

Unclassified

GOV/PGC/ETH(2013)2

Organisation de Coopération et de Développement Économiques
Organisation for Economic Co-operation and Development

23-Jan-2013

English - Or. English

**PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT DIRECTORATE
PUBLIC GOVERNANCE COMMITTEE**

**GOV/PGC/ETH(2013)2
Unclassified**

Government at a Glance 2013: Procurement Data

OECD Meeting of Leading Practitioners on Public Procurement

**11-12 February 2013
Paris, OECD Conference Centre**

For further information please contact Elodie Beth; E-mail: Elodie.Beth@oecd.org or Ulrika Kilnes; E-mail: Ulrika.Kilnes@oecd.org

JT03333564

Complete document available on OLIS in its original format

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

English - Or. English

NOTE FROM THE SECRETARIAT

The OECD carried out in 2012 a survey on public procurement to collect comparative data across member and selected non-member countries for the 2013 edition of the *Government at a Glance*.

The findings of the survey highlight that procurement, because of its economic importance, is an area where countries can considerably reduce public expenditures, for example by using innovative vehicles such as framework agreements to achieve savings. Also, procurement can be used as a policy lever to pursue economic, social or environmental policies, for example to promote the fair access of SMEs to governments' contracts. However governments are increasingly facing the challenge of reconciling the various objectives pursued through procurement (e.g. green, innovation, SMEs). In addition, because of the lack of professionalisation in the procurement function, procurement officials lack the adequate capacity to manage procurement strategically and monitor its effectiveness.

In 2012 a total of 32 OECD member countries responded to the survey in addition to Brazil and Colombia. Data are unavailable for Belgium¹ and Greece. Respondents were country delegates responsible for procurement policies in central government.

The survey findings and related data will be presented in a chapter on public procurement as part of the 2013 edition of *Government at a Glance*. In addition the paper on transparency in procurement will be part of a chapter on open and clean government.

FOR ACTION

Experts are invited to:

- Discuss the main findings of the 2012 survey on public procurement;
- Review the presentation of the data for the 2013 edition of the *Government at a Glance*.

1 Belgium responded to the 2012 OECD survey on procurement. However the responses from individual departments in the government could not be compiled and analysed for the purpose of this survey.

TABLE OF CONTENTS

1. Public Procurement spending	4
Methodology and definitions	4
Further reading	5
2. Innovations in procurement	9
Methodology and definitions	10
Further reading	10
3. Fair competition in procurement and SMEs	13
Methodology and definitions	14
Further reading	14
4. Strategic public procurement	18
Methodology and definitions	18
Further reading	19
5. Transparency in public procurement	22
Methodology and definitions	23
Further Reading	23

Tables

Table 1. Use of innovative procurement vehicles in central government.....	11
Table 2. Approaches in place to promote fair access of SMEs to public procurement in central government	15
Table 3. Public Procurement in central government by procedure: Availability of data.....	17
Table 4. Policies and strategies in place to support SMEs in public procurement	21
Table 5. Transparency in public procurement	24

Figures

Figure 1. General government procurement as share of total general government expenditures (2007 and 2011)	6
Figure 2. Share of public procurement by level of government, excluding social security funds (2011)	7
Figure 3. General government procurement as a percentage of GDP (2007 and 2011)	8
Figure 4. Percentage of enterprises using electronic procurement systems (2012)	12
Figure 5. Are assessments/audits required to evaluate ex-post the use of exceptions for direct awards of contracts at the central government level?.....	16
Figure 6. Are procurement officials recognised as a specific profession?.....	20
Figure 7. Supervision of contractors' performance and integrity throughout the contracting period ...	25
Figure 8. Public procurement advertised in the OJEU (as a percentage of total public procurement) .	25

1. Public Procurement spending

1. Facing the consequences of the financial crisis, there is pressure on governments to deliver more and improved services with limited resources. Considering that procurement accounts for 12.8% of GDP on average across OECD members, this is an area where countries can reduce public expenditures and create fiscal space for economic and social policies.

2. Public procurement represents on average 29% of total general government expenditure in OECD countries, ranging in 2011 from 12% in Greece to 45% in the Netherlands. This represents a slight decrease compared to the 2007 OECD average of 30%. If countries are able to decrease public procurement spending by 10% through improvements in efficiency (while keeping the same basket of goods and services procured), total general government expenditure across OECD countries can be reduced on average by 2.9%. In 2011, this equals on average 1.3% of OECD GDP or 56% of the deficit in the OECD countries that had a government deficit in 2011.

3. While focus on achieving savings and improving efficiency in procurement is currently mainly directed towards the central government level, more efforts need to be directed at the state and local level. With an average of 55% of public procurement in OECD countries being spent by the sub-central (state or local) level of government, this is where the largest savings and increases in value for money in procurement can be made. This is not only true for federal states such as Austria, Belgium, Canada, Germany, Mexico, Spain², Switzerland and the United States, but also for unitary states such as Italy, Poland and Sweden. Compared to the OECD average, the average percentage of public procurement spent by the sub-central (state or local) level of government in federal states is considerably higher at 76%.

Methodology and definitions

4. The data presented was derived from OECD National Accounts Statistics data. General government consists of central government, state government, local government and social security funds. Unless otherwise specified, public procurement is defined as the sum of intermediate consumption, gross fixed capital formation and social transfers in kind via market producers³. Public corporations and state-owned enterprises are excluded. Calculations for federal states are based on OECD National Accounts data from Austria, Belgium, Canada, Germany, Mexico, Spain, Switzerland and the United States.

5. The data presented in the graph “Share of public procurement by level of government, excluding social security funds” is divided into two categories: central level and sub-central level. The sub-central level includes the state and local level. The social security funds component of general government was recorded separately and was therefore excluded in this analysis. However, some countries such as New Zealand, Norway, the United Kingdom and the United States include social security funds in their central government aggregates.

6. Data on total public procurement for general government is unavailable for Australia and Chile. Data on government revenue and expenditure in 2009 is unavailable for Chile.

2 Spain is considered a de facto federal state in National Accounts data.

3 Intermediate consumption is the procurement of intermediate products required for government production such as accounting or information technology services. Gross fixed capital formation is the acquisition of capital excluding sales of fixed assets, such as building new roads. Social transfers in kind via market producers includes those that are initially paid for by citizens but are ultimately repaid by the government, such as medical expenses refunded by public social security payments.

7. Government deficit is calculated as the difference between total general government revenue and total general government expenditure in 2011. Data for Canada, Japan, Korea, Mexico and Turkey refers to 2010. Data for New Zealand refers to 2009.

