PUBLIC PROCUREMENT TOOLBOX

Checklist for Supporting the Implementation of the OECD Recommendation of the Council on Public Procurement

OECD

Table of Contents

Introduction

Public procurement is a crucial pillar of strategic governance and services delivery for governments. Because of the sheer volume of spending it represents, well governed public procurement can and must play a major role in fostering public sector efficiency and establishing citizen's trust. Well-designed public procurement systems also contribute to achieving pressing policy goals such as environmental protection, innovation, job creation and the development of small and medium enterprises.

- OECD Recommendation of the Council on Public Procurement

In 2015, the Council of the OECD adopted a [Recommendation on Public Procurement](#) (hereafter, the Recommendation), composed of 12 integrated principles (see below), that ensures the strategic and holistic use of public procurement. It is a reference for modernising procurement systems and can be applied across all levels of government and state owned enterprises. It addresses the entire procurement cycle while integrating public procurement with other elements of strategic governance such as budgeting, financial management and additional forms of services delivery.

The 12 Principles of the OECD Recommendation

This 2015 Recommendation builds upon the foundational principles of the 2008 OECD Recommendation on Enhancing Integrity in Public Procurement, expanding them to reflect the critical role governance of public procurement must play in achieving efficiency and advancing public policy objectives. By helping governments to better meet their policy objectives, well-governed public procurement contributes directly to greater public trust, enhanced well-being and more prosperous and inclusive societies.

The objective of the "Checklist"

The *Checklist for Supporting the Implementation of the 2015 OECD Recommendation of the Council on Public Procurement* (hereafter, the Checklist) has been developed to guide and support public procurement practitioners in reviewing, developing and updating their procurement framework, according to the 12 principles of the Recommendation.

The "checklist" format aims at encouraging self-assessment and providing a starting-point for implementing the Recommendation. The "checklist" does not provide a compulsory list of elements countries have to comply with, but rather more detailed information and guidance for each of the 12 principles as well as actions that can be taken to improve the strategic and holistic use of public procurement.

How this "Checklist" is structured and how to use it

The Checklist is structured around the 12 principles of the OECD Recommendation:

- Each "**principle section**" is introduced with the original text of the Recommendation as well as a short introduction of the principle. At the beginning of each "principle section", the checklist specifies the linkages between the presented principle and the other principles of the Recommendation.

- **Specific steps**, aligned with the sub-sections of the Recommendation, are proposed for each "principle section". Each specific step is introduced with the original text of the Recommendation and is followed by **specific action points** set out in "checklist" format.

- At the end of each "principle section", the user can access the corresponding sections and information of the **Public Procurement Toolbox**, including other tools, country cases and reviews, as well as relevant OECD and external links.

Suggestions and comments on the content and format of the Checklist can be sent to: public.procurement@oecd.org

1. Transparency

Ensure an adequate degree of transparency of the public procurement system in all stages of the procurement cycle.

- OECD Recommendation on Public Procurement

An adequate and timely degree of transparency has to be provided in the entire procurement cycle in order to promote fair and equitable treatment for potential suppliers and competition. Transparency in the choice of the procurement method and on exceptions to competitive tendering is also key.

Transparency can be strengthened by following proposed steps below (steps A to C, aligned with the Recommendation), while also improving other principles which are closely linked to transparency, such as integrity, access, participation, efficiency, e-procurement, accountability and integration (please refer to the box below). If you find that some information is missing or consider additional links or sources, do not hesitate to contact us.

Main linkages between transparency and other principles of the Recommendation

Transparency can also be strengthened by addressing other closely-linked principles of the Recommendation:

- Integrity: The public disclosure of information around public procurement processes contributes to identifying and decreasing cases of mismanagement, fraud and corruption.
- Access: Transparency contributes to fair and equitable treatment for potential suppliers.
- Participation: Transparency contributes to the provision of public procurement information to potential domestic and foreign suppliers, civil society and the general public. Inclusive processes when formulating changes to the public procurement system, including public consultations, increase transparency of the public procurement system. Direct involvement of relevant external stakeholders in the procurement system increases transparency.
- Efficiency: Transparency, in the flow of public funds for instance, can help policy makers to organise procurement strategically and improve its efficiency.
- E-procurement: E-procurement systems strengthen transparency by making information available on public procurement processes.
- Accountability: Transparency promotes accountability by giving account for public procurement processes and public spending.
- Integration: Ensuring the visibility of the flow of public funds, from the beginning of the budgeting process throughout the public procurement cycle, ensures transparency.

(A) Adequate and timely degree of transparency

Promote fair and equitable treatment for potential suppliers by providing an adequate and timely degree of transparency in each phase of the public procurement cycle, while taking into account the legitimate needs for protection of trade secrets and proprietary information and other privacy concerns, as well as the need to avoid information that can be used by interested suppliers to distort competition in the procurement process. Additionally, suppliers should be required to provide appropriate transparency in subcontracting relationships.

_____

A.1 Adherents should have in place a legal and regulatory framework that requires public procuring entities to provide an adequate and timely degree of transparency in each phase of the public procurement cycle. In order to achieve this end, adherents could consider defining:

- ☐ Which documents should <u>be published</u> at each stage of the public procurement cycle, for instance:
    - o Pre-tendering (including planning): procurement plan, prior information notice, public hearing notice, etc.
    - o Tendering (including invitation and award): tender notice, bidding/tender documents, technical specifications, qualification criteria, evaluation criteria, clarifications to bidder's questions, award notice, evaluation reports, decisions on appeals, etc.
    - o Post-award (including contract and implementation): contract notice, information on litigations, progress reports, audits, etc.
- ☐ Criteria that set the timeframe for publication of procurement of opportunities and submission of proposals to allow sufficient time to:
    - o Prepare for the tender
    - o Ask questions
- ☐ Disclosure of conditions that will enable potential suppliers to determine their participation.

_____

A.2 Adherents should have a policy outlining the requirements or justifications to determine what information is publicly available or confidential. This policy could:

- ☐ Set clear criteria for outlining what information should be public or confidential,
- ☐ Establish guidelines for public procurement entities on handling submitted, documents to protect proprietary, commercial, personal or financial information of a confidential or sensitive nature,

☐ Prevent access to confidential information that allows detection of deviation from a possible collusive agreement and better coordinated collusion of future tenders,

☐ Establish security protocols to protect records (physical and/or electronic).

_____

A.3 Adherents should require suppliers to provide appropriate transparency in subcontracting relationships and specify at which stage the information needs to be disclosed. This can include (but is not limited to):

☐ Identification of subcontractors (to be ideally included when submitting the bid or after the signature of the contract),

☐ Companies profile,

☐ Share of total contract subcontracted.

(B) Free access for all stakeholders to public procurement information

Allow free access, through an online portal, for all stakeholders, including potential domestic and foreign suppliers, civil society and the general public, to public procurement information notably related to the public procurement system (e.g. institutional frameworks, laws and regulations), the specific procurements (e.g. procurement forecasts, calls for tender, award announcements), and the performance of the public procurement system (e.g. benchmarks, monitoring results). Published data should be meaningful for stakeholder uses.

_____

B.1 Adherents should make information on public procurement easily accessible for all interested parties, including potential domestic and foreign suppliers, civil society and the general public. In order to achieve this end, adherents could consider:

☐ Publishing information at least in a commonly available media such as newspaper of wide national circulation,

☐ Creating an integrated information system that provides up-to-date information for all interested parties,

☐ Presenting information in a user-friendly and easily comprehensible manner for all interested parties to understand the procurement processes,

☐ Using an open data format that publishes information in an open and structured machined-readable format, using identifiers and classifications,

☐ Using the same channels and timeframe for all interested parties,

☐ Publishing the public procurement information (see bullet B2) free of cost.

_____

B.2 Adherents should publish meaningful public procurement information for all stakeholders to use. In order to achieve this end, adherents could consider publishing information on:

- ☐ Institutions, laws, rules and regulations of the public procurement system,
- ☐ Specific procurements (covering the pre-tendering, tendering and post-award stages; see bullet A1 for more information),
- ☐ The performance of the public procurement system, such as benchmarks, monitoring results, audit reports,
- ☐ The performance of public procurement contracts (e.g. supplier's performance, blacklisting of suppliers, contracts respecting terms and conditions, etc.),

(C) Visibility of the flow of public funds

Ensure visibility of the flow of public funds, from the beginning of the budgeting process throughout the public procurement cycle to allow (i) stakeholders to understand government priorities and spending, and (ii) policy makers to organise procurement strategically.

_____

C.1 Adherents should ensure visibility of the flow of public funds, from the beginning of the budgeting process throughout the public procurement cycle to allow (1) stakeholders (for instance: the general public, registered suppliers, oversight bodies and contracting authorities) to understand government priorities and spending, and (2) policy makers to organise procurement strategically. In order to achieve this end, adherents could consider:

- ☐ Publishing statistics, records and documents that cover the entire budget execution cycle, including the procurement process,
- ☐ Enabling policy makers and external stakeholders to monitor results, outcomes and performance of the procurement processes.

_____

C.2 Adherents should establish a comprehensive list of the procurement records and documents related to tendering procedures and contract management that must be kept and available for public inspection. This list can include following documents:

- ☐ Pre-tendering
  - o Needs evaluation report
  - o Unused preliminary reports
  - o Local council deliberations
  - o Public notices of procurement opportunities

- o Procurement method including justification
- ☐ Tendering
  - o Call for tenders
  - o Requirements and justification of changes to technical requirements
  - o All administrative and technical documents supplied to bidders
  - o Bid analysis reports
  - o Evaluation reports including clarification sought and provide during evaluation process
  - o Decisions of the awards commission and all the elements on which the decision was based
  - o Award notices (if applicable)
  - o Selection criteria that have been modified or added during the review of bids
- ☐ Post-award
  - o Final signed contract documents and amendments
  - o Contract variations/modifications/changes
  - o Certificates and reports of inspection, quality control and acceptance
  - o Decisions and observations during contract performances
  - o Changes in needs
  - o Claims and dispute resolutions
  - o Payments
  - o Disbursement data (as required by the country's financial management system)
  - o Changes to performance deadlines
  - o Price changes in the course of performance
  - o Supplementary works or deliveries
  - o Any correspondence, meeting notes and minutes including contract negotiations (if applicable)

For further information, please visit the Transparency page of the Public Procurement Toolbox.

The Public Procurement Toolbox contains detailed information on the 12 principles of the Recommendation and links them with evidence-based tools as well as collected country examples showcasing practices which have been successfully tested in a number of countries.

For each principle, you will be able to find: relevant background information, related tools, country cases and reviews, as well as relevant OECD and external links.

---

2. Integrity

Preserve the integrity of the public procurement system through general standards and procurement specific safeguards.

- OECD Recommendation on Public Procurement

Public procurement is the government activity more 'at risk' to waste, mismanagement and corruption. The volume and the regularity of transactions, close interaction between the public and private sectors and – at times - the complexity of the procedures, are the main reasons why public procurement is considered amongst the top "at-risk" activities for corruption in the public sector.

Integrity can be strengthened by following proposed steps below (steps A to D, aligned with the Recommendation), while also improving other principles which are closely linked to integrity, such as transparency, access, balance, participation, efficiency, e-procurement, capacity, risk management, accountability and integration (please refer to the box below). If you find that some information is missing or consider additional links or sources, do not hesitate to contact us.

Main linkages between integrity and other principles from the Recommendation

Integrity can also be strengthened by addressing other closely-linked principles of the Recommendation:

- Transparency: The public disclosure of information around public procurement processes contributes to identifying and decreasing cases of mismanagement, fraud and corruption.
- Access: Access to procurement opportunities for potential competitors of all sizes, including the limited use of exceptions to competitive tendering (direct awards, accelerated procedures, etc.), increases competition and decreases corruption risks.
- Balance: Public procurement can be used to achieve secondary policy objectives, such as the development of small and medium-sized enterprises and standards for responsible business conduct, which have the potential to strengthen integrity fight corruption in the framework of public procurement processes and beyond.
- Participation: Participation, including the provision of opportunities for direct involvement of relevant external stakeholders in the procurement system, increases transparency and integrity and reduces the risks of corruption in public procurement processes.
- Efficiency: Efficiency, by reducing waste, reduces the vulnerability to corruption since funds are better accounted for and used for the intended purposes.
- E-procurement: E-procurement tools facilitate the access to public tenders and improve transparency of public procurement processes as well as accountability of procurement officials, which contributes to mitigate risks of corruption inherent to procurement processes.
- Capacity: More capable procurement officers are better able to comply with procedures and ensure that they are applied fairly and effectively to avoid corruption.

- Risk Management: Risk management systems contribute to identify and address threats to the proper functioning of the public procurement system, including risks of fraud, misuse of public funds or corruption.
- Accountability: Oversight and control mechanisms help to reinforce accountability throughout the procurement process. An effective complaint system contributes to identifying and sanctioning cases of corruption related to public procurement operations. If appropriately used, complaint systems may also reinforce risk management strategies and contribute to build a culture of integrity among procurement officials.
- Integration: The visibility of the flow of public funds, from the beginning of the budgeting process throughout the public procurement cycle contributes to the transparency of the public procurement system and can reduce the risk of corruption.

(A) High standards of integrity for all stakeholders in the procurement cycle

Adherents should require high standards of integrity for all stakeholders in the procurement cycle. Standards embodied in integrity frameworks or codes of conduct applicable to public-sector employees (such as managing conflict of interest, disclosure of information or other standards of professional behaviour) could be expanded (e.g. through integrity pacts).

