The access of SMEs to public procurement contracts

Final report

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Annexes

1 Introduction

1.1 The public procurement market and related EU policy

The 'European scale' public procurement market refers to approximately 16% of all public procurement.

Recent estimates from the European Commission show that public procurement accounts for around 16% of the European Union's GDP and for 1,500 billions euros. Public procurement projects above certain thresholds have to be made public in the Official Journal of the European Union (OJEU). These so-called 'European scale' public procurement contracts account for approximately 16% of all public procurement.

Public procurements aim to get better value for tax payers' money.

Optimising the functioning of the internal market is seen as of vital importance for the European Union and for reaching the Lisbon objectives. Since the early 1970s, the EU policy aims to open up national public procurement to competition from other Member States, based on transparent and competitive purchasing rules. These rules aim to ensure value for money for tax payers and efficient allocation of resources thereby enhancing the quality of publics services and improving economic growth, competitiveness and job creation. A recent study from the European Commission estimates that the existing public procurement directives have indeed increased cross-border competition and reduced by around 30% the prices paid by public authorities for goods and services.[1]

The EC pays special attention to the access of SMEs on the public procurement market.

Small and medium-sized enterprises are a unique source of innovation and competition in the internal market and count for 99.8% of the total number of EU enterprises. The European Commission has always paid particular attention to them. By facilitating their access to procurement opportunities, EU procurement policy allows those firms to strengthen their competitiveness and enables them to contribute more towards growth, employment and competitiveness in the European economy. Commission action has mainly been focused on creating a level playing field where bids from firms, whatever their size or origin, have similar chances of success. Specific focus has also been brought since the early 1990s to measures focussing on SMEs' needs in terms of simplification, information, services support, and promoting cooperation between SMEs on contracts.[2]

The working of the public procurement market can be further improved.

Although, there is some evidence that the current directives have a positive impact on public procurement markets and on SME participation, there are still some concerns that those markets are not yet sufficiently open and competitive. In order to respond to those challenges, the European Commission made proposals in May 2000 for a new legislative package that aimed at making the existing texts clearer and simpler and at adapting them to modern administrative needs and to the new economy.[3] This package

[1] EC (2004), A report on the functioning of public procurement markets in the EU: benefits from the application of EU directives and challenges for the future, Brussels, 3 February 2004. See: http://www.europa.eu.int/comm/internal_market/en/publproc/general/public-proc-market-final-report_en.pdf.

[2] See: *inter alia*; EC (1998), Public procurement: Commission communication outlines policy priorities, IP/98/233, Brussels, 11 March 1998; EC (1990), Communication from the Commission COM(90)166, Brussels, 7 May 1990; EC (1992), Promoting SME participation in public procurement in the Community, SEC(92)722, Brussels, 1 June 1992.

[3] EC (2000), Commission proposes to simplify and modernise the legal framework, IP/00/461, Brussels, 10 May 2000.

was approved by the EU's Council of Ministers and the European Parliament early 2004[1]. It is meant to further increase procurement opportunities and transparency, reduce red tape, bring transition costs down, reduce entry barriers to the market and finally to ensure that contracting authorities and bidders can save time and money by using new technology to manage the tendering process.

Future goal: significant use of e-procurement.

Complementary to this legislative initiative, the Commission adopted in May 2003 a strategy for the Internal Market for the years 2003-2006[2] in which it shows a particular attention to expanding procurement opportunities and in building genuinely European public procurement markets. As part of it, the Commission will in 2004 propose an action plan aimed at ensuring that a significant part of procurement transactions are carried out on an electronic basis by 2006. Generalised e-procurement is to be achieved by 2010.

1.2 Study on the access of SMEs to public procurement

This study on SMEs access to public procurement aimed at four objectives.

In 2003, the European Commission requested EIM to carry out an extensive study on the access to public contracts for small and medium-sized enterprises. This study had the following four research objectives:

1 To measure systematically the access of SMEs to European-scale public procurement contracts.
2 To specify the success factors, as well as the progress that needs to be made in order to bring about greater SME participation in public-procurement contracts.
3 To identify good practices capable of being shared and enhanced by Member States.
4 To propose possible procedures and/or instruments making it possible to measure the development and the impact of instruments designed to promote SME participation in public procurement.

This should lead to improvements of a greater opening-up of the public procurement market to SMEs.

1.3 Definition of small and medium-sized enterprises (SMEs)

Small- and medium-sized enterprises (SMEs) are defined by the European Commission as enterprises which[3]:

1 have fewer than 250 employees, and
2 have either, an annual turnover not exceeding € 40 million, or an annual balance sheet in total not exceeding € 27 million, and
3 are not owned as to 25% or more of the capital or the voting rights by one enterprise, or jointly by several enterprises, falling outside the definition of an SME or a

[1] Texts will be available on http://www.europa.eu.int/comm/internal_market/en/publproc/index.htm.

[2] EC (2003), Internal Market Strategy Priorities 2003 – 2006, COM (2003) 238 final version, Brussels, 7 May 2003

[3] See the Commission recommendation 96/280/EC of 3 April 1996 concerning the definition of small and medium-sized enterprises, as published in the Official Journal L 107, 30 April 1996. On 6 May 2003 the Commission adopted a new Recommendation 2003/361/EC regarding its SME definition (replacing Recommendation 96/280/EC). Since this study is based on figures from 2001, the former definition is used.

small enterprise (in other words, the enterprises conform to the criterion of independence). This threshold may be exceeded in two cases:
- if the enterprise is held by public investment corporations, venture capital enterprises or institutional investors, provided no control is exercised either individually or jointly;
- if the capital is spread in such a way that it is not possible to determine by whom it is held and if the enterprise declares that it can legitimately presume that it is not owned as to 25% or more by one enterprise, or jointly by several enterprises, falling outside the definitions of an SME or a small enterprise.

In the calculation of the thresholds referred to in 1. and 2., it is therefore necessary to cumulate the relevant figures for the beneficiary enterprise and for all the enterprises that it directly or indirectly controls through the possession of 25% or more of the capital or of the voting rights.

Furthermore, small enterprises are defined as enterprises which:
1 have fewer than 50 employees, and
2 have either, an annual turnover not exceeding € 7 million, or an annual balance sheet in total not exceeding € 5 million, and
3 conform to the above-mentioned criterion of independence.

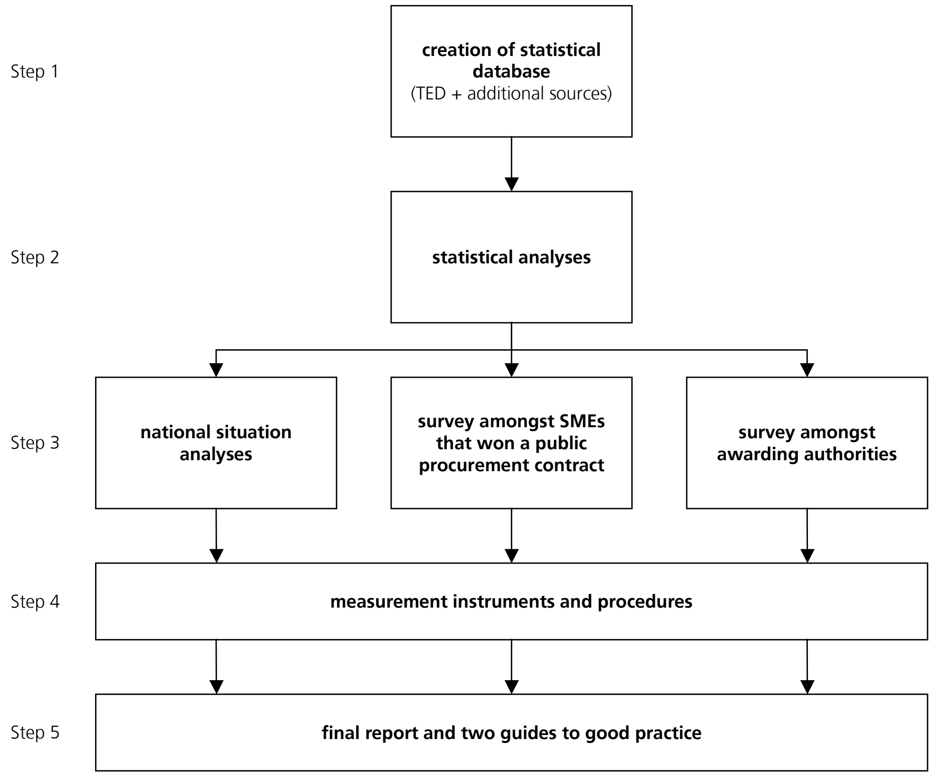
Micro-enterprises refer to enterprises having fewer than 10 employees.

In section 2.3, we shall see that the definition is not fully applicable because of lack of information about certain characteristics of the enterprises. A more practical definition that will be used in this study is presented.

1.4 Methodology of the study

To meet the research objectives EIM carried out several research steps. A schematic overview of the research approach is shown in figure 1. In this section the research steps are explained briefly.

figure 1 schematic overview of the research approach



1.4.1 *Step 1: Creation of the statistical database*

In the first step of the study, EIM created a statistical database based on information from TED and supplemented with information on enterprises from Dun & Bradstreet (D&B).

Database of contract awards based on TED

EIM received a database of all notices in TED 2001 from the European Commission. From this database, all 52,099 contract awards[1] (published in 2001) were derived. The resulting database contains information on awarding authorities, type of contract, sector (CPV Code), country, successful enterprises, price value, etc. of all contract awards.

Statistical database, supplemented with D&B-data

As far as possible, EIM made a list of all successful enterprises in the database of contract awards and sent this to Dun & Bradstreet. D&B could match 45% of the enterprises with the enterprises in their databases. Information on number of employees, turnover, sector, country, etc. of the enterprises was delivered to EIM. With this information, EIM constructed a statistical database with information on contracts. Every record in this database is a contract between an awarding authority and a successful enterprise. This means that several tenders (contract awards) are present in the table more than once, because these tenders are won by more than one enterprise. In addition, several enterprises occur more than once in this table, because these enterprises have

[1] In the entire report, we use the term 'contract awards' for both 'contract awards' and 'results of design contests'.

won more than one tender. For each contract, data on the contract award and data on the successful enterprise are included. This resulted in a table containing 23,213 contracts (records), concerning 20,691 contract awards and 16,341 individual enterprises. This database represents 40% of the contract awards published in TED in 2001. More information on the construction of the databases is presented in a separate Technical Report.

1.4.2 *Step 2: Statistical analyses*

Analyses

In the second step of the study, this database on contract awards, successful enterprises and contracts was analysed. The statistical analyses focussed on:

1. A quantitative overview of the properties of 'the successful tenderer'. This includes
   - The size-class distribution of successful enterprises
   - The industry distribution of successful enterprises
   - The country distribution of successful enterprises.
2. The relationship between the nature of the tender (such as type of authority, type of award, etc.) and properties of the successful enterprise. This is the analysis under (1), disaggregated by the various aspects of the contract. Furthermore, various statistical techniques were applied to detect relations between the nature of the project and the successful application of SMEs in these tender procedures. This research was exploratory in nature.
3. A comparison of the sample of successful tenderers with the population of European enterprises. Here, a comparison of the successful tenderers with the total population of European enterprises was made along three dimensions: enterprise size, sector of industry, and country. Population data were taken from the database created in the framework of the European Observatory for SMEs[1]. For all EU Member States, data were available on the number of enterprises, the number of occupied persons as well as turnover; data are classified by industry (2nd digit NACE classification) and enterprise size (micro, small, medium-sized and large enterprises are distinguished).

1.4.3 *Step 3: Qualitative survey and analysis*

This step consists of three parts:

1. National situation analysis
2. Survey amongst enterprises
3. Survey amongst awarding authorities.

National situation analysis

It was the aim of the national situation analysis to explain the results of the statistical analysis carried out in step 2 by means of a comparative panorama of national situations that should make it possible to:

– explain differences between Member States in SMEs’ access to public procurement contracts;
– gauge the possible impact of measures and/or tools adopted in favour of greater participation of SMEs, and small enterprises in particular, in public procurement contracts;

[1] See *Observatory of European SMEs 2002/No. 2: SMEs in Europe, including a first glance at EU candidate countries* (European Commission, DG ENTR, 2002).

– define good practices in the promotion of SMEs' access to public procurement contracts;
– specify the conditions for better SMEs' access to public procurement.