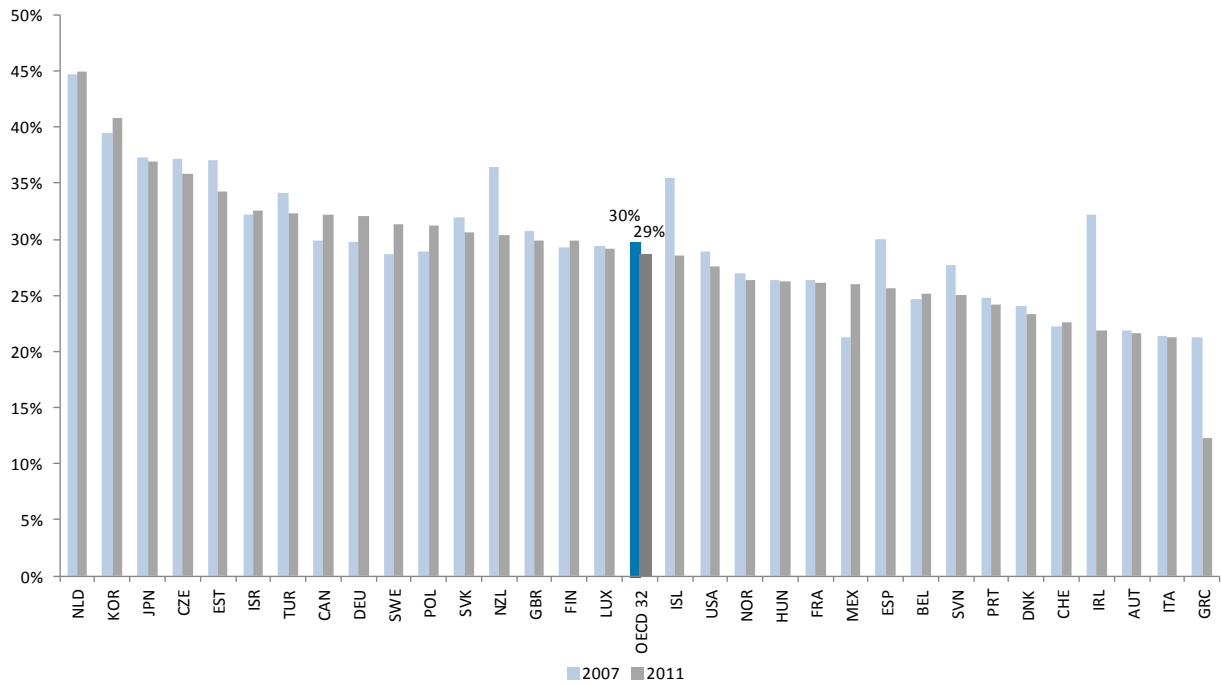
Further reading

OECD (2013), *Progress made in implementing the OECD Recommendation on Enhancing Integrity in Public Procurement: Report to Council*, Available at: www.oecd.org/gov/corruption/fightingcorruptioninthepublicsector

OECD (2012), *National Accounts at a Glance 2011*, OECD Publishing, Paris.

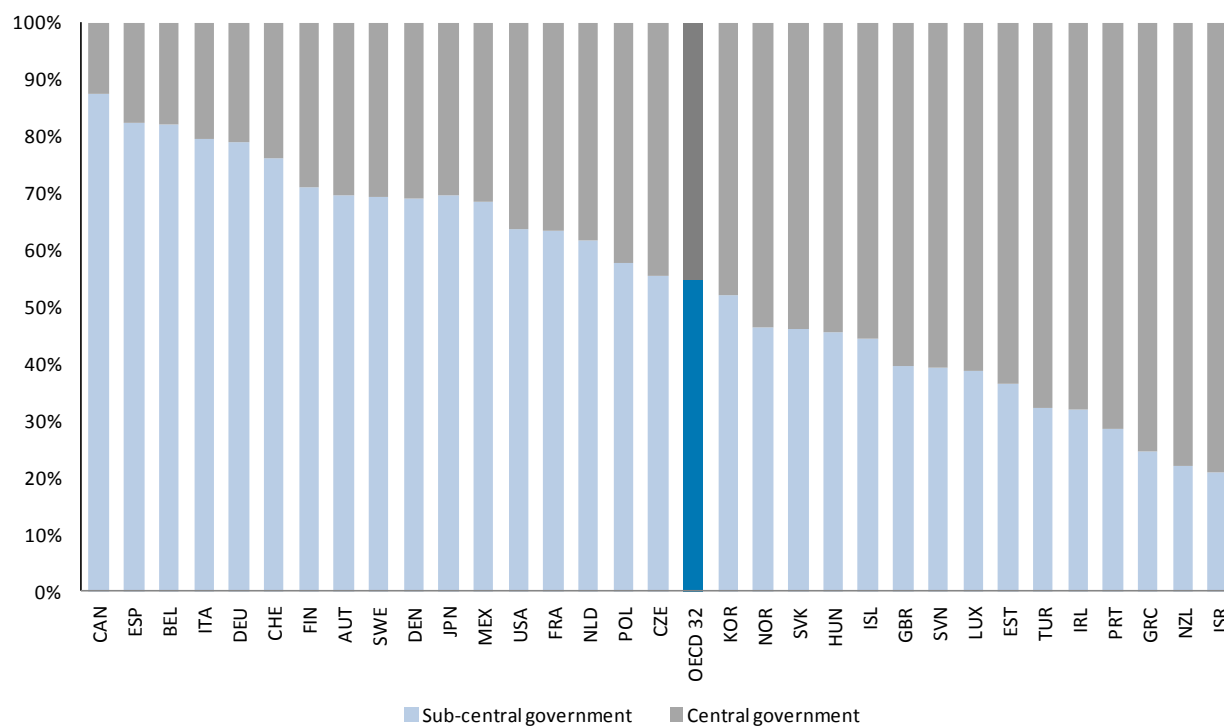
OECD (2011), *How's Life? Measuring Well-being*, OECD Publishing, Paris. Available at: <http://dx.doi.org/10.1787/9789264121164-en>.

Figure 1. General government procurement as share of total general government expenditures (2007 and 2011)



Source: OECD National Accounts Statistics

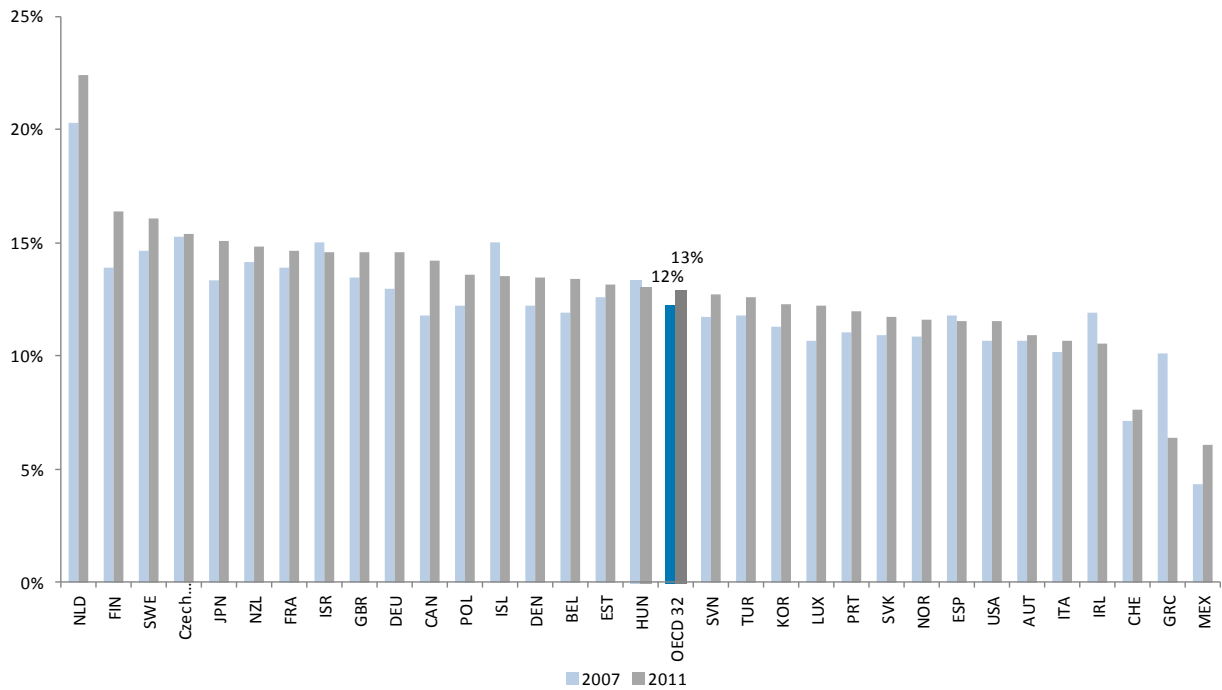
Note: Data is not available for Australia and Chile. Data for Canada, Japan, Korea, Mexico, New Zealand and Turkey refers to 2010.

