



THE IMPORTANCE OF PLANNING FROM A PRACTICAL PERSPECTIVE

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The OECD



The OECD...

Better policies for better lives

OECD countries believe
a **stronger, cleaner, fairer**
world is possible



through co-operation

sharing information
and ideas that work

mutual advice



Spanning a variety of policy areas

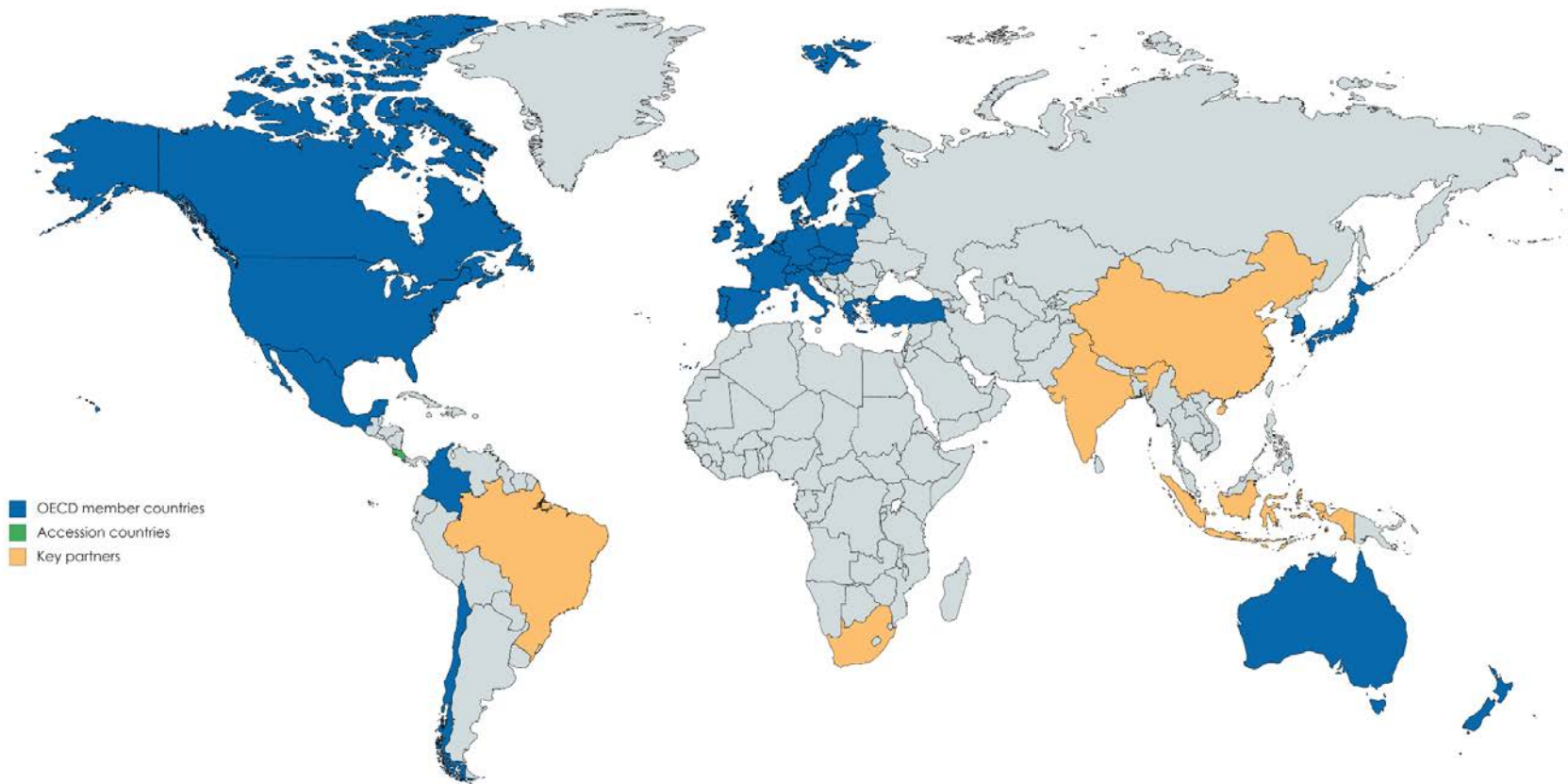




37 member countries

1 accession country

5 Key partners



Created with mapchart.net ®



OECD work on public procurement



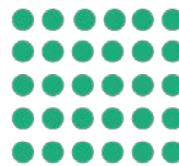
Public procurement matters for effective public service delivery

Public procurement - a large share of the economy:

- **12% of GDP in OECD countries**
- **30% of general government expenditures**
- **63% spent at the sub-national level**

