



DEVELOPING PUBLIC PROCUREMENT CAPACITY IN EUROPE



THIS PROJECT HAS RECEIVED FUNDING
FROM THE EUROPEAN UNION

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PUBLIC PROCUREMENT IS ONE OF THE NERVE CENTRES OF A COUNTRY'S ECONOMY.

Because of the sheer volume of spending it represents, governments are expected to carry out public procurement efficiently and with high standards of conduct in order to ensure high quality of service delivery and safeguard the public interest.

Used strategically, public procurement can help make economies more productive, public sectors more efficient, societies and economies more inclusive, and institutions more trusted – all vital conditions for achieving the universal Sustainable Development Goals (SDGs).



STRATEGIC PROCUREMENT REQUIRES BOTH HUMAN & TECHNOLOGICAL CAPACITIES.

A skilled and trained workforce supported by tools that allow for informed decisions and proportionate monitoring, provides the adequate combination of capacity that lays the foundation necessary for the effective implementation of other principles of a sound procurement system, from stakeholder engagement to accountability, and from efficiency to evaluation.

WHAT CHALLENGES ARE GOVERNMENTS FACING IN REFORMING PROCUREMENT?

- The transition of public procurement from an ordering function to a more strategic function.
- The multidisciplinary nature of the public procurement profession.
- Public procurement is not yet always seen as a strategic function.
- High administrative costs of individual procurements as well as inefficient and slow procurement procedures.
- Lack of information and transparency on procurement opportunities, hindering (cross-border) competition.
- Frequent changes in the regulatory framework.

These challenges increase the risk of incorrect application of public procurement legislation, which can lead to delayed or cancelled procedures, financial corrections, court cases and lack of trust in the system.

The OECD supports countries in reforming their procurement systems by:

- **Assessing** the situation, the challenges and the needs
- **Recommending** policy actions & reforms
- **Developing** tools to support the recommendations

DEVELOPING COMPETENCIES OF THE PUBLIC PROCUREMENT WORKFORCE: THE CASE OF BULGARIA AND THE SLOVAK REPUBLIC

Stemming from a European Commission initiative to reform public procurement systems, the OECD supported Bulgaria and the Slovak Republic in improving their public procurement systems. The main output was to develop a training programme to raise the level of capacity among procurement officials so that these countries could meet the procurement ex-ante conditionality set by the European Commission to benefit from EU funds.

FIGURE 1. THE OECD SUPPORTS PUBLIC PROCUREMENT REFORMS FOR BETTER PUBLIC INVESTMENT



THE CHALLENGE: ACCESSING EU FUNDS & TRAINING THE WORKFORCE

Bulgaria and the Slovak Republic depend heavily on European Structural and Investment Funds (ESIFs) for their public investment.



In order to benefit from these funds, both countries needed to meet the ex-ante conditionality for public procurement set by the European Commission.

Both countries needed to develop their administrative capacity, train their procurement officials, and disseminate information, ensuring the effective application of public procurement rules.

The OECD conducted a thorough training needs assessment of all actors to identify critical areas and define capacity-building priorities (see Figure 2):

- What methods/frameworks apply for the assessment?
- Should the training focus on a specific step of the procurement cycle?
- How extensive should the training be and at what level (central, state and local level)?
- How will the training material be disseminated?
- How to maintain the momentum and/or consolidate the results?

FIGURE 2. ACTORS INFLUENCING THE TRAINING STRATEGY AND THE TRAINING ACTION PLAN



A TAILORED TRAINING ACTION PLAN

The needs assessment paved the way for the development of ambitious and sustainable training action plans. While pursuing the same objective in both countries of increasing the skills and competence of the procurement workforce, the assessment led to two tailored strategies for designing training action plans in their specific contexts (see Table 1).