Figure 2. Share of public procurement by level of government, excluding social security funds (2011)

Source: OECD National Accounts Statistics

Note: The United States, the United Kingdom, New Zealand and Norway include social security funds in central government aggregates. Two countries were excluded from the analysis: Australia (due to a difference in Australian calculation methodology) and Chile (since breakdowns by level of government are not available). Data for Canada, Japan, Korea, Mexico, New Zealand and Turkey refers to 2010. Data for Japan at the sub-central level of government refers to fiscal years.

Figure 3. General government procurement as a percentage of GDP (2007 and 2011)



Source: OECD National Accounts Statistics

Note: Data is not available for Australia and Chile. Data for Canada, Japan, Korea, Mexico, New Zealand and Turkey refers to 2010.

2. Innovations in procurement

8. Driven by the imperative to increase productivity at times of austerity, many OECD countries have restructured their purchasing function as well as consolidated their purchases to achieve economies of scale. In addition to restricting their spending on procurement (41% of responding countries), governments have taken steps to centralise their procurement function (38%) and have invested in the use of innovative vehicles and tools. These include in particular the increased use of e-procurement platforms, framework agreements, pre-qualification systems, electronic reverse auctions and contracts with options.

9. Although many countries have invested in e-procurement systems to enhance competition and efficiency, governments are yet to take full advantage of their potential efficiency gains. In OECD countries, e-procurement systems continue to be primarily used as platforms to publish information rather than a two-way communication tool with suppliers. While almost all OECD countries (91%) are announcing tenders in a national e-procurement system, only 44% offer potential suppliers the possibility to submit their bids electronically at the central government level. For example, the Public Procurement Service in Korea launched a smart phone bidding service in 2011, which allows bidders to participate in biddings via smart phone through newly developed security token and applications.

10. In the EU, although e-procurement is increasingly being used for common goods to achieve efficiency gains, less than 5% of total procurement budgets in the first-mover EU Member States are awarded through electronic systems.⁴ In 2012, only 13% of firms from member countries based in the EU submitted their offers through their national e-procurement systems. The percentage of firms that tendered in EU countries other than their own was even lower at 3%.

11. Less than half (44%) of responding OECD countries routinely use electronic reverse auctioning. Since 2009, the Mexican Comisión Federal de Electricidad (CFE, Federal Electricity Commission) is acquiring coal for the Petacalco Thermolectric Plant through reversed auctioning procedures. CFE has accumulated savings of more than USD 252 million, or 9%, compared to the lowest original prices. When using this procurement vehicle, there are both conditions for success and potential impact that need to be considered. While savings can be achieved if there is an increase in competition, there are also associated risks such as for example difficulties for small and medium-sized enterprises – that often have lower production volumes and lower profit margins – to compete.

12. In order to achieve economies of scale, almost all of the OECD countries (97%) use framework agreements⁵. Between 2006 and 2009, the number of framework agreements in the EU increased by almost four times⁶. However, only about half of the OECD countries calculate the savings resulting from the use of these mechanisms to verify whether economies of scale were achieved. For example, in Chile, the Public Procurement and Contracting Bureau (ChileCompra) extracts data on the number of purchases through framework agreements from the e-procurement platform (www.mercadopublico.cl) and compares it with previous data to estimate amounts spent and savings achieved on a monthly basis. The most

4 European Commission (2010), Green Paper on Expanding the Use of E-procurement the European Union, COM(2010) 571 final, Brussels.

5 Framework agreements are purchasing arrangements concluded following a procurement procedure “conducted in two stages: a first stage to select a supplier (or suppliers) or a contractor (or contractors) to be a party (or parties) to a framework agreement with a procuring entity, and a second stage to award a procurement contract under the framework agreement to a supplier or contractor party to the framework agreement (UNCITRAL).

6 European Commission (2011), Evaluation Report: Impact and Effectiveness of EU Public Procurement Legislation Part 1, Commission Staff Working Paper SEC(2011) 853 final, Brussels.

commonly cited reason as to why countries are not calculating savings achieved by using these mechanisms is a lack of data.

Methodology and definitions

13. The data presented was collected through two surveys focused on public procurement at the central government level; the OECD 2011 Survey on Reporting Back on progress made since the 2008 Procurement Recommendation and the OECD 2012 Survey on Public Procurement. In 2011, a total of 29 OECD member countries responded as well as Brazil, Egypt, Morocco and the Russian Federation. Data are unavailable for Denmark, Greece, Korea, Spain and the United Kingdom. In 2012, a total of 32 OECD member countries responded as well as Brazil and Colombia. Data are unavailable for Belgium and Greece. Respondents to both surveys were country delegates responsible for procurement policies in central government.

Further reading

OECD (forthcoming 2013), *Public Procurement Review of the Electric Utility of Mexico: Towards Procurement Excellence in the Federal Electricity Commission*, OECD Publishing, Paris.

OECD (2013), *Progress made in implementing the OECD Recommendation on Enhancing Integrity in Public Procurement: Report to Council*, Available at: <http://www.oecd.org/gov/fightingcorruptioninthepublicsector/>

OECD (2010), *OECD Innovation Strategy*, OECD Publishing, Paris.

European Commission (2010), *Green Paper on Expanding the Use of E-procurement the European Union*, COM(2010) 571 final, Brussels.

Table 1. Use of innovative procurement vehicles in central government

	Functionalities of e-procurement systems				Other procurement vehicles and mechanisms			
	Publishing procurement plans (about forecasted government)	Announcing tenders	Electronic submission of bids (excluding by e-mails)	Electronic submission of invoices (excluding by e-mails)	Contracts with options	Electronic reverse auctioning	Framework agreement procedure	Prequalification systems
Australia	●	●	●	●	■	■	■	■
Austria	○	●	○	○	■	□	■	■
Canada	○	●	●	○	■	□	■	■
Chile	●	●	●	○	□	□	■	■
Czech Republic	●	● ●	●	●	■	■	■	■
Denmark	● ●	●	●	●	■	■	■	■
Estonia	○	●	●	○	□	□	■	□
Finland	○	●	●	●	■	■	■	■
France	● ●	● ●	● ●	●	■	□	■	□
Germany	○	● ●	●	○	■	□	■	■
Hungary	●	●	●	●	■	■	■	■
Iceland	●	●	○	●	■	□	■	■
Ireland	○	●	●	○	□	□	■	□
Israel	●	●	●	●	■	■	■	■
Italy	●	●	●	○	■	□	■	■
Japan	●	●	●	○	■	■	□	■
Korea	●	●	●	●	■	□	■	■
Luxembourg	○	●	●	○	□	□	■	□
Mexico	● ●	● ●	●	○	□	●	■	□
Netherlands	●	● ●	● ●	●	■	□	■	□
New Zealand	●	●	○	●	■	□	■	■
Norway	●	●	●	●	■	□	■	■
Poland	○	●	○	○	■	■	■	□
Portugal	●	●	●	○	□	■	■	■
Slovak Republic	○	●	●	○	■	■	■	■
Spain	●	●	●	●	■	□	■	■
Slovenia	● ●	● ●	●	●	□	■	■	■
Sweden	●	●	●	●	■	□	■	■
Switzerland	●	● ●	○	●	■	□	■	■
Turkey	●	●	○	○	□	□	■	□
United Kingdom	○	○	●	●	■	■	■	■
United States	● ●	●	●	●	■	■	■	■

