

სახელმწიფო შესყიდვების სააგენტო  
STATE PROCUREMENT AGENCY

# Georgian Successful Reforms in Public Procurement

# The Georgian Public Procurement System at a Glance



The Georgian public procurement system has been transformed, from one that was labelled “high-risk” in 2009, to one that achieved the highest rating a few years later





## **Before The Reforms:**

- 100% Paper based tenders
- Lack of transparency
- Restricted competition
- High compliance cost
- Non-reliable data
- Geographical inequality
- High risk of corruption

## Nowadays:

- 100% electronic tenders
- Everyone sees everything
- Equal access to tenders
- Smart system preventing mistakes
- Business Intelligence system
  - 70 real-time reports
- Internal messaging system/SMS notifications
- Fast and transparent Dispute Resolution Board



საბჭოთავი ტენდერის სავაჭრო კანონი დასრულებულია შემოქმედებითი ინოვაციების  
ტანის მიხედვით  
22.05.2015



საბჭოთავი  
კონკურენცია

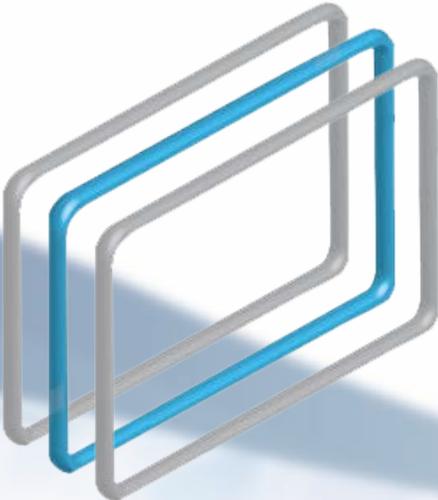
Tender

# Current Procurement Framework

**Public Sector (Demand)**

**State Procurement Agency**

**Private Sector (Supply)**



# Public Sector (Demand)



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- Number of decentralized acting contracting authorities: **4,417** (February-2016)
- Annual amount of public procurement contracts: **3.2 billion GEL**, approximately **10%** of GDP
- Number of open tenders per year: **35,000**
- Estimated value of approximately 80% of announced tenders: **< 50,000 GEL**
- Saving: **10%** of the estimated value, **1.2 Billion GEL** since **2010**

# Private Sector (Supply)

- **25,830** suppliers participate in public tenders  
number of foreign companies exceeds **700**
- **1,110** Nonresident Suppliers (CMR)



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	Number of registered bidders in the System
2011	7,365
2012	10,874
2013	16,447
2014	19,911
2015-2016 Feb	25,830

# Private Sector (Supply)

Average number of bidders in tender: 2 (2011: 1.73)

In certain sectors more than 2.5:

Building completion work	3.14
Installation services of metal containers	3.00
Garments	2.87
Works for complete or part construction and civil engineering work	2.78
Motorcycles, bicycles and sidecars	2.67
Occupational clothing, special work wear and accessories	2.65
Cleaning and polishing products	2.63
Site preparation work	2.62
Metal ores and alloys	2.57
Building installation work	2.56

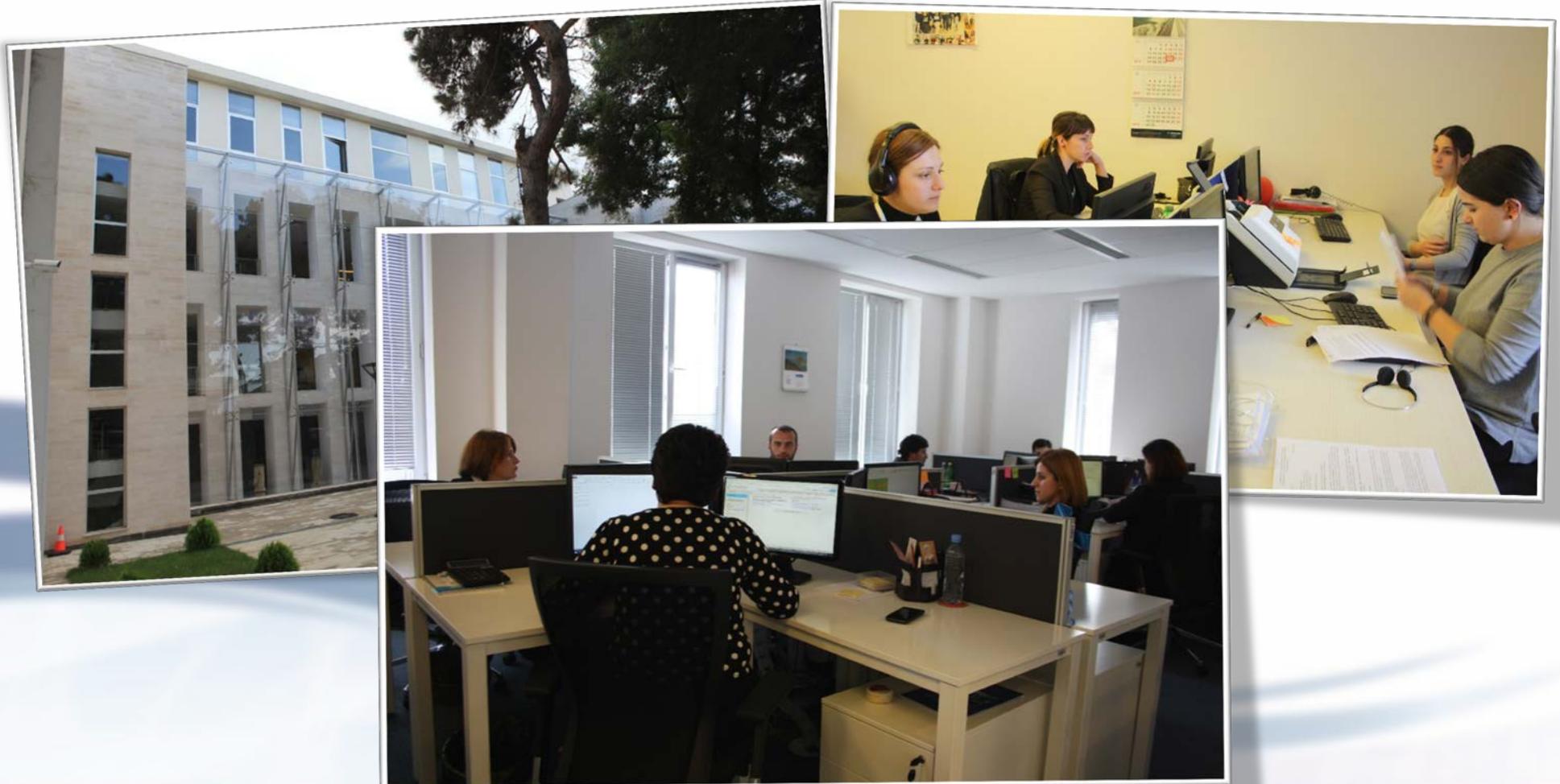


# Institutional Framework

State Procurement Agency (SPA) - strong and independent authority striving to contribute to a competitive market economy by developing a transparent and equal environment in the Georgian public procurement system



