



Day 2 Session 4

# Prototype Learning Module

Transparent and Accountable  
Procurement Strategies

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# Module Overview

- Learning Objectives
- Key Outcomes / Applied Use of Learnings
- Target Audience
- Case Studies and Exercises
- Additional Readings and Materials for Target Audiences

# Learning Objectives

To Apply An Understanding Of:

- Why transparency and accountability are incorporated into public procurement strategies
- How the development of the public procurement strategy impacts whether the project ultimately achieves value for money and improves service delivery outcomes



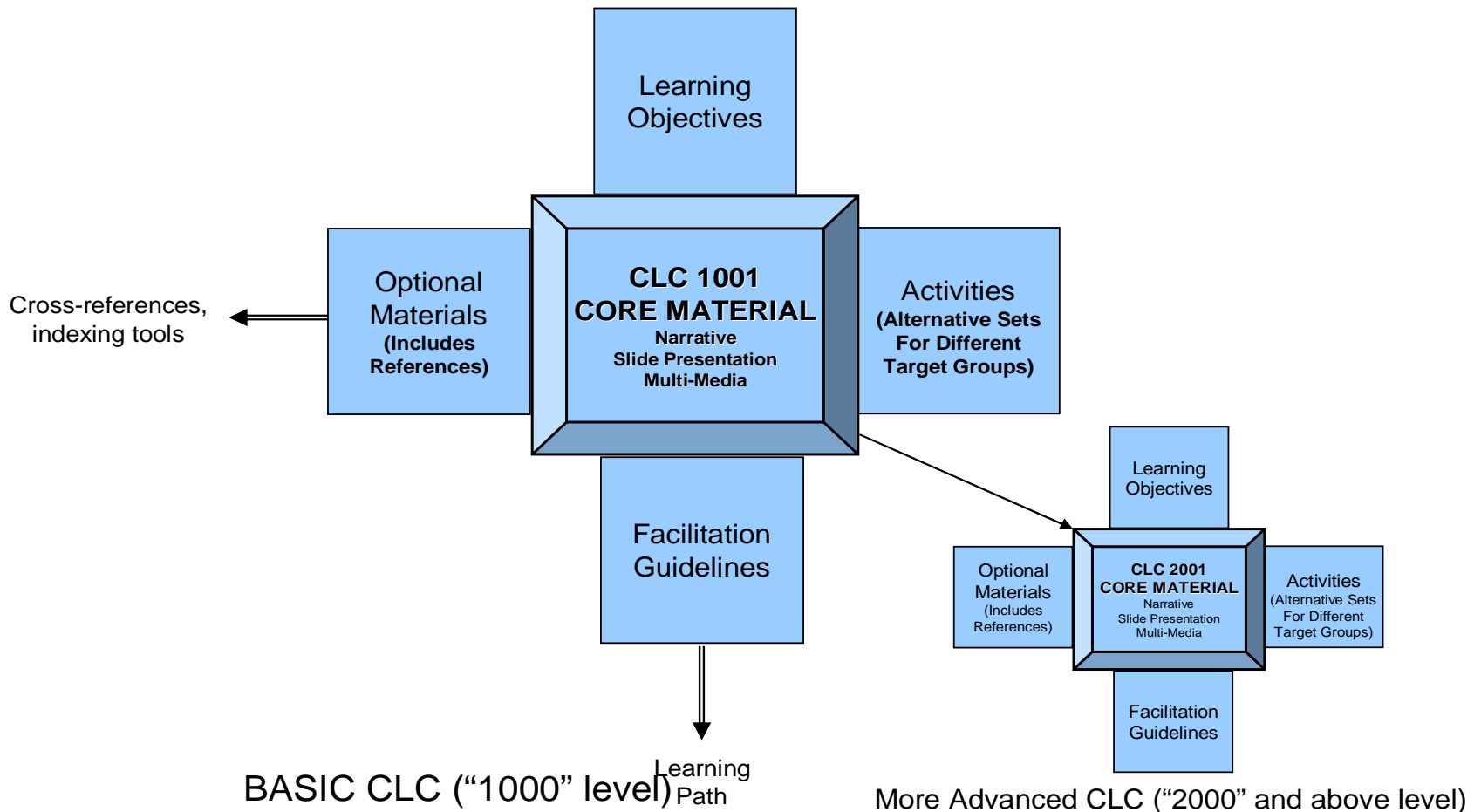
- Articulate how the inclusion of transparency and accountability in the procurement strategy can maximize private sector competition and reduce public sector costs
- Identify an appropriate procurement strategy for a particular project so that it is more likely to achieve value for money and improve service delivery outcomes



