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## MEASURING PROCUREMENT PERFORMANCE IN EUROPE

Anthony Flynn<sup>1</sup>

**ABSTRACT.** The European Commission has begun to measure procurement performance in countries belonging to the European Economic Area (EEA). Performance is understood in terms of practices designed to maximize value for money (VfM). This paper reports on the performance measurement system currently in use and what the European Commission's own data tells us about contemporary procurement practices in EEA countries. It explains the methodology devised by the European Commission to operationalize and measure procurement performance at country level. It then reveals which European countries are above average, average or below average in the performance assessment. There follows some discussion on progress made to date in making public procurement more effective across the EEA. The paper alights on priorities for the future.

### INTRODUCTION

Value for money (VfM) has become something of a mantra in public procurement. In the academic literature scholars have devoted considerable attention to debating various VfM issues and what they mean for both theory and practice (Dimitri, 2013; Erridge & McIlroy, 2002; Loader, 2007; Thai, 2001). In the public domain law makers are forever propounding on the need for public sector organizations to secure better VfM in the procurement of goods and services. This is not surprising given the amounts of money at stake. Across OECD countries public procurement accounts for, on average, 12.8% of GDP and 29% of total government expenditure (OECD, 2013). Thus, anything that can be done to improve VfM in procurement is likely to have an appreciable impact on the state of a country's public finances and even free up funds for investment or expenditure elsewhere.

Europe is by no means immune to these trends. In an era of fiscal retrenchment and constrained public finances there is pressure on public contracting authorities to identify the most economically advantageous option that the supply market has to offer. The most recent legislative reform initiative of the European Commission proves the point. It has VfM as one of its two priorities; the other being the simplification of the tendering process (European Commission, 2016). Aiming to maximize VfM not only

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supports sound public finances. It is also consistent with having a competitive, dynamic and diverse supply marketplace (Caldwell et al., 2005; European Commission, 2008).

But how do we know if public contracting authorities are adhering to best practice procurement and if VfM really is being achieved? And can we measure and compare the relative performance of countries in their use of VfM procurement practices? The European Commission has developed a methodology that begins to answer these questions (European Commission, 2015). It sets down six indicators of VfM procurement, which relate to the number of bidders for a contract, open advertising of contracts, aggregation of demand, type of award criteria employed, decision speed, and reporting of information pertaining to contract awards. It then assesses the performance of contracting authorities in 30 EEA<sup>2</sup> countries using these six indicators and puts each country into one of three performance categories: above average, average, below average. While not exhaustive, it does provide the first systematic assessment of procurement performance and the prevalence of VfM practices across Europe.

The purpose of this paper is to describe the European Commission's methodology in more detail and what it reveals about procurement performance across the 30 EEA countries. The paper takes the following format. The next section provides a brief overview of the public procurement landscape in Europe. The paper then moves on to describing the methodology employed by the European Commission to measure procurement performance at national level. The first data released from the European Commission on procurement performance is then reported on. There follows a discussion on current procurement performance in Europe as well as the steps which need to be taken to drive progress over the coming years.

## **PUBLIC PROCUREMENT IN EUROPE**

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<sup>2</sup> The EEA comprises all 28 Member States of the European Union plus Iceland, Norway and Lichtenstein. Lichtenstein was not included in the 2014 assessment of procurement performance by the European Commission.

Public procurement accounts for approximately 16% of EU GDP<sup>3</sup>. It is an area of major legislative and policy interest for political actors at national and supranational levels. The European Commission acts as the primary institutional rule setter for public procurement in the EEA. It does so by issuing Directives, which contracting authorities in EEA countries must abide by when procuring goods and services. These Directives cover all aspects of the procurement process, including: the financial thresholds over which contracting authorities are obliged to publicly advertise their contracts in the Official Journal of the European Union (OJEU), the conditions under which contracting authorities can negotiate with suppliers, the length of time a contract must be advertised, and redress mechanisms for suppliers.

