

**Conclusions of
High-Level Seminar on e-Procurement
Good Governance for Development in Arab Countries Initiative
held in Naples on 30-31 January 2006**

**Hosted by the Italian Government
(Ministry of Foreign Affairs, Department of Public Administration, Department of
Innovation and Technology)**

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Participants

- Arab Countries
 - Algeria
 - Bahrain
 - Egypt
 - Jordan
 - Lebanon
 - Morocco
 - Oman
 - Tunisia
 - United Arab Emirates
- Government of Italy
- Formez
- eG4M
- CSI-Piemonte
- USA
- OECD
- UNDP
- World Bank
- Development Gateway

Presentation Outline

- E-Procurement Initiatives
- Public Policy
- Legislation
- Process Simplification
- Organizational Models
- Infrastructure
- Human Capital
- Technology
- Procedures and Services
- International Cooperation
- Summary of Recommendations

Internet and the Market

- The Internet is not neutral. It is changing the marketplace of countries.
- The Internet is transforming the relationship with suppliers. There is a shift from the traditional buyers and seller's model, to a new model where sellers become participants.
- e-Procurement is now a structure that accompanies a market.

e-Procurement

- e-Procurement is building new markets and increasing the diffusion in existing markets.
- e-Procurement is not only about setting the conditions right. It is about making the people who need to take it forward on board.
- With the implementation of public e-Procurement, the market shall be led by the public sector, while traditionally it is the public sector that tries to catch up with the market.

e-Procurement Initiatives

What to Consider?

- Impact of the political will
- Fear of competition with the change of the market place
- Risk of exclusion
- Impact of free trade agreements between countries
- Most suitable organizational model
- Direct and indirect benefits
- Direct and indirect cost
- Coordination between all stakeholders

Indicators and Measuring Progress

- How to evaluate that the program results in net benefit?
- Need to have the right set of indicators to avoid misleading investment and policy making
- A public e-Procurement initiative should be considered as part of a more global business case
 - In Lebanon, there is a National e-Strategy program with an e-Government core track. Under this track, and based on a general consensus from all stakeholders, e-Procurement was identified as a priority project
 - In Morocco, there is a global action plan; and the public purchase website falls under the e-Administration program

Public Policy

- Structural reform is required to address the economical and legal challenges faced by an e-procurement program
- There has to be choices between following an indirect procurement system (contracting subject do not coincide with the ordering administration) and direct procurement system (contracting subject coincides with the ordering administration)

Public Policy Case Studies

- In UAE, there was an integrated approach in reform. Financial and e-Procurement went together (budget reform, purchasing, and payments)
- In Italy, there was a focus on rationalizing the expenditure system taking into account all stakeholders (public administration, suppliers, organizations that represent SMEs which stand for 80% of Italy's GDP)

Legislation

- Laws should be general to allow for flexibilities
- The details and specifics should be reflected in by-laws and decrees
- Simplification of the laws themselves should be considered

Legislation Case Studies

- In Egypt, the procurement process of tenders and auctions is regulated since 1998. The law is in the process of changing to take e-procurement into effect.
- In UAE, the e-transaction and commerce law enacted in 2002 is used for e-procurement
- In Bahrain, the e-transaction law, digital signature law and PKI law are ready
- In Jordan, the e-transaction law was enacted in 2002, but the laws need to be revised
- In Lebanon, a basket of ICT enabling laws, which includes e-signature, security, data privacy, consumer online protection, cyber crimes, anti-spam and unsolicited marketing communication is currently being worked on. In addition, a public procurement law was drafted and is now in the process of being revised .

Process Simplification

- With the reduction of public resources, the rationalization of procurement processes becomes important
- The public administration moves from an authority (power) to a service provider (function)
- Avoid complex business process engineering. Decide what needs to work. Propose. Take Action and provide Leadership.

Organizational Models

- Centralized
 - purchasing procedures are centralized
- Decentralized
 - purchasing procedures depend on each administration unit

Organizational Models

Case Studies

- CONSIP in Italy
 - Consip is outside the public administration
 - It has its own management board appointed by the Ministry of Finance
 - The policy of Consip is guided politically
 - The model provides flexibility in recruitment and execution.
 - Offers a competence center where supply and demand can meet.
 - Needs analysis and contract execution follow-up are outside the scope of Consip and remain the responsibility of the public administration
 - The organizational approach is aimed to arrive at an equilibrium between centralization (frame contracts) and decentralization (marketplace)

Organizational Models

Case Studies

- In the USA, there was an implementation of an Integrated Acquisition Environment, an eGovernment initiative with the aim of streamlining the federal acquisition process
- In Lebanon, existing public procurement processes follows
 - a centralized approach for frame contracts, with the Board of Tenders responsible for the tendering process and the Public Administration responsible for needs specification, bidding document preparation, contracting, supervision and contract closure
 - a decentralized approach for direct purchasing and quotation with the Public Administration responsible for the whole process

Infrastructure

- Connectivity
- Security
- National ID
- e-Readiness

Human Capital

- The implementation of an e-procurement program requires a capacity building program to go with it, so as to address the organizational challenge it faces.
- There is a need to establish the necessary cooperation framework with Suppliers.

Human Capital Case Studies

- Consip
 - Provides support programs through collaborative work with the universities
 - Works with large professional associations by providing them with the necessary training, after which those associations start to offer one-stop-shop for businesses
- USA
 - User Groups were established
 - Change management is with the contractors

Technology

- Standardization
- New developments
- Scalability
- Real Cost of e-Procurement
 - application software, implementation costs, content aggregation, catalog/search engine, transaction, training, participation ...
 - risk of failure

Technology

- Technical Architecture: planning, integration, interoperability and quality of user interface.
- Product Information (Catalogues)
- Payment systems

Procedures and Services Case Studies

- Consip
 - Electronic shops to address frame contracts on national supplies
 - Online auctions to support specific needs of public administration
 - E-Marketplace for direct purchasing and quotations

- UAE - Tejari
 - eTendering (Submit – Collect – Evaluate tenders)
 - eCataloguing (Upload – Search)
 - eOrdering (Orders- Invoices)
 - eAuctioning (eMarketplace- Negotiations)

- USA
 - Federal procurement database
 - Central Contractors registration (CCR) online
 - Got away with the newspapers by eliminating paper notices
 - Labor rates published online
 - Shared performance evaluations
 - Schedules are all located in one place

Support Modalities for e-Procurement Development

- **Caimeed-Formez**
 - Benchmark between European and Mediterranean Countries
 - Monitor best practices and providing assistance through specialized workshops, laboratories for learning, and studies
- **E-Government for Mediterranean Countries (eG4M)**
 - A university research program which aims at providing supporting tools (ICT, economic evaluation and management of ICT, etc..)

International Cooperation

- Government of Italy
- Development Gateway
- World Bank
- UNDP - ICTDAR
- OECD

Summary of Recommendations

- Creation of a **Network of E-procurement Experts** which will support bilateral exchange of technical know-how and expertise on the implementation of e-procurement systems (supported by FORMEZ), focusing on:
 - Inventory of Legislative requirements for e-procurement
 - Guidelines on building an “integrated” (actors, processes) approach to e-procurement
 - Checklist of effective skills and competences for e-procurement operators
- Support for follow up **Seminar with User Groups** (agencies, suppliers) on how to effectively implement e-procurement by bilateral/multilateral donors.
- **Dissemination of Arab experiences** on e-procurement through the collection and analysis of country papers which will feed into the work in preparation of Arab country Action Plans as part of the MENA initiative.

Thank You!

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