KMU FORSCHUNG AUSTRIA (Austrian Institute for SME Research) carried out the national situation analysis in co-operation with members of the European Network for SME Research (ENSR) covering all European Union Member States. In order to explain differences between Member States in SMEs' access to public procurement contracts found in the statistical analysis, it was necessary to know the political, legal and economic situations at local, regional and national level with regard to the issue of public procurement in each country. Therefore, the network partners collected the relevant information based on a guideline provided by KMU FORSCHUNG AUSTRIA. This guideline was also used for the identification of measures and/or tools adopted in favour of greater participation of SMEs, and small enterprises in particular, in public procurement contracts in the various countries as well as the possible impacts of these measures.

In order to obtain deeper insight into some good practices for the promotion of the access of SMEs to public procurement contracts, five selected solutions were analysed in more detail (case studies). The respective network partners gathered additional in-depth information on the cases selected based on a second guideline provided by KMU FORSCHUNG AUSTRIA.

Survey amongst enterprises

In order to obtain more information on factors for success, difficulties, support, strategies and preparation of SMEs in the public procurement market, EIM carried out a telephonic survey amongst enterprises. This information was needed to obtain more insight in the public procurement market and to better understand (the differences in) the degree of participation of SMEs in public procurement and to get starting-points for formulating guides to good practices for awarding authorities and for enterprises.

For the telephonic survey, SMEs were selected out of the statistical database of tender awards in 2001. This allowed the interviews to be based on real experiences. In consultation with the Steering Committee chaired by the European Commission it was decided to use sector (CPV Code) and country as selection criteria (see chapter 4). For the survey, EIM drew up a questionnaire that was discussed with and approved by the European Commission. Interview-NSS in Amsterdam took care of the survey. The interviews were carried out by native speakers.

Survey amongst awarding authorities

In order to obtain more information on the experience of awarding authorities with SMEs (differences with large enterprises, quality of offers from SMEs, process and quality of carrying out projects by SMEs, bottlenecks and problems of working with SMEs, strength of SMEs, etc.), EIM carried out a telephonic survey amongst awarding authorities. This information gave additional information to understand (the differences in) the degree of participation of SMEs in public procurement and to obtain starting-points for formulating guides to good practices for awarding authorities and for enterprises.
For the telephonic survey, awarding authorities were selected out of the statistical database of tender awards in 2001. This allowed the interviews to be based on real experiences. In consultation with the Steering Committee chaired by the European Commission it was decided to use sector (CPV Code) and country as selection criteria (see chapter 4). For the survey, EIM drew up a questionnaire that was discussed with and

approved by the European Commission. Interview-NSS in Amsterdam took care of the survey. The interviews were carried out by native speakers.

1.4.4 *Step 4: Measurement instrument and procedures*

In this step a measurement instrument was proposed consisting of a set of indicators that can be used by Member States to uniformly measure the impact of public policies on the development of the participation of SMEs in the European-scale public procurement market. The proposed measurement instrument was based on the material and insights generated in the earlier research steps: the characteristics of the public procurement market, the national institutional situations, as well as the experiences of the relevant players on the public procurement market (both small and medium-sized enterprises and awarding authorities).

1.4.5 *Step 5: Final report and two guides to good practice*

In this final report, the results of all research steps are presented. In addition, in the executive summary a framework with structure, conduct and performance elements is used to present the main results.

Two guides to good practice have been drawn up, for awarding authorities and for SMEs. These guides are separate documents.

1.5 Scope of the study

Due to some limitations, the results of the study do not necessarily reflect the complete situation of the access of SMEs to public procurement contracts.

It was the first time that such an extensive study on the access of SMEs to public procurement was carried out. The research work had to cope with some limits in the scope of the study, which should be carefully taken into account when interpreting the results:

- The lack of comparable and robust sources of information at national or regional levels limited the scope of the study on the basis of contract award notices published in TED 2001.
- Besides the number of employees, the European definition of SMEs contains criterions about turnover and independence of enterprises that are not necessarily properly documented in databases of enterprises. Therefore, the study had to rely on a more pragmatic and practical definition of SMEs, based primarily on the number of employees. A stricter application of the turnover and independence criteria would certainly disqualify some companies considered as SMEs in the study. However, it has been possible to estimate this bias (see Chapter 2).
- The two surveys carried out on the basis of the names and contact details in contract award notices clearly introduce a bias towards awarding authorities and SMEs having already experience and success in 'European scale' public procurement. Since the study was aimed at identifying good practices and successful SMEs, this limit had little consequence. However, the results should not be taken as representative for the reflection of SMEs' experience when dealing with public procurement issues, especially with regard to conduct, barriers and suggestions for improvement.

1.6 Contents of this report

Chapter 2 presents the results obtained from the analyses of the statistical database of contracts between awarding authorities and enterprises in 2001 (step 2). Particularly it gives an overview of the national situations with regard to the access of SMEs to public procurement contracts.

Chapter 3 presents the qualitative findings obtained from the national situation analysis (part of step 3). The analyses try to explain differences between the Member States in the access of SMEs to public procurement contracts by analysing the political, legal and economic situation in the various countries at local, regional and national level. The descriptions of the selected cases are included in annex I.

Chapter 4 deals with the experiences of SMEs and the experiences of awarding authorities with the European-scale contracts. This chapter will discuss the results of the two surveys (part of step 3). The findings on the obstacles faced by SMEs, the success factors, the received support and their preparation will be described as well as the tendering strategy of awarding authorities and their perception towards public contracts and SMEs.

Chapter 5 describes a measurement instrument consisting of a set of indicators that can be used by Member States to uniformly measure the impact of public policies on the development of the participation of SMEs in the European-scale public procurement market (step 4).

In annex I, five good practices in tendering public procurement contracts are worked out. In annex II, we present some main characteristics and improvement suggestions in the field of public procurement on the level of country clusters and on the level of countries.

2 Overview of the access of SMEs to public procurement contracts

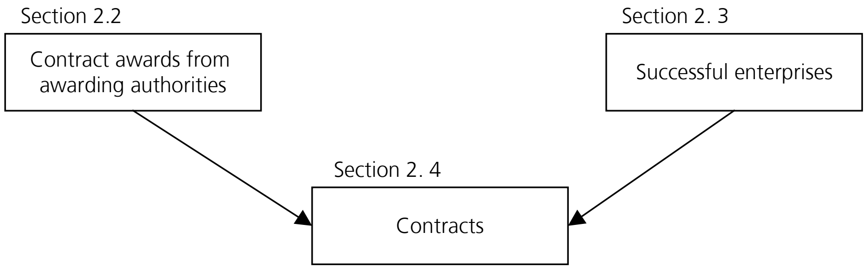
2.1 Introduction

In the first step of the study, EIM created a statistical database based on information from TED and supplemented with information on enterprises from Dun & Bradstreet (D&B). In this chapter, the results of the analyses are presented. Two databases were used to analyse, namely:

- The database with information on notices of contract awards published in 2001 (*i.e.*, the database containing information from TED)
- The statistical database with information on contracts between awarding authorities and enterprises (including information on contract awards and successful enterprises).

From these databases, we have at our disposal information on contract awards, successful enterprises and contracts between awarding authorities and enterprises. These entities and their connections are presented in figure 2.

figure 2 structure of this chapter



In section 2.2, the results of the analyses of the contract awards published in 2001 are presented. This is based on information of all contract awards. Section 2.3 is about the individual successful enterprises in the statistical databases for which D&B was able to find the supplementing information needed (as said representing 40% of the contract awards in 2001). Characteristics of successful enterprises are presented and the characteristics of SMEs and large enterprises are compared. This will give information about the access of SMEs to the 'European-scale' public procurement market, compared to the access of large enterprises. Section 2.4 analyses the connection between contract awards and successful enterprises (contracts). This concerns, amongst others, differences in the access to public procurement between SMEs and large enterprises on types of awarding authorities, types of contracts, sectors, size of the contract awards, etc.

Some important remarks

With regard to the interpretation and the use of the results presented in this report some important remarks are in order:

- The results in this chapter are based on contract awards in TED and enterprises that won such contract awards. This only concerns public procurement subject to European legislation (that is public procurement above the European thresholds). According to estimates, this refers to 16% of all EU public procurement.

– The statistical database is built from several sources. This process is subject to certain biases, so, the results may also be somewhat biased. These biases are considered rather small, so that the results can be seen as reliable indications of the characteristics of the 'European-scale' public procurement practice (in a separate Technical Report, more information is presented on the representativeness and robustness of the results).
– Because information about successful enterprises of contract awards of EC-institutions was not available in TED, in this report there are no results about successful enterprises and contracts of EC institutions.
– Because the information about contract awards of Greece and Portugal was very limited, these countries were excluded from the analyses in sections 2.3 and 2.4.
– Since about 55% of the contracts were awarded in France and Germany, these countries have a strong weight on the main EU results.

2.2 Contract awards

2.2.1 *Introduction*

TED 2001 contains 52,099 notices of contract awards. Since there were 20,099,000 enterprises in the EU-Member States in 2001, the number of contract awards per 1,000 enteprises was 2.6. The objective of this section is to obtain insight into the characteristics of the contract awards and the differences between sectors and between countries. The questions to be answered in this section are:
– What are the characteristics of the contract awards from TED 2001?
– What are the differences in the characteristics between sectors?
– What are the differences in the characteristics between countries?

TED contains information on several characteristics of contract awards. In this section we focus on:
– Type of awarding authority
– Type of contract
– Size of contract awards.

The results in this chapter are based on the data of all contract award notices in 2001.

2.2.2 *Nature of the contract awards*

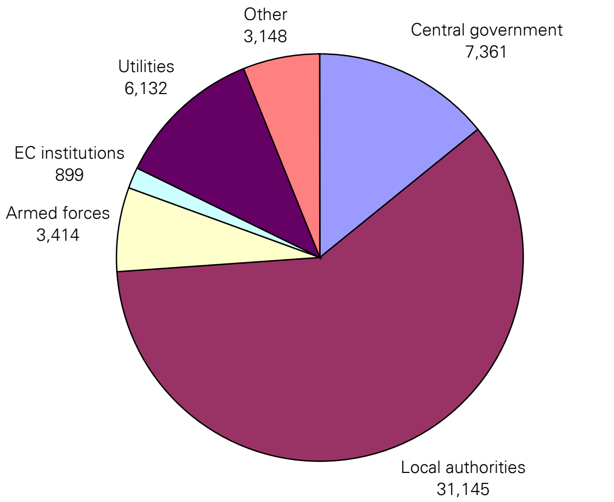
In this section, we show the characteristics of the total of the contract awards. In the succeeding sections, we analyse the differences per sector and country.

Type of awarding authority

Local authorities award nearly 60% of the contract awards.

For every contract award in TED the type of awarding authority is mentioned. In figure 3, the number of contract awards by type of awarding authority is presented. Regarding the number of contract awards per type of authority, the most important type of awarding authority is the local authority (such as municipalities). Local authorities award nearly 60% of the contract awards (31,145). Central governments award 14% of the contract awards. Utilities award 12% of the contract awards. EC institutions account for less than 2% of the contract awards.

figure 3 **distribution of 52,099 contract awards by type of awarding authority in TED 2001**



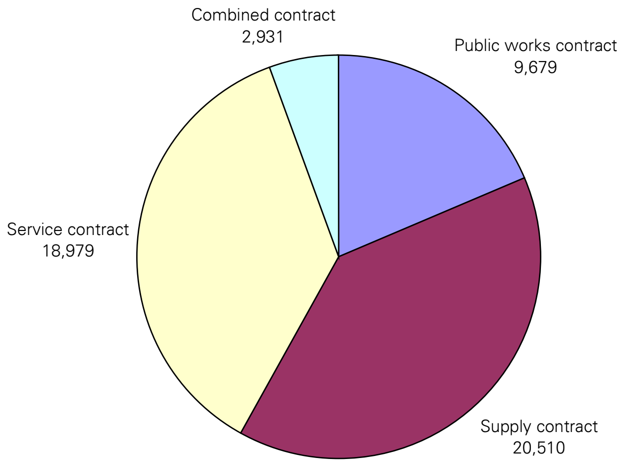
Source: TED, 2001.

Type of contract

75% of the contract awards are supply or service contracts.