As well as legally-binding Directives, the European Commission also issues policy guidance to EEA Members and their contracting authorities. To date, this has included recommendations and advice on how to best achieve VfM, facilitate SMEs in contract competitions, source innovative product and service solutions, and promote environmental and social objectives through ethically aware purchasing – the so-called ‘horizontal policies’ spoken of by Arrowsmith (2010). All of this policy guidance and support is intended to make procurement play a strategic role in public service delivery and contribute to a Europe that is financially stable, economically prosperous, socially inclusive and environmentally sustainable.

The policies and initiatives that the European Commission has introduced over the last decade have been significant and wide ranging. But what is actually happening on the ground? Are public contracting authorities adhering to best practices in VfM procurement? And is adherence similar across all EEA countries or are there differences between them? To answer these questions the European Commission has developed a methodology to measure procurement performance using six indicators of VfM. It was used for the first time in 2014 and generated important insights into procurement performance at national level. The remainder of this paper is given over to describing this methodology and reporting on the results that the European Commission has released thus far.

## PROCUREMENT PERFORMANCE

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<sup>3</sup> Figure cited by the European Commission.

<http://ec.europa.eu/trade/policy/accessing-markets/public-procurement/>

The methodology devised by the European Commission to measure procurement performance consists of six VfM indicators (see Table 1). These are labelled (i) one bidder (ii) no calls for bids (iii) aggregation (iv) award criteria (v) decision speed and (vi) reporting quality. Each of these indicators relates in some way to professional, transparent and VfM-oriented procurement. Each indicator is described in more detail below.

The first indicator of procurement performance is 'one bidder'. 'One bidder' indicates the level of competition for public sector contracts. Before this again, it signals the ability and willingness of firms to access and bid for contracts. It is measured as the proportion of contracts awarded where there is only a single bidder in the competition. Having a single bidder in a competition is undesirable. Essentially, it means that buyers have no choice over the price, quality and functionality of goods and services available to them. Limited choice is not conducive to realizing VfM. The optimal situation is to have many bidders to select from (Caldwell et al., 2005; PwC, 2011). Therefore, the fewer the number of 'one bidder' competitions the better in performance terms.

The second performance indicator is 'no calls for bids'. 'No calls for bids' is an approximation of openness and transparency in the advertising and award of public contracts. It is measured as the proportion of contracts negotiated with suppliers without being preceded by a public request for tender (RFT). Not publishing a RFT before awarding a contract limits the number of potential bidders. Reflective of this, lack of visibility of contract opportunities has been cited by small firms as an obstacle to their participation in public procurement (Loader, 2005, 2015). This situation is neither conducive to maximizing VfM or upholding the integrity of public sector tendering. For this reason, low incidence of 'no calls for bids' is associated with superior procurement performance.

The third performance indicator is 'aggregation'. 'Aggregation' refers to contracting authorities combining their purchasing requirements and approaching the supply market on this basis. It is measured as the proportion of procurement procedures carried out where there is more than one contracting authority involved. By aggregating demand contracting authorities can exploit economies of scale. Sorte Junior (2013) demonstrated how this approach not only reduces procurement costs but also leads to the standardization and quality optimization of products and services. Other advantages include the ability to attract new suppliers, develop supplier management capabilities, and enhance the skills of purchasing staff (Johnson, 1999; Tella & Virolainen,

2005). On the other hand, a low level of aggregation implies that opportunities for cost savings, standardization and organizational learning are being missed. Hence, performance is strengthened to the extent that procurement procedures involve two or more contracting authorities coming together and purchasing as a single entity.

The fourth performance indicator is 'award criteria'. It is measured as the proportion of contracts awarded on the basis of lowest bid price only. There are two broad approaches to awarding contracts. The first is exclusively price-based. The second employs a mix of pricing and qualitative factors such as quality, service delivery and innovation - otherwise known as Most Economically Advantageous Tender (MEAT). As an evaluation and award approach, MEAT is regarded as offering better economic value over the medium-long term (Dimitri, 2013). Therefore, from a performance perspective, minimising the proportion of price-only contracts is what contracting authorities ought to be aiming for.

