender:

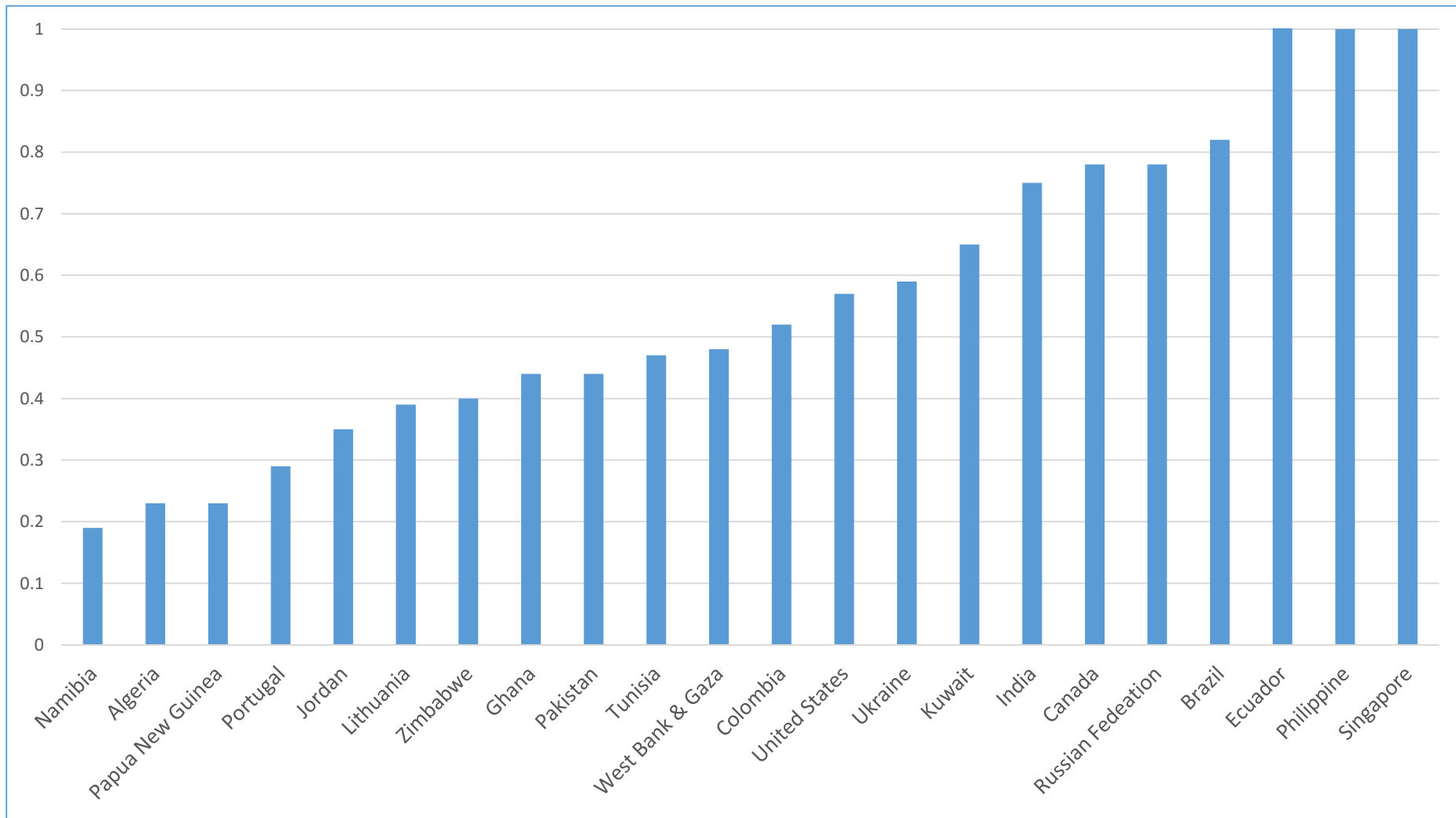
- › Is initiated by the procuring entity.
- › Follows an open and competitive process.
- › Concerns the resurfacing with asphalt of a flat two-lane road for a value equivalent to 91 times the economy's income per capita or \$2 million, whichever value is higher.
- › Does not include any other work (such as site clearance, subsoil drainage, bridge work, or further routine maintenance).
- › Attracts three offers, including the offer from the bidding company, BidCo. BidCo's offer is complete and includes all required documents. It provides a price quotation free from mistakes on the part of BidCo.