For every contract award in TED the type of contract is mentioned. The type of contract is an important characteristic for public procurement, as the thresholds for 'European-scale' public procurement differ by type of contract. In figure 4, the number of contract awards by type of contract is presented. As much as 75% of the contract awards are supply contracts and service contracts.

figure 4 **distribution of 52,099 contract awards by type of contract in TED 2001**



Source: TED, 2001.

Awarding authority and type of contract

The distribution of contract awards over types of contract differs largely by type of authority.

In table 1, for the different types of authority the contract awards are distributed over the types of contract. The distribution differs largely by type of authority. The local authorities award relatively more public works contracts and less supply contracts. Central governments award relatively more service contracts and fewer public works. Nearly two-thirds of the contract awards of EC institutions are service contracts. Utilities and armed forces award relatively more supply contracts.

table 1 distribution of contract awards over types of contract by type of awarding authority in TED 2001

	Type of contract				
Type of awarding authority	*Public works contract*	*Supply contract*	*Service contract*	*Combined contract*	*Total*
	%	%	%	%	Number
Central government	7	40	48	6	7,361
Local authorities	24	35	36	5	31,145
Armed forces	3	63	29	4	3,414
EC institutions	5	26	64	5	899
Utilities	18	50	25	8	6,132
Other	19	37	37	7	3,148
Total	19	39	36	6	52,099

Source: TED, 2001.

Size of the contract awards per type of awarding authority

The values of the thresholds for 'European-scale' public procurement depend on type of contract and type of awarding authority.

In this chapter, we focus on 'European-scale' public procurement. This is concerned with public procurement projects and contracts above the thresholds in European legislation on public procurement. The values of thresholds especially depend on the type of contract and the type of awarding authority. In table 2 an overview of the thresholds in 2001 is presented.

table 2 thresholds for the European legislation on public procurement from 1-1-2000 to 1-1-2002 in Euro

	Works	*Supplies*	*Services*
Central government	5,358,153	139,312	139,312
Other governments	5,358,153	214,326	214,326
R&D services			200,000
Telecommunication	5,000,000	600,000	600,000
Drinking water, electricity, transport and airport, maritime or inland port or other terminal facilities to carriers by air, sea or inland waterway	5,358,153	428,653	428,653 or 400,000
Gas, heat, oil, coal and other solid fuels	5,000,000	400,000	400,000

Source: EC.

From the table it can be seen that the thresholds for works are much higher than for supplies and services and that the thresholds for central governments are lower than for other authorities and utilities. It is expected that these differences will lead to differences in the values of the actual contract awards. *E.g.*, it is expected that the average value of the contract awards from central governments is lower than the average value of the contract awards from local authorities. We would also expect the values of public works contracts to be higher than the values of supply and service contracts. However, this need not be true. Contract awards can be part of a large project. The size of the total project is higher than the threshold, while all contract awards belonging to that project might be (far) below the threshold. This often seems to be the case in public works. Most public works contracts are below the threshold. For supply and service contracts, this is less often the case.

Another reason why the value of contract awards might be below the thresholds is that the value of a contract is estimated in advance of the tender procedure. The actual value of a contract award depends on the offers of enterprises and might be below the thresholds.

The median is used to analyse the size of the contract awards.

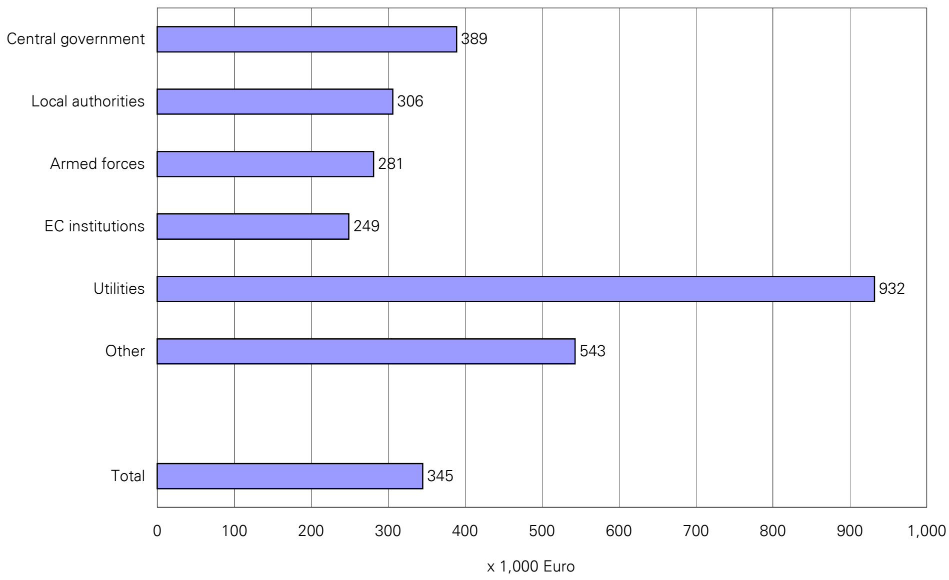
For two-thirds of the contract awards the size of the contract award (in Euro) is available in TED. However, the distribution of these sizes is very askew and the variation is very high. When calculating statistical means, very high size values have a large impact on the results. Therefore, the means are not a good measure for the common size of contract awards. Therefore, we choose to take the median of the sizes of the contract awards to analyse the common size of the awards[1].

The differences in the medians of the sizes of the contract awards between types of authority can partly be explained by differences in the thresholds.

In figure 5 the medians of the size of contract awards are shown for the types of awarding authorities. The median of the size of the contract awards of utilities is the highest. The higher thresholds for supplies and services for utilities and an average number of public works contracts can explain this. The median of the size of the contract awards of central governments is higher than the median of the size of the contract awards of local authorities and armed forces. This cannot be explained by the differences in thresholds. The median of the size of the contract awards of EC institutions is the lowest. The low threshold for service contracts and the large number of service contracts of EC institutions may explain this.

[1] The median is the middle value of a range of values, which are arranged from the lowest value to the highest value. This measure is not sensible for askew distributions and for relatively high values. Therefore, the median is a better measure for our analyses than the mean.

figure 5 medians of the size of contract awards (x € 1,000) in TED 2001, by type of awarding authority



Source: TED, 2001.

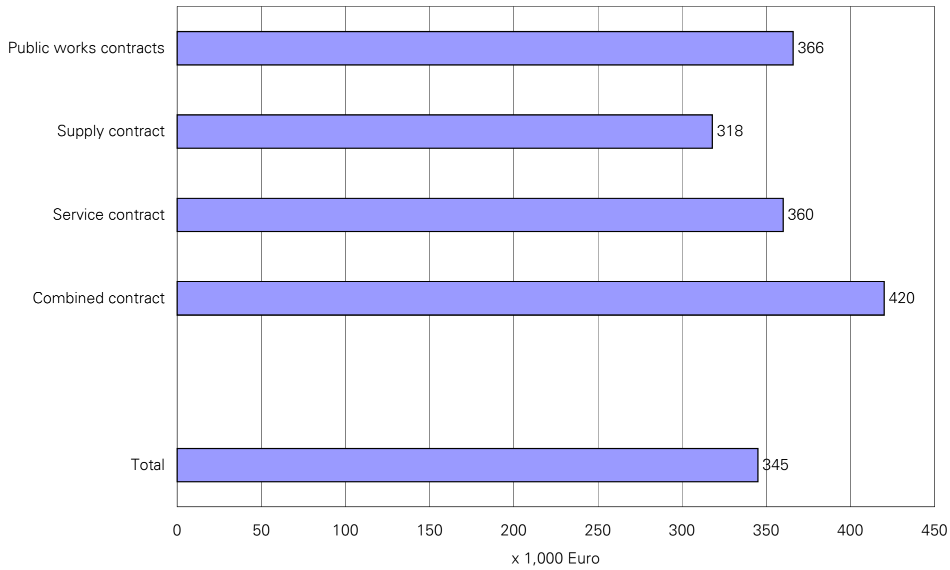
Size of the contract awards per type of contract

The differences in the medians of the sizes of the contract awards between types of contracts are rather limited.

Considering the thresholds, one would expect that the median of the size of the public works contracts is higher than that of the other types of contracts. In fact, this is not the case. The variation between the medians is rather limited.

When we consider the thresholds, the median of the size of the public works contracts looks rather low. This might be explained by the large number of public works contracts below the thresholds that might be parts of larger projects.

figure 6 medians of the size of contract awards (x € 1,000) in TED 2001, by type of contract



Source: TED, 2001.

Size of the contract awards per type of awarding authority and type of contract

There appear large differences in the sizes of public works contracts between the types of authorities. The sizes of all types of contracts from utilities are relatively high.

In table 3 the medians of the sizes of the contract awards by type of awarding authority and by type of contract are shown. The table shows large differences in the medians of the size of the public works contracts. The medians of the size of public works contracts of the central governments and EC institutions are very high, while the numbers of these contracts are relatively low (see table 1). For local authorities, we see the opposite, namely large numbers of public works contracts with a low median. For utilities, the medians of the sizes of all types of contracts are relatively high. The differences in the other types of contracts of the authorities, apart from the utilities, are limited.

table 3 medians of the size of contract awards (x € 1,000) in TED 2001, by awarding authority and by type of contract

	Type of contract				
Type of awarding authority	*Public works contract*	*Supply contract*	*Service contract*	*Combined contract*	*Total*
Central government	2,586	301	398	442	389
Local authorities	284	394	328	344	306
Armed forces	602	260	285	374	281
EC institutions	2,295	161	265	354	249
Utilities	2,296	745	695	2,257	932
Other	915	486	454	665	543
Total	366	318	360	420	345

Source: TED, 2001.

2.2.3 *Sector differences*

Number of contracts per sector

In TED, the CPV Code (Common Procurement Vocabulary) is used to characterize the type of sector of the contract awards. Mostly a contract award contains more CPV Codes, but there is always one code selected as the most important. For the analyses, EIM used this most important CPV Code to aggregate the CPV Codes to 4 groups, namely:

- Manufacturing and wholesale
- Construction
- Business services
- Other[1].

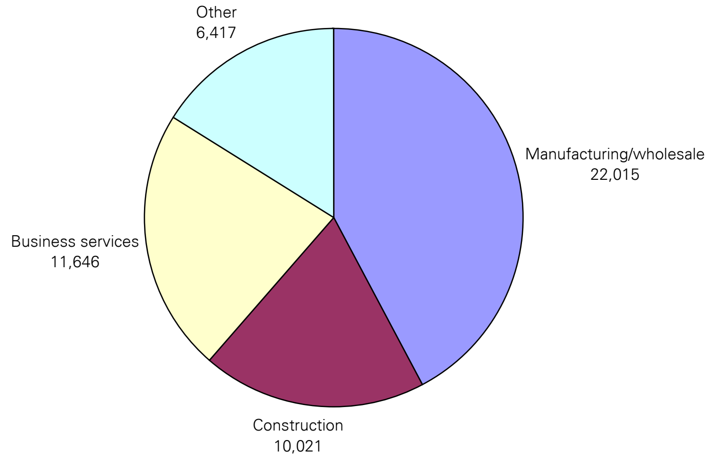
This clustering has been chosen because of the homogeneity within the groups and because of the similarity with other common sector classifications, like NACE.

Manufacturing/ wholesale is the largest sector in number of contract awards.

The sector 'manufacturing/wholesale' is the largest sector, with 42% of the contract awards. 23% of the contract awards belong to the sector 'business services' and 19% to the sector 'construction'. 'Other' accounts for 16% of the contract awards (see figure 7).

[1] The composition of the CPV groups is as follows: Manufacturing and wholesale (CPV 15 up to and including 37), Construction (CPV 45), Business services (CPV 66 up to and including 74) and other (remaining CPV Codes).

figure 7 number of contract awards per sector in TED 2001



Source: TED, 2001.

Local authorities do relatively more in construction, armed forces and utilities in manufacturing/wholesale and EC institutions in business services.

Awarding authority and sector

In table 4 the distribution of contract awards over types of awarding authorities and sectors is shown. Public procurement of armed forces and utilities is relatively frequently concerned with 'manufacturing/wholesale'. Compared with the other types of authorities, local authorities do relatively a lot in 'construction', and EC institutions in 'business services'.

table 4 distribution of contract awards over sectors by type of awarding authority in TED 2001

	Sector				
Type of awarding authority	*Manu-facturing/ wholesale*	*Construction*	*Business services*	*Other*	*Total*
	%	%	%	%	Number
Central government	43	7	34	16	7,361
Local authorities	38	24	21	17	31,145
Armed forces	66	4	15	15	3,414
EC institutions	31	6	46	17	899
Utilities	54	19	16	11	6,132
Other	40	20	24	16	3,148
Total	42	19	23	16	52,099

Source: TED, 2001.