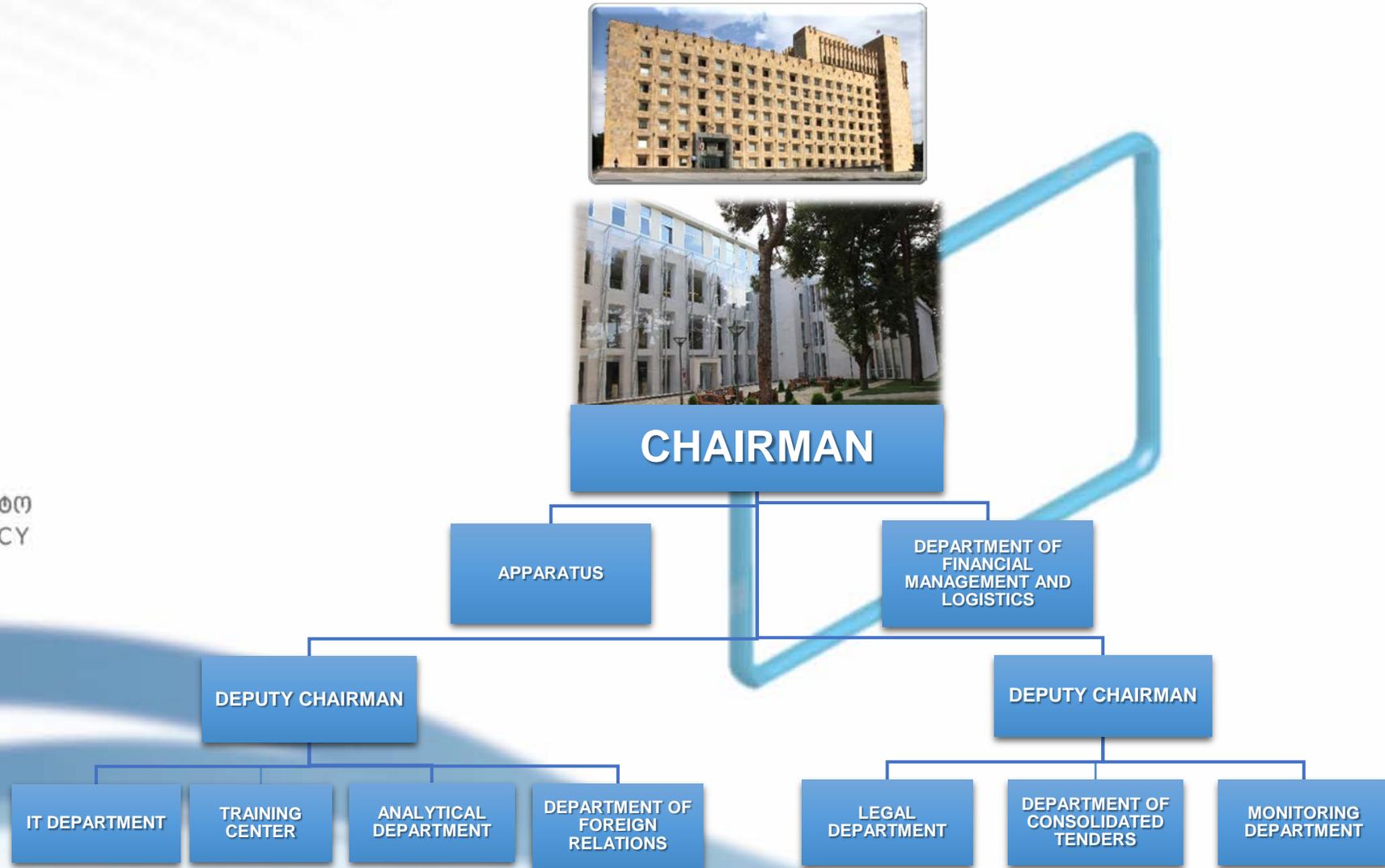
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# Institutional Framework



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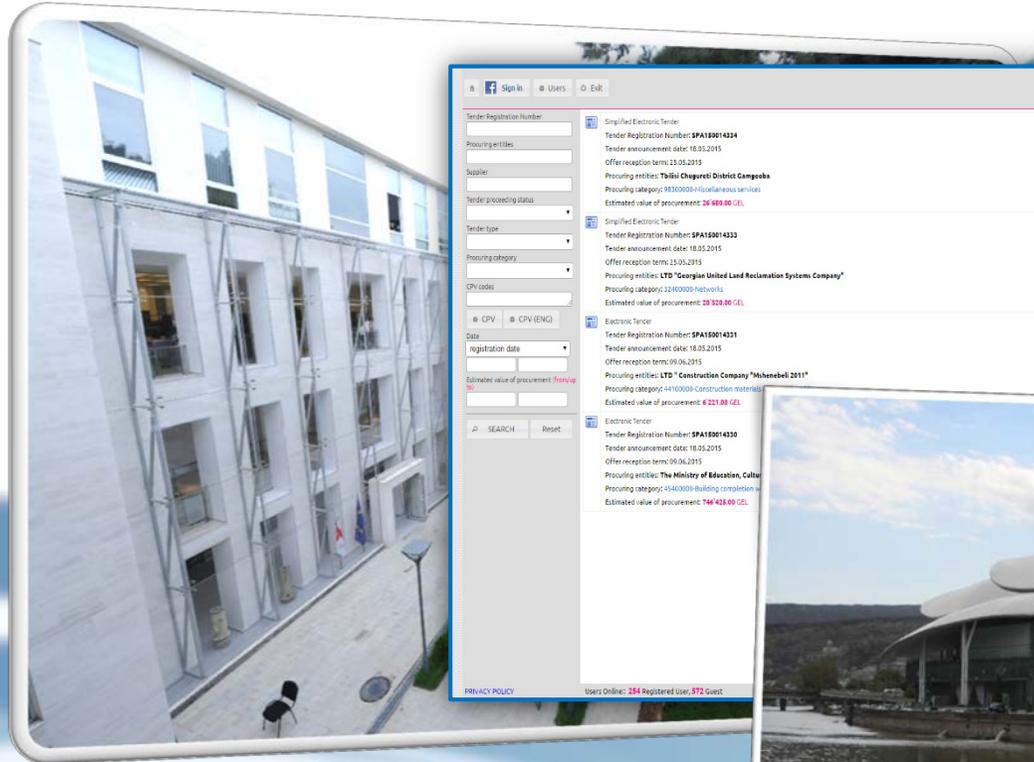
In total 83 employees are employed at State Procurement Agency of Georgia, out of which 45% are female and 55% male staff members.

