

**Value for money, value to
many:**

**the importance of open
contracting for better public
spending**

**OPEN
CONTRACTING
PARTNERSHIP**



1

HOW MONEY COULD BE SPEND?

OPEN
CONTRACTING
PARTNERSHIP

Buying for **yourself**, for **your** money



**Buying for someone, for your
money**



Buying for **yourself**, for **someone's** money



Buying for **someone**, for
someone's money



How money could be spent? Milton Friedman

For yourself,
For your money

Best value for
money

For someone,
For your money

Price > Quality

For yourself,
For others money

Quality > Price

For someone,
For others money

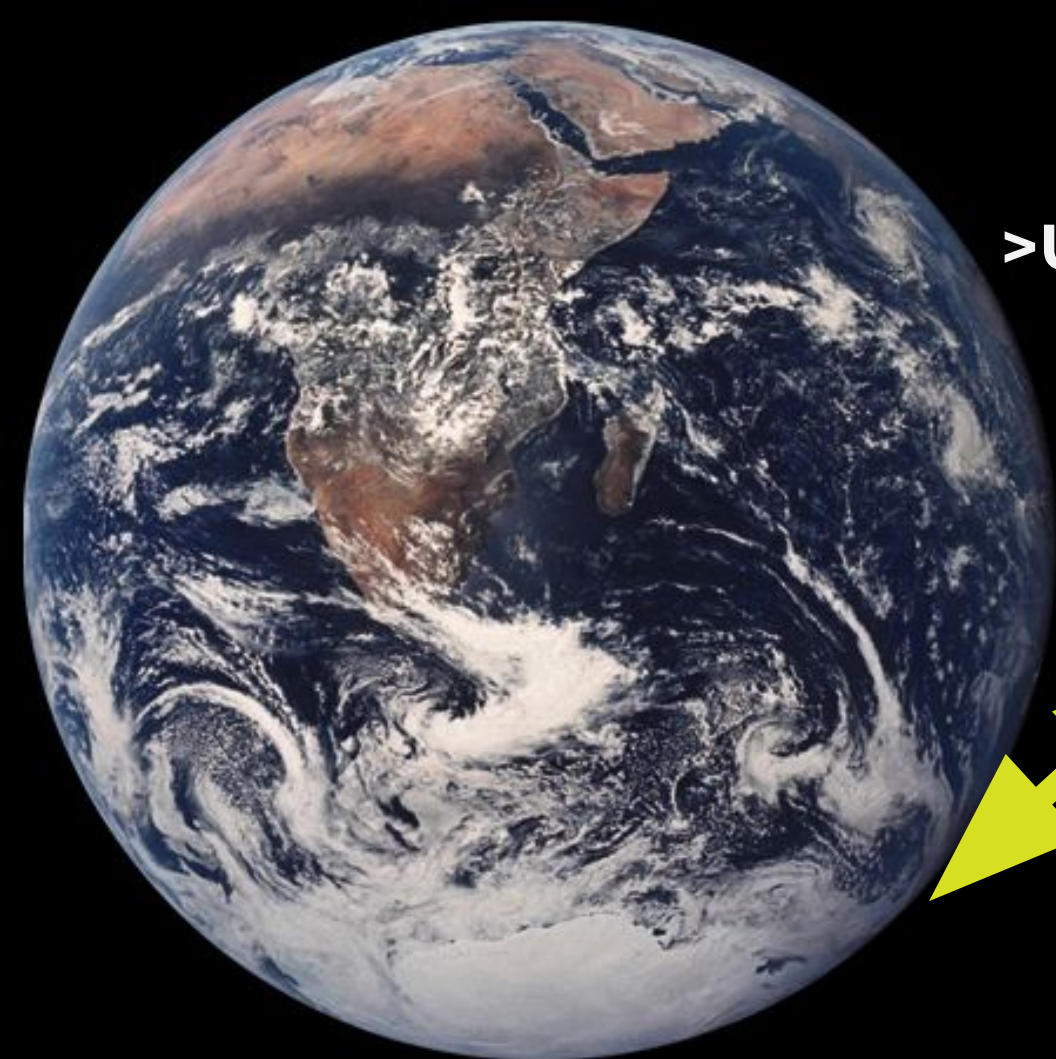
Public
procurement 😞



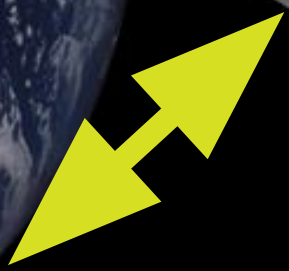
2

PUBLIC CONTRACTS MATTER: HERE'S WHY

**OPEN
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>US\$ 10,000,000,000,000



#1


GOVERNMENT
CORRUPTION RISK

57%

FOREIGN BRIBERY
CASES FOR PUBLIC
CONTRACTS

40%

SPENDING, SIGN-OFF &
APPROVAL UNDEFINED (OECD)



The European Parliament found that corruption and fraud in contracting in EU countries may cost taxpayers

€5 billion

every year.



What's wrong with procurement?

Public Contracting is often inefficient, mismanaged, and vulnerable to corruption

Why?

- Public contracting is treated as an **administrative** activity rather than as a tool to achieve policy results
- Public contracting is overly **prescriptive**, stifling innovation
- Public contracting is not aligned with government **priorities** or public **needs**
- Companies must spend **too much time and money** to try to sell to government
- There is **poor oversight** of contract management and performance



3

WHO WE ARE AND HOW WE WORK?

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Collaboration begun in **2012**

Hosted by the **World Bank Group** until **2014**

Independent organization **since 2015**

Global reach since 2018. Diverse multi-stakeholder perspectives from local, regional & global actors in over 30 countries.