Public procurement impacts many areas of public service delivery:

Share of procurement spending³



30%

Health



17%

Economic affairs



12%

Education



10%

Defence



10%

Social protection



9%

General public services



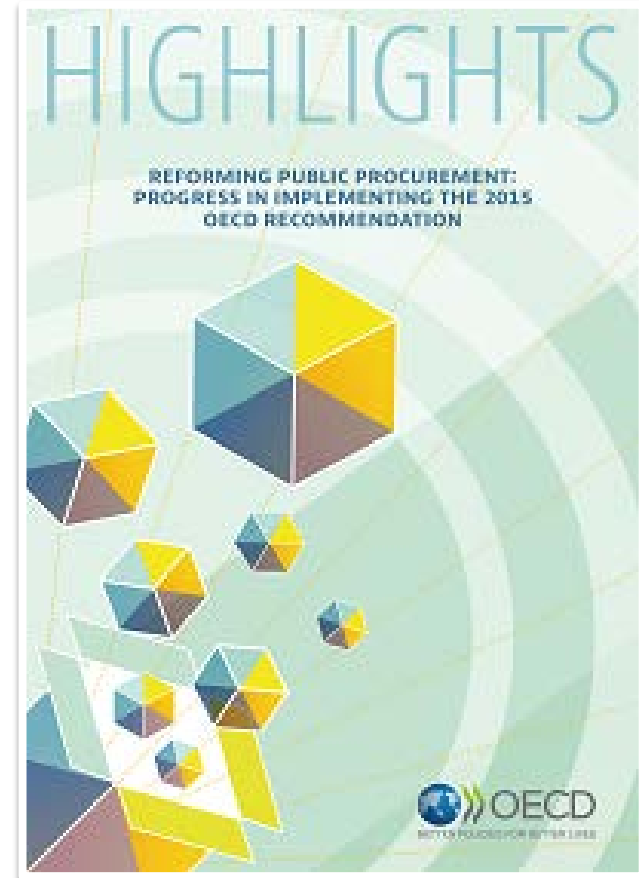
Recognising the strategic dimensions, the OECD designed a holistic framework that became a international reference

The OECD Recommendation on Public Procurement (OECD, 2015)



