

BENCHMARKING PUBLIC PROCUREMENT | 2017

ASSESSING PUBLIC PROCUREMENT REGULATORY SYSTEMS IN 180 ECONOMIES



WORLD BANK GROUP

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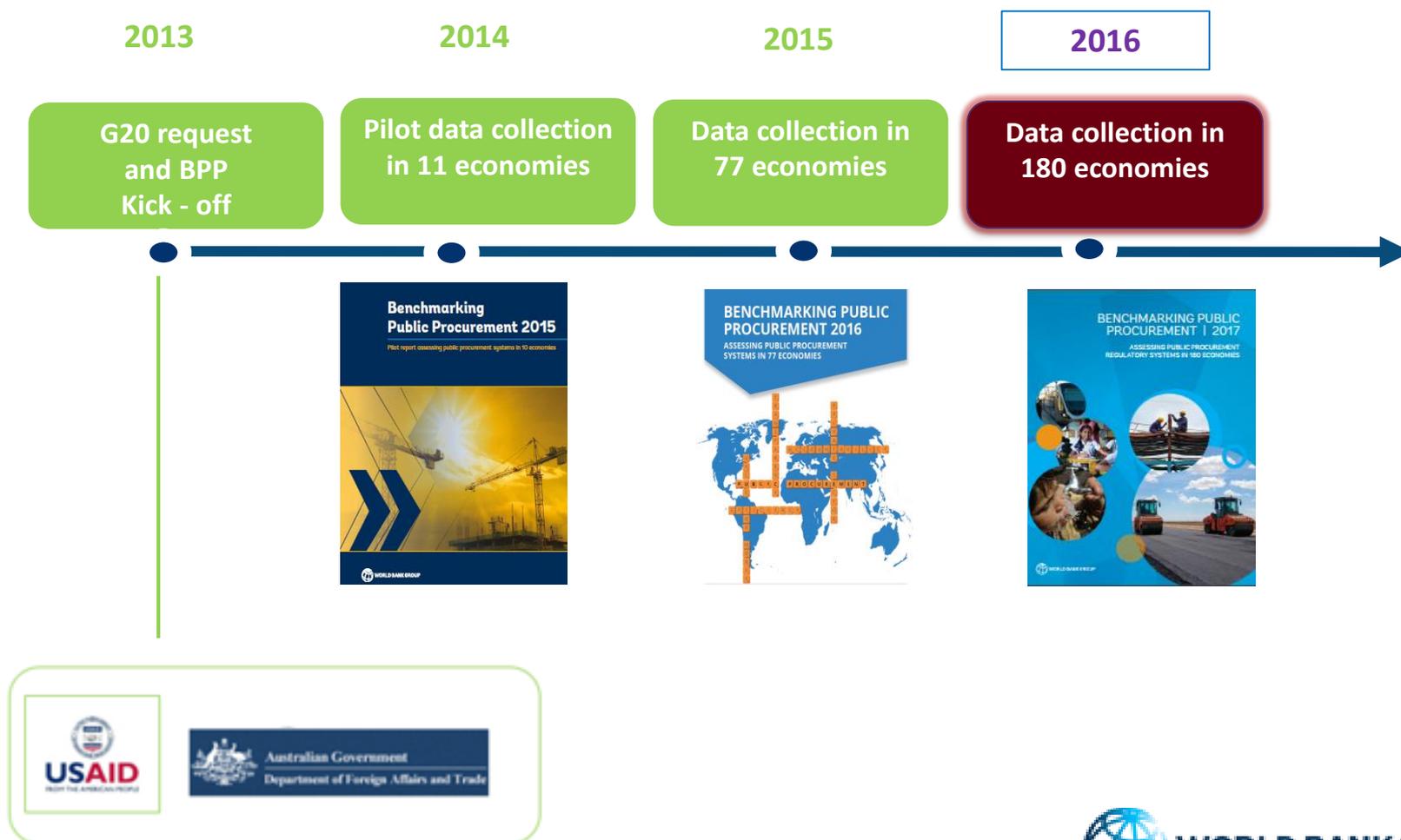
Public procurement is a powerful lever for achieving economic, environmental, technological, and social goals



- ❑ 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



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



Two thematic pillars

Procurement Process indicators: Elements that matter for the private sector throughout the procurement process phase



Complaint and review mechanisms indicators: Elements that matter for the private sector when filing a complaint