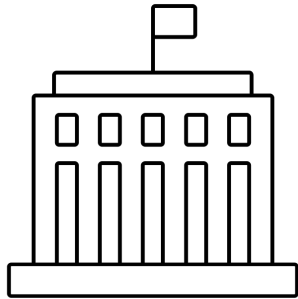
VISION

Fair and effective public contracting provides everyone, everywhere with the public goods, works and services that they need.

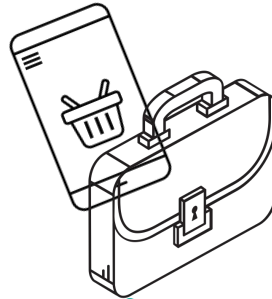
MISSION

To transform public contracting so it is open-by-design, fair and efficient.

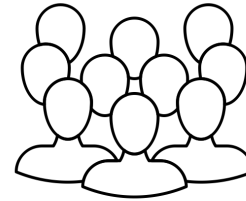
Open Contracting connects



Government



Business



Civil society

to open up & monitor public contracting



1

Advocating for a global norm of better, more responsive, and more open public contracting;

2

Supporting systemic, impactful implementation of contracting reforms on the ground;

3

Building a self-sustaining community of policy and practice;

4

Learning and sharing what works.

Expectations from modern public procurement policy

Government

- Increased **value for money**
- **Efficient and quick** public procurement procedures
- **Better fit-to-market** of public spending

Business

- Low **transaction costs** to participate in public tenders
- Unrestricted, easy **access to procurement opportunities**
- **Trust in fair and equal treatment** from government

Citizens

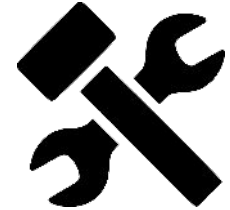
- **Transparency and accountability** for public procurement decisions
- **Access to information** on public procurement
- **Value for money**



Open contracting can help...

How? We encourage governments to:

1) Publish open data, 2) Engage stakeholders in monitoring, 3) improve policies



We are not here to sell you anything. We are a non-profit working to:

- boost government capacity to **improve procurement policies** by strategic use of open data R targeted engagement of stakeholders;
- enable **business to participate in public procurement** with more business intelligence, using open data and technology solutions;
- create better conditions for CSOs and academia to **perform data-driven public procurement** monitoring and create **evidence-based policy proposals**.