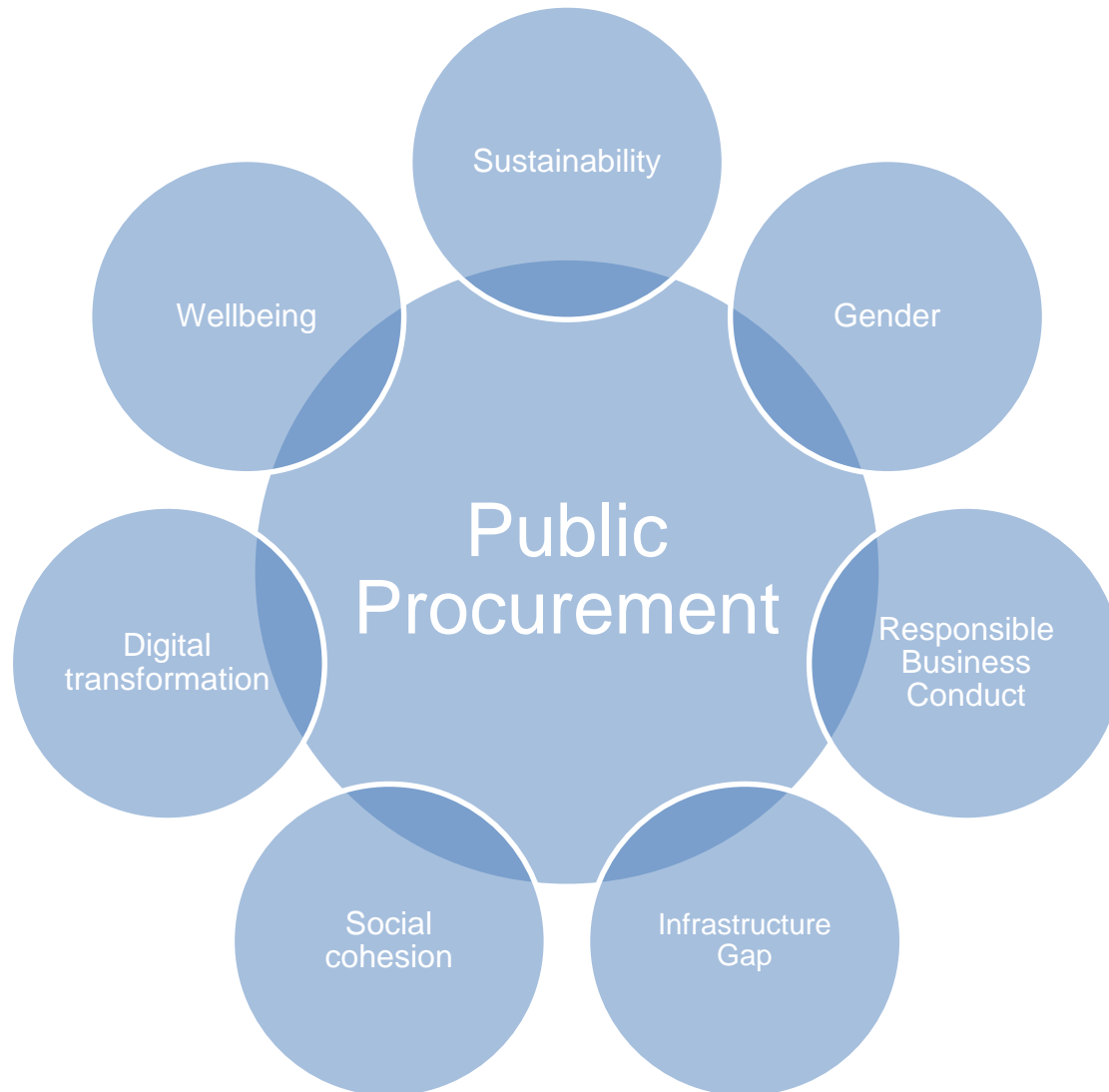


2019: Progress in implementing the 2015 OECD Recommendation



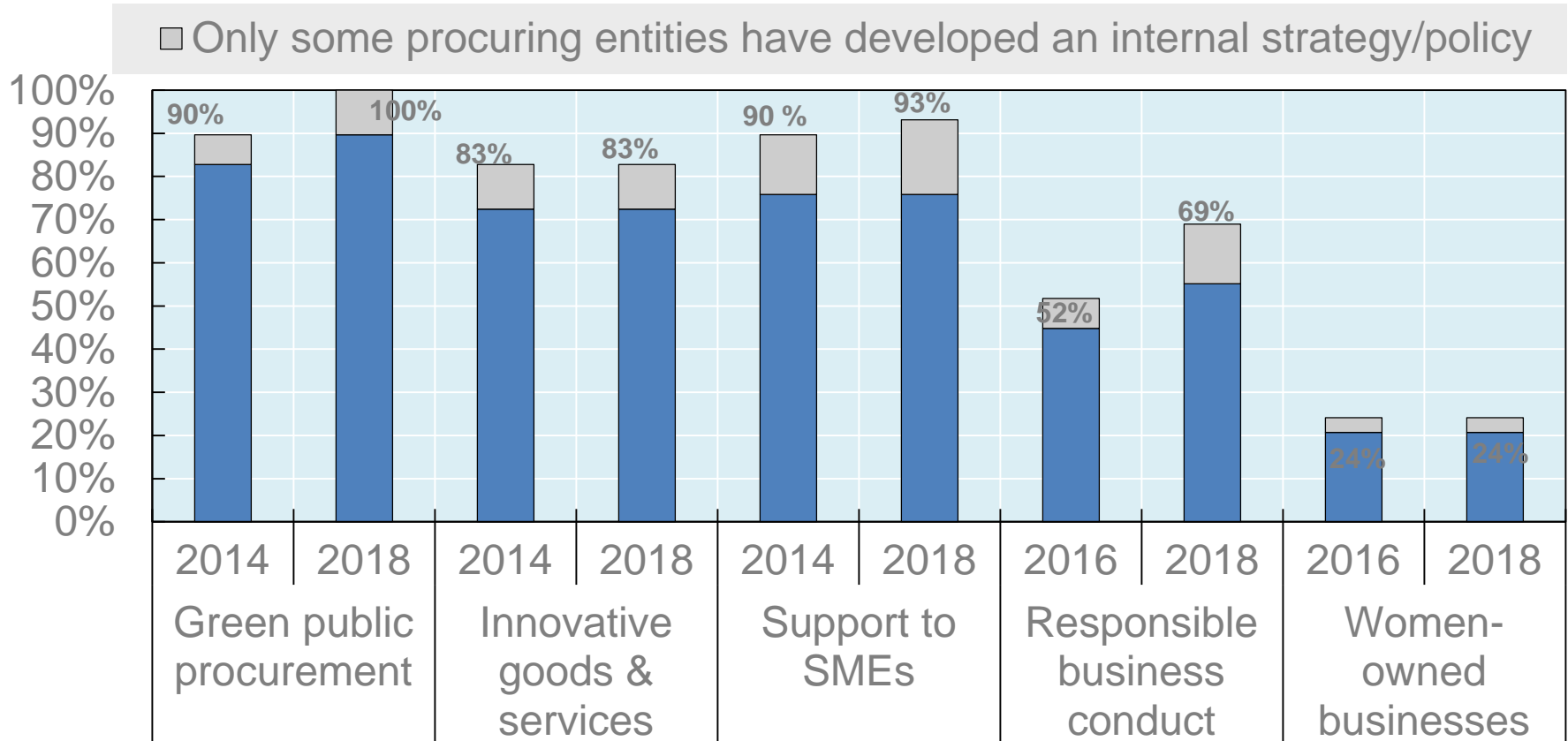


Public procurement is a key enabler for a governments' strategic policy agenda





State of play: Public procurement is increasingly used to pursue broader policy objectives

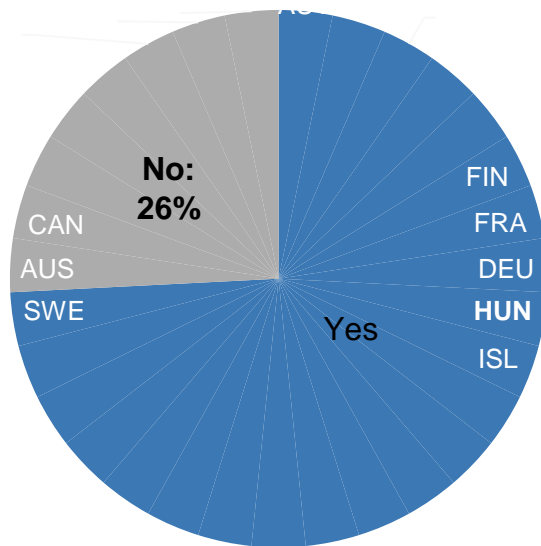


Sources: OECD 2018, 2016 and 2014 Public procurement Surveys

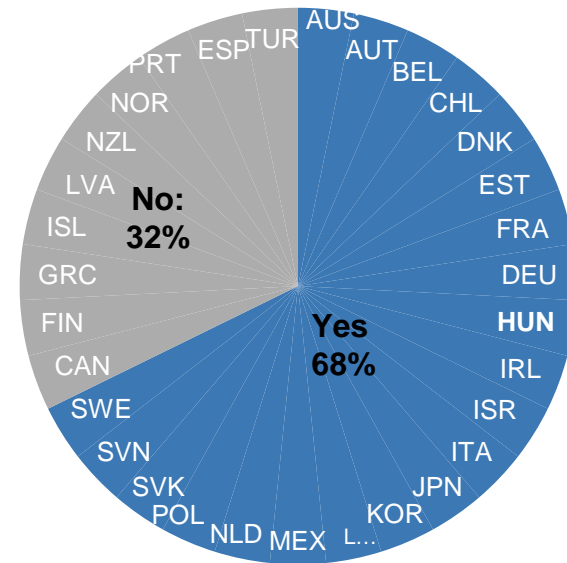


