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Future of procurement review and monitoring
in the context of open data and open
procurement concepts

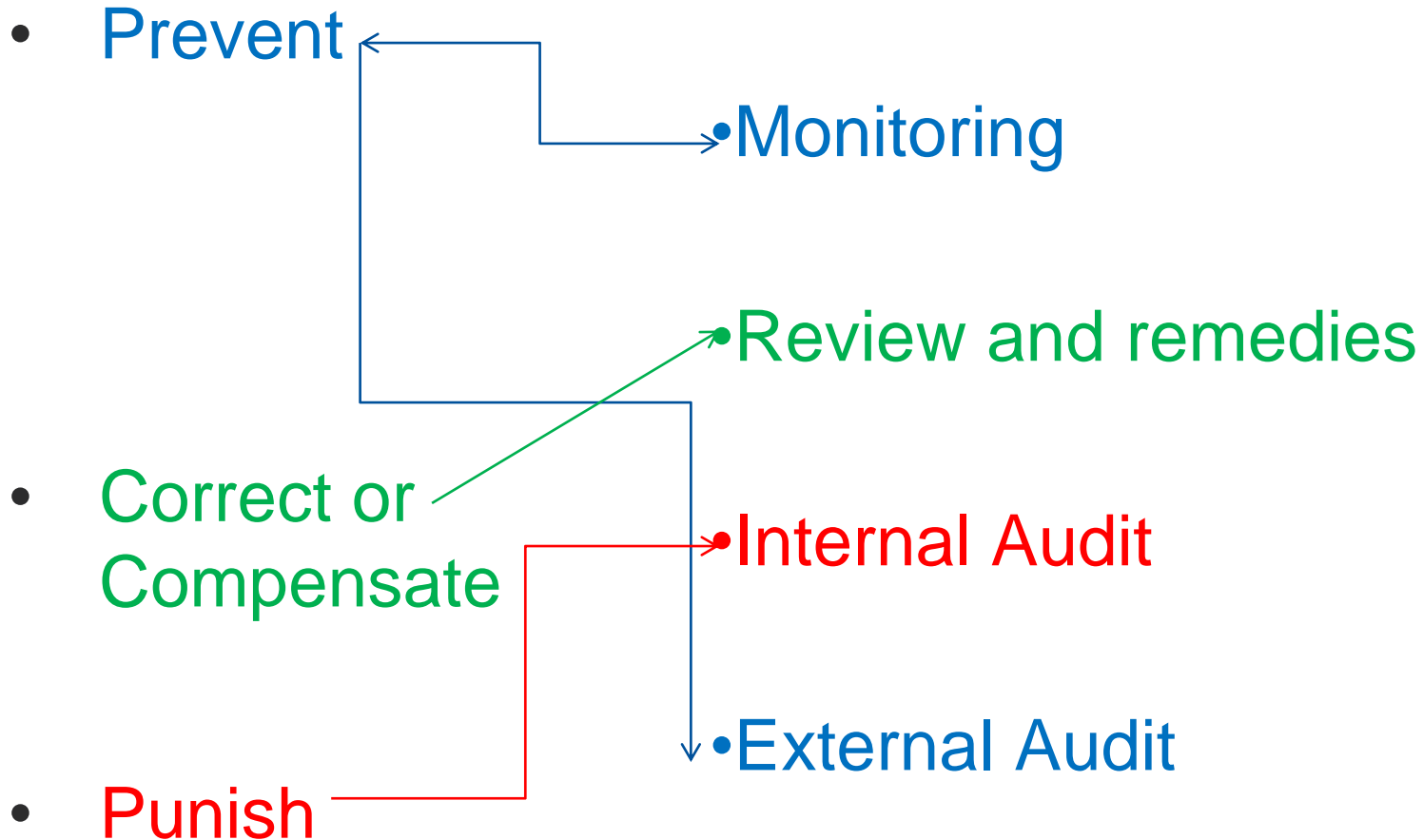
Batumi, June, 10 2015



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- Public procurement is a horizontal function across the public sector thus traditionally difficult to implement efficiently
- Efficient public procurement system should deliver value for money while complying with transparency safeguards
- Efficient procurement is hard to achieve without effective enforcement
- Concepts of public procurement enforcement evolve since Internet and electronic communication decreased cost of transparency safeguards and increased accountability of public officials by enabling public participation in procurement decisions
- What is the future of public procurement review and monitoring in electronic procurement environment?

