



Technical Assistance Consultant's Report

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Regional: Executive Summary - Assessment Report for the Electronic Procurement System in Georgia, State Procurement Agency (2016)

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For the Asian Development Bank

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ABBREVIATIONS

ADB	–	Asian Development Bank
e-GP	–	electronic government procurement
GEL	–	Georgian Lari
MDB	–	multilateral development bank
SPA	–	State Procurement Agency
WB	–	World Bank

NOTE

In this report, "\$" refers to US dollars

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I. SUMMARY

This report summarizes the findings of an assessment of the e-procurement system developed and applied as a national e-GP system in Georgia by the State Procurement Agency (SPA).

The assessment was initiated by the Asian Development Bank (ADB) at the request of Georgia, which would like ADB to consider using Georgia's e-procurement system for bank-funded programs. The ADB will have upcoming procurement associated with Goods, Services and Works under both national competitive bidding and international competitive bidding. Procurement packages will follow a single stage, single envelop or two envelop procurement process and bid security may be applied to selected packages.

Since 2010, Georgia has instituted use of the country e-procurement system in conjunction with a new State Procurement Law and Orders as part of an ongoing effort to establish an open procurement environment free of corruption. The focus of the Georgia e-GP system is based on best value through the application of special reverse auction which provides for three (3) bidding iterations; each bidder is given an opportunity to revise their bid price with the lowest bidder going last during each iteration. The procurement is managed as a single envelop process with both technical documents and bid price opened at the completion of the auction. For transparency, all information is made available to all bidders and the public.

Since the initial launch of the system, SPA has introduced additional procurement options without reverse auction as well as a two-stage bidding option that auto-calculates a technical score along with the bid price to identify the highest ranked bidder for best value (Quality Cost) approach. The system also provides simplified procurement methods that allow agencies to record low value contracts and purchases directly in the system without the need to conduct tender announcements or to conduct tenders with a shorter announcement period.

Today, use of the e-procurement system is the primary method of procurement. This has helped to establish a more competitive and fully transparent procurement environment in the State of Georgia, supporting more than 4,400 government agencies and 29,000 registered bidders and participating in over 30,000 e-Tenders in 2015.

The focus of this assessment is to ensure that the proposed system satisfies and complies with MDB e-GP Guidelines as published by MDB e-GP Working Group in 2005 and satisfies the basic tenets of the guidelines, namely that the system supports:

- Transparency
- Non-discrimination
- Equality of access
- Open competition
- Accountability
- Security of the process

The World Bank (WB) conducted an initial assessment review of the Georgian system in 2012. Though the WB found the system to satisfy the basic tenets for an e-procurement system, it was not prepared to use the system without some changes to better comply with WB Procurement Guidelines. The main issue for the WB was the system application of reverse auction as the primary selection of winning bidders. In support of donor-funded procurement, SPA developed a separate donor module in the system to satisfy the WB's concerns and allow WB-funded

projects to be supported in accordance to WB Procurement Guidelines and using a WB-approved Standard Bidding Document (SBD). The WB accepted the new module and allowed the system to be used for WB-funded projects for Shopping and National Competitive Bidding (NCB) only. Since November 2014, there have been 112 tenders under WB funding in the system; 61 packages have been awarded, 13 packages received no bids, six packages were cancelled, and others are currently in the process of bidding (or re-bidding) and evaluation. More than 145 bidders have participated in the WB tender packages, with some bidders winning four or six packages. Four bidders were international firms with 2 from Azerbaijan 1 from Bahrain and 1 from Italy. One firm, AGT of Azerbaijan won a contract.

SPA has done and continues to do a very good job implementing, managing and supporting the country e-procurement system. The overall focus of SPA has been related to procurement reforms with the goal of full transparency and zero corruption supported by an electronic system. In addition to the e-GP system, SPA provides:

- a support department to assist users;
- an analytics division to analyze data metrics and provide public activity reports;
- a monitoring unit examining the procurement being conducted and following up with agencies in case of any issue;
- a dispute resolution board making quick and effective decisions to any challenge raised by a bidder or concerned citizen, or addressing any issue raised by the monitoring Department; and,
- a Foreign Relations Group coordinating relations with European Union (EU), donors and other countries.

SPA and Georgia are also intent on ensuring the e-GP system is fully compliant and supportive of their plan to be a member of the EU and its associated requirements for open procurement. As part of this assessment, this consultant could register in the system as a foreign firm and obtain a user ID and password at no cost, and use the system in English without any assistance or support.

In general, the Georgia e-GP system can be deemed compliant with the MDB e-GP Guidelines with the provisions of the basic functions and procedures to support their procurement processes in accordance to the tenets prescribed by the MDB Guidelines. The system is fully open and transparent with equal access to all information to provide for an open, non-discriminatory, competitive, accountable and secure environment.

II. RECOMMENDATION

Based on the information and demonstrations of the system provided during this assessment, it is determined that the Georgia e-GP system provided by SPA is effectively compliant with MDB e-procurement guidelines and the key principles of transparency, open access, accountability and security of the process.

The e-GP system provides an English user interface option and is open to both national and foreign bidders through a simple registration process. It also allows donors to have procurement conducted under their own guidelines and with their approved Standard Bidding Documents. For donor-funded projects, SPA views the system as a tool to allow the agency to announce tenders, provide access to bidding documents and any amendments or changes, and to support bid queries and electronic submission of bid responses in accordance to the donor's rules and guidelines. As such, the current donor module in the SPA e-GP system does not enforce their reverse auction or automatic evaluation on donor-funded projects.

The current donor option provides for the equivalent of a single stage, single envelop procurement process. The system ensures a minimum announcement period of 10 days and gives bidders three business days to submit their electronic responses which may include the uploading of one or more PDF files (maximum size of 8 megabyte (MB) per file) for the technical response and an Excel file along with the final price bid in a data field for the financial response. Bidders will pay a bid fee of 50GEL (approximately \$20 USD) to register and participate in a bid. Once registered in a bid, the bidder can upload their bid response, upload an authorized Power of Attorney validating the user has the authority to submit a bid on behalf of the firm or consortium, and record their final price bid in a price bid field on the submission form. A bid is finalized when the bidder saves their final price bid.

Like the WB, the ADB could use the Georgia e-GP system for shopping or for other packages where a single envelop procurement process applies for either NCB or international competitive bidding (ICB) on a trial basis, as part of the overall assessment of the system. For packages, which will require a single stage, two envelop bidding process or a pre-qualification and invitation to bid to shortlisted firms for consulting services, ADB and SPA will need to define some changes to be accommodated in the donor module to properly support these packages in accordance to ADB requirements before the system can be applied.