Open Public Procurement Portal: Reflections from Slovakia

Matej Kurian
Program Coordinator at Transparency International Slovakia
kurian@transparency.sk
December 2011, last revision February 2012

Draft of a forthcoming e-book chapter "A New Role for Citizens in Public Procurement"
e-book to be published in spring 2012 by Transparency International Mexico.

Abstract:
This article provides reflections and lessons learned by Transparency Slovakia while creating the unique Open Public Procurement Portal which concentrates procurement data and provides business-intelligence tools for analysis. The article sets off by describing the need for reliable, good quality data on public procurement that turned into Transparency Slovakia’s Procurement Portal project. The article discusses main features of the application, the pre-requirements for creating such an application and lessons learned for other small organizations dealing with similar projects.

1. Corruption, Procurement and the Legal Framework in Slovakia

Roughly 20 percent of yearly Slovak public expenditures is spent through public procurement, according to estimates from Transparency International Slovakia (Transparency Slovakia). At the same time, some 80 percent of the population believed in 2009 that procurement processes are always or often corrupt. A 2011 survey of Slovak construction companies suggests that half of them had encountered corruption in the past year. However, only one person has been convicted of fraud in public procurement since 2006. Bottom-line: corruption in Slovakia is widespread and costly, and public authorities are ineffective in combating it.

---


2 Hospodárske noviny, Korupciu zažila polovica stavbárov, 1 November 2011, hn.hnonline.sk/c1-23353125-korupciu-zazila-polovica-stavbarov.

3 Slovakia’s Corruption Perception Index for past five years is 4,8 out of 10, which is still within on third of the least corrupt countries in the world. However, according to the 2010 CPI scores (4.2), Slovakia is the fifth most corrupt country within the EU (Greece – 3.5; Bulgaria – 3.6; Romania – 3.7; Italy – 3.9. Transparency International,
However, there is little research being conducted on public procurement and corruption, mostly due to insufficient or poor-quality data. The government’s Office for Public Procurement, for example, produces several high-level reports with no real policy implications. While the Office maintains a database with the results of all procurement transactions, it has failed to create any data-exchange interface or to provide rudimentary functionality such as on-demand, aggregate results. Procurement information such as information on tenders or results was and still is published only as structured text documents. Far from an insignificant technicality, the lack of a publicly accessible database made adequate monitoring of public procurement nearly impossible, effectively excluding any non-specialist involvement.

The Slovak Act on Public Procurement (“the Act”) is the prominent law on procurement in the country, which was passed in 2006 and updated in 2011. It is based on the 2004 European Commission Directives that set the general ground rules for procurement within the European Union. The Act provides for a fairly transparent procurement process. Tenders notices for large contracts must be published online; bidders can be present when their bids are being opened (though not when evaluated); unsuccessful bidders receive information on the winning bid; and parties can appeal both the process and the result at various points.

The Act does not explicitly address civil society participation in the procurement processes. In general, it provides space to any “party affected” to lodge complaints. While some tendering documents (tenders, notices) are shared with the public at large, the culture of disclosure was enforced mostly via the Freedom of Information Act.

In the past, it was virtually impossible for researchers and the public in general to identify the major contracting authorities and vendors in Slovakia and how much money was in the system.

---


4 See EC 2011: Current rules, thresholds and guidelines (General & utilities).

5 Slovak Freedom of Information Acts provides very liberal framework for access to information. Almost any information held by the public bodies has to be provided upon request (with few exceptions such as protection of personal information or proprietary information). The actual practice is often lacking with authorities dismissing the request. Missing a specific regulatory body to deal with Freedom of Information (FOI) matters and rather slow and untrustworthy judiciary, the enforceability of the FOI can be slow and troublesome.
As such, Transparency Slovakia decided in 2010 to build an internet-based portal on public procurement called Open Public Procurement (available at http://tender.sme.sk/en/) with the aim of creating a single-stop shop for procurement data, its visualization and some business-intelligence-like features. Above all, Transparency Slovakia felt that civil society, government and businesses needed to work with decent, good quality data in order to effectively analyze the problems in Slovak public procurement. While the portal does not necessarily see the general population as its main beneficiary, the accessibility of good quality reporting data does indeed provide an important platform for citizen-driven monitoring activities.

