

Public Procurement Service and E-Procurement System

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I Public Procurement Service in the Korean Government

PPS - the central procuring agency for the Korean government



Korea's Public Procurement System

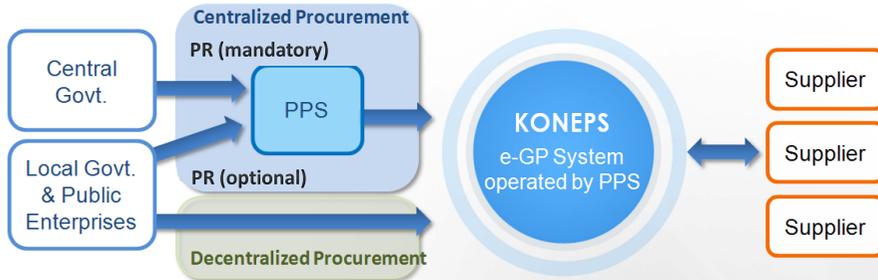
PPS	<ul style="list-style-type: none"> Public Procurement Service (PPS) under Ministry of Strategy and Finance Provides procurement services for all public entities Operates government-wide single e-Procurement portal (KONEPS) that covers the entire procurement processes 				
PPS's Services for Public Entities	<ul style="list-style-type: none"> Use of PPS's procurement services <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="background-color: #92D050;">Central govt.</td> <td style="background-color: #4F81BD; color: white;">Mandatory*</td> </tr> <tr> <td style="background-color: #4F81BD; color: white;">Local govt. & public enterprises</td> <td style="background-color: #4F81BD; color: white;">Optional</td> </tr> </table> <p>* threshold - \$100,000 for goods and services, \$3,000,000 for construction</p> <ul style="list-style-type: none"> All public entities should purchase from PPS's MAS contracts* whenever applicable 	Central govt.	Mandatory*	Local govt. & public enterprises	Optional
Central govt.	Mandatory*				
Local govt. & public enterprises	Optional				

* MAS contract : unit-price framework contracts for commercially available products.
All public entities may place orders for MAS contracted products.

Public Procurement in Korea



Korea's Public Procurement Process



- Centralized procurement through PPS (2013) : USD 37.9 B
- 33.5% of Korea's public procurement (USD 113 B)
- Transaction via KONEPS : USD 73 B (64%) of Korea's public procurement
- ❖ However, 100% of tender notices are published through KONEPS



II

Korea ON-line E-Procurement System In Korea

e-Procurement in Korea

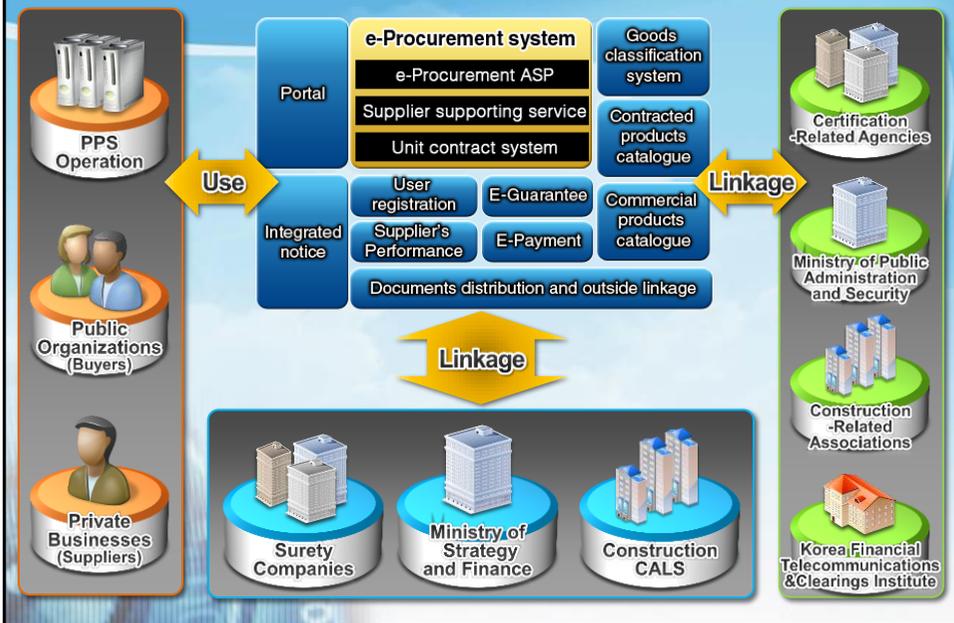


> KONEPS (Korea On-line E-Procurement System)

- Single window for public procurement
- End-to-end service that covers the entire procurement processes
- Seamless service through data interconnection with 150 database systems