TABLE 1. TWO STRATEGIES FOR THE DEFINITION OF THE TRAINING ACTION PLAN, BASED ON THE NEEDS ASSESSMENT

	BULGARIA	SLOVAK REPUBLIC
	WHOLE OF THE PROCUREMENT CYCLE TRAINING PLAN	TARGETED AND LEVEL-BASED TRAINING PLAN
RATIONALE	The evaluation of the training landscape in Bulgaria, the roles of key stakeholders, and the widespread existence of irregularities and violations of procurement rules advocated for the design of a whole-of-procurement training curriculum.	The assessment of the existing trainings and a clear identification of the most common irregularities in public procurement, coupled with a relatively high degree of centralisation in the Slovak Republic, supported the development of a training portfolio focused on specific technical areas (technical specifications, award criteria, secondary policy objectives and conflict of interest).
ADOPTED STRUCTURE FOR THE TRAINING ACTION PLAN	<ul style="list-style-type: none"> • Initial 3-day workshop covering the entire procurement cycle • One and a half day follow-up to further explore selected topics • Supporting practical guidance deconstructing the law on public procurement and checklists • Mix of training delivery modes (in-class, e-learning, distance learning) 	<ul style="list-style-type: none"> • Initial 2-day workshop focusing on the basics in all selected areas. • Intermediate and advanced levels half-day workshops on a specific area • Mix of training delivery modes (in-class, e-learning, distance learning)

These plans are aligned with the long-term capacity-building visions in both countries.

- In Bulgaria, it supports the National Strategy for Development of the Public Procurement Sector in Bulgaria 2014-2020, aiming towards improving skills and knowledge of public procurement officials.
- In the Slovak Republic the training action plan is embedded into the Central Education Plan developed by the Government Office to build administrative capacities.

The training action plans provide a detailed roadmap towards increased skills and competence of the workforce (see Figure 3). They target entities across the countries and set specific milestones to assess the performance and effectiveness of the plan's implementation.

FIGURE 3. BOTH STRATEGIES PROVIDED ACTION PLANS FOR A GRADUATED INCREASE OF COMPETENCIES



TOOLS TO SUPPORT REFORMS

The reforms recommended by the OECD in Bulgaria and in the Slovak Republic were supported by a wide array of hands-on deliverables, from step-by-step legal guidance and strategic policy papers in Bulgaria, to practical exercises in topics like award criteria or secondary policy objectives in the Slovak Republic (see Table 2).

TABLE 2. THE OECD DEVELOPED TOOLS, STRATEGIES, WORKSHOPS AND ANALYSIS TO SUPPORT THE REFORMS AND CAPACITY-BUILDING

	BULGARIA	SLOVAK REPUBLIC
CAPACITY TRAINING MATERIAL	<ul style="list-style-type: none"> • Needs assessment and training plan • Training material • Workshops • Legal guidance on Bulgarian public procurement law • 5 policy papers • 2 policy studies • Checklist and guidance developed with SIGMA/OECD material 	<ul style="list-style-type: none"> • Needs assessment and training plan • Training material • Workshops
E-PROCUREMENT MATERIAL		<ul style="list-style-type: none"> • E-procurement strategy
EX-ANTE CONTROL MATERIAL		<ul style="list-style-type: none"> • Analysis of selected methodological guidance on the effectiveness of ex-ante controls mechanisms in public procurement.

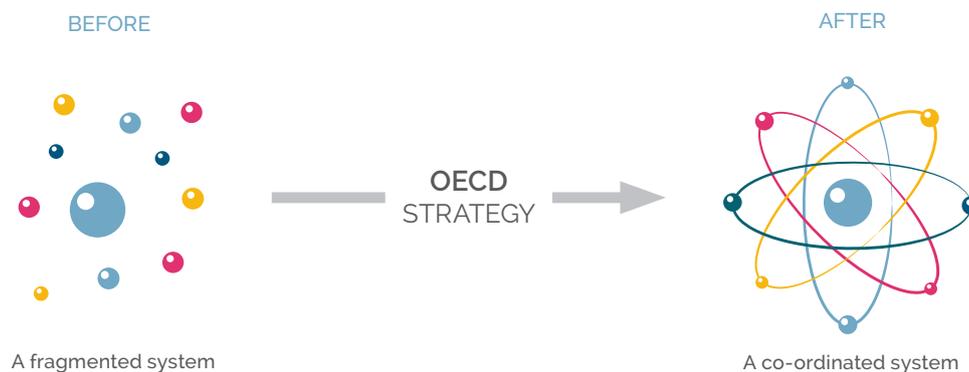
Note: In the Slovak Republic, the OECD also developed a national e-procurement strategy to improve the current e-procurement system and enhance the effectiveness of the ex-ante control mechanisms.

