

# Expert public procurement consultancy for Buyers and Suppliers at your service



## PASS CONSULTANCY

BiP's *Procurement Advice and Support Service (PASS)* provides organisations with access to experts in public procurement practices and procedures, thus helping you develop and deliver effective and efficient procurement. Our team offers a range of services to meet your specific needs. Whichever area you wish evaluated and improved, we have the experts to help.

The *PASS* consultancy's mission is to help you deliver the best in government procurement through:

- Practical solutions to improve procurement performance
- Innovative approaches to knowledge transfer within government
- Joined-up government
- Improved performance indicators
- Strategic direction and performance
- Opportunities offered by e-government
- Capacity to deliver change to meet identified needs
- Continuous improvement of services and challenging poor performance
- Sustainable development within decision-making processes and delivery of services
- EU-compliant processes
- Best practice procurement training

## PASS HEALTH CHECK

The *PASS* service can help your organisation examine its current procurement organisational structures, strategies, processes, practices and related strengths and weaknesses. It delivers a detailed *PASS Mark Health Check Outcome Highlight Report (OHR)* that outlines areas of strength as well as those requiring further attention, and provides an outline *Project Initiation Document (PID)* designed to deliver a more effective and efficient tendering process that will help you achieve optimum performance and better value-for-money procurement.

## PASS – HELPING YOU MEET KEY OBJECTIVES

The key objective of public procurement professionals is to ensure that the most suitable supplier is selected to provide goods and services on terms which are likely to offer the best value for money. The *PASS* service helps you meet this requirement and deliver contracts that offer best value-for-money terms with suppliers who will execute them efficiently.

## PASS TRAINING

Our consultants can provide you with bespoke training packages to suit your needs. Consultancy and training is available for the following: environmental purchasing, partnering, evaluation, e-government, supplier debriefing, UK legal processes and precedents, contract management, EU-compliant tendering and much more.

## PASS ONLINE GUIDANCE

The *PASS* service provides online guidances on all aspects of the public procurement process and legal requirements: [www.bipsolutions.com/html/briefing.php](http://www.bipsolutions.com/html/briefing.php)

## PASS – CAPS SERVICE

Introducing *CAPS* – the public sector's guardian through the EU public procurement process, helping you to quickly access in-depth, authoritative EU public procurement procedure assistance. We are now pleased to offer your organisation access to this vast knowledge base as and when required, through subscription to BiP's new *Contract Administration & Process Support (CAPS)* helpline service. The *CAPS* service level agreement aims to answer 99% of your enquiries within one working day and 85% of these within one working hour.

## PASS IN-HOUSE PRESENTATIONS

*PASS* consultancy can provide you with in-house presentations directed to buyer or supplier. Each presentation will be bespoke to your requirements, whether they be with regards to improving your tendering practices or your procurement strategy or processes. Contact: [pass@bipsolutions.com](mailto:pass@bipsolutions.com)

# EU PUBLIC PROCUREMENT – REALISING THE BENEFITS OF E-PROCUREMENT

## PART TWO OF TWO



**P**ublic procurement is a key sector of the EU economy accounting for about 16% of GDP. Modernising and opening up procurement markets across borders – including through the expansion of electronic procurement – is crucial to Europe's competitiveness and for creating new opportunities for EU businesses.

Using information technology appropriately can contribute to reducing costs, improving efficiency and removing barriers to trade, which will ultimately result in savings for taxpayers. The Directives adopted in March 2004 as part of the public procurement legislative package provide a legal framework aimed at boosting the development and use of electronic procurement.

This Guidance continues our report on the European Commission Action Plan published in order to help Member States implement the Directives correctly, so as to release the full potential of electronic public procurement.

## OBJECTIVES AND ACTION

**Achieve greater efficiency in procurement, improve governance and competitiveness**

- Increase the efficiency of public procurement and improve governance

Moving public sector procurement online requires legal, institutional and organisational changes at many levels. Member States will have to decide on the type and scope of purchases to computerise, the policies

to implement, the systems and tools to use and the level of administrations involved. The risks of failure are not negligible. It is therefore essential to plan and monitor these efforts.