_____

A.1 Adherents should require high standards of integrity and professionalism from public procurement officials, mainstreaming/embodying these values and behaviours into relevant laws, policies and strategies. In order to achieve this end, adherents could consider:

- ☐ Developing a specific code of conduct/code of ethics for procurement officials, clearly stating integrity values and principles and their linkages with their role(s) in the procurement cycle and interactions with suppliers/bidders,
- ☐ Establishing mechanisms for providing guidance/information on code of conduct/code of ethics and support to managers and procurement officials when potential situations or dilemmas arise,
- ☐ Defining the procedures for taking legal action and the modality and degree of sanctioning to be applied to public officials in cases of violating codes of conduct/ethics,
- ☐ Developing relevant frameworks (guidelines, etc.) on how public servants could deal with the ethical dilemmas, prejudices and grey areas that are encountered in everyday work,
- ☐ Defining sanctions in case of wrongdoing, integrity breaches or mismanagement, including administrative, disciplinary and criminal and publishing performance information on sanctions.

_____

A.2 Adherents should foster a culture of integrity among the procurement workforce to prevent corruption. In order to achieve this end, adherents could consider:

- ☐ Selecting and appointing public procurement officials based on integrity and merit,
- ☐ Introducing integrity screening processes for senior officials involved in procurement,
- ☐ Ensuring a clear commitment from senior officials in the administration to set the example and provide visible support to the fight against corruption,
- ☐ Providing regular integrity training programmes and ensuring management's support for integrity training programmes (by allocating adequate resources for instance),
- ☐ Ensuring mandatory disclosure of interests, assets, hospitality and gifts,
- ☐ Undertaking regular performance appraisal,
- ☐ Developing professional certification requirements,
- ☐ Introducing periodic consultations with procurement officials on integrity policies,
- ☐ Introducing periodic (anonymous) perception surveys of procurement officials and suppliers/bidders to assess extent of awareness and adherence on integrity.

_____

A.3 Adherents should develop and implement specific policy, rules, and procedures for public procurement officials to identify, prevent and manage conflict of interest. Those policies, rules and procedures could:

- ☐ Include clear rules and procedures, including a specific list of situations considered as a conflict of interest,
- ☐ Include information on the people/unit/institution responsible for providing advice and support to staff in case of questions or having witnessed conflict of interest situations and integrity breaches,
- ☐ Include template documents, such as declarations of possible, apparent and real conflict of interests,
- ☐ Require declaration of private interests with a view to monitoring potential illicit enrichment through timely audits and verifications of the information provided (asset declarations),
- ☐ Include other provisions concerning conflict of interest arising from pre- or post-public employment such as cooling off periods, affiliations with political, trade union or professional organisations, etc.
- ☐ Refer to the [OECD Guidelines and country experiences on Managing Conflict of Interest in the Public Service](#)

_____

A.4 Adherents should develop and implement specific policy, rules and procedures for whistle-blower protection in the area of public procurement. Those frameworks could:

- ☐ Include clear rules and procedures for officials to follow,
- ☐ Define clear and safe reporting channels, including information on how to report wrongdoing, integrity breaches or mismanagement,

☐ Provide information on the people responsible for providing advice and support staff in case of questions or having witnessed conflict of interest situations, wrongdoing, integrity breaches or mismanagement,

☐ Describe of the protection provided for reporting officials to facilitate disclosure, including information on the protection of the staff and its career.

(B) Public sector integrity tools tailored to the specific risks of the procurement cycle

Adherents should implement general public sector integrity tools and tailor them to the specific risks of the procurement cycle as necessary (e.g. the heightened risks involved in public-private interaction and fiduciary responsibility in public procurement).

_____

B.1 Adherents should develop and implement risk assessment and management strategies and tools to safeguard integrity in the different stages of the procurement process. Those strategies and tools can include:

☐ Needs assessments to ensure that the procurement project is needed in the first place (and not improperly influenced),

☐ Risk maps to identify the positions, activities, and projects which are vulnerable, assessing probability and potential impact of risks of fraud and corruption,

☐ Red flags, standardized warning signs that stretch over the whole procurement cycle and assist in the detection of wrongdoing,

☐ Integrity plans (that facilitate the development of mitigation strategies),

☐ Whistle-blower programmes (that can mitigate risk-management pitfalls).

_____

B.2 Adherents should develop and implement mechanisms to prevent for misconduct in public procurement. Those mechanisms could be the following:

☐ Mechanisms that ensure the independent responsibility of at least two persons in the decision-making and control process - the four-eye principle (double signatures, cross-checking, separation of duties and authorisation, etc.),

☐ Systems of multiple-level review and approval of procurement process stages (reviews by independent senior officials independent of the procurement and project officials or by a specific contract review committee process),

☐ The rotation of officials, involving new responsibilities, as a safeguard for positions that involve long-term commercial connections for instance,

☐ Electronic systems for avoiding direct contact between officials and potential suppliers and for standardizing processes,

- Adequate security control measures for handling of information (unique user identity codes, well-defined levels of computer access rights and procurement authority, encryption of confidential data),
- Standardization of bidding documents and procurement documentation,
- Strong internal control and risk management mechanisms,
- Direct social controls on government activities through the introduction of social witnesses and social observers (which should ideally be trained in public procurement),
- Other mechanisms such as the two-envelop approach and integrity monitors.

_____

B.3 Adherents should develop and implement mechanisms for the detection and sanctioning of misconduct in public procurement. Those mechanisms could be the following:

- The systematic recording and tracking of key decisions (e.g. through electronic systems),
- Red flags or other systems that provide warnings of irregularities and potential corruption,
- Exchange of information between officials in charge of control and investigation like public procurers, internal controllers, auditors and competition authorities (e.g. specific joint training, expert assistance to gather evidence of corruption and collusion in public procurement, joint investigations, exchange of staff) and/or
- Specific sanctions for misconduct in public procurement,
- Transparency of information to allow for "social control" of procurement activities.

(C) Integrity programmes for the procurement workforce

Adherents should develop integrity training programmes for the procurement workforce, both public and private, to raise awareness about integrity risks, such as corruption, fraud, collusion and discrimination, develop knowledge on ways to counter these risks and foster a culture of integrity to prevent corruption.

_____

C.1 Adherents should develop ongoing and tailored integrity training programmes for the procurement workforce, which need to be continuously improved on the basis of the evaluation by training participants. Those programmes can include information on:

- The specific code of conducts/code of ethics and integrity tools available to the procurement workforce and how to implement them,
- Integrity risks related to public procurement (such as corruption, fraud, collusion and discrimination) and how to mitigate those risks,

☐ How to identify, report and manage potential conflict between their private interests and public duties that could influence public decision-making,

☐ How to report wrongdoing, integrity breaches or mismanagement.

_____

C.1 Adherents should strengthen the culture of integrity among the procurement workforce.

☐ See bullet A2 for more details.

(D) Requirements for internal controls, compliance measures and anti-corruption programmes for suppliers

Adherents should develop requirements for internal controls, compliance measures and anti-corruption programmes for suppliers, including appropriate monitoring. Public procurement contracts should contain "no-corruption" warranties and measures should be implemented to verify the truthfulness of suppliers' warranties that they have not and will not engage in corruption in connection with the contract. Such programmes should also require appropriate supply-chain transparency to fight corruption in subcontracts, and integrity training requirements for supplier personnel.

_____

D.1 Adherents should take active steps to supervise contractor's performance and integrity. Relevant measures can include:

☐ The inclusion of provisions on fraud and corruption and other prohibited practices and the consequences of committing such acts in the tender/solicitation and contract documents,

☐ Declarations of integrity or no corruption warranties indicating that suppliers have not and will not engage in corruption in connection to the contract,

☐ Measures to verify the truthfulness of suppliers' "no-corruption" declarations or warranties,

☐ Online publication of declarations and warranties,

☐ Integrity pacts (mutual commitment by the government and all tenderers to refrain from and prevent all corrupt acts and submits to sanctions in case of violations),

☐ Close monitoring of suppliers in contract management to maintain high standards of integrity and ensure that they are kept accountable for their actions,

☐ Appropriate supply-chain transparency to fight corruption in subcontracts,

☐ Open dialogues with suppliers to encourage them to develop their own standards and programmes to enhance integrity in their relationship with the public sector.

_____

D.2 Adherents should develop integrity training requirements for supplier personnel.

- ☐ See bullet C1 for more details.

_____

D.3 Adherents should define the sanctions that are applicable to suppliers in case of wrongdoing, integrity breaches or mismanagement.

- ☐ See bullets B1 and B2 of the "Accountability" principle for more details.

_____

D.4 Adherents should fight bid-rigging in public procurement, by:

- ☐ Designing the procurement process to reduce risks of bid-rigging,
- ☐ Detecting bid-rigging in public procurement.
- ☐ Refer to the OECD Recommendation and Guidelines for Fighting Bid-Rigging in Public Procurement.

For further information, please visit the Integrity page of the Public Procurement Toolbox.

The Public Procurement Toolbox contains detailed information on the 12 principles of the Recommendation and links them with evidence-based tools as well as collected country examples showcasing practices which have been successfully tested in a number of countries.

For each principle, you will be able to find: relevant background information, related tools, country cases and reviews, as well as relevant OECD and external links.

---

3. Access

Facilitate access to procurement opportunities for potential competitors of all sizes.

- OECD Recommendation on Public Procurement

Ensuring a level playing field for potential suppliers to gain access to government contracts remains a major hurdle. Cross-border procurement in an integrated market like the European Union represents less than 4% of the total value of contracted awards. SMEs often represent a very low share of the government contracts.

Access can be strengthened by following proposed steps below (steps A to C, aligned with the Recommendation), while also improving other principles which are closely linked to access, such as transparency, integrity, balance, participation, efficiency, e-procurement, capacity and accountability (please refer to the box below). If you find that some information is missing or consider additional links or sources, do not hesitate to contact us.

Main linkages between access and other principles of the Recommendation

Access can also be strengthened by addressing other closely-linked principles of the Recommendation:

- Transparency: Transparency contributes to fair and equitable treatment for potential suppliers.
- Integrity: Access to procurement opportunities for potential competitors of all sizes, including the limited use of exceptions to competitive tendering (direct awards, accelerated procedures, etc.), increases competition and decreases corruption risks.
- Balance: The design of the specific tender opportunities can encourage the broad participation from potential enterprises, including new entrants and small and medium enterprises.
- Participation: The design of specific tender opportunities can encourage broad participation from potential competitors, including new entrants and small and medium enterprises.
- Participation: Transparent and regular dialogues with suppliers and business associations to provide potential vendors with a better understanding of the country's needs facilitates access to procurement opportunities for potential competitors of all sizes.
- Efficiency: A coherent and stable institutional, legal and regulatory framework are essential to increase participation in doing business with the public sector and are key starting points to assure sustainable and efficient public procurement systems. The use of competitive tendering is a means of driving efficiency by achieving better value for money: low prices and/or better products are desirable because they result in resources either being saved or freed up for use on other goods and services.
- E-procurement: E-procurement systems can ensure access to public tenders and increase competition. Competition authorities make extensive use of the large databases of bidding information that e-procurement generates to screen data and detect suspicious bid strategies which can be the symptoms of a collusive arrangement.
- Capacity: A trained public procurement workforce can ensure the delivery of clear and integrated tender documentation, standardised where possible.

- <u>Accountability</u>: Rules for justifying and approving exceptions to procurement procedures should be comprehensive and clear, such as in cases of limiting competition.

(A) Coherent and stable institutional, legal and regulatory frameworks

Adherents should have in place coherent and stable institutional, legal and regulatory framework, which are essential to increase participation in doing business with the public sector and are key starting points to assure sustainable and efficient public procurement systems. These frameworks should:
1) be as clear and simple as possible;
2) avoid including requirements which duplicate or conflict with other legislation or regulation;
3) treat bidders, including foreign suppliers, in a fair, transparent and equitable manner, taking into account Adherent's international commitments (e.g., the Agreement on Government Procurement within the framework of the World Trade Organization, the European Union Procurement Directives, and bilateral and multilateral trade agreements).

_____

A.1 Adherents should have in place a coherent and stable legal and regulatory framework. In order to achieve this end, adherents could ensure that the framework:

- ☐ Is recorded and organized hierarchically (laws, decrees, regulations, procedures),
- ☐ Cover goods, works, and services (including consulting services) for all procurement using public funds,
- ☐ Cover all levels of government (national, regional, provincial and local) as well as public companies, decentralised authorities and public charity societies,
- ☐ Include regulations that supplement and detail the provisions of the procurement law and do not contradict the law,
- ☐ Apply across specialized legislation governing the procurement by entities operating in specific sector, as appropriate,
- ☐ Is published, easily accessible to the public at no cost and updated regularly,
- ☐ Assign the responsibilities for the maintenance and update of the framework,
- ☐ Is in line with international agreements on procurement the country has signed up to/ include related commitments and obligations,
- ☐ Eliminate any restrictions or barriers for foreign suppliers to participate in the public procurement processes,
- ☐ Cover Public Private Partnerships (PPP) including concessions,
- ☐ Assign the responsibilities for developing policies and supporting the implementation of PPPs including concessions,

- ☐ Permit the consideration of sustainability criteria (economic, environmental, social) in public procurement,
- ☐ Include any "set-aside" provisions for suppliers depending on their size,
- ☐ Is complemented with a user's guide or manual for procuring entities for the correct implementation of procurement laws and regulations.

_____

A.2 Adherents should have in place a coherent and stable institutional framework. This framework could:

- ☐ Identify the procurement function ('activity' versus 'institution') and specify how the procurement function is organised,
- ☐ Identify the normative/regulatory function (or the institutions entrusted with responsibilities for the regulatory function),
- ☐ Specify the roles and responsibilities of the different entities at each phase of the procurement function/process,
- ☐ Specify which activities are centralized and those which are decentralized,
- ☐ Identify the centralized procurement function in charge of consolidated procurement, framework agreements, or specialized procurement,
- ☐ Define the procuring entities,
- ☐ Include guidelines related to communication between different entities.

