

Central purchasing bodies

A central purchasing body is a contracting authority that: i) acquires goods or services intended for one or more contracting authorities; ii) awards public contracts for works, goods or services intended for one or more contracting authorities; or, iii) concludes framework agreements for works, goods or services intended for one or more contracting authorities. Large procurement volumes could reduce prices by achieving economies of scale as well as increase competition. Furthermore, they reduce duplication, transaction costs, and increase certainty, simplicity and uniformity, allowing for more focused delivery of policy goals.

Central Purchasing Bodies (CPBs) have been implemented in an increasing number of the OECD countries as evidenced by the established CPBs for example in Chile, Estonia, and Luxembourg. In fact, with the exception of Australia, Japan, Mexico and the Netherlands, all OECD countries that responded to the survey have established CPBs.

CPBs are embedded in the system of public administration of each country and reflect the specific structures for the provision of public services. Among the OECD countries who responded to have CPBs, almost all of them have a CPB(s) at the central level; while half of them also have CPB(s) at the regional level. With regard to the legal status of CPBs, 15.6% of OECD countries reported to have these bodies which function as state-owned enterprises. This is evidenced by those in Finland, Italy and Turkey. However, the majority of CPBs in the OECD countries either operate under a line ministry (28.1%) or function as a government agency (43.8%). In some countries, as in Ireland, a preliminary discussion on the appropriate degree of independence of the CPB is taking place.

Among the OECD countries surveyed, 78% of the CPBs undertake the role of acting as a contracting authority aggregating demand and purchasing and as manager of the system for awarding framework agreements or other consolidated instruments, from which contracting authorities then order. In contrast, in fewer countries' CPBs co-ordinate training for public officials in charge of public procurement (36%) and establish policies for contracting authorities (29%). CPBs in Greece, Ireland, Switzerland, the United Kingdom and the United States exercise all the above-mentioned functions whereas CPBs in nine OECD countries (32%) have a single role, e.g. in Estonia, Luxembourg and Poland.

The motivations reported to establish CPBs in OECD countries include better prices of goods and services (100%), lower transaction costs (96%), improved capacity and expertise (81%), increased legal, technical, economic and contractual certainty (81%), and greater simplicity and usability (78%). Additionally, CPBs are increasingly playing an important role in the implementation of secondary policy objectives. In fact, 54% of the CPBs in the OECD countries surveyed include environmental consideration as

award criterion in more than half of the cases and smaller numbers of CPBs (25%) include support to SMEs in their awarding criterion for more than half of the cases while 36% do so rarely.

Methodology and definitions

Data were collected through 2014 OECD Survey on Public Procurement. 32 OECD countries responded to the survey, as well as Brazil, Colombia and Russia. Respondents to the survey were country delegates responsible for procurement policies at the central government level and senior officials in central purchasing bodies.

The nature of framework agreements varies by country, but generally these are agreements between procuring entities and suppliers that establish certain terms and can facilitate the awarding of future contracts. Framework agreements are conducted in two-stages: a first stage selects a supplier (or suppliers) or a contractor (or contractors) to be party (or parties) to a framework agreement with the procuring entity. In a second stage, a procurement contract is awarded under the framework agreement to a supplier or contractor party to the framework agreement.

Award of a procurement contract refers to the final stage of the procurement resulting in the conclusion and entry into force of procurement between the procuring entity and selected supplier(s).

Further reading

OECD (2015), *Recommendation of the Council on Public Procurement*, OECD, Paris.

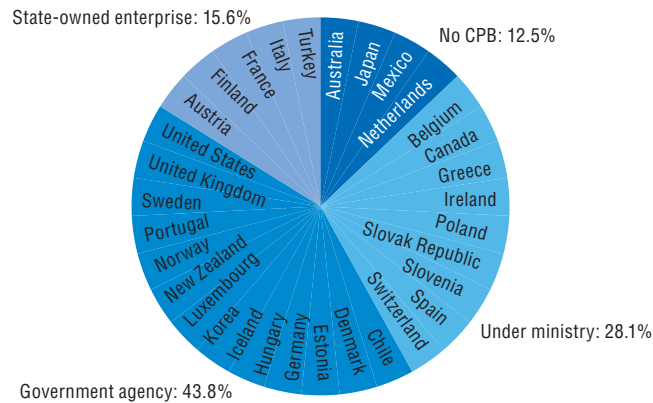
OECD (2013), "Implementing the OECD Principles for Integrity in Public Procurement: Progress since 2008", *OECD Public Governance Reviews*, OECD, Paris, <http://dx.doi.org/10.1787/9789264201385-en>.

Figure notes

9.9: The figure refers to the CPB at the central level where there exist multiple CPBs. Data are unavailable for the Czech Republic and Israel. Some countries have several CPBs at the central level, as evidenced by Germany. The Commonwealth of Australia does not have a CPB but the Department of Finance has established a number of whole of government arrangements. Some states and territories in Australia have CPBs. In Mexico, the Ministry of Public Administration has the capacity to carry out certain functions as a CPB.

9.10: Data are unavailable for the Czech Republic and Israel. Australia, Japan, Mexico, the Netherlands and Russia do not have central purchasing bodies.

9.9. Legal status of central purchasing bodies, 2014



Source: OECD (2014) Survey on Public Procurement.

StatLink <http://dx.doi.org/10.1787/888933249096>

9.10. Role of central purchasing bodies, 2014

	Contracting authority aggregating demand and purchasing	Manager of the national system awarding framework agreements or other consolidated instruments	Co-ordinate training for public officials in charge of public procurement	Establish policies for contracting authorities
Austria	●	●	○	○
Belgium	○	●	○	○
Canada	●	●	○	○
Chile	○	●	●	●
Denmark	○	●	○	●
Estonia	○	●	○	○
Finland	●	●	○	○
France	●	●	●	○
Germany	●	○	○	○
Greece	●	●	●	●
Hungary	●	●	○	○
Iceland	○	●	●	○
Ireland	●	●	●	●
Italy	●	●	○	○
Korea	●	●	●	○
Luxembourg	●	○	○	○
New Zealand	●	●	●	○
Norway	●	○	○	○
Poland	●	○	○	○
Portugal	●	●	○	○
Slovak Republic	●	○	○	○
Slovenia	●	●	○	○
Spain	●	●	○	●
Sweden	○	●	○	○
Switzerland	●	●	●	●
Turkey	●	○	○	○
United Kingdom	●	●	●	●
United States	●	●	●	●
OECD total				
● Yes	22	22	10	8
○ No	6	6	18	20
Brazil	●	○	●	●
Colombia	○	●	●	●

Source: OECD (2014) Survey on Public Procurement.

StatLink <http://dx.doi.org/10.1787/888933249104>



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