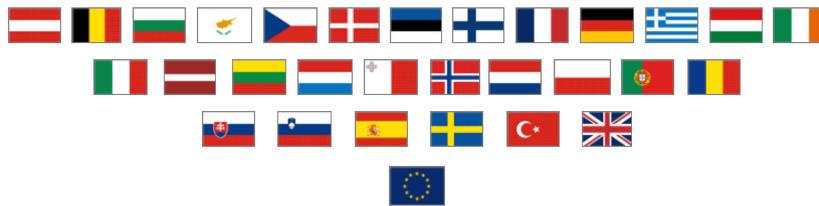


EU PUBLIC PROCUREMENT LEARNING LAB



EXPERIENCE AND LESSON LEARNED - 2004

Preliminary considerations

The following document aims at presenting the EU Lab experience on International Initiatives, highlighting the issues faced, the adopted methodology and the lessons learned.

The final report was presented in the EU Lab meeting held in Rome on December 2004.

The EU Lab has been working in a multi-cultural context, cooperating with different Procurement Agencies in 26 European countries, each with peculiar organisational structures, languages and different human and financial resources available. Each country cooperates bringing its own experience, strengths and specific Public Procurement competences.

No specific budget has been assigned to the Initiative, which implied that a light and not demanding methodology in terms of resources be adopted.

EU Lab Initiative challenges

The Initiative challenges can be grouped into 2 types:

- 1 those related to each country's peculiarities;
- 2 those related to the organization of EU LAB activities;

In terms of countries' peculiarities, some problems derived from the involvement of many Institutions, furthermore each one being different from the other, in terms of internal organisational structures and complexities, specific procedures and most of all different approaches to International projects and cooperation initiatives.

Last but not least, the presence of different languages hindered the day-by-day interactions, where the use of a common language (English) hasn't been, in some cases, enough to facilitate the communication process.

Regarding organisational structure of the Initiative, the main need has been to define an easy and "light" structure, not demanding in terms of human and financial resources, one that enables easy and frequent interactions and that does not subtract time from the ordinary working assignments.

Since launching the Initiative, has been apparent to name a leading country, to guarantee activities implementation and monitoring.

EU Lab Initiative methodology and tools

The methodology adopted enables to increase participation and cooperation among involved Institutions.

To get around the first two challenges, has been necessary to identify a General Coordinator to maximize the interaction among Institutions, whose role is to:

- Stimulate the participation of the involved Institutions;
- Guarantee the EU Lab activities implementation;
- Monitor the EU Lab activities.

The General Coordinator activities consist of:

- Supporting the Institutions;
- Creating, sharing and updating the EU Lab mailing list;
- Creating and updating the EU Lab website;
- Supporting the periodical EU Lab meetings;
- Writing and distributing meeting reports.

In order to maximize each Institution's contribution and in compliance with the EU Lab objectives, **specific topics** within the field of public procurement have been identified to stimulate the interest and participation of Institutions, each followed by the creation of a distinct working group, namely:

- "Small and medium enterprises";
- "Technical issues";
- "Auctions Design and Competitive Issues".

The choice of the topics has been the result of a "democratic" process in the first meeting, during which each Institution freely decided whether joining and which group/s to join in line with its interests.

A leading country has been assigned to each working group, in order to coordinate activities. Leading Countries have been identified through "spontaneous" nominations, and, where not available, we involved those Institutions that, according to internal structure and the organization could support the working group deployment activities with enough available human resources.

In order to collect and share information among participants, the methodology provides the following tools:

- questionnaires submitted by email;
- a technical glossary.

Questionnaires have been elaborated by the Leading Countries in order to collect information about the participants' experiences in the field of the selected topics.

Questions should provide:

- a. a brief explanation to each question;
- b. multiple-choice answers in order to facilitate the provision of a clear answer and the analysis of results;
- c. the possibility to insert personal comments.

