



Collaborative reverse factoring – UGAP, France



Public Procurement Principle: **Access, E-procurement**



Procurement Stage: **Pre-tendering, Tendering**



Audience: **Procuring entity, Policy maker, Private sector**

Description

UGAP (Union des Groupements d'Achats Publics), a central purchasing body in France, takes SMEs into account in its activities. UGAP has developed a solution called “collaborative reverse factoring” which allows it to make the payment for invoices within a few days at financially favourable conditions. The CPB does not provide financing to its suppliers; rather, UGAP negotiates financial conditions. Based on the purchasing volume and the credit standing of UGAP, the conditions it negotiates are much more advantageous than the interest rates that a single supplier could obtain in the financial market.

This mechanism allows suppliers to be paid in 5 days (or less) on average instead of the statutory deadline of 30 days. UGAP suggest this solution for its suppliers, targeting SMEs as a priority group. The suppliers can adhere to this solution on a voluntary basis and can use it either for all their invoices or on a case-by-case basis depending on their financial needs.

Source: OECD (2018), SMEs in Public Procurement: Practices and Strategies for Shared Benefits, OECD Public <https://doi.org/10.1787/9789264307476-en>

