European Commission

Single Market Scoreboard

Performance per policy area

Public procurement

(Reporting period: 01/2013 - 12/2013)

Internal Market and Services

About

Purchases by public authorities of works, goods or services – **public procurement** – is of great economic importance, accounting for nearly 20% of EU GDP. Various aspects of the process – such as the rules on publishing calls for tender – are regulated by law, to ensure that procurement markets are **transparent**, **efficient** and **effective**.

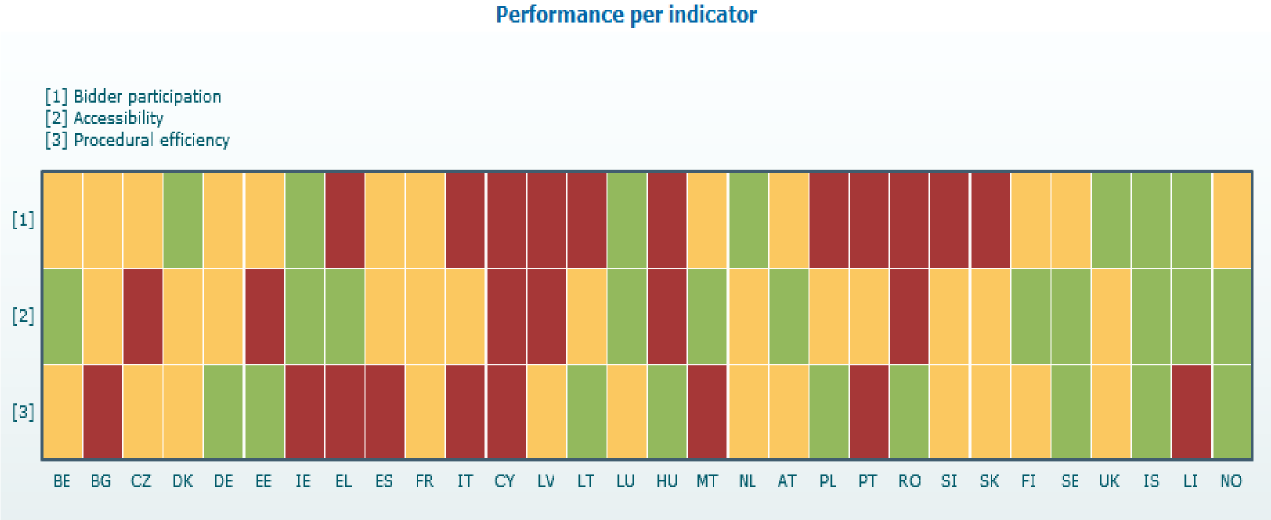
The **EU directives on public procurement**, whose core principles are **transparency**, **open competition,** and **sound procedural management,** cover tenders that are expected to be worth more than a given amount. They are designed to achieve a procurement market that is competitive, open, and well regulated – essential to put public funds to good use.

The indicators set out in the **Single Market Scoreboard** reflect how the different Member States are performing in key aspects of public procurement. While they offer a simplified picture, they nevertheless show basic aspects of countries' procurement markets. All indicators are based on notices published in the **Tenders Electronic Daily** (TED) database under directives 2004/17/EC and 2004/18/EC.

The procurement directives define a variety of **procurement procedures**. The basic characteristics of the most common ones are:

- In an **open procedure** any business may submit a tender.
- In a **restricted procedure** any business may ask to participate, but only those who are pre-selected will be invited to submit a tender. This saves time and money for both businesses and buyers.
- In a **negotiated procedure** the public authority invites at least three businesses with whom it will negotiate the terms of the contract. This procedure can take place with or without prior publication. Most contracting authorities can use this procedure only in a limited number of cases.
- The **competitive dialogue** is often used for complex contracts where the public authority cannot define the technical specifications at the outset.

Performance



The color markings show the performance rating for each indicator: **satisfactory** (green), **average** (yellow), or **unsatisfactory** (red). The thresholds have been set on the basis of two factors: a qualitative policy judgment on what is good practice and recent data for individual member states.

