

Unlocking international public procurement:

analytical priorities for policy makers

S1.2



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The opinions expressed herein are the authors' own and do not necessarily reflect the views of the European Commission.

Main points

- International government procurement: What role for GPA and other trade agreements?
- Data challenges and modalities of delivery of international procurement
- New EU-funded analytical "public goods":
 - 1. Public procurement in CGE modelling**
 - 2. Cross-country public procurement data collection**
- Conclusions and policy implications

International public procurement: how important?

- ❖ **Size** : public procurement accounts for 10-25% of GDP on a world basis. In the EU, public procurement accounts for around 19% of GDP including utilities of SOEs.
- ❖ **New markets** : increasing the size of the PP market committed internationally.
- ❖ **Knowledge gap**: Despite its increasing importance at the WTO and bilateral level, information and analyses on public procurement remain scarce.

International procurement data: challenges and opportunities

- Collecting procurement statistics under the GPA
 - *Ongoing discussions in the work programme on collecting and reporting statistical data on how to address reporting issues*
- Contract award data – growing trend in e-procurement and publicly available databases
- *In some jurisdictions, the international aspect not well documented*
- Multi region input output databases (MRIO)
 - *Good macro-analytical framework but government investment typically not well covered*

Modalities of delivery of international procurement

- **Direct cross-border international procurement:** a foreign company submitting a bid and winning "*from abroad*"
- **Commercial presence procurement:** a domestic subsidiary of a foreign company wins "locally" the public contract
- **"Value-added" indirect international procurement:** a foreign company participates indirectly with parts and components (goods and services) without necessarily being part of the winning bid

Project #1

Public Procurement: the macro CGE approach

- **Project objective:**

- *Better capture data on international procurement from official macro-statistics and use it in a CGE modelling context against the background of negotiations in the field of public procurement*

- **Main deliverables:**

- *Revised GTAP database and its modelling framework*

- **Time frame:**

- *end 2015*

Public procurement in CGE modelling

Main challenges of the project:

■ Data extension:

- *Identification of the sourcing of imports of goods and services purchased by governments. This basically means that a multi-region input output database has to be build*
- *Separation of private from public investment as for the moment the input output tables framework covers only total investment*

■ Modelling modifications

- *Several new variables/dimensions need to be introduced in the GTAP model to be able to assess changes in public procurement policies*

Public Procurement Project #2: the micro-data approach

■ Project objective:

- The project's main objective is improving the availability, coverage and quality of government procurement data in an international context

■ Main deliverables:

- *A cross-country database consolidating contract and award international public procurement data from a critical mass of countries. To the extent possible covering **all modes of international procurement***

■ Time frame:

- *2015-2018 – extension of this project for another 3 years is possible*

Public Procurement Project #2: main features

Main challenges of the project:

- **Development of a methodology for data collection:**
 - *The methodology should cover all modalities of delivery of international procurement*
 - *The methodology needs to take into account the different degrees of procurement data availability*
- **Data collection**
 - *The final dataset should cover contract award data and where necessary be complemented by estimates of relevant public procurement indicators. In addition a full set of procurement barriers should be collected and provided*
 - *More details available at on Tenders Electronics Daily (TED)*

- Business opportunities
- Business sector (CPV)
- Place of delivery (NUTS)
- Heading

Service contract - 207529-2015

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Belgium-Brussels: Public procurement initiative

2015/S 115-207529

Service contract notice

Location — Latin America and Asia

- Publication reference:**
EuropeAid/138830/DH/SER/MULTI.
- Procedure:**
Restricted.
- Programme title:**
Public procurement initiative.
- Financing:**
Partnership Instrument 2014 annual action programme (ref. C/2014/7423 of 16.10.2014).
- Contracting authority:**
European Union, represented by the European Commission, Brussels, BELGIUM.

Contract specification

Australia, Brazil, China, India, Indonesia, New Zealand, Thailand.

- Nature of contract:**
Global price.
- Contract description:**
The project's main objective is improving the availability, coverage and quality of data on public procurement markets in an international context. In a first step, an appropriate methodology for government procurement data collection and for assessing the contestability of public procurement markets in third countries will need to be developed. At a second stage, the methodology will be applied in the following trading partners: Australia, Brazil, China, India, Indonesia, New Zealand, Thailand. The project deliverables would cover detailed public procurement data (including cross-border data) and the economic assessment of the impact of policy instruments and practices that may discriminate or restrain market access in third countries' public procurement markets.
- Number and titles of lots:**
1 lot only.
- Maximum budget:**
4 500 000 EUR.
- Scope for additional services:**
The contracting authority may, at its own discretion, extend the project in duration and/or scope subject to the availability of funding up to a maximum not exceeding the length and value of the initial contract. Any extension of the contract would be subject to satisfactory performance by the contractor.

Maximum Budget: 4'500'000

Additional information: Questions may be sent by e-mail, indicating clearly the reference of the call, **10** the following address: fpi-4-grants-tenders@ec.europa.eu

Conclusions: analytical priorities for policy makers

- International procurement carries a "big ticket" item in WTO and bilateral trade negotiations
- Currently policy makers not well served by comprehensive, cross-country comparable data as in other negotiating areas
- There is need for greater cooperation among key institutional stakeholders (WTO, OECD, etc.)
- Important policy-relevant analytical initiatives are forthcoming



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