Effective Enforcement Concept



Monitoring public procurement

- Ex-ante assessment of compliance and performance
- Independent from contracting entity and bidders

- **Compliance Assessment (legality)**

To check if the public procurement rules are respected

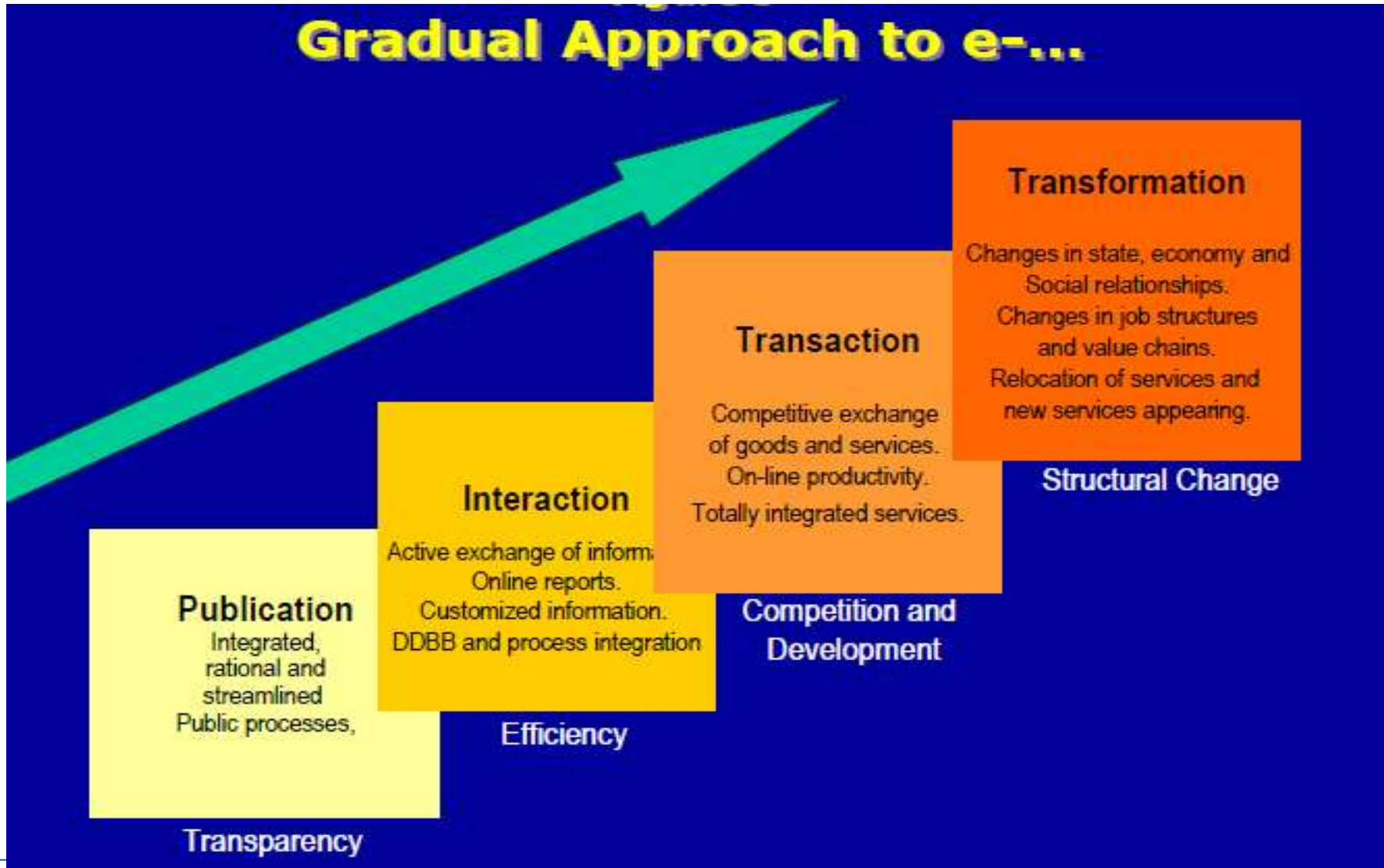
- **Performance Assessment (efficiency)**

