

e-Procurement education program in Asia and Pacific Region

# Introduction of the Public Procurement Systems in South Korea

2024.8

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**Dr. Byounggun Kim**

Director of Strategic Public Procurement research Division in KIP



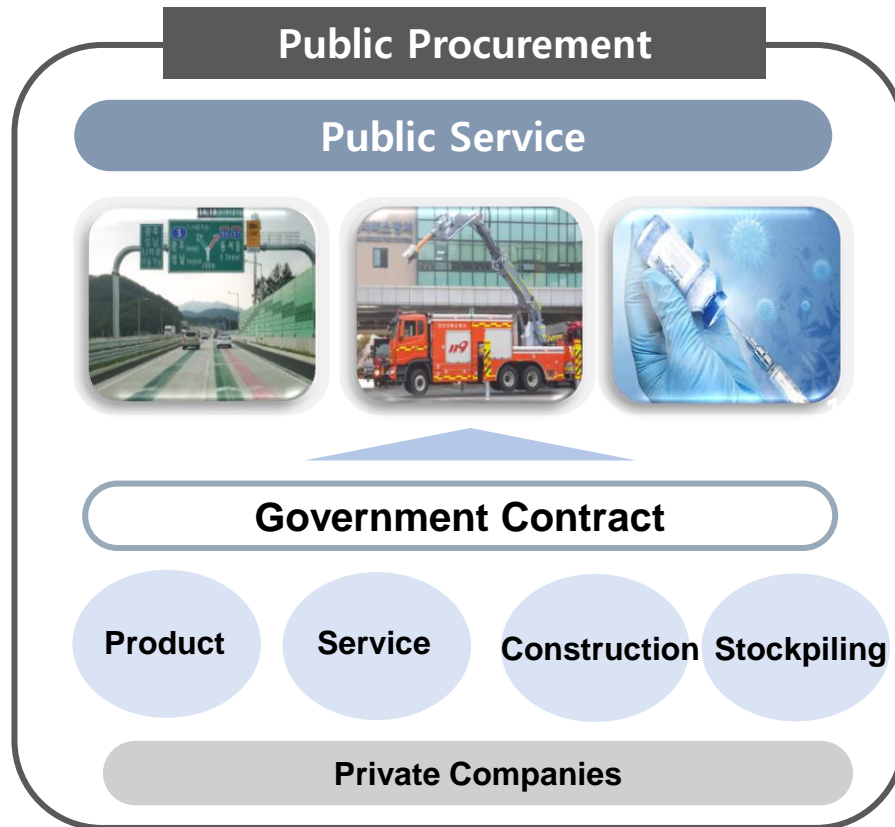
**KIP**

Present leading  
policies in the field of  
Public Procurement

## Contents

- I. Introduction
- II. Chronology of Public Procurement in Korea
- III. Central Procurement Systems(PPS`s work)
- IV. Strategic Procurement & It`s Mechanism

## ▶ Concept of Public Procurement



**Government procurement or Public Procurement is the procurement of goods, services and works on behalf of a public authority, such as a government agency**

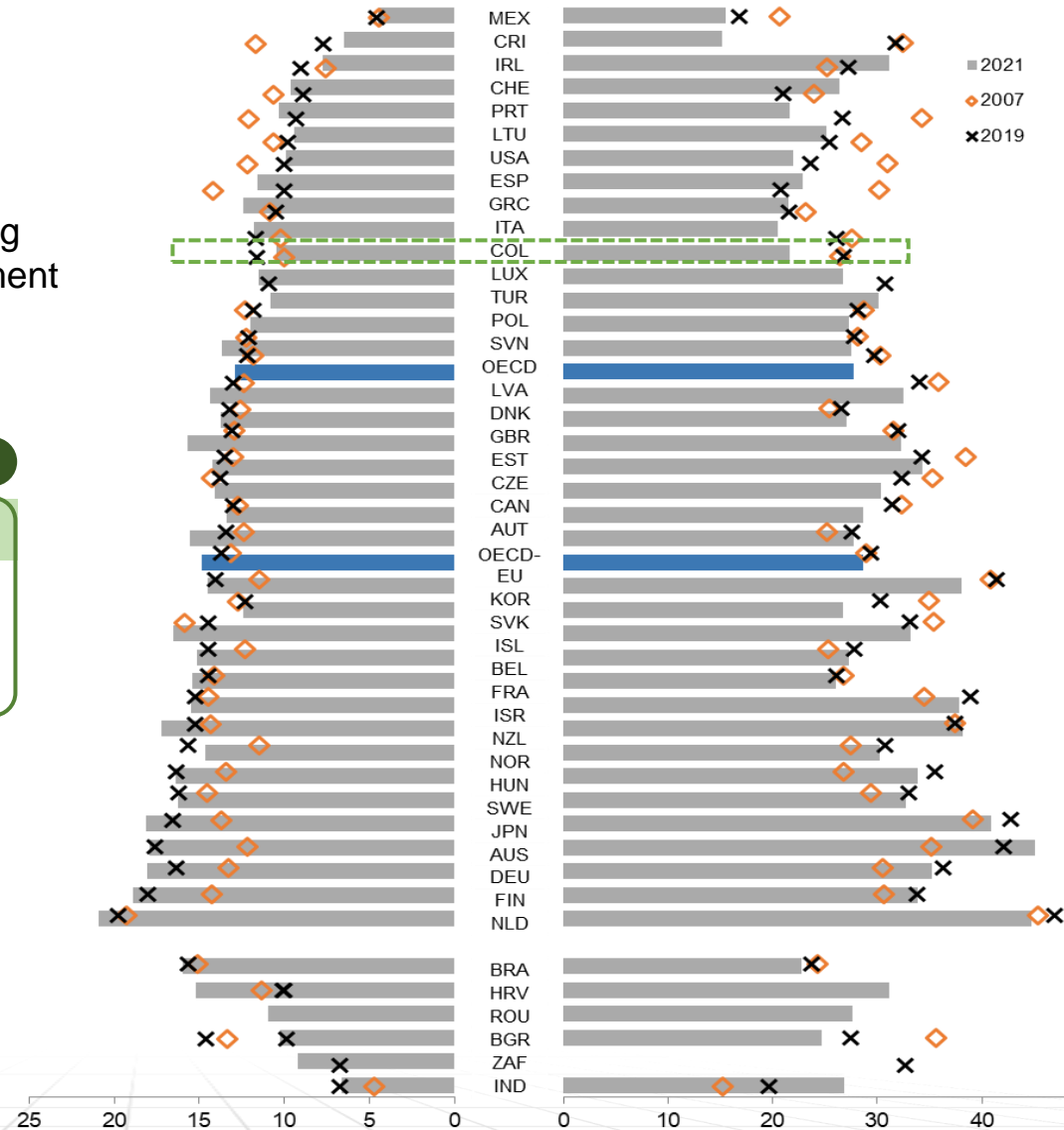


## Public Procurement & National Economic

General government procurement spending as a percentage of GDP and total government expenditures, 2007, 2019 and 2021

	share of gov spending		share of GDP	
	2021	2019	2021	2019
OECD	27.8	29.7	12.9	12.2
KOR	38.1	41.4	14.5	14.0

