GIZ Procurement

FORUM - MOVING FORWARD WITH E-PROCUREMENT

Berlin

15.12.2016

Immanuel Gebhardt

GIZ – Head of Procurement
Agenda

1. GIZ procurement – Facts and Figures
2. GIZ E-procurement – status and developments
3. GIZ Capacity Development in Public Procurement
Our profile

A German federal enterprise

• Owned by the Federal Republic of Germany
  • Public-benefit federal enterprise
  • Company under private law
  • Supports the objectives of the German Government
• Operations in Germany and over 130 countries around the world
Facts and figures: business

Total Business Volume EUR 2,14 billion

- 72% German Federal Ministry for Economic Cooperation and Development (BMZ)
- 11% Cofinancing from third-party donors
- 10% GIZ International Services
- 7% Other German Public Sector Clients
Overview of commissions, business volume and contracts awarded by GIZ from 2009 to 2015 (EUR million) (I/III)

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Commissions placed with GIZ</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,695.0</td>
<td>1,992.5</td>
<td>2,172.0</td>
<td>2,285.1</td>
<td>2,292.4</td>
<td>2,779.1</td>
<td>2,451.9</td>
</tr>
<tr>
<td><strong>Business volume</strong></td>
<td>1,486.2</td>
<td>1,851.5</td>
<td>2,031.9</td>
<td>2,104.1</td>
<td>1,931.2</td>
<td>2,032.1</td>
<td>2,142.4</td>
</tr>
</tbody>
</table>

**The Procurement and Contracting Division: services, financing arrangements**

<table>
<thead>
<tr>
<th>Services</th>
<th>from companies</th>
<th>from institutions</th>
<th>from appraisers</th>
<th>from translators</th>
<th>Construction services</th>
<th>Financing arrangements</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>231.9</td>
<td>79.8</td>
<td>58.7</td>
<td>1.4</td>
<td>12.1</td>
<td>23.4</td>
<td>407.3</td>
</tr>
<tr>
<td></td>
<td>231.4</td>
<td>95.7</td>
<td>59.2</td>
<td>2.8</td>
<td>15.9</td>
<td>49.1</td>
<td>454.1</td>
</tr>
<tr>
<td></td>
<td>238.6</td>
<td>93.8</td>
<td>51.8</td>
<td>1.7</td>
<td>15.3</td>
<td>22.9</td>
<td>424.1</td>
</tr>
<tr>
<td></td>
<td>257.5</td>
<td>133.0</td>
<td>74.6</td>
<td>1.5</td>
<td>24.9</td>
<td>58.2</td>
<td>549.7</td>
</tr>
<tr>
<td></td>
<td>299.5</td>
<td>133.8</td>
<td>74.4</td>
<td>2.7</td>
<td>7.6</td>
<td>33.8</td>
<td>551.8</td>
</tr>
<tr>
<td></td>
<td>300.1</td>
<td>193.0</td>
<td>71.2</td>
<td>1.6</td>
<td>3.6</td>
<td>34.6</td>
<td>604.1</td>
</tr>
<tr>
<td></td>
<td>314.0</td>
<td>229.5</td>
<td>74.1</td>
<td>1.8</td>
<td>13.3</td>
<td>29.7</td>
<td><strong>662.3</strong></td>
</tr>
</tbody>
</table>

**The Procurement and Contracting Division: materials, equipment**

<table>
<thead>
<tr>
<th>Suppliers</th>
<th>38.2</th>
<th>44.7</th>
<th>35.1</th>
<th>41.0</th>
<th>31.9</th>
<th>54.8</th>
<th>41.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement by cost centres</td>
<td>3.7</td>
<td>2.8</td>
<td>4.7</td>
<td>5.0</td>
<td>2.2</td>
<td>2.5</td>
<td>3.1</td>
</tr>
<tr>
<td>Procurement of medicines (WHO)</td>
<td>25.9</td>
<td>23.9</td>
<td>45.4</td>
<td>51.1</td>
<td>12.9</td>
<td>10.9</td>
<td>5.0</td>
</tr>
<tr>
<td>Orders from catalogues (in SAP’s SRM system)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.7</td>
<td>1.5</td>
<td>1.4</td>
<td>2.6</td>
</tr>
<tr>
<td>Freight forwarders</td>
<td>1.5</td>
<td>2.5</td>
<td>1.6</td>
<td>1.9</td>
<td>2.2</td>
<td>3.4</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>69.3</strong></td>
<td><strong>73.9</strong></td>
<td><strong>86.8</strong></td>
<td><strong>100.7</strong></td>
<td><strong>50.7</strong></td>
<td><strong>73.0</strong></td>
<td><strong>53.7</strong></td>
</tr>
</tbody>
</table>
Overview of commissions, business volume and contracts awarded by GIZ from 2009 to 2015 (EUR million) (II/III)