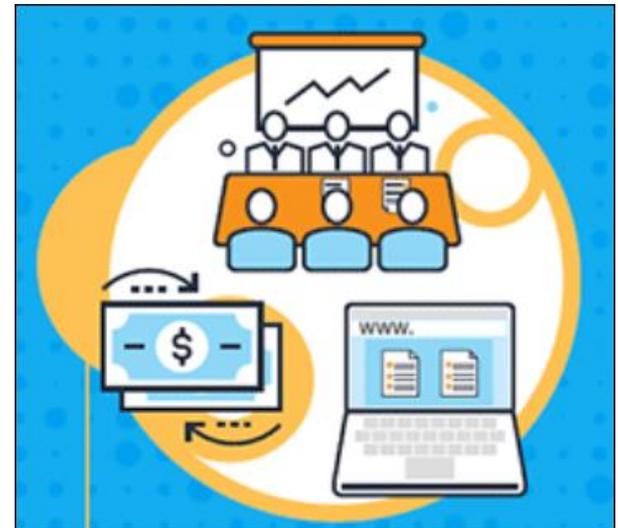


Elements pertaining to procurement technology



- Availability of electronic portals
- Suppliers' accessibility to bidding information online (7 elements)
- Possibility of submitting bids online

Benchmarking Public Procurement 2017 indicators



- Opening of bids online
- Minutes of the opening session published
- Possibility of signing award contract online
- Possibility of requesting payments online

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.

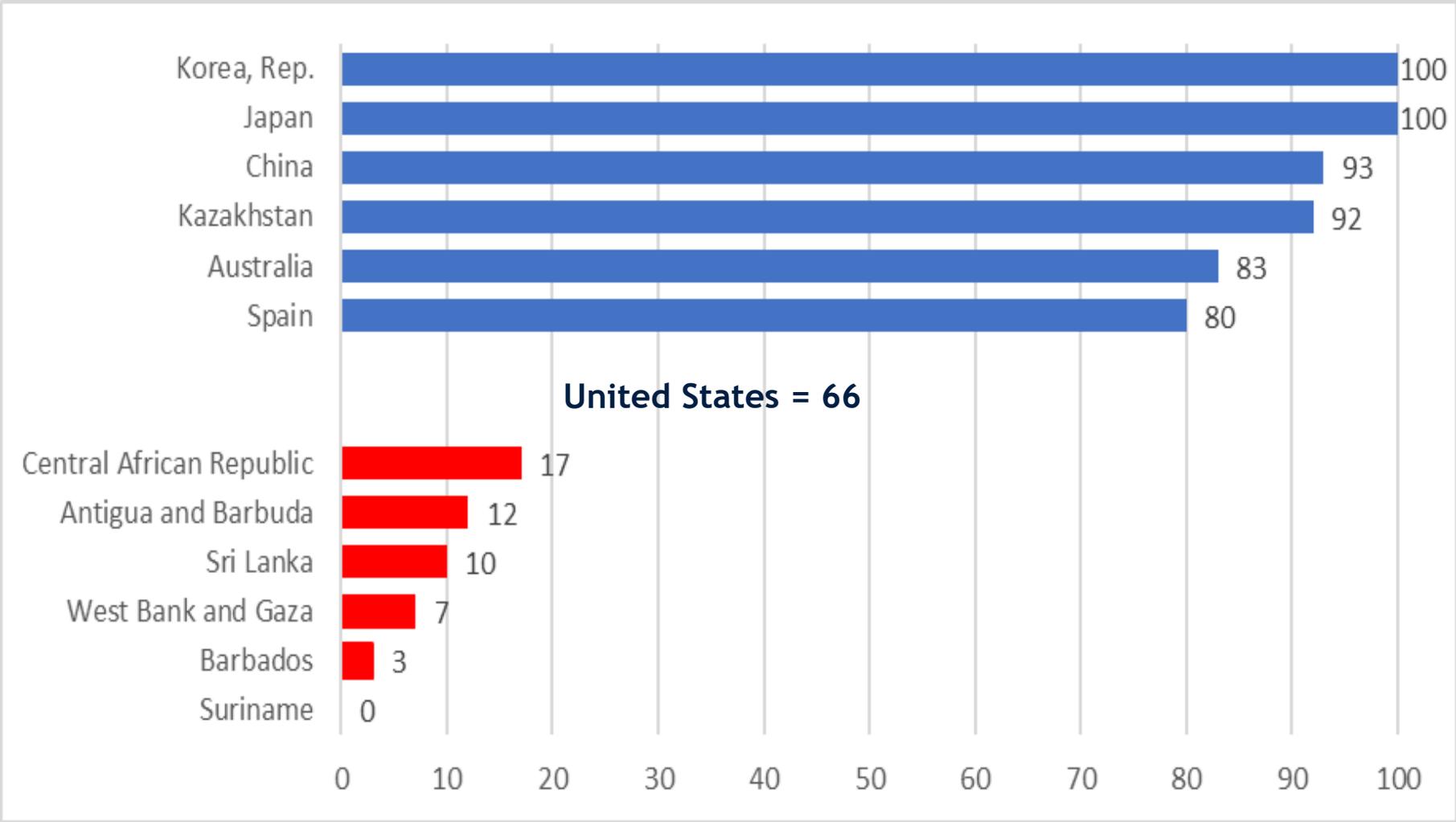
The public call for tender:

- › 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

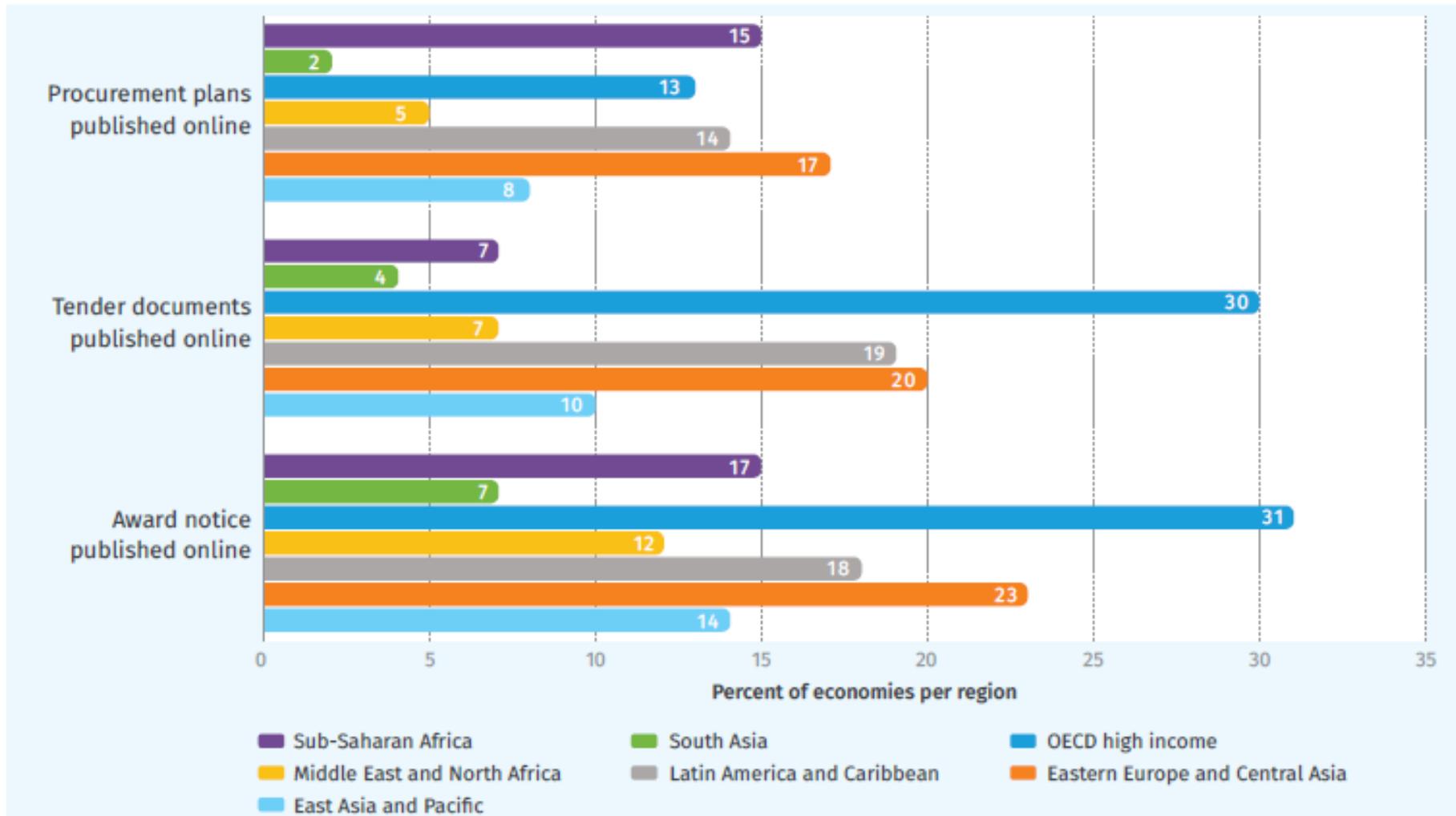
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Overall, big discrepancies exist in the digitalization of the procurement process across countries