Source : OECD, Government at a glance, 2023





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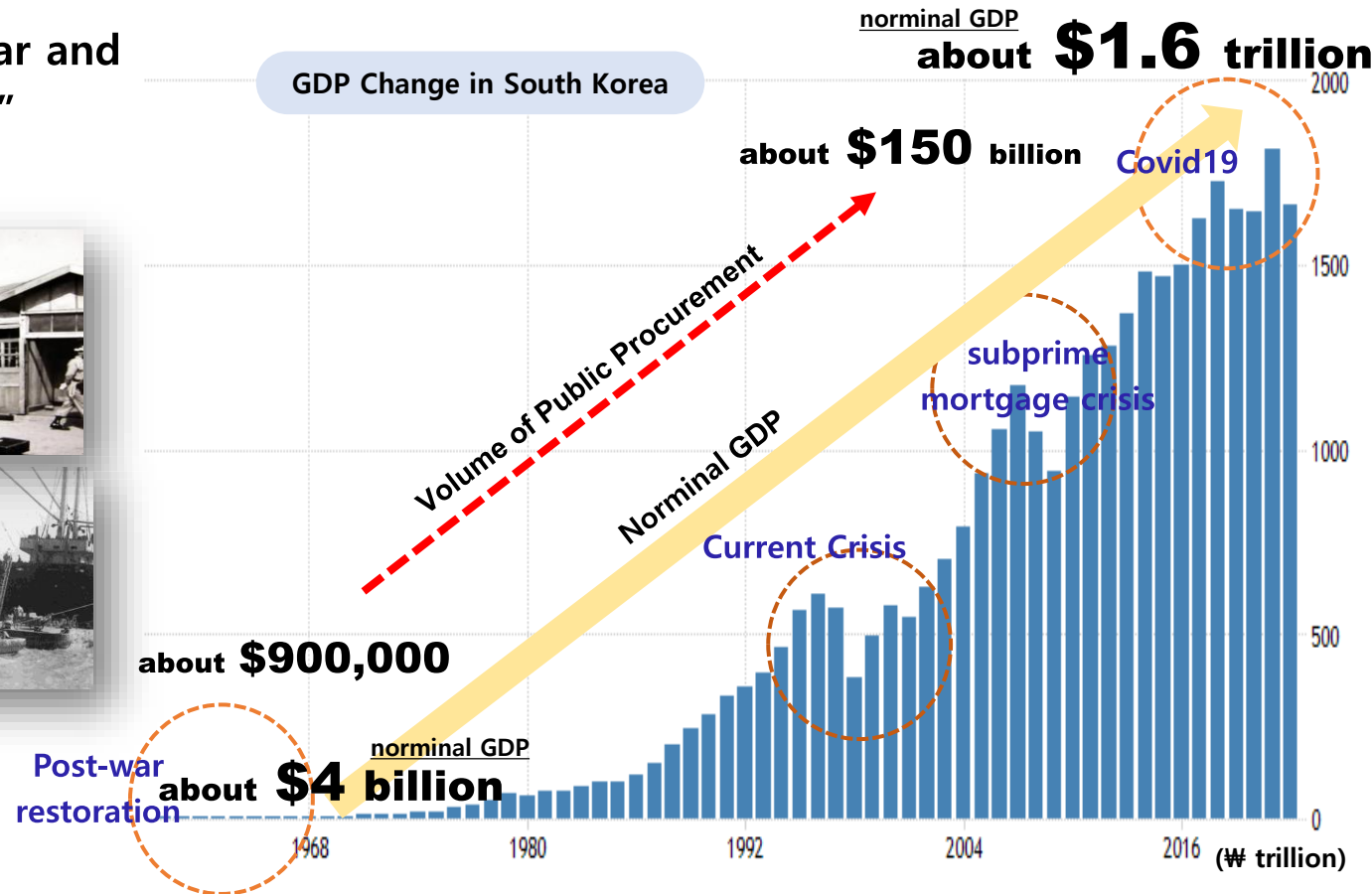
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# II Chronology of Public Procurement in Korea

1949 ~ 1950s Utilization of aid materials received from overseas countries

“Overcoming the War and Reconstruction”



Using the proceeds from the sale of aid materials to finance government budgets, thus establishing a foundation for national reconstruction



# II Chronology of Public Procurement in Korea

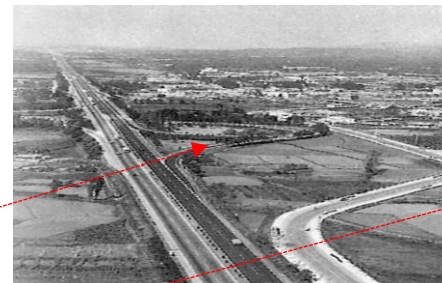
1960 ~ 1970s Implement the country's economic development plan

Five-year economic development plan(1962~1971)

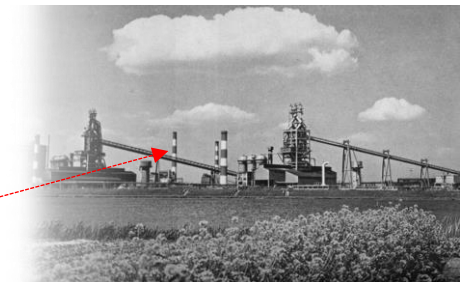
※ Establishment of PPS(1961)



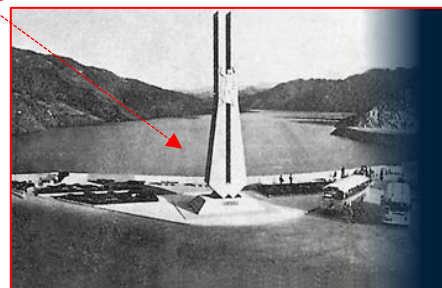
“국가의 개발정책을 공공조달을 통해 실행”



Gyeongbu Expressway



Pohang Iron & Steel



Soyanggang Multi-purpose Dam



Gov't Procurement Products Fair

## II Chronology of Public Procurement in Korea

1980 ~ 1990s Decentralization and Internationalization

※ Establishment of SBA (1996)



1988 SEOUL Olympic



WTO GPA(1995)



Excellent Goods (1996)



# II Chronology of Public Procurement in Korea

## 2000~2010s (Part I) Open the electronic procurement system

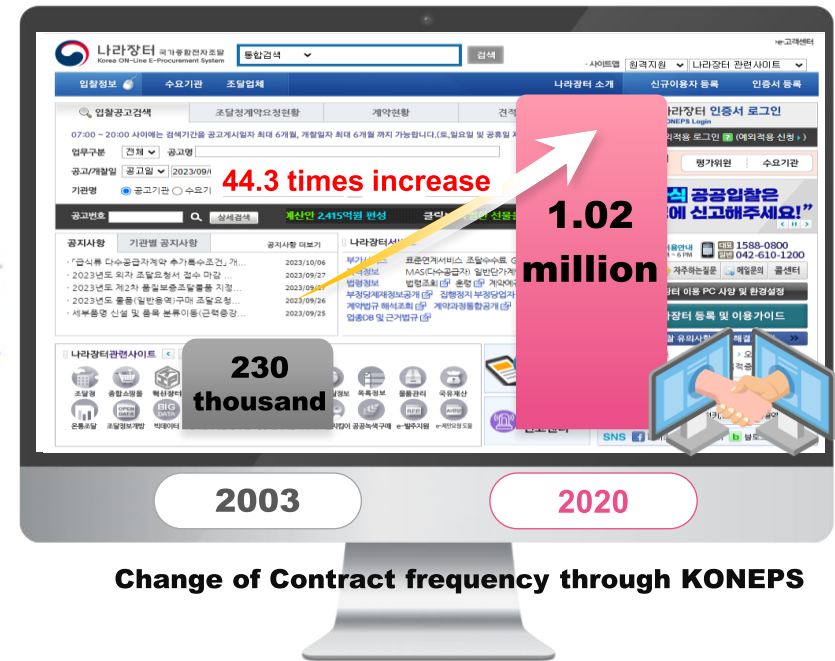


✘ Establishment of KIP (2005)

[ KONEPS in the World ]



Vietnam (2010), Costa Rica (2010), Mongolia(2012), Tunisia(2013), Cameroon(2014), Rwanda(2016), Jordan(2017)



## 2000~2010s (Part II)

Activation of policy support through the leverage of procurement purchasing power

