



UNION EUROPEENNE DE L'ARTISANAT ET DES PETITES ET MOYENNES ENTREPRISES  
EUROPÄISCHE UNION DES HANDWERKS UND DER KLEIN- UND MITTELBETRIEBE  
EUROPEAN ASSOCIATION OF CRAFT, SMALL AND MEDIUM-SIZED ENTERPRISES  
UNIONE EUROPEA DELL' ARTIGIANATO E DELLE PICCOLE E MEDIE IMPRESE

## **Workshop on facilitating SMEs' access to public procurement - 22 February 2007**

### **Session 2:**

#### **Promoting the exchange of good practices –UEAPME / Gerhard Huemer**

UEAPME, the European Union of Crafts and SMEs representing about 12 Million Enterprises in Europe, wishes to thank the European Commission / DG Enterprise for the opportunity to contribute to this important exercise for SMEs and welcomes the announcement of DG Enterprise to publish a handbook to facilitate SMEs' access to public contracts.

Public contracts, which count for more than 16% of EU GDP, are an important market for SMEs; such contracts can drive innovation and contribute to economic stability at regional level. With this contribution UEAPME wants to highlight the most important concerns and problems SMEs have with public procurement procedures and will come forward with good and bad practices as regards accessibility of SMEs to public contracts.

1. **Volume of contracts** – due to their size, SMEs can only participate in tenders when the volume of a contract is adequate to the turnover of the company.
  - + tendering of smaller lots – lots divided by tasks, by regions
  - + use of exemption of lots below 1 Mio EUR, up to 20% of general contract in the Procurement Directive (work contracts)
  - + binding rules to force contractors to invite a minimum number of SMEs to restricted tenders and negotiation procedures
  - + use of direct purchasing of very small contracts – should be increased
  - trends to use centralised procurement agencies and general contractors, which reduce access for SMEs significantly
  - use of framework contracts and renewable contracts
  - large PPP projects and pre-financing requirements
  
2. **Access to information about tenders** – SMEs normally don't have to capacity to do extensive research for new tenders and need more time to prepare competitive offers.
  - + obligation for pre-notification for European and national contracts
  - + obligation to publish all contracts in a centralised and easy accessible medium
  - + internet portals for announcing tenders
  - + use of electronic means for the distribution of documents and the communication with contracting authorities
  - + standardisation of e-procurement procedures
  - + in cases of restricted tenders or negotiation procedures a minimum number of SMEs has to be invited

3. **Participation of SMEs in procurement procedures** – due to SMEs’ size and limited administrative capacities some procurement rules are currently disadvantaging the participation of smaller companies, even if they are highly competitive as regards quality and price.
  - + strict exclusion of offers with formal errors: allow SMEs to correction of formal errors, if the correction does not disrupt competition
  - use of the competitive dialogue to award contract: such procedures exclude most of SMEs and should be limited to the minimum
  - use of technical or functional description instead of technical standards: needs more preparatory work for an offer and disadvantage SMEs
  
4. **Qualification criteria** – public tenders very often require a wide range of professional, technical and economic qualification criteria and references from other contractors.
  - + contractors should allow and facilitate the creation of consortia and encourage their participation in public procurement – more offers will lead to better prices
  - + not every member of a consortium should have to fulfil all qualification requirements, but the consortium as a whole
  - + to allow new companies to enter the procurement market references can be replace by qualification
  - + qualification criteria must be proportional to characteristics of a specific contract
  - large PPP projects and pre-financing requirements
  
5. **Procurement contracts are financially burdensome for SMEs** – public procurement authorities are not known as early and prompt payers and tend to ask for expensive financial guarantees.
  - + public contractors have to respect fully the existing late-payment regulations
  - + financial guarantees for public contracts have as limited as possible and should decrease in line with delivering
  
6. **Subcontracting – a growing but less attractive possibility to participate in public contracts** – the increasing use of centralised procurement authorities, general contractors and large scale PPPs makes it more and more difficult for SME to get direct awards from public contractors – they have to participate as subcontractor.
  - + rules to subcontract a minimum amount to SMEs
  - + standardised contracts for subcontracting to compensate subcontractors for the limited negotiation power

Please find more about UEAPME policy on public procurement at:  
[http://www.ueapme.com/EN/policy\\_legal\\_public.shtml](http://www.ueapme.com/EN/policy_legal_public.shtml)

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