The fifth performance indicator is 'decision speed'. As the label suggests, it denotes the time it takes for a contract to be awarded. It is measured as the period of time between the deadline for receipt of tenders and the actual awarding of the contract. Short procurement times suggest higher procedural efficiency by the contracting authority (PwC, 2011). Lengthy procurement times, on the other hand, impose opportunity costs for buyers and suppliers (Centre for Economic & Business Research, 2013). For example, suppliers may be reluctant to bid for other contracts while awaiting the outcome of a live competition. The goal, therefore, should be to minimize the time taken to award the contract once the deadline for bids or tenders has passed. In this way procurement performance is enhanced.

The sixth and final performance indicator is 'reporting quality'. What it captures is the quality and completeness of information furnished by contracting authorities after a competition has finished. It is measured as the proportion of awards containing no information about the contract value. Publishing details on the value of contracts awarded provides suppliers with a useful source of information on how to bid in future competitions. Notably, both buyers and suppliers have stated that providing information and clarification to suppliers can improve the quality and focus of their future tendering efforts (Flynn et al., 2013). Putting such information into the public domain also lets external stakeholders, including taxpayers, know how their money is being spent. On this basis, performance is supported to the extent that contracting authorities publish information on the value of contracts awarded.

**Table 1  
Measurement System for Procurement Performance**

|   | <b>Performance indicator</b> | <b>Measure</b>  | <b>Performance thresholds</b>                                | <b>Explanatory note</b>   |
|---|------------------------------|---|--|---|
| 1 | One bidder                   | The proportion of contract awards where there is only a single bidder.                                    | Satisfactory ≤ 10%<br>Average 10-20%<br>Unsatisfactory > 20% | This indicator refers to the level of competitive intensity in contract competitions. More bidders are preferable as they give contracting authorities more choice. Choice, in turn, is linked to achieving VFM.                                    |
| 2 | No calls for bids            | The proportion of procurement procedures that are negotiated without being preceded by a call for tender. | Satisfactory ≤ 5%<br>Average 5-10%<br>Unsatisfactory ≥ 10%   | This indicator reflects transparency in contract competitions. Publishing a call for tender is always advised as it opens up the selection process to a larger number of bidders.   |
| 3 | Aggregation                  | The proportion of procurement procedures that involve more than one buyer.                                | Satisfactory ≥ 10%<br><br>Unsatisfactory < 10%               | This indicator captures how often contracting authorities buy together as a consortium. Aggregating demand can yield better prices by exploiting economies of scale. It can also lead to the transfer of expertise between contracting authorities. |
| 4 | Award criteria               | The proportion of procedures awarded using price as the sole criterion.                                   | Satisfactory < 80%<br><br>Unsatisfactory ≥ 80%               | This indicator shows whether supplier selection is based on quoted price only or if   |

|   |                   |  |  |  |
|---|-------------------|--|--|--|
|   |                   |  |  | quality is also taken into account. The latter is associated with VfM over the medium-long term.   |
| 5 | Decision speed    | The mean time between the deadline for receipt of offers and the awarding of the contract.   | Satisfactory < 120 days<br><br>Unsatisfactory ≥ 120 days | This indicator reflects the speed of decision making over contract awards. Slow decision making results in uncertainty and costs for buyers and suppliers.   |
| 6 | Reporting quality | The proportion of contract awards containing no information about the value of contracts awarded (excluding framework agreements). | Satisfactory ≤ 3%<br><br>Unsatisfactory > 3%             | This indicator represents the quality of information provided by contacting authorities to the supply marketplace and to the wider public. Disclosing information is important as it means that suppliers can make more informed bidding decisions and stakeholders are made aware of how public money is being spent. |

### Measuring Procurement Performance

Each of the six VfM indicators has a corresponding performance threshold (see Table 1). The performance thresholds are based on two factors (i) qualitative policy judgments by the European Commission on what is good practice and (ii) recent data for individual countries. Countries are classed as satisfactory, average or unsatisfactory on indicators 1-2 and satisfactory or unsatisfactory on indicators 3-6. In the case of 'one bidder', for example, ≤ 10% of contracts attracting a single bidder is satisfactory but > 20% is unsatisfactory. Anything in between these

two ranges is average. To give another example, a mean 'decision speed' of < 120 days is regarded as satisfactory but > 120 days is unsatisfactory. A weighted average of the six VfM indicators is used to determine overall procurement performance for each country. Performance indicators 1-2 - 'one bidder' and 'no calls for bids' - are given a triple weighting by the European Commission, as they are judged to be more impactful than the other indicators in driving procurement performance.

