

Public Procurement Forum for SMEs

Small, Medium, Scalable



[Agenda]

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OECD Conference Centre

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SMEs are key players in the global economy

SMEs are the **backbone of an economy** and **key players in the wider eco-system** of the private sector. Not only dominant in numbers, SMEs account for more than **half of employment globally** and contribute on average between **50% and 60% of national GDP** in OECD countries. Providing a sound business environment for SME performance could reinforce their contribution towards **economic and social-wellbeing**.

Public procurement as a strategic policy lever

Governments increasingly recognise the role of public procurement as a **strategic policy lever**. Indeed, representing approximately 12% of GDP in OECD countries, public procurement has a high economic implication, not only through the potential savings achieved through more efficient spending of the public money, but also through its **impact on the economic development** on a broader scale. As a means to achieve this end, government policies focus on **facilitating and enabling SME participation in public procurement market**.

**Public Procurement's
share of the economy**

12% of GDP in OECD
countries and **29%** of total
government expenditures

Source: OECD 2017, Government at a Glance

Engaging SMEs in public procurement creates **mutual benefits** for the public sector and for the SMEs. However, **specific characteristics** of public procurement – such as the complexity of procedures, administrative burden and high technical and financial capacity requirements – could **discourage the access of SMEs**, mainly due to their relatively low administrative, financial, technical and legal capacities.

Many public procurement reforms focus on **lowering the barriers**, with the aim to level the playing field in accessing public procurement markets. Certain countries have taken more direct measures to **improve SMEs' performance** in winning government contracts, either by setting aside parts of the market or by providing concrete guidance and capacity building to potential bidders. Yet, **concrete evidence** on the comparative benefits and costs of SME support policies and measures is still **insufficient** to conclude on the optimal policy mix.

As a joint initiative between the OECD Directorate for Public Governance and the OECD Centre for Entrepreneurship, SMEs, Regions and Cities, this year's **Public Procurement Forum** focuses on the **linkages between public procurement policies and SMEs development**. Policy makers and practitioners will debate on why and how strengthening those linkages can be mutually beneficial for both the public and the private sector. There will also be discussions on how a greater engagement of SMEs in public markets can have **spill-over effects** on the whole economy, as well as promote innovation and strengthen value chains.

10:00- 10:45 **Opening session: SMEs: A foundational pillar to support inclusive growth**

In the OECD area, SMEs are accounting for approximately 99% of all firms and provide the main source of employment, accounting for about 70% of jobs. SMEs are also a major contributor to value creation, generating more than 60% of value added on average. Therefore enabling SMEs not only affects business growth but also creates more jobs and generates greater value.

As an immediate source of revenue for the private sector, public procurement can be seen as a strong lever to support government's initiatives in that respect. Indeed, it accounts for 12% of GDP on average in OECD countries and represents almost 30% of public expenditure. While the political consensus exists on the need to ensure SMEs' access to public procurement markets, the test is implementation. In practice, OECD countries have integrated SME considerations in their public procurement systems in various ways.

The report on public procurement for SMEs takes stock of barriers and opportunities for further supporting SMEs in public procurement. The barriers that arise from complexity of procedures, administrative burden, high technical and financial capacity requirements, and SMEs' lack of legal and procurement expertise disproportionately affect SMEs. The evidence and good practice cases collected from countries shed light on how countries remove these barriers for SMEs to participate and, in some cases, better perform, in public procurement markets.

Opening remarks

Mari Kiviniemi, Deputy Secretary-General of the OECD

Keynote speakers

Elżbieta Bieńkowska, Commissioner for Internal Market, Industry, Entrepreneurship and SMEs, European Commission

Luca Donelli, B20 Co-Chair on SMEs taskforce

10:45-12:30 **Plenary session: Bigger in numbers: How could more SMEs participate in public markets?**

This roundtable discussion will address opportunities and challenges for increasing the share of SMEs in public markets and more generally enhance SME participation. Although accounting for the overwhelming majority of companies, SMEs represent a small proportion of the suppliers of governments.