Still uneven follow-up and monitoring for measuring results against strategic goals

Countries that measure the results of their public procurement to boost...
...Green Objectives



...SMEs



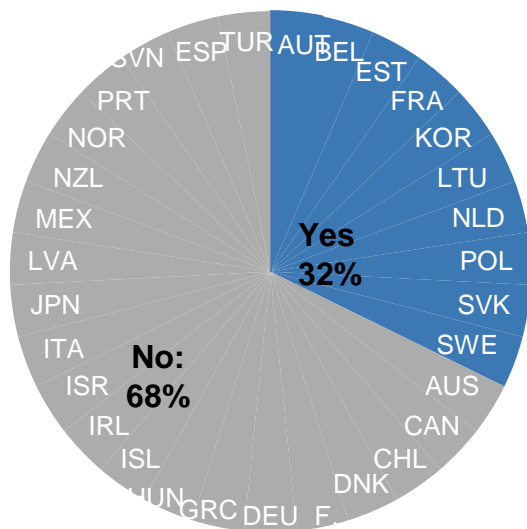
Sources: 2018 Public procurement Survey



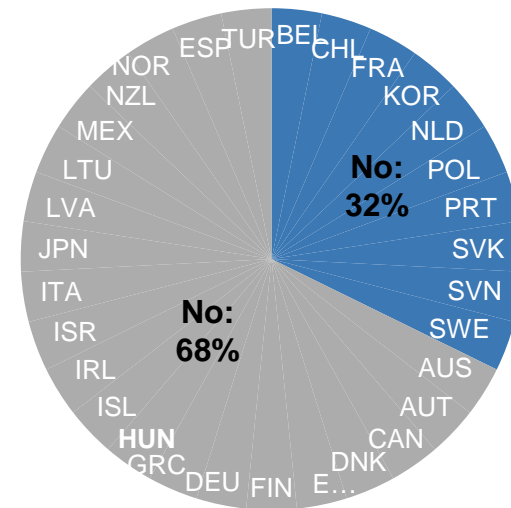
Follow-up and monitoring: less and less measurement as goals are increasingly complex

Countries that measure the results of their public procurement to boost...

