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PUBLIC PROCUREMENT AGENCY

Corruption and Innovation in the Albanian Public Procurement System

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PUBLIC PROCUREMENT AGENCY

E-PROCUREMENT INITIATIVE

- In the framework of measures towards transparency increasing and the fight against corruption, from 2009 all public procurement procedures in Albania are performed through an electronic platform.
- Application of e-procurement system has been a big challenge and a great achievement at the same time, for Albanian public procurement system, comparing to the paper-based, model.



E-PROCUREMENT INITIATIVE

- One of the biggest problem in the Albanian procurement system back to 2006, was the lack of transparency in the procurement process, which leads to corruption and one of the best and direct ways of fighting corruption was to increase the level of transparency of the procurement process, by introducing e-procurement system.
- *According to Transparency International, e-procurement is a fantastic tool for reducing corruption and increasing integrity in public procurement systems. Globally there have been concrete examples in Albania and also in South Korea, among others. This shows that e-procurement provides not just a step, but a leap forward in terms of increasing the integrity of public procurement systems.*



RESULTS OF IMPLEMENTATION OF E-PROCUREMENT

- The electronic public procurement system reduces the application time, facilitates and standardizes the process of introduction with the tender conditions.
- *82% of EOs considers that the cost (human and financial) of participating in a procurement procedure through EPS has been reduced compared with the paper-based procurement system (American Chamber of Commerce in Albania, 2010).*



RESULTS OF IMPLEMENTATION OF E-PROCUREMENT

- Through the on-line publication of procurement procedures, all economic operators have the opportunity to get informed on procedures of their interest.
- They may download the complete documentation of the tender and participate in a tender by submitting an offer electronically through their accounts.
- Performing procedures through the system, eventually avoids individual contacts of contracting authorities officials and bidders, reducing the possibility of corruptive actions.

According to the Am.Cham. Survey, 91% of Tirana-based businesses and 77% of those outside Tirana use their company's office to interact with EPS (no contacts with third parties).



RESULTS OF IMPLEMENTATION OF E-PROCUREMENT

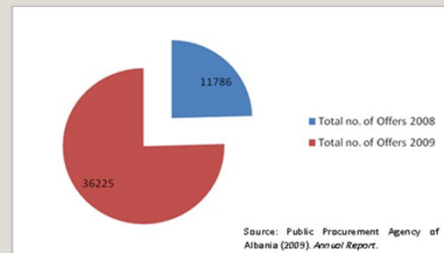
- The system provides a greater participation of the economic operators in the public procurement procedures, since they can submit their offers by electronic means, from their workplace, and having information on the procurement procedure they have applied on real time basis, without being necessary to be physically present at the Contracting Authorities.

According to the Am. Cham. Survey, 70% of respondents said that using EPS has increased the number of procurement procedures for which they submitted bids in 2009, as compared to the paper-based system.



RESULTS OF IMPLEMENTATION OF E-PROCUREMENT

- Number of bidders from paper based procedures to electronic procedures **has increased from 2.3 to 7.7 bidders**. This is one of the strongest impacts of using e-procurement system in Albania.
- The graph. presents the total number of bids in the Public Procurement Agency website in 2009 compared to 2008.



RESULTS OF IMPLEMENTATION OF E-PROCUREMENT

The electronic system does generate reports enabling

- ulterior inspections, and
- ex post monitor of procedures,

Increasing in this way the accountability of procurement officials and reducing the possibility of corruptive deviations.



RESULTS OF IMPLEMENTATION OF E-PROCUREMENT

- Using e-procurement system does help all interested parties and stakeholders to **generate data and statistics** for assessing the procurement system in general.
- This is very helpful for the policy-makers **to assess the system** and to work for further improvements when and where needed.
- Based on data analyzes, and several assessment done after some years experiencing the use of e-procurement platform, some other improvements have been done back in 2016, **aiming further increscent of the transparency in the procurement system.**



RESULTS OF IMPLEMENTATION OF E-PROCUREMENT

- Since January 2018, Contracting Authorities use the e-procurement platform as well as for:
- **Establishing the e-Forcast Registers** (by doing so CA's give the opportunity to interested economic operators, to identify their needs, and prepare to submit their bids on interested tenders throughout the year);
- **Conducting the procedure with negotiation without prior publication of the contract notice** (by doing so, CA's are much more accountable when using such a procedure and it also enables PPA to closely monitor if there is any abusive behaviour in this regard).