# Institutional Framework

SPA manages the e-Procurement system and central purchasing initiatives for the Government of Georgia



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# Institutional Framework

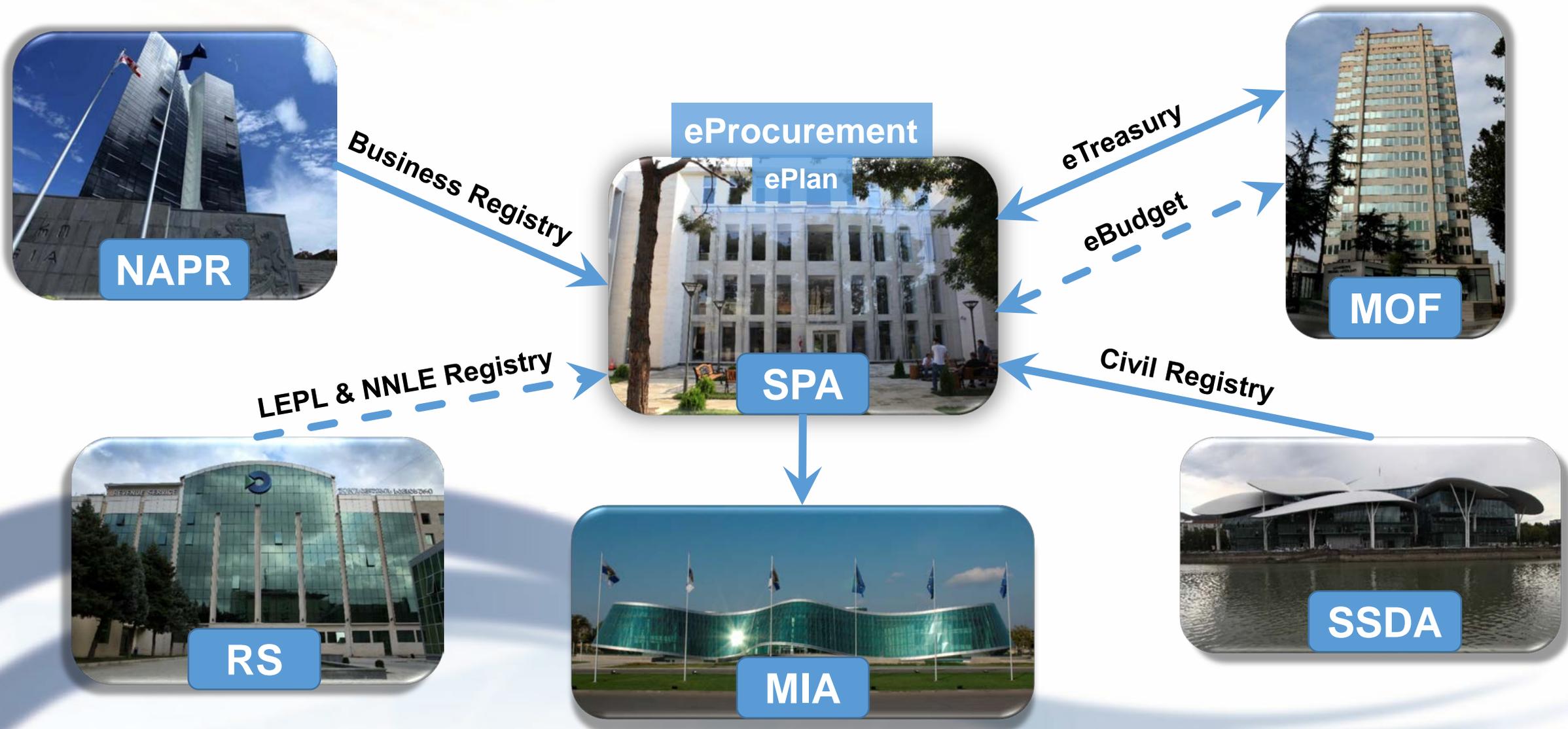
Since 2014 Training Centre was established, which provides training sessions to the procurement specialists operating at public sector, civil society actors, businesses and conducts workshops.



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# eProcurement as a Component of eGovernment



# Dispute Resolution Board (DRB)



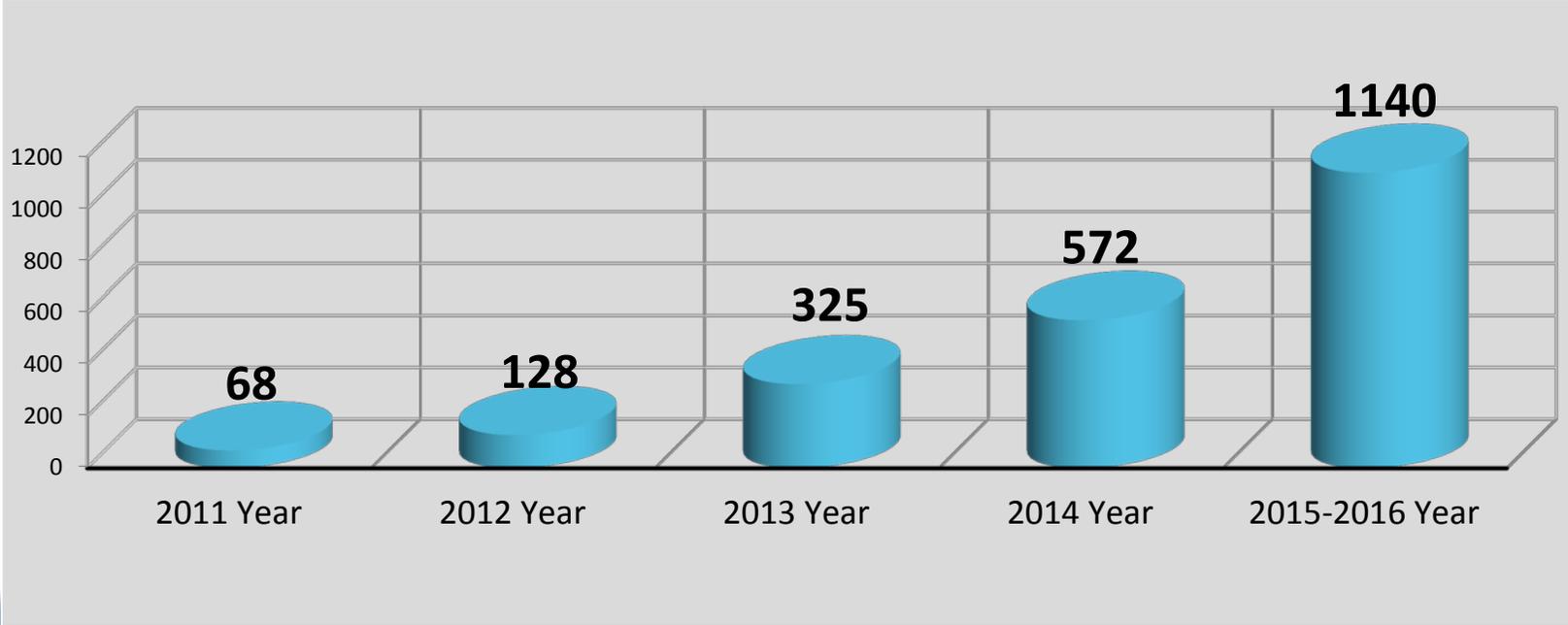
სახელმწიფო შესყიდვების სააგენტო  
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- Created on 6 December 2010
- Acts as the review and remedies body for public procurement procedures
- Consists of six members; representatives of the SPA and the NGOs
- Any entity or person interested in participating in a public procurement procedure may appeal the actions of a procurement entity or a tender committee to the DRB
- eDRB appeal form: Everyone can “freeze” a tender with just a single click of a button. Submission of appeal takes less than two minutes
- An appealed tender will be “frozen” for a period of 10 business days. During this period the eDRB will review the appeal and the results will be published in the eProcurement system

