

## **E-PUBLIC PROCUREMENT**

The main topics I'd like to cover are:

- Main steps to be made for successful public procurement process transposition to electronic environment;
- Main features of Central Public Procurement Information System – CPP IS in short;
- Then I'll describe the results we have achieved;
- As a conclusion I'll describe main problems and major challenges we faced.

So let's start from main definitions for better understanding what we are talking about.

E-public procurement is an execution of public procurement procedures in the electronic environment. It can be identified as pre-award and post-award phases and following sub-phases of the process:

- **e-sourcing** is preparatory activities conducted by the contracting authority/entity to collect and use interested sides remarks for the preparation of qualitative specifications, searching for potential suppliers.
- **e-notification** is public procurement notice published in electronic format.
- **e-access** is electronic access to tender documents, their explanation, questions and answers, results, other related documents.
- **e-tendering** is implementation of tender in e-environment; preparation and submission of electronic quotations.
- **e-awarding** is electronic quotations opening, evaluation and awarding of the contract to the best offer, including framework contracts and e-auctions.
- **e-contract** is conclusion, enactment and monitoring of a contract/ agreement between CA and winning offer.
- **e-catalogue** is online order from e-catalogues and structured according to the type of procurement, the product/services /works.
- **e-ordering** is electronic submission of orders and their acceptance.
- **e-invoicing** is preparation, delivery and validation of invoices in electronic form.
- **e-payment** is electronic payment and its validation.

### **PUBLIC PROCUREMENT PROCESS TRANSPOSITION IN ELECTRONIC ENVIRONMENT IN LITHUANIA**

Public procurement transposition to the electronic environment is one of the key factors for the functional national e-government system.

Public Procurement Office (PPO) together with the Information Society Development Committee (ISDC) and with the Ministry of Economy were liable to implement "The Information System of Public Procurement" that would allow the step-by-step transfer of public procurement to

the electronic environment congruous with the practice exercised by the EU countries. That was foreseen by the Measures for implementation of the Programme of the Government of the Republic of Lithuania for year 2001-2004, resolution No. 1196 of the Government, October 4<sup>th</sup> 2001.

Considering defined tasks the public procurement transposition to the electronic environment started. The first step was twinning project of Lithuania and Sweden and development of the Public Procurement Monitoring Information System (PPM IS). PPM IS was developed in 2002 and allowed contract authorities and entities to prepare and submit public procurement notices and reports in the electronic environment using internet-based forms.

The second step was development of the Central Public Procurement Portal (CPPP). And from 2004 all public procurement notices have been published not only in national gazette but online as well. Moreover, CPPP allowed to publish tender documentation. In addition, since electronic catalogues had been developed, economic operators were allowed to make their products available online.

The third step of the public procurement transposition has its origins in new EU policies and requirements concerning public e-procurement, best practice of the EU countries analysing and e-procurement models identifying. Central Public Procurement Information System (CPP IS) was launched in September 15<sup>th</sup>, 2008, that enabled to organize and implement all public procurement procedures provided in the Public Procurement Law in the electronic environment, including PPP IS and CPPP functionality.

## CENTRAL PUBLIC PROCUREMENTS INFORMATION SYSTEM

CPP IS was created by implementing „Development of public procurement information system project“(Nr. BPD2004-ERPF-3.3.0-02-04-0017) using EU structural funds and Lithuanian Government common sponsorship resources and its aims:

- To reduce suppliers costs while participating in public procurement;
- To accelerate public procurement processes;
- To make it possible for contracting authorities to use more miscellaneous procurement procedures;
- To use available human resources of contracting authorities in a more effective way;
- To improve accounting of public procurement and controlling possibilities;
- To increase public procurement transparency;
- To promote small and middle business representatives to participate in public procurement.

Presently, in Lithuania there is one national system defined by law, which is used by all public procurements players:

**Public Procurement Office specialists** administrate system, consult users, prepare and publish information concerning public procurements, check and send submitted notices to TED and national gazette, publish it in public system's module, prepare public procurement statistics, access tenders' data for its control with contracting authorities (entities) permission.

**Authorized contracting authorities/entities** organize different procurement procedures, publish plans, technical specification projects, get remarks, send notices to Public Procurement Office for publication, searching for potential suppliers and send e-request for quotation to them, publish tenders documents, its explanations, communicate with potential suppliers, present procedures' reports, access information revolted to public procurements.