NO	Law Title		Gov. Body
1	ACT ON CONTRACTS TO WHICH A LOCAL GOVERNMENT IS A PARTY	Contract Law	Ministry of the Interior and Safety
2	ACT ON CONTRACTS TO WHICH THE STATE IS A PARTY		Ministry of Economy and Finance, Public Procurement Service
3	GOVERNMENT PROCUREMENT ACT	Procurement Law	
4	ELECTRONIC PROCUREMENT UTILIZATION AND PROMOTION ACT	E-procurement Law	
5	ACT ON FACILITATION OF PURCHASE OF SMALL AND MEDIUM ENTERPRISE-MANUFACTURED PRODUCTS AND SUPPORT FOR DEVELOPMENT OF THEIR MARKETS	Using Gov. buying power Law	Ministry of SMEs and Startups
6	ACT ON THE PROMOTION OF PURCHASE OF GREEN PRODUCTS		Ministry of Environment
7	SPECIAL ACT ON THE PREFERENTIAL PURCHASE OF PRODUCTS MANUFACTURED BY PERSONS WITH SEVERE DISABILITIES		Ministry of Health and Welfare

Green product priority buying(2005), Inter-SME Competition System(2007), Set-aside for Disabled person`s company(2013)

### 2020s ~ Present Expansion of public procurement as a government policy and strengthening of strategic approaches



Covid19



Public Procurement for Innovation



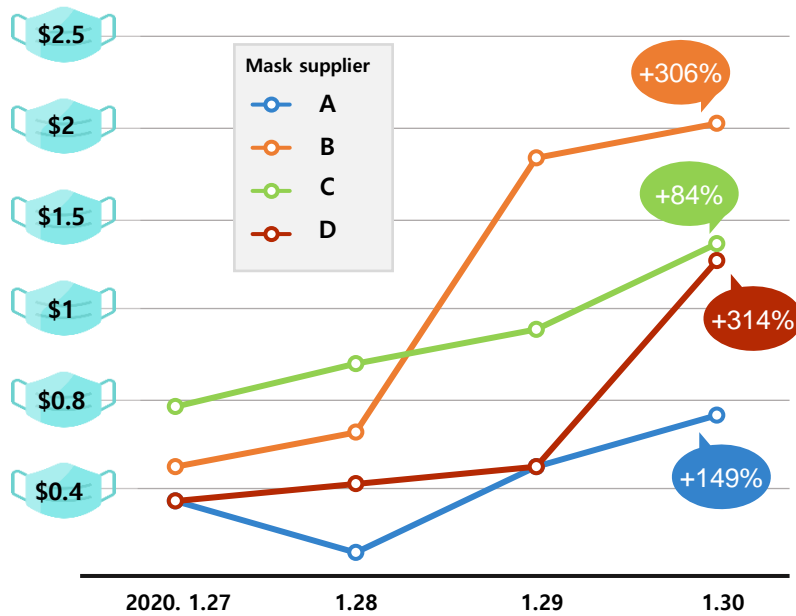
Next Generation KONEPS



### Background of Stockpiling Face Mask

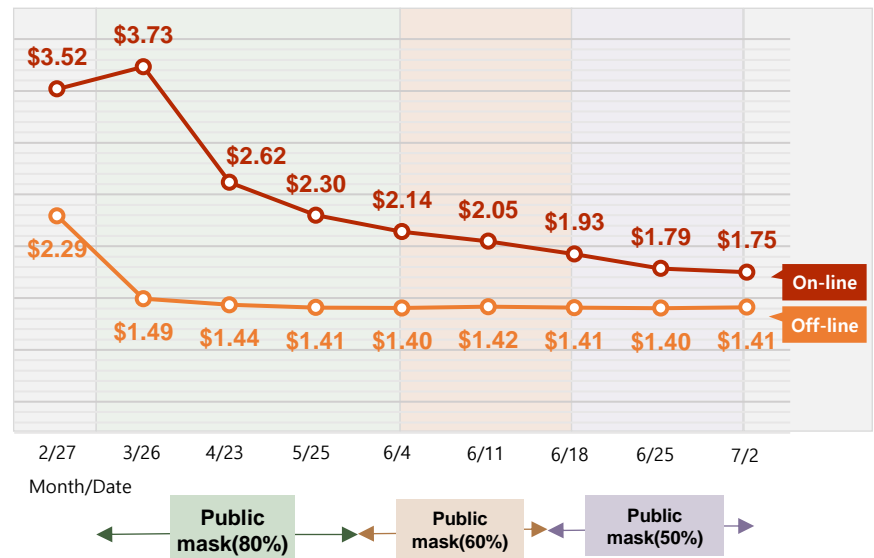
- Mandating 50% of all mask production for public release by PPS buying  
→ Using a Stockpile system of PPS

Price increase of face mask



Source : <http://m.dongascience.donga.com/>

Price decrease of face mask



Source : Ministry of Food and Drug Safety Medical World News, 2020.8.11



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## Organization

HQ

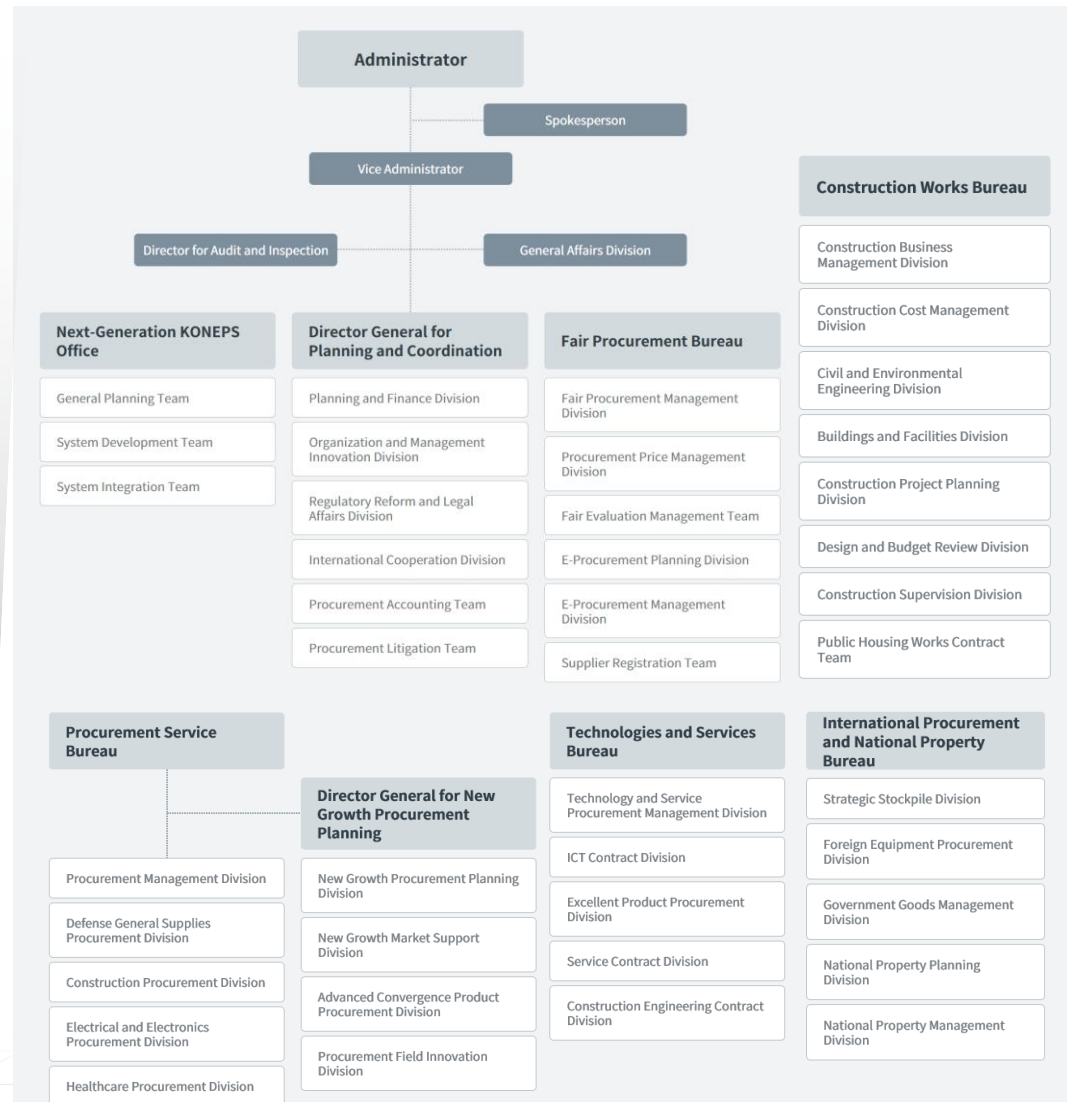
**7 Bureaus, 1 Task Office,**  
36 Divisions, 8 Teams