31 OECD countries and 6 non-members have implemented initiatives for increasing the number of participating SMEs in public markets, such as streamlining procedures and awareness raising campaigns (OECD 2017 procurement survey). In addition, countries are also devoting efforts to remove administrative barriers which disproportionately affect SMEs in order to ease relationships between public administrations and companies of all size. This session will also discuss to which extent those initiatives influence SMEs participation in public markets.

Moderator

Irène Hors, Deputy Director, Public Governance Directorate, OECD

Panelists

Arianne Reza, Assistant Deputy Minister, Procurement Branch, Public Services and Procurement Canada

Matthias Tschirf, Director General, Federal Ministry Digital and Economic Affairs, Austria

Kyung Soon Chang, Vice Administrator, Public Procurement Service, Korea

Michel Grévoul, Director, Directorate of State Procurement, France

12:30-14:00

Lunch Break

14:00-15:45

Plenary session: Going beyond public markets and scaling up SMEs

SMEs can experience sustained growth at various stages of their life cycle and across many sectors. Start-ups that scale up are a key source of innovation and account for a disproportionate share of job creation. The share of young SMEs in total job creation is about twice as large as their share in total employment. Medium-sized enterprises that grow are a driving force of competitiveness in many countries. Alongside other initiatives, some countries have developed specific programmes aiming at empowering SMEs in public procurement. Indeed, access of SMEs to public procurement opportunities is often restricted by the – relative to larger firms – lower capacity of SMEs. Therefore, some countries have focussed on providing training and other dedicated support to SMEs, with the aim of translating higher SME capacity into a higher participation rate. However, if managed intelligently, programmes to support SMEs through public procurement can have benefits beyond public procurement. Experiences in OECD countries have shown how the effects of increased SME capacity reach further. In the area of innovation in particular, the SMEs that succeed in public procurement opportunities continue to create value, growth and employment in the market – not just because of their clients in the public sector. This session will shed light on what the prerequisites and strategies are to derive benefits from increased SME capacity for the entire economy.

Moderator

Joaquim Oliveira Martins, Deputy Director, Centre for Entrepreneurship, SMEs, Regions and Cities, OECD

Panelists

John Ivil, General Manager, New Zealand Government Procurement & Property Branch, Ministry of Business, Innovation and Employment

Trinidad Inostrosa, Director, ChileCompra, Chile

Eugenio Quintieri, Secretary General of the European Builders Confederation and member of the European Association of Craft, Small and Medium-sized Enterprises (UEAPME)

José Tomas Islas Grajales, National Vice-president for SMEs, The Construction Chamber of Mexico

15:45-16:15 *Coffee Break*

16:15-17:15 **Plenary session: Small but innovative, increasing integration of multiple policy objectives in public procurement**

Innovation is crucial to ensure sustainable growth and competitiveness. Considering the amounts of public spending involved across OECD countries, governments increasingly recognized public procurement as a strategic lever to support innovation. Purchasing innovative solutions allows public bodies on regional and local level a more efficient delivery of public services, lower energy consumption, lower life-cycle costs, and many other advantages to meet evolving societal needs. At the same time, procurement of innovation offers opportunities for innovative SMEs that are agile and flexible enough to meet the specific needs of the public procurers. This session will discuss complementarities between initiatives aimed at supporting SMEs while creating an environment conducive to innovation. It will also shed light on mitigation strategies for managing associated risks.

Moderator

Marta Lima Basto, Deputy Director-General, Directorate-General for Economic Activities, Ministry of Economy, Portugal

Panelists

Mauro Draoli, Head of Unit, Procurement strategies and market innovation, Agency for Digital Italy (AgID)

Ayse Er, Legal advisor, Amsterdam Smart City

Marlene Grauer, Coordinator, Procure2Innovate

17:15-17:30 **Closing remarks**

The final address will reflect on the full day debate and highlight the multiple opportunities existing when using public procurement as a strategic lever to support inclusive growth.

Closing remarks

Dag Strømsnes, Chair of the Working Party of the Leading Practitioners on Public Procurement, and Chief Procurement Officer, Agency for Public Management and eGovernment (Difi), Norway

Marcos Bonturi, Director, Public Governance Directorate, OECD

www.oecd.org/gov/public-procurement

