

PRINCIPLES OF PUBLIC PROCUREMENT

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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.....

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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
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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
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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