

Publish annual procurement plans

Summary

In some MS, contracting authorities are obliged to submit and publish annual procurement plans as part of their regular procurement activities. There are several benefits in publishing procurement plans in advance. Firstly, procurement planning stimulates contracting authorities to think strategically, as they have to assess their needs and available budget for the upcoming period. Secondly, publicly available procurement plans allow easier access to procurement opportunities for economic operators, in particular SMEs. Indeed, small companies often need more time to prepare a tender, i.e. to form a consortium or build up specific capacities and thus benefit from having visibility over the pipeline of upcoming tenders. Thirdly, publishing annual procurement plans increases the accountability of contracting authorities, as they need to justify diverging from the plan, thus facilitating the work of oversight authorities and civil society.

Typically, contracting authorities are required to publish annual procurement plans online within 60 days of adopting their budgets and must update them every six months. To make use of procurement plans for monitoring purposes, the information available in them needs to be compared against comprehensive data on actual procurement expenditure, which is available through a registry of contracts or a similar observatory of procurement expenditure.

While beneficial for economic operators and oversight authorities, the publication of annual procurement plans may also result in disadvantages, such as facilitating bid-rigging, as fraudulent operators have more opportunity to plan their activities in advance. To mitigate such risks, competition authorities should provide guidance on identifying collusion in public procurement.

Input

Cost – €

- Low set-up cost
- Low operation cost



Time – Less than 6 months



Complexity – Low

Need for increased professionalisation in terms of the planning capacity of contracting authorities

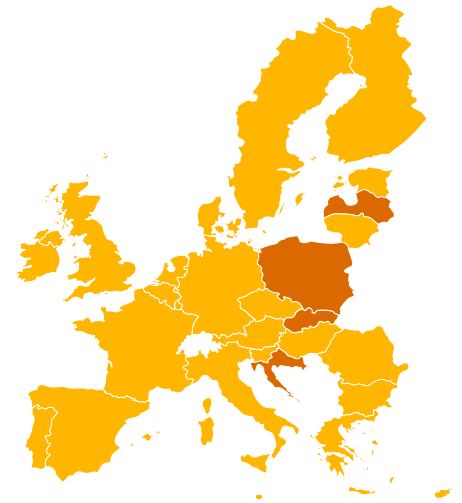


Related Good Practices

- Transparency platforms
- Public contract registry

Good Practice Examples

- ✓ Croatia
- ✓ Latvia
- ✓ Poland
- ✓ Slovakia



Impact

Increase transparency



Greater transparency in public procurement expenditure is provided by the availability of procurement plans.

Increase competition



Economic operators have a greater incentive to participate in public procurement if they know in advance which public procurement procedures are planned in an upcoming year. In turn, greater involvement of SMEs in public procurement results in increased competition for public contracts.

Improve accountability



Annual plans give the opportunity to identify changes in the scope of upcoming procedures or simply time deviations from the plan, which gives them a key role in strengthening accountability of contracting authorities.

Strengthen anti-corruption efforts



However, publishing annual procurement plans also allows fraudulent players to attempt to rig bids or to collude, by giving them information about upcoming tenders, thereby increasing the risk of corruption, fraud or abuse in the procurement system.

Key success factors and potential pitfalls

Update plans regularly

To be useful for economic operators and oversight authorities, procurement plans must accurately reflect the planned expenditure of the contracting authority and should thus be updated regularly.

Make sure plans are visible

Procurement plans provide added value to economic operators if they are easily accessible online and available in a central location. Thus, the information about publication must be disseminated widely.

Beware of increased risks in bid-rigging

Greater transparency has the drawback of giving ill-intentioned players in the market more time to organise themselves, thus increasing the risk of bid-rigging and collusion. Therefore, MS should focus on recognising bid-rigging as a mitigating strategy for such risks. However, this good practice may not be well suited for countries in which bid-rigging is already an issue.

Ensure sufficient capacity

Planning procurement requires a certain amount of capacity, in terms of forward-looking thinking and assessment of needs. In smaller contracting authorities, such capacity may not be readily available, while building up capacity may not be cost-effective relative to procurement expenditure.

Require contracting authorities to explain any changes

By committing to a public plan, contracting authorities are less flexible in adjusting their procurement spending. If changes to the plan are needed, they must be justified to avoid later scrutiny from oversight authorities.

Case Studies

Croatia – Annual procurement plans

In Croatia, the publication of annual procurement plans originated with the implementation of ESI Fund expenditure. Specifically, contracting authorities are required to publish their annual procurement plans online within 60 days of passing their budgets. This obligation exists for all procurements of EUR 2,600 or more. The procurement plans are updated every 6 months.

After an attempt to eliminate public procurement planning, this obligation was reintroduced in 2008, as it plays an important role for transparency and audit purposes. The state auditor cross-checks the procurement plan against the actual procurement expenditure based on the data from the contract registry. If differences appear, the audit authorities ask for justification. There are no formal sanctions for contracting authorities that deviate from their planned expenditure, but audit authorities may conduct further investigations if the divergence from the plan is not sufficiently justified. Procurement plans also allow audit authorities to check whether the value of procurement contracts has been split. As a result, contracting authorities are more accountable for their actions.

Procurement planning also has a professionalising effect for contracting authorities, as they are requested both to forecast their needs and to align allocated expenditure with their policy goals. Thus, a procurement plan helps to demonstrate how policy goals are linked to policy actions, i.e. projects implemented through public procurement.

Latvia – Annual procurement plans

Under Latvian procurement law, the publication of annual procurement plans is mandatory for all contracting authorities if the threshold amount (under Latvian law) reaches EUR 10,000 for public service and supply contracts or EUR 20,000 for public work contracts.

Originally, the publication of annual procurement plans was required only for EU funds (ESF, ERDF, Cohesion Fund), which are implemented under the supervision of the Central Finance and Contracting Agency (CFLA), i.e. the state agency of the Ministry of Finance. Contracting authorities that make use of these funds must submit annual procurement plans stating their needs and allocated budgets to the CFLA for validation. Once approved, the procurement plans are published online.

In addition to increasing transparency, the CFLA makes use of procurement plans to conduct additional monitoring of EU-related expenditure, as the approval process allows the regulator to verify that contracting authorities are respecting the applicable thresholds. Furthermore, the CFLA can coordinate its own monitoring activities, as it can select in advance the projects it wishes to monitor after implementation. In this respect, annual procurement plans contribute to better compliance with the legal requirements of EU co-funded procurement expenditure.

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