*Source: BPP2017 database.
** Scores resulting from select questions covered by the BPP2017 indicators on electronic procurement

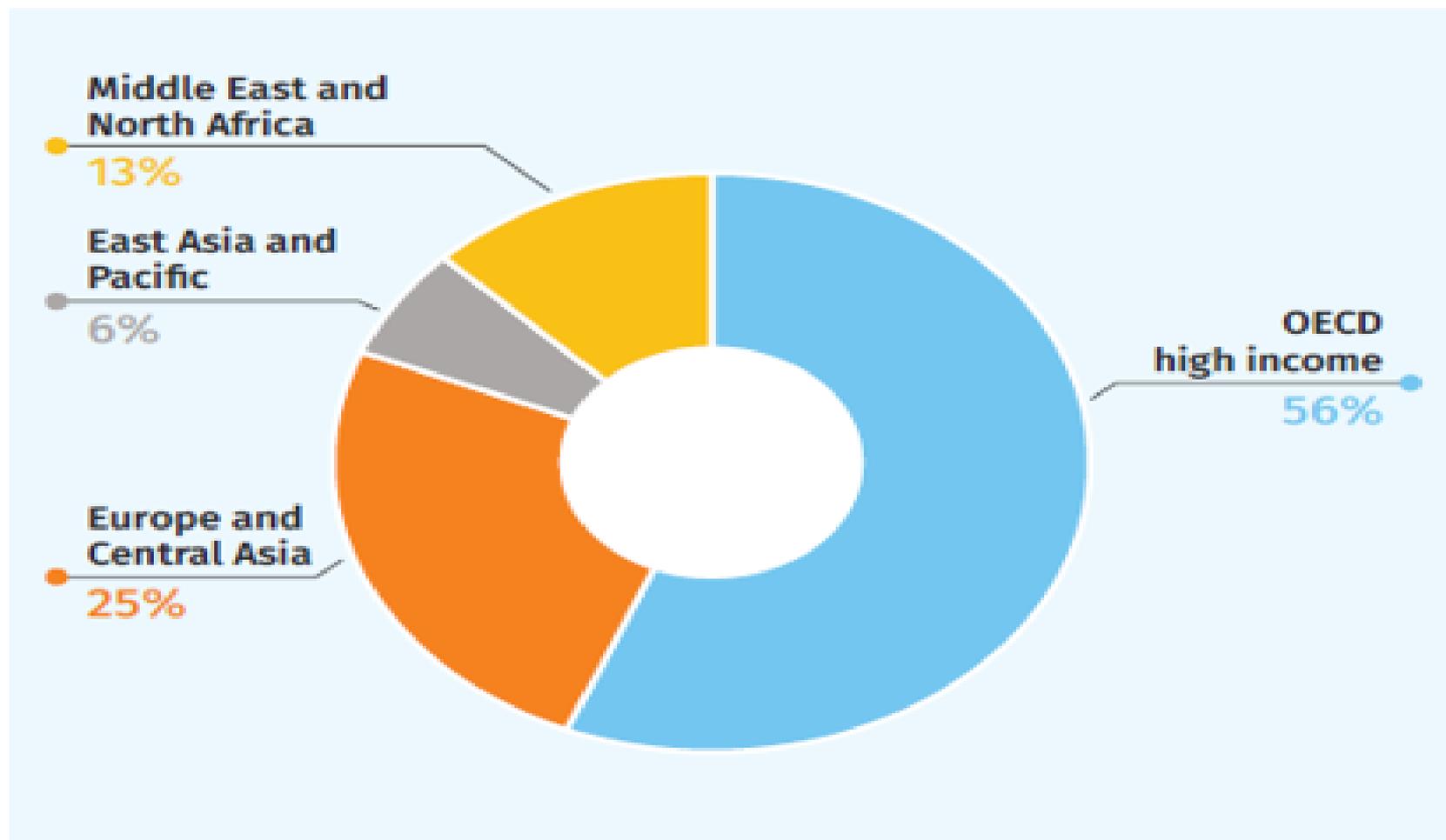
Availability of documents online varies across regions and depends on the type of information