_____

A.3 Adherents should assign the following functions to one or several agencies (or procurement entities) without creating gaps or overlaps in responsibility:

- ☐ Providing advice to procuring agencies,
- ☐ Providing procurement information
- ☐ Drafting procurement policies,
- ☐ Proposing changes/drafting amendments to the legislative and regulatory framework,
- ☐ Monitoring public procurement,
- ☐ Managing statistical databases,
- ☐ Reporting on procurement to other parts of government,
- ☐ Developing and supporting the implementation of initiatives for improvements of the public procurement system,
- ☐ Providing implementation tools and documents to support training and capacity development of implementing staff including integrity training programmes,
- ☐ Supporting the professionalization of the procurement function,
- ☐ Designing and managing centralized online platforms and other e-procurement systems.

(B) Clear and integrated tender documentation, standardised where possible and proportionate to the need

Adherents should deliver clear and integrated tender documentation, standardised where possible and proportionate to the need, to ensure that:

1) specific tender opportunities are designed so as to encourage broad participation from potential competitors, including new entrants and small and medium enterprises. This requires providing clear guidance to inform buyer's expectations (including specifications and contract as well as payment terms) and binding information about evaluation and award criteria and their weights (whether they are focused specifically on price, include elements or price/quality ratio or support secondary policy objectives); and

2) the extent and complexity of information required in tender documentation and the time allotted for suppliers to respond is proportionate to the size and complexity of the procurement, taking into account any exigent circumstances such as emergency procurement.

_____

B.1 Adherents should develop requirements or guidelines that public procurement officials should follow in designing tender documentation and, where possible, standardised tender documentation. Those can include:

- ☐ Model for invitations, tender documents and contracts,
- ☐ Different tender documentation according to different types of contract requirements and/or according to the complexity of the needs,
- ☐ Specifications on minimum content of the tender/solicitation documents,
- ☐ Standards and mandatory set of clauses or templates that are reflective of the legal framework,
- ☐ Standard contract conditions for the most common types of contracts and consistent with internationally accepted practice,
- ☐ Requirements to use neutral specifications citing international norms when possible and the use of functional specifications, where appropriate,
- ☐ Requirements to recognize standards which are equivalent when neutral specifications are not available.

_____

B.2 Adherents should design tender opportunities so as to encourage broad participation from potential competitors, including new entrants and small and medium enterprises. In order to achieve this end, adherents could consider:

- ☐ Providing clear guidance to inform buyers' expectations, including specifications (requirements) and contract as well as payment terms,

- ☐ Detailing the procedures that can be used to determine a bidder's eligibility and ability to perform a specific contract,
- ☐ Providing binding information about evaluation and award criteria and their weights (whether they are focused specifically on price, include elements or price/quality ratio or support secondary policy objectives),
- ☐ Providing information on procedures for bid submission, receipt and opening,
- ☐ Ensuring that registration – if required – does not constitute a barrier to participation in tenders,
- ☐ Introducing specific measures to support and facilitate participate of SMEs in public procurement, as appropriate, such as training desks for SMEs,
- ☐ Establishing rules for the participation of state-owned enterprises that promote fair competition.

_____

B.3 Adherents should ensure adequate advertising rules and time limits. This can include:

- ☐ Publicly advertising procurement opportunities unless restrictions of procurement opportunities is explicitly justified,
- ☐ Adapting the opening period of public tenders to the method, nature and complexity of procurement for potential bidders to obtain documents and respond to the advertisement,
- ☐ Defining the minimum timeframes for submission of bids/proposals are defined for each procurement method and extending the timeframes when international competition is sought,
- ☐ Publishing public procurement opportunities is an accessible way at no cost without any other barriers.

(C) Competitive tendering and limit the use of exceptions and single-source procurement

Adherents should use competitive tendering and limit the use of exceptions and single-source procurement. Competitive procedures should be the standard method for conducting procurement as means of driving efficiencies, fighting corruption, obtaining fair and reasonable pricing and ensuring competitive outcomes. If exceptional circumstances justify limitations to competitive tendering and the use of single-source procurement such exceptions should be limited, pre-defined and should require appropriate justification when employed, subject to adequate oversight taking into account the increased risk of corruption, including by foreign suppliers.

_____

C.1 Adherents should strictly define the procurement methods (open tenders, restricted competition, and direct awards). This can include:

☐ Establishing procurement methods unambiguously along with the associated conditions under which each method may be used,

☐ Prescribing procurement methods providing an appropriate range of options to ensure value for money, fairness, transparency, proportionality, and integrity,

☐ Establishing guidelines for officials to facilitate the choice of the optimum method, specifying criteria for using different types of procedures and describing how to use them,

☐ Choosing, documenting and justifying procurement methods in accordance with the purpose and in compliance with the legal framework,

☐ Monitoring the distribution by procurement method and collecting information per year, number of procedures and value of contracts.

_____

C.2 Adherents should strictly define all exceptions to public tender. This can include:

☐ Regulating the use of exceptions in the legal and regulatory framework, according to the value and strategic importance of the procurement, the specific nature of the contract, the confidentiality of the contract to protect state interests and exceptional circumstances, such as extreme urgency,

☐ Identifying the body responsible for the ex-ante review of exceptions,

☐ Duly justifying exceptions in writing (except for national security reasons) and disclosing appropriately,

☐ Reviewing all types of exceptions (by nature and by amount),

☐ Monitoring the number of exceptions to public tender used, including per purchasing categories (goods, services, works).

For further information, please visit the Access page of the Public Procurement Toolbox.

The Public Procurement Toolbox contains detailed information on the 12 principles of the Recommendation and links them with evidence-based tools as well as collected country examples showcasing practices which have been successfully tested in a number of countries.

For each principle, you will be able to find: relevant background information, related tools, country cases and reviews, as well as relevant OECD and external links.

4. Balance

Recognise that any use of the public procurement system to pursue secondary policy objectives should be balanced against the primary procurement objective.

- OECD Recommendation on Public Procurement

Aside from its economic significance public procurement is increasingly recognised as a potential strategic instrument for achieving innovative, social and environmental policy objectives. Those secondary policy objectives can include promoting green growth, the development of SMEs, innovation or standards for responsible business conduct.

The "balance" principle highlights that a well-designed system can contribute to achieving pressing policy goals which can be *balanced* against the primary objective of public procurement, namely to achieve value for money. The "balance" principle summarizes therefore the need to balance traditional goals of public procurement with secondary policy objectives. For more information on the "balance" principle, please follow this link (link to the toolbox to be included).

Balance can be strengthened by following proposed steps below (steps A to C, aligned with the Recommendation), while also improving other principles which are closely linked to balance, such as access, participation, e-procurement, capacity and evaluation (please refer to the box below). If you find that some information is missing or consider additional links or sources, do not hesitate to contact us.

Main linkages between balance and other principles of the Recommendation

Balance can also be strengthened by addressing other closely-linked principles of the Recommendation:

- Integrity: Public procurement can be used to achieve secondary policy objectives, such as the development of small and medium-sized enterprises and standards for responsible business conduct, which have the potential to strengthen integrity fight corruption in the framework of public procurement processes and beyond.
- Access: The design of the specific tender opportunities can encourage the broad participation from potential enterprises, including new entrants and small and medium enterprises.
- Participation: Public procurement objectives, including secondary policy objectives, can be presented in the framework of transparent and regular dialogues with suppliers and business associations.
- E-procurement: E-procurement systems are a key tool to facilitate the achievement of secondary policy objectives and the effectiveness of procurement in achieving secondary policy objectives can be measured using e-procurement systems.
- Capacity: An adequate capacity of the procurement workforce can support secondary policy objectives and specialised expertise is often necessary to achieve secondary policy objectives.

> • Evaluation: The evaluation of the use of public procurement as one method of pursuing secondary policy objectives in accordance with clear national priorities can contribute to achieve the balance between the potential benefits of pursuing secondary policy objectives against the need to achieve value for money.

(A) Evaluation of the use of public procurement as one method of pursuing secondary policy objectives

Evaluate the use of public procurement as one method of pursuing secondary policy objectives in accordance with clear national priorities, balancing the potential benefits against the need to achieve value for money. Both the capacity of the procurement workforce to support secondary policy objectives and the burden associated with monitoring progress in promoting such objectives should be considered.

_____

A.1 Adherents should evaluate the use of public procurement as one method of pursuing secondary policy objectives in accordance with clear national priorities, balancing the potential benefits against the need to achieve value for money. In order to achieve this end, adherents could consider:

☐ Identifying the secondary policy objectives to be pursued through the use public procurement (such as sustainable green growth, the development of small and medium-sized enterprises (SMEs), innovation, standards for responsible business conduct or broader industrial policy objectives), in addition to the primary procurement objective (which refers to delivering goods and services necessary to accomplish the government's mission in a timely, economical and efficient manner) – in accordance with the national priorities,

☐ Measuring the cost and burden of the procedures linked to specific policies and programmes aiming at supporting secondary policy objectives against the benefits they offer,

☐ Monitoring, evaluating and managing risks linked to the secondary policy objectives,

☐ Preventing the potential risk of "objective overload": addressing so many secondary policy objectives through public procurement that the system of mandates and preferences becomes unmanageable or impossible to satisfy,

☐ Considering the capacity and the capability of the procurement workforce to support secondary policy objectives (see bullet A2),

☐ Considering the effort associated with the promotion of such objectives (see part C).

_____

A.2 Adherents should enhance the capacity of public procurement entities to support secondary policy objectives in public procurement. In order to achieve this end, adherents could consider:

☐ Providing action plans or guidelines to inform procuring workforces on integrating secondary policy objectives into public procurement (see bullet B2),

☐ Designating a specific team specialized in pursuing secondary policy objectives in public procurement at the central government level,

☐ Developing and conducting specific trainings on pursuing secondary policy objectives based on the needs of the public procurement workforce,

☐ Raising awareness on secondary policy objectives among managers and leaders of public entities,

☐ Publishing case studies and holding workshops to feature best practices,

☐ Giving national awards and incentives to state agencies with good performances in pursuing secondary policy objectives in public procurement.

(B) Integration of secondary policy objectives in public procurement systems based on an appropriate strategy

Develop an appropriate strategy for the integration of secondary policy objectives in public procurement systems. For secondary policy objectives that will be supported by public procurement, appropriate planning, baseline analysis, risk assessment and target outcomes should be established as the basis for the development of action plans or guidelines for implementation.

_____

B.1 Adherents should develop an appropriate strategy for the integration of secondary policy objectives (i.e. economic, environmental and social criteria) in public procurement systems. In order to achieve this end, adherents could consider:

☐ Introducing the use of public procurement to pursue secondary policy objectives in the legal and regulatory framework,

☐ Ensuring that the legal provisions with regard to secondary policy objectives are consistent with primary objectives of public procurement to ensure value for money,

☐ Undertaking a stocktake of the national priorities and goals related to economic, environmental and social policies,

☐ Ensuring strong political commitment throughout the development of the strategy,

☐ Organizing a consultation process among relevant stakeholders for the adoption of new policies and programmes for supporting secondary policy objectives (governmental bodies as well as external stakeholders), e.g. "intermediaries" are bringing together buyers and suppliers,

☐ Developing appropriate planning, baseline analysis as well as risk assessment mechanisms,

☐ Developing target outcomes as well as milestones, against which the effectiveness of procurement in achieving secondary policy objectives can be assessed (see part C),

☐ Identifying competent managers or "transformational leaders" responsible of coordinating and monitoring the strategy as well as horizontal and vertical teams and working groups,

☐ Disseminating the strategy and raising awareness (by creating dedicated webpage or by conducting roadshows),

☐ Training all relevant public officials as well as relevant external stakeholders to ensure the implementation of the strategy (see bullet A2),

☐ Ensuring sufficient financial resources to implement the strategy.

_____

B.2 Adherents should develop action plans or guidelines for implementation. In order to achieve this end, adherents could consider:

☐ Developing a guide or manual based on the strategy for the integration of secondary policy objectives, in an interactive and informative way and making it accessible (by online publication to achieve maximum dissemination),

☐ Referring to the appropriate planning, baseline analysis and risk assessment mechanisms of the strategy (see bullet B1),

☐ Including a central listing of all mandatory and recommended goals or requirements regarding secondary policy objectives, with a brief explanation and relevant references,

☐ Including the guide or manual in the training programmes as a way of improving the capacity of procurement officials to use public procurement strategically,

☐ Including an evaluation framework as well as detailed indicators to facilitate the measurement of the effectiveness of procurement in achieving the secondary policy objectives (see part C).

_____

B.3 Adherents should develop appropriate implementation measures that are specifically promoting the integration of secondary policy objectives in public procurement (e.g. sustainable green procurement, development of small and medium-sized enterprises (SMEs), innovation procurement, etc.). In order to achieve this end, adherents could consider:

☐ Developing specific public procurement programmes that are complementary to additional programmes that are outside of the public procurement process in order to ensure a balanced approach to the direct use of public procurement,

☐ Developing mutually reinforcing programmes to support secondary policy objectives (e.g. in supporting SMEs and innovation at the same time for instance).

☐ Developing measures for encouraging **Green Public Procurement (GPP)** in public procurement operations, by:
  o Setting a GPP legal and policy framework to assist buying entities in incorporating GPP in their procurement procedures,

- o Planning GPP, including understanding market capacity and available technical solutions as well as assessing GPP costs and benefits,
- o Introducing environmental standards in the technical specifications, related to:
    - Specific materials or certain percentage of recycled or reused content
    - Specific production processes and methods,
    - Submission of alternative solutions from suppliers which may partially meet the full tender specification,
    - Exclusion criteria in case of serious non-compliance or misconduct.
- o Introducing environmental standards in the procurement selection and award criteria, as well as in the contract performance clauses, related to:
    - Setting a weight of environmental criteria against other considerations such as cost and general quality,
    - Using eco-labels (e.g. EU Ecolabel, EU Organic label, EU Energy Label) as a criteria according to respective country context,
    - Using environmental management system (e.g. Eco-management and Audit Scheme (EMAS), ISO 14001) as criteria according to respective country context.
- o Professionalising GPP and increasing know-how and skills,
- o Raising awareness on GPP solutions and their benefits with buyers, businesses and the civil society,
- o Monitoring the results of GPP and providing a feed-back loop into policy and regulation.