<table>
<thead>
<tr>
<th>GIZ country offices</th>
<th>Services</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>from companies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>106.3</td>
</tr>
<tr>
<td>from appraisers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>53.2</td>
</tr>
<tr>
<td>Construction services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12.1</td>
</tr>
<tr>
<td>Financing arrangements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>60.4</td>
</tr>
<tr>
<td><strong>Total services</strong></td>
<td>100.0</td>
<td>194.1</td>
<td>172.0</td>
<td>235.7</td>
<td>226.2</td>
<td>232.0</td>
<td>237.4</td>
<td></td>
</tr>
<tr>
<td>Materials, equipment</td>
<td>39.5</td>
<td>47.7</td>
<td>42.0</td>
<td>72.0</td>
<td>54.8</td>
<td>56.9</td>
<td>58.4</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>139.5</td>
<td>241.8</td>
<td>214.0</td>
<td>307.7</td>
<td>281.0</td>
<td>288.9</td>
<td>295.8</td>
<td></td>
</tr>
<tr>
<td><strong>Total contracts awarded</strong></td>
<td>616.1</td>
<td>769.8</td>
<td>724.9</td>
<td>958.1</td>
<td>883.5</td>
<td>966.0</td>
<td>\textbf{1,011.9}</td>
<td></td>
</tr>
</tbody>
</table>
Overview of commissions, business volume and contracts awarded by GIZ from 2009 to 2015 (EUR million) (III/III)
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Types of Award Procedures GIZ

- European Open Procedure (> EUR 209,000)
- Restricted Procedure (> EUR 20,000)
- Negotiated Procedure with prior public invitation (EUR 20,000)
- Negotiated Procedure without prior public invitation (only for Special Services § 3 IV VOL/A-EG)
### Where the invitation to tender is managed

<table>
<thead>
<tr>
<th>Partner Country</th>
<th>GIZ Head Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>If goods are available locally (in the region)</td>
<td>If suppliers from Europe are involved</td>
</tr>
<tr>
<td>If a sufficient number of bidders are available</td>
<td>If procurement exceeds EUR 209,000</td>
</tr>
<tr>
<td>If local procurement is cost effective</td>
<td>If conditions for local purchase are not met</td>
</tr>
</tbody>
</table>
The contract must be awarded to the **most economical bid**, taking into account all the circumstances:

- **price**
- **other economic criteria for award** (e.g. service, follow-on costs) and **non-economic criteria** (e.g. environment, aesthetics) are permissible if they are related to the subject of the order and are made transparent, cf. section 16 para. 8 VOL/A.
Publication Platforms

- GIZ-Website: Procurement
  
  https://www.giz.de/en/workingwithgiz/bidding_procurement.html
- European Union for European Tenders (ted.europa.eu)
- www.bund.de (German Tender Publications)
- GTAII-Platform (Germany Trade and Invest) (www.gtai.de)
- Bi-online or other Tender Publication Platforms according to Awarding Authority
- Other Project Web-Sites
Procurement

GIZ involves suitable firms from the private sector of the economy when implementing commissions. It charges consultancy companies with the production of expert reports and implementation of complex consultancy projects. It awards orders to national and international suppliers for procuring technical equipment and materials.

You will find further information on this and details of the procedures applied by GIZ for awarding appropriate contracts under Reports and procedures.

Under Important Documents you will also find the general terms and conditions of business, the conditions for application, and other useful documents and information on preparing offers and accounting procedures.

https://www.giz.de/en/workingwithgiz/procurement.html
Legal Environment

- German legislator implements Directive 2014/24/EU of the European Parliament and of the Council in German law on April 18th, 2016

- Relevant for all GIZ Headquarters procurements beyond EU threshold
  - Goods (>209 TEUR)
  - Services (>209 TEUR)
  - Construction (>5.225 Mio. EUR)

- Implementation within GIZ in 2 consecutive steps
  - Adaptation of procurement procedures in GIZ HQ on April 18th, 2016
  - Advanced obligations (Digitalization, e-procurement until 10/2018)
1. Obligations GIZ - 04/2016

GIZ procurement division has implemented all legal obligations from the EU Directive on procurement and German procurement law amendments on procurements above EU threshold

- All tenders announced electronically on www.giz.de
- Electronic availability of all procurement documents on www.giz.de
  - Non-discriminatory access for all bidders
- Application of amended procurement procedures in compliance with reformed German procurement law (VgV and GWB)
- Adaptation of all internal and external competition documents to German procurement law amendments
- Data survey for national procurement statistics
2. Obligations - GIZ 10/2018