...Innovative Goods & Services



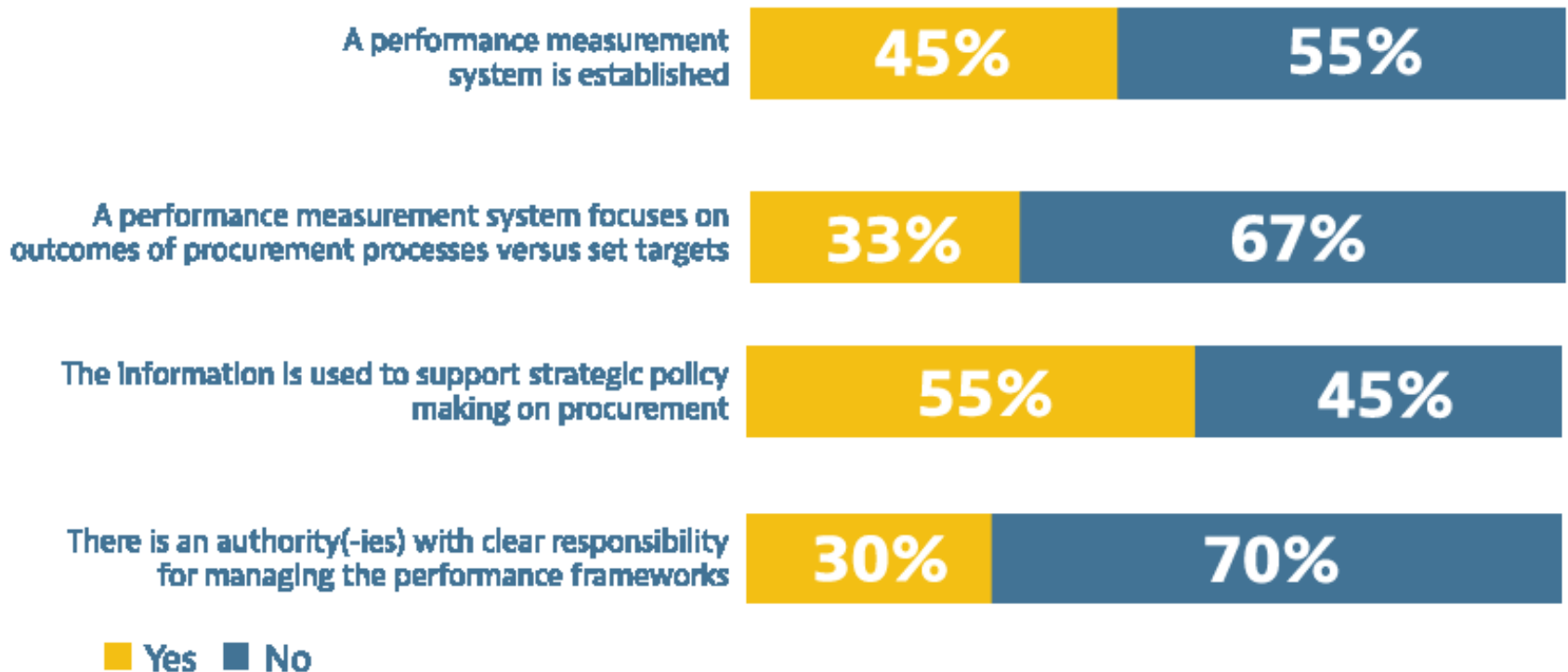
...Responsible business conduct



Sources: 2018 Public procurement Survey



Performance management system is still lacking in most OECD countries

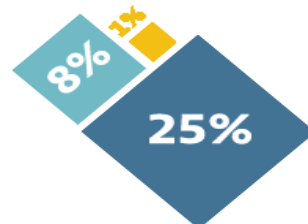




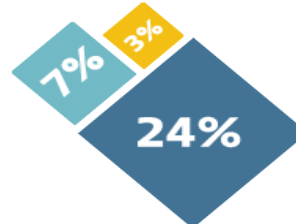
State-of-play of digitalisation of procurement systems in OECD countries