Bidder participation

- Green – over 90 %
- Yellow – between 75 % and 90 %
- Red – below 75 %

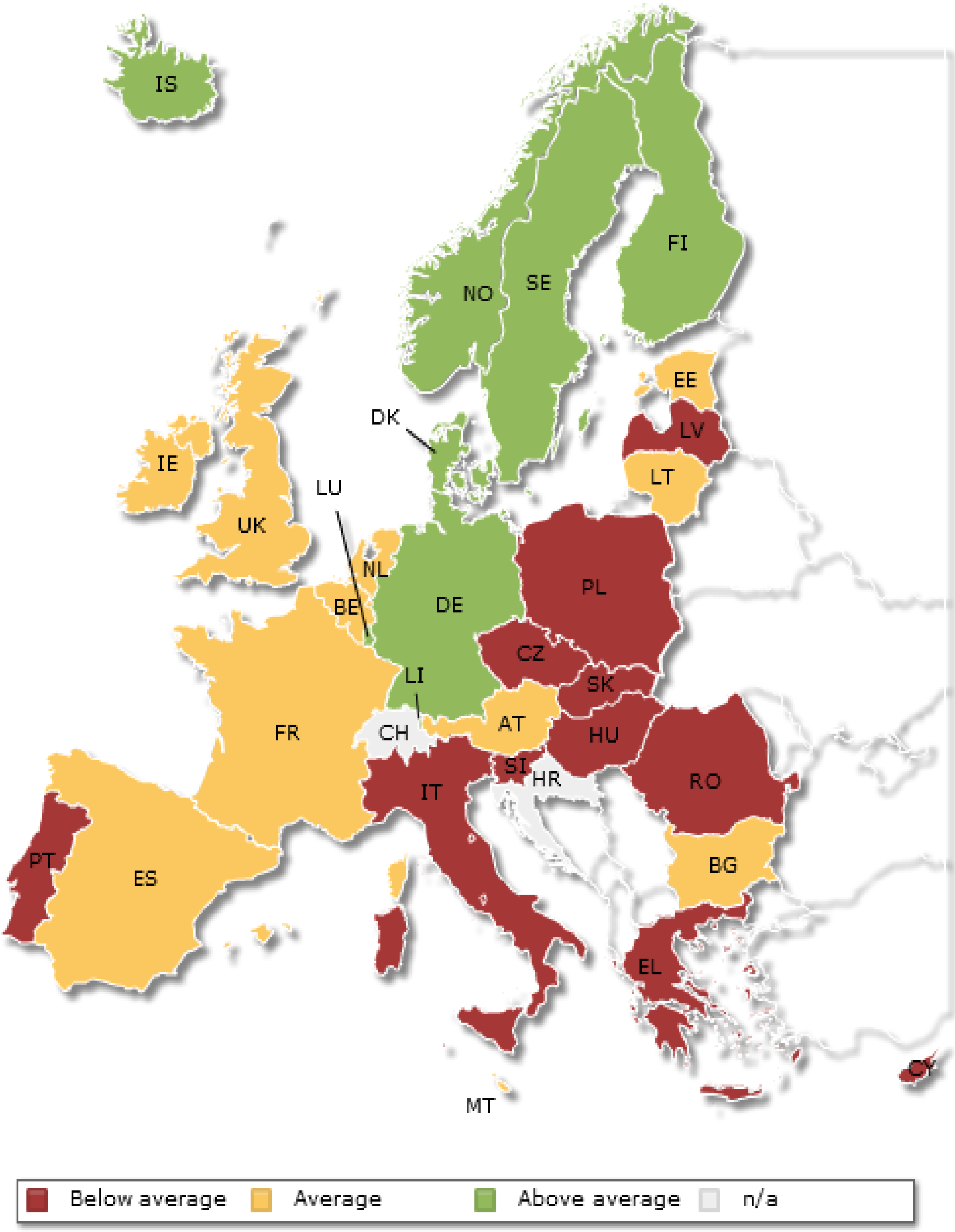
Accessibility

- Green – over 95 %
- Yellow – between 85 % and 95 %
- Red – below 85 %

Efficiency of the procedure

- Green – under 60 days
- Yellow - between 60 and 100 days
- Red – more than 100 days

