



European Economic and Social Committee

INT/713
E-procurement

Brussels, 16 October 2013

OPINION

of the
European Economic and Social Committee
on the
**Communication from the Commission to the European Parliament, the Council, the European
Economic and Social Committee and the Committee of the Regions on
End-to-end e-procurement to modernise public administration**
COM(2013) 453 final

Rapporteur: **Mr Barros Vale**

On 26 June 2013 the Commission decided to consult the European Economic and Social Committee, under Article 314 of the Treaty on the Functioning of the European Union, on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on End-to-end e-procurement to modernise public administration
COM(2013) 453 final.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 2 October 2013.

At its 493rd plenary session, held on 16-17 October 2013 (meeting of 16 October), the European Economic and Social Committee adopted the following opinion by 147 votes to 3, with 2 abstentions.

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1. Conclusions and recommendations

- 1.1 The European Economic and Social Committee (EESC) already had the opportunity to advocate speedy implementation of "end to end" e-procurement in a previous opinion^{1 2} and now reiterates its support for making this practice widespread, since it has potential for optimising resources.
- 1.2 "End-to-end" e-procurement should be viewed as an opportunity to modernise public administration, rendering it more efficient, through the increased discipline and transparency that this practice instils.
- 1.3 It also provides an opportunity for firms, particularly small to medium-sized enterprises (SMEs), facilitating their access to new possibilities in a more open, transparent market.
- 1.4 The EESC does, however, feel it must express concern that the poor results to date do not appear to fit in with the initial intention of completing the transition to e-procurement by 2016.

¹ [OJ C11, 15.1.2013, p.44](#)

² "End-to-end" e-procurement concerns the use of electronic communications and transaction processing by public sector organisations when buying supplies and services, in all stages of the tendering process, from the pre-award phase (notification, access to tender documents, submission of tenders, assessment of tenders and contract awards) to the post-award phase (ordering, invoicing and payment).

- 1.5 The low level of Member State involvement is worrying, indicating continued resistance to adopting practices which are known to be beneficial to both public administration and economic operators. Here the Commission will have to keep up its efforts to persuade the relevant parties to use e-procurement at all stages, either by implementing the "end-to-end" e-procurement system in their procedures, or by legislating and spreading good practice in this domain. The EESC therefore welcomes the fact that the Commission has made its e-procurement solutions available to those Member States wishing to use them.
- 1.6 The public procurement market is segmented: it contains multiple solutions and platforms which in most cases are not designed to be interoperable. The lack of strategic guidelines, and even lack of will on the part of Member States to come together to implement joint solutions for universal access, makes access difficult for national and cross-border economic operators and, as a consequence, hinders free competition. It is up to the Commission to play its role as standardiser, harmonising technical requirements based on work already carried out and supported inter alia under the PEPPOL project (Pan-European Public Procurement Online), which met with widespread support. Harmonisation is a key step towards democratising a market which is intended to be transparent and accessible, in the interests of rigorous deployment of public funds.
- 1.7 The EESC also calls for the solutions to be accessible to everyone, by overcoming language barriers and ensuring access for disabled people. At the same time, it is important to keep costs low when creating, adjusting and maintaining existing platforms. Standardisation is therefore vitally important.
- 1.8 Access to the public procurement market is still difficult for SMEs which are not big enough and do not have adequate human and financial resources. The EESC reiterates its view that European legislation on public procurement has to help SMEs bring together the necessary capital and experience, amongst other things by setting up consortia or temporary joint ventures³.
- 1.9 The proposed directive currently under discussion on e-invoicing in public procurement is one more key step towards completion of "end-to-end" e-procurement. Standardisation of the content of invoices, enabling interoperability, will generate considerable benefits. Nevertheless, the EESC would point out that, despite the benefits that this will entail, the periods of time envisaged for its adoption and full deployment are too long. At a time of constant technological change, standardisation measures are urgent and desirable, otherwise solutions will come too late.

³ [OJ C11, 15.1.2013, p.44.](#)

- 1.10 Commission funding for developing e-procurement infrastructures throughout Europe by means of the Connecting Europe Facility (CEF) is to be welcomed, but a question mark has now been placed over this initiative due to the deep cuts in the funding allocated for it by the Council. The EESC deplores this reduction, which will entail major changes to projects of common interest promoted by the Commission, including support for developing and implementing e-procurement.
- 1.11 The EESC would underline that, as with any initiative involving change, training for the people involved is of vital importance. The possibility of financing training programmes under the 2014-2020 structural funds is to be lauded. However training in the public sector must not be neglected, since it is essential to develop new technical skills and raise awareness about new "paperless" working methods.
- 1.12 The EESC would take this opportunity to urge the Council to call on Member States to put into practice the ideas outlined in documents issued by the Commission and consultative bodies on this matter, enhancing the impact of work already done in this domain.