# Number of Appeals Filed with the eDRB (as of Feb-2016 )



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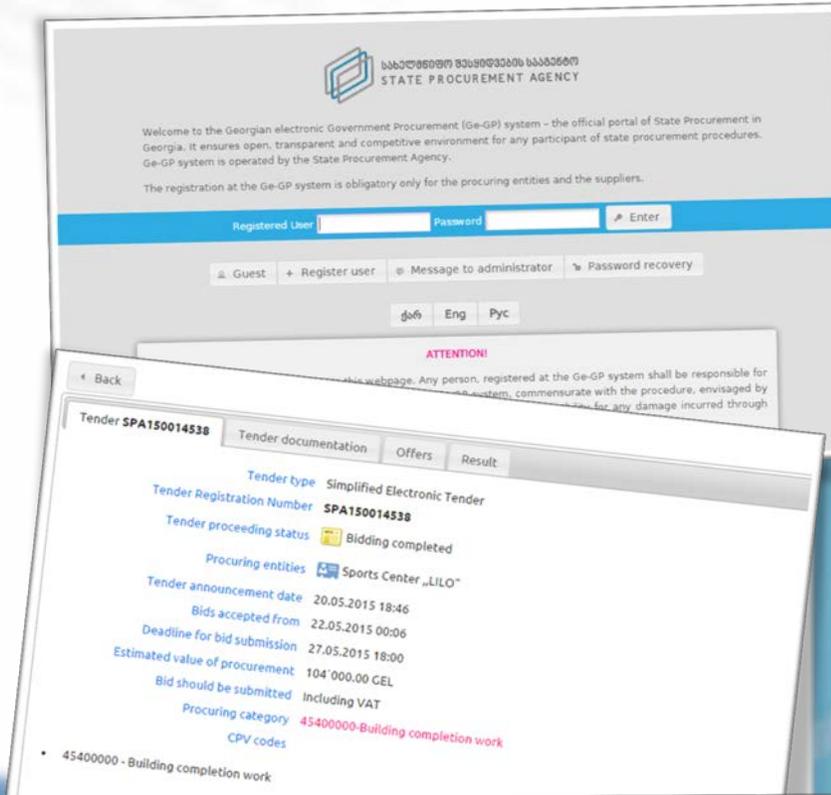
■ Number of appeals



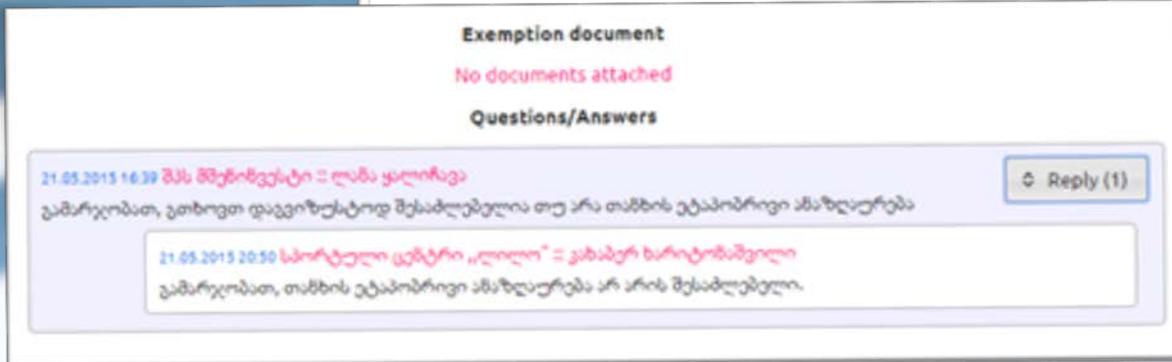
# Technological Framework



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- Single and smart e-Procurement system: transparent, simple, multilingual and user-friendly minimizing administrative requirements and preventing mistakes
- All procurement-related information is available online, to any interested person - It is possible to track every transaction, every procuring officer, every supplier, to produce indicators, look for behavioral patterns
- Any communication with contracting authority is transparent. Any registered user can question any tender using Q&A module. Tender committee is obliged to answer.



# Everyone Sees Everything



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- Annual Procurement Plan
- Tender Notice
- Tender Documentation
- Questions related to tender notice and documentation/Answers of procuring entity
- Tender Proposals/Bids
- Decisions of tender evaluation Committee
- All relevant correspondence
- All data on disputes, including application and decision
- Contracts and amendments
- Payments made through the eTreasury

# The Georgian Procurement System Acknowledgments



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**UNITED NATIONS (UN):** Second place in the Category: Preventing and Combating Corruption in the Public Service



**OECD:** Highly appraised amongst the Eastern Partnership Countries



**EUROPEAN PARLIAMENT:** The European Parliament Welcomes Georgia's new procurement system, Georgia should also serve as an example for the EU Member States in this area



European Bank  
for Reconstruction and Development

**EBRD:** 1-st place among EBRD regional 26 Countries in regard the implementation of eProcurement in the National Public Procurement Regulatory Framework



**The World Bank:** The introduction of E-procurement is a good example of how strong political will and commitment can be critical in the context of reforming public procurement.