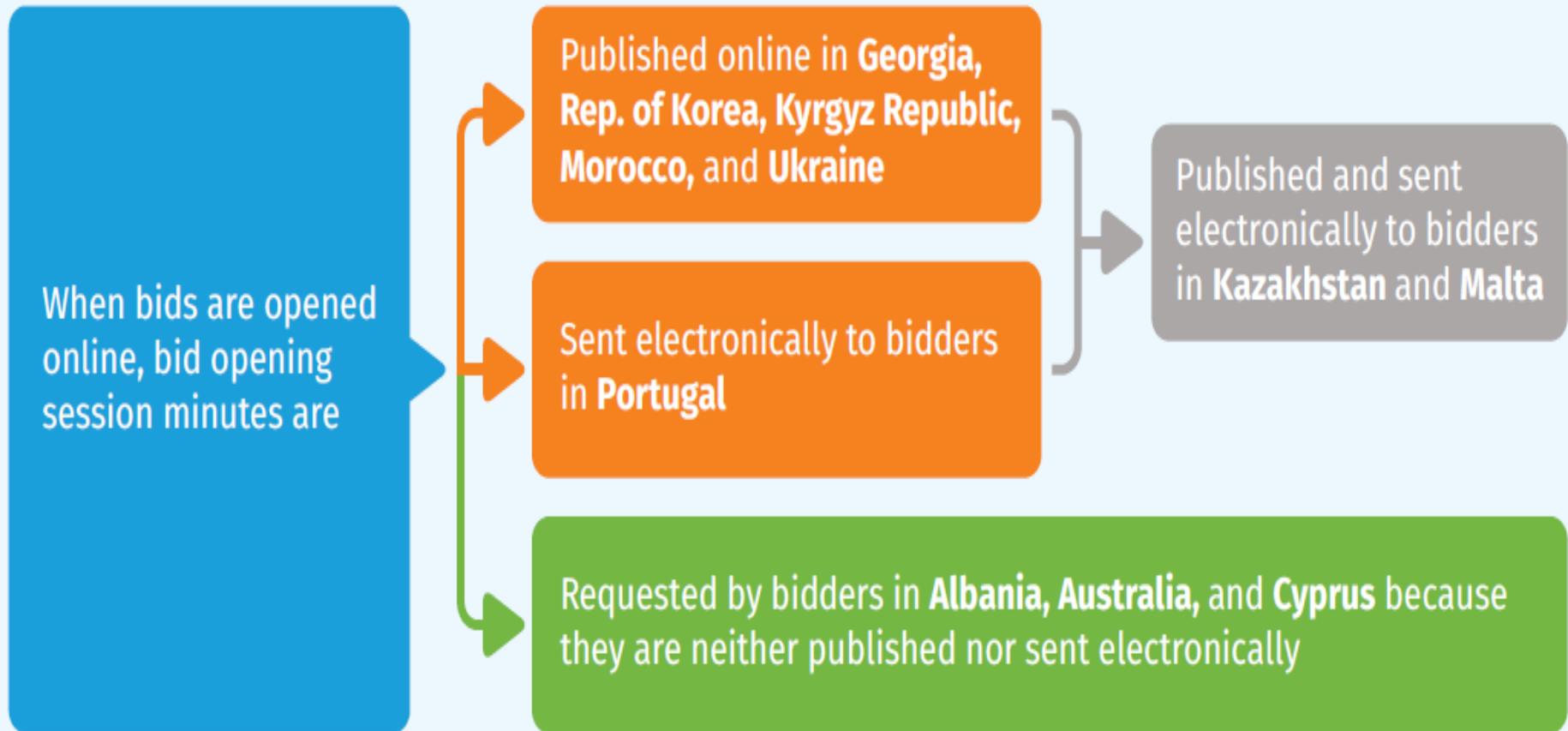
Source: BPP2017 database.

Majority of economies where bidders can submit bids via e-mail or online are OECD high-income ones

In only 16 economies out of 180, bidders have the option of submitting their bid using both options, either via e-mail or through an online platform.