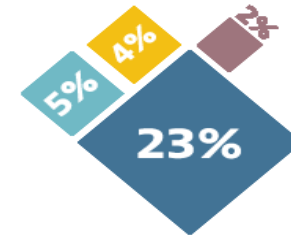
Publishing procurement plans



Announcing tenders



Provision of tender documents



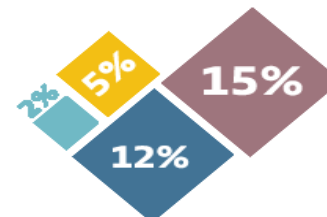
Electronic submission of bids



E-reverse auctions



Notification of award



Online catalogue



E-invoicing



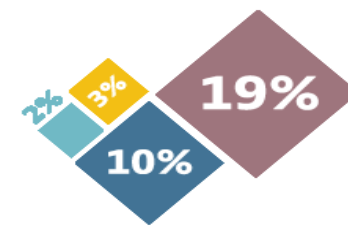
Ex-post contract management



Supplier registry



Framework agreements module

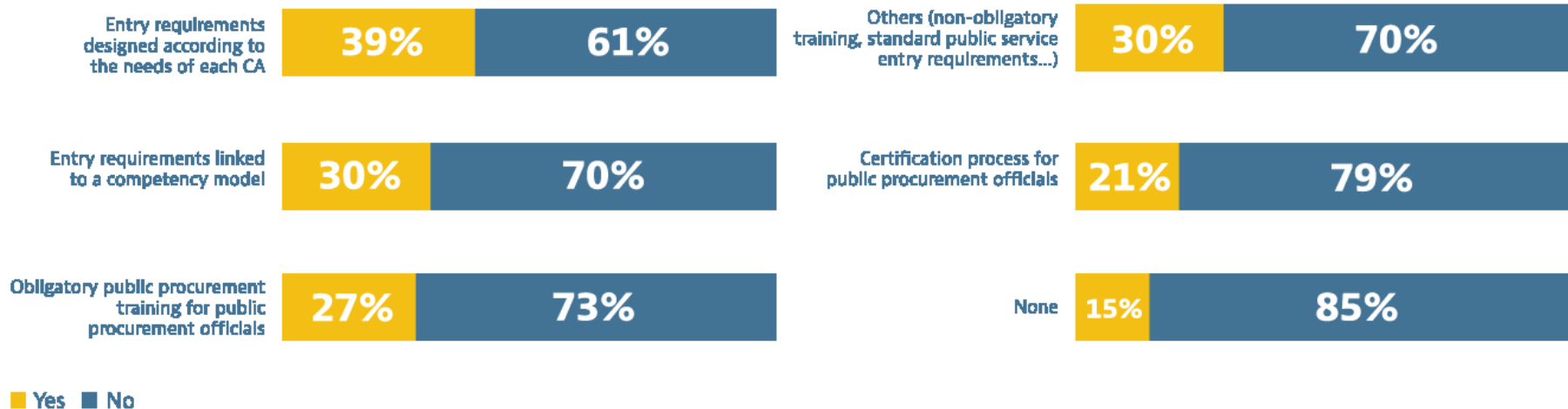


Business Intelligence module

- ◆ Provided in a central e-procurement system
- ◆ Provided by both a central e-procurement system and that of specific procuring entities
- ◆ Provided in specific procuring entities' e-procurement systems
- ◆ Not provided



Measures in place to ensure adequate capacity of procurement workforce





Other findings on progress made by countries show the real contributions of public procurement

- **Digitalisation is here to stay and can bring unprecedented evidence for policy-making:** Digital technologies are increasingly being used to gather meaningful data for measuring the multi-dimensional impact of public procurement (economic, strategic and well-being).
- **Transparency and integrity are still central to sound public procurement practices:** it levels the playing field and encourages supplier's participation
- **Infrastructure public procurement risk is in focus:** with many large projects underway or yet to be started across countries the complex risk environment requires both superior capability and new methodologies.



