Strategic Public Procurement: The Portuguese Experience

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Sofia, Bulgaria

2007, the turning point

In 2007 Portugal started a major reform in the public procurement system

- Objectives:
  - To promote faster & cheaper & easier ways to deliver goods and services
  - To increase accountability & transparency & competitiveness & effectiveness & efficiency

- eProcurement as a strategic part of a broader reform in the legal, regulatory and economic aspects

The 3 pillars of the reform

The reform of the Portuguese Public Procurement System (SNCP) was supported in 3 major pillars:

- The new Public Procurement Law of 2008 (CCP) *

- The creation of ANCP, EPE (now ESPAP, IP), the agency that kept the role of managing authority of the SNCP

- The introduction of eProcurement (at least eTendering and eAwarding) on a mandatory basis:
  ◦ for all call-offs under ESPAP's framework agreements
  ◦ for public tenders

> The intertwine of these 3 pillars was key for the success of the reform
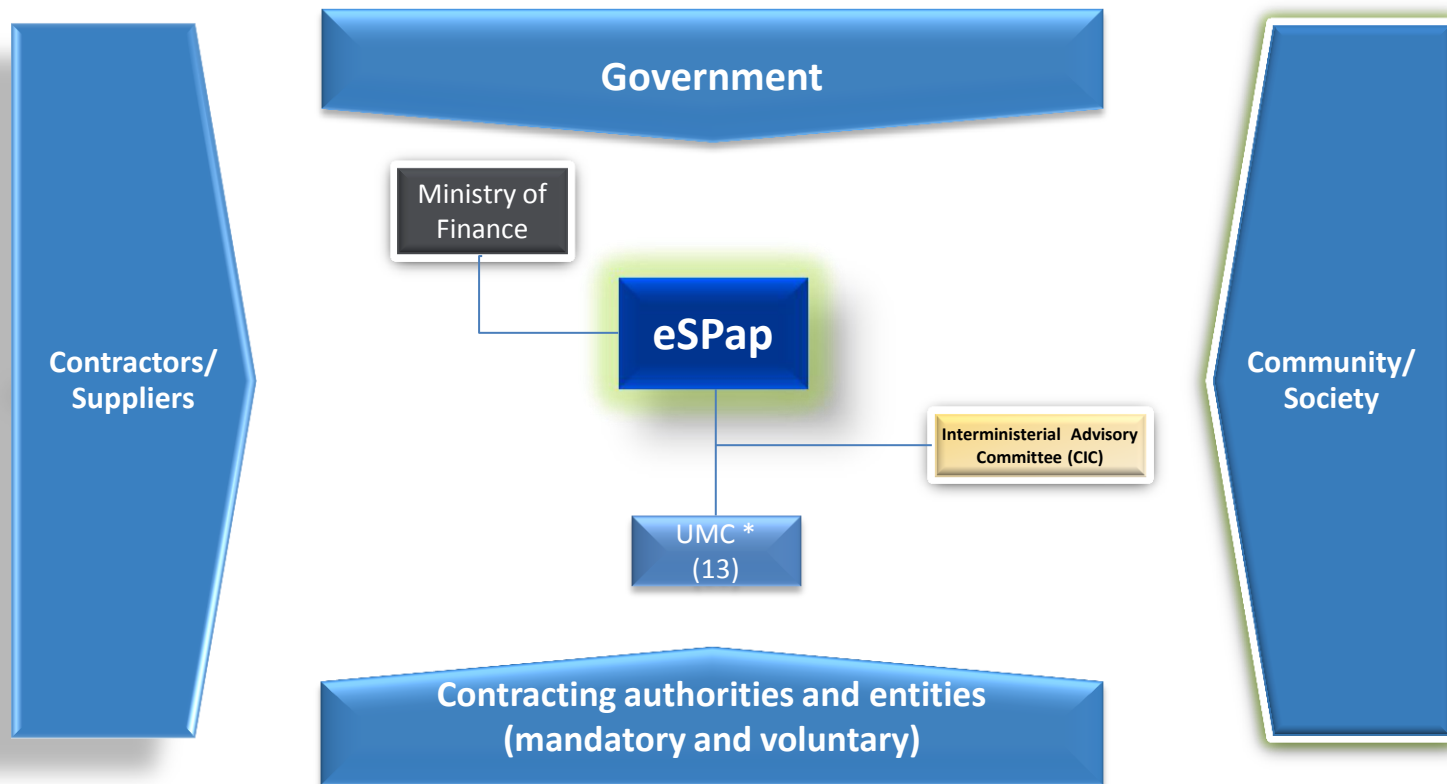
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The Portuguese Public Procurement System (SNCP)

- Hybrid model of management, based on a central management entity – ESPAP – articulated with ministerial purchasing units (UMC) and contracting authorities (CA), operating in a network;

- Integration of:
  - purchasing entities by lay – "Mandatory entities" (1800+)
  - purchasing voluntary entities (c. 680);

- Centralization of the categories at ESPAP (Electricity, Natural Gas, Fuel, Vehicles and Car Insurance) or UMC *;

- Acquisition under framework agreements (FA) established by ESPAP;

- Mandatory usage of e-tools in public procurement since November 2009.