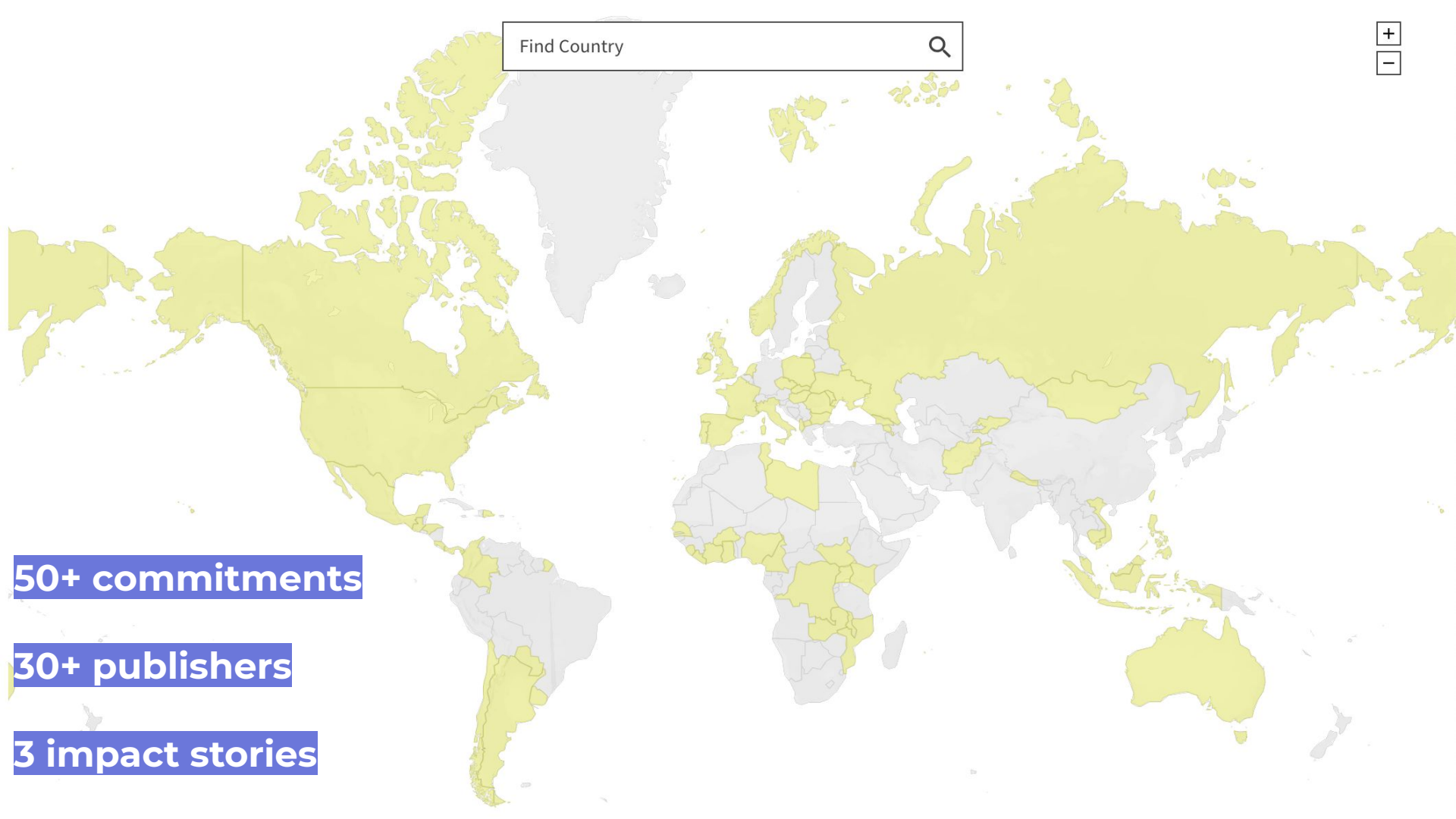
Find Country



50+ commitments

30+ publishers

3 impact stories

