



Day 2 Session 4

Transparent and Accountable Procurement Strategies

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What is a public procurement?

- 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

- Who uses:
 - Municipal water department
 - State highway agency
 - Regional transit authority

Why do governments use public procurement?

4 Goals:

1. Maximize private sector competition
2. Reduce public sector costs
3. Increase the quality of the goods or services received
4. Build public support (which will strengthen political support)



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



Why do public procurements fail?

- Political interference
- Flawed procurement strategy
 - Not enough transparency
 - Not enough accountability
- Poor implementation of strategy



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 workshop meetings on draft procurement documents
- 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



Questions/comments/more info.

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Thank you

Strengthening Governance
for Infrastructure Service
Delivery: The Role of Public
Private Partnerships