UMC = Initialism in Portuguese for Ministerial Purchasing Units

SNCP's Governance Model

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Government

Ministry of Finance

eSPap

**Contractors/
Suppliers**

**Community/
Society**

**Interministerial Advisory
Committee (CIC)**

UMC *
(13)

**Contracting authorities and entities
(mandatory and voluntary)**

* UMC = Ministerial Purchasing Units. Some work as shared services units for multiple ministeries. In total there are 17 Ministeries.

The top priorities in the setup

Between 2007 and 2010 the top priorities during the setup of the SNCP were:

- Launch of public tenders on transversal categories of goods and services in order to award framework agreements

- Development and implementation of a Technological Model

- Setup of a comprehensive Public Procurement Information System

1st step: to bring on board key stakeholders in the country and to involve the major players into the reform

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Categories of goods and services within SNCP (Framework agreements)

Hardware   •   **Software Licensing**

Mobile Communications   •   Landline Communications

ICT - Design, management and development of infraestructures

Technological consultancy   •   E-Platforms

Natural Gas   •   Fuel   •   **Electricity**

Cleaning Services and Hygiene Products   •   **Security and Surveillance**

Maintenance of HVAC Systems   •   **Maintenance of Lifting Systems**

Paper and Stationery   •   Toners   •   Copying and printing (outsourcing)

Furniture   •   Meals   •   Travelling and Hotels

Vehicles (acquisition and leasing)   •   Electric Vehicles   •   Car insurance

Fleet Management   •   … … …

Key stakeholders along this process

1st step: to bring on board key stakeholders in the country and to involve the major players into the reform

- Roadshows between 2008 and 2009 across the country

- Training, training, training

Endorsement of the Government as a whole

Public eTendering platform operators already established ● Contracting Entities (National, Local, Regional) ● Economic Operators ● External Auditors for Platform's compliance auditing ● National Certification Office of e-tendering Platforms – CEGER ● National Agency for Public Procurement - ANCP ● National Portal for Public Contracts ● Universities ● Municipalities ● Public companies ● Training Institutes ● Lawyers PP external consultants ● Court of Auditors ● Administrative Courts ● Media ● PR&Press ● Political institutions ● EU ● …

Main features of the legal regime

- The setup:
  - accreditation of e-platforms – license to operate
  - aggregation, centralization and UMC (like CPB) help delivering the change towards eProcurement (network)

- 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- eProcurement tool ("paper-based procedure") is null and void (toughest sanction in Portuguese Administrative Law)
    - Disciplinary sanctions (eg. fines) towards public entity management

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A strategic tool for delivering envisaged results

- The procurement model:

Sourcing	Aggregation	Tendering	Awarding/ Contract	Ordering	Invoicing	Payment

- The eProcurement model:

Mandatory use since Nov' 2009

e-sourcing	e-aggregation	e-tendering / e-awarding	e-contract	e-catalogue	e-ordering	e-invoicing	e-payment

e-reporting

Within the scope of the current technological model put in place by ANCP
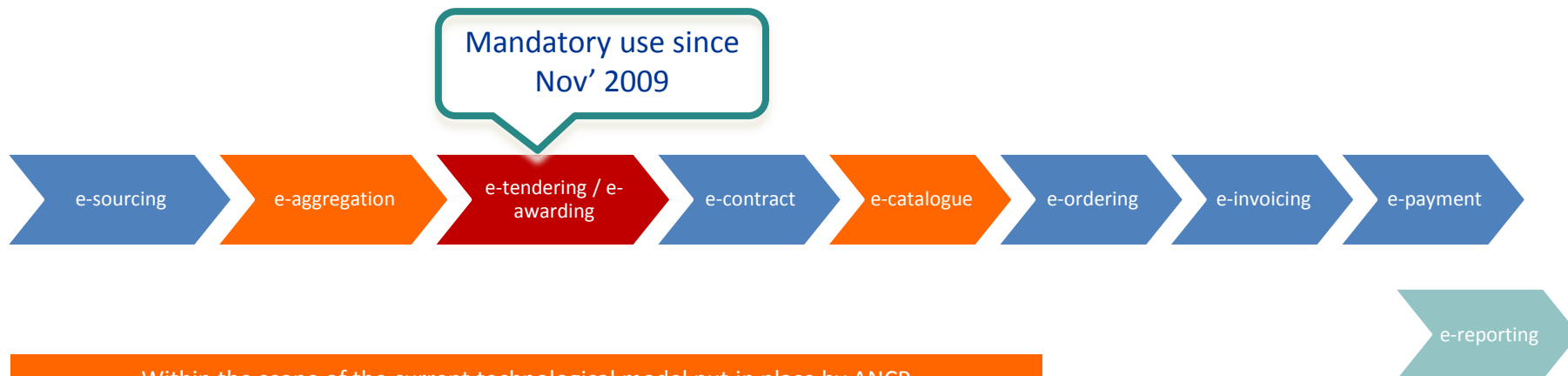
11 years later...

