PORTUGAL DIDIT
Developing and implementing e-Procurement

8th Regional Public Procurement
Tirana, Albania, May 2012
Agenda

- Portuguese Public Procurement system overview
- Overall Strategy for Public Procurement review and results
- The e-Procurement perspective
Portuguese Public Procurement system overview
Public Procurement in the EU
the 2020 Agenda
Governments and Public Administration:
5 Major IT Trends

**e-Services:**
Increasing efficiency and transparency by delivering services electronically

**Integrated e-Government:**
Through the virtualization of delivery and by using standard off-the-shelves products and solutions

**Green IT:**
Improving green attitude and reducing environmental costs

**Cloud Computing:**
Through the virtualization of the infra-structure

**Competitiveness enhanced by IT:**
Developing clusters and IT competence at national levels
ePP In the context of a broader legal and economic reform of public procurement 2007/2011
Overall reform environment

2007/2011

Pressure from the market.

Opportunity to improve efficiency in public administration.
Three main pillars:

Code + CPB + ePP
The Code of Public Contracts.

Transposition of EU 2004/17 and 18 Directives (compliance).

Coverage of the whole contract life cycle, beyond the formation stage (e.g. contract performance).

the provision of a mandatory usage of electronic means for all contracts valued above EUR 5.000
The launch of a new 
Central Purchasing Body  
(National Agency for Public Procurement) as the central tool towards a sustainable system.
Central Purchasing Body

Key values

- Transparency, equal treatment, fair competition
- Compliance with National and EU Legislation
- Sustainability (priority to economic and environmental elements)
- Encouragement of SME’s access to public markets
Central Purchasing Body

Main goals

Economic:
Increase savings in public procurement
(contributing to sound and better usage of tax payers’ money)

Environmental (green public procurement):
gradually incorporate environmental requirements
within the selection / qualification and award criteria in public tenders
NATIONAL SYSTEM OF PUBLIC PROCUREMENT

Key stakeholders

MISSION of ANCP:
To increase the efficiency and savings of the Portuguese Public Administration
NATIONAL SYSTEM OF PUBLIC PROCUREMENT

Key stakeholders

- Community / Society
  - Tax payers / Citizens
- Contractors
- Suppliers
- Government
  - MoF
- ANCP: National Agency for Public Procurement

*UMC: Ministerial Procurement Units
The Portuguese Public Procurement System

SNCP

The SNCP comprises, apart from ANCP and the UMC, the mandatory and the voluntary contracting authorities and entities.

The mandatory contracting authorities and entities are Direct Administration Services and Public Institutes.

The entities that can join SNCP on a volunteer basis are:

- Local Authorities (Municipalities)
- Local Authorities’ Owned Companies
- Regional Authorities
- State Owned Companies
- Others (like public associations...)

SNCP (Secretaria Nacional de Contratação Pública)
# The Portuguese Public Procurement System

## SNCP

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<th>Objectives</th>
<th>Measures</th>
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<td>FAs for the major spending categories</td>
<td>Reduction and rationalization of public expenditure and consumption</td>
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<td>Goods and services standardization</td>
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<td>Savings</td>
<td>Awarding mainly based on the lowest price criteria</td>
<td>Reduction of public debt balance</td>
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<td>Definition of maximum price and minimum technical specifications, assuring quality and SLA patterns</td>
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<td>Efficiency</td>
<td>Purchasing process simplification</td>
<td>Dematerialization of the business process</td>
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<td>IT innovation through e-procurement</td>
<td>Allowing Public Administration modernization and increasing e-Government</td>
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<td>Suppliers selection</td>
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<td>Competitiveness and quality</td>
<td>Supplier selection based on economic, financial, technical, environmental, quality and SLA related criteria</td>
<td>Markets competitiveness development</td>
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<td>Possibility of grouping and subcontracting</td>
<td>Suppliers diversity and SME basis assured</td>
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<td>Subdivision in lots – regional and by goods or services</td>
<td>Best market conditions for Public Administration</td>
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<td>Management information system</td>
<td>Management information through suppliers to ANCP, MPU and contracting authorities (mandatory)</td>
<td>Green Public Procurement goals</td>
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<td>FAs performance monitoring</td>
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<td>Ongoing improvement of purchasing process</td>
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A STRATEGIC TOOL FOR DELIVERING ENVISAGED RESULTS