- ☐ Developing measures for encouraging **SME participation** in public procurement operations, by:
    - o Having in place a specific legislative provision or policy (e.g. set-aside, bid preferences) to encourage participation from SMEs in procurement
    - o Removing barriers to SME access to public procurement by:
        - Disseminating information on bids online,
        - Offering possibility to submit bids online,
        - Dividing into lots of the contract,
        - Simplifying administrative procedures for SMEs to participate its tenders.
    - o Offering training and capacity building for SMEs, by:
        - Making documentation or guidance focused on SMEs available online,
        - Providing capacity building programs and workshops for SMEs to help new entries into the public procurement marketplace,
        - Developing dedicated call centres for addressing questions from SMEs.
    - o Applying preferential fees or financial incentives:
        - Offering preferential financial treatment (e.g. waiving fees) for SMEs,
        - Providing tender documents at lower price for SMEs,
        - Reducing the payment deadlines for SMEs.

☐ Developing for encouraging **innovative goods and services** in public procurement operations, by:

- o Establishing a specific legislative provision or policy that encourages the participation from firms with innovative goods or services (and defining specific product categories that allow preferential purchasing for solutions with innovative technology,
- o Offering preferential treatment (e.g. waiving fees, quotas) to innovative firms,
- o Encouraging participation from SMEs with innovative solutions. This includes:
  - ▪ Purchasing assurance scheme,
  - ▪ Framework contracts for the certified products for innovative solutions.
- o Allowing more flexibility within the tendering process to foster collaboration across different parties for developing solutions that are not readily available in the market. This includes:
  - ▪ Joint cross-border collaborations,
  - ▪ Collaboration between different institutions with complementary expertise.
- o Bridging the innovation gap by using demand-side policies based on needs assessment,
- o Creating incentives for contract authorities or innovative suppliers to spread good practice cases.

(C) Impact assessment methodology for measuring the effectiveness of procurement in achieving secondary policy objectives

Employ appropriate impact assessment methodology to measure the effectiveness of procurement in achieving secondary policy objectives. The results of any use of the public procurement system to support secondary policy objectives should be measured according to appropriate milestones to provide policy makers with necessary information regarding the benefits and costs of such use.

_____

C.1 Adherents should employ an appropriate impact assessment methodology to measure the effectiveness of procurement in achieving secondary policy objectives. In order to achieve this end, adherents could consider:

☐ Developing an appropriate methodology to measure the effectiveness of procurement in achieving secondary policy objectives,

☐ Developing detailed indicators, according to relevant policies and programmes (in order for instance to measure the cost and burden of the procedures against the benefits they offer),

☐ Ensuring the collection of data concerning the use of procurement as a policy lever to pursue secondary policy objectives (using e-procurement systems for instance),

☐ Developing incentives to measure the effect of relevant policies and programmes as well as ensuring sufficient financial resources,

☐ Developing legal requirements for the measurement of the effectiveness of procurement in achieving secondary policy objectives (example: government agencies can be required to publish in their end-year performance reports a section on progress made in implementing these objectives),

☐ Evaluating the relevant policies and programmes for preferences of the public procurement system,

☐ Evaluating the potential opportunities to consolidate or streamline overlapping policies and programmes to inform any future efforts to support additional secondary policy objectives,

☐ Including assessments of the extent to which public procurement is used in practice to support secondary policy objectives compared to other methods,

☐ Using the results of the impact assessments to consolidate the benefits of secondary policy objectives and feed them back in the planning, setting of criteria, etc.

For further information, please visit the Balance page of the Public Procurement Toolbox.

The Public Procurement Toolbox contains detailed information on the 12 principles of the Recommendation and links them with evidence-based tools as well as collected country examples showcasing practices which have been successfully tested in a number of countries.

For each principle, you will be able to find: relevant background information, related tools, country.

5. Participation

Foster transparent and effective stakeholder participation.

- OECD Recommendation on Public Procurement

Participation of all stakeholders is crucial for the success of the procurement process. Proactive and adequate disclosure of information throughout the procurement cycle is critical to support a level playing field for suppliers to compete for government contracts and to support citizen's involvement in the oversight of government operations. Participation is critical for enhancing efficiency, transparency, integrity and accountability**.**

Participation can be strengthened by following proposed steps below (steps A to C, aligned with the Recommendation), while also improving other principles which are closely linked to participation, such as transparency, integrity, access, balance, efficiency, e-procurement and accountability (please refer to the box below). If you find that some information is missing or consider additional links or sources, do not hesitate to contact us.

Main linkages between participation and other principles of the Recommendation

Participation can also be strengthened by addressing other closely-linked principles of the Recommendation:

- Transparency: Opportunities for direct involvement of relevant external stakeholders in the procurement system increases transparency. Transparency contributes to the provision of public procurement information to potential domestic and foreign suppliers, civil society and the general public. Standard processes when formulating changes to the public procurement system, including public consultations, increases transparency of the public procurement system.
- Integrity: Participation, including the provision of opportunities for direct involvement of relevant external stakeholders in the procurement system, increases transparency and integrity and reduces the risks of corruption in public procurement processes.
- Access: The design of specific tender opportunities can encourage broad participation from potential competitors, including new entrants and small and medium enterprises. Transparent and regular dialogues with suppliers and business associations to provide potential vendors with a better understanding of the country's needs facilitates access to procurement opportunities for potential competitors of all sizes.
- Balance: Public procurement objectives, including secondary policy objectives, can be presented in the framework of transparent and regular dialogues with suppliers and business associations.
- Efficiency: A correct understanding of markets contributes to more realistic and effective tender specifications.
- E-procurement: The use of e-procurement systems can contribute to the effective communication with suppliers, business associations and other relevant stakeholders as well as to effective information.

- <u>Accountability</u>: Opportunities for direct involvement of relevant external stakeholders in the procurement system can ensure that rules are actually observed and are not just lip service.

(A) Standard processes when formulating changes to the public procurement system

Adherents should develop and follow a standard process when formulating changes to the public procurement system. Such standard processes should promote public consultations, invite the comments of the private sector and civil society, ensure the publication of the results of the consultation phase and explain the options chosen, all in a transparent manner.

_____

A.1 Adherents should engage with the private sector and civil society on public procurement reforms to ensure that proposed changes reflect the expectations of both parties and are clearly understood. In order to achieve this end, adherents could consider:

- ☐ Promoting public consultations,
- ☐ Inviting the comments of the private sector and civil society,
- ☐ Taking into account the input, comments and feed-back received, if relevant,
- ☐ Publishing of the results of the consultation phase,
- ☐ Explaining the options chosen.

_____

A.2 Adherents should put programs in place to build the capacities of relevant stakeholders to understand changes to the public procurement system.

(B) Transparent and regular dialogues with suppliers and business associations to present public procurement objectives and to assure a correct understanding of markets

Adherents should engage in transparent and regular dialogues with suppliers and business associations to present public procurement objectives and to assure a correct understanding of markets. Effective communication should be conducted to provide potential vendors with a better understanding of the country's needs, and government buyers with information to develop more realistic and effective tender specifications by better understanding market capabilities. Such interactions should be subject to due fairness, transparency and integrity safeguards, which vary depending on whether an active procurement process is ongoing. Such interactions should be adapted to ensure that foreign companies participating in tenders receive transparent and effective information.

B.1 Adherents should engage in transparent and regular dialogues with suppliers and business associations to provide potential vendors with a better understanding of the country's needs. In order to achieve this end, adherents could consider:

☐ Providing potential suppliers the possibility to seek clarification before the tendering, especially for high-value procurements (n.b. the disclosure of information should be carefully considered, taking into account possible risks of collusion between private sector actors),

☐ Providing prompt responses to questions for clarification and transmitting to potential suppliers in a consistent manner to provide a level playing field (n.b. the timeframes should be defined in the legal framework),

☐ Providing debriefings to unsuccessful tenderers so that they understand why their proposal fell short in relative terms of other tenders, without disclosing commercially-sensitive information about other tenders,

☐ Promoting a regular dialogue between both parties during the contract management phase to enable problems to be quickly identified and resolved,

☐ Adapting the interactions to ensure that foreign companies participating in tenders receive transparent and effective information (in terms of language and timing),

☐ Establishing regular contacts with business associations.

_____

B.2 Adherents should assure a correct understanding of markets to develop more realistic and effective tender specifications. In order to achieve this end, adherents could consider:

☐ Conducting effective market research, regular market surveys as well as strategic sourcing to all tenders (i.e. collecting relevant information on the potential suppliers, products and prevailing prices for goods and services),

☐ Undertaking competitive dialogues,

☐ Using (early) engagement mechanisms with suppliers, such as Requests for Information (RFIs), one-to-one consultations with suppliers, holding of industry/supplier days, information discussions, competitive dialogues (when necessary), etc.

(C) Opportunities for direct involvement of relevant external stakeholders

Adherents should provide opportunities for direct involvement of relevant external stakeholders in the procurement system with a view to increase transparency and integrity while assuring an adequate level of scrutiny, provided that confidentiality,

equal treatment and other legal obligations in the procurement process are maintained.

_____

C.1 Adherents should provide opportunities for direct involvement of relevant external stakeholders in the procurement system. In order to achieve this end, adherents could consider:

☐ Implementing "direct social control" and "community monitoring" mechanisms that encourage the involvement of representatives from civil society, academics or end-users as external observers of the whole procurement process or of key decision-points, such as social witnesses programmes or public hearings,

☐ Facilitating access to data to relevant external stakeholders,

☐ Providing clear channels to allow external observers to inform control authorities in the case of potential irregularities or corruption, through webpage complaint mechanisms, the use of digital means instance,

☐ Designing confidential and accessible complaint mechanisms in order to reduce potential user intimidation while still allowing public officials to have access to feed-back on public services and policies.

_____

C.2 Adherents should assure an adequate level of scrutiny, provided that confidentiality, equal treatment and other legal obligations in the procurement process are maintained. In order to achieve this end, adherents could consider:

☐ Disclosing relevant information related to public procurement processes (records can be made available for civil society, media and the wider public for instance), including on open data websites,

☐ Disseminating information relative to budgetary and financial execution (which facilitates civil society initiatives to track the management of public funds in procurement),

☐ Implementing the "open agenda" mechanism, which obliges procurement officials to disclose every meeting they have with the private sector as well as the minutes of the meeting.

For further information, please visit the Participation page of the Public Procurement Toolbox.

The Public Procurement Toolbox contains detailed information on the 12 principles of the Recommendation and links them with evidence-based tools as well as collected country examples showcasing practices which have been successfully tested in a number of countries.

For each principle, you will be able to find: relevant background information, related tools, country cases and reviews, as well as relevant OECD and external links.

---

6. Efficiency

Develop processes to drive efficiency throughout the public procurement cycle in satisfying the needs of the government and its citizens.

- OECD Recommendation on Public Procurement

Public procurement accounts for a substantial portion of taxpayers' money and of government expenditures. Thus, governments are expected to carry out procurement efficiently to ensure value for money and high quality of service delivery. To do so, governments have to make sure customer needs are satisfied, continually evaluate the existing processes and institutions and use adapted instruments, such as e-procurement solutions.

Efficiency can be strengthened by following proposed steps below (steps A to C, aligned with the Recommendation), while also improving other principles which are closely linked to access, such as transparency, integrity, access, participation, e-procurement, capacity, evaluation, risk management and integration.

Please refer to the box below for the main links between the principles of the Recommendation, as well as to the related checklist(s), created to encourage the improvement of existing systems and allow a strategic and holistic use of public procurement. If you find that some information is missing or consider additional links or sources, do not hesitate to contact us.

Main linkages between efficiency and other principles of the Recommendation

Efficiency can also be strengthened by addressing other closely-linked principles of the Recommendation:

- Transparency: Transparency, in the flow of public funds for instance, can help policy makers to organise procurement strategically and improve its efficiency.
- Integrity: Efficiency, by reducing waste, reduces the vulnerability to corruption since funds are better accounted for and used for the intended purposes.
- Access: A coherent and stable institutional, legal and regulatory framework are essential to increase participation in doing business with the public sector and are key starting points to assure sustainable and efficient public procurement systems. The use of competitive tendering is a means of driving efficiency by achieving better value for money: low prices and/or better products are desirable because they result in resources either being saved or freed up for use on other goods and services.
- Participation: A correct understanding of markets contributes to more realistic and effective tender specifications.
- E-procurement: E-procurement tools simplify processes for contract award and management and drive cost savings.

- <u>Capacity</u>: A procurement workforce with adequate capacity ensures an efficient and effective delivery of value for money.
- <u>Evaluation</u>: Indicators can help measure performance, effectiveness and savings of the public procurement system.
- <u>Risk management</u>: Risk management tools contribute to identify potential mistakes in the performance of administrative tasks and bring them to the attention of relevant personnel, providing an intervention point where prevention or mitigation is possible.
- <u>Integration</u>: Specifically designed budget commitments can reduce fragmentation, which in turn increases efficiency. Multi-year financing options can contribute to take purchasing decisions that properly allocate risks and achieve long-term efficiency.

(A) Streamlined public procurement system and institutional frameworks

Adherents should streamline the public procurement system and its institutional frameworks. Adherents should evaluate existing processes and institutions to identify functional overlap, inefficient silos and other causes of waste. Where possible, a more service-oriented public procurement system should then be built around efficient and effective procurement processes and workflows to reduce administrative red tape and costs, for example through shared services.