The sector distribution is largely similar to the distribution over types of contracts.

Type of contract and sector

In table 5 the distribution of contract awards over types of contracts and sectors is shown. The sector distribution coincides largely with the distribution over types of contracts. This could be expected, because the type of contract and the CPV Code are strongly related in the European legislation on public procurement. As can be seen from the table, 'manufacturing/wholesale' is largely concerned with supply contracts, 'construction' with public works and 'business services' with service contracts. The category 'other sectors' is largely concerned with service contracts.

table 5 distribution of contract awards over sectors by type of contract in TED 2001

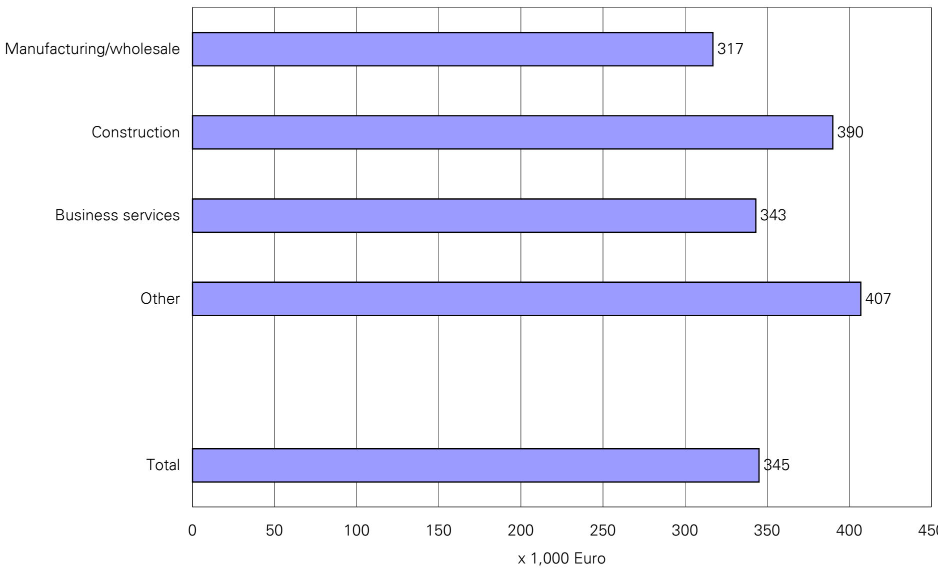
	Sector				
Type of contract	*Manu-facturing/ wholesale*	*Construction*	*Business services*	*Other*	*Total*
	%	%	%	%	Number
Public works contracts	3	96	0	1	9,679
Supply contracts	96	0	0	3	20,510
Service contracts	1	1	60	39	18,979
Combined contracts	65	16	8	12	2,931
Total	42	19	22	16	52,099

Source: TED, 2001.

Size of the contract awards per sector

In figure 8 the medians of the size of the contract awards by sector are shown. As we saw before, the sector classification is quite similar to the classification of the types of contracts. Therefore, the medians in the figure look much like the medians in figure 6 (medians of the size of the contract awards by type of contract).

figure 8 medians of the size of contract awards (x € 1,000) in TED 2001, by sector



Source: TED, 2001.

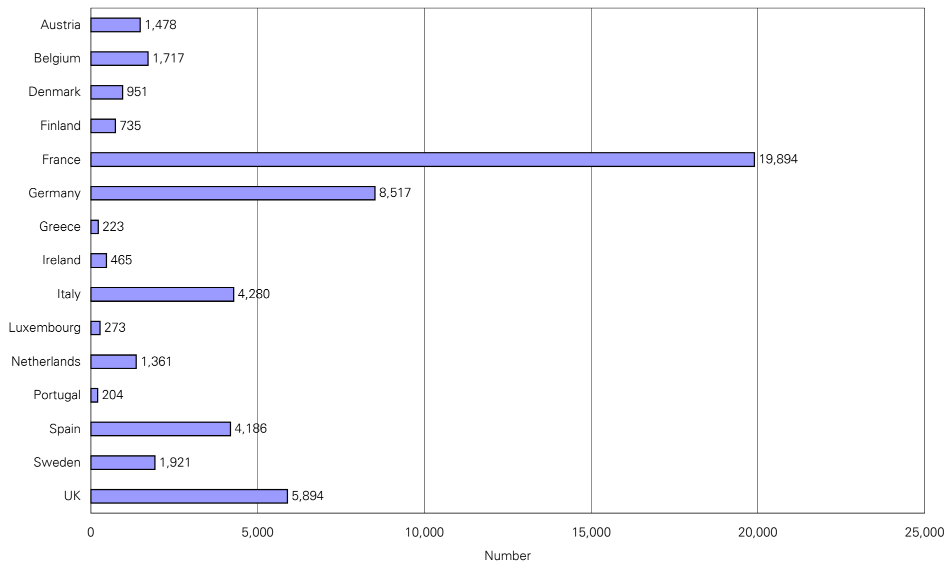
2.2.4 *Country differences*

54% of all contract awards in the EU come from two countries, namely France and Germany.

Number of contract awards by country

In figure 9 the distribution of the contract awards over the EU countries is presented. There are large differences in the number of contract awards by country. With 19,894 contract awards, France has the largest share (38% of all contract awards), followed by Germany (16%), the United Kingdom (11%), Italy (8%) and Spain (8%).

figure 9 number of contract awards per country in TED 2001



Source: TED, 2001.

More interesting is the number of contract awards per 1,000 enterprises. The larger this ratio, the more opportunities SMEs have. For the EU this ratio was 2.6 in 2001, ranging from 0.3 in Portugal and in Greece and 1.0 in Italy to 7.9 in France and 12.4 in Luxembourg (see table 6).

table 6 number of contract awards in TED 2001 per 1,000 enterprises per country, in 2001

Country	*Number of contract awards per 1,000 enterprises*
Austria	6.5
Belgium	3.1
Denmark	5.3
Finland	3.4
France	7.9
Germany	2.4
Greece	0.3
Ireland	4.9
Italy	1.0
Luxembourg	12.4
Netherlands	2.5
Portugal	0.3
Spain	1.5
Sweden	7.0
UK	1.7
Total	2.6

Source: EIM, 2003; based on TED 2001 and Observatory of European SMEs.

We notice large differences between countries in the relative importance of their awarding authorities in the public procurement market.

Awarding authorities by country

In table 7 there appear large differences between the types of awarding authorities in each country. For instance, in the UK, the awarding authority is for 38% of the contract awards the central government, but in Germany, Italy, Austria and Finland the central government is seldom the awarding authority (less than 10% of the contract awards). In Germany, Austria, France and Sweden local authorities award 68 to 79% of the contracts.

The armed forces are sometimes the awarding authorities. Countries with a relatively large number of contracts (10% or more) awarded by armed forces are the Netherlands and France. The utilities award relatively many contracts in Greece, Italy and Ireland. In Finland, 'other' authorities award a large part of the contracts (37%).

In Belgium and Luxembourg, EC institutions play a large role in the public procurement market. EC institutions award 45% of the contracts in Luxembourg and 38% in Belgium. Because of the different characteristics of EC institutions, in the remainder of this section 'EC institutions' are categorized as a separate 'country'[1].

[1] As mentioned in chapter 1, there is no information available about enterprises that won contract awards from EC institutions. So, the EC institutions will be omitted in the next chapters.

table 7 distribution of contract awards over types of awarding authorities, by country in TED 2001

Country	*Central govern-ment*	*Local au-thorities*	*Armed forces*	*EC insti-tutions*	*Utilities*	*Other*	*Total*
	%	%	%	%	%	%	Number
Austria	5	76	2	0	12	3	1,478
Belgium	17	19	6	38	12	8	1,717
Denmark	15	57	4	0	15	9	951
Finland	6	43	7	0	6	37	735
France	11	68	10	0	9	2	19,894
Germany	3	79	3	0	12	3	8,517
Greece	14	53	0	2	31	0	223
Ireland	24	37	3	1	21	14	465
Italy	4	57	5	1	25	8	4,280
Luxembourg	25	16	0	45	9	6	273
Netherlands	31	25	16	0	9	17	1,361
Portugal	55	36	0	1	7	0	204
Spain	26	53	4	0	13	5	4,186
Sweden	13	68	1	0	7	11	1,921
UK	38	32	7	0	10	14	5,894
Total	14	60	7	2	12	6	52,099

Source: TED, 2001.

Type of contract by country

Austria, Germany and Luxembourg award a relatively large number of public works contracts.

Contracts in Austria, Germany and Luxembourg largely exist of public works contracts (see table 8). In most other countries, public works contracts are only a small percentage of the total amount of contract awards. Later in this chapter, we shall see that there are large differences in the sizes of public works contracts between the countries. Especially in Austria and Germany, the sizes of the public works contracts are relatively small. Together with the high number, it seems that public works contracts in Austria and Germany are often divided or awarded in smaller lots.

In Austria, Finland, Ireland and Portugal there are a lot more supply contracts than service contracts. In Greece, the Netherlands and EC institutions, it is the other way round. For the remaining countries, it holds that there is more or less a balance between supply and service contracts.

table 8 distribution of contract awards over types of contract, by country in TED 2001

Country	Public works contract	Supply contract	Service contract	Combined contract	Total
	%	%	%	%	Number
Austria	48	32	17	2	1,475
Belgium	9	41	44	5	1,063
Denmark	3	39	48	9	948
Finland	10	64	26	1	734
France	11	44	37	7	19,891
Germany	58	23	17	1	8,496
Greece	17	25	57	1	219
Ireland	14	53	28	5	460
Italy	8	43	42	6	4,223
Luxembourg	61	25	12	3	151
Netherlands	9	27	54	10	1,355
Portugal	16	56	26	1	202
Spain	10	39	44	7	4,173
Sweden	7	40	51	2	1,920
UK	5	46	42	7	5,890
EC institutions	5	26	64	5	899
Total	19	39	36	6	52,099

Source: TED, 2001.

Number of contract awards by country and sector

In table 9 the distribution of contract awards over sectors and countries is presented. Because of the similarity between the sector distribution and the distribution of types of contracts, the figures in the table are quite similar to the figures in table 8. In the sector distribution we indeed see large percentages for construction in Austria, Germany and Luxembourg. In especially Sweden and Italy, we notice relatively high percentages for the category 'other sectors'. In general, these are service contracts, not related to the sector 'business services'.

table 9 distribution of contract awards over sectors, by country in TED 2001

Country	Manufacturing/ wholesale	Construction	Business services	Other	Total
	%	%	%	%	Number
Austria	35	46	15	4	1,475
Belgium	44	10	34	12	1,063
Denmark	45	4	35	16	948
Finland	61	13	8	18	734
France	48	13	20	19	19,891
Germany	25	57	13	5	8,496
Greece	22	17	54	7	219
Ireland	57	15	20	8	460
Italy	46	10	20	24	4,223
Luxembourg	21	64	8	7	151
Netherlands	34	10	37	19	1,355
Portugal	54	18	16	12	202
Spain	43	11	35	11	4,173
Sweden	39	9	24	28	1,920
UK	47	6	28	19	5,890
EC institutions	31	6	46	17	899
Total	42	19	23	16	52,099

Source: TED, 2001.

Size of the contract awards by awarding authority and by type of contract

Local authorities in Austria, France and Germany and central governments in France, Germany, the Netherlands and Portugal award relatively small contracts.