The procurement model components

Ordering  Aggregation  Awarding / Contract  Tendering  Payment  Sourcing  Invoicing
A STRATEGIC TOOL
FOR DELIVERING ENVISAGED RESULTS

The e-Procurement model components

- e-Sourcing
- e-Aggregation
- e-Tendering
- e-Awarding
- e-Contract
- e-Catalogue
- e-Ordering
- e-Invoicing
- e-Payment

Mandatory use since Nov’2009

* Within the scope of the current technological model put in place by ANCP
THE LEGAL FRAMEWORK FOR ePP
The legal framework for e-procurement (PT)

The Law making process: where policy makers and ICT experts meet Lawyers

Principles governing public procurement AND e-Public Procurement (EU, EBRD, OECD ...)

Main sources: EU and National Law

The grounds for a trustworthy system: Specific features

- e-Signature
- Documents transmission, opening and “warehousing”
- Time and deadlines management: time stamping
- Automated decision making versus exclusive competences of awarding/selection committee
A short set of legislation focused on reliability

**Institutional regulations towards a centralised national system of PP**

**Decree-Law No. 37/2007**
Defines the National System of Public Purchases (also NSPP) and creates the National Agency for Public Purchases (also NAPP), as the responsible entity for the management of that system.

**Regulation 330/2009**
Regulates the functioning of the National System of Public Procurement.

**Code of Public Contracts**

**Decree-Law 18/2008**
Approves the Code of Public Contracts (CPC).

**Specific ePP related provisions**

**Decree-Law 143-A/2008**
Concerning Electronic Platforms and data communication form.
A short set of legislation focused on reliability

Specific ePP related provisions

**Regulation No. 701-A/2008**
Approves the main standard forms of public procurement related contract notices that are published in the “Diário da República” (Portuguese Official Journal)

**Regulation No. 701-B/2008**
Setup of an Advisory Committee in charge of monitoring application of the Code of Public Contracts

**Regulation No. 701-D/2008**
Defines the model of statistical data to be reported by contracting authorities

**Regulation No. 701-E/2008**
Defines the model of the data reports to be completed and provided by contracting authorities in the Public Procurement Portal (www.base.gov.pt)

**Regulation No. 701-F/2008**
Regulates the establishment, operation and management of the Public Procurement Portal (www.base.gov.pt)

**Regulation No. 701-G/2008**
Sets out the requirements and conditions of utilization of electronic platforms by the contracting authorities and regulates the terms of operation of those platforms

**Regulation No. 701-H/2008**
Approves the mandatory content of the program and the execution project of public works; the procedures and standards to be adopted in the design and phased elaboration of public works projects, called “Instructions for the drafting of works”; as well as the classification of works by category

**Regulation No. 701-I/2008**
Establishes the “Observatory of Public Works”, and its functioning rules

**Regulation No. 701-J/2008**
Defines the model of statistical data to be reported by contracting authorities
Main features of legal regime
Institutional law

Accreditation of e-platforms - license to operate

The process of accreditation is run by CEGER
(an entity in charge of the government ICT networks,
having no other involvement in public procurement)

Independent external compliance audit to each provider / platform

Aggregation, centralization and CPBs
help delivering the change towards ePP
Main features of legal regime
Substantive Public Contracts Law

Mandatory use of electronic means

- The concept of “electronic means”
- Operations covered
- Selection of means depending on the type of procedure

Consequences of non-compliance

- Contract formed through a non-ePP tool (“paper-based procedure”) is **null and void** (toughest sanction in Portuguese Administrative Law)
- Disciplinary sanctions (e.f. fines) towards public entity management
First full year of mandatory e-Public Procurement

The success of the adoption of e-Public Procurement in Portugal is by and large due to the constructive commitment of all stakeholders, namely the already established Public eTendering platform operators with several years of experience mostly in the private market. All stakeholders involved in PP trust the system and tools and see ePP as a value added improvement.