**ADB:** E-procurement system implemented in Georgia may serve as a good example for Asia and other Pacific countries



**TRANSPARENCY INTERNATIONAL:** Improvements in Corruption Perception Index (2012), what was greatly promoted by the Georgian Public Procurement System



# Consolidated Tenders

# Why Consolidated Tenders ?

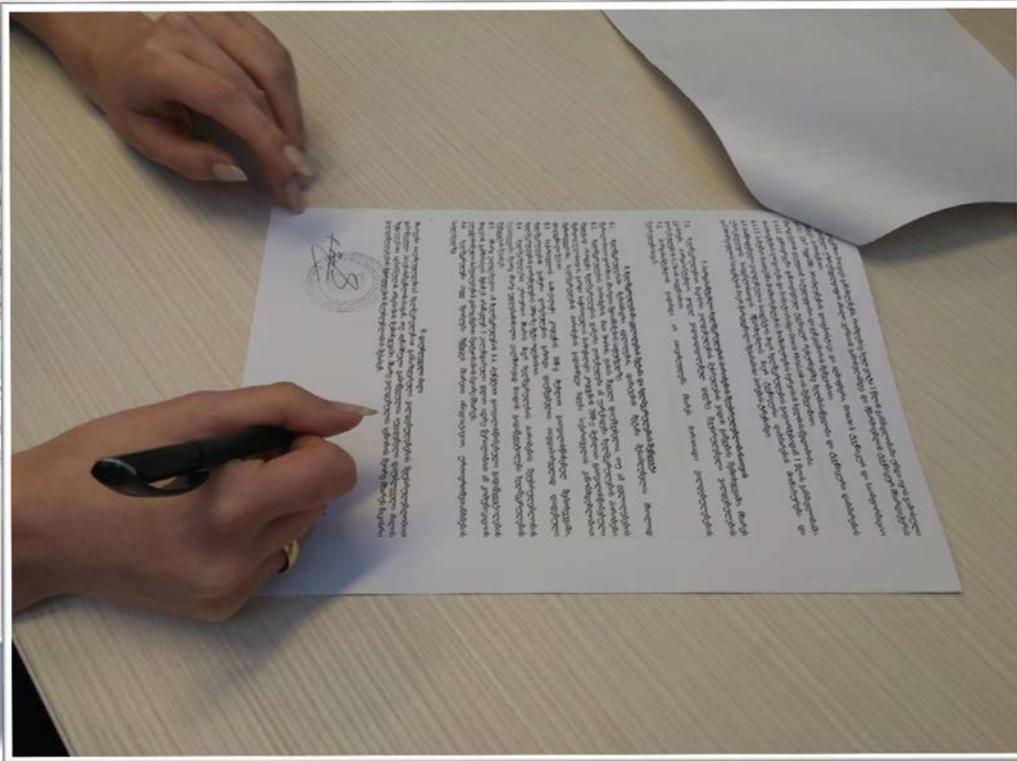


- კონსოლიდირებული ტენდერის სიახლეები
- ნავთობპროდუქციის (სანავთბურთის) კონსოლიდირებული ტენდერი
- ფიჭური საბელაფონო მომსახურების კონსოლიდირებული ტენდერი
- საბაჭდი ქალაქის კონსოლიდირებული ტენდერი
- კომპიუტერების კონსოლიდირებული ტენდერი
- კონსოლიდირებული ტენდერების არქივი
- საბუნდოვანო დოკუმენტაცია

- Reduces the number of “No Bids Received” tenders
- Consequently, reduces the number of simplified (direct) procurement (retail price)
- Cost saving
- Improves transparency
- Reduces administrative resources of procuring entities
- Optimizes irrational expenditure of budgetary funds
- Product/Service quality control
- Reduces expensive and irrelevant procuring objects’ purchase

# Consolidated Tenders

- Unified, Centralized state procurement procedure of the same/similar type of procuring objects' for different procuring entities.
- Consolidated Tenders occur through eProcurement
- Bidders express willingness to undertake the specified procuring object at a price
- After announcement of the winner, procuring entities can make a contract on the state procurement with the winner supplier.



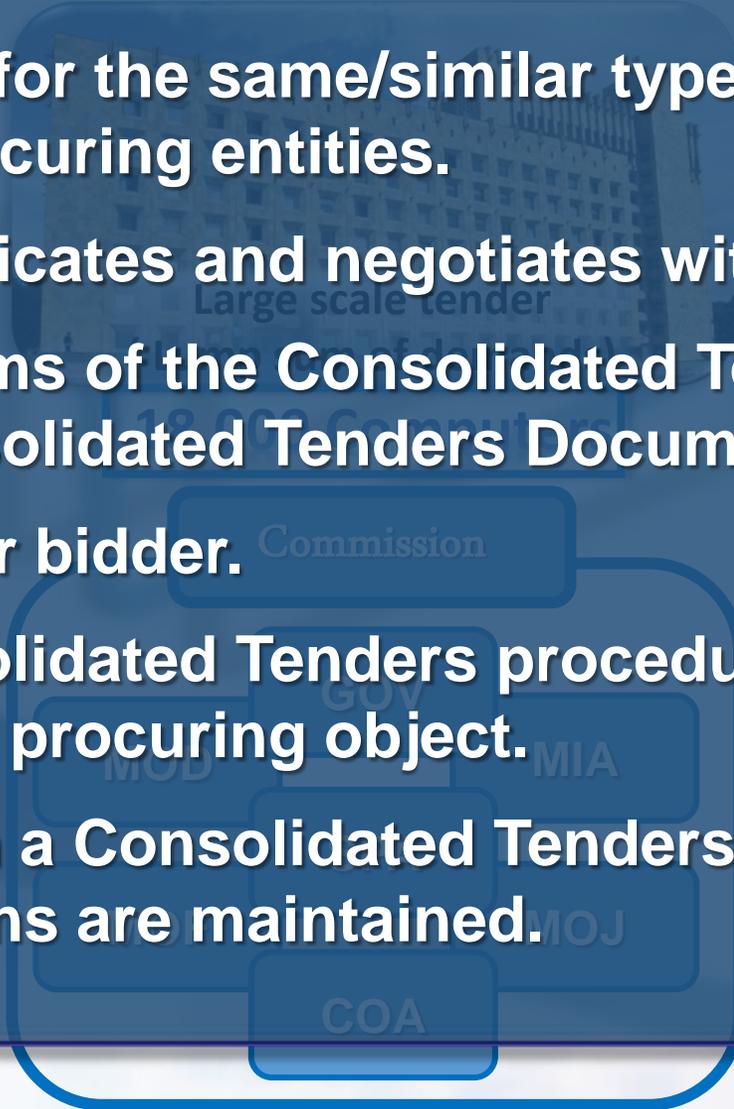
# Procuring Objects of a Consolidated Tenders



- **Fuel**
- **Cellular (mobile) Communication**
- **Computers**
- **Printing Paper**
- **Tires**

# The Role of Tender Commission and State Procurement Agency - The Division of Consolidated Tenders

- Plays an intermediary role between procuring entities and suppliers.
- Identifies the need for the same/similar type of procuring objects of each procuring entities.
- Identifies, communicates and negotiates with suppliers.
- Determines the terms of the Consolidated Tenders and publishes the Consolidated Tenders Documentation.
- Declares the winner bidder.
- Monitors the Consolidated Tenders procedure and evaluates the performance of procuring object.
- Ensures that within a Consolidated Tenders procedure all terms and conditions are maintained.



