1st High Level Seminar on E-procurement

Good Governance for Development in Arab Countries Initiative

The Objectives of the Good Governance for Development (GfD) Initiative in Arab Countries and of the High Level Seminar

Carlo Flamment
President, Formez

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1\textsuperscript{ST} HIGH LEVEL SEMINAR ON E-PROCUREMENT  
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THE OBJECTIVES OF THE GOOD GOVERNANCE FOR DEVELOPMENT (GFD) INCIDENT IN ARAB COUNTRIES AND OF THE HIGH LEVEL SEMINAR  

CARLO FLAMMENT PRESIDENT, FORMEZ
As the President of Formez, it is a great honour for me to preside over the opening session of this important international event, and I would like to begin by giving my warmest welcome to the representatives from the Arab region and the Mediterranean countries\(^1\).

Formez – Training and Studies Center is the national agency that supports the Italian Department for the Public Administration in coordinating public sector modernisation policies. Over the last several years, support activities for administrative innovation processes have been aimed with increasing care and attention to countries that are facing the challenge of public sector changes and that may benefit from Italian and European experience and know-how in terms of administrative simplification, technological innovation, local development, human resource management, trans-national and trans-boundary cooperation, and generally speaking on all the emerging issues regarding the evolution of modern administrative systems.

There is an ever greater need, at both the national and international levels, to pay careful, specific attention to the issue of good governance in the countries of the Mediterranean, especially the Arab ones. In order to meet these needs, in May 2002, the C.A.I.MED. Centre for Administrative Innovation in the Euro-Mediterranean Region was created thanks to a memorandum of understanding signed by the Italian government – represented by the Department for the Public Administration – and the United Nations – represented by the U.N. Department for Economic and Social Affairs. It is hosted by FORMEZ, and its activities aim to support public administration innovation processes through the sharing of best practices in the countries of the Euro-Mediterranean region, and to promote participative governance and encourage social and economic progress in this area. The C.A.I.MED prepares and manages, through in-depth research and studies, administrative cooperation programmes that aim to obtain a more profound knowledge of the public administrations of the Mediterranean area.

Recent seminars promoted by Caimed-Formez have seen the rise of a shared awareness of the indispensable need to launch collaborative efforts with relevant national and international organisations in order to achieve positive, tangible results and to increase the added value of the programmes and interventions we promote.

There is an increasing need to invest in the organisational, institutional, and project-making efforts aiming to improve administrative systems and good governance, through activities

\(^1\) The meeting was organised within the OCSE – UNDP initiative “Strengthening Good Governance for Development in Arab Countries”; the Italian government, with the contribution of the Department for the Public Administration and the Department for Innovation and Technology, is supporting the activities of the working group on “E-government and Administrative Simplification” that has been activated within this same initiative, and which is co-chaired by Italy and Korea.
that include benchmarking efforts between European countries and those of the Mediterranean.

Within the framework of its international programmes, Formez has been working for some time now with a network of qualified operators in the field of administrative innovation, which includes among its partners some of the most prestigious training schools, research institutions, and international organisations.

I am convinced that Formez’s contribution to the implementation of this initiative is a testimony to its commitment and efforts to play a positive role in a field such as e-procurement, in which the experiences of Italian administrations and Formez initiatives can provide a useful reference framework for the analysis of existing problems and goals.

**Formez work in the e-procurement field**

Public administration procurement processes, which are so closely linked to the need to control and contain public spending, play a highly strategic role within the sphere of administrative activities. Technological information, international trade, and increasing competitive pressures have all combined to push governments and public institutions to extend their goals beyond the minimisation of costs and to tackle new challenges such as increased transparency and the rationalisation of the entire procurement process at the organisational level.

In Italy, the spread of e-procurement in the public sector falls within a wider process of public administration renewal, which is certainly characterised by a massive use of new information and communication technologies (ICT), but which has also been decisively impacted by legislative innovation and by simplification processes aimed at the entire administrative machine².

In the last 10 years, public spending for intermediate consumption has received much more rigorous attention. Within this framework, both legislative and government efforts have aimed to define actions and instruments to contain such spending, while improving the efficiency and efficacy of administrative activities, and encouraging innovation and the management of change.

Activities at the central level include the development of the Public Spending Rationalisation Programme, which was launched in 2000 after the introduction of a new

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² About 4000 central and local administrations have already adhered to experiments with e-procurement launched by the Ministry of the Treasury through the Consip s.p.a. firm.
system for the optimisation of public procurement (law n. 488 of 23 December 1999),
whose development and operational management was entrusted to Consip SpA. In order to
facilitate innovation, streamlining, and increased efficiency in public procurement models,
Consip, helped by the introduction of D.P.R. n. 101/02, which disciplines electronic
procurement procedures, developed models for electronic tenders, and, along with the
Convention system, the Public Administration Electronic Market (MEPA).