We have seen before that the size of the contract awards have a link with the type of contract and the type of awarding authority, because the thresholds for European-scale public procurement differ especially by type of contract and by type of awarding authority. In table 10 the medians of the contract awards by type of awarding authority and by country are shown. The median of the sizes of the contract awards ranges between € 212,000 in France to € 821,000 in Ireland. We see that especially the contract awards of local authorities in Austria, France and Germany are relatively small. The same holds for contract awards of central governments in France, Germany, the Netherlands and Portugal. In most countries, the sizes of contracts from utilities are very large, although there are large differences between the countries.

table 10 medians of the size of contract awards (x € 1,000) in TED 2001, by country and by type of awarding authority (exclusive of EC institutions) *

Country	*Central government*	*Local authorities*	*Utilities*	*Armed forces*	*Other*	*Total*
Austria	407	298	1,453	609	239	307
Belgium	302	491	1,274	330	612	513
Denmark	523	624	1,793	(292)	1,365	671
Finland	487	673	1,472	446	640	652
France	249	200	516	198	397	212
Germany	277	233	443	434	187	243
Greece		367	734	4,109		491
Ireland	379	1,697	(758)	813	799	821
Italy	514	570	898	476	935	634
Luxembourg		344	830	539	378	507
Netherlands	284	572	4,400	401	635	478
Portugal	245	313	6,277			286
Spain	470	479	1,648	481	496	522
Sweden	465	648	2,161	810	862	670
UK	774	725	1,488	1,275	563	724
Total	389	306	932	281	543	345

** Between brackets means that the median is based on less than 10 contract awards.*
Source: TED, 2001.

There appear large differences in the sizes of (public works) contracts. The sizes of public works contracts in Germany and Austria are relatively small.

In table 11 the medians of the size of the contract awards are presented by type of contract and by country. From the table we see that there are large differences in the sizes of public works contracts between the countries, while the variation in the sizes of supply and service contracts is smaller. In section 2.2.2, it is shown that especially local authorities have very small sizes of public works contracts. We also saw that local authorities in Germany and Austria are involved in a relatively great deal of the contract awards. This might explain the small medians for public works contracts in Austria and Germany.

table 11 medians of the size of contract awards (x € 1,000) in TED 2001, by country or EC institutions and by type of contract*

Country	*Public works contract*	*Supply contract*	*Service contract*	*Combined contract*	*Total*
Austria	244	408	333	225	307
Belgium	2,429	388	447	815	513
Denmark	5,811	578	602	1,044	671
Finland	1,825	589	673	(3,000)	652
France	570	173	201	230	212
Germany	200	359	299	417	243
Greece	4,207	499	373	(7,924)	491
Ireland	8,390	470	486	936	821
Italy	6,830	490	620	804	634
Luxembourg	627	341	656	(360)	507
Netherlands	5,854	390	340	651	478
Portugal	7,693	214	422	(602)	286
Spain	7,130	399	510	1,121	522
Sweden	5,143	671	540	1,135	670
UK	8,780	611	724	717	724
EC institutions	2,295	161	265	354	249
Total	366	318	359	420	345

** Between brackets means that the median is based on less than 10 contract awards.*
Source: TED, 2001.

2.2.5 *Conclusions*

From the analyses of the notices of the 52,099 contract awards published in TED 2001 some conclusions can be drawn. We have seen that the largest group of awarding authorities are the local authorities and these authorities award relatively many public work contracts. The differences in the median of the sizes of the contract awards between the types of contracts are limited. However, between the different types of awarding authorities the medians of the sizes of public works contracts range from € 284,000 for local authorities to € 2,586,000 for central governments.

Manufacturing/wholesale is the largest sector in the number of contract awards (42%). Construction and business services count each for approximately 20% of the contract awards. However, the sector distribution coincides largely with the distribution over types of contracts. The sector differs by type of awarding authority. *E.g.*, local authorities are relatively more involved in construction.

There are large differences between countries. Germany and France count for more than half of the number of public procurement contracts. In Germany, Austria, France and Sweden local authorities award more than two-thirds of the contract awards, and in Austria, Germany and Luxembourg a relatively large number of public works contracts (construction) is awarded. The median of the sizes of the contract awards ranges between € 210,000 in France to € 821,000 in Ireland. Especially the sizes of the public works contracts differ largely between the countries, from € 200,000 in Germany to € 8,780,000 in the UK.

2.3 Successful enterprises

2.3.1 *Introduction*

For 40% of the contract awards additional information about the contracted enterprises (hereafter called: successful enterprises) is available. The objective of this section is to get insight in the characteristics of successful enterprises (especially size class) and the differences between sectors and between countries. The questions to be answered in this section are:

– What are the sizes of successful enterprises?
– What are the differences in the characteristics between sectors?
– What are the differences in the characteristics between countries?

Analysing the sizes of successful enterprises and comparing the results with the size-class distribution of the enterprise population, will give information about the (relative) access of SMEs to the public procurement market.

The results in this section are based on the data of 16,341 enterprises in the statistical database.

As the purpose of the study is to investigate the access of small- and medium-sized enterprises (SMEs) to public procurement contracts, the size-class dimension of the enterprises in the database is crucial. Derived from the definition of SMEs by the EC, we shall formulate a practically applicable definition for this study. Based on this definition we compare the size-class distribution of the database with the distribution of the enterprise population of the EU.

Definition of SMEs used in this study

In this study on the access to public contracts for small and medium-sized enterprises, we used the EC definition of SMEs mentioned in chapter 1 *as far as possible.* In practice, however, the independence criterion is very hard to verify so that we cannot use this criterion in the assessment of enterprises meeting the requirements of being an SME[1]. Only the number of employees and/or the turnover is available in the database to use for classifying enterprises in size classes.

Definition in this study: SMEs have less than 250 employees ...

In view of the practical limitation mentioned above, we use the following definition of size classes in this study:

– Micro: less than 10 employees
– Small: 10 to 50 employees
– Medium-sized: 50 to 250 employees
– Large: 250 employees and more.

SMEs refer to enterprises with less than 250 employees.

[1] For example, most data from the Observatory of European SMEs and from Eurostat only meet the requirement of the number of employees.

... or less than € 40 million turnover.

For the enterprises where the number of employees is missing, we use the turnover as an estimate for size class. For these enterprises the following classification is used:
- Small: turnover of less than € 7 million
- Medium-sized: turnover of € 7 million to € 40 million
- Large: turnover of € 40 million and more.

Survey results show that at least 68% of the enterprises with less than 250 employees are genuine SMEs.

In the period of 27 May until 25 June 2003, Interview/NSS (by order of EIM) carried out a telephonic survey amongst enterprises that won a public procurement contract in 2001 and that were SMEs in 2001 according to the data of Dun & Bradstreet (D&B). The sample was taken from the SMEs in the statistical database. In the questionnaire, the number of employees and the extent of independency were asked. With these results, we are able to judge the validity of the enterprises being an SME. From these results, we can conclude that without doubts *at least 68%* of the enterprises with less than 250 employees in the statistical database are really a SME. This is a minimum. Without doubts, we can say that because of growth and changes in ownership (possibly a large) part of the other 32% was a SME in the narrow definition (of the EC) in 2001. This possible bias should be kept in mind when interpreting the results of the analyses. Especially when looking at the access of SMEs to public procurement compared with the access of large enterprises, the access rate might be somewhat lower when the 'narrow' EC-definition of SMEs is used.

2.3.2 *Size class*

Successful enterprises compared with the enterprise population

The current involvement of SMEs in public procurement contracts seems to leave opportunities for improvement.

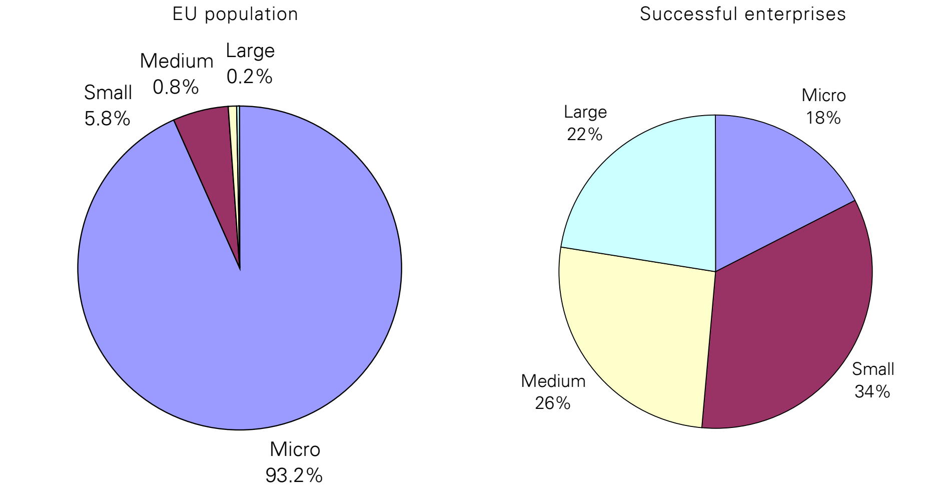
In figure 10 the size-class distribution of successful enterprises is compared with the size-class distribution of the EU enterprise population. 0.2% of the enterprise population in the EU consists of large enterprises, and about 99.8% are SMEs. In the database of successful enterprises, 22% of the enterprises are large enterprises and 78% are SMEs. From these numbers it can be concluded that a large part of the public procurement contracts is won by SMEs, but that (in comparison with the enterprise population) the involvement of SMEs in public procurement seems to leave opportunities for improvement [1].

In the strict EC-definition of SMEs, between 53% and 78% of the enterprises that won a public procurement contract is an SME.

As mentioned in the previous section, there might be some bias because some of the enterprises with less than 250 employees are possibly not SME in terms of the strict EC definition. As we have seen, this might be the case for 32% of the enterprises with less than 250 employees. In the case that all these enterprises would actually be large enterprises, the percentage of SMEs that won a public procurement contract would be 53%. That means that we can conclude that using the 'narrow'/strict definition of SMEs of the European Commission the percentage of SMEs that won a public procurement contract is in the range of 53 to 78%. Of course not all 32% of the enterprises will actually be a large enterprise according to the strict EC definition, so the 'real' percentage of SMEs that won a public procurement contract will be somewhere between 53 and 78%. Notice, however, that according to the EC definition the share of SMEs in the population will decrease (considerably), too. In the rest of this report, we use the definition of SMEs being enterprises with less than 250 employees. When interpreting the results one should keep in mind that in the EC definition the access of SMEs might be lower.

[1] This conclusion also holds when we only look at enterprises with 10 or more employees (that is excluding micro enterprises).

figure 10 comparison of the size-class distribution of successful enterprises in 2001 and the enterprise population 2001



Source: EIM, 2003; based on TED 2001 and Observatory of European SMEs.

Other indicators

Other indicators confirm that there seems to be room for improvement regarding the involvement of SMEs in public procurement contracts.

We can also look at other indicators to approach the involvement of SMEs in public procurement. In table 12 we look at the distribution of employees, turnover and values of the contracts. When we look at the estimated distribution of employees and of turnover of successful enterprises, we see that more than 90% of the employees and turnover is concentrated in the large successful enterprises. In the EU population of enterprises, this is respectively 34 and 47%. These are other indications that there seems to be room for improvement of the involvement of SMEs in public procurement contracts. However, it should be noted that because a part of the large successful enterprises is very large (*e.g.* multinationals) the employment and turnover figures might not be very adequate indicators.

Probably it is better to look at the estimation of the distribution of the value of the contracts of SMEs and large enterprises. It can be estimated that 43% of the values of public procurement contracts is won by SMEs, while the SMEs of the EU enterprise population count for 53% of the total turnover. This is an indication that there seems to be opportunities for improvement in the involvement of SMEs in public procurement, although the difference in this comparison is less than the differences in the comparisons of the indicators considered above.

table 12 comparison of *estimates** of the share of SMEs and large enterprises in employment, turnover and value of public procurement contracts between successful enterprises in 2001 and the enterprise population 2001 (in %)

	Successful enterprises		*EU population*	
Indicator	*SME*	*Large*	*SME*	*Large*
Employment	<10	>90	66	34
Turnover	<10	>90	53	47
Values of the contracts	43	57		

* *The figures of successful enterprises are estimates. The number of employees and the turnover are not available for all enterprises or only available in classes. In addition, the values of the contracts are not available for all contract awards. For the distribution of the values of the contracts over SMEs and large enterprises, the contracts awarded to a combination of SMEs and large enterprises are excluded. (For the values of the contracts: also see section 2.2.2.)*

Source: Observatory of European SMEs and EIM, 2003.

2.3.3 *Sector differences*

Sector groups based on NACE

For distributing the enterprises over sectors, we used the NACE codes. The following groups of NACE codes are used in this section:

- manufacturing,
- wholesale,
- construction,
- producer services,
- other.

These groups are quite similar to the sector groups of the contract awards in the previous section (based on CPV Codes).

Distribution of successful enterprises over sectors

In table 13 the distribution of the enterprise population and the successful enterprises over sectors are compared, for the total, the SMEs and the large enterprises. Since the NACE code is not available for all successful enterprises, the number of successful enterprises in the table is lower than in previous tables.