## Affiliated Organizations

**2 Offices, 11 Municipal Offices,**  
36 Divisions, 3 Teams, 1 Center

## Total Personnel

**1,118**  
(573 in HQ / 545 in the affiliated)





## PPS

- **Central procurement agency** of the Korean government
- Procures **goods, services and public works** for all public entities
- Establishes government-wide **framework contracts** for frequently purchased commercial products

## PPS Procurement Coverage

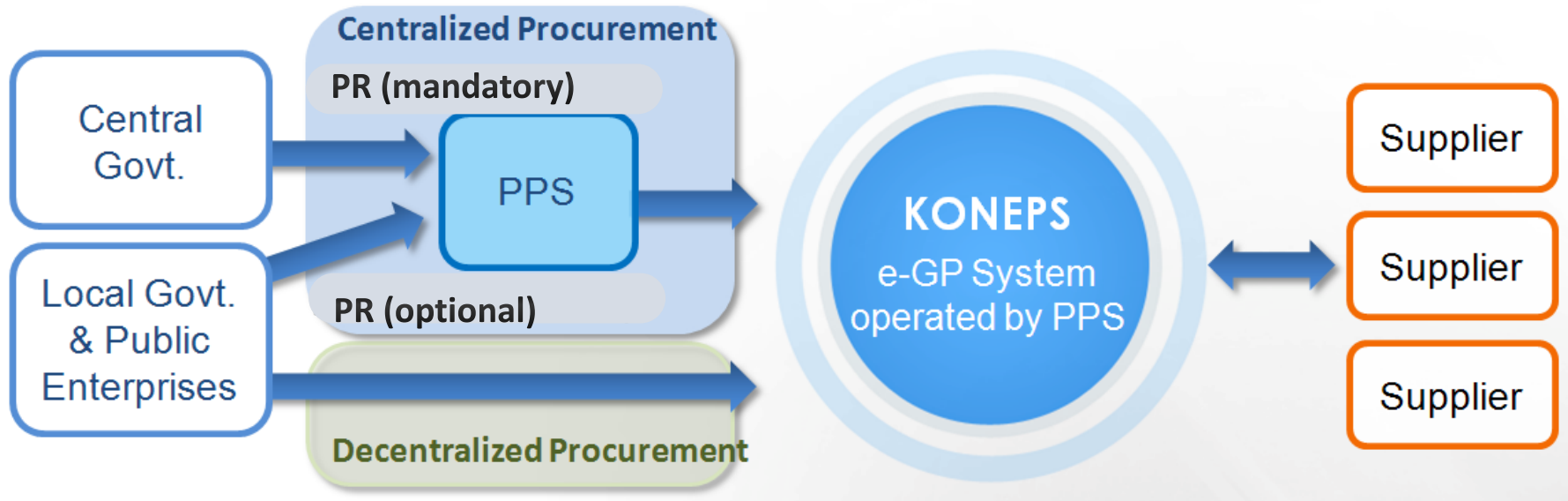
- Use of PPS's procurement services

Central govt.	Mandatory
Local govt. & public enterprises	Optional

- PPS's total procurement in 2021 was **USD 38.5 billion**

PPS  
(28%)





- **Centralized procurement through PPS (2021) : USD 38.5 B**  
- **28%** of Korea's public procurement (136 B)
- **Transaction via KONEPS : USD 88.9 B (65%) of Korea's public procurement**
- ❖ **However, 100% of tender notices are published through KONEPS**  
(Several public organization still utilize their own electronic procurement systems)

## Single window for public procurement

- All bids required to be published on KONEPS
- Bidders can participate in all public biddings after one-time registration

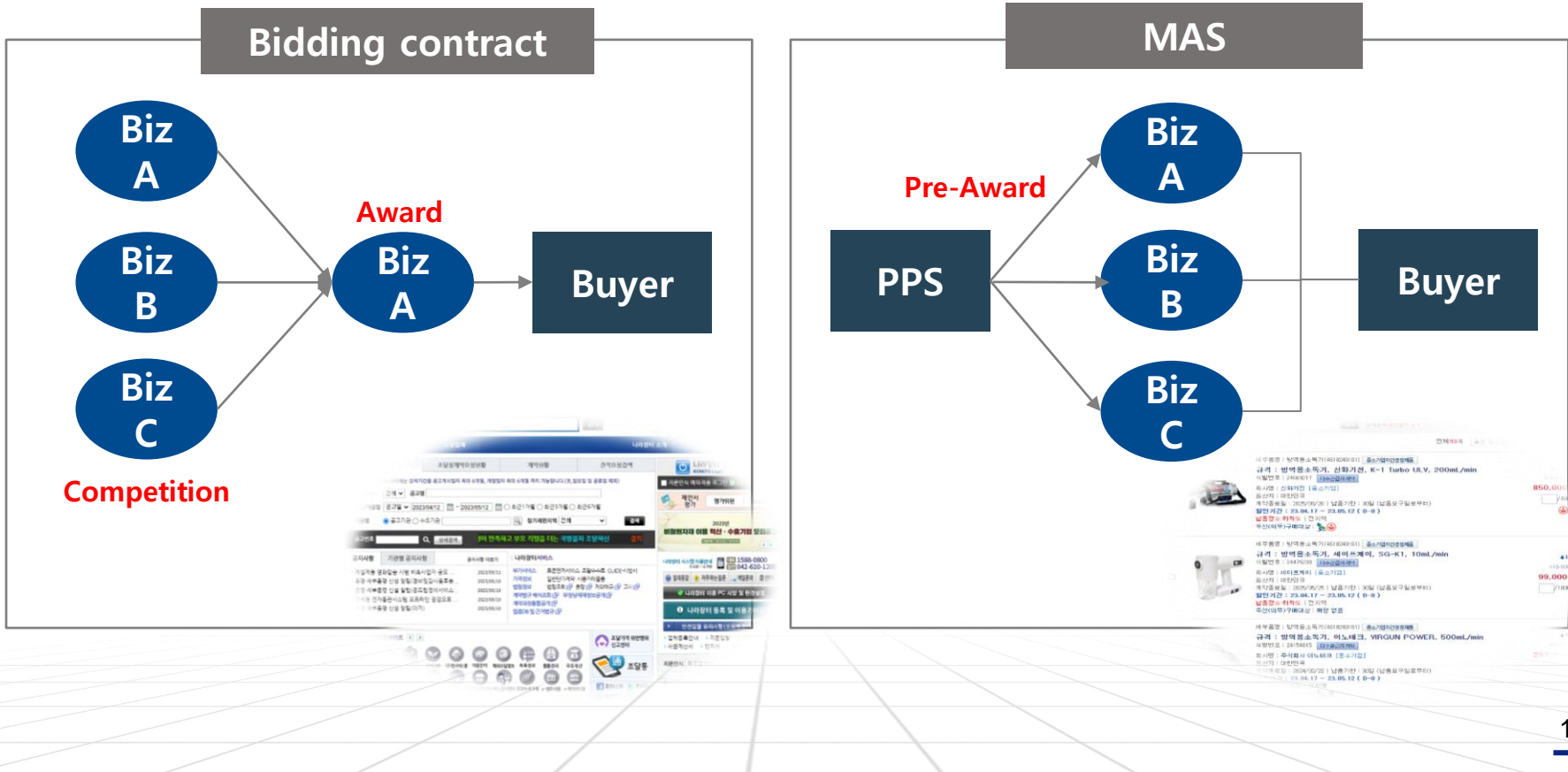




## ■ KONEPS Shopping Mall and MAS(Multiple Award Schedule)

- Provides an efficient contract method for companies that supply products that are equivalent or similar in quality, performance, efficiency, etc.