_____

A.1 Adherents should evaluate existing processes and institutions to identify functional overlap, inefficient silos and other causes of waste. In order to achieve this end, adherents could consider:

- ☐ Establishing and consistently applying a performance measurement systems that focuses on the outcomes of procurement processes versus set targets, internally as well as externally (by Supreme Audit Institutions for instance),
- ☐ Developing and using Key Performance Indicators (KPIs),
- ☐ Using the information to support strategic policy making on procurement,
- ☐ Developing and using strategic plans including results frameworks (explicit articulation of the different levels, or chains, of results expected from a particular intervention) to improve the system,
- ☐ Clearly defining the responsibilities.

_____

A.2 Adherents should build a more service-oriented public procurement system around efficient and effective procurement processes and workflows to reduce administrative red tape and costs, for example through shared services. This can include:

- ☐ Developing strategies to increase savings and efficiency,

☐ Implementing initiatives to reduce administrative red tape and costs in the procurement activities,

☐ Using e-procurement systems.

(B) Sound technical processes to satisfy customer needs efficiently

Adherents should implement sound technical processes to satisfy customer needs efficiently. Adherents should take steps to ensure that procurement outcomes meet the needs of customers, for instance by developing appropriate technical specifications, identifying appropriate award criteria, ensuring adequate technical expertise among proposal evaluators, and ensuring adequate resources and expertise are available for contract management following the award of a contract.

_____

B.1 Adherents should develop appropriate technical specifications. This can include:

☐ Conducting appropriate needs assessments,

☐ Conducting effective market research, regular market surveys as well as strategic sourcing to all tenders (i.e. collecting relevant information on the potential suppliers, products and prevailing prices for goods and services),

☐ Using early engagement mechanisms with suppliers, such as Requests for Information (RFIs), Prior Information Notices (PINs), one-to-one consultations with suppliers, holding of industry/supplier days, information discussions, etc.,

☐ Undertaking competitive dialogues that allow a public entity which knows what outcome it wants to achieve in awarding a public contract but does not know how best to achieve it to discuss, in confidence, possible solutions in the dialogue phase of the tender process with short listed bidders before calling for final bids (when needed),

☐ Clearly defining the requirements and desired outcomes of contracts,

☐ Using neutral specifications citing international norms when possible and the use of functional specifications, where appropriate,

☐ Defining the appropriate methodology/calculations to determine best value for money based on the criteria stated in the tender/bid documents.

_____

B.2 Adherents should identify appropriate qualification criteria for suppliers and award criteria. This can include:

☐ Identifying qualification criteria, precisely specified in the tender/solicitation documents, in accordance with applicable rules and eligibility and exclusions,

☐ Identifying award criteria that are objective, relevant to the subject matter of the contract and precisely specified clearly in the tender/solicitation documents so that the award is made solely on the basis of the criteria stated in the documents,

☐ Clearly defining the manner in which award criteria are combined and the relative weights allocated in the tender documents,

☐ Developing specific guidelines or policies to define qualification and award criteria.

B.3 Adherents should ensure adequate technical expertise among bid evaluators to make sure that the selection and award is carried out effectively, efficiently and in a transparent way. This can include:

☐ Applying of appropriate methodology/calculations to determine best value for money based on the criteria stated in the tender/bid documents,

☐ Using price and non-price criteria and/or considering life-cycle cost to ensure the objectivity and value for money decisions,

☐ Giving adequate importance to the quality for goods, works and services and clearly defining the procedures and methodologies for assessment of technical capacity,

☐ Not disclosing information relating to the examination, clarification and evaluation of tenders/proposals to the participants or to others not involved officially in the evaluation process,

☐ Developing documents providing guidance on the use of selection criteria and their weightings.

B.4 Adherents should ensure adequate resources and expertise are available for contract management. This can include:

☐ Defining the functions for undertaking contract management and assigning the responsibilities,

☐ Applying the provisions of the legal framework with regard to contract management, including penalties for delays, termination of contracts,

☐ Implementing contracts in a timely manner to support effective delivery of public services,

☐ Undertaking inspections (covering quantitative aspects), quality control (covering qualitative aspects) and supervising works,

☐ Examining invoices and processing payments as stipulated in the contract,

☐ Reviewing, issuing and publishing contract amendments in a timely manner,

☐ Putting in place a system for post-award management that monitors the progress and performance of bidders,

☐ Ensuring efficient and fair processes to resolve disputes during the performance of the contract,

☐ Ensuring complete and accurate records on the contract implementation, easily accessible in a single file.

(C) Tools to improve procurement procedures, reduce duplication and achieve greater value for money

Adherents should develop and use tools to improve procurement procedures, reduce duplication and achieve greater value for money, including centralised purchasing, framework agreements, e-catalogues, dynamic purchasing, e-auctions, joint procurements and contracts with options. Application of such tools across sub-national levels of government, where appropriate and feasible, could further drive efficiency.

_____

C.1 Adherents should develop and use tools to improve procurement procedures, reduce duplication and achieve greater value for money, including centralized purchasing. Those tools can include:

- ☐ <u>Joint procurements</u>: A joint procurement means combining the procurement actions of two or more contracting authorities. The key defining characteristic is that there should be only one tender published on behalf of all participating authorities.
- ☐ <u>Central Purchasing Body (CPB)</u>: A CPB is a contracting authority (CA) providing centralised purchasing activities and, possibly, ancillary purchasing activities, where 'ancillary purchasing activities' means activities consisting in the provision of support to purchasing activities, in particular in the following forms: (a) technical infrastructure enabling CA to award public contracts or to conclude a framework agreement for works, supplies or services; (b) advice on the conduct or design of public procurement procedures; (c) preparation and management of procurement procedures on behalf and for the account of the CA concerned. This requires including the following provisions in the legal and regulatory framework:
  - o a clear definition of the legal status, funding, responsibilities, and decision-making powers;
  - o a precise definition of the accountability for decisions and
  - o a high level and authoritative standing in Government of the body and the head of the body.
- ☐ Defining the financing model of the CPB,
- ☐ Ensuring that the internal organization and staff sufficient and consistent with THE responsibilities of the CPB,
- ☐ Specifying if the use of CPB's services is compulsory for the procurement entities,
- ☐ Measuring the objectives of the CPB implementation.

_____

C.2 Adherents should develop and use tools to improve procurement procedures, reduce duplication and achieve greater value for money, including framework agreements (FAs) and dynamic purchasing systems (DPS). This can include:

☐ Defining the use of FAs and DPS in the legal and regulatory framework,

☐ Identifying the main body responsible for establishing, awarding and management FAs and DPS,

☐ Identify the procurement entities entitled to use FA and DPS,

☐ Undertaking following steps prior to introducing a FA or a DPS:

     o Exploring all the possibilities offered by FA (one or multiple suppliers and complete or incomplete) or a DPS,

     o Defining the categories of goods and services subject to framework agreements,

     o Setting up of the framework agreements and DPS,

     o Developing e-catalogues,

     o Managing the FA e-catalogue.

☐ Providing the public procurement workforce with tools, guidance and/or training on how to use FAs and DPS, in particular to manage the second-stage competition (if any),

☐ Monitoring the use of FAs and DPS.

_____

C.3 Adherents should develop and use tools to improve procurement procedures, reduce duplication and achieve greater value for money. These can include:

☐ E-catalogues, listing of available products and/or services that can be viewed and bought in an electronic format and can include information such as illustrations, prices, and product and/service description. E-catalogues can reduce the transaction and administration costs, simplify the ordering processes and reduce unauthorized purchasing outside permitted systems. It needs to be ensured that e-catalogues are interoperable with other platforms.

☐ Reverse auction/E-auctions, online electronic system which allows economic operators to submit new, downwards revised, prices and/or revisions to elements of their tenders in real time, and in direct, anonymous competition with other economic operators.

     o E-auctions can only be used when the specification can be established with sufficient precision.

     o Only elements of a tender which are suitable for evaluation using electronic means along may be the subject of an e-auction.

     o E-auctions should not be used for certain service contracts and certain work contracts.

     o The use of e-auctions depends on the market structure and the costs of suppliers.

For further information, please visit the Efficiency page of the Public Procurement Toolbox.

The Public Procurement Toolbox contains detailed information on the 12 principles of the Recommendation and links them with evidence-based tools as well as collected country examples showcasing practices which have been successfully tested in a number of countries.

For each principle, you will be able to find: relevant background information, related tools, country cases and reviews, as well as relevant OECD and external links.

7. E-procurement

Improve the public procurement system by harnessing the use of digital technologies to support appropriate e-procurement innovation throughout the procurement cycle.

- OECD Recommendation on Public Procurement

E-procurement is defined as the use of information and communications technologies in public procurement. It not only increases efficiency by facilitating access to public tenders, but also improves transparency by holding public authorities more accountable. It can support the development of performance assessments using procurement information.

E-procurement can be strengthened by following proposed steps below (steps A to B, aligned with the Recommendation), while also improving other principles which are closely linked to transparency, integrity, access, balance, participation, efficiency, capacity, evaluation, accountability and integration (please refer to the box below). If you find that some information is missing or consider additional links or sources, do not hesitate to contact us.

Main linkages between e-procurement and other principles of the Recommendation

E-procurement can also be strengthened by addressing other closely-linked principles of the Recommendation:

- Transparency: E-procurement systems limit direct interactions between officials and potential suppliers.
- Integrity: E-procurement tools facilitate the access to public tenders and improve transparency of public procurement processes as well as accountability of procurement officials, which contributes to mitigate risks of corruption inherent to procurement processes.
- Access: E-procurement systems ensure access to public tenders and increase competition.
- Balance: The effectiveness of procurement in achieving secondary policy objectives can be measured using e-procurement systems.
- Participation: The use of e-procurement systems can contribute to the effective communication with suppliers, business associations and other relevant stakeholders as well as to effective information.
- Efficiency: E-procurement tools simplify processes for contract award and management and drive cost savings.
- Capacity: The public procurement workforce and potential bidders/suppliers need to know how to use e-procurement systems and tools.
- Evaluation: E-procurement systems contribute to the assessment of the results of the procurement process by collecting consistent, up-to-date and reliable information and use data on prior procurements.
- Risk management: E-procurement systems can contribute to the development of risk management systems, such as red flags.

- Accountability: E-procurement systems can be used for the monitoring of the performance of the public procurement.
- Integration: E-procurement systems contribute to the integration of public procurement and public finance information.

(A) Recent digital technology developments that allow integrated e-procurement solutions covering the public procurement cycle

Adherents should employ recent digital technology developments that allow integrated e-procurement solutions covering the public procurement cycle. Information and communication technologies should be used in public procurement to ensure transparency and access to public tenders, increasing competition, simplifying processes for contract award and management, driving costs savings and integrating public procurement and public finance information.

_____

A.1 Adherents should employ recent digital technology developments that allow integrated e-procurement solutions covering the public procurement cycle. This can include:

☐ Developing a legislation, regulation and/or policy that allows or mandates the use of electronic methods and instruments for public procurement,

☐ Specifying which functionalities provided by the e-procurement systems are mandatory, meaning that the procurement law or other institutions decree state when and how contracting authorities must use e-procurement systems,

☐ Identifying the institution in charge of the development/management/monitoring of the e-procurement system,

☐ Ensuring a coverage of the entire public procurement cycle (e-sourcing, e-aggregation, e-notice, e-submission, e-evaluation, e-awarding, e-catalogues, e-orders, e-contract adjustment, e-invoicing, e-payment),

☐ Developing functionalities to manage suppliers through, for instance, developing a suppliers registry,

☐ Ensuring consistency across agencies and levels of government,

☐ Communicating on the e-procurement solutions to assure awareness and acceptance among citizens and companies,

☐ Monitoring the use of e-procurement systems and its functionalities.

_____

A.2 Adherents should use information and communication technologies in public procurement to ensure transparency and access to public tenders, increasing competition, simplifying processes for contract award and management, driving costs savings and integrating public procurement and public finance information. This can include:

☐ Developing e-procurement systems that collect consistent, up-to-date and reliable information on prior procurements and future tenders,

☐ Developing e-procurement systems that allow for efficient data collection, consolidation, extraction and transfer, Developing reports and data visualisation tools,

☐ Ensuring that data from e-procurement systems is easily transferrable or extractable to support the report generation and data search,

☐ Ensuring that the collected information is being published in a timely manner and accessible to vendors and other stakeholders (while protecting sensitive data),

☐ Ensuring that e-procurement systems support internal and external audit and control functions,

☐ Integrating e-procurement systems with the financial management information and other relevant e-government digital technology systems and ensuring their visibility,

☐ Measuring the efficiencies/savings generated by the use of e-procurement systems,

☐ Monitoring the contribution of e-procurement systems to transparency, access to public tenders, competition, simplification of processes, efficiency and integration between public procurement and public finance systems.

(B) State-of-the-art e-procurement tools that are modular, flexible, scalable and secure

Adherents should pursue state-of-the-art e-procurement tools that are modular, flexible, scalable and secure in order to assure business continuity, privacy and integrity, provide fair treatment and protect sensitive data, while supplying the core capabilities and functions that allow business innovation. E-procurement tools should be simple to use and appropriate to their purpose, and consistent across procurement agencies, to the extent possible; excessively complicated systems could create implementation risks and challenges for new entrants or small and medium enterprises.

_____

B.1 Adherents should pursue state-of-the-art e-procurement tools that are modular, flexible, scalable and secure in order to assure business continuity, privacy and integrity, provide fair treatment and protect sensitive data, while supplying the core capabilities and functions that allow business innovation. This can include:

☐ Ensuring that the design of the e-procurement system is modular, flexible and scalable,

☐ Ensuring privacy, security of data and authentication,

☐ Ensuring that the functionalities are free of charge for bidders/suppliers,

☐ Introducing quality control mechanisms related to the data included in the e-procurement platforms,

☐ Ensuring that e-procurement systems are providing real-time data regarding contract opportunities, including detailed information regarding the status of open procurements, pending complaints and award information,

☐ Introducing distinct access to the e-procurement systems for: the general public, registered suppliers, oversight bodies and/or contracting authorities.

