

Central purchasing bodies

There are numerous benefits resulting from centralised purchasing activities, including better prices through economies of scale, lower transaction costs and improved capacity and expertise. OECD countries reap the benefits of aggregation of demands and outputs of procurement activities through establishment of central purchasing bodies (CPBs), which are defined as contracting authorities (CAs) providing centralised purchasing activities and, possibly, ancillary purchasing activities.

A key role of most CPBs in OECD countries (28 countries) is the conclusion of framework agreements or other consolidated procurement instruments. Framework agreements (FAs) seek to achieve efficiency gains and greater value for money in the public procurement process using the aggregated purchasing power and expertise of CPBs that creates economies of scale in both supply and demand. Yet, not all goods and services can be procured using this instrument. OECD countries carefully select the goods and services that are subject to such procurement arrangements. The choice of goods and services subject to framework agreements in general depends on competitiveness of the supply market, the impact on the CAs and the recurrence of purchase.

Recent developments on the roles of CPBs in OECD countries reaffirm their strategic role as an efficiency enabler. Since 2014, the CPBs in an increasing number of OECD countries undertake the role of establishing FAs, as in Germany, Norway, Poland and the Slovak Republic. At the same time, fewer countries' CPBs purchase on behalf of other CAs (19 countries) in 2016, compared to 2014. CPBs in OECD countries increasingly focus on strategic aggregation of demands through development and use of procurement tools, including framework agreements and dynamic purchasing systems, to achieve greater value for money. Other common roles of CPBs include co-ordinating training for public officials in charge of public procurement (10 countries) and establishing policies for CAs (9 countries).

The use of FAs established by CPBs are mandatory for CAs at the central level of government in 21 OECD countries (77%), and it is even the case for all CAs in the public sector, including those at the sub-central level, in Korea and the Slovak Republic. Where the use is mandatory for all CAs at the central level of government, CAs at the sub-central level can often join them on a voluntary basis, as is the case in Austria, Portugal and Spain. This type of arrangement gives certainty to both CPBs and suppliers for the use of FAs. Despite the advantages of mandatory use of FAs, CPBs in six OECD countries let CAs use their FAs on a voluntary basis. This type of arrangement could be a result of various obstacles to centralisation, such as regulatory heterogeneity. Under this type of arrangement, CPBs are under particular pressure to keep the terms of their instruments competitive with respect to the market,

although CPBs across OECD countries are expected to develop competitive instruments as part of their main objectives.

Methodology and definitions

Data were collected through the 2016 OECD Survey on Public Procurement, which focused on strategic public procurement, e-procurement, central purchasing bodies, public procurement at sub-central levels and infrastructure projects. A total of 30 OECD countries responded to the survey, as well as 3 OECD accession countries (Colombia, Costa Rica and Lithuania) and 1 OECD key partner country, India. Respondents to the survey were country delegates responsible for procurement policies at the central government level and senior officials in central purchasing bodies.

Centralised purchasing activities are activities conducted on a permanent basis, in one of the following forms: the acquisition of supplies and/or services intended for CAs; and/or the award of public contracts or the conclusion of FAs for works, supplies, or services intended for CAs.

“Contracting authority” is any state, regional or local authority that carries out procurement activities.

“Framework agreement” is an agreement with one or more economic operators for the supply of goods, services and, in some cases, works, the purpose of which is to establish the terms governing contracts to be awarded by one or more contracting authorities during a given period, in particular, with regard to maximum price, minimum technical specifications and, where appropriate, the quantities envisaged.

Further reading

OECD (2017), *Public Procurement in Chile: Policy Options for Efficient and Inclusive Framework Agreements*, OECD Publishing, Paris.

OECD (2015), “Recommendation of the Council on Public Procurement”, OECD, Paris, www.oecd.org/gov/ethics/OECD-Recommendation-on-Public-Procurement.pdf.

Figure notes

9.10: The figure refers to the CPB at the central level where there exist multiple CPBs. N/A represents cases where no CPB exists.

9.11: Data for Belgium, the Czech Republic, Ireland, Luxembourg, Sweden, Switzerland and the United States are not available. Japan and the Netherlands do not have central purchasing bodies.