Data Highlights

Benchmarking Public Procurement 2017

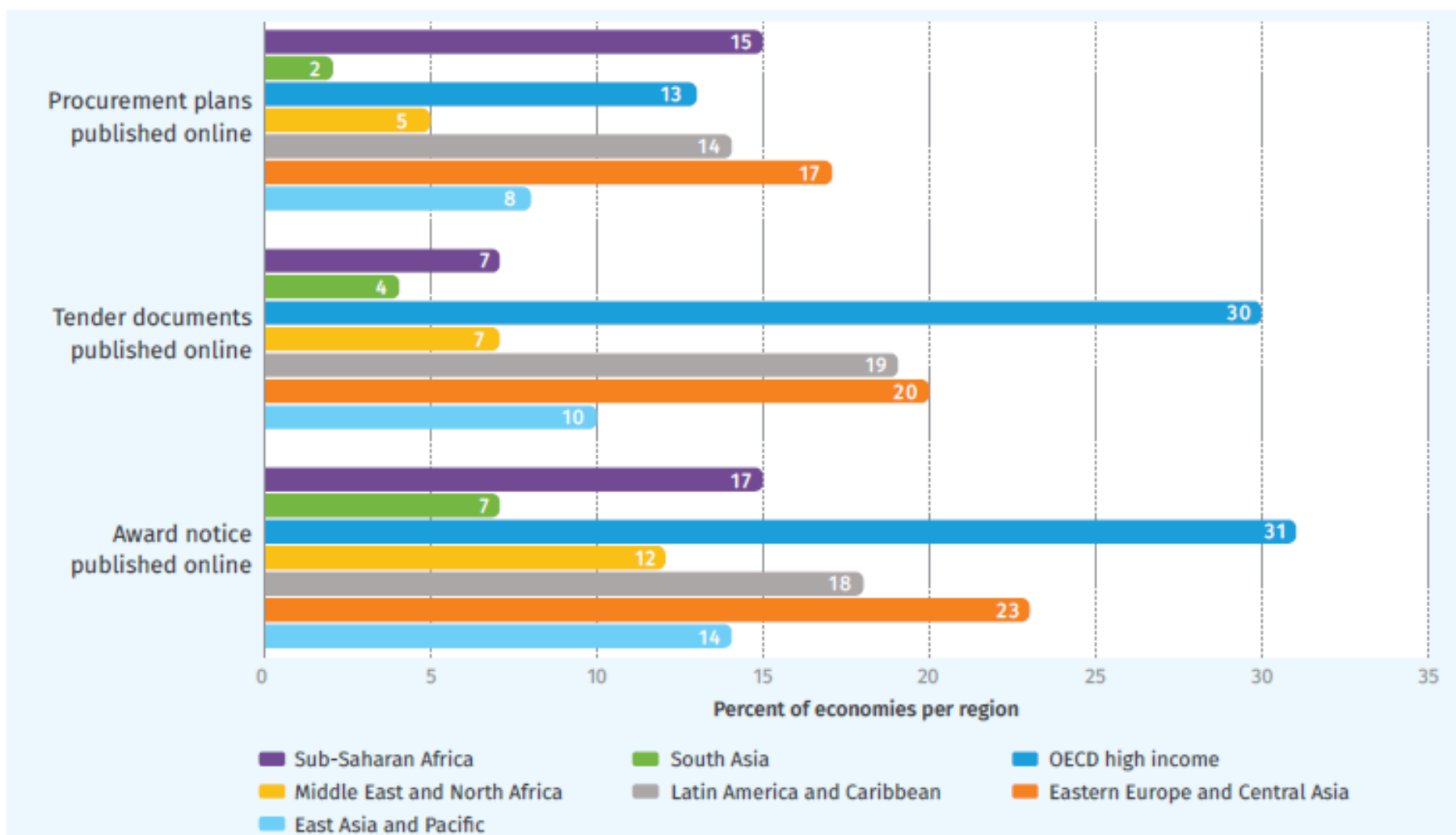
Public Procurement Process