**Authorized suppliers** access tenders documents and other relevant information, send questions to contracting authorities (entities) and receive answers, submit quotations, send remarks to technical specification projects, identify their areas of interests.

**National Audit Office and other controlling organizations** access tenders' data for its control with contracting authorities (entities) permission, access other information related to public procurements.

**Not authorized (anonymous)** access notices, tenders documents, their explanations, information about tenders' results and other related information.

All interested in public procurements 24 hours, 7 days in week have free access to published information from anywhere where there is internet connection.

## RESULTS

CPP IS covers all public procurement processes as it defined by Public Procurement Law of Lithuania: from e-searching to e-awarding.

All public procurements notices have been published online from 2004.

From **September 15<sup>th</sup> 2009** it is **mandatory** to publish tender documents, including specification, explanation, questions and answers in CPP IS with notice about tender and to implement not less than 50 % of procurement volume per year in CPP IS. E-contracting is available, but not mandatory.

One of the goals was to make it possible for contracting authorities use more miscellaneous procurement procedures. First dynamic procurement system (DPS) was created in 2010. At the moment there are 5 DPS created and 11 tenders in it. Till now there have been implemented more than 25 e-auctions.

E-catalogue is not available in CPP IS, but there is Central contracting authority catalogue (CPO) and contracting authorities/entities must use it if contract object is in e-catalogue.

E-ordering, invoicing and payment are not available, but we are planning integration with E-invoice system (project started this year by Ministry of Finance).

One of the main successful achievements is increase of public procurement transparency. For example, not only notices and tender documents are required in Lithuania.

From 2010 it's mandatory to publish public procurements plan for a year, technical specifications projects of big tenders (from 2012 will be mandatory for all tenders) and all public procurement reports.

Contracting authorities (entities) must present and publish public procurement reports about each tender above low-value (less than 100.000 Lt for services /goods, and less than 500.000 Lt for works) during tender implementation within 5 business days after submitted quotations access, within 5 business days after participants information about evaluation results and within 5 business days after contract signing or another end of tender. Information about contracts performance has to be presented and published as well. Information about low-value and in-house tenders has to be presented and published within 30 days after the end of the year

At the moment all interested persons have free access to published information about almost all separate tenders. Moreover, contracting authorities' and suppliers profiles based on the reports data are enabled in system public module. Everybody can analyze information and provide remarks.

Registration to CPP IS is mandatory for all contracting authorities/entities and suppliers which plan to submit e-quotation. At the moment there are about 40.000 users of more than 17.000 registered entities (legal entities and individuals). Suppliers from 40 countries are registered, in total **3,5%** of suppliers are foreign companies.

It is two years since it is mandatory to implement not less than 50% of procurement volume per year in CPP IS. All was stressed with such high requirements without any transition period, but statistic shows that worries were in vain, about 75 % of all published tenders in 2011 were

implementing the electronic environment. E-procurement volume is about 73 % of total declared volume.

## **FACED PROBLEMS AND MAJOR CHALLENGES**

In spite of the optimistic statistics we are dealing with problems:

- Not planned tenders quantity and user activity that influenced system stability.
- Law is more adapted for traditional processes.
- Not clear what to do if supplier cannot submit quotation because of system technical problems.
- Not clear if it is possible to organize interactive public procurement commission meetings.
- No common standard for e-document and its legalization.
- No common rules for digital signature using in public procurements.
- Lot of people used to another work model and are using system for scanned documents sending instead of whole system functionality for saving time and resources.
- Lack of awareness about e-documents and digital signature and unwillingness to accept it.
- Complicated accounting.

Seeking to improve technical problems and make e-procurements application more usable and simple for users we set next goals:

- Focus on better stability and security.
- User interface improvement to make it more friendly and usable for users with different level of computer skills.
- Develop E-learning module.
- Ensure digital signature validation for users from different countries.
- Enable more structured data seeking to make automatic process for deferent kinds of evaluations, better and easier accounting.
- Eliminate same data double filling in different parts of e-tender.
- Integration with Central contracting authority's e-catalogue; and the Ministry of Finance developing system "E-involve"; common user authorization.
- More transparency in post-awarding phases.
- E-documents and their management standards for tender documents and e-quotations.