Relatively high access to public procurement contracts in manufacturing, wholesale and construction.

When we look at the totals, we see that the access to public procurement contracts is relatively high in manufacturing, wholesale and construction and relatively low in the category 'other'. This is not surprising, because the category 'other' is largely determined by a very large number of small and medium-sized enterprises in the retail sector and in the sector of personal services. As these enterprises sell mainly to consumers, it is not expected that these enterprises are involved in public procurement. This is illustrated by the considerable difference between the SME population and the SME winners in the column 'other also in OBS': 47 against 16%.

table 13 comparison of the sector distribution of successful enterprises (winners) in 2001 and enterprise population 2001

		Manu-facturing	*Whole-sale trade*	*Con-struction*	*Pro-ducer services*	*Other also in OBS**	*Other not in OBS**	*Total*
SME	Population	10.3%	7.5%	13.3%	21.9%	46.9%		20,060,000
	Winners	20.4%	19.4%	20.2%	21.8%	15.8%	2.5%	10,763
LSEs	Population	41.9%	5.5%	4.9%	25.7%	22.0%		39,000
	Winners	25.0%	12.4%	15.2%	26.3%	19.8%	1.3%	3,062
Total	Population	10.4%	7.5%	13.3%	21.9%	46.9%		20,099,000
	Winners	21.4%	17.8%	19.1%	22.8%	16.7%	2.3%	13,825

** The source of the enterprise population (Observatory of European SMEs) does not contain agriculture, fishing, public administration and education. Column 'Other also in OBS' includes other sectors that are also included in the Observatory (extraction, retail distribution, transport and communication and personal services). Column 'Other not in OBS' includes other sectors that are not included in the Observatory.*

Source: EIM, 2003; based on TED 2001 and Observatory of European SMEs.

The access of SMEs to public procurement contracts is relatively the highest in wholesale and construction.

In table 14 we compare the distribution of successful enterprises over SMEs and large enterprises with this distribution of the enterprise population per sector. With this figures we can compare the access of SMEs to public procurement per sector. For each sector, we see that more than 99% of the enterprises in the population are SMEs. The percentages of successful SMEs per sector show that in the wholesale and in the construction sector the access of SMEs to public procurement contracts is the highest.

table 14 comparison of the size distribution of successful enterprises (winners) in 2001 and enterprise population 2001, per sector

		Manu-facturing	*Whole-sale trade*	*Con-struction*	*Pro-ducer ser-vices*	*Other also in OBS****	*Other not in OBS****	*Total*
SME	Population*	99.2%	99.9%	99.9%	99.8%	99.9%		99.8%
	Winners	74.1%	84.6%	82.4%	74.4%	73.7%	87.3%	77.9%
LSEs	Population*	0.8%	0.1%	0.1%	0.2%	0.1%		0.2%
	Winners	25.9%	15.4%	17.6%	25.6%	26.3%	12.7%	22.1%
Total	Population* (*1,000)	2,086	1,511	2,676	4,407	9,420		20,099
	Winners	2,961	2,462	2,635	3,149	2,230	308	13,825

* *The population of 'Total EU' also includes Greece and Portugal.*

** *The source of the enterprise population (Observatory of European SMEs) does not contain agriculture, fishing, public administration and education. Column 'Other also in OBS' includes other sectors that are also included in the Observatory (extraction, retail distribution, transport and communication and personal services). Column 'Other not in OBS' includes other sectors that are not included in the Observatory.*

Source: EIM, 2003; based on TED 2001 and Observatory of European SMEs.

2.3.4 *Country differences*

Access of SMEs to public procurement by country

The percentage of SMEs that won a public procurement contract varies from 65% in the UK to 92% in Luxembourg.

In table 15 the EU countries are ranked according to the percentage of SMEs that won a public procurement contract. The table shows that there are differences in the access to public procurement contracts for SMEs between the countries. Some smaller countries (Luxembourg, Ireland) have relatively high access by SMEs, and the access of SMEs is lowest in the UK.

table 15 classification of the countries by the percentage of SMEs amongst the enterprises that won a public procurement contract in 2001

Country	*% of SMEs that won a contract*
Luxembourg	91.8
Ireland	86.1
Sweden	85.1
Austria	84.0
Spain	81.7
Germany	81.7
Belgium	78.1
Netherlands	78.0
France	77.6
Italy	75.5
Denmark	75.0
Finland	74.0
United Kingdom	65.2

Source: EIM, 2003; based on TED 2001.

Size-class distribution by country

Within the SME group of successful enterprises in Ireland the firms are relatively large and in Sweden relatively small.

In table 16 the distribution of the enterprise population and the successful enterprises over size classes are presented by country. From the percentages in the table, it can be concluded that in all countries SMEs win a large part of the public procurement contracts, but that (in comparison with the enterprise population) they stay behind in access to public procurement.

Within SMEs, there are some differences in the access of micro, small and medium-sized enterprises. The percentage of micro firms varies from 7% in Ireland to 39% in Sweden. The percentage of small firms varies from 23% in Denmark to 44% in Ireland, and the percentage of medium-sized firms varies from 12% in Sweden to 35% in Ireland. Ireland and Sweden seem to be the extremes in the access of SMEs to public procurement. In Ireland, successful enterprises are relatively large, and in Sweden, successful enterprises are relatively small.

table 16 comparison of the size-class distribution of successful enterprises (winners) in 2001 and enterprise population 2001, by country

Country		*Micro*	*Small*	*Medium*	*SME total*	*Large*	*Total*
		%	%	%	%	%	Number
Austria	Population	86.2	11.4	2.0	99.6	0.4	226,000
	Winners	19.3	34.8	29.9	84.0	16.0	549
Belgium	Population	95.0	4.2	0.6	99.8	0.2	549,000
	Winners	22.7	32.0	23.4	78.1	21.9	278
Denmark	Population	90.1	8.2	1.4	99.7	0.3	179,000
	Winners	26.4	23.0	25.7	75.0	25.0	549
Finland	Population	93.9	5.0	0.9	99.8	0.2	214,000
	Winners	26.5	27.8	19.6	74.0	26.0	607
France	Population	93.1	5.7	1.0	99.8	0.2	2,512,000
	Winners	19.7	34.4	23.5	77.6	22.4	4,935
Germany	Population	88.2	10.2	1.2	99.6	0.4	3,577,000
	Winners	14.5	39.3	27.9	81.7	18.3	3,558
Ireland	Population	85.6	11.9	2.1	99.6	0.4	95,000
	Winners	6.9	44.4	34.7	86.1	13.9	72
Italy	Population	95.5	4.1	0.4	99.9	0.1	4,181,000
	Winners	16.9	29.7	28.8	75.5	24.5	868
Luxembourg	Population	86.6	10.7	2.3	99.6	0.4	22,000
	Winners	20.4	38.8	32.7	91.8	8.2	49
Netherlands	Population	90.2	7.6	1.7	99.6	0.4	554,000
	Winners	18.0	28.1	31.9	78.0	22.0	345
Spain	Population	94.7	4.6	0.6	99.9	0.1	2,739,000
	Winners	19.1	37.6	25.0	81.7	18.3	771
Sweden	Population	90.3	8.1	1.3	99.7	0.3	275,000
	Winners	39.4	34.1	11.5	85.1	14.9	208
UK	Population	94.6	4.5	0.7	99.8	0.2	3,469,000
	Winners	7.2	27.0	31.1	65.2	34.8	1,588
Total EU	Population	93.2	5.8	0.8	99.8	0.2	20,099,000
	Winners	17.6	33.9	26.1	77.5	22.5	14,383

Source: EIM, 2003; based on TED 2001 and Observatory of European SMEs.

Average size of the SMEs

The average size of SMEs varies from 2.0 to 7.0 employees.

In general, larger enterprises have easier access to public procurement than smaller enterprises. Hence, when the average size of the SMEs in a country is relatively high, a higher access of SMEs to public procurement can be expected. In the EU the average number of employees per SME was 3.9 in 2001, ranging from 2.0 in Greece and 2.8 in Italy to 6.8 in Austria and 7.0 in Luxembourg (see table 17).

table 17 average size of SMEs per country, in 2001

Country	*Average size of SMEs*
Austria	6.8
Belgium	4.2
Denmark	6.1
Finland	3.3
France	4.7
Germany	5.0
Greece	2.0
Ireland	6.6
Italy	2.8
Luxembourg	7.0
Netherlands	6.2
Portugal	3.6
Spain	3.8
Sweden	5.1
United Kingdom	3.4
Total	3.9

Source: EIM, 2003; based on Observatory of European SMEs.

Access of SMEs by country and sector

There is relatively high access of SMEs in the construction sector in Austria and Germany.

In table 18 the access of SMEs to public procurement contracts is shown by sector and by country. In all countries, the access to public procurement contracts is relatively high in the wholesale sector (compared with the total by country). Relative high access of SMEs in the construction sector is especially found in Austria and Germany. These countries have relatively large numbers of contract awards in the construction sector (see previous section).

table 18 percentage of SMEs amongst the enterprises that won a public procurement contract, by sector and by country in 2001*

Country	*Manufacturing*	*Wholesale trade*	*Construction*	*Producer services*	*Other also in OBS***	*Other not in OBS***	*Total****
Austria	81	84	90	73	78	(100)	84
Belgium	78	82	81	74	80	(50)	78
Denmark	80	90	70	67	84	(50)	80
Finland	64	79	70	71	82	94	75
France	76	83	75	80	73	93	78
Germany	75	85	89	74	81	98	82
Ireland	100	87	(100)	79	(80)		86
Italy	71	91	76	64	77	100	75
Luxembourg	(90)	100	85	(100)	(100)	(100)	94
Netherlands	78	86	62	75	78	83	77
Spain	72	93	77	82	79	83	82
Sweden	91	94	86	79	76	80	84
UK	67	81	63	60	51	73	65
Total EU	74	85	82	74	74	87	78

* *Between brackets means that the percentage is based on less than 10 enterprises.*

** *The Observatory of European SMEs does not contain agriculture, fishing, public administration and education. Column 'Other also in OBS' includes other sectors that are also included in the Observatory (extraction, retail distribution, transport and communication and personal services).*

*** *Since the NACE code is not known for all enterprises, the percentages in the column 'total' differs form the percentages in table 15.*

Source: EIM, 2003; based on TED 2001.

2.3.5 *Conclusions*

From the analyses of the enterprises that won a public procurement contract in 2001 some conclusions can be drawn. Compared with large enterprises, the access of SMEs (enterprises with less than 250 employees) to public procurement contracts is relatively low and seems to leave opportunities for improvement. SMEs account for 99.8% of the European Enterprise population, whereas they account for 78% of the successful enterprises. When the strict EC definition of SMEs (including the independency criterion) is used, the access of SMEs (defined as percentage of SME amongst the enterprises that won a public procurement contact) might be lower. In the EC definition of SMEs the access rate of SMEs to public procurement is somewhere between 53 and 78%. Notice that the SME share in the population also drops due to applying the strict EC definition.

The access of SMEs to public procurement contracts is relatively high in wholesale and construction. Between countries the access of SMEs varies from 65% in the UK to 92% in Luxembourg. The access rate of SME largely differs between sector, firm size class and country. These differences can partly be explained by the distribution of contract awards over sectors.

2.4 Relationship between successful enterprises and nature of contract awards

2.4.1 *Introduction*

In section 2.2 the characteristics of the contract awards (of all notices of contract awards in TED 2001) were discussed. In section 2.3 the characteristics of enterprises that won a contract award and the access of SMEs to the public procurement market were discussed. In the present section the link between successful enterprises and contract awards will be analysed.

The objective of this section is to improve understanding the differences in the access of SMEs to the public procurement market between sectors and countries.
The questions to be answered in this section are:
- What is the relation between the size class of successful enterprises and the characteristics of the contract awards?
- What are the differences between sectors?
- What are the differences between countries?

Starting-point in this section is the access of SMEs to the public procurement market compared with the access of large enterprises, as discussed in section 2.3. In the present section the characteristics of the contract awards from section 2.2 will be linked to the successful enterprises.

