15. France

15.1. SMEs in the national economy

There are roughly 2.5 million SMEs (legal units) in France. They account for 99.8% of all enterprises excluding approximately 0.5 million of non-employer enterprises.

Table 15.1. Firm distribution in France, 2015
(By firm size, percentage of all firms)

<table>
<thead>
<tr>
<th>Firm size (employees)</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>All firms</td>
<td>2,808,084</td>
<td>100</td>
</tr>
<tr>
<td>SMEs (1-249)</td>
<td>2,803,920</td>
<td>99.9</td>
</tr>
<tr>
<td>Micro (1-9)</td>
<td>2,860,979</td>
<td>94.8</td>
</tr>
<tr>
<td>Small (10-49)</td>
<td>123,146</td>
<td>4.4</td>
</tr>
<tr>
<td>Medium (50-249)</td>
<td>19,795</td>
<td>0.7</td>
</tr>
<tr>
<td>Large (250+)</td>
<td>4,164</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Note: Data includes financial enterprises with the exception of holding companies (ISIC Rev.4 sector 642). Non-employer enterprises are not included.
Source: (OECD, 2017[1]).

15.2. National policy framework to support SMEs in public procurement

The Directorate of State Procurement (Direction des achats de l’État, or DAE), responsible for defining the procurement policy of the State under the authority of the Prime Minister, has taken actions for many years to improve SMEs’ access to state purchases. The importance of facilitating SMEs access to public procurement, particularly through upstream sourcing or allotment practices, is now well integrated by the ministries. They also hold multiple events to meet companies, also through regional procurement platforms (plateformes regionales des achats or PFRAs) at the regional level. The DAE recognises that the real lever of access to public procurement for SMEs remains purchases managed at a regional or local level. The organization of State purchases at the regional level makes it possible to increase SMEs’ access to public procurement. Some actions that are conducted directly by some buyers of the State at the regional level include:

- One PFRA works on measuring the impacts (positive externalities) of purchases made from SMEs, in particular the effect on local employment through contracts awarded to SMEs.
- Another PFRA will organize "live my life” sessions between buyers and SME CEO’s to build mutual understanding of each other’s working environment (in collaboration with the regional Chamber of Commerce).

With the creation of the DAE, the role of the regional Prefect (Prime Minister’s regional representative) on purchases and its capacity to pool purchases at a regional level has been
strengthened through the establishment of PFRAs under its authority. Thus, 73 purchase sub-segments (out of 300 in the national purchasing reference system) have been entrusted to the PFRA, for which they pool purchases at the regional level (instead of the national level). Furthermore, the PFRAs must hold meetings at least twice a year between companies and all State buyers located in the region. The objective is, through a better mutual understanding between buyers and companies:

- to enable State purchasers to inform about their planned purchases for the coming years (to give companies more visibility on what State purchases could represent for their activities)
- to better know the solutions of the companies which can answer the State purchase needs.

In this way, SMEs can have all the information they need to prepare their proposals to the upcoming calls for tenders.

Some of the tools in place to facilitate SME access to public procurement include:

- **The State Procurement Platform (PLACE)**\(^1\) – this platform allows companies to consult and bid for call for tenders published by the State services in central and decentralised administrations and State agencies. Companies registered on PLACE can also create daily or weekly alerts to be informed of any new calls for tenders according to the keywords they have entered.

- **Co-contracting platform for companies**\(^2\) – at the end of 2015, DAE has created this platform, managed by a trusted third party. It provides companies a secure platform where they could meet, and state buyers do not have access to discussions on this platform. Any company registered on the platform can indicate to be interested in being a co-contractor with other companies for certain calls for tenders published on PLACE.

- **State purchases one-stop shop** – DAE is implementing a complementary tool for SMEs by the end of 2018 for SMEs and State buyers: a one-stop shop located on the website of DAE for companies wishing to be contacted quickly by a State buyer specialised in their field of activity. The aim is to create a single point of entry for companies to organise, optimise and streamline buyer-business contacts.

Additionally, under the framework of SME Pact (Pacte PME), association of large public and private entities has established strategic partnership with SMEs on the basis of database on 10 000 SMEs in an effort to level the playing field for companies of different sizes.

UGAP (Union des Groupements d’Achats Publics), as a central purchasing body in France, takes into account SME consideration in its activities. It engages regularly with supplier associations especially prior to the publication of call for tenders in order to both provide suppliers information on UGAP’s upcoming needs and better understand the market. Furthermore, UGAP has implemented an extranet – SINOE (Simplifions Nos Echanges, or Let’s simplify our exchanges) to better manage its relationship with suppliers. This platform allows transmission of orders, follow-up on the orders, exchanges about dispute resolution, filing of signed electronic invoices in pdf format, follow-up on the status of payment, selection of invoices to be paid in the case of collaborative reverse factoring (affacturage collaborative), etc.

Particularly, collaborative reverse factoring allows UGAP to make the payment for the invoices within few days, which is much shorter than the statutory limit of 30 days, at financially favourable conditions. The financial conditions have been negotiated by UGAP, based on its purchasing volume and the quality of its sound credit standing. UGAP suggest
this solution to its suppliers, targeting SMEs as a priority group, who then can choose to refer to it.

Furthermore, UGAP, in cooperation with the territorial authorities, pursues actively an innovation policy that supports numerous innovative SMEs and start-ups, for which public procurement represents a significant market for their commercialisation. In 2016, 2.3% of UGAP’s activities were awarded to innovative SMEs and has a goal of 5% by 2018-2020.

15.3. Implementation mechanisms

The Legal Affairs Directorate (la Direction des affaires juridiques) of the Ministry of Economy and Finance (Ministère de l’économie et des finances) prepared numerous documents, including practical guidance on “Tools to facilitate SMEs’ and micro enterprises’ access to public procurement,” explanatory notes, and model forms.

15.4. Monitoring performance

Table 15.2. Share of contracts awarded to SMEs, against annual targets

<table>
<thead>
<tr>
<th>Year</th>
<th>Ministries / PFRA</th>
<th>State agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target</td>
<td>Achieved</td>
</tr>
<tr>
<td>2016</td>
<td>25 %</td>
<td>28.4 %</td>
</tr>
<tr>
<td>2017</td>
<td>27 %</td>
<td>28.1 %</td>
</tr>
<tr>
<td>2018</td>
<td>29 %</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: The target for State agencies is 30% by 2020. 
Source: Information provided by the DAE.

Some of the key figures on the performance of the co-contracting platform include:

- At the end of 2017, more than 3 000 companies had registered on the platform, representing 77% increase compared with 1 700 at the end of 2016.
- In the overall scope of the State purchases, 1 113 consultations were awarded to joint-bids in 2017, representing 91% increase compared with 584 in 2016.
- The total amount of contracts awarded to joint-bids in 2017 was nearly EUR 4 billion over the contracts duration.

UGAP categorises its suppliers according to their size, and monitors the share of its contracts awarded to SMEs (see figure below). It also has in place plans to identify SMEs who participate as joint bidders and first tier subcontractors.
Figure 15.1. SME share of public procurement contracts awarded by UGAP, 2014-2016

Source: Country response to the 2017 OECD Survey on strategic use of public procurement to support SMEs

Notes

1 www.marches-publics.gouv.fr/?page=entreprise.AccueilEntreprise

Reference