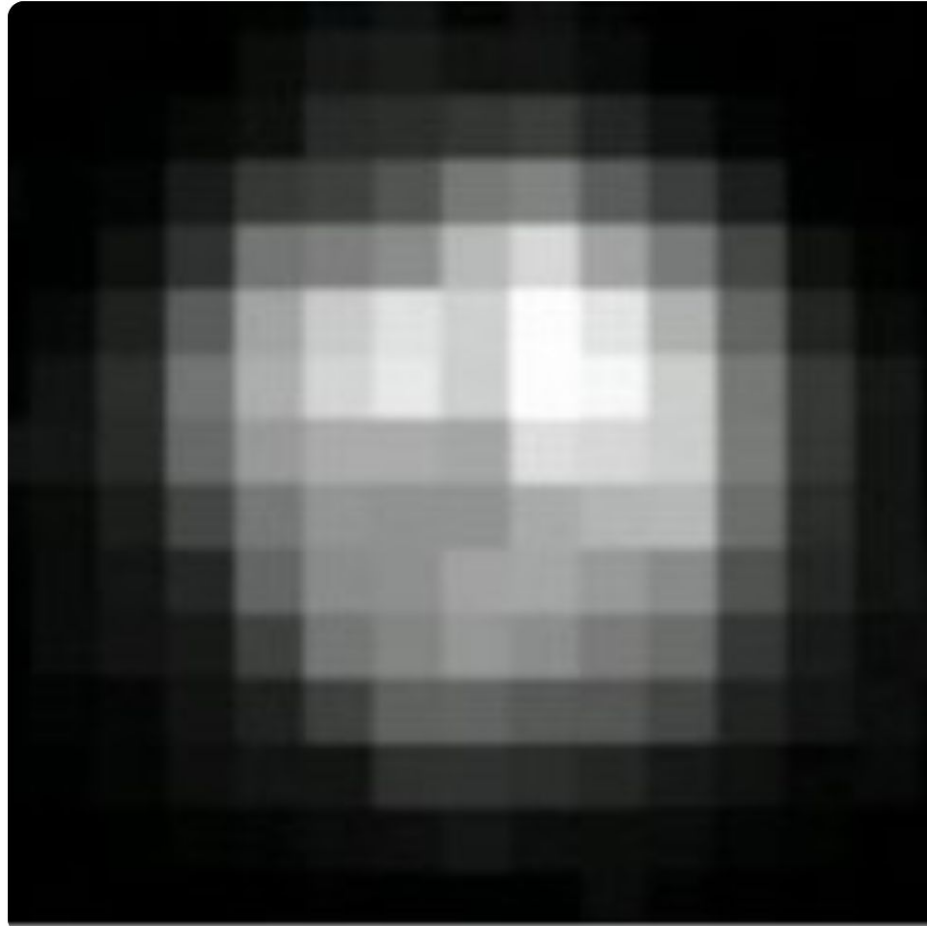




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ELECTRONIC PROCUREMENT SYSTEMS IN 2020

