



Transforming procurement into a strategic function: What are the challenges faced?

Meeting of Leading Practitioners on Procurement

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Structure of the presentation

- 2008 Recommendation on Enhancing Integrity in Public Procurement
- Progress made in implementing the Recommendation
- What emerging challenges governments face



Progress made since the 2008 Recommendation

- *2008 Recommendation on Enhancing Integrity in Public Procurement*
- Commitment of OECD countries to mitigate governance deficits along the **procurement cycle**
From the needs assessment throughout tendering until the contract management
- Five years later, OECD countries are still lagging behind:
 1. Professionalisation
 2. Risks to integrity remain in:
 - contract management
 - large-spending sectors (e.g. defense)
 - off-budget nature of PPPs



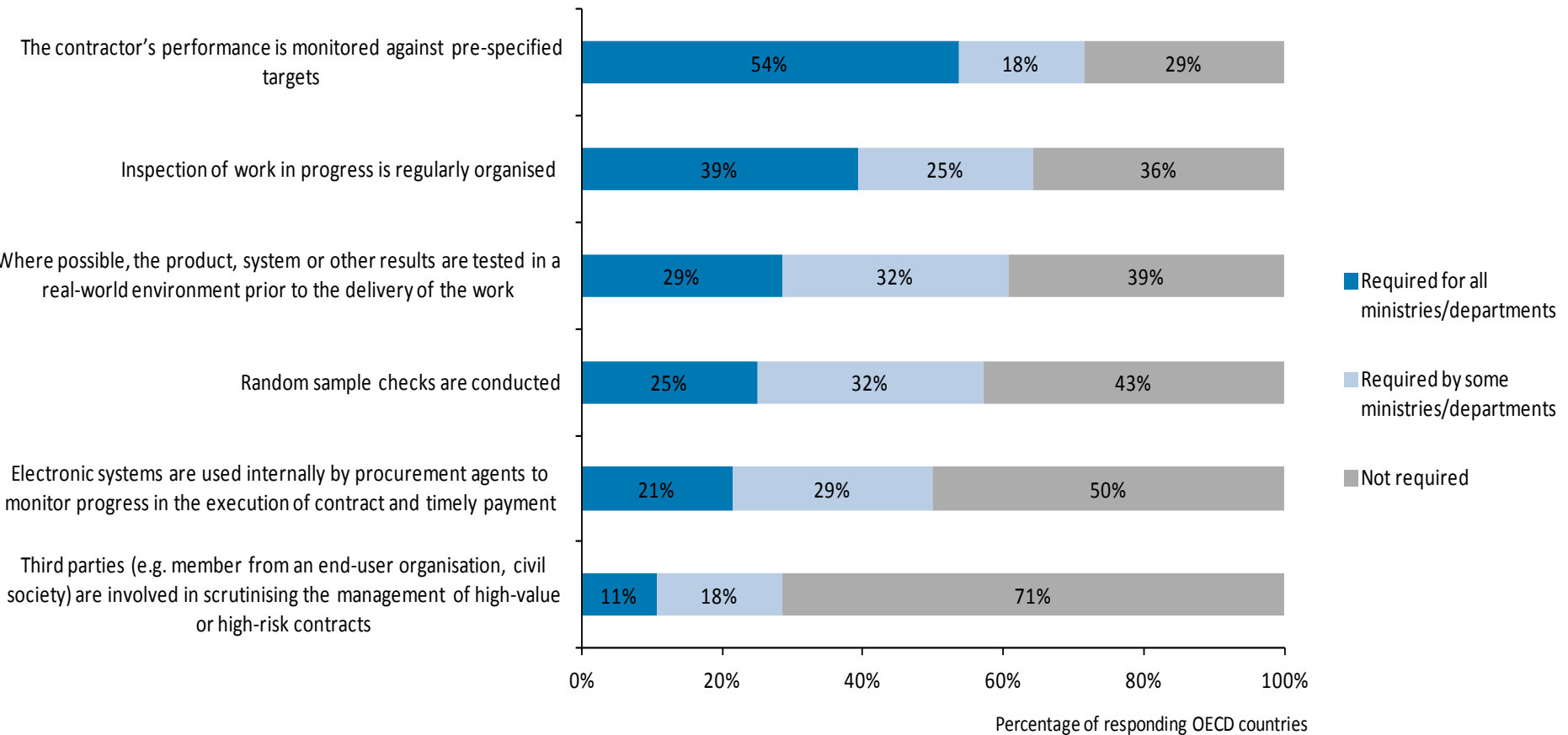
Procurement is still organised as an administrative function

