



“The voice of SMEs in Europe”

Press Release

FOR IMMEDIATE ISSUE

Public procurement: EC study backs SME calls for better admin rules

- **Potential of smaller tenders, pre-announcements and e-procurement remains largely untapped**

Brussels, 29 November 2007. Administrative obstacles and burdensome procedures are still the main hindrance to SMEs’ access to public procurement, concluded a study released this week by the European Commission (1). According to UEAPME, the European craft and SME employers’ organisation, the findings of the EC-commissioned report call once again on awarding authorities to review their procedures and adopt workable measures such as the division of tenders into smaller lots, pre-announcements and the use of e-procurement. A better application of the existing legislative framework, awareness-raising tools and the exchange of best practices can go a long way towards increasing SMEs’ presence in the public procurement arena, said UEAPME.

The EC study is an update of a 2004 report on the position of SMEs in public procurement markets across Europe. Although medium-sized companies are performing relatively well, it finds, this is not often true for micro and small enterprises. The causes are purely administrative in most cases: lack of information, high transaction costs, unsuitable requirements and onerous procedures are in fact the main concern. The most frequent problem faced by European SMEs in bidding for public tenders is the importance attached to price concerns, according to the study. Awarding authorities are often under pressure to find the cheapest solution available, instead of focusing on quality or value for money. Paperwork is also often cited as a key complication.

“The study backs up our long-standing requests for an SME-friendlier approach to public procurement in Europe and identifies correctly the concrete obstacles facing small businesses”, commented **Gerhard Huemer**, Director for Economic and Fiscal Policy at UEAPME. *“It also clearly shows that there are instruments available to improve the situation – but their success depends on the willingness of awarding authorities to use them.”*

Mr Huemer then went on to comment on the measures that could really make a difference in the field. First of all, the existing calls for tenders are often oversized for SMEs. Dividing such calls into smaller lots and allowing SMEs to bid for single parts or in consortia is a proven method to overcome this difficulty. Unfortunately, only one third of all awarding authorities admit to take advantage of this possibility, according to the EC study. Secondly, merely 10% of awarding authorities currently publish prior information notices on a regular basis. Pre-announcements are crucial for small enterprises, since they allow them to complete their applications on time and submit complete and competitive proposals to the authorities. Thirdly, the potential of e-procurement remains largely untapped: just one third of contracts are currently accepted in full electronic form, the report found out, despite the clear cost-cutting advantages provided by ICT solutions when preparing and submitting tenders.

UEAPME therefore insisted on the need to promote awareness among public contractors of the issues at stake and of the possible ways to improve SMEs’ access to public procurement. *“Workable measures should become the rule rather than the exception”,* commented Mr Huemer, who stressed that a fruitful exchange of best practices among awarding authorities is a key element of a truly successful strategy.

“Better administrative rules are the only way to increase the share of public contracts awarded to SMEs in Europe. The EU procurement directives already provide a good legal basis in this respect – however, their potential is not sufficiently exploited. The forthcoming “Small Business Act” should include an obligation for procurement authorities to create a level playing field for SMEs: in fact, improved calls for tenders can lead to a win-win situation by enlarging the range of offers for awarding authorities and rewarding competitive SMEs at the same time”, concluded Mr Huemer.

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(1) The study report is available at http://ec.europa.eu/enterprise/entrepreneurship/public_procurement.htm (right-hand side column).

EDITORS’ NOTES: UEAPME is the employers’ organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 84 member organisations, which represent crafts and SMEs across Europe, covering over 12 million enterprises with 50 million employees. UEAPME is a European Social Partner.

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