KONEPS at a Glance

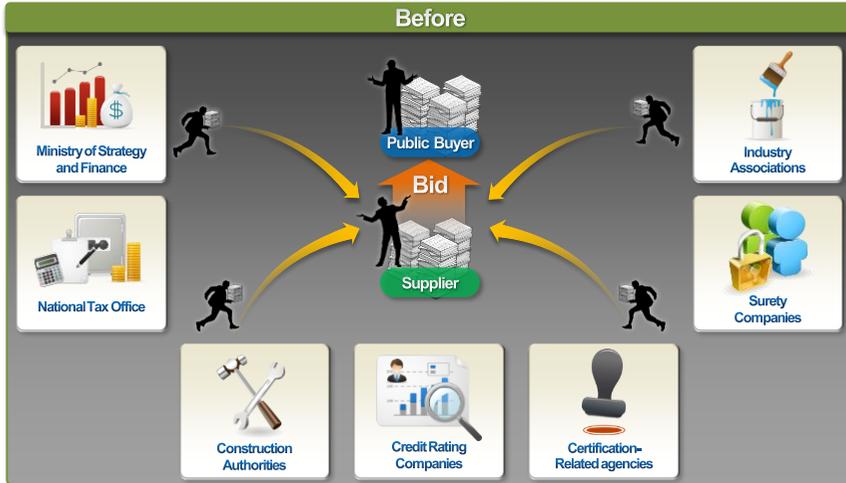


e-Transformation – Before & After



Seamless Service through Data Integration

- Data interchange with 140 external info systems for seamless process

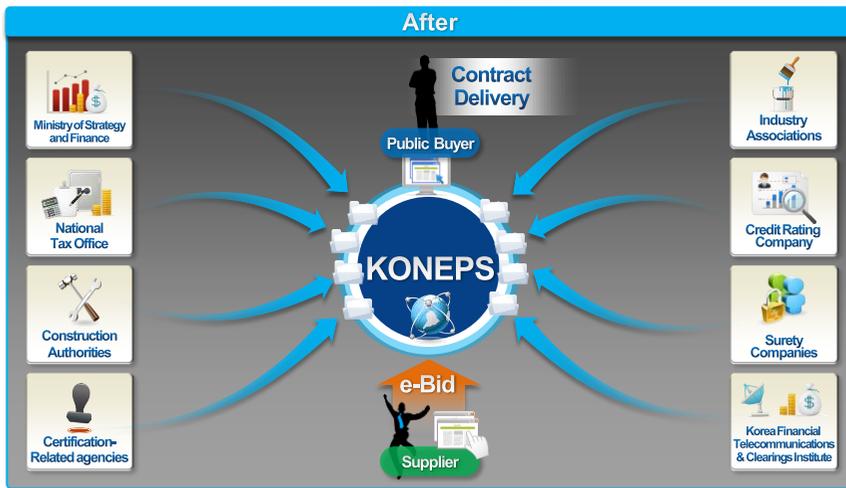


e-Transformation – Before & After



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Facts and Figures



KONEPS's transaction volume in 2012 : \$73 B (64%) of Korea's public procurement (\$113 B)

Users

- 47,000 public entities
- 268,000 businesses

e-Bidding

- 23.4M bidders in 280K e-bidding
- Transaction volume : \$45.5 B

e-Contracting & e-Payment

- 758K e-Contracts and e-Payment

Online Shopping mall

- Transaction volume : \$13.9 B

Effect of e-Procurement



Increased Transparency

- Real-time information disclosure
 - ✓ Bidding results and contract details disclosed to the public on-line
 - ✓ Peer monitoring on fair results
- Accuracy in bid evaluation
 - ✓ Bid evaluation based on validated data
- Support for decision-making
 - ✓ Traceable prices and specifications
 - ✓ Purchase history and price trend information

Effect of e-Procurement



Saving of Transaction Costs via KONEPS

● Cost saving : **USD 8 B** per year

- ✓ Private Sector : **USD 6.6 B**
- ✓ Public Sector : **USD 1.4 B**

● Increased efficiency

- ✓ Receiving bids, validating related docs. and selecting the winning bid

Before	over 30 hrs
After	less than 30 mins.

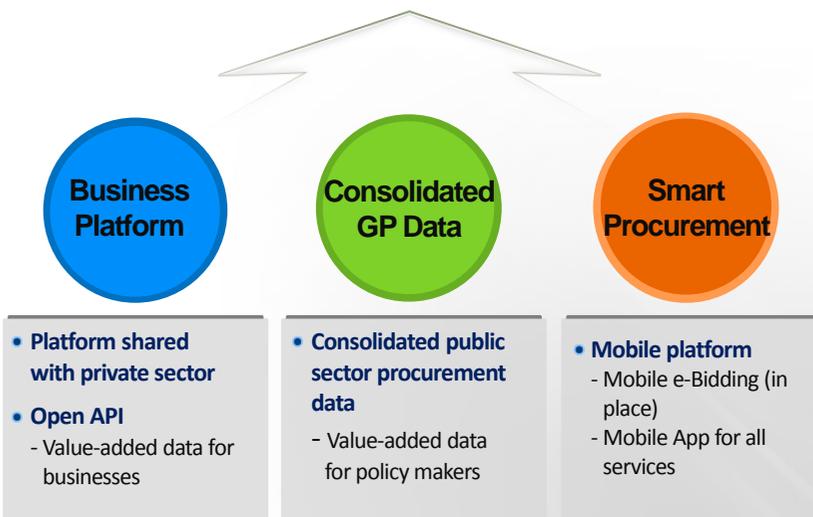
- ✓ Reduction of 7.8 million pages of paper documents per year



Way Forward



e-GP : the Next Generation





Public
Procurement
Service

THANK YOU