In April 2004, the European Union adopted a new legislative framework for electronic
procurement that will come into force in January 2006: a coherent framework for open,
transparent, and non-discriminatory electronic tenders, which sets the rules to present bids
electronically and the conditions for modern procurement techniques based on electronic
means of communications. All European public institutions responsible for procurement
must be able to fully operate through the Internet by that date.

The European Commission has carefully evaluated the impact of this new legislative
framework on pre-existing structures, and it has confirmed the need for an action plan to
modernise European markets for tenders and to make them more open and competitive.

In the e-Procurement Action Plan, presented in January 2005, the Commission proposed
that member states follow the three guidelines below in implementing the pre-existent
directives:

- Ensuring internal markets that function well when calls for tenders are made
electronically;
- Achieving greater efficiency in public tenders and improving governance;
- Pursuing the creation of an international framework for electronic public tenders.

In Italy, many regional and local administrations see electronic procurement tools as an
excellent opportunity to make procurement processes faster and more innovative, as well
as less expensive. They have thus begun to design, plan, and implement on-line auctions
and market places, and a number of very interesting initiatives have emerged here and there
throughout the territory. Several regions have passed laws to regulate this sector, and many
local institutions have included electronic procurement tools in their administrative
regulations.

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3 In Italy, the reception process began with law n. 63 of April 18, 2005 “Disposizioni for the fulfilment of
obbligations arising out of Italy’s membership in the European Community. Community law 2004”, which, in
art. 25, entrusts the government with the implementation, through one or more legislative decrees, of
directive 18/2004 on the coordination of procedures for the award of public works contracts, public supply
contracts, and public services contracts.
In this framework, it is absolutely necessary to protect the administrations’ external environments through adequate intervention tools, including the development of procurement skills among all institutional actors involved in the overall process of production-supply / purchase-sale of public goods and services.

This process is one of the functions which, in the past, had strong judicial and administrative overtones. Recognising the reality of the public institution modernisation process means identifying a specific reference point for a comprehensive analysis of the purchase-sale processes and requires the introduction of corporate-type systems combined with the adoption of innovative managerial techniques within the institutions themselves.

This is why concepts such as the planning and programming of procurement, the re-definition of supplier/buyer relationships, quality evaluations of purchased goods, simplification of procedures, definition of auditing systems, continuous monitoring of procurement processes both in terms of cost-efficiency and quality all become much more important than in the past.

Our institute’s goal is to promote activities to support innovation, and to provide public administrations, especially at the local level, with the adequate tools to simplify processes and exploit the opportunities offered both by local markets and by the national system for purchasing goods and services outlined by recent legislation.

Through its programmes, Formez is monitoring the best practices in the field of e-procurement that administrations are experimenting with, and supporting other administrations (both in Italy and abroad) in undertaking innovative processes to manage procurement, mostly through analyses and assistance, in particular:

- Workshops on specific issues
- Laboratories for learning
- Publications (Research, elaboration of guidelines, surveys of experiences made by Italian administrations).
- Theme-based channel on public administration procurement and patrimony.

Recent studies published by Formez in the field of e-procurement have focused on three broad issues: organisational models adopted by the administrations, management of market relations, and ICT, which is used ever more frequently and intensely by public organisations.

These studies, especially with regards to certain experiences, examined the impact on organisation and management of the innovations that have been recently introduced in the procurement processes of the public administrations in question. This has made it possible
to highlight the differences between electronic and traditional procurement methods (still present in many organisations) in terms of the reduction of the human resources needed, of the time required to complete the procedures, of the savings achieved, and on the improved quality of the supplies.

Such innovations regard not only the creation of a new regulatory framework, but also the overall organisation of procurement processes, market approaches, relationships with suppliers, and especially new technologies and e-procurement solutions that are now available. An optimal combination of these elements produces synergies that are capable of fully meeting the overall goals of the procurement function. Results achieved by the administrations depend on many factors, such as size, the characteristics of local markets, and organisation and management cultures.

The final objective of Formez’s activities is to make the tools to support an efficient and effective management of public procurement available to all those who work in this field.

We now hope that this work will be a launching pad for transferring knowledge and best practices between administration and creating a network of people and institutions working in this field in order to gradually integrate the various e-procurement systems.

I am certain that over the course of the two days of work you will be able to formulate important indication on the upcoming priorities that public administrations will have to face, and identify new forms of administrative cooperation in the Arab and Mediterranean regions. To conclude my brief remarks, I wish you all a productive seminar.