2. Initial Results and Features

It paid off handsomely. Among other things, the data received allowed Transparency Slovakia to find out that in 2010, 43 percent of state procurement deals received only a single bid with the average number of bids received being 2.3. In an interesting example, Transparency Slovakia found that whilst Slovak car owners can choose from at least ten car insurance providers, in 2009-2010 official institutions most often settled with only one offer. This is especially important as a lack of competition leads to higher prices and correspondingly inefficient public expenditures. Transparency Slovakia’s research on construction contracts shows that the presence of an additional bidder can decrease the final price by five to eight percent.

The Open Public Procurement portal is an unparalleled experiment bringing data in an easily accessible form to researchers, policy experts and the general public as a whole. While still not

---


yet perfect, Transparency Slovakia expects the portal to become a worthwhile research tool both in Slovakia and in the European Union, given the similarity of regulatory regimes in the EU.9

The Open Public Procurement portal was launched in November 2011, in association with the major Slovak daily newspaper SME, whose online edition of the paper is one of the most visited websites in Slovakia. The partnership is advantageous for both parties as it brings valuable content to the site at minimal cost and provides Transparency Slovakia access to the broad SME readership. The Open Public Procurement portal has various unique features. The portal brings together a massive amount of public procurement data10 dating back to 2005 on roughly 35,000 contracts worth almost €23 billion (US $31 billion);11 structures data along the main dimensions of purchaser, vendor, sector (area of procurement12), region, procurement procedure, procurement criteria and date;13 provides a breakdown and visual overview of any combination of the above mentioned dimensions; displays procurement details for each individual procurement deal as submitted by the purchaser (such as a detailed contract purpose, the number of bidders and contact information); and exports processable data for anyone interested.

Interestingly, the portal allows the user to discover, for example, who was the top contractor for the Ministry of Justice in 2010, which was Microsoft Slovakia in IT services, worth roughly

---

9 Effectively, the portal could serve as more detailed, research-oriented TED (Tenders Electronic Daily). Concentrating more granular data, research similar to Public procurement in Europe: Cost and effectiveness (PwC, London Economics and Ecorys, 2011) could be carried out.

10 Application had been programmed to automatically download (‘scrape’) and processes the data from the official Procurement Bulletin published by The Office For Public Procurement. While costly and prone to website layout changes, data scraping was only option for the project as the Office was not willing to provide interfaces to its databases.


12 As defined by the Common Procurement Vocabulary used EU-wide. For more information on CPV please consult http://simap.europa.eu/codes-and-nomenclatures/codes-cpv/codes-cpv_en.htm.

13 With regard to criteria, the Act distinguishes several main procedures differing mainly in their openness and two contract-awarding criteria (economically most advantageous offer, lowest price). For more details, please consult Act on Public Procurement (2006).
€480,000 (US $650,000). One could then continue looking at Microsoft Slovakia to find out that it had only two contracts that year and that both were conducted under generally uncompetitive “negotiated processes”, and would eventually find out in the full “official procurement result notice” (the original data) that there could not have been sufficient competition as Microsoft was the only company to provide services to copyrights.

3. **Procurement Portal: Impact**

While it is too soon to assess any systemic results of the portal on the procurement system, the impact of the portal is already obvious in several areas. The procurement data it provides are an invaluable asset for watchdog organizations and interested citizens. Using such data, one can calculate the competitiveness of the contracting authorities, vendors and sectors. The available data allows Transparency Slovakia to look into vendors that “compete alone,” “special-friends” (vendors that do business with very few procurers) or those who can supply almost anything and have an overly broad portfolio as measured by the standardized contract-matter categories (CPV).

While none of the above-mentioned trends is a smoking gun for corruption, they can serve as good indicators of inefficiencies that may indeed be linked with corruption. Such findings are especially important as they allow procurement practitioners to pinpoint problematic areas and take appropriate action. As the portal is just taking off, there will be further tweaking and the addition of new functionalities.