Legal Obligations from EU Directive to be implemented until 18.10.2018:

- Pure electronic communication with bidders
  - Electronic offer transfer
  - Claims or clarifications
  - Notifications
  - Audit requirement: forgery-proof filing of communication älschungssichere
- Electronic contract award

Implementation of an electronic Procurement Management System for all procurements via GIZ HQ
# Scope Procurement Management System

## Preparation Phase

- Create new procedure
- Select type of procedure
- Select relevant templates
- Calculate time limits
- Create tender specifications

## Publication Phase

- Announcement / Publication on relevant platforms
- Communication with bidders
- Submission of proposals
- Organization of proposal receipt

## Assessment Phase

- Opening of proposals
- Minutes
- Suitability Test
- Conduct review
- Information of bidders – submission of approval/ refusal
- Termination of procedure and archiving

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*Procurement Management System*
Procurement Management System - Project Timeline

- **1. Requirements & Market Expoloration**
  - Jul – Oct 2016
  - **Objective:** Procurement prepared
  - **Tasks:**
    - Explore market
    - Analyze/assess/optimize requirements,
    - Analyze / optimize processes;
    - Estimated costs

- **2. Procurement**
  - Nov 2016 – May 2017
  - **Objective:** Procurement conducted in accordance with law
  - **Tasks:**
    - Prepare documents
    - Define type of procurement procedure
    - Conduct procurement
    - Award Contract

- **3. Implementation & Launch**
  - June – August 2017
  - **Objective:** Software is implemented
  - **Tasks:**
    - Concept implementation
    - Customize standard software to GIZ specific processes
    - Train users
    - Conduct test procurements
    - Adapt old systems

- **4. Product launch with intensive support**
  - Sept – Oct 2017
  - **Objective:** Stepwise conduction of procurement processes
  - **Tasks**
    - In-depth training
    - Intensive process supervision
    - Adaptations where necessary

- **5. Standard Operation**
  - from Oct/Nov 2017
  - **Objective:** First procurement processes as standard operation, connect further processes and users
  - **Tasks**
    - Gap analysis
    - Adaptation of connected systems
Introduction of Front-end System

- Single entrance for procurement department
- Process improvement through Standardization and Digitalization
- Efficient process / elimination of media breaks
- Distinct processing time (SLA – Service Level Agreement)
- Provision of up-to-date documents and templates
Front-end: Status

- Access to procurement (requester) and incoming requests unclear and complex
Front-end: Vision

- Single Access and structured, efficient processing

- Single Access
- User guidance
- Support

- Consistent procurement documents
- Documents prequalified
- More time for support of requester

Requester

Procurement Officer
Agenda

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Capacity Development in Public Procurement

GIZ offers management and organisational advice and the associated training measures in the field of public procurement. These include specifically:

• assessments to identify weaknesses and determine priorities of local procurement systems (e.g. MAPS)
• developing reform programmes
• formulating statutory foundations and rules for public procurement and aligning these with international donor rules
• formulating specimen tenders, contracts and billings
• supporting the entire procurement process by establishing procurement units, forming national, regional or local networks, organising procedures, supplying the necessary hardware and software (e-procurement)
• personnel selection and training
• monitoring and evaluation
Public Procurement Capacity Development –
Some examples from our portfolio

- German support to public procurement reforms is part of programs supporting public administration reform in general and more specific anti-corruption, public finance and decentralisation.

- Currently we support procurement reforms in about 10 countries worldwide, with a focus on sub-Saharan Africa.

- German support is closely aligned with the activities of other donors, most prominently the World Bank.
Some examples from our work

Kenya: E-procurement at the subnational level – reducing corruption risks

- Approach
  - Many years of support to public procurement reform on national level through public finance and anti-corruption programs
  - Now: Capacity Development of the counties to the use of national e-procurement system. Trainings for procuring entities and companies on how to use the system and related complains mechanisms.
  - Strengthening the overall integrity of the procurement processes and stronger competition leading to better contracts for the Kenyan government.
Some examples from our work

**Mauretania:** Introducing e-procurement – long term support to key institutions

- **Approach:**
  - Long term support to the national institutions for public procurement on the development of an e-procurement system in context of a public finance programme
  - The planned e-procurement system is going to improve both transparency as well as confirmability of procurement processes
Some examples from our work

**Ukraine:** Supporting transparency and open up markets: ProZorro

- **Approach:**
  - Financial support to Transparency International Ukraine to establish ProZorro, the new e-procurement platform for Ukraine
  - Support to Ukrainian businesses to gain better access to the markets which are part of the Agreement on Government Procurement (GPA). GPA participation was made possible through the successful implementation of ProZorro.
Thank you for your attention!

Immanuel Gebhardt
GIZ – Head of Procurement