



MAKING ELECTRONIC PUBLIC PROCUREMENT WORK FOR SMEs IN TUNISIA



Almost immediately after the Jasmine Revolution of 2011 in Tunisia, officials in the new government began reforming public procurement in a bid to give taxpayers better value for money. Two years later, Tunisia adopted a new public procurement law that sought to modernise the country's heavily centralised, paper-based public procurement system.

In particular, the 2013 law introduced an electronic procurement platform – the Tunisia online e-procurement system, known as TUNEPS. Modelled on a highly successful Korean e-procurement system, TUNEPS was intended to make the public procurement process more transparent, streamlined and cost-effective for contracting authorities and suppliers alike.



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By moving most stages of the procurement system online, TUNEPS reduced the scope for discretionary decisions associated with face-to-face meetings and paper-based transactions. It also promised to open up important new opportunities for companies outside the capital Tunis and for small and medium-sized enterprises (SMEs), which make up 90 per cent of all companies in Tunisia. This is because the previous procurement system had in practice favoured large businesses and effectively blocked smaller firms from accessing this market.

Given that public procurement accounts for 18 per cent of Tunisia's gross national product,¹ creating more procurement opportunities for SMEs through TUNEPS should have represented an important economic boost for them, as well as for the 56 per cent of Tunisian workers they employ.

THE MISSING LINK

"But there was a significant problem," says Eliza Niewiadomska, Associate Director in the Legal Transition Programme (LTP) responsible for its public procurement activities. "Most small value procurement was still conducted outside TUNEPS. And as this constitutes a big share of public procurement in Tunisia, this meant that a very large amount of public purchasing was being done using the inefficient and non-transparent old system.

"This failure to link up TUNEPS and small value procurement was particularly detrimental to SMEs, which are vital for a country's economic and social development, as well as for job creation."

Small value procurement is defined in Tunisia as procurement for goods, works or services below thresholds that range from 200,000 to 50,000 Tunisian dinars (approximately €69,000 to €17,000), depending on the type of contract. As an indication of its importance, small value procurement accounted for 40 per cent of the goods, services and consulting work and 20 per cent of the construction work purchased by the Ministry of Facilities, according to a 2015 survey.²

There were several reasons why TUNEPS failed to capture below-threshold transactions. The new procurement law mentioned small value procurement only briefly and did not cover online small value procurement at all, resulting in a wide variety of practices among public buyers. Mostly, they continued to invite their preferred suppliers to submit bids by post, which made it difficult for

competitors – especially small ones with limited resources – to find out what opportunities were available and submit rival bids.

Furthermore, although it was possible to carry small value procurement on TUNEPS, certain features of the system – such as the use of electronic certified signatures – made it unattractive to many companies, particularly SMEs. Lastly, a large number of suppliers and public buyers was simply unaware of how TUNEPS worked and its potential benefits as the Tunisian authorities had not promoted the system widely.

HOW THE EBRD HELPED

At the request of the Tunisian government, the EBRD therefore launched a joint technical cooperation (TC) project with the Republic of Korea's Knowledge Sharing Program (KSP) and the EBRD Korean TC Fund. Together, they sought to improve the processes for online small value procurement in Tunisia and to encourage buyers and suppliers to use TUNEPS for these transactions.

Under the umbrella of the Bank's Small Business Initiative, the joint TC project focused on four elements: reforming the law so that it covered below-threshold procurement on TUNEPS; improving the system's e-shopping mall for processing small-value purchases; developing a new TUNEPS help desk; and reaching out to SMEs and public buyers in order to help them understand the benefits of TUNEPS and how to use it.

The first strand of the project involved working with the High Commission for Public Procurement (HAICOP), which is the government body tasked with overseeing public procurement policy in Tunisia and with operating TUNEPS. With support from consultants, the Bank and the KSP helped HAICOP to benchmark Tunisian legislation against international best practice and draft a new decree that regulated small-value purchases made on TUNEPS. This was adopted in January 2017 and came into force two months later.



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THE E-SHOPPING MALL

As well as regulating online small-value procurement for the first time, the new legal framework simplified procedures for small value procurement on TUNEPS’s e-shopping mall. As its name suggests, this is a virtual marketplace that brings together large numbers of buyers and suppliers from across Tunisia in one location.

“The e-shopping mall allows SMEs to compete on a level playing field with other companies for small value procurement,” says Eliza. “Its free online submission mechanism also makes it much easier and cheaper for SMEs in remote regions to participate in public tenders. And it demonstrates that smaller businesses can compete for these contracts and win them.”

