e-Procurement Forum in Berlin,
December 13-15, 2016

Moving Forward with E-Procurement:
the case of Georgia
• Territory: 69,700 square kilometers
• Population 3.7 million
• GDP 31.7 Billion GEL
• Budget of 2015 year 8.1 Billion GEL
• Budget of 2016 year 10.5 Billion GEL
• Overall Public Procurement in 2015: 3.2 Billion GEL
The Georgian public procurement system has been transformed, from one that was labelled “high-risk” in 2009, to one that achieved the highest rating a few years later.
Nowadays:

• 100% electronic tenders
• Everyone sees everything
• Equal access to tenders
• Smart system preventing mistakes
• Business Intelligence system
  70 real-time reports
• Internal messaging system/SMS notifications
• Fast and transparent Dispute Resolution Board
Current Procurement Framework

Public Sector (Demand)  State Procurement Agency  Private Sector (Supply)
Public Sector (Demand)

- Number of decentralized acting Contracting Authorities: **4421** (December 09, 2016)
- Annual amount of public procurement contracts: **3.2 billion GEL (approx. 1.4 billion USD)**, approximately 10% of GDP and 39% of state budget
- Number of open tenders per year: **35,421**
- Estimated value of approximately 80% of announced tenders: **< 50,000 GEL**
- Saving: **13.5%** of the estimated value, Savings **1.5 Billion GEL since 2010**
Private Sector (Supply)

30,425 economic operators participate in public tenders.

Number of foreign companies - 962 business companies from 66 countries

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of registered bidders in the System</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>7,365</td>
</tr>
<tr>
<td>2012</td>
<td>10,874</td>
</tr>
<tr>
<td>2013</td>
<td>15,625</td>
</tr>
<tr>
<td>2014</td>
<td>19,911</td>
</tr>
<tr>
<td>09 Dec 2016</td>
<td>30,425</td>
</tr>
</tbody>
</table>
Private Sector (Supply)

Contract value by years

<table>
<thead>
<tr>
<th>Year</th>
<th>Contract Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2,662,663,113</td>
</tr>
<tr>
<td>2012</td>
<td>2,771,183,391</td>
</tr>
<tr>
<td>2013</td>
<td>2,791,085,439</td>
</tr>
<tr>
<td>2014</td>
<td>2,846,942,257</td>
</tr>
<tr>
<td>2015</td>
<td>3,203,258,126</td>
</tr>
</tbody>
</table>
Savings

Estimated Value – Contracts Price = Savings

<table>
<thead>
<tr>
<th>Year</th>
<th>Estimated Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-2011 Year</td>
<td>191,487,127</td>
</tr>
<tr>
<td>2012 Year</td>
<td>155,610,107</td>
</tr>
<tr>
<td>2013 Year</td>
<td>231,062,588</td>
</tr>
<tr>
<td>2014 Year</td>
<td>241,132,563</td>
</tr>
<tr>
<td>2015 Year</td>
<td>299,704,216</td>
</tr>
<tr>
<td>Up to September 2016</td>
<td>288,040,323</td>
</tr>
</tbody>
</table>
Institutional Framework

State Procurement Agency (SPA) - strong and independent authority striving to contribute to a competitive market economy by developing a transparent and equal environment in the Georgian public procurement system.
Institutional Framework

SPA manages the e-Procurement system and central purchasing procedures on behalf of the Government of Georgia
In total 87 employees are employed at State Procurement Agency of Georgia, out of which 49% are female and 51% male staff members.
Institutional Framework

Since 2014 Training Centre was established, which provides training sessions to the procurement managers operating at public sector, civil society actors, businesses and conducts special workshops and seminars.
Legal Framework

- One single and simple procurement law based on a decentralized model
- e-Tenders reaching every procurement process above GEL 5,000

**Historical overview:**


2006: Significant amendments to the first Georgian Law on Public Procurement, abandoning UNCITRAL standards.