Big gaps between the highest and lowest scores during bid submission phase



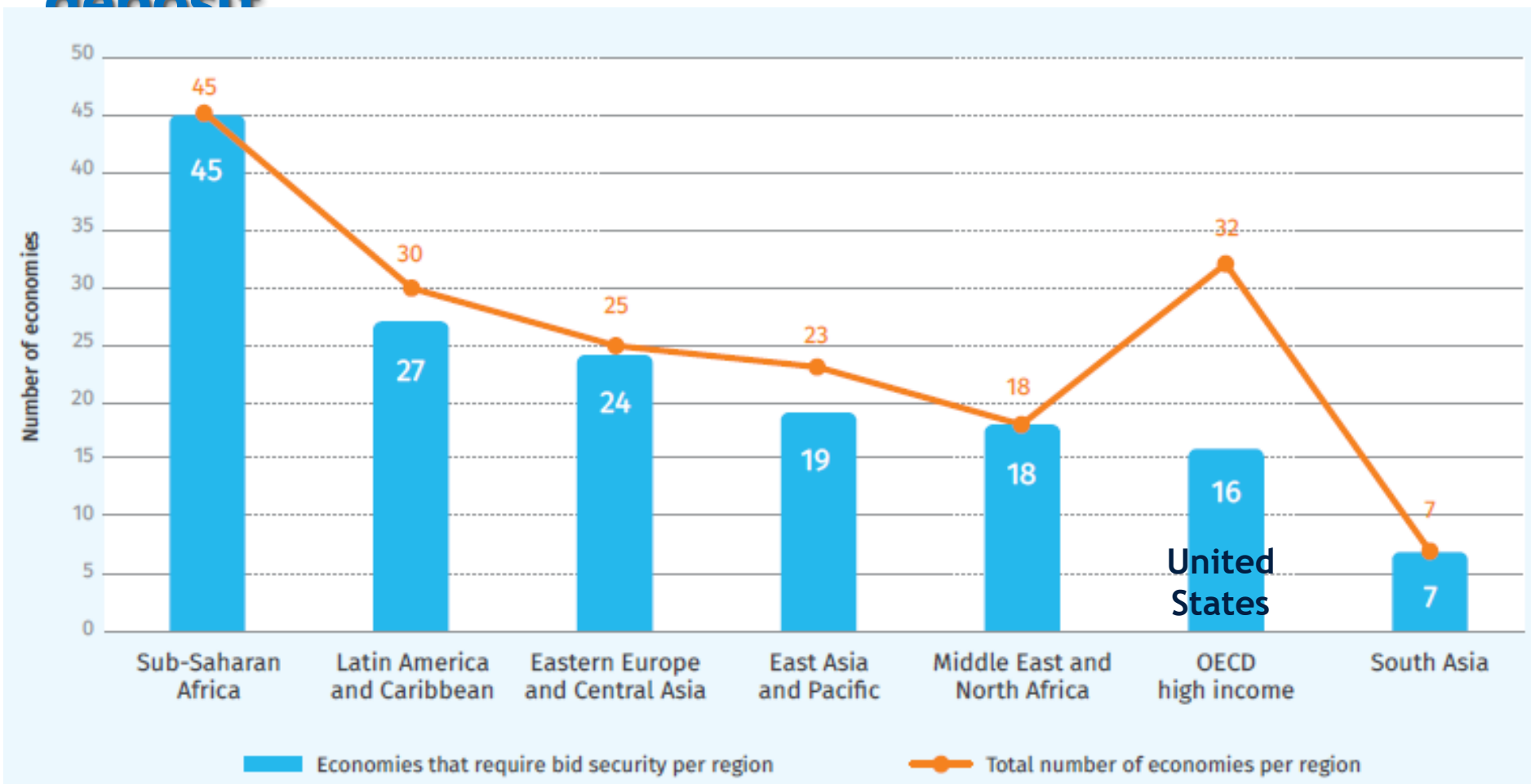
Source: BPP2017 database.