Overall performance



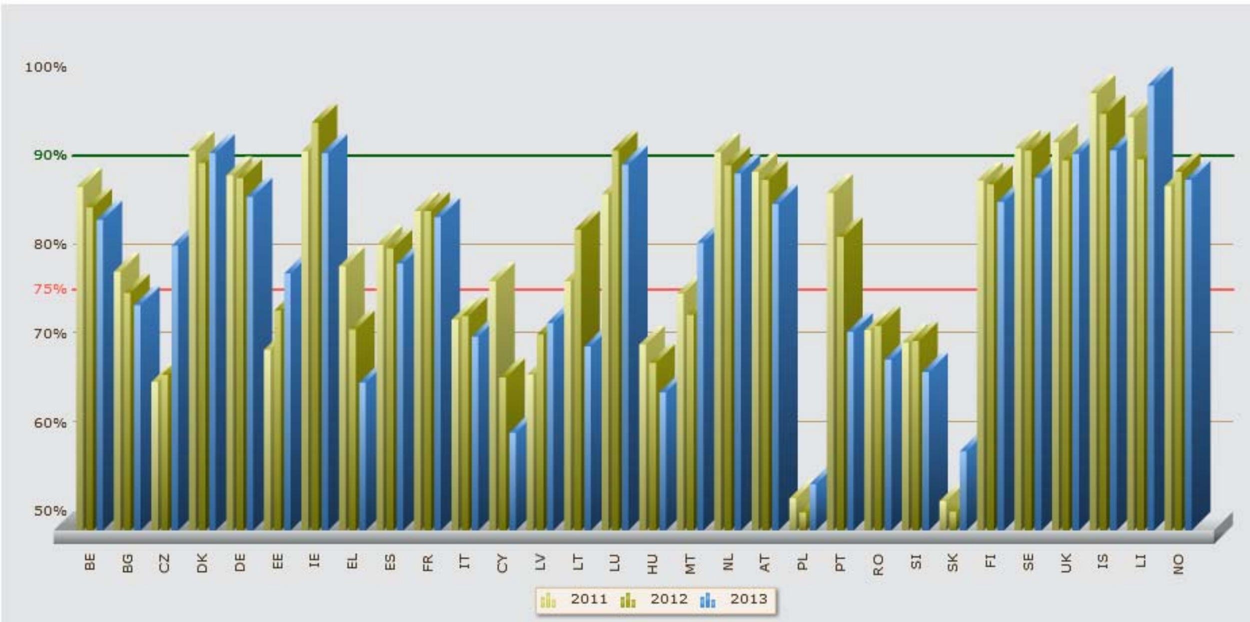
The **overall performance** is a weighted average of the three performance indicators. Triple weight is given to both the bidder participation and accessibility indicators, as compared to the procedural efficiency indicator (normalized to 0 – 100 %). Scores above 90 % are marked **green**, while those between 90 % and 80 % are marked **yellow** and those below 80 % are marked **red**.

'**Performance'** measures the extent to which purchasers obtain good value for money. The indicators below – **bidder participation**, **accessibility** and **efficiency** – measure important influences on public procurement performance in a way that is transparent, readily comprehensible and comparable.

Like all indicators, however, these indicators simplify reality. They are affected by country-specific factors such as the composition of procurement, the structure of the economies concerned, and the relationships between different tendering options, none of which are taken into account. They also do not capture many key aspects of national public procurement, e.g. professionalism, corruption, e-procurement, administrative burden, and the amount of public procurement that is open to cross-border competition. Although the Scoreboard provides very useful information, it gives only a partial view of Member States' public procurement performance.