# Target Audience

- Policymakers
- Project/program managers
- Practitioners (legal, financial, technical)

# Core Learning Component (CLC)



# Definition

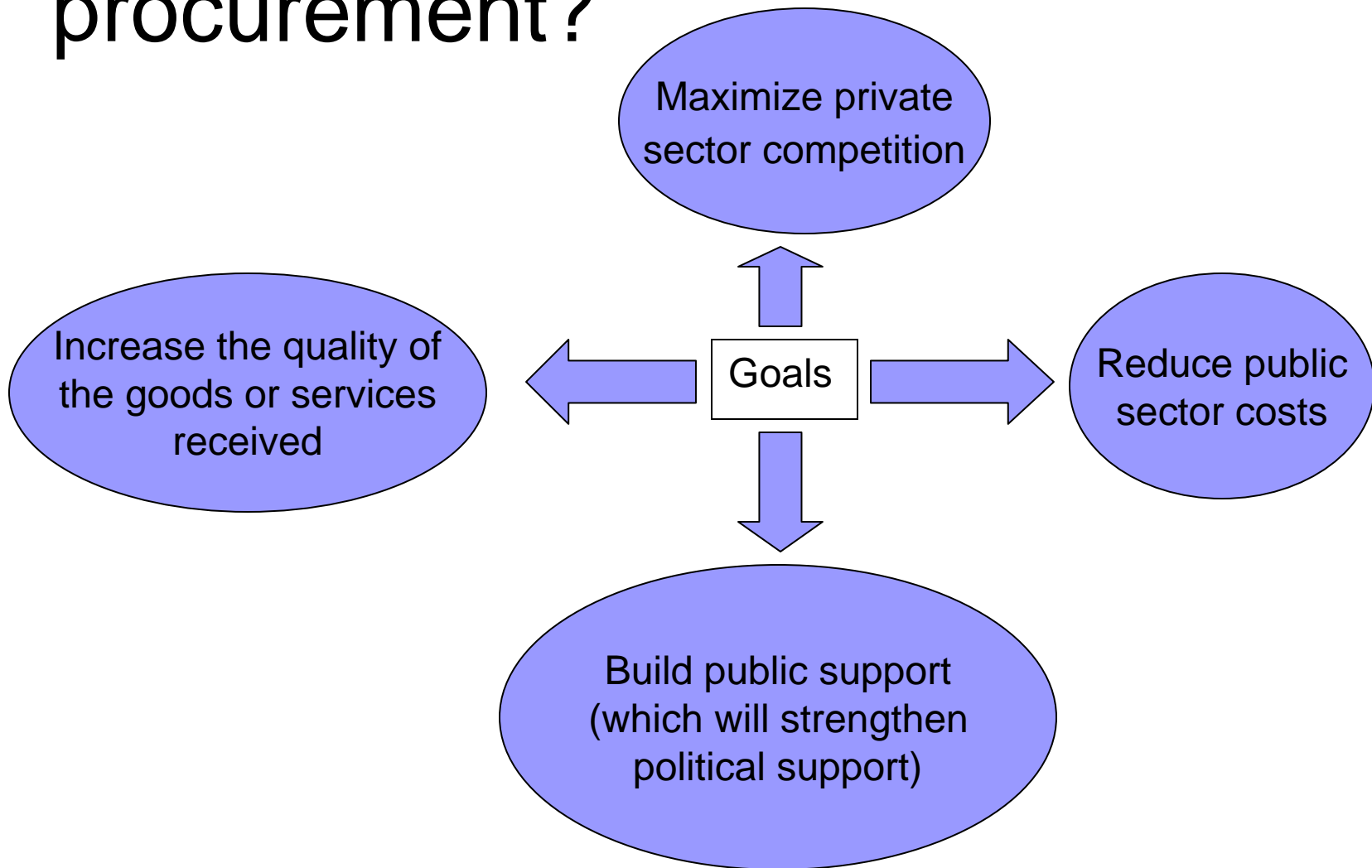
A public procurement is a process and procedures used by a government agency to acquire goods or services from the private sector