Availability of documents online varies across regions and depends on the type of information



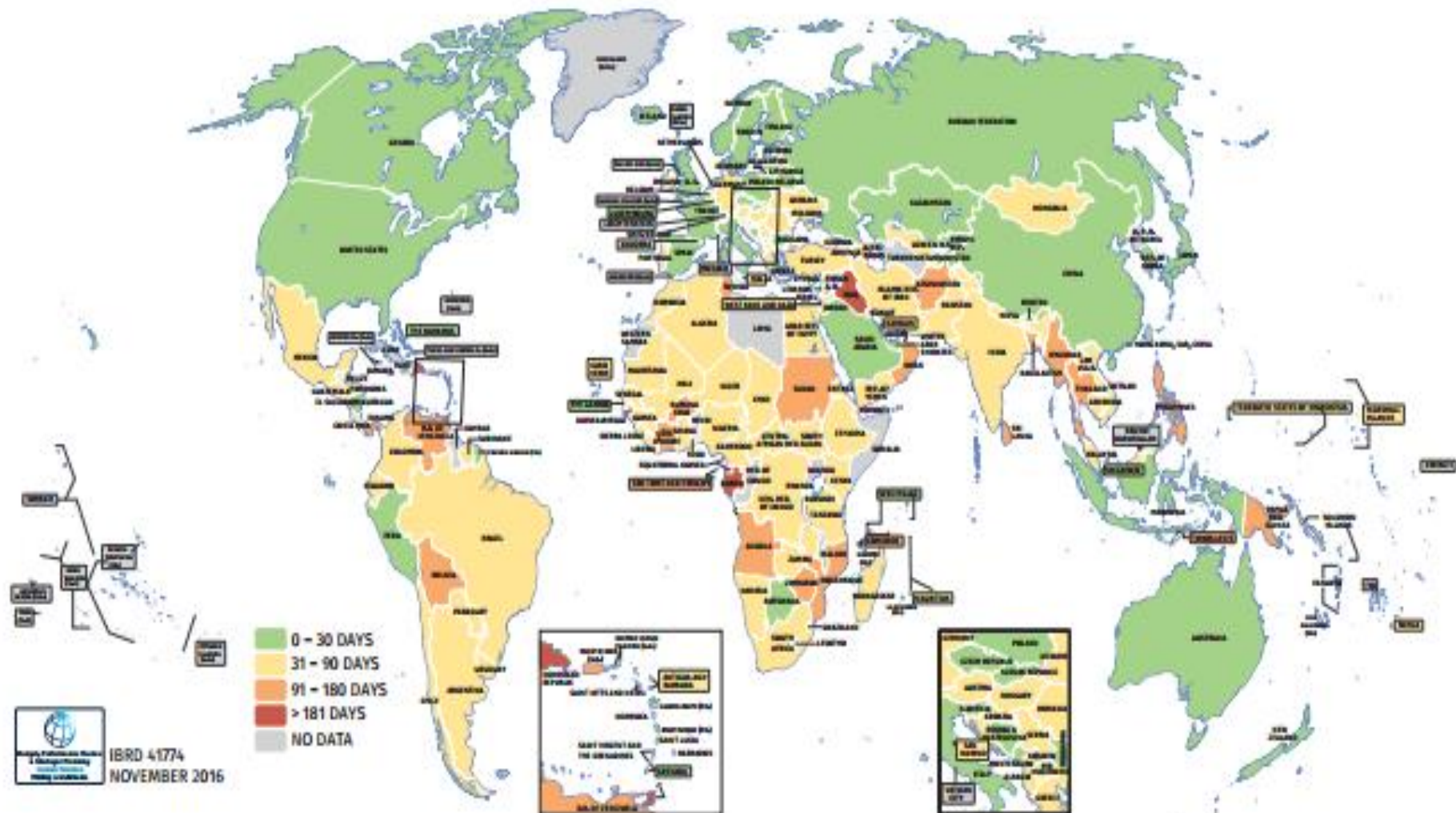
Source: BPP2017 database.