### **Data Source**

Data to measure the procurement performance of each country comes from Tenders Electronic Daily (TED), which is the official listing site for public contracts in the EEA. Contracts listed on TED are attributed to their country of origin. Data on the total number of contracts for each country for a one year period, in this case 2014, is then compiled and statistically analysed by the European Commission. By law, contracts above certain financial values must be listed on TED. For supplies and services contracts the values are €135,000, €209,000 and €418,000 for government departments, local/regional authorities and utilities respectively. For works contracts the value is €5,225,000. Procurement performance is understood solely in reference to contracts listed on TED. Public contracts that fall under these thresholds and that are not advertised on TED do not form part of the analysis undertaken by the European Commission.

### **COUNTRY RANKINGS**

The performance of each of the 30 EEA countries across the six VfM indicators is given in Table 2. Procurement performance is strong on some indicators but relatively weak on others. On the first indicator, 'one bidder', only 6 of the 30 countries are classed as having satisfactory performance. The remainder are either average (14) or unsatisfactory (10). This suggests that having at least two bidders in all contract competitions is problematic for most countries. Performance is better on the second indicator: 'no calls for bids'. Here 15 of the 30 countries are in the satisfactory category, meaning that less than 5% of their listed contracts are negotiated without being preceded by a call for tender. The remainder have either average (5) or unsatisfactory performance (10). As referred to already, these two indicators are triple weighted in the overall calculation of procurement performance by the European Commission and so are, by definition, the most salient.

On the 'aggregation' indicator, 13 countries have satisfactory performance and 17 countries have unsatisfactory performance. By the measurement threshold used, this means that the majority of countries use consortium arrangements in less than 10% of contracts. For the 'award criteria' indicator, 19 countries have satisfactory performance and 11 countries have unsatisfactory performance. This reflects the finding that for most countries no more than 80% of their contracts were awarded based solely on lowest bid price. The fifth indicator, 'decision speed' records the highest level of satisfactory performance among countries (25) versus unsatisfactory performance (5). Countries are awarding contracts within 120 days, on average, of the closing date for receipt of bids or tenders. On the sixth and final indicator, 'reporting quality', there is an even split between satisfactory performance and unsatisfactory performance. That is, 15 countries include information about the value of the contract in over 97% of award decisions but the other 15 countries do not meet this target.

No country is rated satisfactory across all six performance indicators. Finland comes close. It is classed as average on the 'one bidder' indicator and satisfactory on the other five. Denmark also scores impressively. It is rated as satisfactory on indicators 1-5, but is deemed to be unsatisfactory on 'reporting quality'. At the other end of the spectrum are countries that are unsatisfactory on most indicators. Slovakia is rated unsatisfactory on indicators 1-5. Only on 'reporting quality' is its performance rated as satisfactory. Similarly, Romania is reported as unsatisfactory on indicators 1-4 and is only satisfactory on 'award criteria' and 'reporting quality'.

**Table 2**  
**Procurement Performance Across Six Indicators**

|                | One bidder | No calls for bids | Aggregation | Award criteria | Decision speed | Reporting quality |
|----------------|------------|-------------------|-------------|----------------|----------------|-------------------|
| Austria        | ≈          | ✓                 | X           | ✓              | ✓              | X                 |
| Belgium        | ≈          | ✓                 | ✓           | ✓              | ✓              | X                 |
| Bulgaria       | X          | ≈                 | X           | ✓              | X              | ✓                 |
| Croatia        | X          | X                 | X           | X              | ✓              | ✓                 |
| Cyprus         | X          | X                 | ✓           | X              | ✓              | ✓                 |
| Czech Republic | ≈          | X                 | X           | X              | ✓              | ✓                 |
| Denmark        | ✓          | ✓                 | ✓           | ✓              | ✓              | X                 |
| Estonia        | ≈          | X                 | X           | X              | ✓              | ✓                 |
| Finland        | ≈          | ✓                 | ✓           | ✓              | ✓              | ✓                 |
| France         | ≈          | ✓                 | X           | ✓              | ✓              | X                 |