→ Provide opportunities for multiple suppliers to supply, rather than the existing method of selecting one successful bidder with the lowest price



<https://www.g2b.go.kr/>

**나라장터** 국가종합전자조달  
Korea ON-Line E-Procurement System

통합검색 [ ] 검색

사이트맵 원격지원 나라장터 관련사이트

입찰정보 수요기관 조달업체 나라장터 소개 신규이용자 등록 인증서 등록

입찰광고검색 조달청계약요청현황 계약현황 견적요청검색

07:00 ~ 20:00 사이에는 검색기간을 공고게시일자 최대 6개월, 개찰일자 최대 6개월 까지 가능합니다.(토,일요일 및 공휴일 제외)

업무구분 [전체] 공고명 [ ]

공고/개찰일 [공고일] 2024/06/29 ~ 2024/07/29 [ ] ○ 최근1개월 ○ 최근3개월 ○ 최근6개월

기관명 [ ] ○ 공고기관 ○ 수요기관 [ ] 참가제한지역 [전체] [검색]

공고번호 [ ] 상세검색 **공사 현장안전을 지키는 청년인턴 이야기** 클릭 ▶ **가성서**

공지사항 기관별 공지사항 공지사항 더보기

나라장터서비스

부가서비스 표준연계서비스 조달수수료 GUIDE-시방서  
가격정보 MAS(다수공급자) 일반단가계약 제3자단가계약  
법령정보 법령조회 [ ] 훈령 [ ] 계약예규 [ ] 고시 [ ]  
부정당재정보공개 [ ] 집행정지 부정당업자정보조회 [ ]  
계약법규 해석조회 [ ] 계약과정통합공개 [ ]  
업종DB 및 근거법규 [ ]

나라장터관리사이드

조달청 통합소평몰 혁신장터 벤처나라 디지털서비스몰 이용장터 해외조달정보 목적정보 물품관리 국유재산  
온통조달 조달정보개방 빅데이터 공사원가계산 공사비정보공개 일자리알리미 하도급자감시 공공녹색구매 e-발주지원 e-계약요청도움

조달통

불공정조달 신고센터

나라장터알림광장

차세대 나라장터 이용자정보 사전등록 바로가기

2024 GPPM 공공조달 수출상담회

세계 최고의 조달전문인력 양성! 공공조달역량개발  
연간 조달전문교육 안내

개인정보처리방침 | 저작권 및 공공데이터 이용정책 | 업체등록변경안내

ISO20000인증-수상내역

조달청 35206 대천광역시 서구 청사로 189 (둔산동 920) 정부대전청사 3동 대표전화 : 1588-0800  
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나라장터 연계기관 [ ] 이동

## ✓ Online Shopping Mall

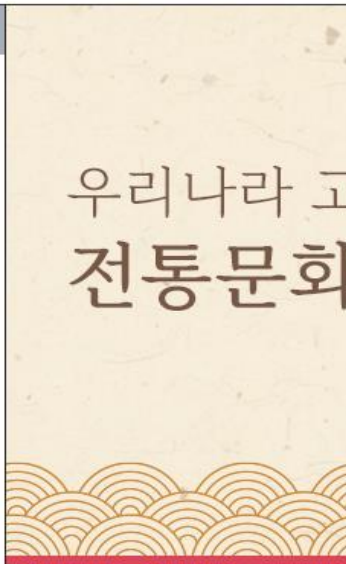


전체(세부품명,규격,업체명 등)



전체 카테고리 | 인증몰 | 테마몰 | 할인행사/기획전 | 불공정조달 신고센터

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- 전자/정보/통신
- 환경
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- 토목/건축/자재
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선택조건검색

결과내 재검색    계약업체명    검색    상세검색(음션제품 검색 가능) >    음션제품 검색 안내

상품비교    전체 2개    낮은가격    10개씩    정렬

세부품명 : 수소다목적승용차(2510151401)    제조

규격 : 수소다목적승용차, 현대자동차, 넥쏘 프리미엄 2023MY, A/T    **66,990,000 원**

식별번호 : 25024514    다수공급자계약     대

회사명 : 현대자동차 주식회사 [대기업]

원산지 : 대한민국

계약종료일 : 2025/08/27 | 납품기한 : 210일 (납품요구일로부터)

생산공장도(상차제외) | 전지역    추가선택(운반설치,부품등)

우선(의무)구매대상 : 해당 없음

세부품명 : 수소다목적승용차(2510151401)    제조

규격 : 수소다목적승용차, 영일특장, YI-FCEV007, 수소전기순찰차, 5인승    **79,000,000 원**

식별번호 : 24106880    다수공급자계약     대

회사명 : 영일특장(주) [중소기업]

원산지 : 대한민국

계약종료일 : 2025/08/30 | 납품기한 : 210일 (납품요구일로부터)

생산공장도(상차제외) | 전지역    추가선택(운반설치,부품등)

우선(의무)구매대상 : 해당 없음

상품비교

Click!

공지사항	물품공지
조달청 인지도 비부과 대상 지침 제정 안내	
2024년 하반기 다수공급자계약업체의 계약이행실적평가 계획 ...	2024/07/03
(MAS)종합쇼핑몰지원센터 품명별 담당자 알림(2024. 7. 10, ...	2023/11/27
다수공급자계약 업무자동화 시스템(MSC : MAS Smart Contr...	2023/05/09
2024년 제 3차 품질보증조달물품 신청 접수기간 안내	2024/07/08

[전체보기](#)

희망물품 신청이 가능합니다.

공고확인하기

### 혁신제품 제3자당가계약 참여기업 모집 공고

| 신청기간 |  
2024.05.01. ~ 2024.12.31.

## ✓ e-Ordering system (Online platform for proposal evaluating and writing RFP)

### Definition

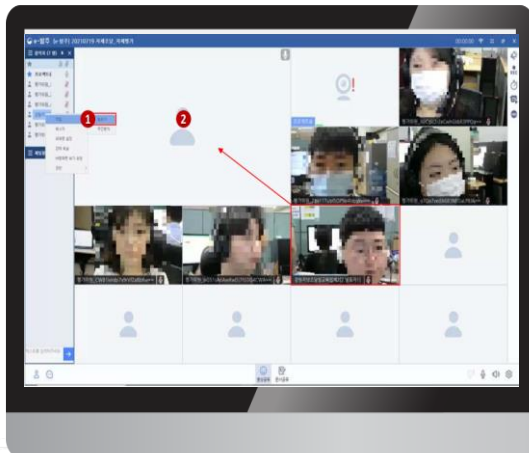
- ✓ An online system for the entire procurement process, from proposal request and proposal to evaluation.

### Features and Benefits

- ✓ **(Online Proposal Submission)** Proposals and other materials submitted by suppliers online (no need to visit)
- ✓ **(Online evaluation site)** For proposal evaluation, evaluators and suppliers can participate online without the need to travel to the evaluation site
- ✓ **(Convenience features)** AI-based **RFP writing and diagnostic tools**, electronic document linkage, and proposal tables provide convenience for suppliers and evaluation committee members

### Achievements

- ✓ Reduced procurement and order costs\* by creating an online evaluation culture  
\* RFP writing costs, evaluation fees, travel expenses, proposal printing, etc.
- ✓ Expanding online evaluations to increase available evaluators and their expertise
- ✓ Improved productivity by providing **AI-based RFP writing and diagnosis tools**





## ① Inno-KONEPS



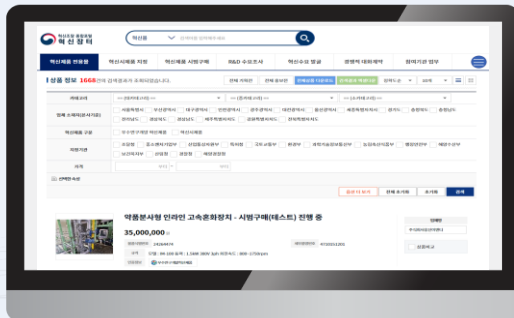
Fixed station-based unmanned operation system for drones



UV sterilization stopper



Chest X-ray medical image reading assistant solution

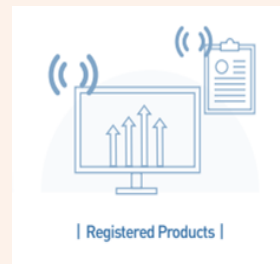


## ② Venture Mall

**473** firms

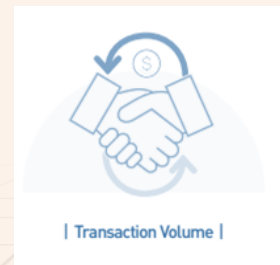


**3,496** products



**143.1B** KRW

**103M** USD



## ③ Digital Service Mall

### Definition

✓ A shopping mall built to conveniently purchase related products in one place to introduce new IT technologies such as cloud, artificial intelligence, and commercial SW to the public market and expand their demand.