Except in OECD high-income, nearly most economies in all regions require bid security deposit

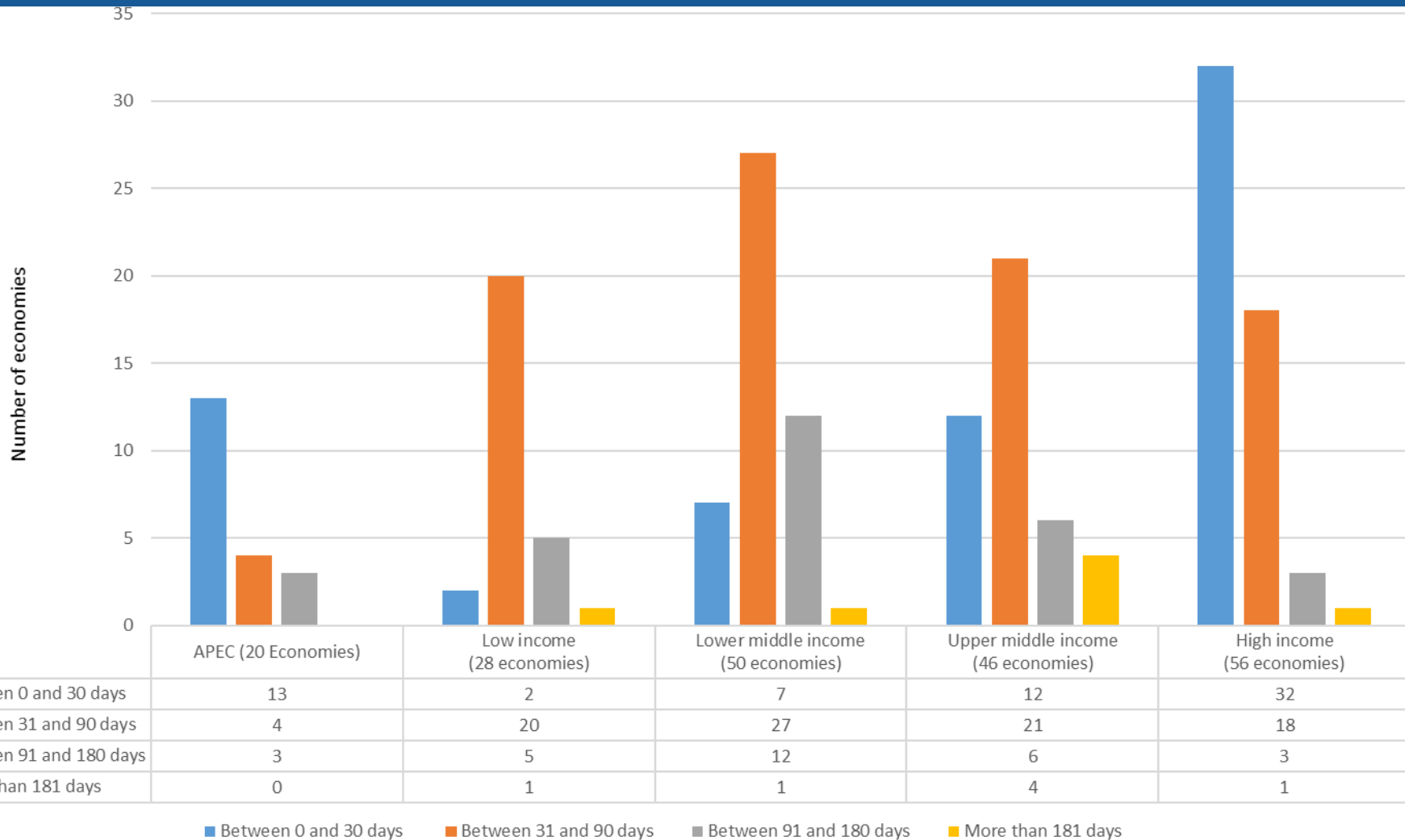


Source: BPP2017 database.

Payments are timely in only one-third of economies



Payment time ranges from 0-30 days all the way up to more than half a year



Source: BPP2017 database.