# Innovative Monitoring Mechanism – “AGAI” System



Vehicle Automatic Identification, so called “AGAI” system, is used to control the consumption of the fuel by car fleet

## How does the system work?

- Oil stations use nozzles with information recognition feature
- When nozzle touches the car tank, it automatically reads the tag installed in the tank
- System anticipates action, only after receiving the information from the tank

## Advantages of the system:

- Tracks fuel inventory
- Simplifies Car fleet management
- Secures fuel inventory for authorized as well as reasonable use

Since the implemented system is one of the most sophisticated, reasonable and prioritized method of controlling system, every single procuring entities' authorized car must fill up fuel with the “AGAI” system at an oil station.

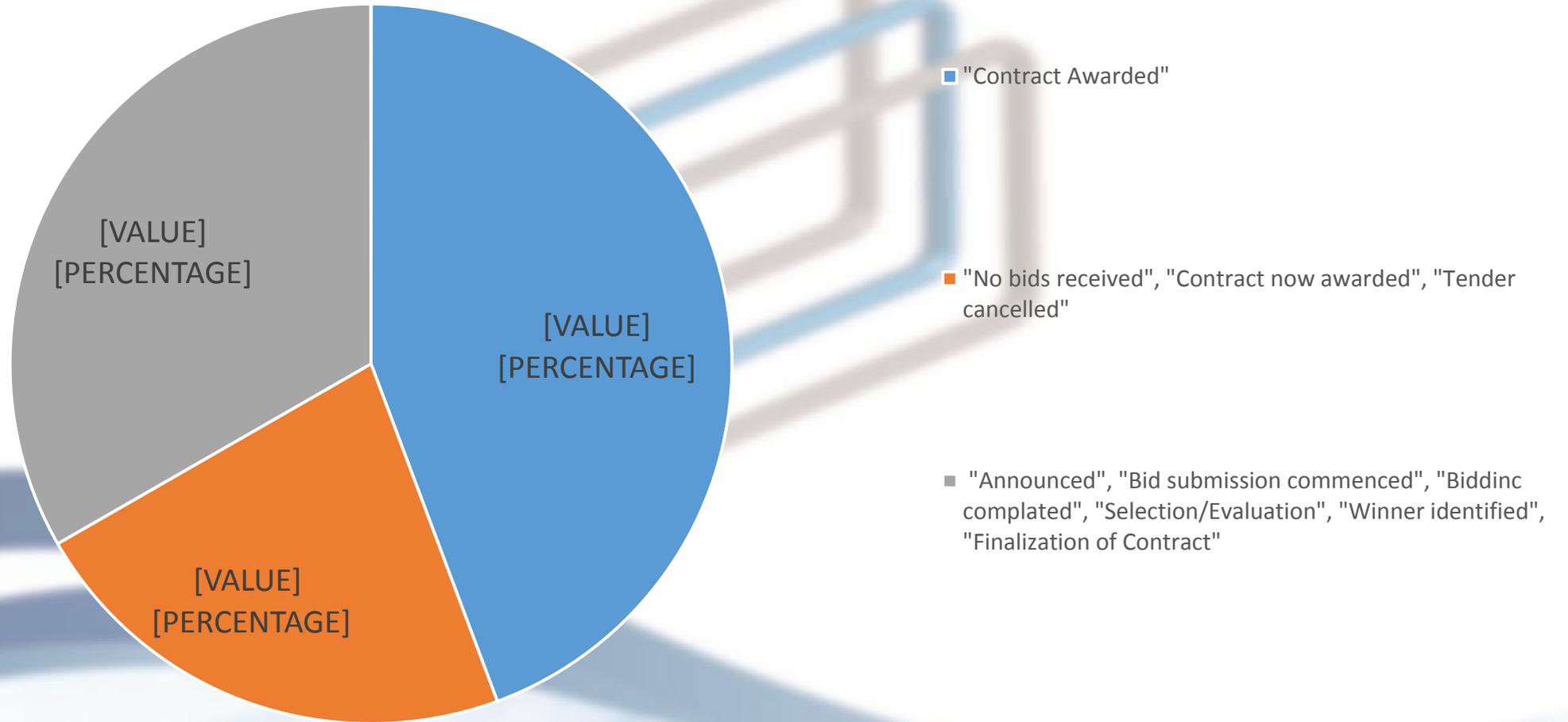
# Budgetary Funds Economy (GEL)

<b>Procuring Object</b>	<b>Quantity</b>	<b>Savings</b>
<b>Fuel</b>	<b>99,905,345 (Lt)</b>	<b>28,125,376</b>
<b>Computers</b>	<b>24,800 (Unit)</b>	<b>9,606,200</b>
<b>Paper</b>	<b>551,514 (Package)</b>	<b>146,889</b>
<b>Tires</b>	<b>14,464 (Unit)</b>	<b>2,000,000</b>
<b>Total</b>		<b>39,878,465</b>

# Design Contest Module

- From the 1<sup>st</sup> July 2015 Design Contests are conducted via Design Contest Electronic Module integrated in *eProcurement* System.
- By means of Design Contest Module procuring entities are able to determine as price criteria of procuring object as well quality criteria. At the same time, evaluation of quality total score weight and design contest bid price must compose one, from which quality total score weight must not exceed 80% and must not be less than 70%. Correspondingly price criteria must be defined between 20-30%.
- From the 1<sup>st</sup> July 2015 till the end of year, 87 design contests were announced in Unified Electronic System, from which 31 of them are assigned as “contract awarded” status amounting 3,108,667 GEL overall value.