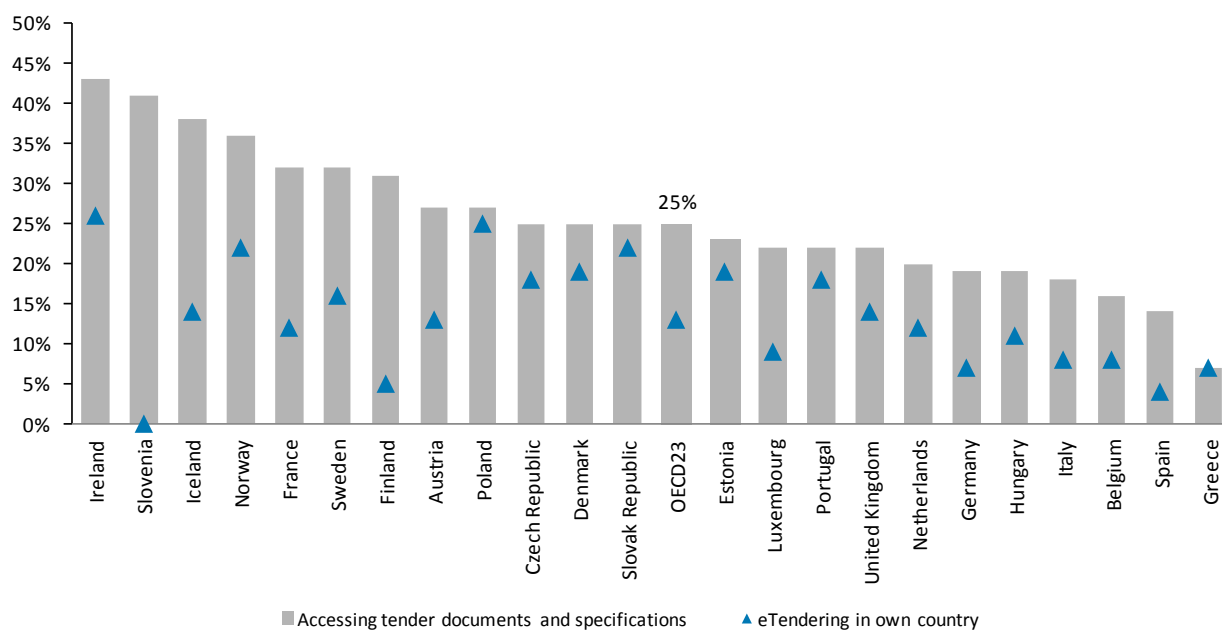
Total OECD 32

●	18	29	14	7				
●	9	9	14	11				
○	10	1	6	14				
■					10	3	21	9
■					14	11	10	15
□					8	18	1	8

- Yes, in a national central e-procurement system
- Yes, in e-procurement systems of specific procuring entities
- No
- Vehicle is routinely used in all procuring entities
- Vehicle is routinely used in some procuring entities
- Vehicle is not routinely used

Source: OECD 2012 Survey on Public Procurement

Figure 4. Percentage of enterprises using electronic procurement systems (2012)



Source: Eurostat

Note: All enterprises, without financial sector (10 persons employed or more). Accessing tender documents and specifications refers to enterprises using Internet for accessing tender documents and specifications in electronic procurement systems of public authorities. E-tendering in own country refers to enterprises using Internet for offering goods or services in public authorities' electronic procurement systems (eTendering), in own country.

3. Fair competition in procurement and SMEs

14. Ensuring a level playing field for potential suppliers to gain access to government contracts remains a challenge, especially at the international level. Cross-border procurement in an integrated market like the European Union represents less than 4% of the total value of contract awards⁷.

15. At the national level, the use of exceptions to competitive tendering⁸ still limits competition in practice. As a result of stimulus spending following the financial crisis, the use of exceptions increased in 18% of responding OECD countries between 2008 and 2011, notably because of the use of accelerated procedures. Although countries need to maximise competition while ensuring administrative efficiency of the procurement process, it is essential that exceptions to competitive tendering are strictly used in relation to a limited number of circumstances as the use of exceptions may be subject to abuse, which undermines the efficiency of procurement. In the 21 OECD countries that have performed reviews of central government public procurement policies and practices since 2008, a quarter (24%) identified the excessive use of such exceptions as a weakness in the procurement system.

16. It is important to acknowledge that the use of exceptions to competitive tendering does not justify less transparency. On the contrary, risk mitigation measures such as systematic written justifications and ex-post evaluation can be introduced. However, more than half (53%) of OECD countries have no requirements to assess or audit ex-post the use of exceptions for direct awards of contracts at the central government level. Also, data on the level of competition is available in less than half (47%) of OECD countries. Ex-post evaluations are carried out routinely in less than a third of OECD countries (31%). In those countries where evaluations are required for all or some procuring entities, 86% report having a mechanism in place to monitor the use of exceptions by procuring entities for direct awards.

17. Despite the fact that small and medium-sized enterprises (SMEs) represent a substantial share of the global economy and labour market – for example 67% of total employment and 58% of gross value added in the EU in 2012⁹ – they do not have a representative share of government contracts. In order to promote a level playing field, 81% of OECD countries have introduced measures directly aimed at SMEs which have a comparative disadvantage to participate in tenders. The most common measures that have been introduced include carrying out trainings and workshops for SMEs (56%) and making documentation or guidance focused on SMEs available online (44%). A quarter of the OECD countries (28%) have simplified administrative procedures to facilitate the participation of SMEs in tenders.

18. About a third of OECD countries (34%) have put in place specific legislative provisions or policies (e.g. set-asides) to encourage the participation from SMEs in procurement. Such preference is given in for example Australia, France, Korea and the United States. In the United States, the Small Business Act (SBA) stipulates that each federal agency must have an annual goal that represents “the maximum practicable opportunity for small business concerns [...] to participate in the performance of contracts let by that agency”. Regarding procurement, the SBA relies primarily on set-asides for small businesses, i.e. reserving contracts to be awarded solely to small businesses, with a target of 23% of direct contracts and 40% of subcontracts to SMEs. In addition to regulatory measures, SMEs benefit from

7 European Commission (2010) EU Public Procurement Legislation: Delivering Results, OIB: Brussels. p. 15.

8 For example, exceptions to competitive tendering can be when there is an absence of a valid offer under competitive procedure or if there is an extreme urgency brought about by unforeseen events.

9 http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/supporting-documents/2012/annual-report_en.pdf p. 9

preferential financial treatment (e.g. waving fees) in only 6% of the OECD countries. In Estonia, there are no specific approaches in place to support SMEs since the majority of Estonian enterprises are classified as SMEs.