_____

B.2 Adherents should develop e-procurement tools that are simple to use and appropriate to their purpose, and consistent across procurement agencies, to the extent possible; given that excessively complicated systems could create implementation risks and challenges for new entrants or small and medium enterprises. This can include:

☐ Developing user-friendly tools that are easy to understand and use,

☐ Ensuring that the tender documentation and other forms used in the e-procurement systems are standardised,

☐ Ensuring a standardised and harmonised data labelling by procurement officials responsible for product categories,

☐ Ensuring that bidders/suppliers do not have to provide all administrative information (including certificates and other records of information) for each procurement process and that they can upload some information in the e-procurement system for reference in future procurement processes,

☐ Providing regular trainings for users (government agencies and bidders/ suppliers),

☐ Developing a help-desk to answer questions about the use of the e-procurement system.

For further information, please visit the E-procurement page of the Public Procurement Toolbox.

The Public Procurement Toolbox contains detailed information on the 12 principles of the Recommendation and links them with evidence-based tools as well as collected country examples showcasing practices which have been successfully tested in a number of countries.

For each principle, you will be able to find: relevant background information, related tools, country cases and reviews, as well as relevant OECD and external links.

8. Capacity

Develop a procurement workforce with the capacity to continually deliver the value or money efficiently and effectively.

- OECD Recommendation on Public Procurement

Effective implementation of procurement reforms and specific procurement practices requires a properly trained public procurement workforce. It not only promotes the effectiveness of the system, but also its integrity. The public procurement workforce is one of the key pillars of a procurement system.

Capacity can be strengthened by following proposed steps below (steps A to C, aligned with the Recommendation), while also improving other principles which are closely linked to capacity, such as integrity, access, balance, efficiency, e-procurement, evaluation, risk management and accountability (please refer to the box below). If you find that some information is missing or consider additional links or sources, do not hesitate to contact us.

Main linkages between capacity and other principles of the Recommendation

Capacity can also be strengthened by addressing other closely-linked principles of the Recommendation:

- Integrity: More capable procurement officers are better able to comply with procedures and ensure that they are applied fairly and effectively to avoid corruption.
- Access: A trained public procurement workforce can ensure the delivery of clear and integrated tender documentation, standardised where possible.
- Balance: An adequate capacity of the procurement workforce can support secondary policy objectives.
- Efficiency: A procurement workforce with adequate capacity ensures an efficient and effective delivery of value for money.
- E-procurement: The public procurement workforce and potential bidders/suppliers need to know how to use e-procurement systems and tools.
- Evaluation: Designating specific evaluation units or teams to analyse public procurement information and monitor performance in the public procurement system boosts capacity.
- Risk management: Risk management strategies, related implementation plans and measures set up to deal with the identified risks need to be known and understood among the procurement workforce in order to be used.
- Accountability: Internal control and external controls need to be coordinated, sufficiently resourced and integrated to be effective.

(A) High professional standards for knowledge, practical implementation and integrity

Ensure that procurement officials meet high professional standards for knowledge, practical implementation and integrity by providing a dedicated and regularly updated set of tools, for example, sufficient staff in terms of numbers and skills, recognition of public procurement as a specific profession, certification and regular trainings, integrity standards for public procurement officials and the existence of a unit or team analysing public procurement information and monitoring the performance of the public procurement system.

_____

A.1 Adherents should develop a public procurement capacity strategy and action plan. This could take following issues into account:

☐ Building a sustainable procurement workforce is a long-term effort. The strategy needs to tackle both immediate and long-term issues,

☐ The strategy should aim to improve individual capabilities as well as the institution's capacities in the area of public procurement,

☐ The strategy is a planning exercise. It involves the development of a step-by-step roadmap with prioritized objectives and expected outputs,

☐ Building a sustainable procurement workforce mobilises time and resources. The strategy should be complemented by an action plan for implementation, including a budget,

☐ The development of a procurement capacity strategy should be inclusive. All relevant stakeholders should be gathered, in the framework of a task force or a steering committee,

☐ The strategy needs to be well integrated with other measures aimed at developing the capacities of key actors involved in public procurement.

_____

A.2 Adherents should develop a competency framework, job profiles and a certification system tailored to public procurement. This can include:

☐ Determining the specific functions, skills and competencies critical to achieving the agencies' missions and goals related to public procurement,

☐ Ensuring that the competencies cover legal knowledge (e.g. administrative and competition law, managing legal disputes), and professional, technical and personal effectiveness skills, e.g. negotiation, risk management, teamwork, communication, leadership and the management of people, project and large resources, as well as integrity and information technology,

- ☐ Developing job profiles which combine a statement about what is expected from a job with a view of what the job holder must bring in terms of skills, experience, behaviours and other attributes to do the job well,
- ☐ Ensuring that job profiles are defining threshold levels of knowledge and practice requirements,
- ☐ Developing and undertaking regular developments to refresh knowledge and build new skills to ensure that procurement officials meet high professional standards for knowledge.

_____

A.3 Adherents should have a unit or team that covers the capacity development needs of the public procurement workforce. This team could be in charge of:

- ☐ Identifying current training needs and weaknesses of the public procurement workforce,
- ☐ Undertaking evaluations that cover bottlenecks, skills, knowledge, structures, ways of working of specific staff categories and in specific geographical locations,
- ☐ Developing guidelines for the procurement of training of civil servants, in particular procurement officials (see bullet C1),
- ☐ Developing a certification system for the public procurement workforce and overseeing the implementation by public procurement entities (see bullet A3),
- ☐ Developing and implementing specific training programmes for the public procurement workforce (see bullet A4).

_____

A.4 Adherents should develop and implement public procurement training on a regular basis. In order to achieve this end, adherents could consider:

- ☐ Designing training curriculums that cover the specific needs of the public procurement entities and suppliers and that take into account the multi-disciplinary nature of the public procurement function,
- ☐ Implementing sufficient formal and on-the-job training programs,
- ☐ Improving accessibility to training opportunities by:
    - o Advertising training opportunities and ensuring that training offers are reaching public procurement entities at national and sub-national level
    - o Financing or co-financing training for procurement officials
    - o Making use of learning methods such as e-learning, m-learning, blended-learning
- ☐ Certifying training institutions and trainers to ensure the quality of public procurement trainings,
- ☐ Adjusting the training program based on feedback from the public procurement entities.

_____

A.5 Adherents should provide central advisory services or help desks to reply to questions, in particular by public procurement entities. These advisory services or help desks could:

- ☐ Giving advice or counselling on public procurement policy or rules for both public/private sector parties, suppliers and the general public,
- ☐ Maintaining a database or info-sharing system for providing relevant public procurement information,
- ☐ Providing good practices/benchmarks of public procurement,
- ☐ Granting access to networks of public procurement experts.

A.6 Adherents should ensure that public procurement entities meet high integrity standards from the procurement workforce to handle ethical dilemmas. In order to achieve this end, adherents could consider:

- ☐ Fostering the culture of integrity across the organisation,
- ☐ Providing guideline on required integrity standards in the form of a code of conduct,
- ☐ Raising awareness of the public procurement workforce on integrity standards and regulation of lobbying,
- ☐ Establishing clear segregation of duties to prevent conflict between public and private interests,
- ☐ Ensuring an appropriate degree of independence to prevent political interference.

(B) Attractive, competitive and merit-based career options for procurement officials

Provide attractive, competitive and merit-based career options for procurement officials, through the provision of clear means of advancement, protection from political interference in the procurement process and the promotion of national and international good practices in career development to enhance the performance of the procurement workforce.

B.1 Adherents should provide attractive career options for procurement officials. In order to achieve this end, adherents could consider:

- ☐ Recognising public procurement as a strategic function beyond its administrative function,
- ☐ Recognising public procurement as a specific function with procurement positions defined at different professional and hierarchical levels with job descriptions and the required qualifications and competencies specified,

☐ Create career paths for procurement officials which take into account possibilities for vertical and horizontal mobility (see bullet B2),

☐ Encouraging exchanges between different public institutions and between the public and private sectors to cross-fertilise talent and commercial know-how as long as there is adequate framework for preventing conflict of interest situations,

☐ Providing adequate salaries in the framework of a transparent pay system,

☐ Certification of the skills of the public procurement workforce, including on-the-job experience and continuous training.

_____

B.2 Adherents should provide competitive and merit-based career options for procurement officials, through the provision of clear means of advancement and international good practices in career development to enhance the performance of the procurement workforce. In order to achieve this end, adherents could consider:

☐ Making sure that the specific competency framework and job profiles are used in the recruitment process and in the human resource management,

☐ Making sure that appointments and promotion systems are competitive and based on performance and/or certification,

☐ Undertaking performance evaluations of staff on a regular and consistent basis.

(C) Collaborative approaches with knowledge centres

Promote collaborative approaches with knowledge centres such as universities, think tanks or policy centres to improve skills and competences of the procurement workforce. The expertise and pedagogical experience of knowledge centres should be enlisted as a valuable means of expanding procurement knowledge and upholding a two-way channel between theory and practice, capable of boosting application of innovation to public procurement systems.

_____

C.1 Adherents should improve capacity of the public procurement entities through collaborative approaches with knowledge centres such as universities (e.g. school of engineers, law schools or business schools), think tanks or policy centres. This can include:

☐ Developing and implementing training or certification programmes through the education programmes offered at the professional/specialised training institutions or universities that deliver initial or fundamental training,

☐ Conducting joint research and communicating on the results (on innovative approaches to public procurement for example),

☐ Hosting joint seminars and workshops on public procurement.

For further information, please visit the Capacity page of the Public Procurement Toolbox.

The Public Procurement Toolbox contains detailed information on the 12 principles of the Recommendation and links them with evidence-based tools as well as collected country examples showcasing practices which have been successfully tested in a number of countries.

For each principle, you will be able to find: relevant background information, related tools, country cases and reviews, as well as relevant OECD and external links.

9. Evaluation

Drive performance improvements through evaluation of the effectiveness of the public procurement system from individual procurements to the system as a whole, at all levels of government where feasible and appropriate.

- OECD Recommendation on Public Procurement

The overriding objective of a state's public procurement system is to deliver efficiency and 'value for money' in the use of public funds. Evaluation is about seeking to answer the fundamental question of whether the procurement system and operations ultimately deliver in accordance to the main objectives set (primary and secondary policy objectives).

Evaluation can be strengthened by following proposed steps below (steps A to B, aligned with the Recommendation), while also improving other principles which are closely linked to evaluation, such as balance, efficiency, e-procurement, capacity and accountability (please refer to the box below). If you find that some information is missing or consider additional links or sources, do not hesitate to contact us.

Main linkages between evaluation and other principles of the Recommendation

Evaluation can also be strengthened by addressing other closely-linked principles of the Recommendation:

- Integrity: The collection of consistent, up-to-date and reliable information and the use of data on prior procurement can facilitate the identification of corruption cases as well as collusion.
- Balance: The evaluation of the use of public procurement as one method of pursuing secondary policy objectives in accordance with clear national priorities can contribute to achieve the balance between the potential benefits of pursuing secondary policy objectives against the need to achieve value for money.
- Efficiency: Indicators can help measure performance, effectiveness and savings of the public procurement system.
- E-procurement: E-procurement systems contribute to the assessment of the results of the procurement process by collecting consistent, up-to-date and reliable information and use data on prior procurements.
- Capacity: Designating specific evaluation units or teams to analyse public procurement information and monitor performance in the public procurement system boosts capacity.
- Accountability: Coordinated, sufficiently resourced and integrated internal controls and external controls can contribute to the monitoring of the performance of the public procurement system.

(A) Periodic and consistent assessment of the results of the procurement process

Assess periodically and consistently the results of the procurement process. Public procurement systems should collect consistent, up-to-date and reliable information and use data on prior procurements, particularly regarding price and overall costs, in structuring new needs assessments, as they provide a valuable source of insight and could guide future procurement decisions.

A.1 Adherents should evaluate the effectiveness of the public procurement system from individual procurements to the system as a whole, at all levels of government where feasible and appropriate. The evaluation can include the:

- ☐ National (meta) level: assessment of the performance of the national public procurement system,
- ☐ Contracting authority (macro) level: assessment of the performance of the public procurement entities in the effective implementation of their operational goals and strategies and in decision making,
- ☐ Contract management (micro) level: assessment of the performance of an individual contract.

A.2 Adherents should set up an effective performance management framework. In order to achieve this end, adherents could consider:

- ☐ Setting policy goals, objectives and targets for public procurement,
- ☐ Developing a harmonized measurement methodology,
- ☐ Providing clear guidance on the performance measurement methodology,
- ☐ Providing strong central support and guidance on performance measurement,
- ☐ Assessing intermediate development outcomes of procurement operations.

A.3 Adherents should collect consistent up-to-date and reliable information. This can include:

- ☐ Information linked to the level of competition in the tendering process (e.g. number of suppliers contacted, number of responses, number of qualified responses, etc.),
- ☐ Information linked to contract and supplier performance (e.g. contractors' achievement of main tasks against agreed milestones, delays, failures, etc.),
- ☐ Information linked to market consultation (e.g. size of the market, suppliers previously awarded contracts, market evolution and trends, number of potential suppliers and their market share, etc.),

☐ Information linked to the timeframe of procurement operations (e.g. duration of the process of each phase, number of people involved in the process, etc.).

_____

A.4 Adherents should develop strategies to manage procurement data. In order to achieve this end, adherents could consider:

☐ Creating a system to collect data on the procurement of goods, works and services with support from e-procurement or other information technology,

☐ Archiving the data in the same place using a dedicated tool,

☐ Creating a system that manages data for the entire procurement process and allows analysis and trends, levels of participation, efficiency and economy of procurement and compliance with requirements,

☐ Ensuring high reliability of the information (verified by audits),

☐ Carrying out analysis of the information as well as publishing and using it to improve the system.

