



## A tool for division into lots - Germany



Public Procurement Principle: **Access, Balance**



Procurement Stage: **Tendering**



Audience: **Policy Maker, Procuring entity, Private sector**

### Description

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Procurement practitioners often find it difficult to reconcile the competing priorities of aggregating expense in order to generate cost savings, and developing tenders that are accessible to SMEs. A common approach to supporting SME participation in public procurement in OECD countries is to divide contracts into lots. However, dividing contracts in a fair and proportionate way can be a challenging activity, because it must be tailored for each industry. Incorrectly dividing contracts can have a negative impact on an industry, adversely affecting both SMEs and large organisations.

To assist procurement practitioners, the federal government in Germany partnered with a consultancy firm to develop a tool that uses complex algorithms to support decision making. The tool uses statistics from the Federal Statistical Office (Destatis) on the number of employees, sales and production values from various industries and trades. For reasons of simplification, the tool uses nationwide data to provide a high-level industry assessment. However, a separate setting in the tool enables smaller-scale regional markets to be taken into account. Once relevant information on the procurement in question is inserted into the tool to take into account the specifics of the industry, the tool then generates a suggested split of the contract.

The tool can be applied to all major industries that are relevant for public procurement, and can be further developed to include additional sectors if required. There is limited feedback on the success of the tool to date given it was only recently launched, but the government will continue to monitor its progress.

Source: OECD (2018), SMEs in Public Procurement: Practices and Strategies for Shared Benefits, OECD Public <https://doi.org/10.1787/9789264307476-en>