Methodology and definitions

19. The data presented were collected through two surveys focused on public procurement at the central government level; the OECD 2011 Survey on Reporting Back on progress made since the 2008 Procurement Recommendation and the OECD 2012 Survey on Public Procurement. In 2011, a total of 29 OECD member countries responded as well as Brazil, Egypt, Morocco and the Russian Federation. Data are unavailable for Denmark, Greece, Korea, Spain and the United Kingdom. In 2012, a total of 32 OECD member countries responded as well as Brazil and Colombia. Data are unavailable for Belgium and Greece. Respondents to both surveys were country delegates responsible for procurement policies in central government.

Further reading

OECD (forthcoming), *OECD Review of the United States Federal Public Procurement*, OECD Publishing, Paris.

OECD (2013), *Progress made in implementing the OECD Recommendation on Enhancing Integrity in Public Procurement: Report to Council*, Available at: <http://www.oecd.org/gov/fightingcorruptioninthepublicsector/>

OECD (2009), *OECD Principles for Integrity in Public Procurement*, OECD Publishing, Paris.

OECD (2008), *OECD Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes*, OECD Publishing, Paris.

Table 2. Approaches in place to promote fair access of SMEs to public procurement in central government

	Specific legislative provision or policy (e.g. Set-aside) is in place to encourage the participation from SMEs in procurement	A specific unit specialised on SMEs is in place at the central government level	Training and workshops are carried out for SMEs	Documentation or guidance focussed on SMEs is available on-line	Administrative procedures are simplified for SMEs to participate in tenders	SMEs benefit from preferential financial treatment, e.g. waving fees	Not applicable, there are no specific measures to support the participation of SMEs in public procurement in central government	Other
Australia	○	●	○	○	○	○	○	○
Austria	○	●	●	●	○	○	○	○
Canada	○	●	●	●	○	○	○	○
Chile	○	○	●	●	○	○	○	○
Czech Republic	○	○	○	○	○	○	○	●
Denmark	○	●	●	●	○	○	○	●
Estonia	○	○	○	○	○	○	○	●
Finland	○	○	○	○	○	○	○	●
France	●	○	●	●	○	○	○	●
Germany	●	○	○	○	○	○	○	○
Hungary	●	○	●	●	●	○	○	○
Iceland	○	○	○	○	○	○	●	○
Ireland	○	○	●	●	●	○	○	○
Israel	○	●	○	●	○	○	○	○
Italy	○	○	●	●	○	○	○	○
Japan	●	●	○	○	○	○	○	○
Korea	●	●	●	●	○	●	○	○
Luxembourg	○	○	○	○	●	○	○	○
Mexico	●	●	●	●	○	●	○	○
Netherlands	●	○	●	○	●	○	○	○
New Zealand	○	○	●	○	●	○	○	○
Norway	○	●	○	○	○	○	○	○
Poland	●	●	●	●	○	○	○	○
Portugal	○	○	●	○	○	○	○	○
Slovak Republic	○	○	○	○	○	○	●	○
Slovenia	●	○	○	○	●	○	○	○
Spain	○	○	○	○	○	○	○	●
Sweden	○	○	○	○	○	○	●	○
Switzerland	●	○	●	●	●	○	○	○
Turkey	○	●	●	○	○	○	○	○
United Kingdom	○	●	●	○	●	○	○	●
United States	●	●	●	●	●	○	○	○

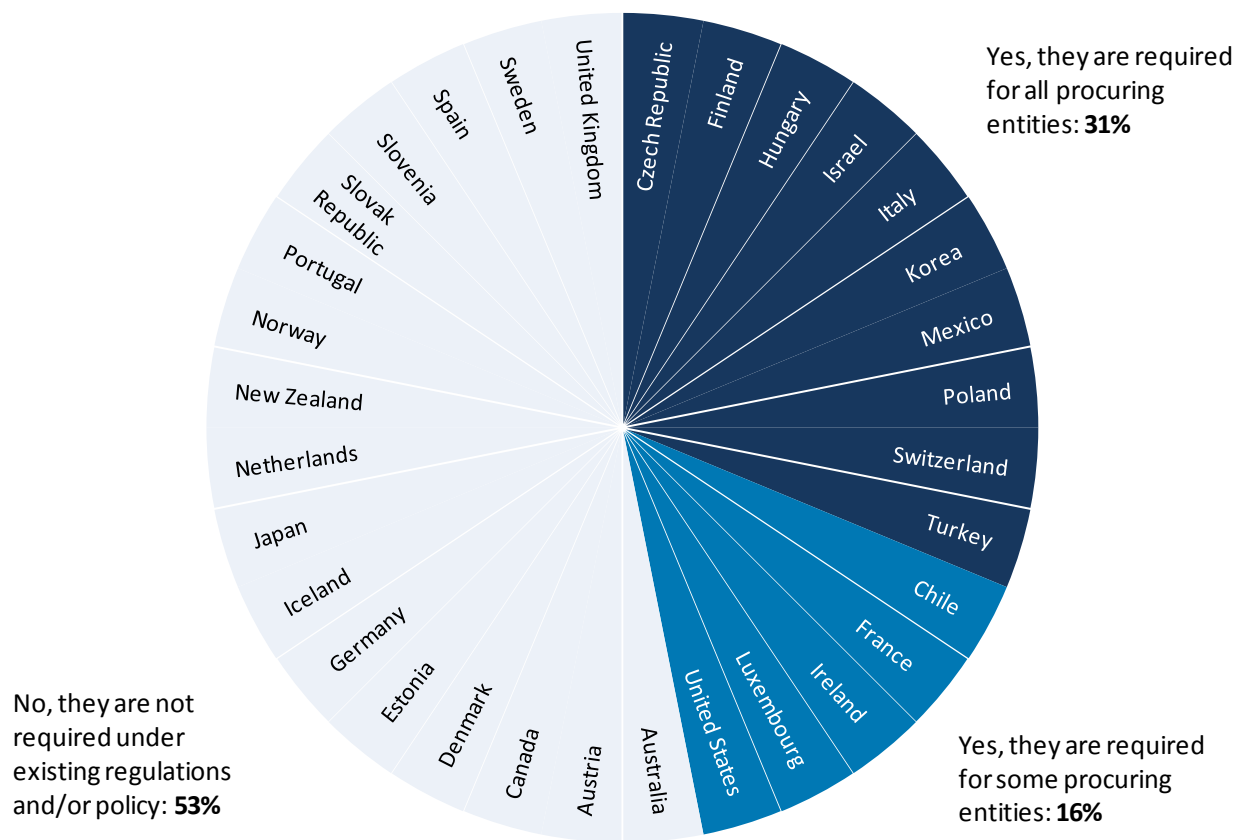
Total OECD 32

● Yes	11	13	18	14	9	2	3	7
○ No	21	19	14	18	23	30	29	25

Source: OECD 2012 Survey on Public Procurement

Note: In the **Czech Republic**, contracting entities are required to set down non-discriminatory tender conditions. In **Denmark**, the Competition and Consumer Authority has published a step-by-step guide including information on rules, procedures and key issues related to how to establish SME consortia. In **Estonia**, there are no specific approaches in place to support SMEs since the majority of Estonian enterprises are classified as SMEs. In **Finland**, the central procurement unit plans the tenders in a way that encourages SMEs to participate the tendering process. In **Spain**, the central body responsible of the assessment on public procurement (the Public Procurement Consultative Board) is in contact with SMEs and general associations of SMEs to attend their demands on this issue. In the **United Kingdom**, there is a programme of work with departments to drive up spend with SMEs where they can provide best value to the taxpayer. An example of a supportive documentation focussed on SMEs is 'Winning the Contract' which is available on the LearnDirect website. The procurement process has also been simplified, for example, the PQQs have been shortened after feedback from SMEs showed that many were too complicated and had an unnecessary length.