|             |   |   |   |   |   |   |
|-------------|---|---|---|---|---|---|
| Germany     | ≈ | ≈ | X | ✓ | ✓ | X |
| Greece      | ≈ | ✓ | X | X | X | ✓ |
| Hungary     | X | X | ✓ | ✓ | ✓ | ✓ |
| Iceland     | ✓ | ≈ | ✓ | ✓ | ✓ | X |
| Ireland     | ✓ | ✓ | X | ✓ | X | X |
| Italy       | X | ≈ | ✓ | ✓ | X | X |
| Latvia      | X | X | ✓ | X | ✓ | ✓ |
| Lithuania   | ≈ | ≈ | X | X | ✓ | ✓ |
| Luxembourg  | ✓ | ✓ | X | ✓ | ✓ | X |
| Malta       | ≈ | ✓ | ✓ | X | ✓ | ✓ |
| Netherlands | ✓ | ✓ | X | ✓ | ✓ | X |
| Norway      | ≈ | ✓ | ✓ | ✓ | ✓ | X |
| Poland      | X | ✓ | X | X | ✓ | ✓ |
| Portugal    | ≈ | ✓ | X | ✓ | ✓ | X |
| Romania     | X | X | X | X | ✓ | ✓ |
| Slovakia    | X | X | X | X | X | ✓ |
| Slovenia    | X | X | ✓ | ✓ | ✓ | ✓ |
| Spain       | ≈ | X | X | ✓ | ✓ | X |
| Sweden      | ≈ | ✓ | ✓ | ✓ | ✓ | X |
| UK          | ✓ | ✓ | ✓ | ✓ | ✓ | X |

- ✓ = Satisfactory performance
- ≈ = Average performance
- X = Unsatisfactory performance

Overall procurement performance for each of the 30 EEA countries is given in Table 3. Countries fall into one of three performance categories (i) above average (ii) average and (iii) below average. There are 11 countries in the above average category, 7 in the average category and 12 in the below average category. Some geographical patterns can be discerned in procurement performance. The above average category comprises all the Scandinavian countries (Denmark, Finland, Sweden, Norway and Iceland), the Benelux (Belgium, Netherlands and Luxembourg), the Anglo countries (Ireland and the UK) and Malta.

The average category contains a mix of founding or long-standing EU Member States (France, Germany, Austria, Portugal and Greece) and two countries that became EU Members in 2004 (Lithuania and Poland). With the exception of Italy and Spain, the 12 countries in below average group are all recent additions to the EU, having joined in 2004 or later (Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Romania, Slovakia and Slovenia). We can summarize the results for overall procurement performance with two key observations. First, the number of below average performers marginally exceeds above average performers. Second, the performance of countries that have only recently

become EU members lags that of founding or long-standing members.

**Table 3**  
**Overall Procurement Performance**

|                | Above average | Average  | Below average |
|----------------|---------------|----------|---------------|
| Austria        |               | ❖        |               |
| Belgium        | ▪             |          |               |
| Bulgaria       |               |          | ○             |
| Croatia        |               |          | ○             |
| Cyprus         |               |          | ○             |
| Czech Republic |               |          | ○             |
| Denmark        | ▪             |          |               |
| Germany        |               | ❖        |               |
| Estonia        |               |          | ○             |
| Finland        | ▪             |          |               |
| France         |               | ❖        |               |
| Greece         |               | ❖        |               |
| Hungary        |               |          | ○             |
| Iceland        | ▪             |          |               |
| Ireland        | ▪             |          |               |
| Italy          |               |          | ○             |
| Latvia         |               |          | ○             |
| Lithuania      |               | ❖        |               |
| Luxembourg     | ▪             |          |               |
| Malta          | ▪             |          |               |
| Netherlands    | ▪             |          |               |
| Norway         | ▪             |          |               |
| Poland         |               | ❖        |               |
| Portugal       |               | ❖        |               |
| Romania        |               |          | ○             |
| Slovenia       |               |          | ○             |
| Slovakia       |               |          | ○             |
| Spain          |               |          | ○             |
| Sweden         | ▪             |          |               |
| UK             | ▪             |          |               |
| <b>Total</b>   | <b>11</b>     | <b>7</b> | <b>12</b>     |

