

# PRINCIPLES OF PUBLIC PROCUREMENT

1

# PUBLIC PROCUREMENT

- *Public procurement* is the process by which government departments or agencies purchase goods and services from the private sector.
  - It takes place at both a national and regional level, and the process will usually be subject to specific rules and policies covering how the relevant decisions are made.
- The relevant government officials will have to follow a set system for procurement.
  - advertise for suppliers
  - the choice of supplier
  - measurement of requirements they put on the supplier
  - enforcement of these requirements (contractual clauses)

# PUBLIC PROCUREMENT.....

PA



Procurer



Market (suppliers-  
contractors) of  
good and  
services



# PUBLIC PROCUREMENT

- The goal of public procurement is to award timely and cost-effective contracts to qualified contractors, suppliers and service providers for the provision of goods, work and services to support government and public services operations
  - Directive 2004/18/EC
  - Directive 2014/24/EC
  - In Italy «Public Contract Law»

# PUBLIC PROCUREMENT

- **Beneficiaries of Public Procurement**

- All inhabitants of a country (citizens) are beneficiaries of the public procurement system through public goods and services available and provided
  - transportation systems,
  - public utilities,
  - educational systems,
  - medical services and facilities
  - ...

# BASIC PRINCIPLES

## Objectives:

- 1) Transparency,
- 2) integrity,
- 3) economy,
- 4) openness,
- 5) fairness,
- 6) competition
- 7) accountability
- .....

# OBJECTIVES

## Transparency

- Information on the public procurement process must be made available to:
  - Contractors
  - Suppliers, service providers
- Solicitation documents: public procurement requirement is announced (electronically, press, internet ec.)
  - sufficient details for interested contractors, suppliers and service providers to determine if they are qualified to compete

# OBJECTIVES

After reading the solicitation documents, interested contractors, should also be able to determine:

- the nature of the requirement and its scope
- the closing date for submission of offers or information
- **the evaluation and selection criteria**
- how and where offers should be submitted
- the deadline for submission of queries
- .....

# OBJECTIVES

## Integrity

- In public procurement integrity is twofold. There is the integrity of the procurement process, and that of public procurement practitioners.

# OBJECTIVES

## Integrity of the Public Procurement Process

- Integrity is essentially reliability. Bidders, must be able to rely on any information disseminated by the procuring entity
- Information in the solicitation documents must be free of ambiguities.
- When reviewing solicitation documents, prospective bidders should be able to determine if they are qualified to undertake the assignment (ex. the need for association).
- Bidders should have a clear understanding of the requirement, and know how they will be evaluated.
- Evaluation and selection criteria must be clearly stated in the solicitation documents.

# OBJECTIVES

## Integrity of Public Procurement Practitioners

- Practitioners involved in the public procurement process, must display personal and professional integrity.
  - honest, trustworthy, responsible and reliable.
  - They must always keep the purpose of the procurement requirement in mind
  - responsibly manage public procurement as mandated by the public procurement rules.

# OBJECTIVES

## Economy

- Efficiency, value for money, and commercially reasonable price
- Manage public funds with care and due diligence so that prices represent good value for the public funds expended
- avoid fraud, waste and abuse of public resources
  - over specifications of required goods
  - unreasonably high prices for substandard goods
  - collusion with other bidders...)

# OBJECTIVES

## Openness

- Public procurement requirements should be open to all qualified organizations and individuals.
- access to information
- .. the extent of their disclosure should be detailed in the procurement rules.

# OBJECTIVES OF PB

## Fairness

- Fairness as treating all bidders equally
- no preferential treatment should be extended to individuals or organizations.
- All offers must be considered on the basis of their compliance with the stipulations of the solicitation documents,
- Suppliers, contractors or service providers should have the right to challenge the procurement process

# OBJECTIVES

## Competition

- The public procurement process should not be manipulated for the benefit of any organization or individual (i.e. collusion)
- Public procurement requirements should be widely disseminated to increase the chances of a good market response, leading to the award of competitively-priced contracts.
- The use of non-competitive procurement methods, be kept to a minimum. (i.e. direct contracting (single/sole sourcing)).

# OBJECTIVES

## **Accountability**

- anyone involved in the procurement process is responsible for their actions and decisions with respect to the public procurement process.

# INSTRUMENTS OF PROCUREMENTS

The main instruments applied in public procurement to select suppliers of goods and services (contractors) are:

- Negotiation (less competitive)
- competitive procedures
  - Example: **auctions**