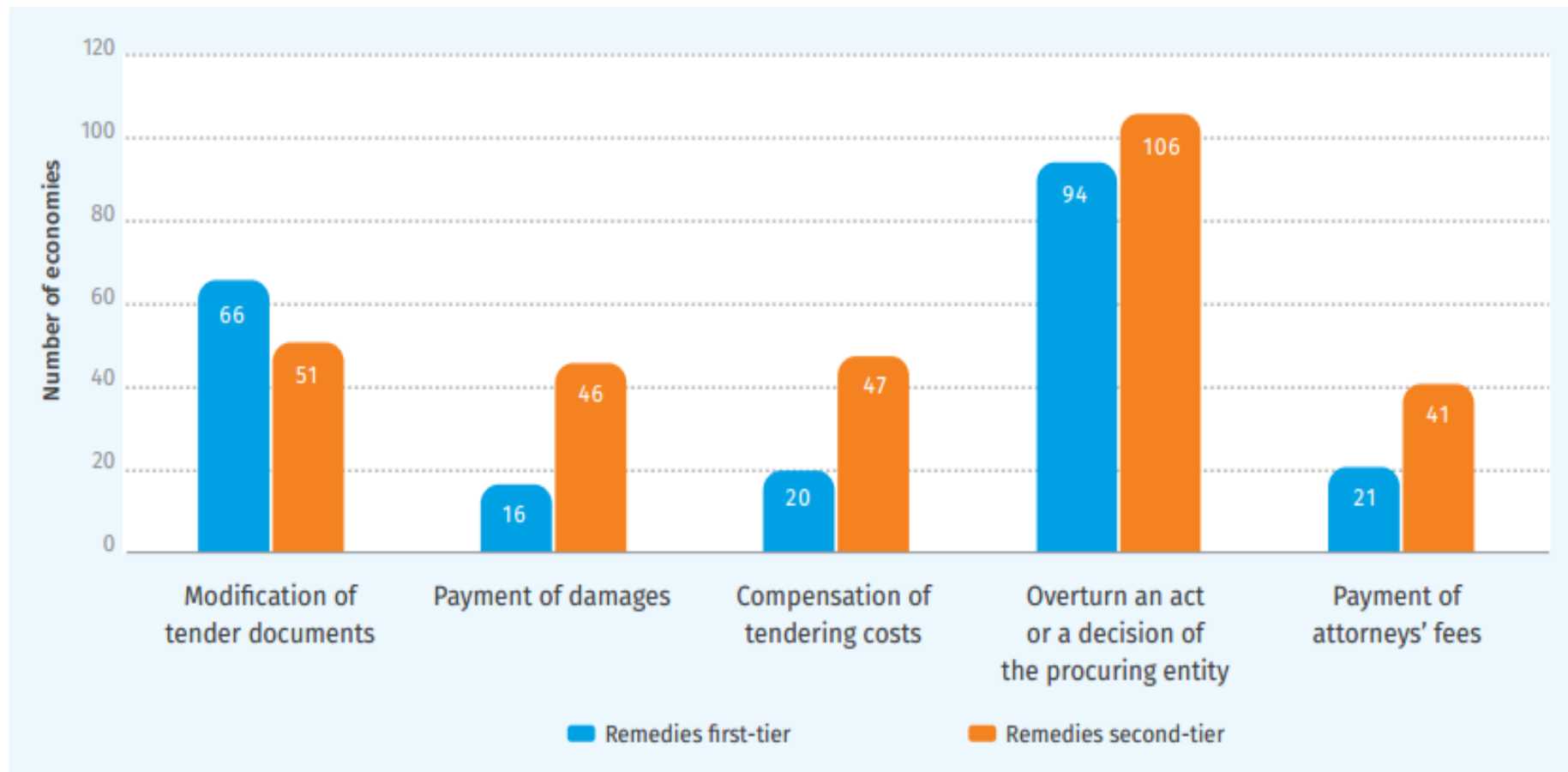
Filing a complaint topic

Time for complaint resolutions

Low-Income	Lower-middle income	Upper-middle income	High-income
The procuring entity is the first-tier review body in around 86% of the economies.	A bigger number of economies require first-tier complaints be resolved by independent administrative review bodies (22%).	Complaint review is handled almost equally by procuring entities (43%) and independent administrative review bodies (40%).	The first-tier review is more spread between the 3 types of review bodies: procuring entity (43%), IRB (34%) and Court (20%).
Almost all low income economies have legal requirements in place.	Around 64% of the economies respect their legal time limit.	Average decision time by both review bodies is around 25 days.	Average decision times are higher than other income groups at around 36, 84, and 145 days respectively.
Around 72% of the economies respect their legal time limit.	Examples of how review periods vary across economies: Tajikistan (3 days), Lao PDR (18 days), Nigeria (21 days), Guatemala (135 days), India (365 days)	Examples of how review periods vary across economies: Bosnia and Herzegovina (5 days), Iran (21 days), South Africa (228 days), Lebanon (247 days)	Around 40% of the economies have no legal time limit.
Average decision time by procuring entities in practice is close to 15 days.			Examples of how review periods vary across economies: Lithuania (7 days), Poland (16 days), United States (60 days), Luxembourg (360 days), Ireland (450 days)
Examples of how review periods vary across economies: Mali (2 days), Comoros (15 days), Nepal (75 days), Zimbabwe (180 days)			

Source: BPP2017 database.

Remedies available before first and second-tier review bodies



Source: BPP2017 database.

Thank you!

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Annexes

What the BPP thematic areas measure

Indicator	Description