To assess if value-for-money will be achieved

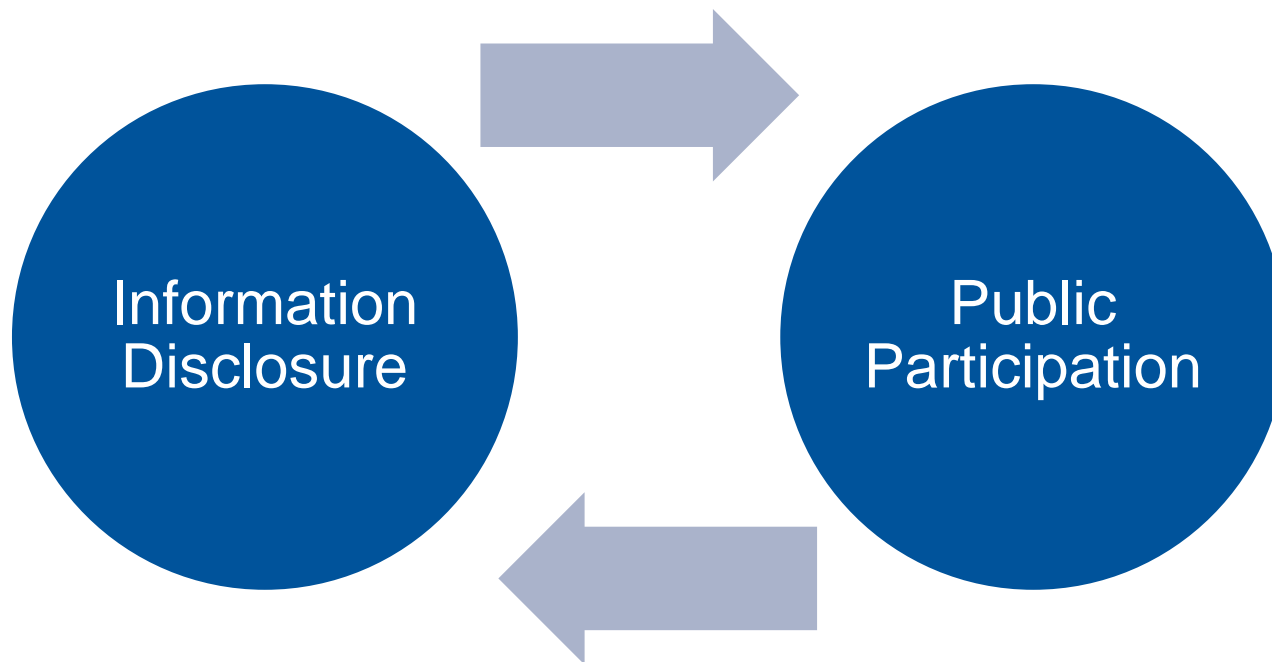
What eProcurement has changed?

- eProcurement is the replacement of paper-based procedures with information technology – online workflows, databases and electronic tools - in order to increase transparency, competition, and speed of procurement procedures and to reduce the transaction costs for public contracts
- If eProcurement tools are effectively managed by central government the eProcurement reforms bring fully mapped, standardised and uniform procurement process, with clear decision-making and control points:
 - Streamlined procurement procedures
 - Transparent decision making due to clearly specified control mechanisms and confidentiality safeguards
 - Clear and uniform allocation of roles and responsibilities in procurement function

What eProcurement is changing?