Working groups questionnaires should be submitted in sequence, to avoid more than one questionnaire to be answered at a time, with a risk of energies' dispersion by the respondents.

Despite the use of English as main language, certain topics implied the use of technical words, so that Leading Countries decided to define a common **glossary** in

the submitted questionnaires. It became a reference vocabulary to enable a better comprehension among Institutions.

In order to facilitate the day-by-day activity interaction among participants the following tools have been identified:

- periodic meetings;
- mailing list;
- web site.

Periodical meetings have been organised to update each involved Institution on the Initiative activities, and to share case studies.

To stimulate the direct interaction among participants, a **mailing list** has been created with details of each involved Institution (country, last and first name, organisation, role within the organisation, email, telephone, mobile, fax), aiming at involving directly also those institutions that didn't participate to meetings. Up to now, more than 30 Institutions are in the mailing list of the EU Lab.

A **web site** has been created to collect all the information about the Lab activities, meeting reports, institutional presentations, etc... representing a precious tool for those Institutions that didn't participate to meetings.

General results

Thanks to the adopted methodology, some immediate results have been achieved:

- The timetable planned during the first meeting has been respected;
- The working group agreed on the final outcome of the Initiative: 3 reports, one for each working group, aimed at presenting questionnaires' results. The final reports will be presented by the leading Institutions of each working group in occasion of the EU Lab meeting scheduled in December 2004;
- The EU Lab Initiative has enabled the creation of a **permanent network**, that, besides sharing information and best practices among involved Institutions, triggered a continuous and spontaneous knowledge-sharing process.

Results achieved by the working groups

One of the most important functions of the EU Lab is to understand the governance of the participant Institutions. All participants are Public Institutions but they have different structures and functions. Even if they have precise national roles in the field of the national public procurement activity, we identified three different kind of participant organisations:

Large Administrations. Their purchasing activity is essentially addressed to their own organisation. Product categories and services are consistent with own requirements of each Institution.

Central Purchasing Bodies. Their purchasing activity is directed to buy not only for they own needs but also for the ones of other public administrations. Product categories purchases generally differentiated: Paper & Stationary; ITC products and services: Hard- and Software, Printers, Desktop + PCs & Maintenance; Photocopiers; Telephone Services; Cars; Facility Management; Transport & Postal Services; Furniture; Oil & Energy; Travel services; Food & Meal Coupons, etc...

Authorities. Their interest in public procurement is not due to direct purchase activity since their main object is to set rules for the Public Sector Procurement. Their tasks are (in general): assist the Public Administrations, verify the correct use

of procurement procedures and practices, make recommendations, promote competition and transparency, collect and publish statistical data on Public Procurement, implement the procurement legislation, etc..

As pointed out above, three different working groups focused on different topics have been set up.

The working group on **Auction Design and Competitive Issues** aims at studying how different participant Institutions apply procurement auctions with the objective of finding the best practices. In order to achieve this result, this working group analyses every aspect that a procurement entity should consider in designing an auction. In fact this choice has important consequences in terms of number of participants, kind of participants, savings obtained, etc.. Moreover, this group considers the consequences of public procurement auctions in terms of competition among bidders.

Through a detailed questionnaire we are able to understand which auction format is usually applied; the Institutions that take advantage on online auctions and how they are run; whether the supply contract is split into lots and the reasons that lead to this choice; the time length of a contract and the awarding procedures used to award it; the participation requirements that a supplier needs to fit to enter the auction; whether firms can group together to participate and, in case, how the domestic law regulate this solution; the information disclosed by the procurement entity before and after the auction and the consequences that it can have in terms of coordination and collusion among bidders; whether subcontract is allowed and how it is regulated.

Since the key of a successful auction is deterring collusion among participants and promote competition, we collected information about the methods that procurement entities apply to avoid collusive behaviour as well as the relationship between it and the national antitrust authority.