In order to ensure an effective implementation of the action plans, capacity-building exercises were carried out with the future trainers, allowing for a uniformed dissemination of procurement rules and principles.

For example, in Bulgaria, the OECD developed training-of-trainers programmes, not only to provide future trainers with an in-depth understanding of procurement techniques, but also to develop a platform for dialogue that supports the design of training materials.

Beyond meeting the ex-ante conditionality and accessing European funds, both projects should lead to a more co-ordinated procurement system, in line with international and EU good practices (see Figure 4). The on-site work of the OECD also reinforced the confidence of national and local stakeholders and their engagement in the reform process, paving the way for their effective implementation and the development of policy solutions.

FIGURE 4. THE STRATEGIES DEVELOPED BY THE OECD SHOULD HELP ORGANISE BETTER THE PROCUREMENT SYSTEMS



REINFORCING E-PROCUREMENT CAPACITIES THROUGH A NATIONAL STRATEGY: THE CASE OF THE SLOVAK REPUBLIC

A HIGH PRIORITY FOR STRATEGIC PUBLIC PROCUREMENT

The creation of a comprehensive e-procurement strategy was of high priority for the Slovak Republic, both due to its impact on the overall system and its importance for the effective implementation of strategic public procurement.

The project analysed the existing situation, addressed key topics for its successful implementation, and proposed a roadmap towards a transition to an end-to-end e-procurement.

The OECD carried out a gap analysis of the current state of play and on-going developments in order to build the strategy (see Methodology in Figure 5). This comprehensive approach covered the regulatory environment, the functionalities of systems, and consulted with relevant stakeholders.

The assessment identified the following main challenges:

- A lack of clarity in terms of governance, legislation, processes, and systems, thus preventing efficient use of available tools.
- The limited use of electronic procedures.
- The procurement lifecycle was not entirely covered.

All stakeholders requested clearer and simpler rules and processes, as well as user-friendly systems with full coverage of the end-to-end process.

FIGURE 5. GAP ANALYSIS METHODOLOGY



The Slovakian Public Procurement Office (PPO), an independent government body, acts as the central authority for public procurement. The PPO created the Information System of Electronic Public Procurement (IS EVO), the first national e-procurement platform. But its authority on the overall e-procurement system is limited, as it has little control over the Electronic Contracting System (EKS), the second and recently built national e-procurement platform created by the Ministry of Interior.

The lack of clarity in the legislation that governs the two platforms, and the relationship between the two authorities, results in the two platforms appearing as opponents. Also, the EKS platform is often used for purposes other than that for which it was designed, leading to possible confusion over the roles of the two authorities.

A SUSTAINABLE ROADMAP

Areas for improvement were identified in four critical dimensions: 1) organisation and people, 2) processes, 3) systems, and 4) legislation.

Implementing OECD's recommendations lead to:

- Delivering the required scope for compliance to the national and EU legal obligations.
- Building excellence by expanding the coverage of e-procurement systems for the end-to-end procurement lifecycle.

- Having in place a solid governance structure and trained resources.
- Implementing optimised processes with clear boundaries.

To reach these objectives, the strategy proposed a roadmap based on a sustainable three-year timeframe to meet the defined deadlines while mobilising appropriate resources. This roadmap also took into account the strategic choice that the Slovak Republic would make on the number of e-procurement platforms the country should have.

DEVELOPING CONTROL TO SAFEGUARD PROCUREMENT PROCESSES

Member States are responsible for the effective implementation of operational programmes financed with ESIFs, and must ensure the application of EU public procurement rules through adequate mechanisms, including ex-ante controls.