Open Procurement / Contracting



Why Open Data in Public Procurement?

The **challenge** for e-Procurement tools: How to contribute to opening the markets?



The **barriers** to achieve it: **fragmentation** of the information, and lack of **free automated access** to it.



IT solutions based on **Interoperability** is a method to solve it



Open data offers new Interoperability approach

- **government open data for automatised processing by third parties**

Open Government Data Principles

Government data shall be considered open if it is made public in a way that complies with the principles below:

1. [Complete](#):

All public data is made available. Public data is data that is not subject to valid privacy, security or privilege limitations.

2. [Primary](#)

Data is as collected at the source, with the highest possible level of granularity, not in aggregate or modified forms.

3. [Timely](#)

Data is made available as quickly as necessary to preserve the value of the data.

4. [Accessible](#)

Data is available to the widest range of users for the widest range of purposes.

5. [Machine processable](#)

Data is reasonably structured to allow automated processing.

6. [Non-discriminatory](#)

Data is available to anyone, with no requirement of registration.

7. [Non-proprietary](#)

Data is available in a format over which no entity has exclusive control.

8. [License-free](#)

Data is not subject to any copyright, patent, trademark or trade secret regulation. Reasonable privacy, security and privilege restrictions may be allowed.

The open data on public procurement with analytical tools accessible online 24/7 at the single point provides:

- The big picture on how and when government entities spend taxpayers money
- The unique chance to fully engage in public procurement monitoring process through innovative and transparent data processing mechanisms
- Capacity of government authorities responsible for oversight is not and never will be to monitor all public contracts



Is open procurement/open data feasible for transition countries?

- The case of Georgia
 - The case of Ukraine
-

The case of Georgia

- Joint effort of Georgian SPA and Transparency International Georgia, resulted in special dedicated web-based tool tendermonitor.ge. The data is absolutely open and free. Provides downloadable and searchable data (excel) about all public procurements in Georgia since 2010
- **Aggregate Analysis:** Pre-set reports are generated for each year allowing general public accessing intuitive visualizations of key compliance / performance indicators for all public tenders in Georgia since 2010.

Tender monitor

Transparency International Georgia

Example: procurement risk indicator is calculated as follows

- ✓ **Low Competition:** Tender with only one bidder when more bids would be expected
- ✓ **Low Price Reduction:** Tender with more one bidder which has a contract price less than %2 lower than the initial price
- ✓ **Risky Contract Type:** Tender from a procurement sector that has been deemed high risk
- ✓ **Price in contract amendment is above the price offered by next bidder:** The final contract price is higher than a bid made by a supplier who didn't win

