



GLOBAL STOCK-TAKE OF DEVELOPMENT IN PUBLIC PROCUREMENT

to inform the formation of a
Global Procurement Partnership (GPP)

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TWO Segments:

1. Global Procurement Partnership (GPP)
 2. Global Stock-take of Development in Public Procurement
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A QUICK 'ASIDE':

PROCUREMENT IS "IN" THE NEWS: NOBEL PRIZE WINNERS

Stanford's Paul Milgrom and Robert Wilson Win 2020 Nobel Prize in Economics for Improvements to Auction Theory and New Auction Formats:

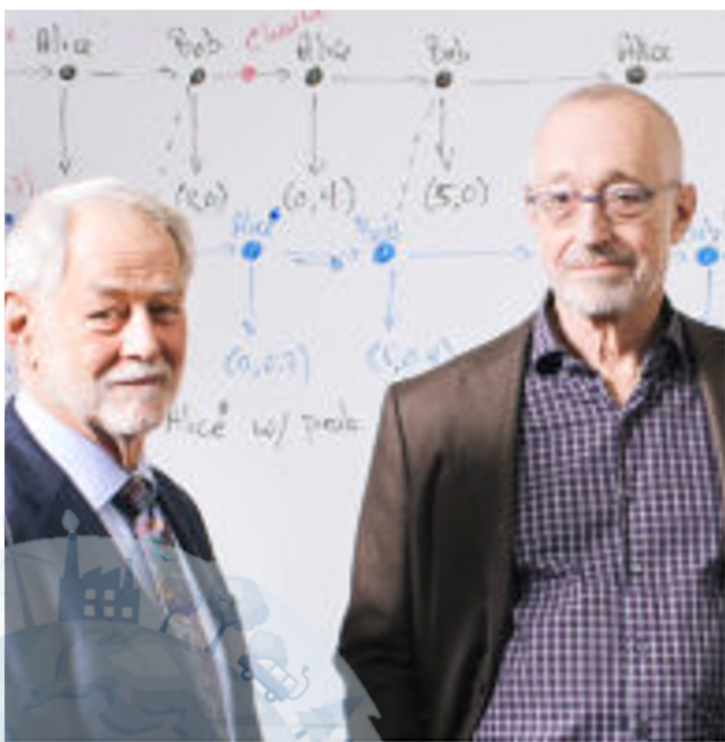
"...People have always sold things to the highest bidder or bought them from whoever makes the cheapest offer. Nowadays, objects worth astronomical sums of money change hands every day in auctions, not only household objects, art and antiquities, but also securities, minerals and energy. Public procurements can also be conducted as auctions..."

Auction Theory: "common value", "private value" and "winner's curses"

- *sellers can get higher expected revenue if bidders learn more about each other's estimated values during bidding*
- *rational bidders tend to bid lower than own estimates to avoid paying too much*

New Auction Formats:

- *facilitate selling many inter-related objects simultaneously, e.g. multiple offers on packages of government licenses, to maximize overall effectiveness, as well as revenues to government*



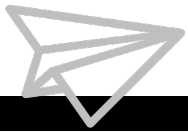


CONTEXT

Key Questions:

1. What drives the need for a GPP?
2. How might a GPP benefit stakeholders?
3. How do we move to form a global platform that is responsive and catalytic?





WHAT DRIVES THE NEED FOR A GPP?

*A rapidly
changing
landscape*

Economic magnitude and impact:

Global estimated public procurement at US\$11 trillion (approx. 13%) of the global GDP.

COVID-19 Experience:

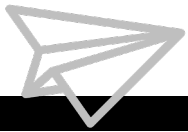
Public procurement has been recognized as one of the most important interventions to address global pandemic and emergencies.

A mechanism to support reforms in public procurement is now essentially a 'global public good' (GPG):

Issues and activities that broadly:

- **Extend benefits to all countries; and**
- **Cannot be adequately addressed by individual countries acting alone***

Such a mechanism is critical to jump-start any meaningful narrative on ways to address (and improve) public procurement as a 'global public good'. **International Task Force on Global Public Goods (2006)*



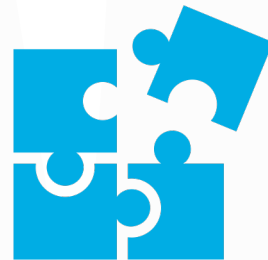
WHAT DRIVES THE NEED FOR A GPP?

Governments need **fiscal space** and **rationalization of resources** with ongoing global slowdown and economic pressures.