The results in this section are based on the statistical database containing 23,213 contracts (records), concerning 20,691 contract awards and 16,341 individual enterprises[1]. This database represents 40% of the contract awards published in TED in 2001. Every record in the database is a contract between an awarding authority and a successful enterprise. This means that several contract awards are present in the table more than once, because these tenders are won by more than one enterprise. In addition, several enterprises occur more than once in this table, because these enterprises have won more than one tender. For each contract, data on the contract award and data on the successful enterprise are included.

The structure of the section is similar to the structure of section 2.3:
- size of the enterprises linked with the characteristics of the contract awards,
- sector differences,
- country differences.

2.4.2 *Characteristics of the contract awards*

Firms with several contracts

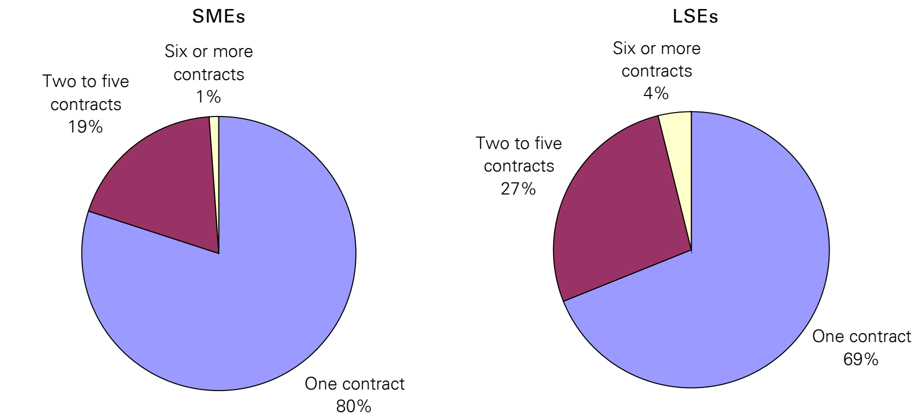
An enterprise can tender for several contracts. There is a possibility that an enterprise wins all or none of these tenders or somewhere in between. This section studies the number of contracts a firm has obtained. We distinguish between enterprises that won only one contract, two to five contracts or more than five contracts. The distribution of the number of contracts attained is compared between SMEs and large enterprises in figure 11.

[1] The numbers of contracts in the chapter can differ because not all relevant information is available for all successful enterprises.

SMEs more often obtain one contract.

More than three-quarters of the successful enterprises in all EU countries acquired one public procurement contract (in 2001). We find significant differences between SMEs and large enterprises. SMEs get more frequently only one contract whereas 31% of the large enterprises obtain several contracts. This result is not surprising because one can expect that large enterprises have more capacity to tender for larger numbers of public procurement contracts than SMEs do, and that they can deliver a larger variety of products/services so that more tenders are relevant for their enterprise.

figure 11 comparison of the number of contracts per enterprise between SMEs and large enterprises (LSEs) in 2001



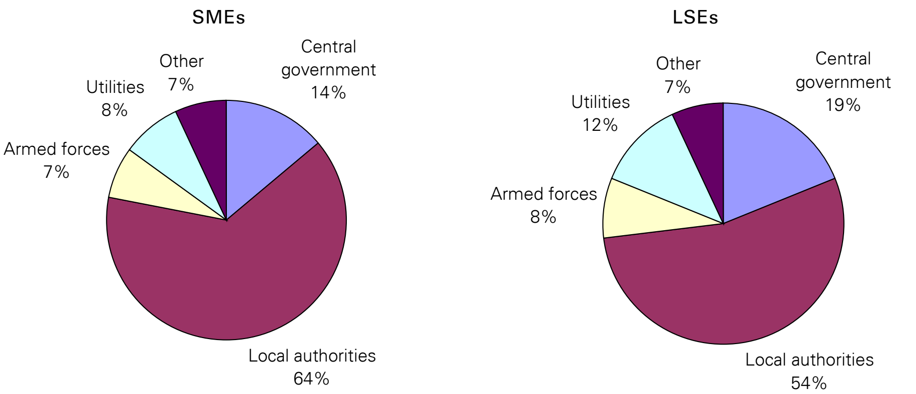
Source: EIM, 2003; based on TED 2001.

Awarding authorities

Local authorities provide relatively more contracts to SMEs.

When we look at the type of awarding authorities, we notice that there is in particular a difference with contracts from local authorities (see figure 12). SMEs receive relatively more often contracts from local authorities than large enterprises do. On the other hand, large enterprises get relatively more contracts from central governments and utilities. Moreover, the sizes of contracts from local authorities are often smaller, while the sizes of the contracts of central governments and especially from utilities are often larger. It is expected that SMEs are more oriented towards the local market.

figure 12 comparison of the distribution of contracts over types of awarding authority between SMEs and large enterprises (LSEs) in 2001



Source: EIM, 2003; based on TED 2001.

In table 19, SMEs are divided in micro, small and medium-sized enterprises. This table shows that smaller enterprises get more contracts from local authorities. This is in line with the expected regional market orientation and the expected smaller sizes of contracts of local authorities.

table 19 comparison of the distribution of contracts over types of awarding authority, by size class of the successful enterprises in 2001

Size class	*Central government*	*Local authorities*	*Armed forces*	*Utilities*	*Other*	*Total*
	%	%	%	%	%	Number
Micro	14	67	7	5	7	3,068
Small	13	66	7	7	7	6,278
Medium	15	60	8	10	7	5,630
Large	19	54	8	12	7	5,583
Total	16	61	7	9	7	20,559

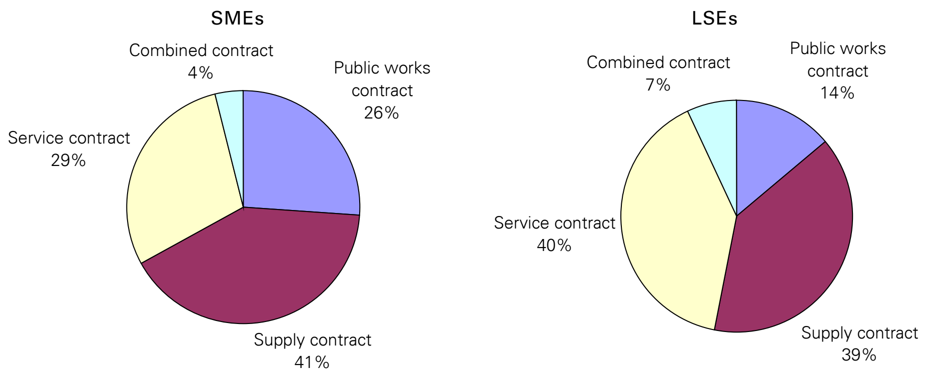
Source: EIM, 2003; based on TED 2001.

Type of contract

SMEs obtain relatively more public works contracts and less service contracts.

When we look at the type of contract, we note significant differences between SMEs and large enterprises. SMEs obtain more frequently public works contracts than large enterprises do. Instead, large enterprises get more service contracts. In general, large enterprises have a higher percentage of combined contracts than SMEs do. The larger involvement of SMEs in public works contracts can be explained by the relatively large involvement of SMEs in contracts from local authorities and the relatively small sizes of the public works contracts from local authorities.

figure 13 comparison of the distribution of contracts over types of contract between SMEs and large enterprises (LSEs) in 2001



Source: EIM, 2003; based on TED 2001.

In table 20, SMEs are divided in micro, small and medium-sized enterprises. This table shows that micro firms have a different pattern than small and medium-sized enterprises. Micro firms get fewer public works contracts and more service contracts.

table 20 comparison of the distribution of contracts over types of contract, by size class of the successful enterprises in 2001

Size class	*Public works contract*	*Supply contract*	*Service contract*	*Combined contract*	*Total*
	%	%	%	%	Number
Micro	19	41	36	4	3,068
Small	30	40	26	4	6,278
Medium	26	42	27	5	5,630
Large	14	39	40	7	5,583
Total	23	40	32	5	20,559

Source: EIM, 2003; based on TED 2001.

Size of the contract awards

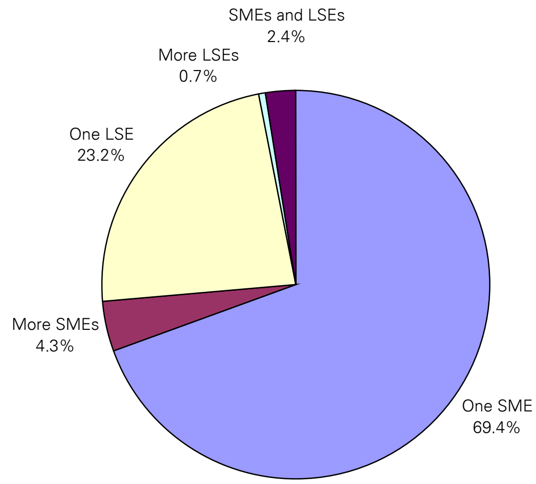
In the database, information is available about the size (price) of the contract awards. A slight complication is that for some contract awards more than one enterprise is involved, while we do not know which part of the value is awarded to which enterprise. When we want to analyse the relation between firm size and size of the contract awards, we have to consider this complication. To avoid this problem, we distinguish five groups of contract awards, namely:

– contract awards won by one SME,
– contract awards won by more SMEs,
– contract awards won by one LE,
– contract awards won by more LSEs,
– contract awards won by SMEs and LSEs.

Most contract awards are won by single SMEs

In figure 14 the distribution of the contract awards over these groups is shown. It shows that most contract awards are either acquired by a single SME (69%) or a single large enterprise (23%).

figure 14 distribution of the contract awards over 'one SME', 'more SMEs', 'one LSE', 'more LSEs' and 'a combination of SMEs and LSEs in 2001*



Because this information is used to analyse the sizes of the contract awards, only those contract awards are included for which information on the size is available. This is approximately two-thirds of the contract awards.

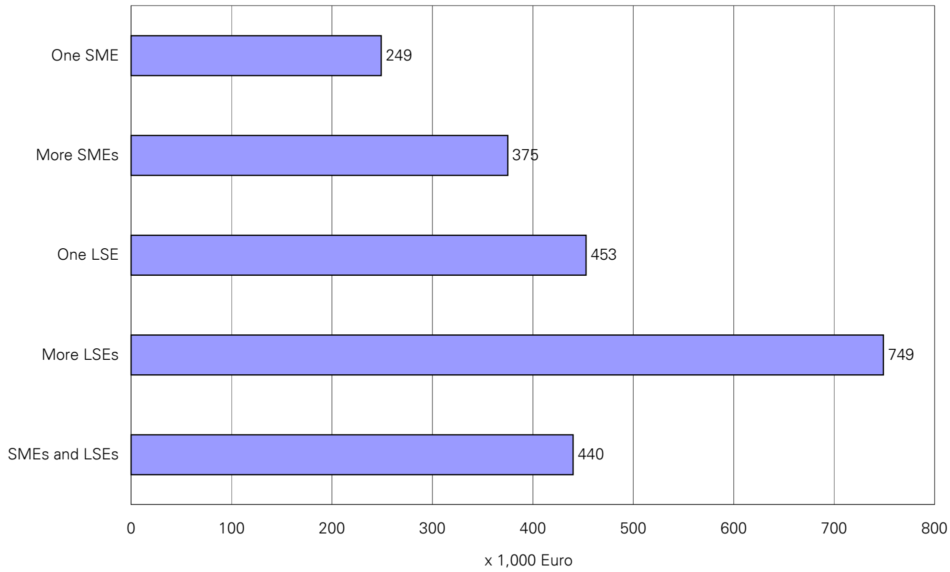
Source: EIM, 2003; based on TED 2001.

Lowest prices for contract awards obtained by SMEs

SMEs obtain smaller contracts than large enterprises do.

To compare the sizes of the contract awards between SMEs and large enterprises, in figure 15 the medians of the sizes are presented for the five groups of contract awards mentioned above. The median of the price value of contract awards awarded to a single SME is € 249,000. The contract awards won by more than one SME are larger (with a median of € 375,000). Contract awards obtained by one large enterprise have a significantly larger price value than contract awards earned by SMEs. The median of the size of the contract awards awarded to single large enterprises is € 453,000.

figure 15 comparison of the medians of the value (in € 1,000) of the contract awards between contracts awarded to one SME, to more SMEs, to one LSE, to more LSEs and to a combination of SMEs and LSEs in 2001



Source: EIM, 2003; based on TED 2001.

2.4.3 *Sector differences*

Enterprise sector versus activities asked for in the tender

Sector classification of enterprises is largely similar to the sector classification of contracts.