Sales performance  
1.97T KRW  
1.4B USD

Registered products  
5,800





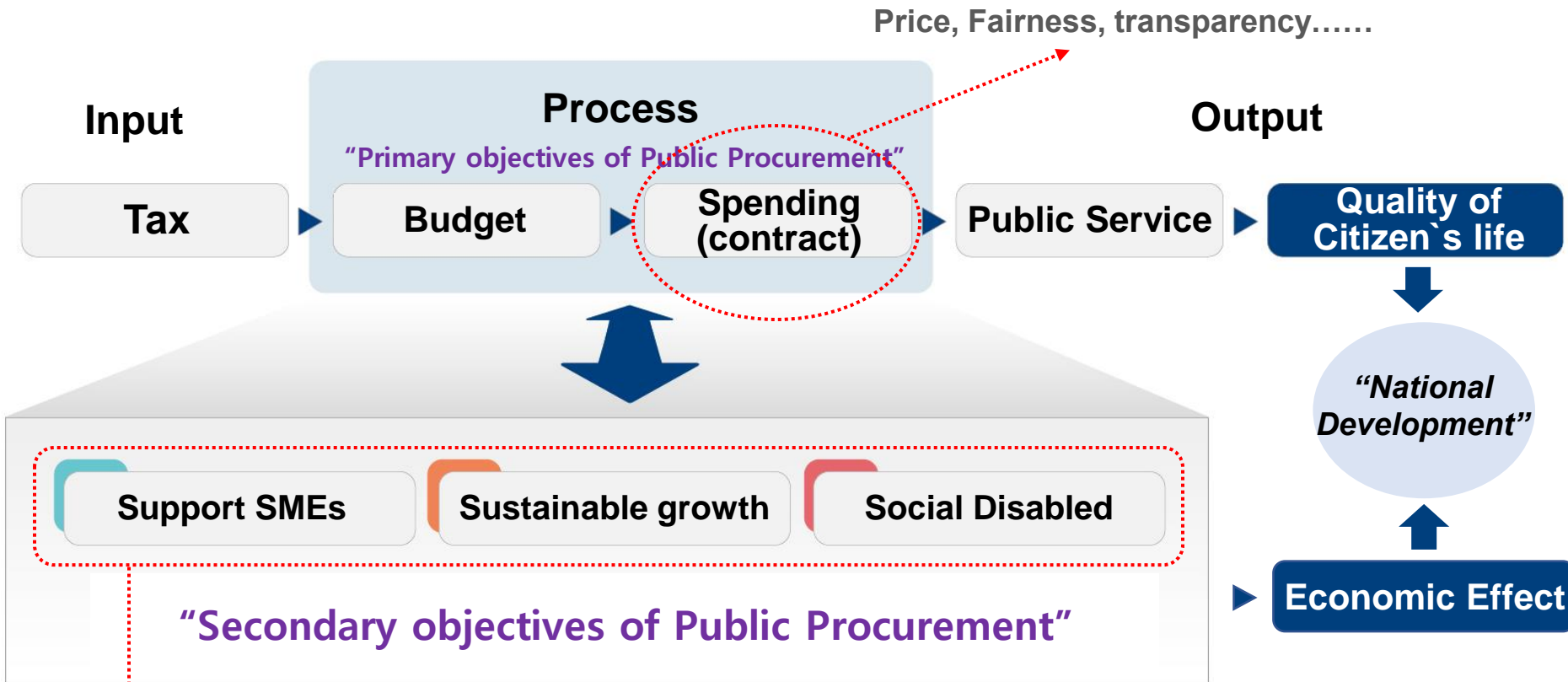
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## ▶ Main Purpose and Strategic Utilization of Public Market



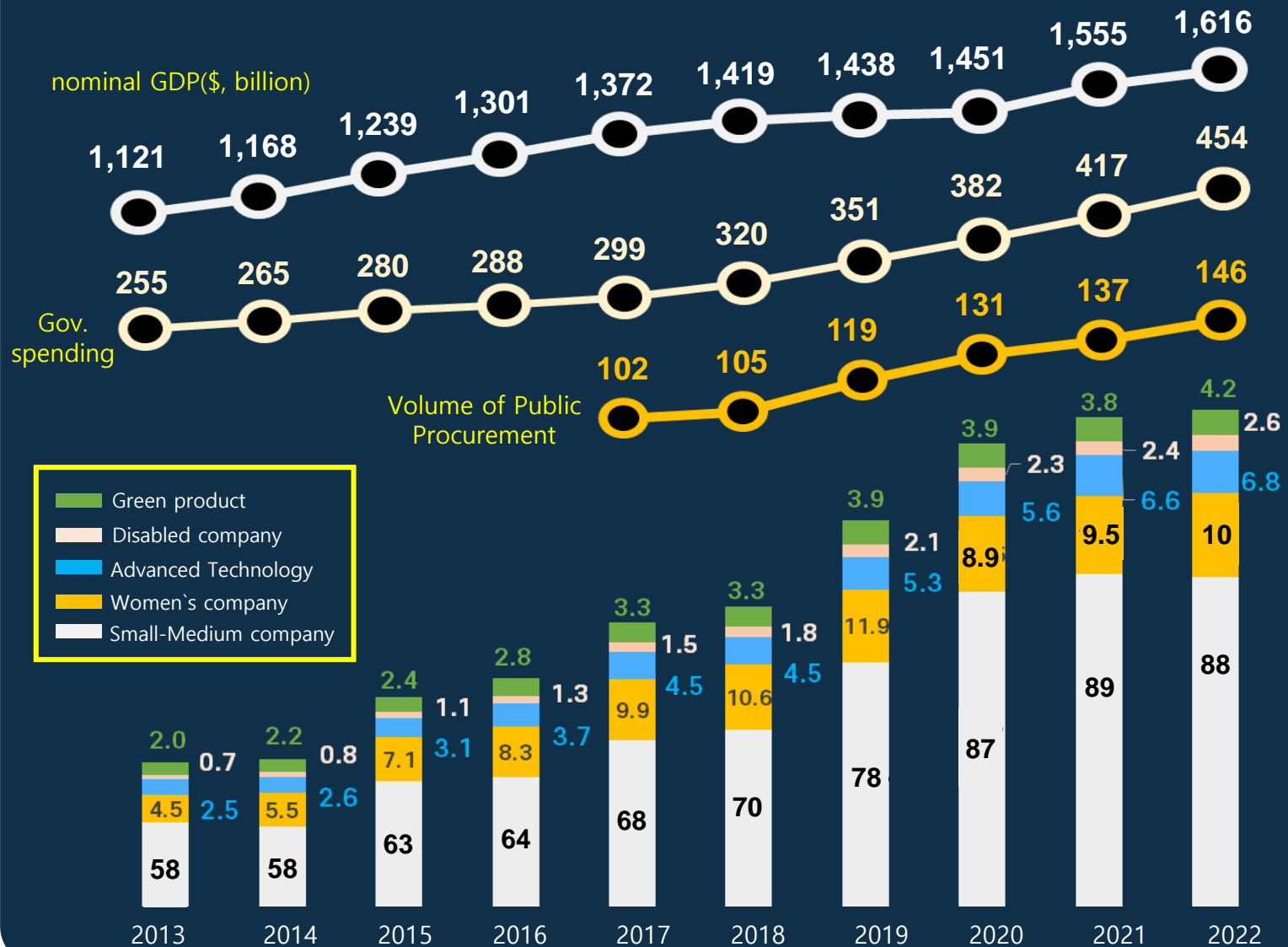
How can we use the public buying power

➔ Strategic Approach of the public procurement policy

# IV Strategic Public Procurement

< Volume of Public Market in Korea >

(\$, billion)