(B) Indicators to measure performance, effectiveness and savings of the public procurement system

Develop indicators to measure performance, effectiveness and savings of the public procurement system for benchmarking and to support strategic policy making on public procurement.

_____

B.1 Adherents should develop Key Performance Indicators (KPIs) to measure performance, effectiveness and savings of the public procurement system for benchmarking and to support strategic policy making on procurement. KPIs can aim at:

☐ Measuring different aspects of the performance of procurement operations, including:
   o Level of competition (open biddings, restricted invitations or direct awards)
   o Extent of use of procurement tools such as framework agreements, dynamic purchasing system, reverse auctions
   o Savings at the contract level, procurement entity level and national level
   o Performance/quality of suppliers
   o Supplier concentration
   o Time required preparing or participating in biddings
   o Secondary policy objectives, such as SME participation, Green Public Procurement and innovation procurement
☐ Measuring performance against predefined targets and developing improvement strategies in case objectives are not met,
☐ Measuring performance over time.

_____

B.2 Adherents should undertake specific evaluation. They could consider applying the following evaluation methodologies depending on the evaluation needs and objectives:

- ☐ Evaluating on the national (meta) level through the use of national and international assessment institutions and tools (example: SAI, MAPS, etc.),
- ☐ Evaluating on the contracting authority (macro) level through:
  - o Comparing against pre-defined performance targets by:
    - ▪ Setting targets that are relevant, attributable, well-defined, timely, reliable, comparable and verifiable
    - ▪ Using various target indicators
  - o Benchmarking, for instance by comparing its own operation with similar contracting authority known for its excellence, prices or service levels
- ☐ Evaluating on the contract management (micro) level through:
  - o Evaluating the performance of:
    - ▪ Delivery management
    - ▪ Relationship management
    - ▪ Contract administration

_____

B.3 Adherents should use the results of the performance evaluation to support strategic policy making, by disseminating the results of the performance evaluations. In order to achieve this end, adherents could consider:

- ☐ Disseminating the results of the performance evaluations to relevant stakeholders,
- ☐ Informing clearly with stakeholders on where to find the results,
- ☐ Training public procurement entities to analyse the data,
- ☐ Using KPI results as inputs in defining the overall procurement strategy.

For further information, please visit the Evaluation page of the Public Procurement Toolbox.

The Public Procurement Toolbox contains detailed information on the 12 principles of the Recommendation and links them with evidence-based tools as well as collected country examples showcasing practices which have been successfully tested in a number of countries.

For each principle, you will be able to find: relevant background information, related tools, country cases and reviews, as well as relevant OECD and external links.

10. Risk Management

Integrate risk management strategies for mapping, detection and mitigation throughout the public procurement cycle.

- OECD Recommendation on Public Procurement

Risk management encompasses risk assessment (including an assessment of the nature, causes and potential consequences of risks) and risk mitigation. It involves the contracting authority as well as the contractor. Risk management is key in order to preserve the integrity of the public procurement process and to drive efficiency throughout the process.

Risk management can be strengthened by following proposed steps below (steps A to B, aligned with the Recommendation), while also improving other principles which are closely linked to risk management, such as integrity, efficiency, e-procurement, capacity and integration (please refer to the box below). If you find that some information is missing or consider additional links or sources, do not hesitate to contact us.

Main linkages between risk management and other principles of the Recommendation

Risk Management can also be strengthened by addressing other closely-linked principles of the Recommendation:

- Integrity: Risk management systems contribute to identify and address threats to the proper functioning of the public procurement system, including risks of fraud, misuse of public funds or corruption.
- Efficiency: Risk management tools contribute to identify potential mistakes in the performance of administrative tasks and bring them to the attention of relevant personnel, providing an intervention point where prevention or mitigation is possible.
- E-procurement: E-procurement systems can contribute to the development of risk management systems, such as red flags and data produced by e-procurement systems can be used to undertake risk assessments.
- Capacity: Risk management strategies, related implementation plans and measures set up to deal with the identified risks need to be known and understood among the procurement workforce in order to be effective.
- Integration: Multi-year financing options can contribute to take purchasing decisions that properly allocate risks and achieve long-term efficiency.

(A) Risk assessment tools to identify and address threats to the proper function of the public procurement system

Develop risk assessment tools to identify and address threats to the proper function of the public procurement system. Where possible, tools should be developed to identify risks of all sorts – including potential mistakes in the performance of administrative tasks and deliberate transgressions – and bring them to the attention of relevant personnel, providing an intervention point where prevention or mitigation is possible.

_____

A.1 Adherents should develop and employ a risk management system (including a strategy) for assessment, prevention and mitigation of risks throughout the public procurement cycle. In order to achieve this end, adherents could consider:

- ☐ Identifying an entity in charge of developing and monitoring the risk management system, which includes:
    - o Developing risk management guidelines, tools and templates for the public procurement entities
    - o Specifying the roles of the different stakeholders responsible for supervising public procurement processes and ensuring effective coordination
- ☐ Defining clear risk management frameworks, strategies and implementation plans according to relevant international standards, tailored to public procurement,
- ☐ Monitoring and periodic evaluation of risk management frameworks, strategies and implementation plans,
- ☐ Covering the different types of risks related to public procurement,
- ☐ Assessing sector related risks (e.g. expenditure, competition, environmental impact, socio-economic risks, etc.) and opportunities to influence sector markets and engaging sector market participants in support of procurement policy objectives,
- ☐ Including specific measures to actively manage risks related to large events and large infrastructure projects.

_____

A.2 Adherents should develop and implement risk assessment tools to identify and address the greatest risks (that exceed risk tolerance) to the proper function of the public procurement system. This can include:

- ☐ Tools that identify risks of all sorts, including:
    - o Risks of errors and anomalies in all aspects of the procurement process due to a lack of awareness on the part of the stakeholders involved or due to an objective difficulty in the case of complex projects,
    - o Financial risks, particularly during periods of severe economic and financial uncertainty,

- o Risks of fraud, misuse of public funds or corruption, in case of misappropriation,
- o Reputational risks/potential damage to the image of contracting authority.
- ☐ Tools that identify the risks and/or illustrate risks that are already identified across positions, activities and particular projects using the following techniques:
  - o Risk register,
  - o Risk heat map,
  - o Survey and questionnaires,
  - o Interviews and focus groups,
  - o Discussions with key stakeholders across auditable unit,
  - o Research of relevant publications,
  - o Analysis of historical data.

_____

A.3 Adherents should assess risks associated with each of the procurement stages. This can include:

- ☐ Evaluating the likelihood and impact of the identified risks,
- ☐ Determining the level of risk tolerance and risk appetite,
- ☐ Examining the suitability of existing controls and prioritising residual risks,
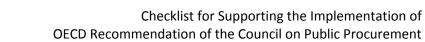- ☐ Documenting the risk profile.

_____

A.4 Adherents should bring greatest procurement risks (that exceed risk tolerance) to the attention of relevant personnel. In order to achieve this end, adherents could consider:

- ☐ Establishing red flag or other systems that provide warning signals or hint of something that needs extra attention to exclude or confirm potential fraud/corruption. Red flags can include:
  - o Complaints from bidders
  - o Multiple contracts below procurement thresholds
  - o Unusual bid patterns
  - o Seemingly inflated fees
  - o Suspicious bidder
  - o Lowest bidder not selected
  - o Repeated awards to the same contractor
  - o Changes in contract terms and value
  - o Multiple contract change orders
  - o Poor quality works and/or services

_____

A.5 Adherents should develop and implement risk mitigation mechanisms, reducing the likelihood and impact of the greatest procurement risks (that exceed risk tolerance). In order to achieve this end, adherents could consider:

☐ Protecting vulnerable public procurement entities against political interference through measures such as:

- o Appeal mechanisms through which a public procurement entity can appeal against a decision of dismissal
- o Ensuring secure, accessible and confidential whistle-blower system, effectively protected by the legal system, for the public reporting of cases of fraud, corruption or other prohibited practices or behaviour
- o Human resource policies that recruit public procurement experts based on a merit-based system and require strong integrity commitment from the public procurement entities

☐ Ensuring an adequate segregation of duties by:

- o Separating the responsibilities for requisitioning, purchasing and receiving functions from the invoice processing, accounts payable and general ledger functions
- o Separating purchasing function from requisitioning and receiving functions
- o Separating invoice processing and accounts payable functions from the general ledger functions
- o Separating cash disbursement records entries functions from general ledger entries function
- o Avoiding excessive fragmentation of procurement functions

☐ Applying electronic technology on public procurement system for:

- o Preventing direct contact between public procurement entities and potential suppliers,
- o Standardising procurement processes.

☐ Engaging regularly with the identified risk owners (entities or individuals) through:

- o Appraisal of public procurement entities,
- o Mandatory disclosure of interests, assets, hospitality and gifts.

(B) Promotion of risk management strategies

Publicise risk management strategies, for instance, systems of red flags or whistle-blower programmes, and raise awareness and knowledge of among the procurement workforce and other stakeholders about the risk management strategies, their implementation plans and measures set up to deal with the identified risks.

_____

B.1 Adherents should publicise risk management strategies and raise awareness and knowledge of the public procurement entities and other stakeholders about the integration of risk management processes within the procurement cycle and measures set up to mitigate the identified risks. In order to achieve this end, adherents could consider:

☐ Engaging in communication to strengthen trust between stakeholders and control activities,

☐ Organising awareness campaigns and events on the importance of integrating risk management activities into daily business practices,

☐ Providing trainings sessions and workshops to inform relevant public procurement entities about their risks and ways to handle the identified risks,

☐ Circulating periodic messages using various media (e.g. newsletter, promotional poster, brochures, videos, handbook, etc.) to relevant stakeholders on the existing risk management strategies,

☐ Disseminating best practices of risk management case studies from leading organisations,

☐ Inviting public procurement entities to relevant conferences and seminars on risk management strategies.

For further information, please visit the Risk management page of the Public Procurement Toolbox.

The Public Procurement Toolbox contains detailed information on the 12 principles of the Recommendation and links them with evidence-based tools as well as collected country examples showcasing practices which have been successfully tested in a number of countries.

For each principle, you will be able to find: relevant background information, related tools, country cases and reviews, as well as relevant OECD and external links.

---

11. Accountability

*Apply oversight and control mechanisms to support accountability throughout the
public procurement cycle, including appropriate complaint and sanctions processes.*

- OECD Recommendation on Public Procurement

Public procurement is an activity particularly vulnerable to fraud and corruption. Oversight
and control mechanisms help to support accountability throughout the public procurement
process. These mechanisms encompass not only control and audit (regulatory compliance,
quality performance, cost reduction, sustainability), but also review systems of procurement
decisions.

Accountability can be strengthened by following proposed steps below (steps A to D, aligned
with the Recommendation), while also improving other principles which are closely linked to
accountability, such as transparency, integrity, access, participation, e-procurement, capacity
and evaluation.

Please refer to the box below for the main links between the principles of the
Recommendation, as well as to the related checklist(s), created to encourage the
improvement of existing systems and allow a strategic and holistic use of public procurement.
If you find that some information is missing or consider additional links or sources, do not
hesitate to contact us.

Main linkages between accountability and other principles of the Recommendation

Accountability can also be strengthened by addressing other closely-linked principles of the
Recommendation:

- Transparency: Transparency promotes accountability by giving account for public
  procurement processes.
- Integrity: Oversight and control mechanisms help to reinforce accountability throughout the
  procurement process. An effective complaint system contributes to identifying and
  sanctioning cases of corruption related to public procurement operations. If appropriately
  used, complaint systems may also reinforce risk management strategies and contribute to
  build a culture of integrity among procurement officials.
- Access: Rules for justifying and approving exceptions to procurement procedures should be
  comprehensive and clear, such as in cases of limiting competition.
- Participation: Opportunities for direct involvement of relevant external stakeholders in the
  procurement system can ensure that rules are actually observed and are not just lip service.
- E-procurement: E-procurement systems can be used for the monitoring of the performance of
  the public procurement.
- Capacity: Appropriate support (e.g. resources, staffing, qualification and training) is required
  to conduct procurement audits.

- <u>Evaluation</u>: Coordinated, sufficiently resourced and integrated internal controls and external controls can contribute to the monitoring of the performance of the public procurement system.

(A) Clear lines for oversight of the public procurement cycle

Establish clear lines for oversight of the public procurement cycle to ensure that the chains of responsibility are clear, that oversight mechanisms are in place and that the delegated levels of authority for approval of spending and approval of key procurement milestones is well defined. Rules for justifying and approving exceptions to procurement procedures should be comprehensive and clear, such as in cases of limiting competition.

_____

A.1 Adherents should develop a legal/regulatory framework, organisation and procedures to provide a functioning control system. This can include:

- ☐ Laws and regulations that establish a comprehensive control framework including internal controls, independent internal audit function, external audits and oversight by competent bodies,
- ☐ Internal control/audit mechanisms and functions that ensure appropriate oversight of procurement transactions (reception, opening of bids, evaluation, award, contract management and contract management), including reporting to management on compliance, effectiveness and efficiency of procurement operations,
- ☐ Internal control mechanisms that ensure a proper balance between timely and efficient decision-making and adequate risk mitigation,
- ☐ Independent external audits that ensure appropriate oversight of the procurement function based on periodic risk assessments and controls.

_____

A.2 Adherents should define a clear chain of responsibilities based on appropriate segregation of duties. It can define:

- ☐ The level of authority for approval of spending, sign off and approval of key procurement milestones,
- ☐ The level of responsibility, required knowledge and experience, corresponding financial limits and the obligation of recording in writing of key stages in the public procurement cycle,
- ☐ The delegation of power of signature, acknowledgement of responsibility and obligation for internal reporting in the case of delegated authority,
- ☐ Decision making authority is delegated to the lowest competent levels, consistent with the risks associated and the monetary sums involved.

A.3 Adherents should establish comprehensive and clear rules for justifying and approving exceptions to procurement procedures.

