Foreword

Governments are increasingly using public procurement as a strategic governance tool for promoting inclusive and sustainable growth while ensuring value for money. Public procurement represents approximately 12% of gross domestic product (GDP) and 29% of total government expenditures in OECD countries; as such, its potential impact on a range of policy objectives is significant.

SMEs can play a pivotal role in helping governments ensure that the benefits of globalisation, open markets and digitalisation are broadly shared across societies. SMEs account for more than half of employment globally and, on average, 50% to 60% of national GDP in OECD countries, while being strongly connected to local economies. They are thus significant players in the economy as well as important agents of social cohesion and integration. Consequently, governments strive to provide supportive business conditions, including in terms of public procurement, that allow SMEs to achieve their growth potential by participating in domestic and global value chain.

This report takes stock of the policy options used in OECD and non-OECD economies to integrate SME considerations in public procurement. This first analysis of countries’ strategies and practices in helping SMEs thrive through public markets complements existing work on the use of public procurement for pursuing broader policy objectives, from reinforcing integrity in the public sector to promoting innovation and environmental sustainability.

The OECD 2015 Recommendation on Public Procurement lays out guiding principles for countries on how to strike the right balance so that public procurement systems both support SMEs and facilitate access to public procurement markets for competitors of all sizes. In practice, this raises many challenges that can be addressed through a wide array of policies ranging from explicit measures promoting SMEs to strengthening SMEs’ capacity to win public contracts.
The report identifies the major components of a public procurement system that is conducive to SMEs’ participation while accounting for their heterogeneity. It further demonstrates how broader development programmes can bolster SMEs’ capacities to better respond to the needs of public entities. Yet, highlighting the limitations of existing strategies and practices, it also calls upon countries to reinforce their efforts to support SMEs through public procurement markets as well as to exploit potential synergies with other government initiatives to promote SMEs.

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This report integrates data and evidence collected through 2017 OECD Survey on Strategic Use of Public Procurement to Support SMEs. Responses were received from 32 OECD countries – Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Mexico, the Netherlands, New Zealand, Norway, Poland, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland and the United Kingdom – and 5 non-OECD countries – Bulgaria, Colombia, Costa Rica, Thailand and Ukraine. Some SME and business associations were consulted through questionnaire disseminated through the Business and Industry Advisory Committee (BIAC) to the OECD.

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