- Procurement is a **strategic instrument** for the economy
 - A third of government expenditures
 - 13% of GDP on average in OECD countries
- However more than a third of OECD countries still do not recognise procurement as a specific **profession**
- Capacity is a more salient problem at the **sub national** level, which is where the majority of the procurement spending takes place
- **Evidence on the performance** of procurement systems remains scarce



Risks to integrity are not necessarily mitigated in the contract management

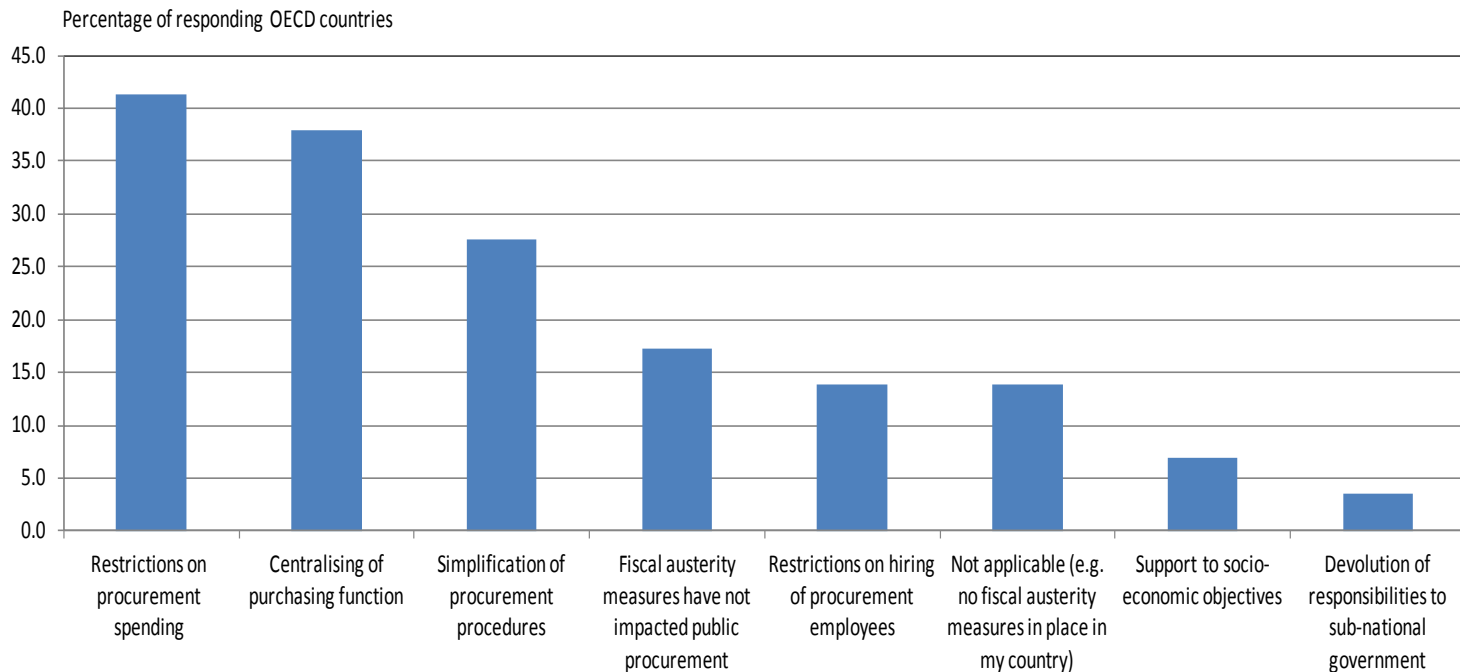
Only half of OECD countries systematically monitor contractor's performance against targets





New imperatives as a result of austerity measures

1. **Smarter** procurement – more services at lower cost, efficiency gains
2. Using procurement as a **policy lever** (e.g. to promote SMEs, green)





Governments face emerging challenges

- Achieving **efficiency gains**: Reforms in the organisation of procurement, use of new vehicles, consolidation

- **Reconciling policy objectives**
 - identifying clear priorities
 - measuring opportunity costs
 - integrating criteria (e.g. green) in a transparent and effective way - e.g. avoiding hidden trade barriers

- **Monitoring the performance** of the procurement system— e.g. review of the United States federal public procurement



Questions for the Tour de Table

➤ **What are the new challenges faced in your country in relation to?**

1. Professionalisation

2. Performance monitoring of procurement

3. Use of procurement as policy lever (e.g. in relation to green or SMEs development)

4. New risks to integrity