Needs assessment, call for tender, and bid preparation	<p>This indicator aims at assessing the transparency and information flow at the preparation stage from the procuring entity's end. It looks at:</p> <ul style="list-style-type: none"> › The consultation with the private sector › The tendering method › Potential bidders' accessibility to bidding information.
Bid submission	<p>This indicator looks at the requirements for suppliers to place bids, including:</p> <ul style="list-style-type: none"> › Registration with a government registry › Eligibility of foreign firms › Possibility of submitting bids online › Minimum time frame for bid submission › Bid security requirements.
Bid opening, evaluation, and award	<p>This indicator aims at assessing transparency at the bid opening and evaluation stages. It considers:</p> <ul style="list-style-type: none"> › The method for opening the bids, including accessibility for bidders to the bid opening session › The fairness of the bid evaluation › Notification and feedback to unsuccessful bidders › Standardized contract form used when awarding a contract.
Content and management of the procurement contract	<p>This indicator looks at:</p> <ul style="list-style-type: none"> › The relevant procedural requirements › The possibilities of modifying or terminating the procurement contract when the contract is awarded and signed › The acceptance of the completion of works by the purchasing entity and related procedures
Performance guarantee	<p>This indicator looks at the performance guarantee, including:</p> <ul style="list-style-type: none"> › The purchasing entity's monitoring of the requisite performance guarantee and its amount, return of such guarantee, and the existence of a separate entity to oversee the procuring entity's decision to withhold it.
Payment of suppliers	<p>This indicator examines:</p> <ul style="list-style-type: none"> › The procedure regarding suppliers' request for payment › The time frame for the purchasing entity to process payment › The time frame for suppliers to actually receive payment. › The interests or penalties available to suppliers in case of payment delays.

