



A joint initiative of the OECD and the European Union,  
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# Principles of public procurement and their systematic assessment: SIGMA's current experience

**Daniel Ivarsson and Marian Lemke, SIGMA**

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# SIGMA

- Support for Improvement in Governance and Management - a joint initiative of the OECD and EU, principally financed by the EU
- Active since almost 25 years
- Part of OECD's Directorate for Public Governance and Territorial Development
- Overall objective is to support public governance reforms and strengthen the capacity of public administrations
- Five professional areas of work:
  - Civil service and public administration organisation and functioning
  - Policy making
  - Public finance and audit
  - Public procurement
  - Strategy and reform co-ordination and implementation





# Whom do we work with?

A joint initiative of the OECD and the European Union,  
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# What do we do?

- Long term perspective
- Short-term technical assistance that complements other EU institution building instruments e.g.:
  - Support in preparing strategies and reform plans
  - Assistance on drafting and amending laws
  - Advice on planning larger technical assistance projects
  - Awareness raising events
  - Advising key senior and middle managers
  - Practitioner-to-practitioner support, also through regional events
  - Peer reviews of specific systems or organisations
  - In the EU accession countries, annual assessments on governance systems and reforms
- In addition, policy papers and studies on public governance





# Key issues for public administration reform

1. **Strategic framework for public administration reform** — this includes the political commitment to the reform process, including political leadership and technical coordination and monitoring of implementation.
2. **Policy development and coordination** — this includes appropriate coordination at the centre of government, inter-ministerial coordination, policy development and financial analysis.
3. **Public service and human resources management** — this includes organisation and functioning of the public service, including depoliticisation, merit-based recruitment and promotion, training and professionalisation.





# Key issues for public administration reform

- 4. Accountability** — this includes transparency of administration, including access to information and possibility of administrative and legal redress.
- 5. Service delivery** — this includes improving services for citizens and business, including better administrative procedures and e-government services.
- 6. Public financial management (PFM)** — this includes a more comprehensive approach to improving the overall budgetary process and the management of public finances, including public procurement.





# SIGMA's Principles of Public Administration

- Drafted by SIGMA, endorsed by EC/OECD, approved by enlargement countries - comprise only key requirements and criteria in line with European values for EU candidate countries and potential candidates
- **19 key requirements** outline general characteristics of good public administration
- **48 principles** grouped under key requirements focus on implementation, evidence based monitoring, performance of the system in practice
- Analytical framework describes how application of the Principles can be followed and measured
- See e.g. <http://sigmaweb.org/publications/principles-public-administration-november-2014.htm>





# Compatibility with other frameworks

- EU Directives:
  - Public Sector Directive 2014/24/EU
  - Utilities Sector Directive 2014/25/EU
  - Concessions Directive 2014/23/EU
  - Remedies Directives 89/665, 92/13, 2007/66
  - Defence and Security Directive 2009/81
- EU Commission communications, CJEU case law
- Government Procurement Agreement / WTO
- UNCITRAL model law
- Multilateral development bank rules
- National laws and regulations







# SIGMA's key requirements for public procurement

- Public procurement is regulated by duly enforced policies and procedures that reflect the principles of the treaty on the functioning of the European Union and the European Union *acquis*, and are supported by suitably competent and adequately resourced institutions.
- In case of alleged breaches of procurement rules, aggrieved parties have access to justice through an independent, transparent, effective and efficient remedies system.
- Contracting authorities are adequately staffed and resourced and carry out their work in accordance with applicable regulations and recognised good practice, interacting with an open and competitive supply market.





# Principles of public procurement

**Principle 10:** Public procurement regulations (including public-private partnerships and concessions) are aligned with the *acquis*, include additional areas not covered by the *acquis*, are harmonised with corresponding regulations in other fields, and are duly enforced.

**Principle 11:** There is central institutional and administrative capacity to develop, implement and monitor procurement policy effectively and efficiently.

**Principle 12:** The remedies system is aligned with the *acquis* standards of independence, probity and transparency and provides for rapid and competent handling of complaints and sanctions.

**Principle 13:** Public procurement operations comply with basic principles of equal treatment, non-discrimination, proportionality and transparency, while ensuring the most efficient use of public funds and making best use of modern procurement techniques and methods.

**Principle 14:** Contracting authorities and entities have the appropriate capacities and practical guidelines and tools to ensure professional management of the full procurement cycle.