*Example:* private sector assistance in the delivery of public infrastructure

Used by:

- Municipal water department
- State highway agency
- Regional transit authority

# Why do governments use public procurement?



# What is a public procurement strategy?

- Government agency wants to maximize competition to get the best bid possible
- Private bidders are looking for comparative advantage in responding to public procurement:
  - Right local partners
  - Best technology
  - Pre-existing relationship with government agency



# What's so special about PPP Procurements?

- PPP procurements are especially challenging because:
  - Extended contract terms
  - Mix of goods and services included
  - Highly technical and complex subject matter

# Procurement strategies used to achieve government goals

- Transparency
  - Accountability
  - Risk identification and allocation
  - Value-for-money analysis
  - Performance-based contracting
- } Focus of this session



# Note on PPP procurement strategies

Transparency and accountability are especially important goals in a PPP procurement:

- Bidder responses are highly detailed and take longer to prepare
- Bid preparation costs are higher (for bidder and gov.)
- Longer-term relationship contemplated
- Major infrastructure projects/programs at stake



# Transparency

- In goods or services government wishes to procure
- In preparation of procurement documents
- In selection of private partner(s) using efficient and fair bidding processes
- In use of contractual agreements based on clear, comprehensive guidelines
- During and following procurement full public disclosure on who is bidding and why one bid won

# Accountability

From:

- Government agency to private partners
- Private partners to government agency
- From both to the general public

Procurement documents must establish:

- Clear lines of responsibility
- Rigorous and transparent reporting and oversight requirements
- Clear and achievable performance measures
- Consequences if contractual promises not met



# Case Study

- PPP Transport
  - Bangkok Rail
  - Tren Urbano Transit System in Puerto Rico



# Why do public procurements fail?

- Political interference
- Flawed procurement strategy
- Poor implementation



# Tools to Implement Procurement Strategy

How are the principles of transparency and accuracy actually incorporated into a procurement strategy:

- Application of conflict of interest rules to bidder teams (organizational and individual)
- Prohibition on ex parte contacts between responsible public officials and bidder representatives during formal bidding process
- Certification by each bidder confirming no bid collusion with others
- Pre-bid publication of procurement documents, including bidder qualification requirements, evaluation process and selection criteria
- Post-bid debriefings for unsuccessful bidders
- Formalized bid protest procedures with appeal process to independent body



# Summary

- Inclusion of transparency and accountability in the procurement strategy can increase private sector competition and reduce public sector costs
- The procurement strategy selected by the government agency has a significant impact on whether the project ultimately achieves value for money and improves infrastructure service delivery outcomes



# Exercise 1

## ■ Scenario Exercise

- Do you think transparency and accountability are now an important part of the government's procurement strategy?
- Do the political leaders emphasize transparency and accountability?
- Do some sectors seem to have a better procurement strategy than others? If so, why do you think so?

# Exercise 2

- Based on existing program / project:
  - Consider how the process may change if a more transparent and accountable procurement strategy was adopted?
  - If the procurement was perceived as more open and transparent, who might bid that otherwise would not?
  - Which sectors could most benefit from a new procurement strategy?
  - How might the role of the program / project leaders change under this type of procurement strategy?