When bids are always opened online, distribution of the minutes of bid opening sessions varies



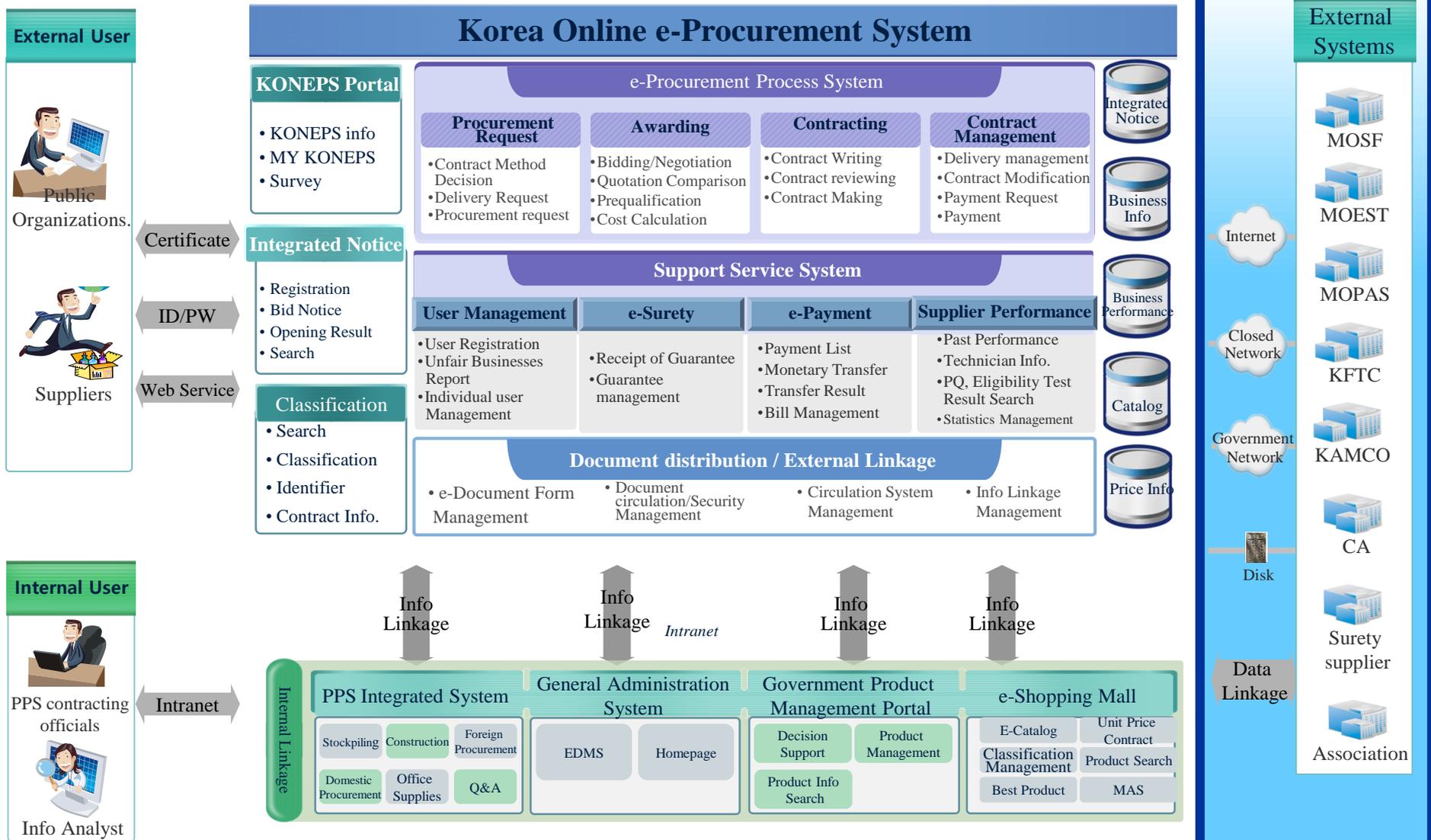
Source: BPP2017 database.

Case study: Korea's Koneps

KONEPS Structure and Services



KONEPS Structure and Services



Lessons learned and impact

- E-procurement is critical for the well-functioning of public procurement systems, regardless of the level of development of the country
- Government ownership and the will to implement and use e-portals is critical
- Economies that have implemented the use of electronic means to conduct public procurement have reported efficiency gains from 10 to 20 percent of the total volume procured through electronic means.
- Examples of countries that have benefited from e-procurement portals include:
 - Chile with increased savings from 180 to 280 billion Chilean Pesos
 - Georgia where the number of tenders rose from 1,923 to 33,000 since launch of the e-procurement platform
 - Brazil where e-procurement led to 51 percent savings in transaction costs and 25.5 percent in price reductions between 2000 and 2006.

Thank you!

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Annexes

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).



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