2. Summary of the document

- 2.1 The Communication assesses the state of implementation of "end-to-end e-procurement", setting out progress in measures referred to in the Communication on A strategy for e-procurement⁴.
- 2.2 Reform of public procurement, digitalisation of public administration, less red tape and increased transparency are all factors in economic growth, the modernisation of public administration being one of the five priorities of the Commission's Annual Growth Surveys in 2012 and 2013. Public expenditure on goods, works and services represents 19% of the EU's GDP (2011 data). This demonstrates the importance of reforming public procurement in such a way as to allow a reduction in public expenditure, freeing up major resources which can be leveraged to invest in growth-enhancing policies.
- 2.3 Reform of public procurement and the introduction of an "end-to-end" electronic public procurement model is also an opportunity to innovate the way public administration is organised, introducing greater transparency and discipline and contributing to the sustainable growth objectives set down in the Europe 2020 strategy.
- 2.4 At present, most SMEs have internet access – only 4.6% of SMEs did not have access to the internet⁵ in 2012. Thus, the majority of SMEs are equipped for the use of "end-to-end" e-procurement, which ties in with the generally positive experience in countries where

⁴ COM(2012) 179 final.

⁵ Eurostat data, 2013

e-procurement is common practice. Nevertheless, particular attention should be paid to promoting low-cost, easy-to-use e-invoicing and e-procurement services.

- 2.5 Despite widespread use of the internet, e-procurement is still in the fledgling stage; it is the Commission's intention to make its use mandatory by mid-2016. For example, the level of uptake of e-submission remains very low and is estimated at about 10%. In the majority of Member States, e-submission is voluntary, the exception being Portugal where, above a certain threshold, the procedure is mandatory. E-invoicing is already being used by some countries, above certain thresholds, but it is estimated that only 12% of firms use electronic means for issuing or receiving invoices in their dealings with public bodies.
- 2.6 The tack to adopt entails standardising e-procurement, making e-invoicing the rule rather than the exception in public procurement, encouraging Member States to devise national strategies to ensure that e-procurement and e-invoicing are used, and sharing best practice.

3. **General comments**

- 3.1 The EESC would reiterate that it recognises the importance of revising the legal framework governing public procurement, allowing the process to be dematerialised (made "paperless") and gradually making public e-procurement mandatory. Nevertheless, it notes that not enough progress has been made here, as demonstrated by the fact that e-procurement is not used very much.
- 3.2 Fragmentation of the public e-procurement market has been on the increase, with Member States moving forward independently in this domain, using a variety of solutions and platforms which, for lack of strategic guidelines, were not designed to allow interoperability – an essential condition for facilitating universal access. Although there have been reports at local level of an increase in the number of parties participating in tenders, a positive sign of improved market access, the same cannot be said of participation in cross-border tenders where SMEs have encountered difficulties in accessing the tenders, not only for technical reasons but also for economic ones. Access to cross-border tenders can be possible for SMEs working together with others in a consortium, and this solution can and must be made available and encouraged at national level
- 3.3 The EESC deems the question of interoperability to be key and calls for firmer steps to be taken in this direction, supporting the standardisation work which has already been carried out and building on experience in those countries where the system is more developed.
- 3.4 “End-to-end” e-procurement is an important tool for instilling greater discipline and transparency into a sector which, because it concerns us all, has to serve as an example setting standards for steadfast honesty and integrity.

3.5 The process may bring a variety of benefits such as:

- steps to counter tax evasion and avoidance;
- greater market efficiency with a significant reduction in operational and opportunity costs in the various phases of contracts, either for the contracting body or for the contracted body (contractor);
- a positive environmental impact due to the dematerialisation of documents, through both lower paper consumption and the smaller environmental footprint associated with document distribution;
- shorter procurement and payment periods;
- ease in auditing the process;
- integration and development of the internal market;
- expansion of the public procurement market to national and cross-border SMEs, by alleviating difficulties associated with distance to the venue of tenders, facilitating access to national and cross-border tenders;
- smaller margin for error in the completion of forms and fewer cases of exclusion from tenders due to non-compliance resulting from such errors, since tenders are submitted by means of electronic forms which now contain validations;
- platforms being able to send alerts to suppliers about the publication of invitations to tender;
- an opportunity to modernise public administration which, in a knock-on effect, will give rise to other processes being dematerialised, thus reducing red tape;
- reduced costs relating to documents with declarations of contract terms;
- opportunities for companies to provide technological and communications services; and
- the creation of new roles for staff in public administration and companies.