# Are the Principles followed?

## - assessment of the system

- **National Level** – assessment of the national public procurement system
  - Including the workings of the supply market
- **Contracting Authority Level** - performance of the contracting authorities' operations
  - Including the workings of the remedies system
- **Contract Management Level** - delivery of the individual contract





# National level assessment

- Public procurement system performance – how and to what extent principles are applied
- Core public procurement principles and corresponding indicators
- Consolidation and analysis of lower level data
- Peer reviews and assessments
- Regulatory impact assessment
- Stakeholder surveys
- External audits





# Principles and indicators

- Needed for doing any assessment at all
- Starting point, targets for performance
- Output indicators: costs, savings, efficiency of the procurement system
- Input indicators: procedures used, number of complaints received and resolved
- Process indicators: transparency, non-discrimination, fairness, accountability
- Outcome indicators: user satisfaction, cost and convenience for users, budget effects





# SIGMA country assessments

- Regular assessments by SIGMA on EU's behalf
- SIGMA's Principles as the point of reference
- First time assessment: 'baseline measurement'
- Thorough, comprehensive review of all sectors
- Data; qualitative and quantitative indicators
- Full report with data, analysis, conclusions, recommendations
- Following years: updates of indicator values, review of main developments





# 2015: baseline measurement

- New focus and need for wider evidence base requires more from both SIGMA and national administrations
- Outcomes of 2015 review:
  - State of play and overview of main developments
  - Baseline values for all indicators in all areas
  - Brief analysis on where the country stands against each Principle
- Useful for countries in setting their reform vision and in developing and adjusting their reform plans





# Preparation and data collection

- Data collection sheets sent out early December
- Documentation: strategies, action plans, laws, regulations, guidelines, reports, standard doc's
- Statistical data: operations and performance
- Local experts for data collection and liaison
- Correspondence indicators – data collected
- Institutions and persons: status, statutes, contact details
- Preliminary data review December, January
- Mission planning







# Field visits

- High level introductory event in autumn 2014
- Country visits February – March 2015
- Verify, complement data already collected
- Wide range of institutions in each country
- Meetings with heads of institutions, key staff
- Logistics: meeting rooms, interpretation
- SIGMA staff, external experts; local support
- Full team on one mission
- Preparatory and follow-up visits by SIGMA's country co-ordinators





# Analysis and reporting

- First drafts using documentation available and requested/received
- Staff members and external experts
- Drafts revised and updated after field visits
- Internal peer review
- External and internal editing
- Coherence within countries, across countries
- Coherence within sectors, across sectors
- Final version to EU Commission late May



# Use of indicators

**Indicators provide an understanding of the situation, how it develops, and what to do in order to progress**

## **Quantitative indicators**

- Quick view of key data on procurement operations
- Compiled by SIGMA based on data and information collected from the governments

## **Qualitative indicators**

- Used when quantitative indicators do not enable measurement of progress in a comprehensive way
- 0 to 5 scale, need for careful definitions of scoring

**Methodological annex with detailed definitions and guidelines for scoring the qualitative indicators**





# Examples of indicators

## Public procurement

### Quantitative indicators

- Share of contracts awarded after publication of a notice.
- Average number of tenders submitted per contract to be procured.
- Number of complaints in relation to the number of procurement procedures.

### Qualitative indicators

- Extent to which public procurement legislation is complete and enforced.
- Comprehensiveness of systems for monitoring and reporting on proceedings and practices.
- Extent of use of modern procurement techniques and methods.





# Lessons learned

- Assessment requires effort: not quick and easy
- Harmonise assessment efforts for various purposes
- Keep in mind the objectives of the assessment
- Manage the process, put the results to good use
- Data collection: use publicly available information, only ask for complementary data / details
- Data generation: record events as they take place, make the information accessible
- Be aware (beware!) of the limitations of indicators: they should point to what is important but they do not tell everything by themselves





# IPA baseline measurement 2015

- 7 IPA countries: Albania, BiH, Kosovo, former Yugoslav Republic of Macedonia, Montenegro, Serbia, Turkey
- All PAR sectors covered (public procurement part of PFM)
- October 2014 – May 2015
- Assessment reports to feed the EC Progress Reports and plan reforms and EU's assistance





# IPA public procurement systems: average scores obtained

Legislation	3.4
Consultation	2.9
Policy framework	3.3
Central agency	2.9
Monitoring	2.7
Information	3.3
Review board (PRB)	2.6
PRB's information	3.4
Modern techniques	2.9
Guidelines, standard documents	3.6
Professionalisation	3.0





# Public procurement legislation

- In most countries almost fully aligned with EU, but:
  - PPP/concessions & defence procurement not harmonised
  - Implementation: rigid & bureaucratic
- Public consultations often neglected:
  - Not sufficient time
  - Draft secondary legislation not consulted
  - No proof of serious discussion of all proposals submitted







# Central procurement institutions

- PPA/PPO present in all countries, but:
  - Institutional set-up often complex & confusing
  - Unclear/fragmented/non-existent institutional leadership for PPP/concessions
  - PPOs often overloaded/understaffed
  - Monitoring systems weak (focused on formal compliance only)





# Procurement review systems

- Independent PRBs established in all IPA countries, but:
  - PPPs/concessions not always included
  - Significant delays in decision-making
  - Formalistic approach
- Recent achievement:
  - High level of transparency (information available on-line), but still problems to research decisions





# Professionalisation

- Guidelines/Standard Tender Documents available
- Training for procurement professionals (in various organisational forms) available





# Thank you for your attention!

Daniel Ivarsson

Senior Adviser

OECD/SIGMA

Mob. +33 6 46 13 65 13

daniel.ivarsson@oecd.org

Marian Lemke

Senior Adviser

OECD/SIGMA

Mob. +33 6 07 42 37 55

marian.lemke@oecd.org