2008: Assessment of Georgia's procurement system by the World Bank: "a high-risk environment" that needs substantial improvements and reforms.

2010: Return to UNCITRAL standards and introduction of the Unified Electronic System.

Refinements of the electronic system, adjustments to the legal acts, improving services of the Agency.
New Innovative eProcurement Procedures
eProcurement: eGovernment’s Component
eProcurement: Technological Framework

- Single and smart e-Procurement system: transparent, simple, multilingual and user-friendly minimizing administrative requirements and preventing mistakes

- All procurement-related information is available online, to any interested person. It is possible to track every transaction, every procuring officer, every economic operator, to produce indicators, look for behavioral patterns

- Any communication with contracting authority is transparent. Any registered user can question any tender using Q&A module. Tender committee is obliged to answer.
eProcurement: Everyone Sees Everything

- Annual Procurement Plan
- Tender Notice
- Tender Documentation
- Questions related to tender notice and documentation/Answers of contracting authority
- Tender Proposals/Bids
- Decisions of tender evaluation Committee
- All relevant correspondence
- All data on disputes, including application and decision
- Contracts and amendments
- Payments made through the eTreasury
**eProcurement – Business Process**

**Publication of Annual Plan**
- Needs assessment
- Budget planning
- Registration in e-Plan

**Preparation of Tender Documentation**
- Needs assessment
- Market research
- Neutral description

**Publication of Tender Notice/Documentation**
- Estimated value
- Deadlines
- Clarifications

**Participation in e-Auction (not obligatory)**
- Decrease price
- 3 rounds
- Full anonymity

**Submission of Tender Proposal**
- Web-payments
- Technical Description
- Price
- Minimum documents required

**Registration in e-procurement system**
- One step registration
- Free of Charge
- Easier than in Facebook
- Subscription to news

**Evaluation of Bids**
- Transparent
- Conflict of interest
- Minutes of evaluation committee
- All correspondence
- Immediate upload

**Awarding contract**
- Award notice
- Standstill – minimum 3 days

**Contract implementation**
- Published Contract
- E-payment/E-Treasury
- Reporting - CMR
## Matrix of Current Procurement Procedures

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Circumstances</th>
<th>Electronic procurement required?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Simplified procurement (direct purchasing, single-source procurement)</strong></td>
<td>- Procurement under GEL 5,000&lt;br&gt;- with special governmental authorization/act&lt;br&gt;- in case of urgent necessity&lt;br&gt;- procurement related to business expenses</td>
<td>No</td>
</tr>
<tr>
<td><strong>Electronic tender: open tender</strong></td>
<td>Procurement of homogeneous objects between GEL 5,000 and GEL 200,000</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Electronic tenders</strong></td>
<td>Procurement of homogenous objects of GEL 200,000 and higher</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Design contest</strong></td>
<td>Procurement of design related projects and services such as architecture and engineering projects, plan or design, based on decision of a contracting authority</td>
<td>From 01 July, 2015 SPA has launched a 100% electronic Design Contest procedure. Previously contest was “paper-based”…</td>
</tr>
<tr>
<td><strong>Consolidated tender for framework agreements</strong></td>
<td>Procurement of certain goods: fuel, computer hardware, A4 format paper, communication (mobile) services, tires</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>MEAT - Electronic Tender</strong></td>
<td>Procurement of goods, services and construction works according to different quantitative criteria and price as well. The best bidder is identified according to price-quality ratio that is calculated by the unique algorithm, which is built in the system</td>
<td>Yes. From 01 August, 2016 SPA has launched a so called “Two Stages or Most Economically Advantageous Electronic Tender”</td>
</tr>
<tr>
<td><strong>Electronic Tender without reverse auction</strong></td>
<td>Tender type that is working as a “sealed-bid auction”. All the procedures are the same as reverse auction, but instead of three additional rounds, price is submitted just once. Except the best proposal, all bids are closed (unavailable for procurement entity) until the “winner identified” status.</td>
<td>Yes. From 01 July, 2016 SPA has launched a tender without reverse auction.</td>
</tr>
</tbody>
</table>
“Consolidated” eTenders for Framework Agreements
Procuring Objects of a Consolidated eTenders