Suppliers can select which region they want to receive e-shopping mall procurement notices from, meaning they can choose whether to receive notices from their local area only or from across Tunisia. This increases the overall level of competition between suppliers, which helps to reduce costs for buyers, as well as simplifying the procurement process.



“Normally, I would have to travel to Tunis, which takes an entire day, to get hold of tender documents,” says Rachid Dagdoug, manager of Day Machines, an SME that makes medical supplies and is based in the city of Sfax. “On top of that, I would have to pay a fee. Today, a public tender notification published by the Ministry of Health on TUNEPS caught my attention and I was able to download all the documents related to the technical specifications of the tender online.”

A HELP DESK THAT WORKS

The next focus area for the TC project was improving the help desk that provides support to TUNEPS users. This had only one phone line, resulting in very long waiting times for callers. Help desk staff varied in how well they dealt with calls and struggled to resolve and keep track of the technical issues flagged up by TUNEPS users. Overall, public buyers and suppliers were very dissatisfied with the service provided.

The EBRD project, funded by the EBRD Korean TC Fund, helped to develop a help desk management system with a strong emphasis on improving levels of customer service and on making the facility a one-call, one-stop service. The help desk introduced more phone lines to reduce call waiting times and began offering online support to users. It also developed automated systems for handling technical service requests and recording how they were handled.

“This is one of the first help desks in the public sector in Tunisia,” says Philip Engels, the LTP Project Officer for Tunisia. “Its advisers are available for users to have live conversations with, online or over the phone, throughout the working day. For small entrepreneurs getting to know TUNEPS, this is a major source of support. It also serves as a model for other public bodies in Tunisia seeking to engage better with citizens.”

REACHING OUT TO SUPPLIERS AND BUYERS

The final phase of the TC project involved raising awareness of the benefits of TUNEPS among SMEs and contracting authorities across Tunisia and training them on how to use the system.

As a first step, HAICOP launched an online campaign publicising the benefits of e-procurement for below-threshold transactions, along with an online tutorial on submitting proposals on the e-shopping mall.

Next, the project delivered 46 training workshops throughout Tunisia. These drew almost 800 small businesses and 900 representatives of contracting authorities including schools, hospitals and local administrations. As part of the workshop programme, the EBRD worked with the National Agency for Electronic Certification (ANCE) on simplified registration and on obtaining the certified electronic signatures that workshop participants need in order to submit their bids on TUNEPS.

“Bidding for government contracts is something that was totally new to many of the small entrepreneurs who attended our workshops,” says Philip. “We had to explain to them that, under TUNEPS, they stood a good chance of winning these contracts, which they had previously thought were out of their reach. We also guided them through the process of identifying procurement opportunities on TUNEPS, submitting a bid through the e-shopping mall and, just as importantly, challenging bid decisions they may be unhappy with.”

Staff from HAICOP and members of the ANCE delivered the workshops alongside the Bank’s trainers and international experts. Workshops for suppliers were facilitated by local chambers of

commerce and two large business associations: the Confederation of Tunisian Citizen Enterprises (CONNECT) and the Tunisian Union of Industry, Commerce and Handicrafts (UTICA). Workshops for contracting authorities were organised in cooperation with local government, the governorates in particular.

“We are very grateful to CONNECT and UTICA for allowing us to use their membership lists, which meant we could invite large numbers of high-potential SMEs to our workshops,” says Eliza. “This was essential for creating momentum among small businesses and making online small-value procurement a living reality in Tunisia.”

Following the completion of the TC project, the EBRD is now working with HAICOP on a project to improve the complaints procedures and make COSEM – the authority in charge of complaints – more independent and more sensitive to the needs of the private sector. Through these projects, the Bank and its donors are helping to build more trust between Tunisia’s government and citizens.

“As well as creating more business opportunities for SMEs in regional towns in Tunisia, public procurement reforms improve the openness and efficiency of the procurement system and this helps to reassure voters that their taxes are being well spent by people who are accountable for their decisions,” says Eliza.

She adds: “At a time of continuing political uncertainty in many parts of the EBRD region, the importance of legal reforms that seek to raise standards of governance and give citizens more confidence in the actions of public officials cannot be overstated.”

¹ OECD (2013), *OECD Integrity Review of Tunisia: The Public Sector Framework*, OECD Public Governance Reviews, OECD Publishing.

² Support for Facilitating Participation from Small and Medium Enterprises (SMEs) in Public Tenders Conducted on the Tunisian E-Procurement System (TUNEPS), Knowledge Sharing Program, 2016.