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5

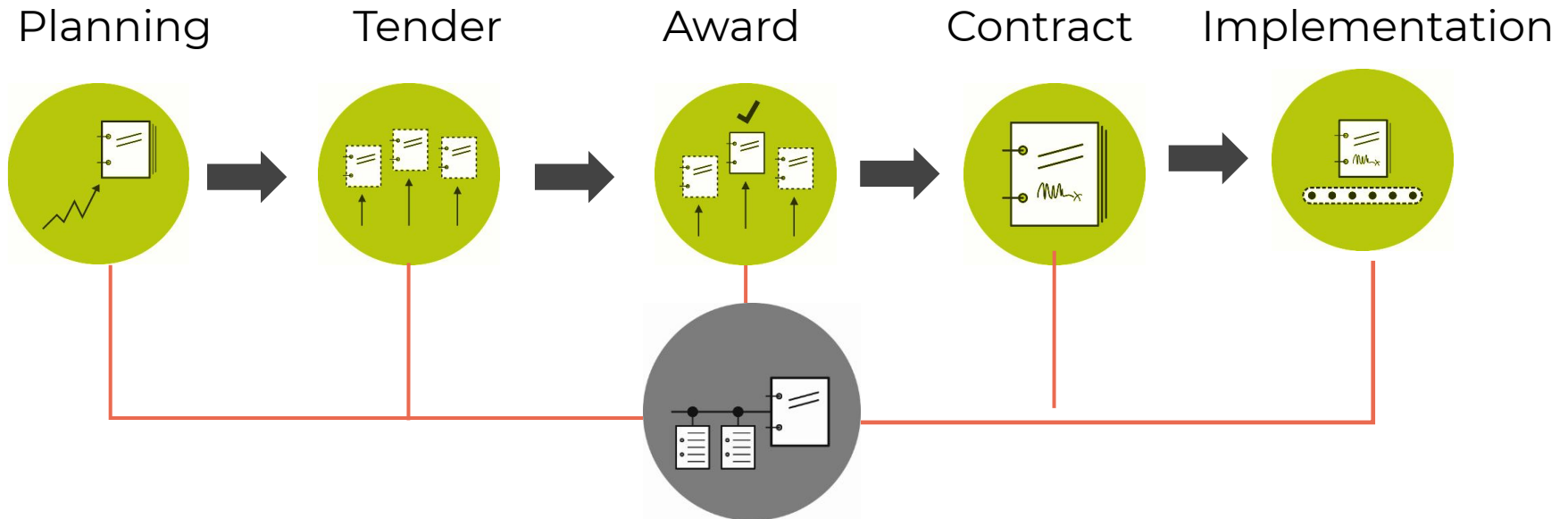
TRANSPARENCY 2.0

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DATA



Open Contracting Data Standard (OCDS)



A **global, non-proprietary** data standard structured to **reflect the complete contracting cycle**. The standard enables users and partners around the world to publish shareable, reusable, machine readable data, to join that data with their own information, and to create tools to analyze or share that data.

SORTED



ARRANGED



PRESENTED
VISUALLY





6

**TRANSPARENCY IS
JUST A BEGINNING**

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7

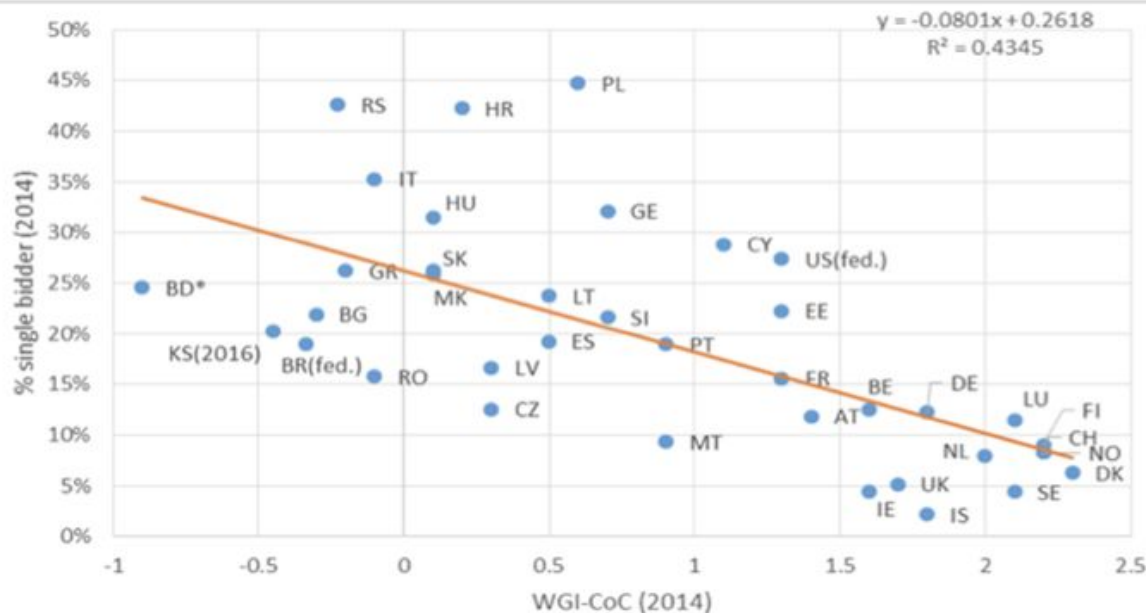
VALUE OF OPENNESS

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EUROPEAN COMMISSION PROJECT

DIGIWHIST - <https://digiwhist.eu/>

Better disclosure reduces corruption risks & increases competition



Analysis of 3.5m procurements across Europe shows increased disclosure decreases single bid contracts

Single bid contracts are **7-10% more expensive**

Estimated annual price saving for disclosing 5 more items across EU is **EUR3-6bn**