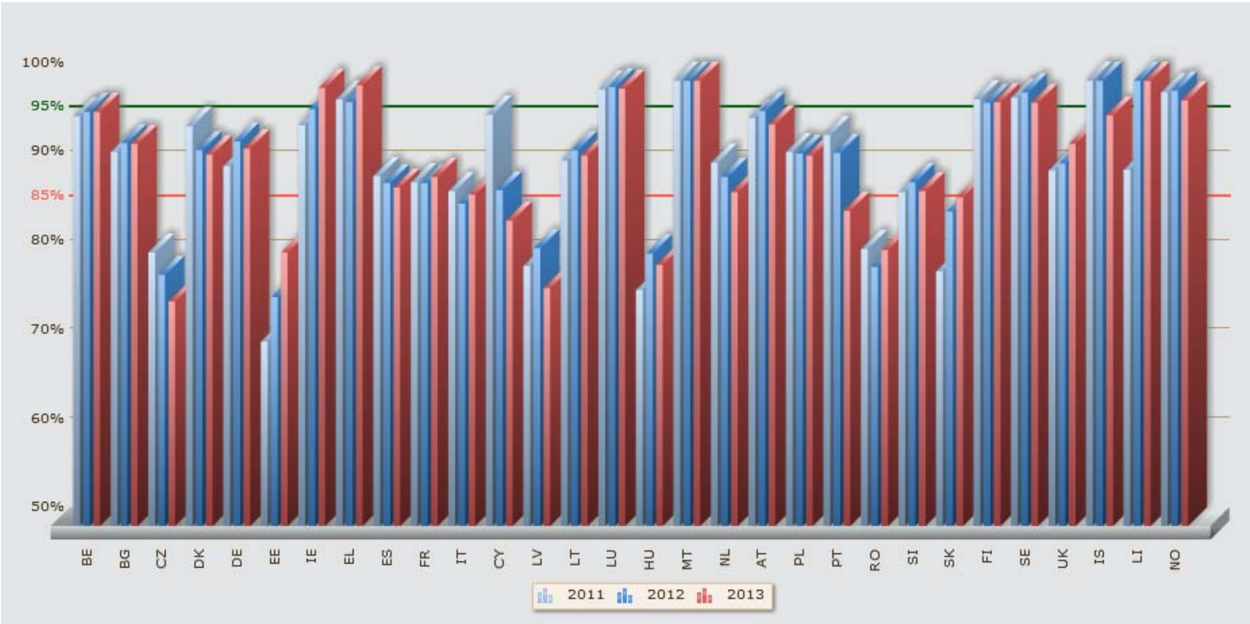
Bidder participation

This indicator reflects **several aspects of procurement, including competition and red tape**. Higher participation is better, as it enables purchasers to achieve better value for money. Bidder participation is measured as the proportion of contract award notices with more than one bidder (excluding framework agreements, which have different reporting patterns).



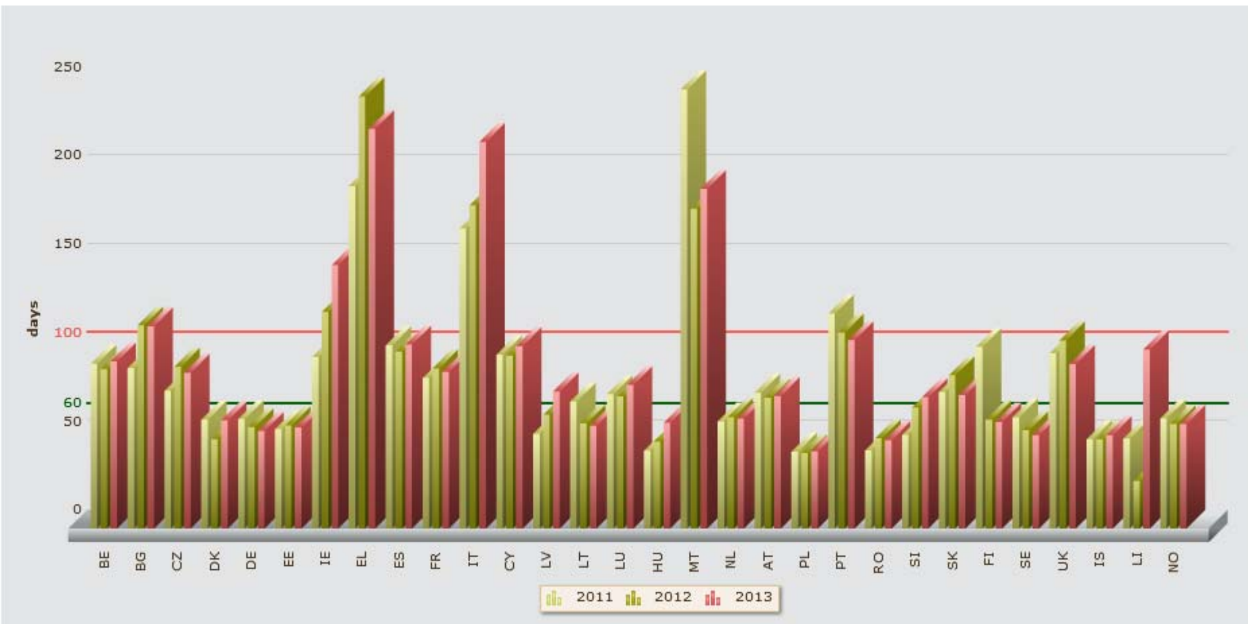
Accessibility

This indicator reflects an **important influence on competition**. Higher accessibility is better, as it enables purchasers to achieve better value for money. Accessibility measures the proportion of all tenders taking place within the open procedure, restricted procedure, competitive dialogue procedure, or a negotiated procedure with a call for competition.