Two main consequences:

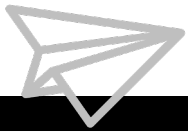
*A rapidly
changing
landscape*

Focus on 'Value for Money' and
'Fit for Purpose'



The need for technology-
leveraged service delivery

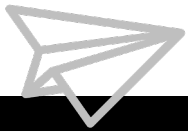




WHAT DRIVES THE NEED FOR A GPP?

Global Public Good: Essential Dimensions

- **Modernizing and strengthening procurement function;**
- **Professionalization of the procurement function;**
- **Building consensus around:**
 - **Global procurement standards;**
 - **Credible assessment methodology;**
 - **Country-driven performance evaluation and monitoring;**
 - **Evidence based research agenda;**
 - **A coordinated response to global emergencies.**



Global Procurement Partnership

Proposed Key Objectives:

1. Promotion of improved governance, standardization, and professionalization of public procurement systems and process;
2. Promotion of tools/solutions that advance innovations, apply cutting-edge new technologies and approaches - including data analytics - while effectively engaging policymakers, purchasers, suppliers, and other stakeholders in the public procurement space;
3. Creation and sharing of knowledge and building capacity by providing ongoing review/analysis of current trends, facilitating coordination/networking to help improve public procurement function for maximizing development impact.



A GPP Platform can facilitate:



Short-term



- Focused engagement of policymakers, purchasers, suppliers, and other stakeholders in the public procurement space;
- Coordination and networking to improve public procurement function for maximizing development impact;
- Creation and sharing of knowledge, building capacity, providing ongoing review/analysis of current trends
 - Synergize and leverage country and regional led efforts
 - Coordinate and strengthen international initiatives with global reach (e.g. UNEP's SPP, UNCITRAL, WTO-GPA, MAPS, etc.)



A GPP Platform can facilitate:

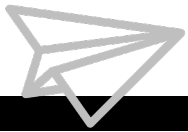


Long-term



- Improved governance, standardization, and professionalization of public procurement systems and processes;
- Continuing development and dissemination of effective tools/solutions for public procurement:
 - Advance innovations and cutting-edge new technologies;
 - Increase fiscal space and sustainability.





HOW DO WE MOVE TO FORM A GPP THAT IS RESPONSIVE AND CATALYTIC?

Targeted, Practical Data-driven Research

World Bank procurement-related initiatives:

Global Public Procurement Database

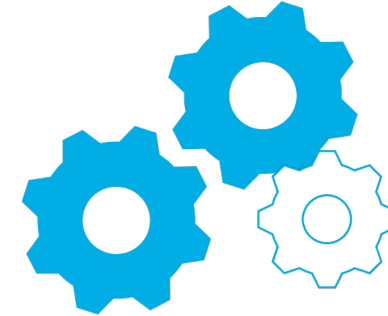
- ✓ Country-based profiles
- ✓ Most current data
- ✓ Inter-country and regional comparability

COVID-19 preparedness survey

- ✓ Assess and enhance performance of national procurement systems during critical emergencies
- ✓ Knowledge tool to promote best practices

PRAIT: Global analytics platform to identify and address integrity and performance risks in procurement*

*PRAIT = Procurement Risk Global Augmented Intelligence Tool



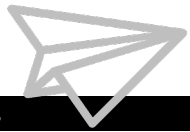
Other:

Open Government Partnership

- ✓ Promoting open data globally

DOING BUSINESS:

- ✓ Government contracting



HOW DO WE MOVE TO FORM A GPP THAT IS RESPONSIVE AND CATALYTIC?

Targeted, Practical Data-driven Research

Global stock-take study*

Global trends for public procurement as:

- ✓ A socio-economic development tool;
- ✓ A transactional business process;
- ✓ An electronic and digital platform.

Will feed into and receive inputs from the Flagship report.

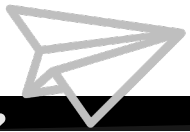
*Completion expected December 2020.

Flagship Report*:

- ✓ Trade growth and use of domestic preference;
- ✓ Achieving value-for-money in procurement implementation and contract management;
- ✓ Adequately documenting economic costs delays in procurement and contract execution;
- ✓ Promoting professionalization;
- ✓ Increasing efficiency and effectiveness with e-GP initiatives.

*Completion expected by early 2022.





SCOPE OF STOCK-TAKE REVIEW

THREE CRITICAL THEMATIC AREAS IN PUBLIC PROCUREMENT

1. A socio-economic development tool

The process of public purchasing that would provide optimal value-for-money (VfM) to ultimate end-users within the context of country-owned priorities and objectives

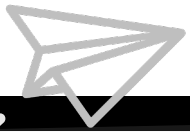
2. A transactional business process

A discrete transaction for a specific purchase through which a buyer identifies its needs and engages in such transaction to obtain its needs from a given market within a VfM framework

3. A set of electronic and digital tools

Electronic and digital platforms and processes for use of new technologies by government to provide optimal VfM in public purchasing





SCOPE OF STOCK-TAKE REVIEW

RATIONALE FOR FOCUS ON THEMATIC AREAS:

What are most critical ways public procurement promote economic growth and development effectiveness?