- Fuel
- Cellular (mobile) Communication
- Computers
- Printing Paper
- Tires
Innovative Monitoring Mechanism – “AGAI” System

Vehicle Automatic Identification, so called “AGAI” system, is used to control the consumption of the fuel by car fleet.

How does the system work?

- Oil stations use nozzles with information recognition feature
- When nozzle touches the car tank, it automatically reads the tag installed in the tank
- System anticipates action, only after receiving the information from the tank

Advantages of the system:

- Tracks fuel inventory
- Simplifies Car fleet management
- Secures fuel inventory for authorized as well as reasonable use

Since the implemented system is one of the most sophisticated, reasonable and prioritized method of controlling system, every single contracting authorities’ authorized car must fill up fuel with the “AGAI” system at an oil station.
Contracting Authorities can set the relative weighting for the price criteria between 20%–30% and for quality criteria between 70%–80% in the overall scoring scheme. The evaluation methodology and scoring formula which are developed by the SPA are predetermined in the eProcurement system. By the 09 December, 2016 158 design contest electronic procurement cases has been conducted.
Electronic Tender without reverse auction

Tender type that is working as a “sealed-bid auction”. All the procedures are the same as reverse auction, but instead of three additional rounds, price is submitted just once. Except the best proposal, all bids are closed (unavailable for CA) until the “winner identified” status has been issued.

From 01 July, 2016 SPA has launched a new procurement procedure – an e-tender without reverse auction.
Procurement of goods, services and construction works according to different quantitative criteria and price as well. The best bidder is identified according to price-quality ratio that is calculated by the unique algorithm, which is built in the system.

From 01 August, 2016 SPA has launched a so called “Two Stages or Most Economically Advantageous Electronic Tender” procurement procedure.
eMarket represents an electronic catalogue, which is implemented by the State Procurement Agency in 2016. It includes information on procurement objects and economic operators. The aim of eMarket is to facilitate and simplify the market research process for contracting authorities. The catalogue contains information about contracting authorities, CPV Codes, models, specifications, prices, performance date and place.
<table>
<thead>
<tr>
<th>Rejection</th>
<th>Item 1</th>
<th>Item 2</th>
<th>Item 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying a property</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date Added</td>
<td>17/10/2016</td>
<td>17/10/2016</td>
<td>17/10/2016</td>
</tr>
<tr>
<td>UPDATE</td>
<td>17/10/2016</td>
<td>17/10/2016</td>
<td>17/10/2016</td>
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<tr>
<td>CPV code</td>
<td>15713000 pet food</td>
<td>15713000 pet food</td>
<td>15713000 pet food</td>
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<tr>
<td>Title</td>
<td>Euro Diesel Fuel</td>
<td>Diesel fuel eco</td>
<td>Diesel Fuel Energy</td>
</tr>
<tr>
<td>Type / Model</td>
<td>PPM EURO 10</td>
<td>EKO 10 PPM</td>
<td>ENERGY 150 PPM</td>
</tr>
<tr>
<td>Specifications / Description</td>
<td>1 l</td>
<td>1 l</td>
<td>1 l</td>
</tr>
<tr>
<td>Country</td>
<td>Bulgaria</td>
<td>Greece</td>
<td>Azerbaijan</td>
</tr>
<tr>
<td>Price</td>
<td>1.68 GEL</td>
<td>1.80 GEL</td>
<td>1.60 GEL</td>
</tr>
<tr>
<td>Wholesale price</td>
<td>1.68 GEL</td>
<td>1.80 GEL</td>
<td>1.60 GEL</td>
</tr>
<tr>
<td>Warranty period (months)</td>
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<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Delivery period (days)</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
</tr>
</tbody>
</table>