Greater efficiency will depend on the degree of automation in the field of public procurement as a whole, although a phased development of e-procurement is most likely to maximise benefits for both the public and the private sectors. The Commission invites all Member States to transpose into national law all aspects of the legislative package in a comprehensive manner. Governments should, however, be able to modulate and adjust implementation of the new electronic tools and techniques over time. In particular, they should pay attention to potential excessive or abusive centralisation of purchases, inappropriate use of electronic auctions and preferences for closed purchasing systems (eg framework agreements) over open systems. Such practices may cancel out the benefits from increased efficiency.

To optimise benefits, Member States should establish national plans to be complemented by individual plans especially for their most powerful buyers. Setting uniform targets and ways for generalising e-procurement would not be expedient, as conditions in each Member State vary considerably. The Commission should assist Member States in this exercise where appropriate and facilitate the dissemination and sharing-out of information. It will also monitor developments through appropriate indicators using data from the TED database. The Public Procurement Network established in Copenhagen in January 2003 could provide a forum for the exchange between Member States.

Increased efficiency depends also on the automation of certain types of transaction such as invoices, orders and payments. Today, at an early stage, their development is likely to pick up, driven by standardisation and automation of financial and budget systems. Following a mandate from the Commission, CEN/ISSS has assessed standards requirements and is finalising detailed guidance material on the implementation of Directive 115/EC/2001 on electronic invoices. In addition, IDA is running a project for developing XML schemas for e-procurement, including e-invoicing and e-ordering. Efforts in this area should be pursued in view of achieving interoperable solutions.

National policies can hardly be developed to the appropriate quality without a detailed picture of procurement markets. Existing statistical information is mostly incomplete and data-collection mechanisms are poorly organised. E-procurement presents the opportunity to remedy this situation. The Commission will mobilise the Advisory Committee on Public Contracts (ACPC) and the Working Group on Statistical Information to fully exploit the introduction of new e-procurement technologies.

By end 2005 Each Member State prepares a national plan for introducing electronic public procurement setting measurable performance targets, taking account of specific national needs.

By end 2005 Each Member State encourages preparation of similar plans by individual national buyers and coordinates and monitors their implementation.

In 2005-06 The Commission continues monitoring work on e-invoices by CEN/ISSS and proposes the continuation of XML activities undertaken in 2003-04 on e-invoices and e-ordering under IDABC.

By end 2006 Member States set up efficient electronic systems for the collection and processing of statistical procurement data.

■ *Increase competitiveness of public procurement markets across the EU*

The Commission's online consultation of businesses identified transparency as a major aspect of computerisation of public procurement, together with confidence in the fairness of awarding procedures. Electronic means offer more transparency as they allow for easy and timely dissemination of contract information and reduce opportunities and incentives for fraud. They can also improve the quality of government procurement management, including monitoring and decision-making. Practices for disseminating contract-related information may differ among Member State as well as requirements for traceability and auditing of e-procurement operations. The Public Procurement Network could play an active role in exchanging information and practices on those issues. The Commission could support a benchmarking exercise with a view to comparing and measuring performances.



The majority of businesses consider that online procurement should require less effort than traditional procedures. National administrative provisions and guidelines regulating procurement procedures have been conceived with a view to the handling of operations in paper form. Electronic means offer new opportunities to streamline procedures and save suppliers time and money.

Success depends on the degree of transformation of off-line practices to fully fledged online services. This requires re-thinking the service provided and re-engineering the different processes.

To generalise e-procurement, it is important that all steps are taken to reduce the regulatory burden. Standardising and restructuring business documents as well as more uniform tendering documents should help automate certain purchase routines and allow both sides to concentrate on the substance of the purchase.

A typical example of red tape concerns the numerous certificates and business documents required. These are rarely available in electronic form. Additionally, they need to be usable and acceptable across borders. The Commission and Member States should analyse and compare results achieved in this area at national level in the framework of the ACPC with a view to agreeing in early 2006 on a common set of electronic certificates, at least for some of those most frequently required. E-procurement would be an excellent test base for the development of such e-government services. The Commission will propose this line of action to Member States.