#### COMMENTARY

Achieving VfM in public procurement has become a policy priority in most jurisdictions and is the subject of ongoing inquiry among researchers (Dimitri, 2013; Erridge & McIlroy, 2002; Loader, 2007; Thai, 2001). There remains a dearth of evidence, however, on what is happening at both organizational and country level to further the VfM objective. This is why the methodology devised by the European Commission to measure procurement

performance across the 30 EEA countries is of particular interest to academics, policy makers and practitioners. Its initial findings provide among the most comprehensive assessments carried out to date on the implementation of procurement best practices on a country-by-country basis. Evidently, there is still some way to go before procurement can be said to be delivering optimum VfM in Europe. While performance is good on some indicators, it is poor on others. Moreover, there are significant performance gaps between EEA countries even though they are subject to the same policy and regulatory regime. These points are discussed in more detail below.

### **Performance Indicators**

The majority of EEA countries appear to be experiencing difficulty in ensuring that all contract competitions have a minimum of two bidders. The cause of this situation is not exactly clear. It could be that specifications are too narrow, thus restricting the number of eligible tenderers. Findings produced by Loader (2005, 2015) show that narrow specifications is certainly a major barrier for small firms. Alternatively, buyers are not interacting with the supply marketplace and not generating awareness and interest among firms about available opportunities – a problem averred to by Cabras (2011). Whatever the reason, the net effect is that contracting authorities are missing out on getting better value from the supply marketplace.

Ensuring that all contract awards are preceded by a public call to tender is also proving difficult for almost half the 30 EEA countries. Not only does this restrict buyer choice and the likelihood of securing a competitive deal, it also creates the impression, particularly if you are a small or newly established firm, that public sector tendering is opaque and not altogether fair. There a number of possible explanations for why this happens. Contracting authorities sometimes find it objectively impossible to define the means of satisfying their needs or assessing what the supply marketplace can offer. This may result in them entering into a competitive dialogue with suppliers without publicly issuing a RFT<sup>4</sup>. It may also be that contracting authorities are not abiding by EC Procurement Directives, something which is not unknown to

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<sup>4</sup> EC Procurement Directives contain limited derogations from publicly advertising supply opportunities. These are articulated in Article 31 of Directive 2004/18 and Article 40 (3) of Directive 2004/17.

happen (Gelderman, Ghijsen & Brugman, 2006; Martin, Hartley & Cox, 1999).

Contracting authorities coming together and purchasing as a consortium is another area in which improvement is required across the majority of EEA countries. Reluctance on the part of contracting authorities to pursue this approach may be due to lack of awareness on the potential savings it can yield or uncertainty over how to organize and manage consortia (Essig, 2000). Interestingly, the new EC Procurement Directives, which came into force on April 2016, contain guidance on how public sector organizations in the same or different countries can aggregate their supply requirements (European Commission, 2016). This is likely to pave the way for the more extensive use of consortia purchasing arrangements in the years ahead.

Public contracting authorities in the majority of EEA countries appear to be judicious in their use of evaluation criteria, relying on a blend on price and non-price determinants. However, there is still scope for improvement. Ideally, bids should be evaluated on qualitative as well as price factors (Dimitri, 2013). While expediency and/or external pressure sometimes dictate that price alone is considered, contracting authorities have to be able to take a more encompassing and longer-term perspective on economic value when procuring goods and services.

Of all the performance indicators, EEA countries are performing best on decision speed. It is in the interests of every contracting authority that competitions are completed in a timely fashion (Centre for Economic & Business Research, 2013; PwC, 2011). Timeliness equates to administrative efficiency. It also means that goods and services get to end users quickly. Faster decision making over contract awards is equally beneficial to supply firms. It reduces wait-times and uncertainty and frees up their resources to pursue other opportunities. It also helps to build goodwill among suppliers towards the contracting authority.

Less positive is reporting quality, with only half of all EEA countries attaining a satisfactory level of performance. This may reflect poorly developed communication channels and reporting mechanisms in many countries' public procurement systems, something which the OECD (2013) has highlighted. It may also be rooted in tentativeness on the part of contracting authorities to disclose information and to engage with the supply marketplace (Cabras, 2011). Yet it is something that must be addressed. The more information suppliers have the better they will be able to compete in the public sector marketplace (Flynn et al., 2013). All procurement stakeholders stand to gain as a result.

## **Performance Gaps between EEA Countries**

The performance gap between long-established EEA members, such as the Benelux countries, and those which have only recently joined, mainly the former communist countries of Central and Eastern Europe, is notable. Perhaps this gap is inevitable, as the latter group are still transitioning their economies and governance systems towards a free market, capitalist model. If this is the case, we should expect their procurement performance to equalize with the long-established EEA members over time as they become more embedded in the European Single Market and accustomed to the workings and expectations of the EU. Nonetheless, the European Commission may have to lend additional support and expertise to these countries over the short-medium term in order to raise professionalism across government purchasing and ensure that VfM procurement is being implemented in a systematic way.

The recent additions to the EEA are not the only group that need to improve on their procurement performance. Two of the six founding members of the European project, Germany and France, are only classed as average. In each case they are found to be average on the 'one bidder' indicator and sub-standard on the 'aggregation' and 'reporting quality' indicators. These are issues that require attention, particularly as Germany and France are the first and third largest economies in the EEA respectively and together account for a substantial percentage of total expenditure by contracting authorities in Europe. Austria, Greece and Portugal, which are established members of the EEA, also fall into the average performance category. As with France and Germany, their difficulties appear to lie in attracting at least two bidders to every competition, using consortia purchasing arrangements, and reporting information on contract awards.

Even more remarkable is the below average performance of Italy and Spain. Again, both countries are long-standing EEA participants and rank as the fourth and fifth largest economies in Europe respectively. Yet their performance is only satisfactory on two of the six indicators. Based on foregoing scholarship this is not altogether surprising. Evidence has been adduced by Trionfetti (2000) which suggests that Italy and Spain, along with France, are among the most difficult public procurement markets for foreign suppliers to access. Such quasi-protectionism may go some way towards explaining why neither country is deemed satisfactory in making sure all contract competitions have at least two bidders and that all contract opportunities above EU determined financial

thresholds are publicly advertised. The fact that when it comes to the delivery of public projects Italy is perceived to have a relatively high level of corruption and Spain a moderate level of corruption also needs to be considered in accounting for their below-average procurement performance (PwC, 2013).

## CONCLUSION

The verdict on delivering VfM in public procurement throughout Europe is one of progress made, but with still some way to go before the desired level of performance is reached. The development of a methodology to assess procurement performance is itself a positive step, which will help to create greater awareness among EEA countries on the need to implement procurement best practices across their public sectors. The adage “what you can’t measure, you can’t manage” seems apposite in this sense.

Looking forward, there are a number of priority actions for the European Commission and EEA countries to take. The first is to ensure that the new Procurement Directives are implemented in full at national level. As previously referred to, the new Directives aim to realize better value in public purchasing and simplify the tendering process for buyers and suppliers. The second is to periodically monitor procurement performance across all EEA countries. The data to do so is readily available from TED. The third priority is for each country to have appropriate governance and oversight mechanisms in place and to enforce compliance with procurement regulations and policies – something which has been recommended in recent scholarship on public purchasing (Flynn & Davis, 2015). Finally, and as has been noted by the OECD (2013) and academics in the field (McCue & Gianakis, 2001; Roman, 2015), VfM is supported to the extent that each country has a cadre of public buyers with the knowledge, skills and experience to astutely manage contract competitions while remaining compliant with the law.

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