3.6 The potential disadvantages include:

- the high cost of creating and maintaining e-procurement platforms which entail major investment, although this investment will generate benefits which outweigh the costs;
- the potentially considerable costs of adapting software and even hardware, both for public administration and other economic operators, in those countries where investment in these platforms is already quite advanced;
- the security of data logged in these electronic platforms;
- dependence on services rendered by third parties, such as telecommunications operators and procurement platform managers; and
- the fact that increased regulations for acts necessary to the awards process (submission of tenders, supporting documents and completion of forms) may generate an increase in procedural inconsistencies, leading to nullification of award acts or contracts.

4. **Specific comments**

- 4.1 The proposed directive on e-invoicing in public procurement, currently under discussion, establishes a European standard for e-invoicing. The proposal is a welcome step on the way to establishing the use of "end-to-end" e-procurement, at a time when issuing and exchanging e-invoices is still in its early stages. Standardisation of information contained in invoices will facilitate cross-border interoperability. However, the EESC maintains that the time periods envisaged are too long and do not serve the goal of encouraging the rapid spread of the use of e-invoicing in public procurement, a practice which will have a knock-on effect on other markets.
- 4.2 The proposal is also not ambitious enough, in that it does no more than stipulate that public bodies may not refuse to accept documents drafted in line with the European standard.
- 4.3 Investment in infrastructure in Member States has been considerable. It is therefore desirable that standardisation be concluded quickly so as to capitalise on investment already made and avoid repeating investment which turns out not to meet the new standard.
- 4.4 The European Committee for Standardisation (CEN) will be commissioned by the Commission to carry out standardisation work. The EESC maintains that this work should take advantage of both progress already achieved by the CEN BII, which has produced "standard interoperable profiles", and experience with the PEPPOL project, which has defined points of interoperability necessary for linking up existing platforms in the Member States.
- 4.5 Against the current backdrop of scarce financial resources, the EESC welcomes the Commission plan for financing and supporting the development of infrastructure for "end-to-end" e-procurement through the Connecting Europe Facility (CEF)⁶. Nevertheless, given the amounts known to be available, now slashed from EUR 9.2 billion to a mere EUR 1 billion, the EESC would recommend that investment in developing e-procurement mechanisms not be neglected when these meagre resources are being shared out.
- 4.6 Since the success of establishing "end-to-end" public e-procurement is not just the responsibility of the Commission, Member States should be reminded of the role they have to play in making this practice a reality. The Commission will not only have to serve as an example, making public procurement procedures electronic. It will also have to work towards providing Member States with support on the path they have to take, functioning as a standardising authority, spreading good practice and supporting the definition of national strategies leading to implementation of a public procurement system which has no obstacles to participation of any type: a system where there is interoperability and universal access.

⁶ [OJ C 143, 22.5.2012, p. 116-119.](#)

Another important aspect of the Commission's role is to make the solutions which have been developed available as open source.

- 4.7 The Commission has announced the launch of a study aimed at pinpointing the most successful strategies in public e-procurement and e-invoicing in Europe, so as to help Member States assess their own policies. Spreading good practice is both important and desirable. Various studies have already been carried out and their results published, such as the recommendations of the e-TEG (E-Tendering Expert Group), the Golden Book of e-procurement (which, despite being independent of one another, arrived at similar conclusions), and even the final report of the PEPPOL project. The circumstances in each country are unique, so countries should be given help in defining strategies, although not necessarily by publishing yet another study, which seems to be counter-productive and unnecessary.
- 4.8 The EESC welcomes the Commission's commitment to promoting the development and use of e-certificates, using the Virtual Company Dossier (VCD) tool developed under the PEPPOL project, which allows economic operators to submit the documentation necessary for any contracting body in Europe which is able to interpret and accept them.
- 4.9 Also to be supported is the intention to monitor, at national level, expenditure incurred with public procurement, as well as the associated performance indicators. One example is the Portuguese portal "Base"⁷ which already allows expenditure on public procurement to be monitored and various statistics obtained.
- 4.10 The EESC welcomes the possibility of funding being made available under the structural funds for the 2014-2020 period for setting up training programmes for companies; the focus here should be on SMEs. Nevertheless, training for public sector bodies should not be overlooked either; training programmes will have to be developed which encourage efficient use of new, paperless methods which entail fewer costs. Also important is the possibility of financing infrastructure, which will have to be aimed not only at public administration but also at economic operators.

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www.base.gov.pt.

- 4.11 As already mentioned, the matter of interoperability and universal access is of major importance for the EESC, which welcomes the Commission's publication of the fundamental principles with which public e-procurement systems must comply. Over and above the concern with ease of access for cross-border suppliers and SMEs, the EESC stresses that language barriers should be borne in mind, as should difficulties encountered by disabled people, in line with the rules on non-discrimination on grounds of disability enshrined in Article 21 of the Charter of Fundamental Rights of the European Union and the United Nations Convention on the Rights of Persons with Disabilities, as ratified by the European Union.

Brussels, 16 October 2013.

The President
of the
European Economic and Social Committee

Henri Malosse