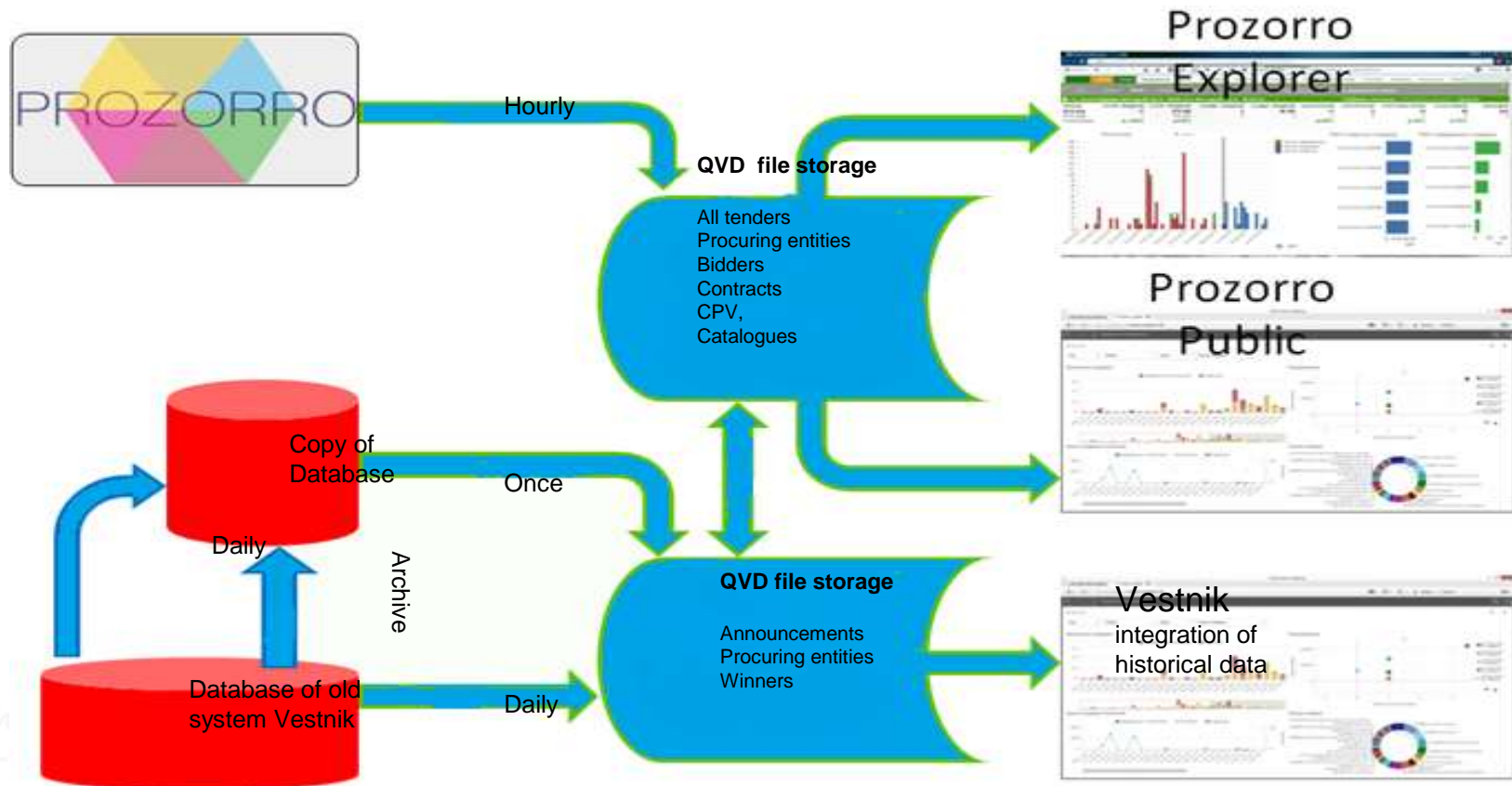


- Transparency International Ukraine organised anticorruption activists around idea of building electronic procurement tools
- The initiative resulted in Prozorro Project dedicated web-based tool for electronic procurement, presently in pilot
- Procurement data is absolutely open and free and downloadable and searchable (excel)
- Objective: 24/7 public access to ‘easy to understand’ public procurement information

Open data enables exchange of information in multi-platform environment



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The future is open



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- If the procurement data is open and online monitoring tools are available the best monitoring is provided by suppliers due to their legitimate commercial interest which prevails any other motivation for monitoring
- With open data contracting entities can afford market analysis and review efficiency of their own procurements.

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NGOs for monitoring?

- Transparency International demonstrated in Georgia and Ukraine that with open access to procurement data allowed by the government a NGO can collect, review and deliver systemic analysis of public procurement on the individual and national level
- Regular involvement in procurement monitoring in Ukraine will provide oversight authorities with reliable information for their official purposes
- Respectable NGO ensures credibility of public debate on government spending in Ukraine and impetus for reforms



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Thank you for your attention.

Eliza Niewiadomska

Legal Transition Programme

European Bank for Reconstruction and Development

niewiade@ebrd.com