# IV Strategic Public Procurement

## ■ Present Act related to Public Procurement

NO	Law Title	Gov. Body
1	ACT ON CONTRACTS TO WHICH A LOCAL GOVERNMENT IS A PARTY	Ministry of the Interior and Safety
2	ACT ON CONTRACTS TO WHICH THE STATE IS A PARTY	
3	GOVERNMENT PROCUREMENT ACT	Ministry of Economy and Finance, Public Procurement Service
4	ELECTRONIC PROCUREMENT UTILIZATION AND PROMOTION ACT	
5	ACT ON FACILITATION OF PURCHASE OF SMALL AND MEDIUM ENTERPRISE-MANUFACTURED PRODUCTS AND SUPPORT FOR DEVELOPMENT OF THEIR MARKETS	
6	ACT ON THE PROMOTION OF PURCHASE OF GREEN PRODUCTS	Ministry of Environment
7	SPECIAL ACT ON THE PREFERENTIAL PURCHASE OF PRODUCTS MANUFACTURED BY PERSONS WITH SEVERE DISABILITIES	

Contract Law

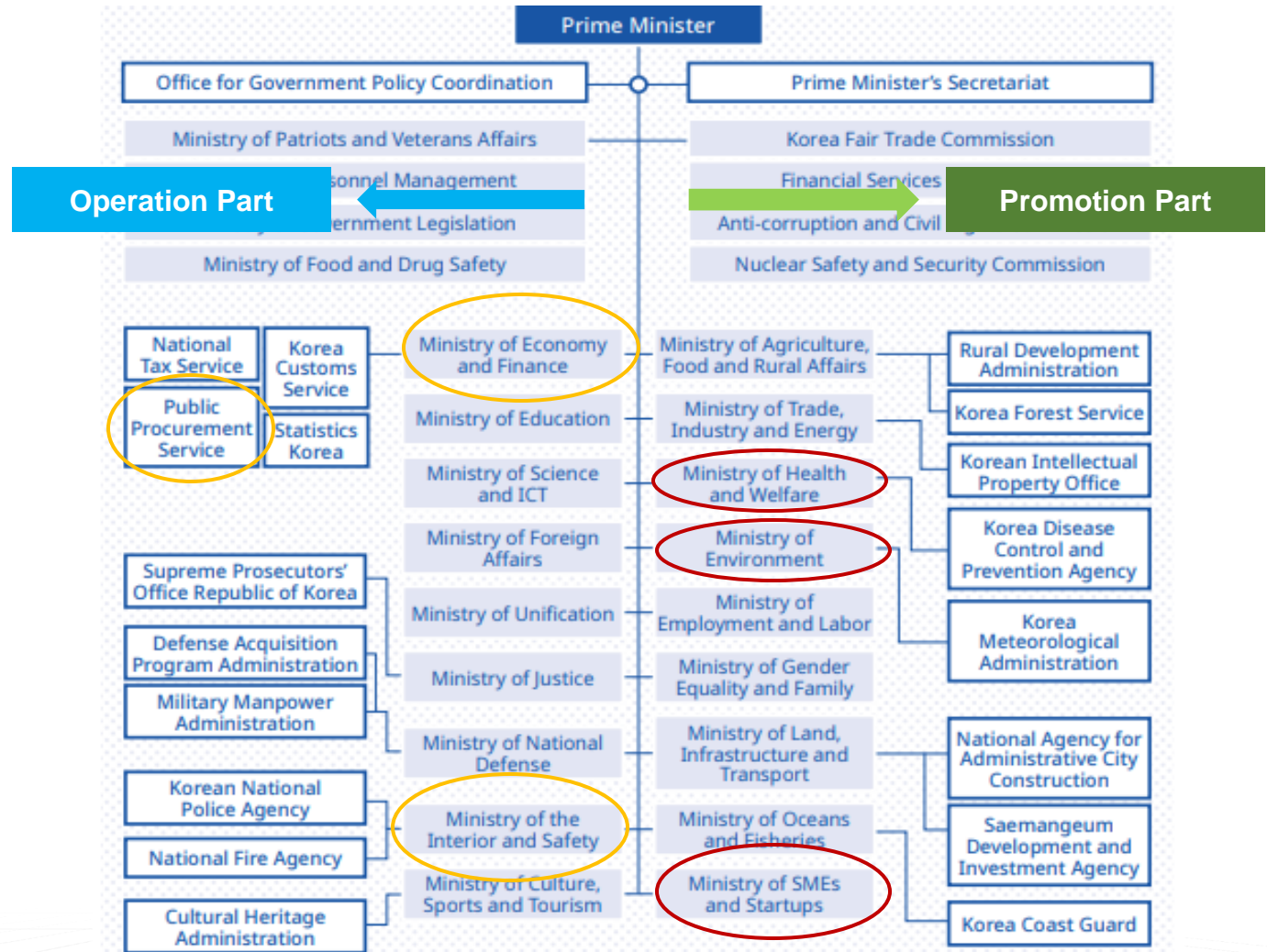
Central Gov. Procurement Law

E-procurement Law

Using Gov. buying power Law

# IV Strategic Public Procurement

## Who's in charge of each Act?

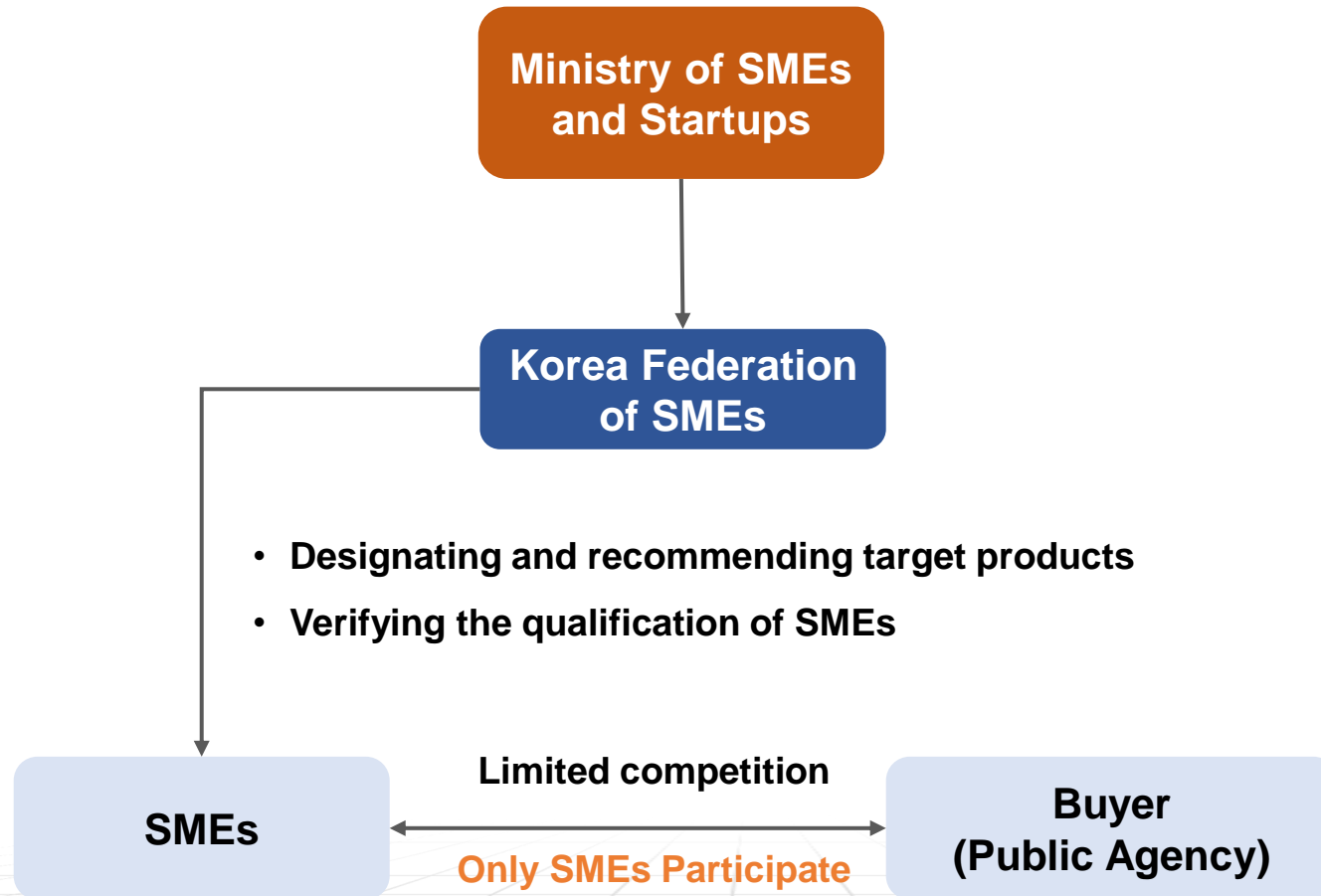


<Korea Government Organization>

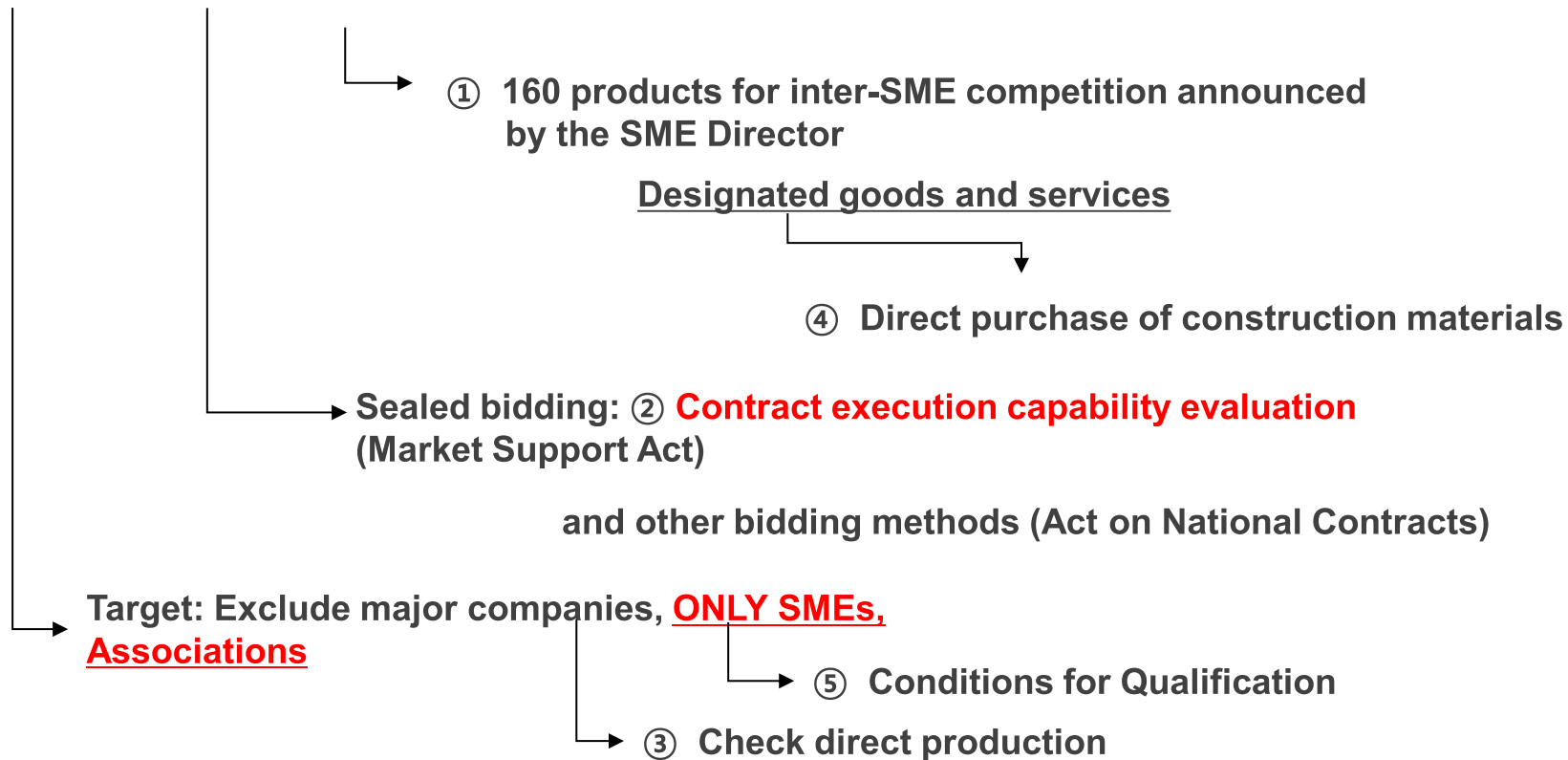
# IV Strategic Public Procurement

In order to avoid market erosion by Large companies, providing competition opportunities only for SMEs in the public procurement