Figure 5. Are assessments/audits required to evaluate ex-post the use of exceptions for direct awards of contracts at the central government level?



Source: OECD 2012 Survey on Public Procurement

Table 3. Public Procurement in central government by procedure: Availability of data

	Direct award procedures		Open tendering procedures		All other types of procurement procedures		Total for all types of procedures	
	Number of contracts	Value of contracts	Number of contracts	Value of contracts	Number of contracts	Value of contracts	Number of contracts	Value of contracts
Australia	●	●	●	●	●	●	●	●
Austria	●	●	●	●	●	●	●	●
Canada	●	●	●	●	●	●	●	●
Chile	●	●	●	●	●	●	●	●
Czech Republic	●	●	●	●	●	●	●	●
Denmark	○	○	○	○	○	○	○	○
Estonia	●	●	●	●	●	●	●	●
Finland	○	○	○	○	○	○	○	○
France	●	●	●	●	●	●	●	●
Germany	○	○	○	○	○	○	○	○
Hungary	○	○	○	○	○	○	○	○
Iceland	●	○	●	○	●	○	●	○
Ireland	○	○	○	○	○	○	○	○
Israel	●	●	●	●	○	○	○	○
Italy	●	●	●	●	●	●	●	●
Japan	●	●	●	●	●	●	●	●
Korea	○	●	○	●	○	●	○	●
Luxembourg	○	○	●	●	●	●	●	●
Mexico	●	●	●	●	●	●	●	●
Netherlands	○	○	●	○	○	○	○	○
New Zealand	○	○	○	○	○	○	○	○
Norway	○	○	○	○	●	●	○	○
Poland	○	○	●	●	●	●	○	○
Portugal	●	●	●	●	●	●	●	●
Slovak Republic	●	●	●	●	●	●	●	●
Slovenia	●	●	●	●	●	●	●	●
Spain	●	●	●	●	●	●	●	●
Sweden	○	○	●	●	●	●	●	●
Switzerland	○	○	○	○	○	○	○	○
Turkey	○	○	●	●	●	●	●	●
United Kingdom	○	○	○	○	○	○	○	○
United States	○	○	○	○	○	○	○	○

OECD 32

● Yes, data is available	16	16	21	20	20	20	18	18
○ No, data is not available	16	16	11	12	12	12	14	14

Source: OECD 2012 Survey on Public Procurement

4. Strategic public procurement

20. In OECD countries, the trend is to move from considering the sole objective of public procurement to be value for money, to also including strategic objectives such as support to small and medium-sized enterprises (SMEs), innovation, and environmental considerations.

21. An emerging challenge for governments is to clearly prioritise between the objectives. 72% of OECD countries have developed a strategy/policy at the central level to support green public procurement. For support to SMEs in public procurement, a strategy/policy at the central level has been developed in 63% of member countries. Out of the OECD countries that have developed an SME policy at the central level, half of them have mandatory rules on the use of public procurement to support SMEs. In 32% of the OECD countries that have policies in place, it is not mandatory, but it is subject to voluntary targets.

22. However, most OECD countries do not verify the opportunity cost of pursuing socio-economic and environmental goals, resulting in governments not having the tools to prioritise sometimes competing objectives (e.g. value for money vs. support to socio-economic and environmental objectives). Consequently, governments may not optimise the use of their public resources in procurement. Considering that the vast majority of OECD members have a SME strategy in place, it is surprising that as many as 63% of the OECD countries do not track the number nor value of the contracts awarded to SMEs. If this information is not available, it is not possible to measure effectiveness.

23. In line with the current trend, procurement officials are expected to comply with increasingly complex rules and pursue value for money, while taking into account strategic considerations. However, the most prominent weakness of procurement systems identified across OECD countries is the lack of adequate capability (48% of countries), and not only in terms of numbers of procurement officials but also of specialised knowledge of available technologies, innovations or market developments.

24. Public procurement is still handled as an administrative function in many countries, with over a third of countries reporting that it is not even recognised as a specific profession. Out of the 18 OECD countries that recognise procurement as a specific profession, 61% have a formal job description for procurement officials and 44% have specific certification or licensing programmes in place (e.g. Australia, Canada, Chile, Ireland, New Zealand, Slovak Republic, Switzerland and the United States). However, only 28% have integrity guidelines (e.g. codes of conduct) in place specifically for procurement officials.

Methodology and definitions

25. The data presented were collected through two surveys focused on public procurement at the central level; the OECD 2011 Survey on Reporting Back on progress made since the 2008 Procurement Recommendation and the OECD 2012 Survey on Public Procurement. In 2011, a total of 29 OECD member countries responded as well as Brazil, Egypt, Morocco and the Russian Federation. Data are unavailable for Denmark, Greece, Korea, Spain and the United Kingdom. In 2012, a total of 32 OECD member countries responded as well as Brazil and Colombia. Data are unavailable for Belgium and Greece. Respondents to both surveys were country delegates responsible for procurement policies at the central government level

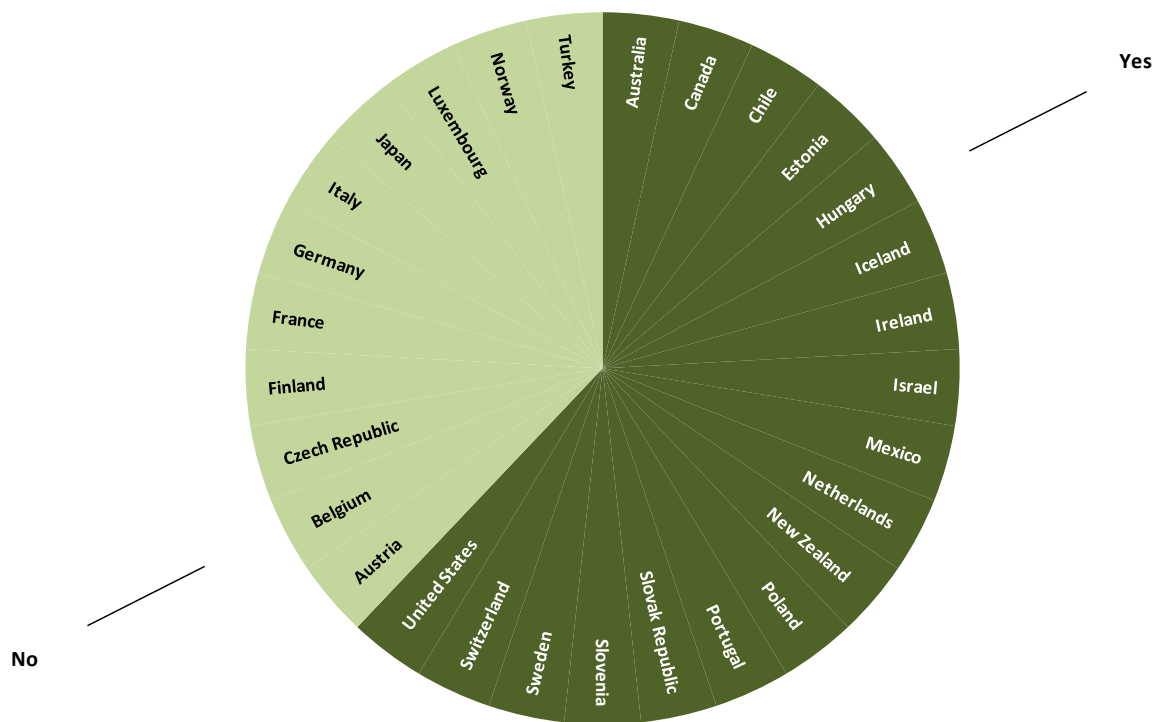
Further reading

OECD (2013), *Progress made in implementing the OECD Recommendation on Enhancing Integrity in Public Procurement: Report to Council*, Available at: <http://www.oecd.org/gov/fightingcorruptioninthepublicsector/>

OECD (2011), *Making the most of public investment*, OECD Publishing, Paris.

