



UNION EUROPEENNE DE L'ARTISANAT ET DES PETITES ET MOYENNES ENTREPRISES
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UNIONE EUROPEA DELL' ARTIGIANATO E DELLE PICCOLE E MEDIE IMPRESE

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SME perspectives on Public Procurement

**“The main difficulties encountered by SMEs in accessing
public contracts and how to resolve them”**

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Outline of presentation

UEAPME, the European Union of Crafts and SMEs, represents about 12 Million Enterprises from 33 European Countries. Underlining the important role that the public procurement market plays also for SMES, UEAPME thanks the European Parliament for the invitation to play an active role at this hearing, which deals with very important questions for our clients.

Legal and administrative framework

1. The European legal framework on public procurement does not discriminate against SMEs, but there is some room for improvement (pre-notification, subcontracting).
2. The existing legal framework allows a wide range of measures, which would facilitate access of SMEs to public contracts:
 - tendering of smaller lots
 - use of exemptions for work contracts (lots below 1 Mio EUR, up to 20%)
 - binding rules to invite a minimum quota on SMEs
 - use of pre-notification
 - use of centralised and easy accessible media for the publication of tenders, provision of internet portals to access tender information
 - facilitate the creation of consortia
3. The main barriers for SMEs access to public contracts are created by administrative regulations and internal rules for procurement officers:
 - Controlling instruments by Courts of Auditors and others force procurement officers to buy the cheapest and most well-known standard product or service. This behaviour creates disadvantages for innovative SMEs.
 - An administrative separation between entities which buy something and entities which run this investment will force the procurement officer to ignore life-cycle costs and does not allow buying the economic most advanced offer.
 - Therefore, only if there is a political will to facilitate the access of SMEs to public contracts and only if there are clear signals and incentives for procurement officers to facilitate access of SMEs, the legally existing instruments (see above) will be

used in practice. This is true for all administrative levels, at European, national, regional and local level.

- Furthermore, facilitating the participation of SMEs may create some additional work for procurement offices (more tenders, more precise technical descriptions, better adjusted qualification criteria, etc.). Therefore, such facilitations will only take place if they are part of the internal regulation for procurement offices.
4. Public contracts can be financially burdensome for SMEs, because public procurement authorities are not known as early and prompt payers and tend to ask for expensive financial guarantees. Therefore,
- public contractors should respect fully the existing late-payment regulations, and
 - financial guarantees for public contracts should be as limited as possible and should decrease in line with delivering.

Support measures for SMEs provided by public services, chambers or business associations

5. SMEs need easy access to tender information. This is especially true for countries with decentralised public procurement practices. Access to tender information can be facilitated by:
- centralised publication of all tenders in one media;
 - creation of internet portals, which allow access to information about all tenders;
 - provision of additional services, which allow SMEs to find easily tenders in their market segment or even alert SMEs on tenders fitting in their predefined profile.
6. Business associations and chambers should:
- provide SMEs with information about tender procedures, information channels and support services;
 - demand more SME-friendly internal procurement rules from administrations;
 - elaborate, together with public authorities, minimum standards and standard contracts for subcontracting to compensate SMEs for their limited negotiation power.

Please find more about UEAPME policy on public procurement at:
http://www.ueapme.com/EN/policy_legal_public.shtml

and contact for further information on this document

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