

Department of Contracts
Notre Dame Ravelin
Floriana

To Permanent Secretaries
Directors General
Directors
Heads of Public Sector Organisations

18 June 2015

TRANSITION TO ELECTRONIC PROCUREMENT

Further to Contracts Circular No. 01/2015, the Department has received a positive reaction from most Ministries. However, there are some Ministries that were not responsive while others who, although receptive to this initiative and training was afforded by the Department of Contracts to their employees, are yet to make the transition.

It is important to re-state the potential benefits of electronic procurement, not only in terms of streamlining procurement requirements and increasing the efficiency and effectiveness to both Government and Economic Operators, but also in terms of modernising the Public Administration. Furthermore, the lengthy co-existence of paper-based (traditional) and electronic procurement should be avoided as it inevitably results in unnecessary costs to both Contracting Authorities and Economic Operators as staff with distinct skills will have to be retained to cater for both. The Electronic Public Procurement System (ePPS) will become the single point of reference for public procurement opportunities in Malta.

Besides the obvious benefits offered by an electronic system such as those of increased flexibility to our customers, Contracting Authorities will benefit from innovative reporting functionalities so that they can measure their effectiveness. Two such reports will capture the savings made on contracts awarded vis-a-vis the reserved (estimated) price and another report will measure the litigation (objections) rate. Both reports will permit comparisons over a given period of time.

Preparations for the transition to e-procurement across Government, that is, including departmental tenders, have been going on for a long time and hundreds of public employees and economic operators have attended the department's hands-on training/workshops which are offered in coordination with the Centre for Development, Research and Training. By the end of May 2015, 12,137 e-tenders / quotations were published. Furthermore, the results of a survey carried out by the Department of Contracts earlier this year and which was addressed to Contracting Authorities and Economic Operators alike have been encouraging (results of the survey may be viewed on <http://contracts.gov.mt/>).

The transition to e-procurement across Government is an important step in preparation for the entry into force of the new Public Procurement Regulations which will transpose the new Classical Directive 2014/24/EU. The new regulations will essentially introduce important measures to increase efficiency not least by making the use of e-procurement

mandatory for quotations/tenders with an estimated value of EUR5,000 excluding VAT or above. This measure will in turn exempt Contracting Authorities to publish their procurement requirements on the Malta Government Gazette as the necessary publicity will be afforded through the ePPS. Furthermore, the EU Directive introduces the concept of a European Single Procurement Document (ESPD) which will consist of an electronic reusable file whereby economic operators will be required to reply to questions, mostly in the form of self declarations, in respect to exclusion and selection criteria requested in the procurement documents. It is anticipated that the new Directive will be transposed into local legislation by April 2016.

Pursuant to the above, all Contracting Authorities are being notified that with effect from 4th January 2016 all quotations/tenders with a value of EUR5,000 excluding VAT or above shall be published electronically through the ePPS. It is hereby clarified that until the entry into force of the new Public Procurement Regulations, Contracting Authorities will still be required to publish their procurement requirement on the Government Gazette. In order to ensure that this Circular is complied with, the Departmental Contracts Committees across Ministries will be instructed not to process recommendations received by Contracting Authorities for tenders published after the set date and which are not electronic.

Commitment and cooperation by all Ministries is critical for the smooth and successful transition to e-procurement across Government. Over time it is expected that benefits will be reaped by all stakeholders including the individual Contracting Authorities as well as Economic Operators and in the process increase the visibility, accessibility and transparency of public procurement.

The Department of Contracts will provide all the necessary support to Contracting Authorities. In case of any difficulty on this subject it would be greatly appreciated that these be addressed either to Mr Oreste Cassar, Director (Administration) at oreste.cassar@gov.mt or to the Department's Customer Care Unit (e-mail: info.contracts@gov.mt; tel. 21220212).

Anthony Cachia
Director General (Contracts)