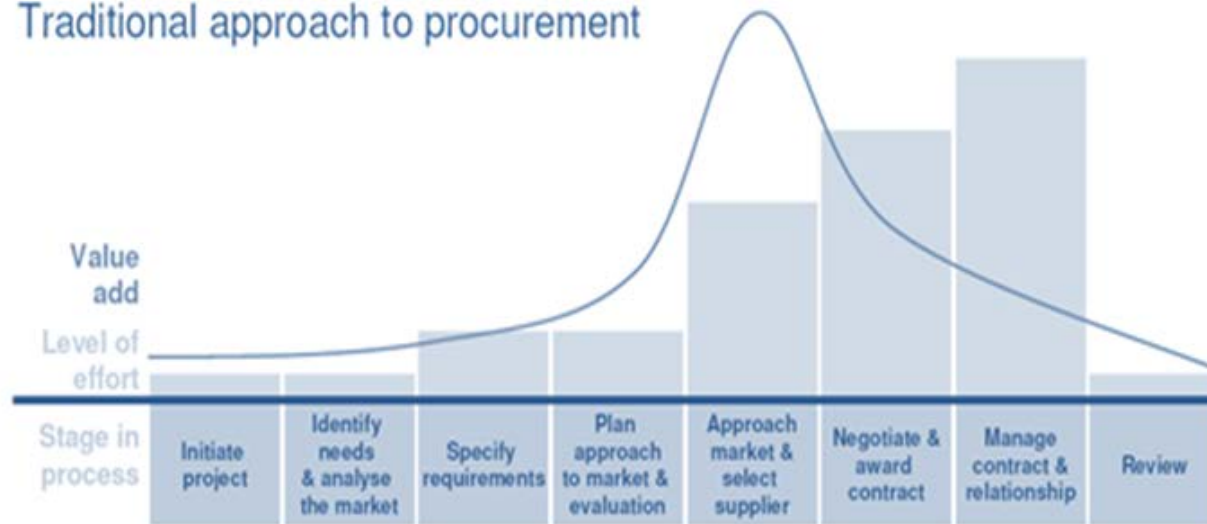
Procurement Planning:

Challenges, Benefits and Experiences from practice



The shift to strategic public procurement emphasises a whole-cycle approach

Traditional approach to procurement



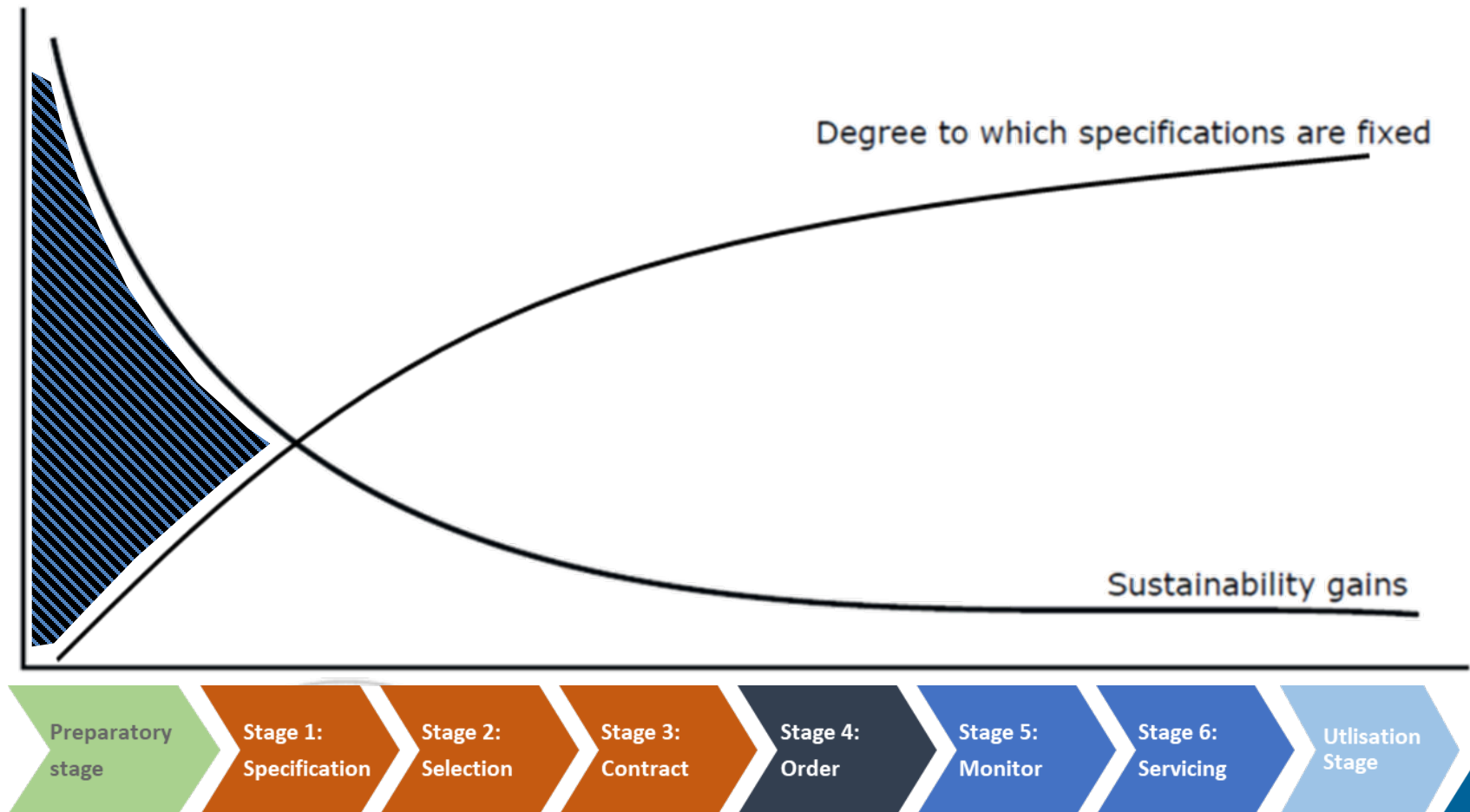
Vs.

Strategic approach to procurement





Best time to act? Relevance of procurement planning for sustainability and the SDGs





Investing more in planning brings benefits across the procurement cycle

- Increased investment in planning phase ensures that the remainder of the public procurement process runs smoothly and efficiently
- Successful planning phase includes:
 1. An overarching, documented procurement strategy
 2. A robust procurement plan
 3. Comprehensive needs and market analyses
 4. Continuous and open dialogue with stakeholders
 5. The establishment of procedures to monitor progress of the project
 6. The development of a risk-based approach





It is the starting point for developing a risk-based approach to procurement

- ✓ Engagement with the supply market and other contracting authorities
- ✓ Delegate overall risk management to a specific person
- ✓ Develop a risk management plan that spans from the planning phase to post-tendering/contract management
- ✓ Assign identified risks to specific people or entities
- ✓ Use and generate data for informed risk decision-making
- ✓ Identify risks considered critical to achieving the project outcomes



ICT procurement has far reaching impacts, requires significant investment in planning

- ICT public procurement contracts within the EU reach approx. EUR 50.3 billion (annually)
- The United Kingdom spends more than any other country on ICT with 26% of the total expenditure (EUR 13.2 billion), followed by France (19%) and Germany (10%).
- The total value of ICT contracts is lower than EUR 1 billion in the vast majority of the countries.
- Better ICT services = better public service delivery
 - Streamlined systems
 - Less duplication of services
 - Improvement in business processes
- Investment in the planning is therefore crucial in ensuring that these ICT services are executed successfully



Recent ICT procurement transformation in Germany

- Germany has created the Central Office for ICT Procurement (Zentralstelle für IT-Beschaffung, **ZIB**)
- The ZIB advises and supports contracting authorities during the entire procurement process, from the **planning phase** to the awarding of the contract and its completion.
- By centralising ICT procurement to the ZIB, Germany can invest more time into the planning phase to ensure a more strategic and standardised approach.



More complex projects require greater attention in the planning phase

- In the case of the New International Airport of Mexico City (NAICM), enhanced planning allowed:
 - Better sequencing of the works to ensure synergies between contractors
 - In-depth market analysis to understand market structure and mitigate risk of lack of competition
 - Increased stakeholder engagement



Avinor's planning strategies had great impact on contract management

- Avinor is a Norwegian state-owned company owning, operating and developing a national network of airports in Norway.
- Finished the construction of a new terminal in Oslo International Airport in 2017.
- To successfully achieve the construction of the new terminal, Avinor invested heavily in the **planning phase**, and followed it up by implementing a threefold contract management framework:
 - **Contract management strategies** institutionalising the ownership and the management of the contract with defined roles to achieve gains and targets set out in the contracts
 - **Vendor management activities** which defines strategic ownership and management of vendors across contracts to achieve maximum use of assets to build competitive advantages
 - **Supplier Relationship Management** consisting in structured measurement of contract and vendor to achieve maximum outcome within existing agreements



New Zealand: Scott Base Rebuild grounds success in planning

- Scott base is the NZ research facility located on Ross Island in Antarctica. Antarctic NZ is currently in the **planning phase** of building a new base, as the current base is reaching the end of it's functional life
- With the rebuild valued at \$250 million, Antarctic NZ is currently investing significantly in the planning phase to ensure the success of this infrastructure project.
- This has involved:
 - Development of an investment business case and risk assessment strategy
 - Designation of a senior responsible officer (SRO), responsible for overall risk management on the project
 - Extensive stakeholder engagement plan



LINKS TO OECD WORK ON PP

[HTTP://WWW.OECD.ORG/GOV/PUBLIC-PROCUREMENT/PUBLICATIONS](http://www.oecd.org/gov/public-procurement/publications)

THEMATIC REVIEWS



Productivity in Public Procurement
A Case Study of Finland: Measuring the Efficiency and Effectiveness of Public Procurement



TOOLS