- ☐ See bullet C2 of the principle "Access" for more details.

(B) System of effective and enforceable sanctions

Develop a system of effective and enforceable sanctions for government and private-sector procurement participants, in proportion to the degree of wrong-doing to provide adequate deterrence without creating undue fear of consequences or risk-aversion in the procurement workforce or supplier community.

B.1 Adherents should develop a system of effective and enforceable sanctions for government and private-sector procurement participants. It can include:

- ☐ Clear and publicly available procedures for submission and resolution of complaints,
- ☐ A system and procedures that define sanctions and remedies, including the timely suspension or debarment of firms and individuals from participating in procurement processes,
- ☐ Designating a body with enforcement capacity that is:
  - o Independent of public procurement entities,
  - o Adequately resourced and staffed to fulfil its function,
  - o Exercising its legal authority to suspend procurement proceedings and impose remedies,
- ☐ Monitoring of the compliance level of public procurement entities with legal decisions on sanctions and remedies.

B.2 Adherents should define and apply disciplinary, civil and criminal sanctions to parties involved with irregularities, fraud, active and passive corruption in public procurement in an effective, proportional (to the level offense) and timely manner which could lead for instance to:

- ☐ For private-sector procurement participants:
  - o Denial or loss of the contract
  - o Interim measures (e.g. decision to discontinue the procedure)
  - o Compensation for loss or damages (e.g. reimbursement of the tendering cost and damages for lost profits)
  - o Forfeiture of tender or performance bonds

- o Confiscation of ill-gotten gains
- o Debarment from future contracts to deter private sector actors from engaging in corruption practices
- ☐ For government:
  - o Administrative consequences to punish the contracting authority
  - o Pecuniary penalties for forcing contracting authorities to adhere strictly to their legal obligations

(C) Handling of complaints in a fair, timely and transparent way

Handle complaints in a fair, timely and transparent way through the establishment of effective courses of action for challenging procurement decisions to correct defects, prevent wrong-doing and build confidence of bidders, including foreign competitors, in the integrity and fairness of the public procurement system. Additional key aspects of an effective complaints system are dedicated and independent review and adequate redress.

C.1 Adherents should ensure that there is a complaint system in place dedicated to public procurement in order to allow decisions to be challenged with regard to:

- ☐ Infringements of public procurement rules,
- ☐ Public procurement procedures,
- ☐ Contract award decisions,
- ☐ The interpretation of contract clauses in the management of the contract.

C.2 Adherents should establish effective courses of action for challenging procurement decisions to correct defects, prevent wrong-doing and build confidence of bidders, including foreign competitors. The courses of action can include:

- ☐ A review that is carried out by the procuring entity,
- ☐ A recourse to a body with enforcement capacity that is independent of the respective procuring entities,,
- ☐ Alternative dispute settlement mechanisms (e.g. conciliation), encouraging informal problem solving and preventing formal reviews.

C.3 Adherents should handle complaints in a fair way. In order to achieve this end, adherents could consider:

- ☐ Charging fees that inhibit access by concerned parties,

☐ Imposing remedies in the decision that are consistent with the finding of the case and with the available remedies provided for in the legal and regulatory framework,

☐ Result in remedies that are relevant to correcting the implementation of the process or procedures,

☐ Issue decisions that are binding on all parties.

_____

C.4 Adherents should handle complaints in a timely way. In order to achieve this end, adherents could consider:

☐ Specifying timeframes for the submission and review of challenges and for appeals and respecting those timeframes for the review of challenges and appeals,

☐ Ensuring that the information on the award is communicated in a prompt manner to all tenderers and that they have a reasonable delay to challenge the decisions,

☐ Providing remedies to challenge the decision early in the process, such as setting aside of the award decision, the use of a standstill period for challenging the decision between the award and the beginning of the contract, or the decision to suspend temporarily the award decision when relevant,

☐ Providing unsuccessful tenderers a sufficient period to prepare and submit a challenge,

☐ Allowing reviews during contract management and after the end of the contract for a reasonable time in order to claim damages,

☐ Issuing decisions within the timeframe specified in the law/regulations, issuing of decisions that do not unduly delay the procurement process.

_____

C.5 Adherents should handle complaints in a transparent way. In order to achieve this end, adherents could consider:

☐ Specifying the remedies in the tender documentation,

☐ Rendering decisions on the basis of available evidence submitted by the parties,

☐ Following procedures for submission and resolution of complaints that are clearly defined and publicly available,

☐ Publishing decisions on the centralized government online portal within specified timelines and as stipulated in the legal and regulatory framework,

☐ Publishing statistics on the number of challenges filed and the type and the number of sanctions being imposed each year.

_____

C.6 Adherents should ensure that the reviews undertaken by the complaint system are independent. This means that:

☐ The officials participating in the review are secure from external influence,

☐ The appeal body is not involved in any capacity in procurement transactions or in the process leading to contract award decisions,

☐ The appeal body takes balanced and unbiased decision in consideration of the relevant information.

(D) Coordinated, sufficiently resourced and integrated internal controls, external controls and audits

Ensure that internal controls (including financial controls, internal audit and management controls), and external controls and audits are coordinated, sufficiently resourced and integrated to ensure: (1) the monitoring of the performance of the public procurement system; (2) the reliable reporting and compliance with laws and regulations as well as clear channels for reporting credible suspicions of breaches of those laws and regulations to the competent authorities, without fear of reprisals; (3) the consistent application of procurement laws, regulations and policies; (4) a reduction of duplication and adequate oversight in accordance with national choices; and (5) independent ex-post assessment and, where appropriate, reporting to relevant oversight bodies.

_____

D.1 Adherents should undertake internal controls, external controls and audits in order to ensure:

☐ The monitoring of the performance of the public procurement system,
☐ The reliable reporting and compliance with laws and regulations as well as clear channels for reporting credible suspicions of breaches of those laws and regulations to the competent authorities, without fear of reprisals,
☐ The consistent application of procurement laws, regulations and policies,
☐ A reduction of duplication and adequate oversight in accordance with national choices,
☐ Independent ex-post assessment and, where appropriate, reporting to relevant oversight bodies.

_____

D.2 Adherents should coordinate and integrate their internal controls, external controls and audits. In order to achieve this end, adherents could consider:

☐ Coordinating internal and external audit plans, at least annually, to ensure adequate oversight and a reduction of duplication,
☐ Developing written procedures and standards for conducting procurement audits (both on compliance and performance) to ensure that internal and external audits are harmonized and mutually reinforcing,
☐ Establishing clear and reliable rules on reporting to relevant oversight bodies,
☐ Carrying out independent external audits to ensure that internal control functions are undertaken in the area of public procurement,

☐ There are systems in place to follow up on the implementation/enforcement of the audit recommendations.

_____

D.3 Adherents should provide appropriate support (e.g. resources, staffing, qualification and training) to conduct procurement audits. In order to achieve this end, adherents could consider requiring that:

☐ Auditors are totally independent (e.g. not involved in any procurement transactions or contract award decision making functions) and selected in a fair and transparent way,

☐ Auditors have a sufficient knowledge for carrying out procurement audits (routine support by specialist or consultants are available in case of a knowledge gap among auditors),

☐ Sufficient training programs are available to ensure that both internal and external auditors are qualified to conduct high quality procurement audits, including performance audits.

For further information, please visit the [Accountability page](#) of the [Public Procurement Toolbox](#).

The Public Procurement Toolbox contains detailed information on the 12 principles of the Recommendation and links them with evidence-based tools as well as collected country examples showcasing practices which have been successfully tested in a number of countries.

For each principle, you will be able to find: relevant background information, related tools, country cases and reviews, as well as relevant OECD and external links.

---

12. Integration

Support integration of public procurement into overall public finance management.

- OECD Recommendation on Public Procurement

A large part of government expenditures (29% in average in OECD countries) are spent on public procurement. Expenditures related to public procurement processes need to be adequately planned and budgeted. The integration of public procurement into overall public finance management foster transparency and accountability as well as improve value for money.

Integration of the procurement function can be strengthened by following proposed steps below (steps A to C, aligned with the Recommendation), while also improving other principles which are closely linked to transparency, efficiency, e-procurement and risk management (please refer to the box below). If you find that some information is missing or consider additional links or sources, do not hesitate to contact us.

Main linkages between integration and other principles of the Recommendation

Integration can also be strengthened by addressing other closely-linked principles of the Recommendation:

- Transparency: The visibility of the flow of public funds, from the beginning of the budgeting process throughout the public procurement cycle contributes to the transparency of the public procurement system
- Integrity: Oversight and control mechanisms help to reinforce accountability throughout the procurement process. An effective complaint system contributes to identifying and sanctioning cases of corruption related to public procurement operations. If appropriately used, complaint systems may also reinforce risk management strategies and contribute to build a culture of integrity among procurement officials.
- Efficiency: Specifically designed budget commitments can reduce fragmentation, which in turn increases efficiency. Multi-year financing options can contribute to take purchasing decisions that achieve long-term efficiency.
- Risk management: Multi-year financing options can contribute to take purchasing decisions that properly allocate risks
- E-procurement: E-procurement systems contribute to the integration of public procurement and public finance information

---

(A) Alignment of procurement processes and information to inform overall public finance management

Adherents should rationalise public procurement spending by combining procurement processes with public finance management to develop a better understanding of the spending dedicated to public procurement, including the administrative costs involved. This information can be used to improve procurement management, reduce duplication, and deliver goods and services more efficiently. Budget commitments should be issued in a manner that discourages fragmentation and is conducive to the use of efficient procurement techniques.

_____

A.1 Adherents should rationalise public procurement processes which shed light on the overall level of resources allocated in these areas, in a way which feeds into the broader PFM and budgetary processes of resource allocation and prioritisation. This can include:

☐ Establishing annual or multi-annual procurement plans in support of the budget planning and formulation process and contributing to multi-year planning,

☐ Including a detailed and realistic description of financial and human resource requirements in the procurement plans,

☐ Preparing project-specific plans for purchases of goods and services that are considered high-value, strategic or complex to establish project milestones and an effective structuring of payment,

☐ Ensuring that e-procurement systems are integrated with public financial management systems (Integrated Financial Management Systems, IFMIS).

_____

A.2 Adherents should use the information on public procurement spending to improve procurement management, reduce duplication, and deliver goods and services more efficiently. This can include:

☐ Ensuring a proper monitoring of public procurement spending by public procurement officers, internal auditors as well as independent oversight auditors,

☐ Using the e-procurement systems to monitor public procurement spending and to ensure that procurement activities are conducted according to plans and budgets,

☐ Establishing a feed-back mechanism for certification of budget execution including information on the completion of major contracts,

☐ Disclosing all relevant fiscal information, including fiscal reports, in a timely and systematic manner,

☐ Publishing the public procurement plans to inform suppliers of forthcoming opportunities, ensuring that the information released is carefully selected to avoid possible collusion.

_____

A.3 Adherents should issue budget commitments in a manner that discourages fragmentation and that promotes sound and efficient procurement techniques. This can include:

- ☐ Ensuring that budget funds are committed or appropriated in a timely manner, and cover the full amount of the contract (or the portion of the contract to be performed within the budget period),
- ☐ Ensuring that no solicitation of tenders take place without certification of the availability of funds,
- ☐ Ensuring that the national regulations/procedures for processing of invoices and authorising of payments meet obligations for timely payment stated in the contract and that they are publicly available and clear to potential bidders.

(B) Multi-year budgeting and financing to optimise the design and the planning of the public procurement cycle

Adherents should encourage multi-year budgeting and financing to optimise the design and planning of the public procurement cycle. Flexibility, through multi-year financing options – when justified and with proper oversight – should be provided to prevent purchasing decisions that do not properly allocate risks or achieve efficiency due to strict budget regulations and inefficient allocation.

_____

B.1 Adherents should encourage multi-year budgeting and financing to optimise the design and planning of the public procurement cycle. This can include:

- ☐ Establishing annual or multi-annual procurement plans in support of the budget planning and formulation process and contributing to multi-year planning,
- ☐ Ensuring that the multi-annual procurement allocations are properly accommodated and reflected within the Medium Term Expenditure Framework.

_____

B.2 Adherents should provide flexibility to prevent purchasing decisions that do not properly allocate risks or achieve efficiency due to strict budget regulations and inefficient allocation. This can include:

- ☐ Allowing some limited scope for reallocation or "virement" of allocations across budget lines,
- ☐ Allowing some scope for carry-over of expenditure allocations from one budget year to another, where this would promote efficiency and value-for-money.

(C) Harmonised public procurement principles across the spectrum of public services delivery, as appropriate, including public works, public-private partnerships and concessions

Adherents should harmonise public procurement principles across the spectrum of public services delivery, as appropriate, including for public works, public-private partnerships and concessions. When delivering services under a wide array of arrangements with private-sector partners, adherents should ensure as much consistency as possible among the frameworks and institutions that govern public services delivery to foster efficiency for the government and predictability for private-sector partners.

_____

C.1 Adherents should harmonise public procurement principles across the spectrum of public services delivery, as appropriate, including for public works, public-private partnerships and concessions. This can include:

☐ Ensuring that the legal and regulatory framework covers Public Private Partnerships (PPP) including concessions,

☐ Assigning the responsibilities for developing policies and supporting the implementation of PPPs including concessions,

☐ Ensuring consistency among the legal and regulatory frameworks governing public services delivery,

☐ Ensuring consistency among institutions governing public services delivery,

☐ Implementing the OECD Recommendation on Principles for Public Governance of Public-Private Partnerships.

For further information, please visit the Integration page of the Public Procurement Toolbox.

The Public Procurement Toolbox contains detailed information on the 12 principles of the Recommendation and links them with evidence-based tools as well as collected country examples showcasing practices which have been successfully tested in a number of countries.

For each principle, you will be able to find: relevant background information, related tools, country cases and reviews, as well as relevant OECD and external links.