New EU-rules on public procurement - ensuring better value for money

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New EU-rules on public procurement will ensure better quality and value for money when public authorities buy works, goods or services, thanks to new award criteria which will put more emphasis on quality, environmental considerations, social aspects and innovation. The new rules will also make it easier for small and medium-sized firms to bid and include tougher rules on subcontracting.

Public procurement rules govern the way public authorities buy goods, works and services by establishing the criteria for awarding contracts. They ensure that public purchases are made in a transparent manner so as to ensure fair competition and that contracting authorities get the best value for taxpayers' money.

The new EU public procurement rules are part of a legislative package comprising three directives and one regulation. Two of the directives deal with "classic" and "utilities" public procurement, described in this background note and the third with concession contracts (see separate Q&A). The regulation governs access for non-EU markets to the EU's public procurement market and is still under negotiation.

Public authorities spend around 18% of GDP on works, goods and services, making public procurement a powerful lever for achieving specific societal goals. The public procurement package is one of the 12 priorities in the "Single Market Act I" which aims to unlock the growth potential of the single market and is a key component of the EU 2020 strategy for smart, sustainable and inclusive growth.

See the Q&A below for more information about public procurement, the award criteria, the thresholds, what the new rules will mean for small and medium-sized enterprises, what the European Parliament fought for during negotiations with the member states and the significance of public procurement to the European economy.

1. What is public procurement?

Public procurement rules exist at both national and EU level. All public contracts must be advertised regardless of what is being bought, above a certain threshold. The thresholds for EU procurement are higher than the national thresholds, which means that only the largest contracts have to be advertised across the EU.

Under public contracts, the authorities remain economically liable for all works, goods or services procured. This is not the case for concession contracts, which public authorities use to engage private firms to supply services or to perform works.

2. What will the new rules cover?


3. What are the aims of the new rules?

Current procurement rules may not always allow public contractors to make the best use of their resources and might also be unduly burdensome, an EU Commission impact assessment shows.
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7. What were the priorities of the European Parliament?

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The directives will enter into force 20 days after publication in the Official Journal of the European Union. After this date, member states will have 24 months to implement the provisions of the new rules into national law.

8. How will the new rules help small firms?

To cut red tape, bidding will be simplified by the introduction of a standard "European Single Procurement Document" available in all EU languages. Authorities will be obliged to share the details of eligible bidders from national databases to ensure that bidders will not be asked to submit the same information more than once.

The system will be based on self-declarations and only the winning bidder will have to provide original documentation. This should reduce the administrative burden on companies by over 80%, according to the European Commission.

The new rules will also encourage the division of contracts into lots, so as to improve access to public procurement for small and medium-sized enterprises.

Finally, annual turnover requirements may not exceed two times the estimated contract value to avoid public contractors imposing exaggerated turnover requirements on small firms.

9. When will the new rules enter into force?

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