



# INCREASING THE IMPACT OF PUBLIC INVESTMENT THROUGH PROCUREMENT

## WHY DOES PUBLIC PROCUREMENT MATTER?

- A substantial part of public investment in our economy is spent through public procurement: around **€2 trillion per year, representing 14% of EU GDP**.
- High-quality public services depend on modern, well managed and efficient public procurement, which is a powerful tool for **spending public money efficiently and effectively**.
- There is room for improvement – even a **1% efficiency gain could yield savings of €20 billion per year**.
- Cross-border procurement has grown in recent years, to around **23% of the total value of procurement in the EU**, creating new opportunities for businesses.

## HOW ARE WE SUPPORTING MODERN, DIGITAL AND PROFESSIONAL PROCUREMENT?

### Encouraging the use of innovative, green, and social criteria

**Snapshot:** 55% of procurement procedures still use the lowest price as the only award criterion indicating that public buyers probably do not pay enough attention to **quality, sustainability and innovation**.

**Approach:** **Commission guidance** on the use of innovative, green and social criteria will help EU countries **make the most out of procurement**. Buyers will benefit from exchange of good practices, including in strategic sectors, such as healthcare, IT or construction.

### Managing complex infrastructure projects

**Snapshot:** Planning and implementation of many large infrastructure projects often do not go as planned. This results in **delays and budget overruns**. The main perceived problems are the complexity and length of procedures, as well as the insufficient expertise in procurement.

**Approach:** The **ex-ante evaluation** assessment tool will help public authorities get off to the right start. The Commission will help clarify if projects **comply with EU procurement rules** and **provide assistance** on specific procedures, selection and award criteria.

## Making procurement more professional

**Snapshot:** Public buyers often lack the necessary business skills, technical knowledge or procedural understanding. This can lead to a lack of compliance with rules and has **negative consequences for both businesses and taxpayers.**

**Approach:** New guidance encourages EU countries to take steps to make sure buyers **have the right skills, knowledge and a high level of integrity.** The Commission will facilitate the exchange of good practices and innovative approaches.

## Increasing competition

**Snapshot:** Competition for procurement can be improved. In 2016, **more than a third** of all public contracts were awarded **without meaningful competition**, either through negotiation or because only one bid was received.

**Approach:** Applying EU rules on transparency, equal treatment and non-discrimination can make public procurement more efficient. This can make it **more interesting for companies, particularly SMEs**, leading to higher competition and better outcomes.

## Improving access to markets for SMEs

**Snapshot: SMEs win only 45% of the value of public contracts** which is clearly below their weight in the economy. EU companies wanting to offer their goods and services abroad face many barriers when trying to access non-EU markets.

**Approach:** Enhanced transparency, digitalised processes and strategic procurement will **provide SMEs with more business opportunities.** Improving access to non-EU markets through trade agreements opens new opportunities for all EU businesses.

## Taking advantage of digital technologies

**Snapshot:** Uptake of digital tools to support public procurement is slow. In 2016, **only four EU countries relied on digital technologies** for all major steps of the procurement process.

**Approach:** Helping EU countries make use of new technologies to **simplify and accelerate** their procurement procedures by improving tools such as eCertis, ESPD or European standards for eInvoicing.

## Supporting cooperation among public authorities

**Snapshot:** Contracting authorities are rarely buying together – **only 11% of procedures** are carried out by **cooperative procurement.** Buying in bulk can lead to better prices, help exchange know-how and obtain better quality.

**Approach: Promoting joint cross-border public procurement** and providing training on SME friendly policies will help buyers to work together, learn from each other and ensure **better value for money for EU citizens.**

## EU PUBLIC PROCUREMENT RULES AT A GLANCE

EU procurement legislation requires all public contracts above a certain threshold to be put out for tender respecting principles of transparency, equal treatment and non-discrimination. This can range from building a new railway to purchasing catering services for a ministry. These rules were further simplified in 2014, introducing flexibility for urgent projects (e.g. building of refugee housing), improving **access of SMEs** to procurement, encouraging **digitisation** of procurement and the **use of green and social criteria** to address societal challenges and support development of new and innovative technologies.