OECD (2007), *Improving the Environmental Performance of Public Procurement: Report on Implementation of the Council Recommendation*, OECD Publishing, Paris.

Figure 6. Are procurement officials recognised as a specific profession?



Source: OECD 2011 Survey on Reporting Back on progress made since the 2008 Procurement Recommendation

Note: Data are unavailable for Denmark, Greece, Korea, Spain and the United Kingdom. Procurement officials are recognised as a specific profession if this profession was recognised through a certification or licensing programme in place, through well-defined curricula (e.g. formal job description/role) and/or through integrity guidelines (e.g. codes of conduct specifically for procurement officials).

Table 4. Policies and strategies in place to support SMEs in public procurement

	Policies or strategies in place that promote the use of procurement to support SMEs			Measurement of results strategies/policies to use procurement to support SMEs (e.g. whether targets were achieved)			
	Yes, a strategy/policy has been developed at a central level	Yes, some procuring entities have developed an internal policy	No, there is no such strategy/policy in place	On a regular basis	On an adhoc basis	Unknown	No
Australia	●	○	○	○	○	○	●
Austria	○	○	●	●	○	○	○
Canada	●	○	○	●	○	○	○
Chile	●	○	○	●	○	○	○
Czech Republic	○	●	○	n.a.	n.a.	n.a.	n.a.
Denmark	●	○	○	○	○	○	●
Estonia	○	○	○	n.a.	n.a.	n.a.	n.a.
Finland	○	●	○	n.a.	n.a.	n.a.	n.a.
France	●	●	○	●	○	○	○
Germany	○	○	●	n.a.	n.a.	n.a.	n.a.
Hungary	●	○	○	●	○	○	○
Iceland	○	○	●	n.a.	n.a.	n.a.	n.a.
Ireland	●	○	○	○	○	●	○
Israel	●	○	○	●	○	○	○
Italy	●	○	○	●	○	○	○
Japan	●	○	○	●	○	○	○
Korea	●	○	○	●	○	○	○
Luxembourg	○	●	○	n.a.	n.a.	n.a.	n.a.
Mexico	●	○	○	●	○	○	○
Netherlands	●	○	○	●	○	○	○
New Zealand	○	○	●	n.a.	n.a.	n.a.	n.a.
Norway	●	○	○	○	○	○	●
Poland	●	○	○	●	○	○	○
Portugal	●	○	○	○	●	○	○
Slovak Republic	○	○	●	n.a.	n.a.	n.a.	n.a.
Slovenia	●	●	○	●	○	○	○
Spain	○	○	●	○	○	○	●
Sweden	○	●	○	n.a.	n.a.	n.a.	n.a.
Switzerland	●	○	○	○	○	●	○
Turkey	○	○	●	n.a.	n.a.	n.a.	n.a.
United Kingdom	●	●	○	●	○	○	○
United States	●	○	○	●	○	○	○

Total OECD 32

● Yes	20	7	7	15	1	2	4
○ No	12	25	25	7	21	20	18
n.a. Not applicable	0	0	0	10	10	10	10

Source: OECD 2012 Survey on Public Procurement

5. Transparency in public procurement

26. Considering the economic size of public procurement, citizens and businesses expect governments to demonstrate that they are managing their purchases (for example when buying computers or building roads) in a clean and effective way. In 2008, OECD countries recognised that efforts to improve value for money in public procurement need to go hand in hand with policy measures to enhance transparency, accountability, and integrity with the adoption of the *Recommendation on Enhancing Integrity in Public Procurement*.

27. Since the adoption of the OECD *Recommendation*, 72% of responding OECD countries have formally reviewed central government public procurement rules, policies or practices (e.g. through an audit or parliamentary review). One of the most prominent weaknesses identified in the reviews is the lack of transparency in public procurement (43% of responding countries) – for example lack of clear and transparent public procurement rules, inconsistent information provided to bidders on public procurement opportunities, and deficient recording on procurement decisions.

28. Accordingly, many countries (90%) have reformed their procurement system to increase transparency. As an example, the government of Chile introduced amendments to the Law that enhance transparency for the award of framework agreements and that regulate queries that public entities address to suppliers prior to the disclosure of bidding documents. In Canada, a Procurement Ombudsman was set up to increase the effectiveness and transparency of business practices in relation to procurement.

29. Transparency and accountability in public procurement are key conditions to provide equal opportunities for bidders and to ensure the integrity of the whole procurement process, from the needs assessment until the contract management phase. Some countries have taken steps to enhance transparency in contract management by monitoring contractors' performance against pre-specified targets (71%), by organizing inspections of work in progress on a regular basis (64%), or by - where possible - testing products or systems in a real-world environment prior to the delivery of the works (61%).

30. By making relevant data accessible and usable to all, citizens and businesses will be able to participate and control how and what governments buy or contract. For instance in Brazil, the Transparency Portal of the Federal Public Administration (www.portaldatransparencia.gov.br) provides free real-time access to information on budget execution as a basis to support direct monitoring of federal government programmes by citizens. Citizen use of the portal has grown since its launch in 2004 from 10 000 users per month to 230 000 per month in 2010. Publicly available data can help monitor the level of competition in procurement. About half of OECD countries (56%) routinely make information on the type of procurement procedure used (for example on direct awards of contracts without competition) publicly available.

31. The type and level of transparency must be balanced with possible risks, in particular collusion and excessive administrative cost. It is essential to avoid disclosing sensitive information, such as the commercial secrets of bidders, in order to prevent collusion. In some countries such as the United States, government officials involved in procurement are required to certify that they have no knowledge of or did not improperly release procurement information and that they have attended specific training courses. In some cases, they are asked to provide on voluntary basis personal financial information to rule out possible conflict of interests.

32. Enhancing transparency in procurement is increasingly recognised at the international level as a priority as part of the Open Government Partnership (OGP). In particular, more than half of OECD countries (18) have endorsed the Open Government Declaration and announced their country action plans under the OGP. Besides their commitment to OGP's four core open government principles: promote

transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance, an important part of the country action plans deal with public procurement.

Methodology and definitions

33. The data presented was collected through two surveys focused on public procurement at the central government level; the OECD 2011 Survey on Reporting Back on progress made since the 2008 Procurement Recommendation and the OECD 2012 Survey on Public Procurement. In 2011, a total of 29 OECD member countries responded as well as Brazil, Egypt, Morocco and the Russian Federation. Data are unavailable for Denmark, Greece, Korea, Spain and the United Kingdom. In 2012, a total of 32 OECD member countries responded as well as Brazil and Colombia. Data are unavailable for Belgium and Greece. Respondents to both surveys were country delegates responsible for procurement policies in central government.

34. The data presented in the graph on public procurement advertised in the Official Journal of the European Union (OJEU) is based on the Eurostat indicator [gov_oth_procur]. Data in this graph was last updated 06.03.12.