Contact Information

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Wissol Petroleum Georgia</th>
<th>Wissol Petroleum Georgia</th>
<th>Wissol Petroleum Georgia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification Code</td>
<td>202161098</td>
<td>202161098</td>
<td>202161098</td>
</tr>
<tr>
<td>Telephone</td>
<td>322 915 315, 577 054 410</td>
<td>322 915 315, 577 054 410</td>
<td>322 915 315, 577 054 410</td>
</tr>
<tr>
<td>Region</td>
<td>The whole territory</td>
<td>The whole territory</td>
<td>The whole territory</td>
</tr>
<tr>
<td>Address</td>
<td>St. Tbilisi, Chavchavadze 74 b</td>
<td>St. Tbilisi, Chavchavadze 74 b</td>
<td>St. Tbilisi, Chavchavadze 74 b</td>
</tr>
<tr>
<td>E-mail</td>
<td><a href="mailto:sales@wissol.ge">sales@wissol.ge</a></td>
<td><a href="mailto:sales@wissol.ge">sales@wissol.ge</a></td>
<td><a href="mailto:sales@wissol.ge">sales@wissol.ge</a></td>
</tr>
<tr>
<td>Website</td>
<td><a href="http://www.wissol.ge">www.wissol.ge</a></td>
<td><a href="http://www.wissol.ge">www.wissol.ge</a></td>
<td><a href="http://www.wissol.ge">www.wissol.ge</a></td>
</tr>
</tbody>
</table>
Welcome to the Georgian eProcurement live

http://www.procurement.gov.ge/

https://tenders.procurement.gov.ge/dispute/

https://tenders.procurement.gov.ge
EU approximation process
Substantial parts of the Association Agreement have been provisionally applied since 1 September 2014.
EU-Georgia Association Agreement fully entered into force in July 2016.
The Association Agreement aims to deepen political and economic relations between the EU and Georgia, also through the creation of a Deep and Comprehensive Free Trade Area (DCFTA).
Georgian exports to the European Union increased by 16% in 2015 and, as a direct result of the DCFTA, new Georgian exports to the EU are materializing.
European Free Trade Association (EFTA)-Georgia

• European Free Trade Association agreement was signed in June 2016 in order to encourage free trade between Georgia and EFTA countries.

• As a broad-based agreement, the FTA covers trade in goods, trade in services, establishment, the protection of intellectual property rights, government procurement, competition, and trade and sustainable development. In the area of trade in goods, the Parties abolish all customs duties on industrial products as of the entry into force of the Agreement.

• In 2015, total merchandise trade between the EFTA States and Georgia was valued at USD 53.3 million, with EFTA’s exports to Georgia amounting to USD 49.4 million and exports from Georgia to the EFTA States reaching USD 3.9 million.
Georgian Government’s Roadmap and Action Plan

In the course of legislative approximation and implementation process Georgia will undergo the following phases:

- **Phase 1 (2017 Year):** 3 years after the entry into force of the AA-Basic standards regulating the award of contracts and institutional background;
- **Phase 2 (2019 Year):** 5 years after the entry into force of the AA-Basic elements of the Public Procurement Directive and the Public Procurement Remedies Directive;
- **Phase 3 (2020 Year):** 6 years after the entry into force of the Association Agreement-Basic elements of the Utilities Procurement Directive and the Utilities Remedies Directive;
- **Phase 4 (2021 Year):** 7 years after the entry into force of the AA-Other (mandatory and non-mandatory) elements of the Public Procurement Directive and the Public Procurement Remedies Directive;
- **Phase 5 (2022 Year):** 8 years after the entry into force of the AA-other (mandatory and non-mandatory) elements of the Utilities Procurement Directive and the Utilities Remedies Directive.