Implementing the new Organigram
The case of Portugal

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Support to the Greek Public Procurement Reform
Workshop 3 – Session 2
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Portuguese Public Procurement System New Goals – New System

Creating...

- New legislation for Public Procurement
- CPB: Framework Agreements covering several categories of goods and services; eCatalogue for use of FA, development of National System; GPP strategy
- Reporting tools to obtain information & control;
- A web Portal to publicize all public contracts (works, goods and services – www.base.gov.pt);
- Mandatory approach and not just “recommended” electronic public procurement

Structural Actions

Drivers

To Achieve...
- Simplified rules
- Enhanced management
- Standardized practices
- Strengthened economic behaviour and competitiveness
- Effective oversight and monitoring
Portuguese Public Procurement System
Institutional framework

Contracting entities
(1800 mandatory and 520 voluntary)

Central Purchasing Body
+ eProcurement platform

Government

Ministry of Finance

Ministerial Procurement Offices (15)

Monitoring Committee

Community And End Users

Contractors and Suppliers
The mandatory eProcurement approach

<table>
<thead>
<tr>
<th>Type of Entity</th>
<th>eProcurement Usage (e-tendering and e-awarding)</th>
<th>National Public Procurement System (SNCP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Administration and Public Institutes</td>
<td>Yes Mandatory</td>
<td>Yes Mandatory</td>
</tr>
<tr>
<td>Municipalities, Regional and local entities</td>
<td>Yes Mandatory</td>
<td>Voluntary</td>
</tr>
<tr>
<td>State owned companies</td>
<td>Yes Mandatory</td>
<td>Voluntary</td>
</tr>
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</table>
Mission

The mission of the Agency is to set up, implement and manage SNCP - the National Public Procurement System (for transversal goods and services only) as well as to centrally manage the State-owned Fleet, contributing to increase the efficiency of the Portuguese Public Administration.

Vision

The Agency is to become the Portuguese reference in the fields of Public Procurement and State-owned Fleet Management.
Portuguese Public Procurement System
CPB – Strategic goals and Methodology

**Strategic goals:**
- Reduce public debt
- Control public expenditure
- Achieve savings
- Contribute to the efficiency and modernization of Public Administration
- Promote of economic competitiveness
- Address Environment / Green Public Procurement

**Methodology:**
- Process optimization and normalization
- Public tenders for framework agreement awarding
- Synergies and economies of scale
- Setting of a strategic sourcing policy
- Adoption of legislative measures
- Development of information systems guidelines
Portuguese Public Procurement System  
CPB – The top priorities

• Public tenders with the aim of **awarding framework agreements** covering categories of goods and services that aim to fulfill common needs of the Public Administration. This strategy intended at creating value, financial gains, savings and cost reductions through framework agreements, which in turn promote synergies and economies of scale as a result of a concentration process.

• Development and implementation of a **Technological Model** able to provide full support to framework agreement procedures and call-offs.

• **Enhanced statistical information and reports on public procurement** (goods and services). Setup of a comprehensive Public Procurement Information System, responding to both management control needs and EU requirements.
Portuguese Public Procurement System
CPB – Develop a strategic plan (3-5 yrs)

• For the Framework Agreements

• For the Technological Model

• For the Management Information System

But also…

• To address (political) compromises and requirements
A) Code of Public Contracts

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

B) Institutional regulations towards a centralized national PP system (CPB)

Decree-Law No. 37/2007
Defines the National Public Procurement System and creates the Agency responsible for the management of that system.

Regulation 330/2009 – Issued by the Agency
Regulates the functioning of the National System of Public Procurement.

C) Specific ePP related provisions

Decree-Law 143-A/2008
Concerning Electronic Platforms and data communication form.
Portuguese Public Procurement System
A clear legal framework

- P. 701-A/2008 Models of the forms
- P. 701-B/2008 Advisory Committee
- P. 701-C/2008 EU Directives’ thresholds
- P. 701-D/2008 Models of statistical data
- P. 701-E/2008 Models of data blocks and data reports to the Portal
- P. 701-F/2008 Portal BASE Revised by P. 85/2013
- P. 701-G/2008 Electronic procurement platforms
- P. 701-H/2008 Mandatory content of the program and execution of public works
- P. 701-I/2008 Public Works Observatory

D) Implementation ordinances
Centralised purchasing system
The new structure

Headcount: around 300
Centralised purchasing system
The public procurement division

Public Procurement Division

- Help Desk and Network Support
- Research and Analysis
- Statistics and Reports
- eProcurement, GPP and Projects
- Maintenance & Support IT, Legal, Financial, HR
  (provided by other divisions of the Institute)

Category Managers 1
Category Managers 2
...
...
...
Category Managers X

Headcount: around 20
Centralised Purchasing System
The technological model

Public budget planning → Aggregation → Sourcing → Procurement

Public Entities

Suppliers

Web - Reports from Suppliers and Public Contractors from Public framework Agreements

Determine Public Procurement Savings and Management Fee
Centralised Purchasing System
Services provided

• Manages ePlatform and manages and updates eCatalogue
• Aggregates demand in defined categories of goods and services
• Leads centralised call off procedures for defined categories using e-platform tools and framework agreements
• Support entities in the development and launching of eProcurement procedures.
• Conducts training sessions and capacity building seminars to improve skills in the handling of eProcurement tools, for procurement officials, for all contracting entities and purchasing bodies.
Centralised Purchasing System
Financial sustainability

• Operations are funded by charging fees on suppliers that are part of the framework agreements. No fees are charged on public buyers.

• There are only fixed rates in each framework agreement that are charged to suppliers based on their invoicing amount to public entities under the framework (purchases). Rate range: from to 0.5% up to 3%, average 1%. The usage of the e-procurement tools is free of charge.

• Framework fees are calculated to support the Agency in setting up and managing costs, but also operating costs. The fees take in consideration the relevance of each category of goods and services, in terms of market size, margins and relevance.

• In 2011/12 fees from FA accounted for 100% of operating costs.
Centralised Purchasing System
Major figures

<table>
<thead>
<tr>
<th>eProcurement platform (CPB)</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered Contracting Authorities</td>
<td>1 040</td>
<td>1 270</td>
<td>1 490</td>
<td>1 921</td>
</tr>
<tr>
<td>N. of procedures</td>
<td>1 538</td>
<td>2 311</td>
<td>4 492</td>
<td>6 895</td>
</tr>
<tr>
<td>Registered users</td>
<td>4 510</td>
<td>7 181</td>
<td>7 245</td>
<td>8 000</td>
</tr>
</tbody>
</table>
To design, implement and roll-out CPB
To consider… amongst others…

• Coverage of the procurement chain – What to deliver and how? Step by step or full speed?

• Strategic planning – where do we want to be in x yrs, investments, resources? Structure - are we capable? Or enough?

• Available electronic tools – off the shelf? How to take advantage?

• Legal framework – is it sufficient? Add extra sugar?

• Enforcement and empowerment – Government wants, Government gets?

• Mandatory or voluntary?

• Replicate models – traditional approach? One size fits all?
THANK YOU
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For more information on OECD work on public procurement

http://www.oecd.org/gov/ethics/integrityinpublicprocurement.htm