

# 6<sup>th</sup> Conference of the Asia Pacific Public Electronic Procurement Network (APPeN)

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ADB

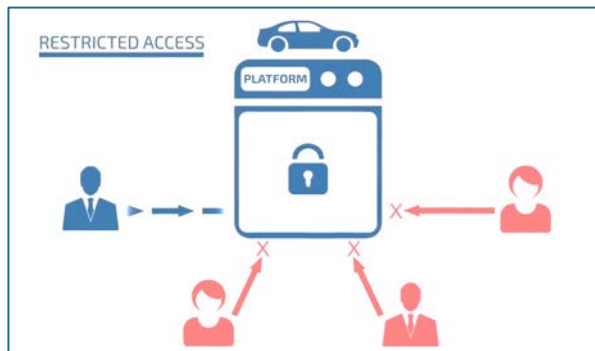
# **Can eProcurement be used for selection of private partners for PPPs and Concessions?**

**A pilot project development for Ukraine**



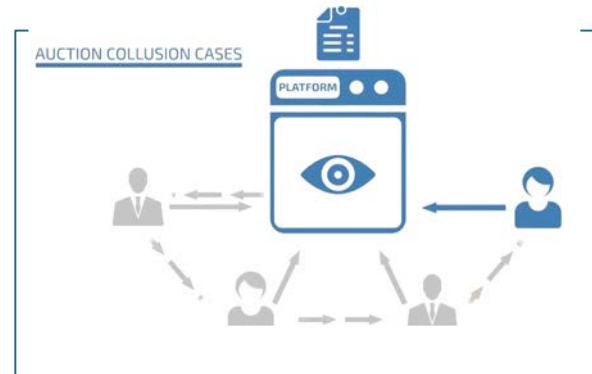
# There are several problems to resolve

## RESTRICTED ACCESS



Where there is only one such operator it may refuse to register bidders for an auction for spurious reasons

## COLLUSION



A single operator knows who will come up for an auction and may sell this information making it possible to corrupt the process

## DECREASED COMPETITION



Businesswise thousands of government items are in the government portal, but all the buyers are with the nation's biggest b2b e-platforms like Alibaba or Amazon

## INTRICATE MONITORING



it is hard for general public to monitor results on various websites, if any

# Pilot Project Objectives

Introduce electronic public procurement tools in the selection of private partner for concessions accordance with the new legislation adopted in Ukraine in 2019

Design user-friendly online procurement process for concessions, where feasible, learning from existing pilots in Prozorro

Create a prototype online evaluation mechanism for concessions technical and commercial proposals

- Enable evidence-based evaluation of the benefits of concession contracts for public sector in Ukraine

# Ukraine: ProZorro Project Implementation Support - Developing and piloting online Evaluation Tool for Energy Efficiency Indicator and Contract management (ESCO)

**Background:** Poor energy efficiency in public sector of Ukraine coupled with lack of Government capacity for energy efficiency improvement investments kept status quo for years. Energy service contracts (ESCO) law was adopted to enable multi-year energy efficiency investment projects with the Government of Ukraine to improve public sector energy efficiency.

**Aim:** Kick-start energy efficiency reforms in public sector of Ukraine with the help of innovative online evaluation tools used for ESCO tendering and monitoring. To support the Law of Ukraine "On Amendments to the Law of Ukraine "On the Introduction of New Investment Possibilities, Guaranteeing of Rights and Lawful Interests of Subjects of Entrepreneurial Activity for Conducting Large-Scale Energy Modernisation" with implementation of the new regulatory standards is development and piloting of tools for energy efficiency indicator evaluation that would enable conducting electronic reverse auctions in relation to performance indicators of energy performance contracts (EnPC). The TC project also aims to produce an evidence-based monitoring of energy efficiency criteria deployment in national public procurement, by developing and adopting an Open Data tool for reporting on energy efficiency outcomes of selected goods purchased by the public sector in the country.

**Technology:** ESCO tender comprises a new type of auction - a multivariable auction, provides online evaluation tool for investment project payout schedule that is based upon following variables: guaranteed saving scheduled, savings sharing proportion and contract duration. The online evaluation tool takes into consideration the money devaluation over longer periods of time (*up to twenty years*) with the help of NPV formula (net present value), elaborated in conjunction with the EBRD. The auctions and procedure evaluation rules allows selection of most beneficial for Contracting Authority ESCO contract. In comparison with previously launched ProZorro procedures, where awarding criteria is the lowest cost, the biggest savings in energy service contract procedures is performance indicator.