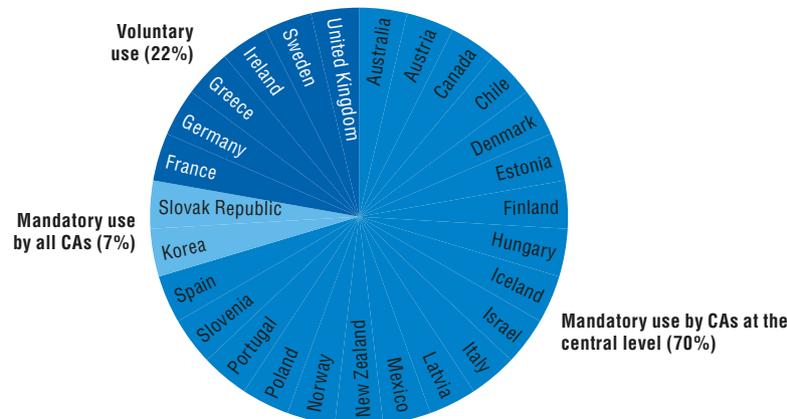
9.10. Role of central purchasing bodies

	CPBs award framework agreements or other consolidated instruments, from which CAs then order		CPBs act as CAs aggregating demand and purchasing		CPBs co-ordinate training for public officials in charge of public procurement		CPBs establish policies for CAs	
	2016	2014	2016	2014	2016	2014	2016	2014
Australia	●	N/A	●	N/A	○	N/A	○	N/A
Austria	●	●	●	●	●	○	○	○
Belgium	●	●	●	○	○	○	○	○
Canada	●	●	●	●	●	○	○	○
Chile	●	●	○	○	●	●	●	●
Czech Republic
Denmark	●	●	●	○	●	○	●	●
Estonia	●	●	●	○	○	○	○	○
Finland	●	●	●	●	○	○	○	○
France	●	●	●	●	○	●	○	○
Germany	●	○	●	●	○	○	○	○
Greece	●	●	●	●	○	●	●	●
Hungary	●	●	●	●	○	○	○	○
Iceland	●	●	○	○	●	●	○	○
Ireland	●	●	○	●	●	●	●	●
Israel	●	..	○	..	●	..	●	..
Italy	●	●	○	○	○	○	○	○
Japan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Korea	●	●	●	●	●	●	○	○
Latvia	●	..	○	..	○	..	○	..
Luxembourg	..	○	..	●	..	○	..	○
Mexico	●	●	○	●	●	●	●	●
Netherlands	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
New Zealand	●	●	●	●	●	●	●	●
Norway	●	○	●	●	○	○	○	○
Poland	●	○	●	●	○	○	○	○
Portugal	●	●	○	●	○	○	○	○
Slovak Republic	●	○	○	●	○	○	○	○
Slovenia	●	●	●	●	○	○	○	○
Spain	●	●	●	●	○	○	●	●
Sweden	●	●	○	○	○	○	○	○
Switzerland	..	●	..	●	..	●	..	●
Turkey	○	○	○	●	○	○	○	○
United Kingdom	●	●	●	●	○	●	●	●
United States	..	●	..	●	..	●	..	●
OECD Total								
● Yes	28	23	19	22	10	11	9	10
○ No	1	6	10	7	19	18	20	19
.. No information	4	3	4	3	4	3	4	3
Brazil	..	○	..	●	..	●	..	●
Colombia	●	●	○	○	○	○	○	●
Costa Rica	●	●	●	○	○	●	○	●
India	●	..	○	..	○	..	○	..
Lithuania	●	..	○	..	○	..	○	..
Russia	..	N/A	..	N/A	..	N/A	..	N/A

Source: OECD (2016, 2014), Survey on Public Procurement, OECD, Paris.

StatLink <http://dx.doi.org/10.1787/888933535278>

9.11. Mandatory vs. voluntary use of framework agreements established by CPBs



Source: OECD (2016), Survey on Public Procurement, OECD, Paris.

StatLink <http://dx.doi.org/10.1787/888933533207>

