

OECD Survey on Public Procurement

Glossary of key terms

Public Procurement is the purchase by governments and state-owned enterprises of goods, services and works. The [OECD Recommendation on Public Procurement \(2015\)](#) defines it as the process of identifying what is needed; determining who the best person or organisation is to supply this need; and ensuring what is needed is delivered to the right place, at the right time, for the best price and that all this is done in a fair and open manner.

Goods: objects of every kind and description including raw materials, products and equipment and objects in solid, liquid or gaseous form, and electricity, as well as services incidental to the supply of the goods if the value of those incidental services does not exceed that of the goods themselves.

Services: any objective of procurement other than goods or works.

Works (Construction): all work associated with the construction, reconstruction, demolition, repair or renovation of a building, structure or works, such as site preparation, excavation, erection, building, installation of equipment or materials, decoration and finishing, as well as services incidental to construction such as drilling, mapping, satellite photography, seismic investigations and similar services provided pursuant to the procurement contract, if the value of those services does not exceed that of the construction itself.

Part I

Secondary Policy Objectives refers to any of a variety of objectives such as sustainable green growth, the development of small and medium-sized enterprises, innovation, standards for responsible business conduct or broader industrial policy objectives, which governments increasingly pursue through use of procurement as a policy lever, in addition to the primary procurement objective.

Green public procurement is defined in the EU as “a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured”.

Innovative goods/services are those characterised by a new or significantly improved product, process. For an innovation to be considered as such, it needs to have been implemented, which is interpreted as having been introduced on the market.

Responsible business conduct entails above all compliance with laws, such as those on respecting human rights, environmental protection, labour relations and financial accountability, even where these are poorly enforced. It also involves responding to societal expectations communicated by channels other than the law, e.g. inter-governmental organisations, within the workplace, by local communities and trade unions, or via the press. Private voluntary initiatives addressing this latter aspect of RBC are often referred to as corporate social responsibility (CSR).

Life cycle cost is the sum of all recurring and one-time (non-recurring costs over the full life span or a specified period of a good, service, structure, or system). It includes purchase price, installation cost, operating costs, maintenance and upgrade costs, environmental and remaining (residual or salvage) value at the end of ownership of its useful life.

Part II

E-Procurement refers to the integration of digital technologies in the replacement or redesign of paper-based procedures throughout the procurement process.

Reverse auction; In an auction there is a single seller and many potential buyers bidding for the item being sold. A reverse auction, used for e-purchasing and generally using the internet (an e-auction), involves on the contrary one buyer and many sellers. The general idea is that the buyer specifies what they want to purchase and offers it to many suppliers.

Information platform is a platform whose purpose is to display and enable for access to information without interaction with the system whereas **transactional platform** allows for interaction with the system.

Classifications of the Functions of Government (COFOG); please see the table in the Annex

Part III

Award criterion: the criterion by which the successful tender is to be selected.

Central Purchasing Body (CPB) means a contracting authority providing centralised purchasing activities and, possibly, ancillary purchasing activities, where ‘ancillary purchasing activities’ means activities consisting in the provision of support to purchasing activities, in particular in the following forms:

- a) technical infrastructure enabling contracting authorities to award public contracts or to conclude framework agreements for works, supplies or services;
- b) advice on the conduct or design of public procurement procedures;
- c) preparation and management of procurement procedures on behalf and for the account of the contracting authority concerned.

Most Economically Advantageous Tender; an evaluation criterion according to which the winner is selected also by non-price award/evaluation criteria

Part V

Integrity refers to the use of funds, resources, assets and authority, according to the intended official purposes and in a manner that is well informed, aligned with the public interest, and aligned with broader principles of good governance.

Public procurement cycle refers to the sequence of related activities, from needs assessment, through competition and award, to payment and contract management, as well as any subsequent monitoring or auditing.

Annex. First- and second-level Classifications of the Functions of Government (COFOG)

First-level	Second-level
General public services	<ul style="list-style-type: none"> ● Executive and legislative organs, financial and fiscal affairs, external affairs ● Foreign economic aid ● General services ● Basic research ● R&D general public services ● General public services n.e.c. ● Public debt transactions ● Transfers of a general character between different levels of government
Defence	<ul style="list-style-type: none"> ● Military defence ● Civil defence ● Foreign military aid ● R&D defence ● Defence n.e.c.
Public order and safety	<ul style="list-style-type: none"> ● Police services ● Fire-protection services ● Law courts ● Prisons ● R&D public order and safety ● Public order and safety n.e.c.

Economic affairs	<ul style="list-style-type: none"> ● General economic, commercial and labour affairs ● Agriculture, forestry, fishing and hunting ● Fuel and energy ● Mining, manufacturing and construction ● Transport ● Communication ● Other industries ● R&D economic affairs ● Economic affairs n.e.c.
Environmental protection	<ul style="list-style-type: none"> ● Waste management ● Waste water management ● Pollution abatement ● Protection of biodiversity and landscape ● R&D environmental protection ● Environmental protection n.e.c.
Housing and community amenities	<ul style="list-style-type: none"> ● Housing development ● Community development ● Water supply ● Street lighting ● R&D housing and community amenities ● Housing and community amenities n.e.c.
Health	<ul style="list-style-type: none"> ● Medical products, appliances and equipment ● Outpatient services ● Hospital services ● Public health services ● R&D health ● Health n.e.c.
Recreation, culture and religion	<ul style="list-style-type: none"> ● Recreational and sporting services ● Cultural services ● Broadcasting and publishing services ● Religious and other community services ● R&D recreation, culture and religion ● Recreation, culture and religion n.e.c.
Education	<ul style="list-style-type: none"> ● Pre-primary and primary education ● Secondary education ● Post-secondary non-tertiary education ● Tertiary education ● Education not definable by level ● Subsidiary services to education ● R&D education ● Education n.e.c.
Social protection	<ul style="list-style-type: none"> ● Sickness and disability ● Old age ● Survivors ● Family and children

	<ul style="list-style-type: none">• Unemployment• Housing• Social exclusion n.e.c.• R&D social protection• Social protection n.e.c
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n.e.c.: "not elsewhere classified."

Source: OECD (2015), *Government at a Glance 2015*, OECD Publishing, Paris. doi: 10.1787/gov_glance-2015-en.