# Overall Values of Design Contests according to statuses in 2015



# Simplified (Direct) Procurement reform

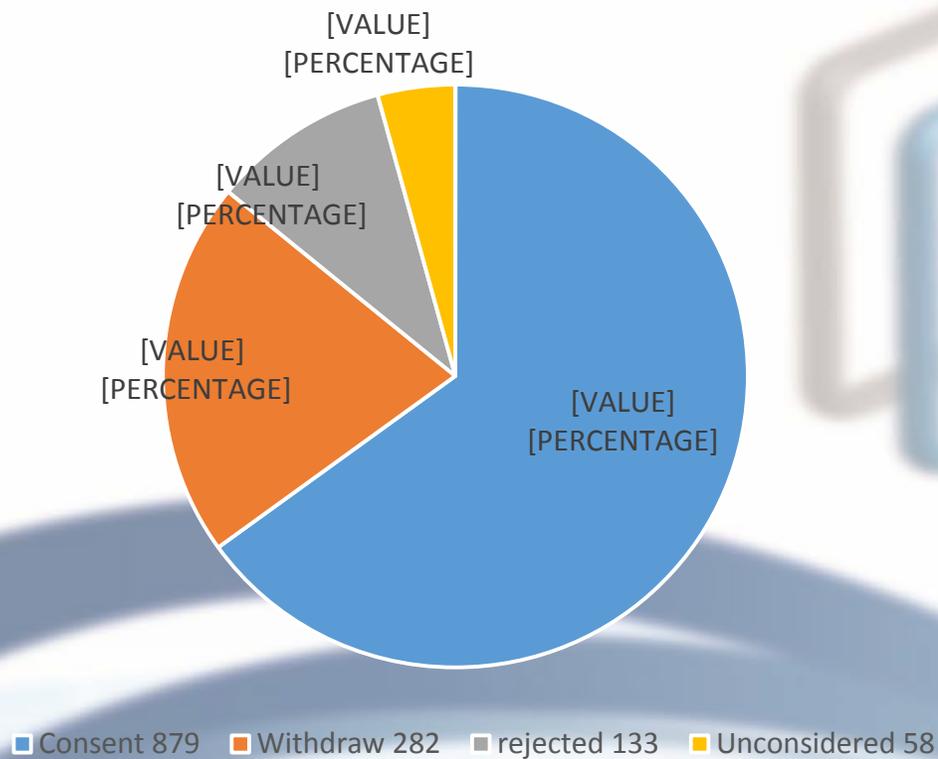
From the 1<sup>st</sup> November 2015 “simplified” (direct, one-source) procurement agreement module was added to Unified Electronic System, according to which **procuring entities must receive agreement about Simplified Procurement from State Procurement Agency before they award contract.**

The subject of agreement are the following:

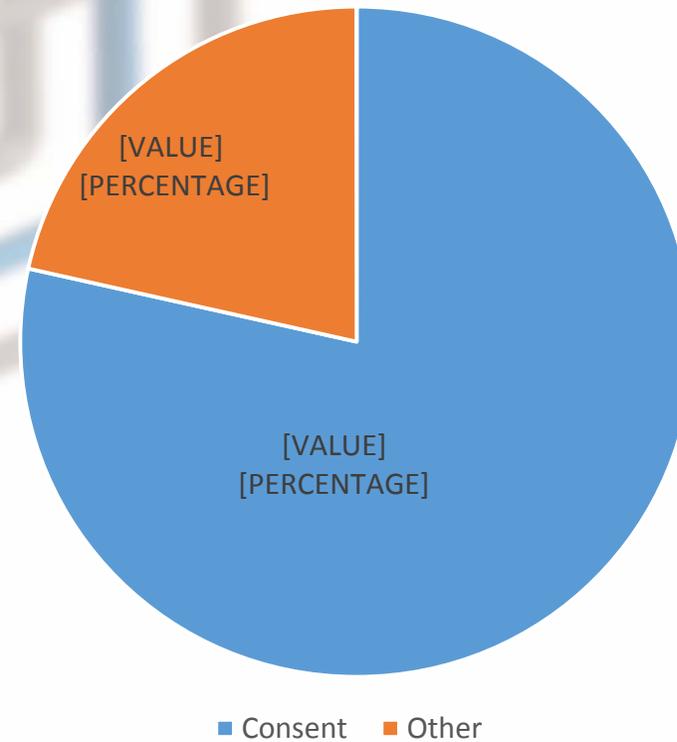
1. In case of exclusive rights;
2. Urgent necessity;
3. Necessity to prevent the deterioration of the quality of an object and/or to ensure further operation thereof;
4. Necessity to implement an event of state and public importance without hindrance within the restricted timeframes.

# Simplified Module of Procurement (SMP Module)

Statistics of request statuses for Simplified Procurement in SMP module



Ratio of consented and other applications, GEL  
*(values of urgent necessity are not included in data)*



# Grant Contest Module

- From the 1<sup>st</sup> January 2016 Grant Competitions are conducted via Grant Module, integrated in Unified Electronic System;
- By means of Grant Module Procuring Entities can publish Grant Statement in accordance with principles: free competition, efficiency, transparency and accountability;
- Procedures of Announcement Grant Competition is not regulated by the “Law of Georgia on State Procurement”.