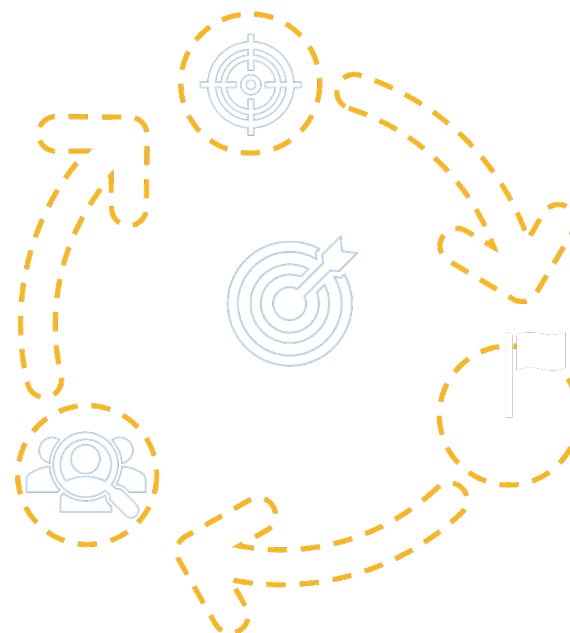
- Increased **Value for Money (VfM)** driven by improvements in:
 - Economy, Efficiency, Effectiveness and Equity
 - Applicable regulatory framework (e.g. national, regional) calibrates relative balance and focus of these essential elements
- Economy and Efficiency: essentially transaction-specific costs and benefits
 - 'internal' or intrinsic ('private sector' type) considerations
 - = **transactional focus**
- Effectiveness and Equity: essentially wider costs and benefits
 - *externalities: positive or negative (public sector type) considerations*
 - = **socio-economic focus**
- New electronic and digital capabilities and innovations:
 - for application by government to provide optimal VfM
 - = **e-platforms at every level**



APPROACH AND METHODOLOGY OF STOCK-TAKE REVIEW

OBJECTIVE: Pinpoint critical global challenges facing governments, suppliers, development partners, and other stakeholders in these three critical areas of public procurement.

- Pragmatic
- Country Context
- Consultative
- Needs or Gaps Centered





A POSSIBLE GPP AGENDA

SUMMARY OF FINDINGS ON POSSIBLE GPP AGENDA:

Socio-economic Development Tools, Transactional Processes, Digital Tools

- Monitoring and Measurement
 - *Benchmarking country-owned achievements*
 - *current data limitations: outcomes, impacts*
- Capacity Building
 - *Strengthening critical institutional and actor capabilities*
- Procurement Governance
 - *Guiding, supporting and sustaining country-owned operational frameworks*

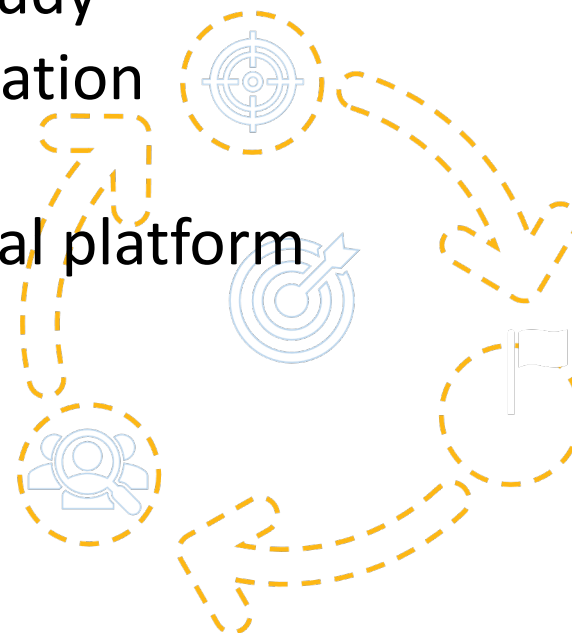




GPP Timeline

Proposed Timeline:

- Reviews of the Global Stock-take Study
- Stakeholder Engagement & Consultation
- Finalize the Study
- Design & Development of GPP global platform
- Expected launch – late 2021





GLOBAL PROCUREMENT PARTNERSHIP

THANK YOU!

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