The use of e-catalogues is another major issue. Their deployment is important in particular for involving small and medium-sized enterprises (SMEs) in public procurement. Current applications make it possible for enterprises to present their products and services to contracting entities at reasonable cost, time and effort. Lack of uniform specifications and standards for e-catalogues means that there is a risk of IT applications on the market not meeting requirements of the public sector. Work to prepare framework standards for cataloguing is under way in a specific CEN/ISSS workshop. Building upon the IDA functional requirements project, the use of e-catalogues in dynamic purchasing systems and e-procurement framework agreements could be further studied and tested.

Finally, businesses expect e-procurement to increase contract opportunities, facilitate cross-border market access and make procurement procedures faster and cheaper.

Public e-procurement represents a great potential for SMEs. In order to encourage those SMEs interested in public contracts, Member States have every interest in promoting standard e-procurement systems based on existing and simple technologies and tailoring contract opportunities so as not to exclude SMEs.

Second half 2005 The Commission considers proposing services for the electronic supply of business information and certificates in public procurement for implementation under the IDABC programme.

In 2005-06 Member States and the Commission agree on a common set of frequently required electronic certificates for use in e-procurement procedures.

In 2005 The Commission proposes launching a study on e-catalogues in dynamic purchasing systems and electronic framework agreements using work by CEN/ISSS under the IDABC programme.

In 2005 The Public Procurement Network launches a benchmark exercise in transparency, auditing and traceability of e-procurement systems.

In 2006 The Public Procurement Network organises workshops to promote exchanges on tender document standardisation.

2005-07 Member States launch and support specific awareness campaigns and training programmes targeted at SMEs at national and regional levels.

■ *Work towards an international framework for electronic public procurement*

While e-procurement develops worldwide, the existing international agreements do not regulate its use. Legal and technical choices in e-procurement systems may reduce procurement opportunities for EU businesses in third countries, as well as restrict access of third-country suppliers to the EU market. The Commission will monitor developments to ensure that implementation of the new EU

procurement regime fully respects the international obligations of the Union, while accordingly taking initiatives to adapt international disciplines. It will also follow attentively current and future international standardisation initiatives.

The Commission will also consider any adjustments necessary and the feasibility of e-procurement in the context of the EU's external aid instruments. It already cooperates closely with international bodies such as the World Bank to ensure that execution of purchases financed by these in third countries does not hinder EU suppliers. Finally, it will take all appropriate measures aimed at sharing EU experiences and achievements with developing countries.

In 2005 The Commission pursues negotiations on the review of the Government Procurement Agreement (GPA).

In 2005 The Commission considers any adjustments necessary and the feasibility of e-procurement in the context of the EU's external aid instruments.

In 2007 The Commission takes initiatives in the GPA to progress towards utilisation of a single common nomenclature for the classification of procurement goods and services.

In 2005-07 The Commission promotes the activities of and liaises with international standardisation bodies and fora to avoid emergence of technological interoperability barriers at international level.

In 2005-07 The Commission cooperates with the Multilateral Development Banks network with a view to coordinating technical assistance to third countries, supporting reorganising and computerising their public procurement regimes.

## IMPLEMENTATION OF E-PROCUREMENT ACTION PLAN AND MONITORING

In the long run, computerising public procurement practices will impact on the way in which national public purchasing practices are organised. Successful implementation of e-procurement may require changing administrative practices, not only those linked directly to the procurement process, but also indirectly, such as budgetary reviews. The sooner such reforms are implemented, the better for Europe's citizens and businesses.

The Commission considers that the Action Plan measures provide the best possible blend in order to fully exploit the potential benefits from moving public procurement online while minimising risks. Candidate countries will be closely associated with the implementation of the Action Plan.

The Commission assisted by the Advisory Committee for Public Contracts will monitor overall progress. By the end of 2007, the Commission will review the situation and report on the results achieved; it will propose at any time, if need be, corrective action or additional measures.

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# TRAINING MATTERS

Whatever your training needs, PASS can develop and deliver a programme tailored to fit.

For further information on the PASS service, contact our PASS Team on 0845 270 7055 email [pass@bipsolutions.com](mailto:pass@bipsolutions.com) or visit [www.bipsolutions.com/pass/](http://www.bipsolutions.com/pass/)