What the BPP thematic areas measure (cont'd)

Indicator	Description
Complaints submitted to the first-tier review body*	<p>This indicator examines issues regarding:</p> <ul style="list-style-type: none">› Filing a complaint to challenge the tender and bidding process before the award is granted, including the complainant's standing› Cost of filing, duty to notify the procuring entity› Suspension of the procurement process› Independence and training of the complaint reviewers› Time frame for decisions› Legally provided remedies› Publication of the decisions.
Complaints submitted to the second-tier review body*	<p>This indicator measures the process of appealing the first-tier review body decisions regarding:</p> <ul style="list-style-type: none">› The time granted to appeal the decision› Costs associated with the appeal.› It also assesses the review process that takes place before the second-tier review body, including:› The actions required to trigger a suspension of the procurement process› The time frame for a decision on the appeal.› Remedies legally available at the second-tier review› The publication of the decisions.

Note*: Data pertaining to the complaint review mechanisms are not scored and merely presented for contextual purposes.

Annex. What does Benchmarking PPP Procurement measure?

Preparation of PPPs
Approval by the ministry of finance or central budgetary authority
Integration of PPP within the broader context of public investment
Assessment of PPP feasibility: Socioeconomic impact
Assessment of PPP feasibility: Affordability
Assessment of PPP feasibility: Risk identification
Assessment of PPP feasibility: Bankability
Assessment of PPP feasibility: Comparative assessment (PPP versus traditional procurement)
Assessment of PPP feasibility: Market assessment
Inclusion of draft PPP contract in the request for proposal
Standardization of PPP contracts
Procurement of PPPs
Composition of the PPP evaluation committee
Publication of the PPP procurement notice
Legal minimum period of time granted to prepare PPP bids
Detail of the PPP procurement process stages in the tender documents
Inclusion in the tender documents of prequalification criteria (when there is prequalification)
Questions, clarifications, and disclosure of answers
Inclusion of financial model in the proposals
Evaluation according to evaluation criteria stated in tender documents
Treatment of sole proposals
Publication of the PPP award notice
Notification to all bidders of the results of the PPP procurement process
Regulation or restriction of negotiations between the award and the signature of the PPP contract
Publication of the PPP contract

Annex. What does Benchmarking PPP Procurement measure? (cont.)

USPs
Evaluation of USPs
Consistency of USPs with other government priorities
Requirement for competitive procedure to award USPs
Legal minimum period of time granted to prepare alternative proposals
Contract management and termination of PPPs
PPP contract management system
PPP contract monitoring and evaluation system
Change in the structure of the SPV
Modification or renegotiation of PPPs
Regulation of force majeure, material adverse government change, change in the law, refinancing
Establishment of a specific dispute resolution mechanism
Lender's step-in rights
Grounds for and consequences of PPP contract termination

Note: PPP = public-private partnership; SPV = special purpose vehicle; USP = unsolicited proposal.

WBG Doing Business Report

Benchmarking Public Procurement has been inspired by the *WBG Doing Business* report, which has a recognized track record in measuring laws and regulations in 189 economies and leveraging reforms.



Stakeholders engagement

- Key procurement experts within the WBG;
- Leading external organizations, among which George Washington University Law School, OECD, UNCITRAL, Inter-American Development Bank;
- U.S. Chamber of Commerce (global network and country focus on Brazil, France, Mexico, Turkey and Vietnam).