- +300 M€ savings achieved betwwen 2009 and 2016

- 12 valid framework agreements (39 since 2008)

- 256 active qualified suppliers

- +70% are SME

- +210k prices in the e-Catalogue (National Catalogue for Public Procurement (CNCP)

- +1800 mandatory contracting entities

- +680 voluntary contracting authorities

- c. 29 000 users with access to any of the SNCP's information systems

- Overall 62% level of eProcurement in Portugal in 2016 (€)

How did we get here?

- The winner partnership / alliance towards the big change
  - Government
  - Industry (eProcurement operators and economic operators interested in accessing public markets)
  - Public Administration, at every level (tax payers, at the end of the day)

- The success factors
  - Attitude changing model: Legal, Economic, Educational/Training, Social Marketing
  - Overarching element: confidence
  - Three consistent pillars (Code, UMC/CPB, e(Public) Procurement)
  - Perception of gains and advantages
  - 4 Cs instead of 4 Ps * => Work together, think out of the box, change for the better

* 4 Cs: Critical thinking, Communication, Collaboration, Creativity   4 Ps: Product, Place, Price, Promotion

The consolidation of the SNCP – The challenges ahead

Improvement of both the Efficiency and the Efficace of the SNCP

A. Governance Model

- Governance of SNCP and Public Procurement
- Network coordination
- Levels of centralization
- Simplification and rationalization

B. Qualified Procurer

- Empowerment of the procurer role
- Training / To reinforce competences
- Share of knowledge
- International experience

C. Information Systems

- Integrated system of data on procurement
- Interoperability of e-platforms
- Integration with relevant data systems from other entities

D. Monitoring

- Monitoring of the National Public Purchasing Plan
- Annual savings
- Procurement data
- Detailed public expense and unit negotiated prices

Adequate legal and regulatory framework

Improving the qualifications of the procurer

- Public procurer as a strategic role

Improving competences

- The economic dimension of Public Procurement

Coordinating

- Procurement operational foruns (FOC)
- Sharing best practices
- Joint problem-solving
- Multidisciplinary teams
- Aggregated procurement procedures

Sharing information

- Taking part in sharing, training and qualification programmes
- Taking part in international projects

Share of knowledge - Procurement operational foruns

UMC A

UMC E

UMC B

UMC D

UMC C

ESPAP

Agenda (Example)

- Presentation of new framework agreements (FA). How to prepare and launch call-offs under those FA

- Each UMC's major activities. Planned procurement procedures

  ◦ Target categories
  ◦ Status of on-going projects
  ◦ Share of results, best practices, difficulties met

- Monthly activities' plan:

  ◦ On-going and planned activities
  ◦ Identification of common activities
  ◦ Challenges
  ◦ Action plan

- Evaluation of suppliers' performance:

  ◦ Best practices in contract monitoring
  ◦ Level of achievement of SLA
  ◦ Issues with suppliers. Status. Challenges. How to overcome them

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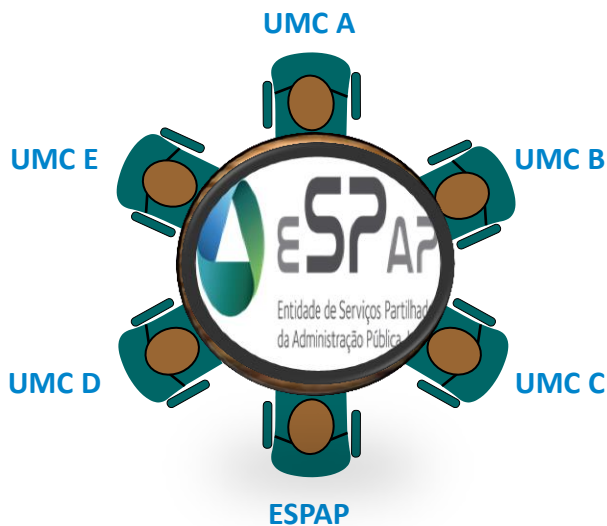
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