Figure 2: Competitive Bidding around Open Procurement Data

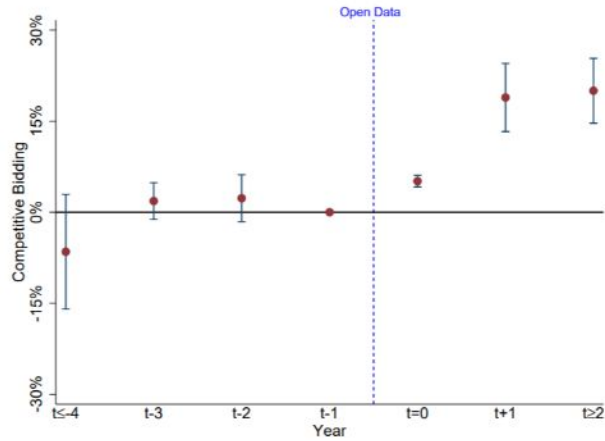


Figure 3: Number of Bids around Open Procurement Data

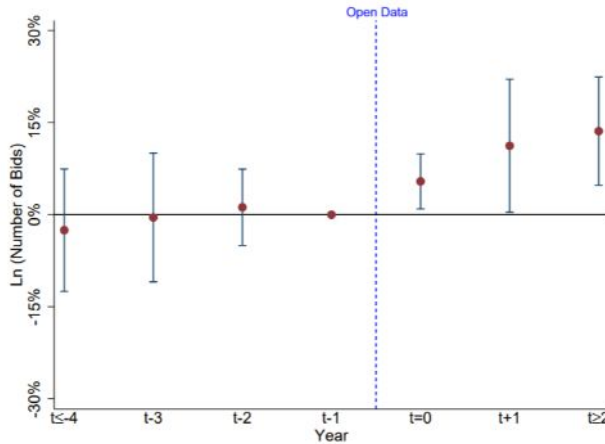
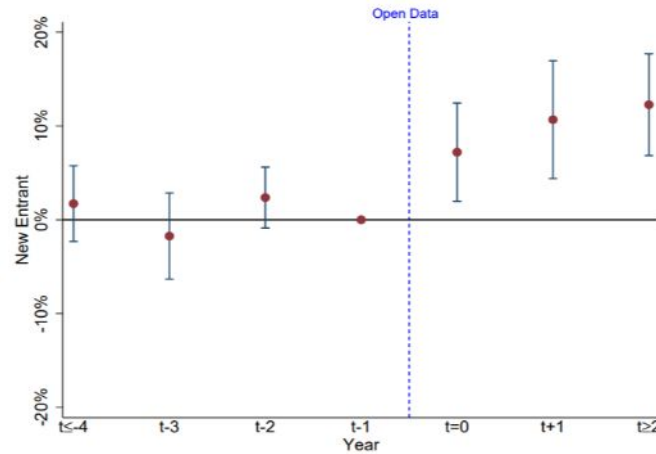


Figure 4: Market Entry by New Suppliers around Open Procurement Data



Duguay, Rauter and Samuels 2019 shows impact of **open data** on EU TED data set.

Significant increase in competition & market entry & decreased sole sourcing

Open Contracting can reduce corruption

7

Ukraine: Transparency International Ukraine and Prozorro survey 2017: 72% of respondents believe that Prozorro reduces corruption in public procurement in Ukraine. 80.8% of respondents said the system has improved with Prozorro.

2

Colombia: OC helped to break up a suspected US\$22 million price-fixing scheme and reliably provide more than 900,000 high-quality meals for school children each day in Bogota. Number of suppliers increased from 12 to 54.

3

Global: A World Bank survey of 34,000 companies in 88 countries also showed that competition was higher and kickbacks were fewer and smaller in places where transparent procurement, independent complaint & external auditing are in place.

Open Contracting increases competition

7

Ukraine: 75% of SMEs bidding on Prozorro won at least one public tender in 2017. Government saves more on contracts won by SMEs than by large enterprises. Supplier diversification from 9.4 in 2016 to 11.4 in 2017

2

Slovakia:

Bidding on contracts doubled (1.6 to 3.7)
Restricted & sole source tenders decreased (21% to 4%)

3

Colombia: Ministry of Education exposed price-fixing scheme that increased costs by 45%. Savings of 10–15%. \$130 million shared by 12 companies is now allocated to 54 (14 are new)

Find more evidence in our web-page

<https://www.open-contracting.org/impact/evidence>

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