Players involved

Conclusions
The winner partnership/alliance towards the big change

Government
Industry (ePP operators and economic operators interested in accessing public markets)
Public Administrations (central, regional and local)

The success factors

Attitude changing model:
Legal, Economic, Educational/Training, Social Marketing
Overarching element: confidence
Three consistent pillars (Code, CPB, ePP)
Perception of gains and advantages
Overall Strategy for Public Procurement
review and results
## Public tenders run by the Agency 2008/2011

<table>
<thead>
<tr>
<th>Spending categories</th>
<th>Valid as of</th>
<th># suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car and Motorcycle Insurance</td>
<td>Feb 2011</td>
<td>2</td>
</tr>
<tr>
<td>Cleaning Services and Products</td>
<td>Aug 2010</td>
<td>15</td>
</tr>
<tr>
<td>Electric Vehicles</td>
<td>Sep 2011</td>
<td>10</td>
</tr>
<tr>
<td>Energy (incl. Electricity)</td>
<td>Nov 2011</td>
<td>3</td>
</tr>
<tr>
<td>e-Procurement Tools</td>
<td>Jun 2009</td>
<td>5</td>
</tr>
<tr>
<td>Fuel and LGP</td>
<td>Sep 2008</td>
<td>3</td>
</tr>
<tr>
<td>Hardware</td>
<td>Aug 2011</td>
<td>18</td>
</tr>
<tr>
<td>Landline Communications (voice and data)</td>
<td>Jun 2010</td>
<td>5</td>
</tr>
<tr>
<td>Meals</td>
<td>Jul 2010</td>
<td>4</td>
</tr>
<tr>
<td>Mobile Communications</td>
<td>Sep 2008</td>
<td>3</td>
</tr>
<tr>
<td>Office Furniture</td>
<td>Mar 2010</td>
<td>6</td>
</tr>
<tr>
<td>Paper and Stationery</td>
<td>Apr 2011</td>
<td>30</td>
</tr>
<tr>
<td>Printing and Copying</td>
<td>Apr 2011</td>
<td>21</td>
</tr>
<tr>
<td>Security and Surveillance Services</td>
<td>Apr 2010</td>
<td>8</td>
</tr>
<tr>
<td>Software Licensing</td>
<td>Sep 2009</td>
<td>77</td>
</tr>
<tr>
<td>Travel and Accommodation</td>
<td>Sep 2011</td>
<td>13</td>
</tr>
<tr>
<td>Vehicles and Motorcycles</td>
<td>Under renovation</td>
<td>27</td>
</tr>
</tbody>
</table>
Public tenders run by the Agency 2008/2011

250 qualified and selected Suppliers (70%+ are SME)

Annual Public Expenditure addressed via the Agency’s framework agreements:

1.000 MEUR
(about 80% of total expenditure transverse to SNCP entities)

Savings 2009-2010:

- Estimated: 150 MEUR
- Achieved: 168 MEUR (+12%)

Savings 2011:

- Achieved: 18 MEUR

16 Framework Agreements

1 Framework Agreement under renovation
Evolution of Voluntary Entities and Other Key Figures

Around 1,800 public entities use the system on a mandatory basis.