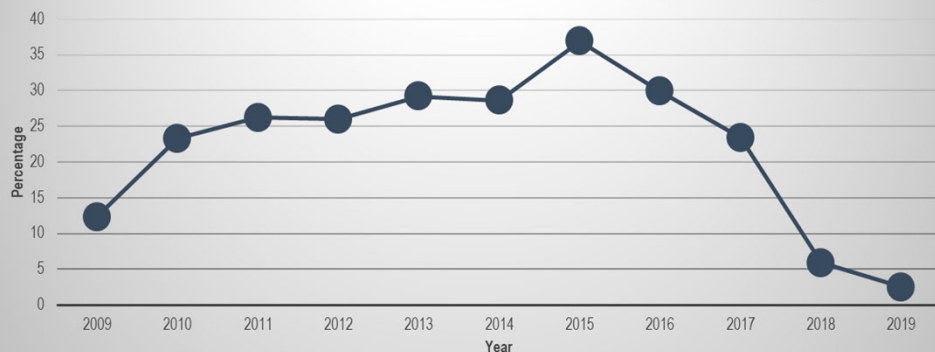


RESULTS OF IMPLEMENTATION OF E-PROCUREMENT

- Once again improving and using e-procurement system, as a tool to increase transparency and fight corruption, helped a lot in improving the performance of the procurement system in Albania.
- The most important figures to illustrate this impact is the reduction of the number of negotiated with out prior publication procedures **which decreased from 30% of the total number procurement procedures** (average in the period 2009-2017) to 2.5% in 2019.



Number of Negotiated procedures without prior publication in relation to the total number of procedures (Expressed in %)





ASSESSMENT OF E-PROCUREMENT SYSTEM IN ALBANIA

- The importance of e-procurement system as an innovative tool to increase transparency and fight corruption in public procurement system in Albania, is emphasized in several reports and assessment of International Organizations.



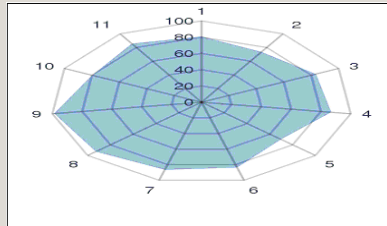
EC ASSESSMENT

- *According to the EC, the overall impact of this initiative is transparency. The electronic system is transparent, since it provides the increasing of information passing through it, and the most important, it enhances the responsibility in relations between the contracting authorities and economic operators, enabling a more effective and efficient use of the tax payers' money. Using EPS has improved access to information and reduced procedural costs (Commission of the European Communities, 2009).*



EBRD ASSESSMENT

- According to the EBRD 2010 Regional Assessment of Public Procurement Legal Frameworks, **Albanian PPL promotes uniformity, integrity and competition in public procurement**, thanks to the eProcurement platform. This perception is shown better in the chart below.



1. Accountability 2. Integrity 3. Transparency 4. Competition 5. Economy of the process 6. Efficiency of public contract 7. Proportionality
8. Uniformity 9. Stability 10. Flexibility 11. Enforceability

Source: EBRD Public Procurement Assessment 2010



WORLD BANK STUDY

- Referring to a World Bank study, the use of innovation can be very powerful. By using modern tools such an electronic procurement system, Albania was able to achieve goals in a way that would have been impossible back in 2001.

(World Bank Study Strengthening Country Procurement Systems: Results and Opportunities. Capacity development- Country Case: Albania).



PEER ASSESSMENT REPORT

- According to a Peer Assessment mission in Albania on the effectiveness of the public procurement conducted in 2019, it is stated that:

“It should be recognized that the advanced and developed electronic public procurement system contributes to fulfillment of the principle of transparency and provides its users with modern tools like e-notices, online tender documentation and registers for procurement forecasts and realizations”.

(Peer Assessment mission to Albania on the effectiveness of the public procurement in vulnerable sectors and its respective oversight system, December 2019).



IMPACT OF E-PROCUREMENT IN THE PROCUREMENT PROCESS

- After analyzing all the above data and facts, it can be concluded that the application of e-procurement system in Albania serves as an effective instrument increasing transparency and fighting corruption on public procurement.



Thank you for your attention!