The working group on **Technical Issues** aims at sharing information among EU Lab members about those technical procurement standards related to public procurement. The main objective of the working group is to collect information about the electronic procurement model applied and about the requirements that are necessary for the suppliers willing to participate to electronic auctions. Thorough a multiple choice questionnaire we individuated those countries that have an integrated e-procurement solution, the process steps covered (in terms of: planning of resources and requirements; creation of tender documents and specification for bid solicitation; publishing of tenders and selection of supplier for bid solicitation; dispatch of tender documents and bid solicitation; obtainment of offers; tender opening and selection of offer; order; payment), as well as the name and the governance of the system providers. More precisely we analysed by which mean each single step is carried out: paper forms, office programmes (Excel, Word, etc.), individual SW solution (ERP-System) and online or offline integrated e-procurement solutions. Finally, we acquired information about the Application Service Provider solution, the digital signature and data encryption (in which of the above process steps they are used).

The working group on **SMEs** aims at identifying problems related to experiences of different EU Lab in terms of participation of Small and Medium Enterprises to public procurement auctions. In fact, the co-ordination of government procurement and purchasing activities may create entry barriers for small and medium enterprise, which is problematic since one of the most important aspects of procurement design is to promote entry. Another objective of this working group is to underline

the characteristics of the contracts awarded by the national procurement agencies. Also in this case in order to collect as much information as possible it has been decided to produce a questionnaire and to send it to each EU Lab's participant. It was possible to understand if SMEs participate to the auctions, for which product categories and what are the policies and the procurement strategies (splitting the supply contracts into lots, diminishing the contract length, applying particular auction format, etc.) carried out to facilitate SMEs' participation. Regarding the structure of the supply contracts awarded, it was analysed which countries use framework agreements or frame contracts, for which categories of goods and how many suppliers are selected.

Key considerations for the replication of similar experiences in future international initiatives

From the experience of the EU Public Procurement Learning Lab it is possible point out some aspects to take into account in developing similar international experiences.

1. The success of an international initiative is mainly due to **two key features**:
 - the initiative has to be focused on sensitive issues that will attract as more participants as possible. To reach these objectives it is very important to maintain a confidential climate on the treated issues. In this context participants will feel free to behave spontaneously and the comparison among the Institutions will reach a higher level;
 - even if usually those European Institutions with a longer experience are inclined to describe their experience, it is essential to have the same consideration for all participants, in order to guarantee an equivalent interest towards each experience. All the Institutions have to be considered on the same level and the general coordinator initiative should guarantee this relevant feature. This enables the maximum result in terms of information and solutions sharing.
2. The **topics** chosen in the initiative should be specific and not too general, in order to facilitate the focus on the activities for the involved Institutions. At the same time the chosen topics should not be excessively technical, because Institutions have not enough time/resources to spend on detailed studies, and the objectives should be maintained at a high level.
3. At the beginning of the initiative the general coordinator must inform participants on the effort to be sustained in terms of required **human and financial resources**. Knowing that, participants should be facilitated in maintaining the same level of involvement from the beginning to the end of the initiative.
4. The high **number of participants** involved has positive and negative effects too. From one side, it allows to obtain a wide and complete range of information about the issues treated. On the other hand, the general coordinator has to spend more resources in managing the initiative in order to: involve and coordinate participants; meet the deadlines; achieve the initiative's objectives, etc..
5. Institutions involved in the initiative operate in **different legal frameworks** and this may negatively impact on the comparability of national experiences,

mainly if participants are not able to change the legislation in their countries. Nevertheless, in the EU Lab experience, the different legal framework gave an added value because permitted the comparison and the evaluation of different cases and solutions adopted on the topics chosen.

6. In order to guarantee a correct roll-out of the initiative it is important to schedule **periodical meetings** that allow a direct interaction among participants, and to maintain a constant **distance communication** in order to guarantee the continuity of works and the attention of the Institutions that have not the possibility to join the meetings.