



PUBLIC PROCUREMENT – value for money

THE IMPORTANCE OF PUBLIC PROCUREMENT FOR EUROPE

- Public procurement accounts for approximately 18% of EU GDP and is vital for enabling European industry to grow stronger, more competitive and more efficient, essential in the current economic climate.
- In order to achieve efficiency in public spending and ensure the best economic value for taxpayers' money when providing works, goods or services, the public procurement legal framework should safeguard the principles of transparency, market openness and competitive tendering, all vital for a healthy internal market.
- From the international standpoint, the EU should advocate a further opening up of public procurement markets in third countries whereby relevant EU policy tools should avoid the danger of creating new protectionism, new distortions of competition and new bureaucratic burdens in practice.
- The EU should strive for a truly ambitious opening up of US public procurement markets at all levels of government and public entities. TTIP should aim to go beyond the WTO Government Procurement Agreement by significantly expanding coverage and lowering existing thresholds. Furthermore, TTIP should aim at reducing significant obstacles European companies face when trying to access the US public procurement market, including domestic preference provisions and local content requirements, such as the Buy America Act. Finally, effective market access should be ensured through nation-wide uniform procurement criteria and transparent, open and predictable procedural requirements.

RECOMMENDATIONS

- 1 Efficient public procurement to provide value for money.** While full support of the respect for equal opportunities and social inclusion are principles that must be generally respected in our society, public procurement rules must primarily achieve efficiency in public spending and ensure the best economic value for the taxpayers' money through safeguarding transparency, market openness and competitive tendering. According to the overall spirit of the recent revision of the EU Directives on public procurement which clearly strengthens the rule to purchase in accordance with the principle of the "most economically advantageous tender", public purchasers choose their contractors not only on a basis of the lowest price but also take into consideration factors that generate the best economic value. More attention should be paid to avoid and eliminate unnecessary red tape in both public procurement rules and procedures conducted by public authorities.



- 2 Legal certainty and clear rules to achieve Europe 2020 goals.** A direct link should be sought with the subject-matter of the contract when including environmental, social and innovation aspects in procurement procedures. Softening or dropping this link would open up opportunities to steer contracts to favoured suppliers and put the fundamental principles of non-discrimination and transparency at risk. With regard to inclusion of the production process, current provisions for social consideration remain unclear and could encourage local buying to the detriment of the well-functioning of the internal market.

- 3 Simpler and more flexible procedures.** It is positive that the principle of self-declaration has been introduced in the revision of the public procurement directives, simplification is important since the procurement process can entail large costs and administrative burdens, both for contracting authorities and for bidders. Simultaneously, it is crucial that attempts to simplify and provide for more flexibility in public procurement do not damage the principles of competition or transparency. If done badly, simplification could lead to less openness in the market and enable discriminatory behaviour, which would be detrimental to companies, especially SMEs.

- 4 Keeping a fair and level playing field.** Distortion of competition and closing markets to private companies need to be avoided. With regard to in-house and public-public cooperation, a balance should be found between the freedom of public authorities to organise their services and free market access for economic operators, especially in cases in which public services have already been provided successfully in markets where public and private companies competed freely. Likewise, a 'new simplified regime' that sets thresholds to impose the principles of transparency and equal treatment in the areas of: social, health, cultural and assimilated services will only create significant obstacles for private operators who are beginning to have an increasing cross-border role to play.

- 5 A safe and wide use of e-procurement.** The overall take-up of e-procurement in the EU remains low. Yet e-procurement can provide numerous benefits, including simplification and reduction of costs. However, it is essential to address the operational challenges faced with e-procurement, namely interoperability and security of sensitive data as in numerous Member States divergent applications exist at central, regional and local level.

- 6 Improve governance.** Not all Member States consistently monitor the functioning of the public procurement rules, thereby compromising the efficient and uniform application of European Union law. Many intentions of the public procurement revision can be achieved by improving national enforcement of public procurement legislation. It is essential that civil servants in charge of public procurement develop the necessary expertise to prepare and conduct procurement procedures while learning how to deal with complex projects.

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