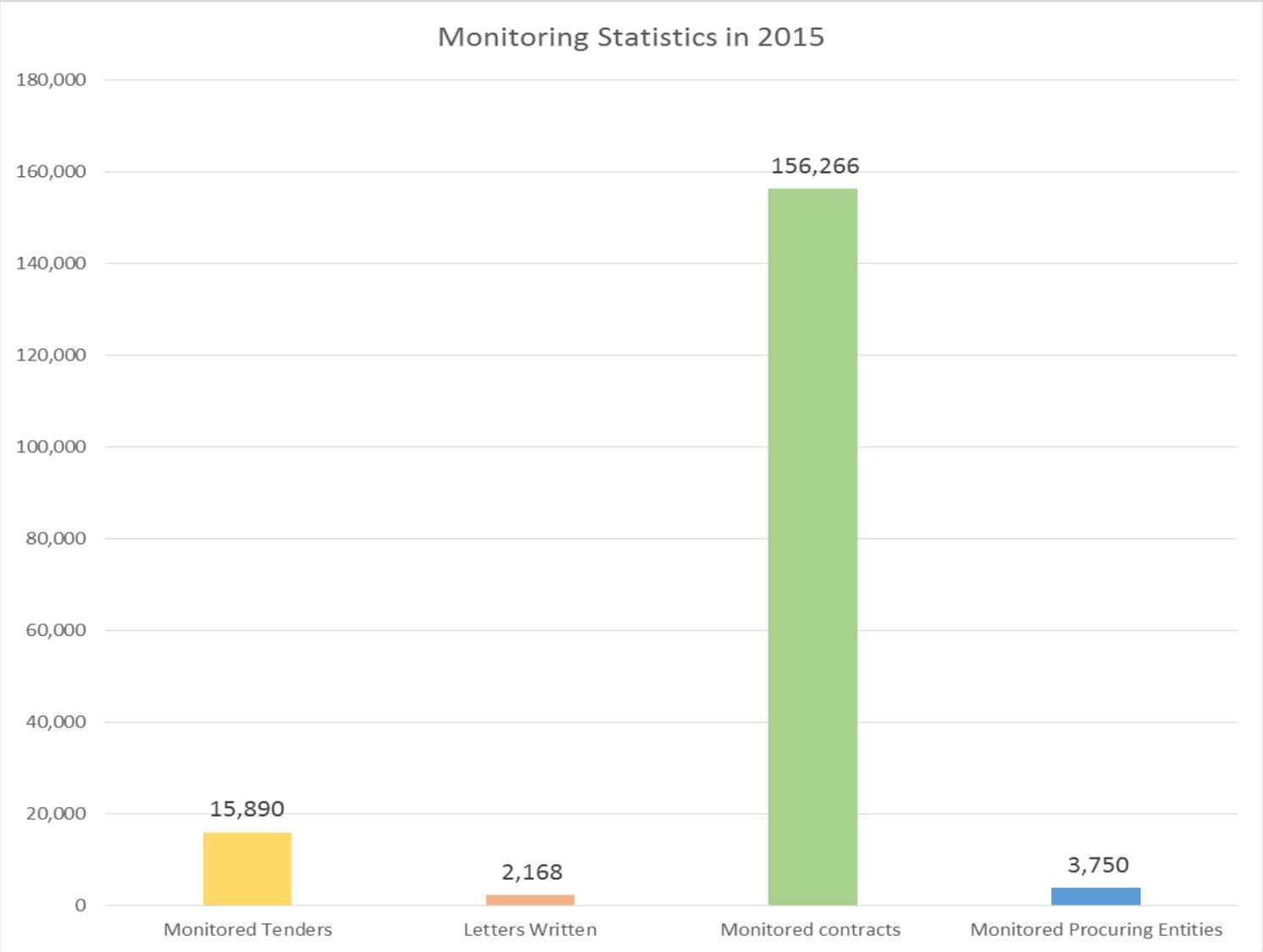
# Monitoring Process and Methodology

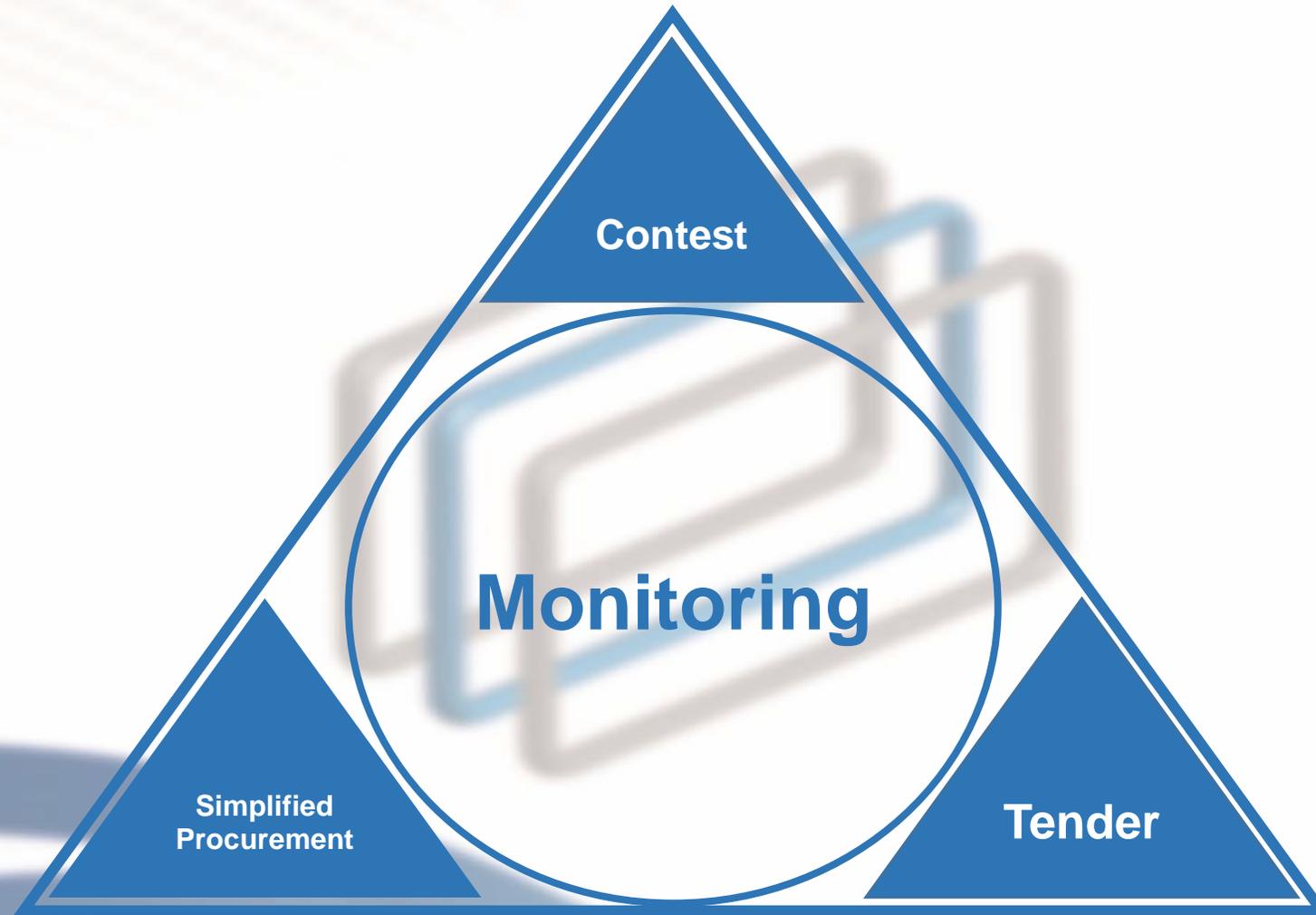
# Who monitors ?

- State Procurement Agency
- State Audit Office
- Prosecutor's Office of Georgia
- Investigation Service of the Ministry of Finance
- Anti-Corruption Agency of the Ministry of Internal Affairs
- Civil Society
- Business Sector



# Monitoring Statistics in 2015





**Contest**

**Monitoring**

**Simplified  
Procurement**

**Tender**

# Welcome to the Georgian eProcurement live

<http://www.procurement.gov.ge/>

სტატუსი	სტატუსის აღწერა	შემაჯავებელი ორგანიზაცია
01	სადასრულებელი პროცედურა	ს. სარქისი
02	სადასრულებელი პროცედურა	ს. სარქისი
03	სადასრულებელი პროცედურა	ს. სარქისი
04	სადასრულებელი პროცედურა	ს. სარქისი
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19	სადასრულებელი პროცედურა	ს. სარქისი
20	სადასრულებელი პროცედურა	ს. სარქისი

<https://tenders.procurement.gov.ge/dispute/>

<https://tenders.procurement.gov.ge>