Further Reading

OECD (2012), *OECD Guidelines for Fighting Bid Rigging in Public Procurement*, OECD Publishing, Paris.

OECD (2009), *OECD Principles for Integrity in Public Procurement*, OECD Publishing, Paris.

OECD (2007), *Integrity in Public Procurement: Good Practice from A to Z*, OECD Publishing, Paris.

Table 5. Transparency in public procurement

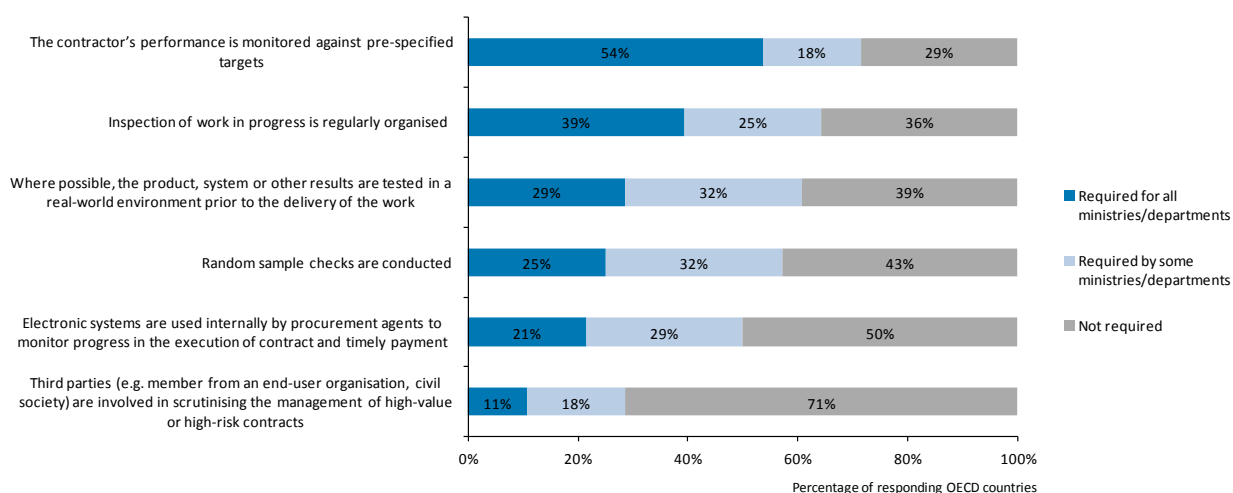
	Public availability of information on public procurement			Primary objective public procurement reforms carried out since October 2008
	Information on public procurement is available by categories (e.g. goods, services, construction)	Information on public procurement is available by type of procedure (e.g. direct award, open tendering, etc.)	Information on public procurement is available by size of suppliers (e.g. SMEs, larger enterprises, etc.)	Enhance transparency in public procurement (e.g. clear and transparent public procurement rules, consistent information on public procurement opportunities, recording)
Australia	●	●	◐	■
Austria	◐	○	○	□
Canada	●	●	●	■
Chile	●	●	●	■
Czech Republic	●	●	○	■
Denmark	●	●	◐	n.a.
Estonia	●	●	○	□
Finland	●	◐	○	n.a.
France	●	●	●	□
Germany	◐	◐	◐	■
Hungary	●	●	●	■
Iceland	◐	◐	◐	□
Ireland	◐	◐	○	□
Israel	○	◐	○	□
Italy	●	●	○	□
Japan	●	●	○	n.a.
Korea	●	◐	●	n.a.
Luxembourg	○	○	○	□
Mexico	●	●	◐	■
Netherlands	◐	◐	◐	■
New Zealand	○	○	○	□
Norway	◐	◐	○	□
Poland	●	●	○	□
Portugal	◐	◐	○	□
Slovak Republic	●	●	●	n.a.
Slovenia	●	●	◐	■
Spain	●	●	○	n.a.
Sweden	◐	◐	○	□
Switzerland	●	○	○	■
Turkey	●	●	○	□
United Kingdom	●	●	●	n.a.
United States	●	●	●	□

Total OECD 32

● Yes always	21	18	8	
◐ Yes upon request	3	3	3	
◐ Yes sometimes	5	7	4	
○ No, not publically available	3	4	17	
■ Primary objective				10
□ Not primary objective				15
n.a. Not applicable (e.g. No reform has been conducted since 2008 or no response collected)				7

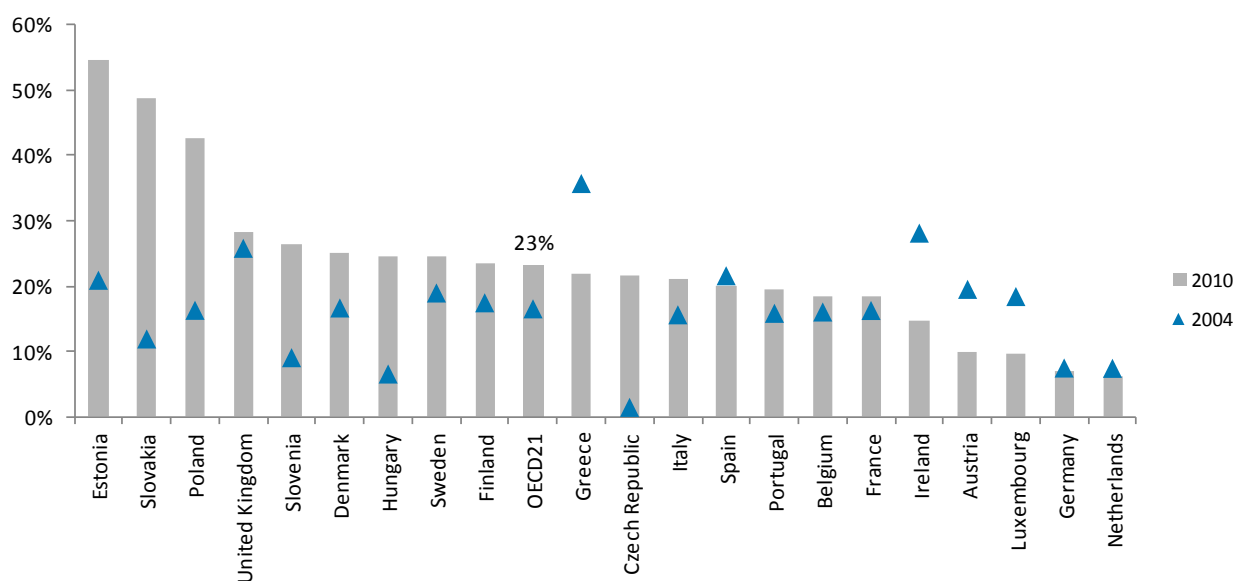
Source: OECD 2012 Survey on Public Procurement and OECD 2011 Survey on Reporting Back on progress made since the 2008 Procurement Recommendation

Figure 7. Supervision of contractors' performance and integrity throughout the contracting period



Source: OECD 2011 Survey on Reporting Back on progress made since the 2008 Procurement Recommendation.

Figure 8. Public procurement advertised in the OJEU (as a percentage of total public procurement)



Source: Eurostat

Note: Data for non EU members are not available. The definition of public procurement contracts, which should be published in the OJEU, is laid down by Council Directives 92/50/EEC, 93/36/EEC, 93/37/EEC and 93/38/EEC, superseded by Directives 2004/17/EC and 2004/18.