Procedural efficiency

This indicator reflects the **speed of the procurement process**. Faster procurement is better, as it enables purchasers to achieve better value for money. The indicator measures the mean decision period, i.e. the time between the deadline for receipt of offers (or requests to participate) and the awarding of the contract. To ensure comparability, only notices under the open procedure are considered.

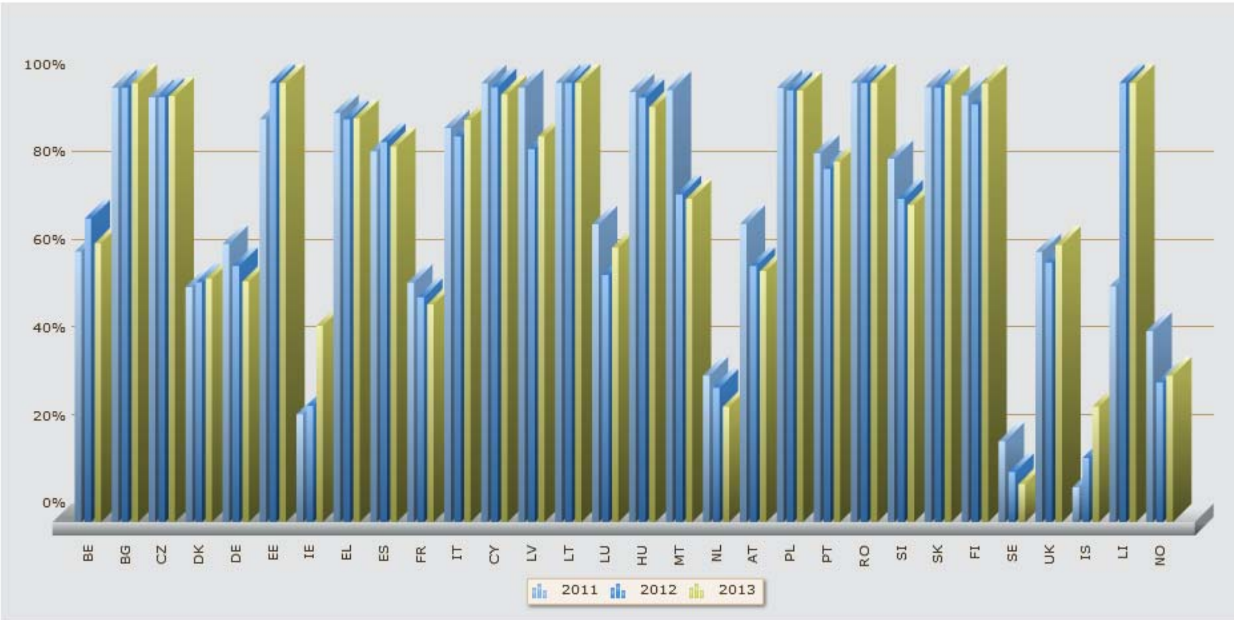


FACTS AND FIGURES

Reporting quality

This indicator represents the **quality of the information** in contract award notices. Higher reporting quality is better, as it means companies can make better bidding decisions and citizens know how their money is being spent.

The indicator measures the proportion of contract award notices containing any information about the value of the contracts awarded. This is representative of contents of notices as a whole.



ACHIEVEMENTS

- The new general, utility, and concession directives on public procurement entered into force in April 2014. These simplify procedures, increase value for money, and improve access to tenders for small and medium enterprises.
- After extensive negotiation, in November 2013 the European Parliament approved an amendment to WTO's revised Government Procurement Agreement. Once signed by all countries, this will increase access to markets by an estimated € 65 billion annually, meaning significant new business opportunities for European companies.
- E-procurement is generating significant savings. The new e-invoicing directive enables information to be shared between Member States, and e-CERTIS enables procurement certificates and attestations to be found and matched, both within and between countries.

PRIORITIES

- Support the transposition and implementation of the new directives, including the full transition to electronic submission of bids by 2018. Ensure that the directives are implemented in a strategic manner.
- Emphasize the importance of ground-level enforcement, i.e. make sure procurement rules are followed and encourage better procurement governance structures in Member States.
- With major world economies, negotiate further opening of markets and the reduction of regulatory burden for companies.