## [Inter-SME Competition System]



## • Inter-SME Competition Products



⇒ Thus, Inter-SME Competition is

Competition (limited competition) among SMEs on designated products and deciding bidder through contract execution capability evaluation



## ■ Case of promoting purchase of specific products – Priority Purchasing

[Operation Mechanism of Priority Purchasing System]

[Government Policy]

Regulations and Evaluation of Public parties



## ■ Priority purchasing and purchase target ratio

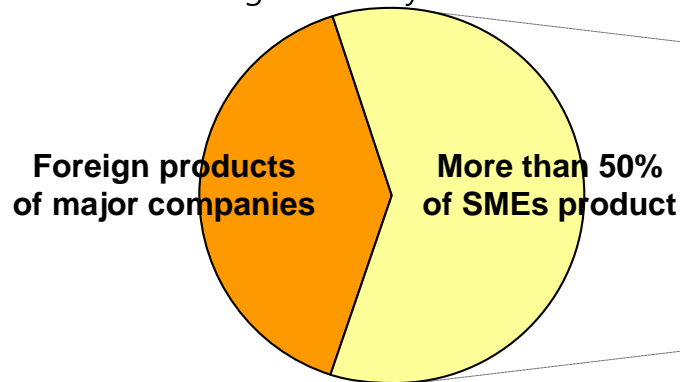
### ① SMEs Product Target Ratio System

- 50% of the “Total Amount of Product Purchase” that is purchased by the public institution shall be purchased from products of SMEs

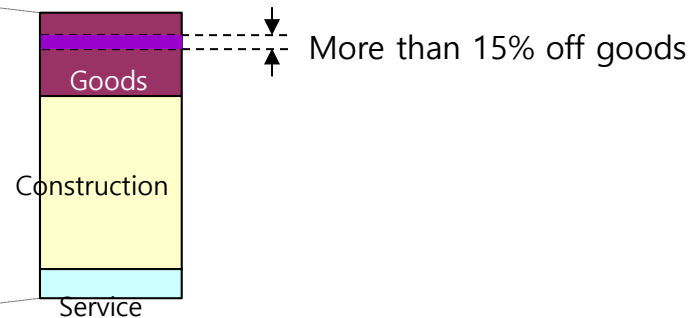
### ② SMEs Technical Development Product Purchase Target Ratio System

- 15% of “Goods among SMEs products” shall be purchased as SMEs technical development products

<SME Product Purchase Target Ratio System>



<Technical Development Product Purchase Target Ratio System>



# Thank you

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