## Results:

- Streamlined and comprehensive legal and regulatory framework to promote energy efficiency in public buildings is developed.
- Pilot project, which demonstrate the energy and cost-saving potential of new energy efficient measures, are implemented.
- Innovative Financing Support Mechanism is adopted and capacity of ESCOs developed in order to promote investment in energy efficiency in public buildings.
- Use of ESCO contracts by municipalities, utilities, educational institutions.



## Location

- Ukraine, Ministry of Economic Development, Trade and Agriculture of Ukraine
- State Agency on Energy Efficiency and Energy Saving
- State owned Enterprise ProZorro



## Pilot

- ESCO tender: November 2017
- ESCO Multivariable auction: December 2017
- Data driven ESCO contract implementation monitoring tool: First half of 2021



## Use-case

ESCO contracts for public procurement.



## Key questions

- Which types of Contracting Authorities can benefit from ESCO contracts?
- What is the market size for ESCO?
- What are forecasted energy savings of ESCO?
- What are actual energy savings of ESCO?
- How ESCO contract performance changes over time?

For more information:

<https://quintagroup.com/services/e-procurement/esco>



# Ukraine: Prozorro.Sale - public assets disposal and lease system

**Background:** In 2017 the Government and private sector decided to launch a public asset disposal system to start selling non-performing loans from a number of liquidated banks. This decision was supported by the successes of ProZorro system that became a prototype. Prozorro.Sale system is a platform that integrates e-commerce systems in the following areas: lease of state/municipal property, small privatization, rights on mineral deposit, timber, lease of Ukrainian railway cars, assets in bankruptcy cases, communal land lease, selling of assets of private business entities.

**Aim:** Prozorro.Sale aimed to increase the sale price of the state/municipal assets and start selling at market price levels to contribute to the state and local budgets. Another important project aim is to eliminate corruption by removing control over data (via total transparency) and provide easy access to the market with fair competition and rules.

**Technology:** Prozorro.Sale Electronic Trading System (ETS) has the architecture of a two-tier system. A two-tier system consists of an administrator – State Enterprise “Prozorro.Sale” (level 1 with Central Database), and commercial marketplaces (level 2), which provides interfaces for users. The administrator never interacts with buyers or sellers, so the entirety of the buy-sell process is handled by the marketplaces. The Central Government Database based on the Open Contracting Data Standard (OCDS) and there is a Business Intelligent module for the publishing Open Datasets for analysis, visualization, and reuse.

**Results:** The total revenue generated by the system is more than €910 mln. As at October 2020 the following auction types are being regularly conducted in the ETS: lease of state/municipal property, small privatization, rights on mineral deposit, timber, lease of Ukrainian railway cars, assets in bankruptcy cases, communal land lease, selling of assets of private business entities. In September 2020 ETS started its functionality in Ukrainian datacenter. Now all information about e-auctions that are conducted through the Prozorro.Sale ETS can be found in the Clarity Project which is an open data analytical system that combines almost 120 registers with information about companies and people. The first auction for the sale of the spirits industry objects was announced in September - this means a major reform and demonopolization of the spirits industry has begun.



## Location

Ministry of Economy,  
Development and Trade  
Ukraine



## Completed

Launched in 2017



## Use-case

Visualization  
Data backbone



## Key questions

- How to improve the project using modern technologies
- What are the lessons learned that can be applied to other countries
- How the project can be re-used by other countries

For more  
information: [ProZorro.sale/en](https://ProZorro.sale/en),  
[bi.prozorro.sale](https://bi.prozorro.sale)

# New Functionalities for ProZorro and Prozorro Sale?

- Online calculator of the concession performance indicators based on supplier inputs in real time;
- Automated tender forms for concession evaluation methodologies;
- Multi-criteria electronic reverse auction for concession evaluation methodologies;
- Online complaints mechanism for bidders not satisfied with the results of pre-qualification, qualification or award;
- Online procedures for concession contracts performance management
- Online reporting of concession contracts results (milestones, KPIs)

# THANK YOU

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