2012 YTD = 457
Evolution of Voluntary Entities and Other Key Figures

Number voluntary entities
Total Apr. 2012: 457

- Local authorities (municipalties): 256 (56%)
- State owned companies: 70 (15%)
- Regional authorities: 42 (9%)
- Local authorities owned companies: 67 (15%)
- Others: 22 (5%)
The e-Procurement perspective
e-Public Procurement

PROCESS

Simplified the relation Suppliers/Public Entities in Tendering Process.
Reduced Paper consume.
Improve standard Tendering Process.
Improve communication.
Operational management change.
Monitoring the value of contracts above and below thresholds.
Improve auditing.
Processes– faster and efficient.
e-Public Procurement

SECURITY

Introduction of e-Signature and e-Registration.
Workflow document management.
Improve Data Auditing processes.
Reforming Public Procurement in Portugal
Focus on e-Tender
e-Procurement
Lessons learned and major challenges

**Key issue:**
Lack of integration of information along the procurement process making it impossible to control and monitor.

**Solution:**
develop an end-to-end technological model to ensure not only transparent and cost effective procurement processes, but also the construction of the knowledge base that is needed to support strategic decisions towards public expenditure reduction and optimization:
e-Procurement

Lessons learned and major challenges

The Agency believes that implementation of this model will allow it to pursue its mission along three key strategic dimensions:

**Financial:**
Obtaining much needed savings and public expenditure reduction both in the short and the long term.

**Political:**
Through completely transparent, rigorous and efficient procurement processes.

**Social:**
Providing a better service for all stakeholders, achieving their buy-in and contribution, alongside a fundamental cultural change in the Public Administration towards the effective use of taxpayers’ funds.
e-Procurement

Set a New Trend of Public Management
e-Procurement
The Next Step
e-Procurement
The Next Step

e-Procurement as support IT Tool to procurement management

Each public entity invests in technology, processes and control. Investment in IT integration instead of Process Optimization. Be reactive in data management instead of pro-active. Each public entity invests in their own human and functional skills.
e-Procurement
The Next Step

e-Procurement as part of public procurement strategy

Build common processes based on functional design, business process & supplier interfaces.
Create a shared value sustainable solution reducing investments for the Government.
Manage Procurement as a strategy area of Government.
Promote corporate Governance in electronic Public Procurement.
e-Procurement
The Next Step

Global e-Procurement Investment needs [M€]
Interoperability: From a Problem to a Solution

API

Service Oriented Architecture:

Provide a Set of Services related with Public Procurement Business:

innovation Market Value.

Identify the key interoperability data from Procurement Process that needs to be exchanged (e.g. Consulting a contract, receive an order buy, update an e-catalogue...).

Define Standard base solutions for IT Providers. Integrating effective systems.
e-Procurement
Development strategy Major goals
One Platform

Offering all components of the public procurement chain in one single web based tool.
Single Sign On

One access point and data management for the different stakeholders.
Real Time Solution

Real time data monitoring and control for the entire procurement process.
Conclusions from our e-Procurement knowledge
e-Procurement as a new approach to define Public Procurement Strategy and not an “IT Tools support to public procurement” investment.

Investing in a Global Shared e-Procurement model optimizes management and decreases waste and redundancy costs.

e-Procurement success depends firstly on simplicity, transparency, trustable Processes and People skills, and only then on Technology issues.

e-Procurement is not just “Savings”, it is also “Profits.”

Governmental Top-Down Project, transforming procurement from tactical to strategic.

Create a Corporate Governance model to e-procurement and adapt Legislation to the new global trend.

Improve a change management plan focused on Implementation.

Deliver value and service (full visibility into cost, risk, performance) to the Stakeholders and get economic and business compliance.
Public e-Tendering Platform Operators

Academia de Informática Brava, Engenharia de Sistemas, Lda.

Ano - Sistemas de Informática e Serviços, Lda.

Central-E-Informação e Comércio Electrónico, S.A.

Construlink - Tecnologias de Informação, S.A.

Infosistema - Sistemas de Informação, S.A.

PT PRIME TradeCom
Soluções Empresariais de Comércio Electrónico, S.A.

Saphety Level - Trusted Services, S.A.

Vortal, Comércio Electrónico Consultadoria e Multimédia, S.A.