

Fair competition in public procurement and SMEs

Ensuring a level playing field for potential suppliers to gain access to government contracts remains a major hurdle, especially at the international level. Cross-border procurement in an integrated market like the European Union represents less than 4% of the total value of contract awarded.

At the national level, the use of exceptions to competitive tendering restrains competition. As a result of stimulus spending following the financial crisis, the use of exceptions increased in 18% of OECD member countries between 2008 and 2011, mostly due to accelerated procedures. For countries to maximise competition while ensuring the efficiency of the procurement process, it is essential that exceptions are strictly used under a limited number of circumstances. Exceptions to competitive tendering can be subject to abuse, which undermines the administrative efficiency of procurement.

Despite the fact that SMEs represent a substantial share of the global economy and of the labour market, they represent a much lower share of government contracts. In order to promote a level playing field, 85% of OECD member countries have introduced measures directly aimed at SMEs which have a comparative disadvantage when participating in tenders. The most common measures that have been introduced include carrying out training and workshops for SMEs (introduced by 58% of OECD countries) and making documentation or guidance focused on SMEs available on line (51%). Fewer than a third of OECD member countries (30%) have simplified administrative procedures to facilitate the participation of SMEs in tenders.

A third of OECD member countries (33%) have put in place specific legislative provisions or policies (e.g. set-asides) to encourage participation from SMEs in procurement. Such preference is given, for example, in Australia, France, Korea and the United States. In addition to regulatory measures, SMEs benefit from preferential financial treatment (e.g. waiving fees) in only 6% of OECD member countries.

Methodology and definitions

The data were collected through two surveys focusing on public procurement at the central level. The 2011 OECD Survey on Reporting Back on Progress made since the 2008 Procurement Recommendation was answered by 29 OECD member countries and Brazil, Egypt, Morocco and the Russian Federation. Data are unavailable for Denmark, Greece, Korea and Spain. The 2012 OECD Survey on Public Procurement was answered by 33 OECD member countries and Brazil and Colombia. Data are unavailable for Greece. Respondents to both surveys were country delegates responsible for procurement policies at the central government level. Table 7.11, Public procurement in central government by procedure: Availability of data for number and value of contracts, is available on line at <http://dx.doi.org/10.1787/888932943571>.

Further reading

- European Commission (2010), *EU Public Procurement Legislation: Delivering Results*, Office for Infrastructure and Logistics, Brussels.
- OECD (forthcoming), *OECD Review of the United States Federal Public Procurement*, OECD Publishing, Paris.
- OECD (2013, forthcoming), *Principles for Integrity in Public Procurement: Progress in OECD Countries*, OECD Publishing, Paris.
- OECD (2009), *OECD Principles for Integrity in Public Procurement*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264056527-en>.
- OECD (2008), *OECD Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264040090-en>.

Figure and table notes

7.9: In the **Czech Republic**, contracting entities are required to set down non-discriminatory tender conditions. In **Denmark**, the Competition and Consumer Authority has published a step-by-step guide including information on rules, procedures and key issues related to how to establish SMEs consortia. In **Estonia**, there are no specific approaches in place to support SMEs, since the majority of Estonian enterprises are classified as SMEs. In **Finland**, the central procurement unit plans the tenders in a way that encourages SMEs to participate in the tendering process. In **New Zealand**, the majority of enterprises are classified as SMEs. Although there is not a specific policy of preference for SMEs, support is given by way of measures to reduce compliance costs for suppliers (e.g. through procedural simplification, development of online guides and templates, and training and workshops for both suppliers and procurement practitioners). In **Spain**, the central body responsible for the assessment on public procurement (the Public Procurement Consultative Board) is in contact with SMEs and general associations of SMEs to listen to their demands on this issue. In the **United Kingdom**, there is a programme of work with departments to drive up spending with SMEs where they can provide best value to the taxpayer. An example of supportive documentation focused on SMEs is "Winning the Contract" available on the LearnDirect website. The procurement process has also been simplified: for example, government departments have eliminated the use of pre-qualification questionnaires (PQQ) in most procurements below the EU threshold of approximately United Kingdom Pounds (£) 100 k.

7.10: Data for Belgium and Greece are not available.

Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.


7.9. Approaches in place to promote fair access of SMEs to public procurement in central government

	Specific legislative provision or policy (e.g. set-aside) is in place to encourage participation from SMEs in procurement	A specific unit dedicated to SMEs is in place at the central government level	Training and workshops are carried out for SMEs	Documentation or guidance focused on SMEs is available on line	Administrative procedures are simplified for SMEs to participate in tenders	SMEs benefit from preferential financial treatment, e.g. waiving fees	Not applicable, there are no specific measures to support the participation of SMEs in public procurement in central government	Other
Australia	○	●	○	○	○	○	○	○
Austria	○	●	●	●	○	○	○	○
Belgium	○	●	●	○	●	○	○	○
Canada	○	●	●	●	○	○	○	○
Chile	○	○	●	○	○	○	○	○
Czech Republic	○	○	○	○	○	○	●	○
Denmark	○	●	●	●	○	○	○	●
Estonia	○	○	○	○	○	○	○	●
Finland	○	○	○	○	○	○	○	●
France	●	○	●	●	○	○	○	●
Germany	●	○	○	○	○	○	○	○
Hungary	●	○	●	●	●	○	○	○
Iceland	○	○	○	○	○	○	●	○
Ireland	○	○	●	●	●	○	○	○
Israel	○	●	○	●	○	○	○	○
Italy	○	○	○	○	○	○	○	○
Japan	●	●	○	●	○	○	○	○
Korea	●	●	●	●	○	●	○	○
Luxembourg	○	○	○	○	●	○	○	○
Mexico	●	●	●	●	○	●	○	○
Netherlands	●	○	●	○	●	○	○	○
New Zealand	○	○	●	○	●	○	○	○
Norway	○	●	○	○	○	○	○	○
Poland	●	●	●	●	○	○	○	○
Portugal	○	○	●	○	○	○	○	○
Slovak Republic	○	○	○	○	○	○	●	○
Slovenia	●	○	○	○	●	○	○	○
Spain	●	●	○	●	○	○	○	●
Sweden	○	○	○	○	○	○	●	○
Switzerland	●	○	●	●	●	○	○	○
Turkey	○	●	●	○	○	○	○	○
United Kingdom	○	●	●	●	●	○	○	●
United States	●	●	●	●	●	○	○	○
Total OECD								
● Yes	12	15	19	17	11	2	4	6
○ No	21	18	14	16	22	31	29	27

Source: 2012 OECD Survey on Public Procurement.
 StatLink  <http://dx.doi.org/10.1787/888932943552>

7.10. Assessments/audits are required to evaluate ex post the use of exceptions for direct awards of contracts at the central government level



Source: 2012 OECD Survey on Public Procurement.
 StatLink  <http://dx.doi.org/10.1787/888932942849>



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