The portal can also serve as an example for policymakers, demonstrating how IT projects can be drivers and enablers of transparency. The key challenge for the portal and Transparency Slovakia is how to make the most of the project beyond its research aspect. The systemic impact of the portal will depend on whether the portal proves useful and worthwhile for procurement regulators, businesses and watchdogs.

4. **Your Own Procurement Portal: Requirements and Pitfalls**
Creating the *Open Public Procurement* portal took Transparency Slovakia over year and half and cost donors - namely the Open Society Institute, the US Embassy in Slovakia and Siemens - roughly €30,000 (US $40,500) both in programming and internal personnel costs.

Good news for anyone interested in replicating the portal – the bulk of the work does not need to be repeated – the project will publish the project source code on GitHub with full technical documentation available. Anyone wishing to build their own portal will only need: a solid understanding of procurement processes; good quality procurement data; in-house IT skills, or funds to contract IT programmers; and sufficient funds (see above).

The availability of good quality data is critical for success in developing a procurement portal. A data feasibility study is strongly encouraged. It is also important to find out whether there is a centralized place for the publication of procurement documents, especially results, and in what format the data is available. Importantly, poor, text-based data will make it not only more expensive to create a procurement database, but will also reduce the reliability of data.14 When possible, it is advisable to persuade officials and authorities controlling the data to release and/or provide continuous access to the data, by showing what they can get from the project. Not only will those developing the system get a very important stakeholder on board and secure institutional buy-in, but they will also save much of the energy and resources required to scrape the data.

Creating and maintaining a public procurement portal is a complex operation requiring significant IT skills, both in software engineering and IT project management. Whether IT services will be provided in-house or contracted outside, it is recommended that the individual or group developing their own portal:

---

14 For example Úrad pre verejné obstarávanie, *Notification on tender result - 04152 – VBS*, 20 December 2011, http://www.e-vestnik.sk/EVestnik/Detail/15292. Further, despite Transparency Slovakia’s best efforts, they have not yet matched cancelled contracts with the results in the database. In other words it is a database of results, not actual spending itself. Also, the poor original data quality prevents Transparency Slovakia from identifying some companies. Transparency Slovakia suggests that information on the quality of the data be shared with users in disclaimers and stressed when presented to media or policy makers.
• have a very clear idea of the final product, especially who will be using it; what are the critical features for the target groups project; what are the measures of success;
• make clear their expectations in the project specification and in the vendor contract (if provided externally);
• have contractual agreements that guarantee full legal control of the final product (with regard to possible issues with copyrights, authorship disputes);
• have clear rules on what counts as a new feature and what counts a bug;
• mitigate risks of technological and vendor lock-in;
• always have full technical documentation to the project
• always have a specific deadline for the overall project and for individual sub-activities.

As in any other projects, things will not always go according to plan. However, from the experience of a rather small think-tank without major IT expertise, Transparency Slovakia found that IT projects are in general very complex; deadlines will most likely not be met; projects will run over the projected budgets; and both “IT people” and “policy people” will get frustrated.

While not necessarily good news, these problems can be mitigated by planning for early failures; generous allocation of resources (especially time); excellent project management; and accepting that IT portals are always “a work in progress”.

5. Tentative Thoughts and Lessons Learned (and to be Learned)

While working on the Open Public Procurement portal, Transparency Slovakia has learned that sometimes the proof of the pudding is indeed in its eating. Estimating the difficulty and price-tag for some IT sub-activities and features is hard to do beforehand, and there is not much one will be able to do about it. Further, the product will never be completely finished. In the experience of Transparency Slovakia, it helps to think of the project as a perpetually improved “public beta version.” There will be always things that can work better, and more functions to
add, but that should not be reason for not publicly releasing the portal once it works reasonably well.

There are two main lessons one can draw from the Open Public Procurement project. Firstly, the project shows the importance of evidence-based policy projects. Getting actionable data is one of the best ways to influence public policy. Secondly, the portal is an excellent example of how useful open government data can be. However, the lesson here is that a great many current open data projects lack clear goals and expertise. The most successful projects for procurement portals find the right balance between IT-activism, quality research and actual influence on policy making.

The key challenge now for TI Slovakia is how to make the most of the project beyond its research aspect, determining how to build a community around the tool, and how it can help businesses, policy makers and other watchdogs who use it.

References:


