

SIMILARITIES AND DIFFERENCES REGARDING THE DEVELOPMENT OF PUBLIC CONTRACTS IN THE EU MEMBER STATES

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Abstract: *This article aims to identify similarities and differences regarding the development of public procurement. Systems applied in different EU countries, successful in terms of public procurement, which may represent examples and we recommend careful consideration of them, especially also because European public procurement legislation is trying to enhance through a proposal for a Directive of the European Parliament and EU Council.*

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INTRODUCTION

In public procurement at European level is seeking to enforce the principles of transparency and competition to improve the functioning of cross-border public markets, promoting also a better use of public resources.

The European Union currently has a market large-scale procurement and current legislation governing contracts worth about 447 billion Euros, while the total market for procurement of goods, works and services carried out by the public sector in the EU is estimated over 2400 billion (See the 2011 Commission report on performance indicators of public procurement). There is also a European Commission proposal (Proposal for a Directive of the European Parliament and of the Council on public procurement) to increase the effectiveness of European public procurement, by shifting them towards electronic procurement (e-procurement). Proposal also provides for simplification of rules governing certain procedures and electronic instruments, such as dynamic purchasing systems, electronic auctions and electronic catalogs.

It will also become mandatory use of e-CERTIS database. This is a guide that shows documents and certificates that require companies to obtain contracts bidding procurement in the Member States of the European Union. It helps companies to identify which documents and certificates must provide when bidding to obtain a contract in a European country and contracting authorities in European countries are helped to determine which documents should require companies participating in the tender documents or which may accept from them. e-CERTIS is the result of a joint initiative, the European Commission provides and manages the system and national editorial teams shall ensure that the information is complete, accurate and current. It can be accessed on the website of the Directorate General Internal Market of the European Commission and is available in 22 languages (See [europa.eu public procurement](http://europa.eu/public_procurement)). This is to increase clarity and legal certainty, especially across borders, about certificates and declarations that may be required by the Member States.

HIGHLIGHTS ON THE PUBLIC PROCUREMENT SYSTEM IN THE EU

By using this domain, e-procurement (e-procurement), is intended to reduce costs and streamline the entire process of procurement. In many Member States, the use of electronic procurement solution was to increase economic efficiency of the procurement process. For example, in Portugal, after the introduction of e-procurement, Portuguese hospitals have reduced their purchase contract prices by 18%. Overall, the transition to electronic procurement in Portugal has generated savings estimated at about 650 million in the first year. The savings that this State has registered these means amounts to 6% - 12% of total public spending, bulk savings due to lower prices as a result of stronger competition (more bids on procedure), but have been saved and the level of administrative costs.

Another successful example is the XchangeWales - Procurement program in Wales - which allowed for savings of £ 58 million. Investment costs for setting up the program were recovered in one year. XchangeWales program is mainly focused on modernization of public procurement by providing electronic procurement infrastructure, available to all public sector organizations in Wales. This infrastructure will help buyer-supplier interface and provide easy access to a wide range of instruments, procurement eliminating barriers faced by some operators, particularly SMEs (www.democracy.merthyr.gov.uk).

Also UGAP (Union des achats publics d'groupements) - the central purchasing body in France - estimates that the gradual transition to e-Procurement reduced by 10% the administrative burden for buyers (eg, by analyzing and offers faster access easy to documents) and by 10% for legal services involved (as eProcurement involve fewer legal controls). UGAP uses two tools to simplify procurement, namely: on the one hand UGAP purchase products and services to public bodies, placing orders and making all necessary communication with suppliers. On the other hand UGAP provides a framework contract for public buyers. By using this program public buyers are exempt from normal procedures and are considered to have fulfilled all obligations on advertising and competition, regardless of the amount of the contract. Also this program involves the use of modern tools such as e-tendering, e-control and e-billing (www.achats-publics.fr and www.ugap.fr). System implementation cost was minimal compared to the benefits already achieved, but efforts were needed to train staff and change internal working methods.

In Romania since 2006, was introduced the publication of tenders in SEAP (Electronic Procurement System), thus trying to save public money and increase transparency in the procurement process. SEAP is a unified IT infrastructure that provides public institutions in Romania possibility of acquisition of products, goods and services by means aided manufacture and operators the opportunity of tendering for electronic auctions. This system has the following main objectives: the simplification of suppliers to tender, the use of efficient and standardized work procedures, reducing public spending by reducing purchase prices, providing public information about procurement processes and providing a framework high security and confidence to conduct the management of public funds (www.licitatiiseap.ro).

Implementation of electronic procurement solutions inevitably involves initial costs, but practice shows that they can be recovered in a relatively short period of time. In addition, existing systems show that they are a powerful means of promoting the participation of SMEs, including across borders, as SMEs are finding it easier to find tenders and respond to these electronic means.

The economic significance of public procurement in the EU is an important one, this year totaling nearly 3.5% of regional GDP. In procurement, current Community legislation providing for the use of six types of procedures: open, restricted procedure, restricted procedure accelerated competitive dialogue, negotiation procedure and an accelerated procedure. The competitive dialogue procedure may be used only when no other procedure is not indicated or when it cannot achieve the results desired. The open procedure is most often used in public procurement, accounting for 73% of it for publication in the Official Journal of the European Union. Restricted procedures and the negotiations are used for 9% of total bids, one of the countries most frequently uses the UK (where this country, open procedure "covers" only 50% of total public procurement, far below the average EU). Smaller countries such as Cyprus, Liechtenstein, Malta and Iceland, almost exclusively using the open procedure. The value of public contracts reach the average in the EU, 400,000 Euros, but almost 9 out of 10 contracts is estimated below the median (which is 3 million).

In 2012, the European Union, most of the procurement (by value) was achieved by the open, competitive dialogue procedure applying only to a small number of cases.

Public contracts differ according to the procedure used for each type of value. The open procedure is used predominantly for low-value contracts, while the competitive dialogue procedure is used for contracts with higher values. The cost of public procurement in the EU is estimated at 1.4% of total purchases, representing 5.3 billion euros (in 2009). Among EU member states there are major differences in cost-effectiveness.

For example, in Germany and Norway, the cost of procurement reach 4% of the total value of public procurement in the EU, while in the UK and Italy, is less than 1%. In this context, we should mention that the value of procurement cost is not entirely due to EU regulations, but also national legislation. Competition in public procurement is significant, estimating that at EU level, each receiving on average 5.4 open tender offers. Spain and Germany are the most competitive markets in the area, with an average of 8 per tender offers open public procurement.

Table 1 The cost of public procurement in the European Union Member States - thousand Euro-

Country	The cost of procurement
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Belgium	28,9
Bulgaria	4,7
Czech Republic	8,5
Denmark	43,7
Gemany	47,0
Estonia	7,5
Ireland	36,3
Greece	33,5
Spain	33,5
France	21,6
Italy	48,5
Cyprus	30,7
Latvia	6,8
Lithuania	5,3
Luxembourg	30,1
Hungary	7,3
Malta	12,7
Netherlands	40,1
Austria	38,5
Poland	5,1
Portugal	31,0
Romania	5,1
Slovenia	11,4
Slovakia	8,0
Finland	31,1
Sweden	45,5
Britain	52,7

Source: own calculations from data provided by www.ec.europa.eu/internal_market/publicprocurement/cost-effectiveness

Data analysis we can see that a higher level of acquisition costs are recorded in countries with a higher degree of development, such as the UK and Germany, as in these countries in conducting public procurement process, many offers are submitted. The lowest costs are recorded notice that the new EU member states such as Romania and Bulgaria, because in those countries there is no competition as high.

According to data published in the latest report of the European Commission on Public Procurement - Public Procurement Implementation Annual Review 2012 - the total amount bid procurement auction amounted in 2010 to 447 billion (representing 3.7 % of EU GDP). Estimates of the Member States, however, are different from those of the European Commission, they indicate a slightly lower value of around 340 billion Euros. These estimates can be explained by the fact that there are differences between purchases reported intention and effectively performed, but due to time differences between the two types of statistical evidence.

Table 2 Differences between estimates of the European Commission and Member States, the value of public procurement (billion)

Country	Reports of Member State	European Commission estimates	The value of European project
Belgium	4.85	10.96	2,06
Bulgaria	1.24	2.30	6,67

Czech Republic	6.57	8.07	26,53
Denmark	8.59	10.28	0,05
Germany	16.69	32.85	25,48
Estonia	0.76	1.51	3,4
Ireland	7.64	3.65	0,075
Greece	2.46	5.47	20,21
Spain	29.55	34.06	34,65
France	53.03	66.71	13,44
Italy	30.77	53.12	27,95
Cyprus	0.43	0.90	0,061
Latvia	1.52	2.06	4,53
Lithuania	1.35	1.33	6,77
Luxembourg	0.35	0.61	0,005
Hungary	3.95	5.52	24,92
Malta	0.36	0.26	0,0084
Netherlands	20.34	10.92	1,66
Austria	6.20	6.59	1,2
Poland	22.21	30.90	67,18
Portugal	3.57	7.08	21,41
Romania	6.09	7.60	19,21
Slovenia	0	1.63	4,10
Slovakia	3.41	7.62	11,49
Finland	5.61	8.25	1,59
Sweden	22.36	16.88	1,62
Britain	80.55	109.88	9,89
Total EU 27	340.43	447.03	≈ 422

Source: EC – Annual Public Procurement Implementation Review, 2012 and www.ec.europa.eu

The data analyzed in this table we can see that there are some differences between the estimates of the Member States and the Commission. For example, in countries such as Poland, Germany, Italy and Spain, although the highest amounts allocated to finance European projects and European level recorded a large number of offers, which is clear from the Commission estimates that nationally we see only half of these are affected. Referring to Romania we find that competition is not as high as in other countries, which is clear from the number of bids that were submitted. However we can say that Romania manages to achieve three quarters of the projects submitted.

As regards the UK, the situation changes because although the amount allocated to finance European projects (Rusu, 2014) is considerably lower compared to other countries, we can see that the conduct of the public procurement process is effective as indicated by the large number of offers made but also and the large number of projects completed, estimates the difference between the Commission and national reports are relatively small. We can say that the value of public procurement projects carried out in the UK to constitute about a quarter of the total value of public procurement in the European Union.

The importance of the public sector procurement in the EU is reflected in the data presented above. Special attention should be paid and exchange rates, especially for EU Member States that are not yet in the euro area. Thus, the exchange rate of a currency may be even influenced by rumours, be they confirmed or not, or reactions to declarations made by certain

reputed figures in the economic, political or financial field (Sandu, 2014). As various countries resorted more and more to public indebtedness in order to raise additional financial resources unobtainable by the usual mean of taxes, theoretical and practical concerns to identify and assess the effects of state indebtedness on different aspects of the economic and social life intensified in recent years (Bilan, Roman, 2014).

We think that the efficiency of procedures can be improved, so as to contribute to better outcomes and economically. This can be done by modernizing public procurement legislation to increase step represents an important year economic efficiency. EU is trying to upgrade the public procurement legislation, through a proposal for a Directive of the European Parliament and of the EU Council on public procurement, aiming thereby increasing the efficiency of public spending to ensure the best results in terms of value for money.

CONCLUSIONS

Correct, efficient and effective EU public procurement rules throughout the EU remains a constant challenge. Thus the European Union is trying to review and modernize the legal framework applicable to public procurement contracts are awarded to increase flexibility and allow them to be better used to support other policies. Public procurement is one of MBI to be used to improve the business environment and must ensure the most efficient use of public funds. It also aims to promote e-procurement using electronic means of communication and promotion of transactions by public purchasers. This tool will enable electronic procurement contracting authorities to prevent, detect and correct errors generally due to a misinterpretation of the rules on public procurement, but also that this measure aims to reduce costs and to streamline the process of public procurement.

Although Romania has since 2006 an electronic procurement system which seeks to save money and increase transparency in public procurement has not had the same result as other similar systems in Europe. Examples can be in this case countries like Portugal, Wales that by introducing eProcurement made savings of around 650 million euros, which is why we recommend careful consideration of the future of the implementation of their electronic system to identify landmarks forward and Romania.

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