Elaborating effective and clear methodologies to supervise and control the public procurement processes is crucial to ensure that procurement is carried out strategically and to uphold its standards of transparency, fairness, and competition. These methodologies are implemented by more than 250 000 public authorities in the European Union and almost 4 000 in the Slovak Republic alone.

The OECD carried out an assessment of the effectiveness of methodologies developed by the Slovak Republic to perform ex-ante controls of public procurement processes. It also provided recommendations to increase their effectiveness and ensure that controls cope with possible increased complexity of procurement processes.

PUBLIC PROCUREMENT AND EUROPEAN STRUCTURAL AND INVESTMENT FUNDS

Public expenditures cover operational costs of government but also support public investment.

For public investment, European countries can draw on EU funds. With a budget of EUR 454 billion (over half of EU funding) from 2014 to 2020, European Structural and Investment Funds (ESIFs) are the European Union's main investment and cohesion policy tool. These funds support economic development and are jointly managed by the European Commission and EU Member States.

To ensure these funds are well spent, the European Commission has defined some conditions that apply to all public procurement systems in some Member States under ex-ante conditionalities.

EX-ANTE CONDITIONALITY AND EUROPEAN STRUCTURAL AND INVESTMENT FUNDS (ESIF)

According to the European Commission definition, ex-ante conditionality refers to prerequisites needed to draw from [European Structural and Investment Funds](#) (ESIF). If fulfilment of ex-ante conditionality is not sufficient, it may lead to non-payment or suspension of interim payments. Lack of knowledge and experience, as well as inappropriate regulatory arrangements and procedures, lead to weaknesses, thus leading to inefficient spending of public money. The financial interests at stake and the close interaction between the public and the private sector make public procurement high-risk for conflict of interest, fraud, and corruption. The public procurement ex-ante conditionality is therefore particularly crucial.

The **OECD Recommendation on Public Procurement**, which is comprised of 12 integrated principles, ensures the strategic and holistic use of public procurement. A reference for modernising procurement systems, it can be applied across all levels of government and state-owned enterprises. The Recommendation addresses the entire procurement cycle while integrating elements of strategic governance, such as budgeting, financial management, and additional forms of services delivery.

Adopted in 2015, the Recommendation builds upon the foundational principles of the 2008 OECD Recommendation on Enhancing Integrity in Public Procurement by reflecting on the critical role governance of public procurement must play in achieving efficiency and advancing public policy objectives.



PUBLIC PROCUREMENT TOOLBOX

This online resource guides public procurement experts in implementing the OECD Recommendation of the Council on Public Procurement. In addition to explaining the 12 Principles, the Toolbox provides policy tools, specific country examples, and indicators to measure public procurement systems. This includes the material developed by the OECD in the framework of these projects with the Slovak Republic and Bulgaria.

Public procurement refers to the purchase by governments and state-owned enterprises of goods, services and works. As public procurement accounts for a substantial portion of the taxpayers' money (approximately 12% of GDP and 29% of government expenditure in OECD member countries), governments are expected to carry it out efficiently and with high standards of conduct in order to ensure high quality of service delivery and safeguard the public interest.

EC SUPPORT

In line with the new public procurement Directives, the European Commission assists its Member States upon request as well as in the context of ex-ante conditionality process for ESIF funds, in their efforts to further modernise and professionalise their national public procurement systems.

OECD SUPPORT

The OECD supports governments in reforming their public procurement systems to ensure long-term sustainable and inclusive growth as well trust in government, including by:

- Providing international standards on public procurement
- Undertaking hands-on peer reviews that assess public procurement systems and provide proposals for improvements
- Bringing together several communities of practice on procurement to shape directions for future reforms
- Collecting useful and reliable evidence across OECD countries and beyond on the performance of public procurement operations as well as the impact of procurement on broader public policy objectives
- Developing frameworks and indicators to assess public procurement systems, such as the Methodology for Assessing Procurement Systems

OECD PROCUREMENT TOOLBOX

This online resource provides a collection of policy tools and specific country examples, and proposes indicators to measure your public procurement system and help implement the 12 principles of the OECD Recommendation on Public Procurement.

FOR MORE INFORMATION

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