In section 2.2, the sector of the contract (based on the CPV Code) is discussed. Actually, the CPV Code refers to the activities asked for in the tender by the awarding authority. In section 2.3, we looked at the sector codes (NACE) of the enterprises. For both types of sector codes, we grouped the codes to homogeneous economic sectors. It is expected that comparing the enterprise sector and the contract sector per contract will show similarity. In table 21 this comparison is presented. We see that manufacturing and wholesale enterprises mainly get contracts classified in the sector manufacturing/ wholesale, although 17% of the manufacturing enterprises get contracts in the construction sector. 84% of the construction enterprises obtained construction contracts. Two-thirds of the enterprises in producer services won contracts in the sector of business services, while another 18% won contracts in manufacturing/wholesale.

table 21 comparison of the distribution of contracts over sectors, by sector of the successful enterprises in 2001

	Sector of the contract				
Enterprise sector	*Manufacturing/ wholesale*	*Construction*	*Business services*	*Other*	*Total*
	%	%	%	%	Number
Manufacturing	72	17	2	9	4,449
Wholesale	88	6	2	4	3,814
Construction	7	84	3	7	3,512
Producer services	18	8	65	9	4,504
Other	33	9	15	43	3,557
Total	44	23	19	14	19,836

Source: EIM, 2003; based on TED 2001.

The following of this section will relate to the sector classification of the contracts, because this classification is available for all contracts.

Firm size and sector of the contracts

SMEs' access to contracts in construction is relatively high and relatively low compared to business services.

Corresponding to the distribution over types of contracts, we see that SMEs are relatively more involved in construction than large enterprises (see table 22) are. For business services, it is the other way around. The large number and the small size of construction contracts from local authorities might explain the high access of SMEs to construction contracts.

table 22 comparison of the distribution of contracts over sectors between SMEs and large enterprises (LSEs) in 2001

Size class	*Manufacturing/ wholesale*	*Construction*	*Business services*	*Other*	*Total*
	%	%	%	%	Number
SMEs	44	26	17	13	14,976
LSEs	44	15	24	17	5,583
Total	44	23	19	14	20,559

Source: EIM, 2003; based on TED 2001.

Micro firms are less involved in construction and more in business services.

In table 23, SMEs are split up in micro, small and medium. It can be seen that micro firms have a different pattern from small and medium-sized enterprises, namely less construction and more business services.

table 23 comparison of the distribution of contracts over sectors, by size class of the successful enterprises in 2001

Size class	*Manufacturing/ wholesale*	*Construction*	*Business services*	*Other*	*Total*
	%	%	%	%	Number
Micro	42	20	21	17	3,068
Small	43	30	15	12	6,278
Medium	45	26	18	11	5,630
Large	44	15	24	17	5,583
Total	44	23	19	14	20,559

Source: EIM, 2003; based on TED 2001.

Awarding authority and sector

SMEs have relatively more access to contracts from local authorities in the construction sector.

In table 24 the contracts are distributed over types of awarding authority and sector. As mentioned before, the most obvious difference is the relatively large number of contracts of SMEs with local authorities in the construction sector. Another interesting difference between SMEs and large enterprises can be seen with regard to the armed forces. SMEs have relatively more access to contracts of armed forces in manufacturing and wholesale, and less in business services.

table 24 distribution of contracts over sectors, by type of awarding authority and firm size class in 2001

		Sector				
Type of awarding authority	*Firm size*	*Manufacturing/ wholesale*	*Construction*	*Business services*	*Other*	*Total*
		%	%	%	%	Number
Central government	SMEs	50	6	30	14	2,114
	LSEs	45	5	35	15	1,077
Local authorities	SMEs	37	35	15	13	9,594
	LSEs	40	19	22	19	3,006
Armed forces	SMEs	74	3	11	12	1,094
	LSEs	60	2	21	17	434
Utilities	SMEs	49	23	16	12	1,130
	LSEs	50	18	20	12	670
Other	SMEs	52	20	15	13	1,044
	LSEs	45	14	25	16	396
Total	SMEs	44	26	17	13	14,976
	LSEs	44	15	24	17	5,583

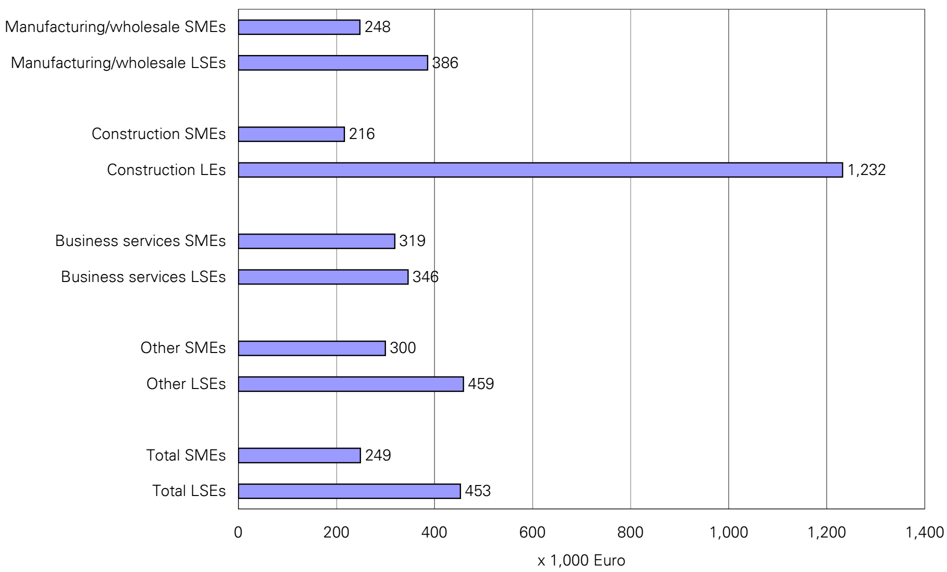
Source: EIM, 2003; based on TED 2001.

Size of the contract awards per sector

In all sectors, SMEs get smaller contracts. In construction, the difference between contract size of SMEs and that of LSEs is very large.

In figure 16, the medians of the sizes of the contract awards awarded to one SME are compared to the medians of the sizes of the contract awards awarded to one large enterprise. Because of the limited number, contract awards awarded to more than one enterprise are excluded from the comparison. As expected, for all sectors the median for SMEs is smaller than for LSEs. However, the difference of the medians for business services is very small, while the difference for construction is very large. There seem to be two separate markets in construction, a market with very large projects (only accessible by large enterprises) and a market with a lot of small projects or contracts (accessible by SMEs).

figure 16 medians of the size of contract awards (x € 1,000) won by one SME or by one LSE, by sector in 2001



Source: EIM, 2003; based on TED, 2001.

2.4.4 *Country differences*

Firms with several contracts

In all countries, large enterprises won more contracts per enterprise than SMEs did.

As noticed before, SMEs more often got one contract than large enterprises did. Almost one-third of the large enterprises won more than one contract. In table 25 it is shown that this holds for every country. There are only some differences in the patterns by country. In Belgium and in Spain large enterprises more often obtained more than one contract. In the Netherlands and in Sweden we see relatively more large enterprises with one contract, and in Sweden, Luxembourg and the United Kingdom there are relatively more SMEs with one contract.

table 25 comparison of the number of contracts per enterprise between SMEs and large enterprises (LSEs), by country in 2001

Country	*Size class*	*One contract*	*Two to five contracts*	*Six or more contracts*	*Total*
		%	%	%	Number
Austria	SMEs	80	20	0	461
	LSEs	68	30	2	88
Belgium	SMEs	85	14	1	217
	LSEs	62	35	3	61
Denmark	SMEs	80	19	1	412
	LSEs	66	33	1	137
Finland	SMEs	80	18	2	449
	LSEs	66	30	4	158
France	SMEs	79	20	1	3,831
	LSEs	65	30	5	1,104
Germany	SMEs	81	19	0	2,906
	LSEs	74	25	1	652
Ireland	SMEs	85	15	0	62
	LSEs	70	20	10	10
Italy	SMEs	81	18	1	655
	LSEs	66	30	4	213
Luxembourg	SMEs	87	13	0	45
	LSEs	75	25	0	4
Netherlands	SMEs	84	16	0	269
	LSEs	79	18	3	76
Spain	SMEs	75	23	2	630
	LSEs	54	37	9	141
Sweden	SMEs	90	10	0	177
	LSEs	84	16	0	31
UK	SMEs	86	13	1	1,036
	LSEs	74	23	3	552
Total	SMEs	80	19	1	11,150
	LSEs	69	27	4	3,227

Source: EIM, 2003; based on TED 2001.

Awarding authorities

Relatively larger involvement of SMEs in contracts from local authorities in most countries.

In section 2.2.4, it was noticed that there exist large differences between countries in the relative importance of the types of awarding authorities. In section 2.4.2, we concluded that SMEs get relatively more contracts from local authorities and less from central governments and utilities. More or less, this pattern is seen in most countries (see table 26). The most obvious differences are the following:

– In Belgium, Finland and Italy SMEs got relatively fewer contracts from local authorities than large enterprises did.
– In Italy SMEs got relatively more contracts from central governments and utilities than large enterprises did.

table 26 comparison of the distribution of contracts over types of awarding authority between SMEs and large enterprises (LSEs), by country in 2001

Country	*Size class*	*Central govern-ment*	*Local au-thorities*	*Armed forces*	*Utilities*	*Other*	*Total*
		%	%	%	%	%	Number
Austria	SMEs	7	77	2	10	4	611
	LSEs	10	71	2	16	1	147
Belgium	SMEs	17	28	18	25	12	288
	LSEs	26	30	6	26	12	113
Denmark	SMEs	13	64	4	8	11	605
	LSEs	21	40	2	21	16	216
Finland	SMEs	4	39	6	2	49	630
	LSEs	7	47	7	4	35	271
France	SMEs	12	71	11	5	1	5,401
	LSEs	16	64	11	7	2	2,109
Germany	SMEs	3	83	3	7	4	3,695
	LSEs	5	70	6	17	2	954
Ireland	SMEs	30	40	1	15	14	87
	LSEs	54	4	4	17	21	24
Italy	SMEs	5	53	3	32	7	841
	LSEs	2	58	3	28	9	367
Luxembourg	SMEs	40	24	0	9	27	58
	LSEs	67	0	0	33	0	6
Netherlands	SMEs	32	29	19	5	15	331
	LSEs	35	26	4	10	25	112
Spain	SMEs	46	37	6	8	3	922
	LSEs	49	32	5	12	2	317
Sweden	SMEs	11	72	0	6	11	220
	LSEs	12	64	0	12	12	42
UK	SMEs	40	30	9	5	16	1,287
	LSEs	41	28	9	9	13	905
Total	SMEs	14	64	7	8	7	14,976
	LSEs	19	54	8	12	7	5,583

Source: EIM, 2003; based on TED 2001.

Type of contract

In most countries, SMEs are relatively more involved in supply contracts and less in service contracts. In countries with many public works contracts, the involvement of SMEs in these contracts is high.

In section 2.4.2, we concluded that SMEs get relatively more public works contracts and fewer service contracts. Supply contracts were more equally distributed. This pattern does not hold for the different countries (see table 27). The large involvement of SMEs in public works contracts only exists in the countries with a large number of public works contracts (Austria, Germany and Luxembourg) and in Ireland. Relatively fewer service contracts hold for all countries except Finland. For supply contracts, we notice that in most countries SMEs are relatively more involved, except in Austria, Finland, Germany and Luxembourg.

table 27 comparison of the distribution of contracts over types of contract between SMEs and large enterprises (LSEs), by country in 2001

Country	*Size class*	*Public works*	*Supply contract*	*Service contract*	*Combined contract*	*Total*
		%	%	%	%	Number
Austria	SMEs	52	33	13	2	611
	LSEs	41	37	21	1	147
Belgium	SMEs	5	62	28	5	288
	LSEs	7	42	39	12	113
Denmark	SMEs	3	47	43	7	605
	LSEs	4	28	55	13	216
Finland	SMEs	9	66	24	1	630
	LSEs	10	69	21	0	271
France	SMEs	12	48	34	6	5,401
	LSEs	9	35	47	9	2,109
Germany	SMEs	71	16	12	1	3,695
	LSEs	39	37	22	2	954
Ireland	SMEs	21	42	31	6	87
	LSEs	0	25	67	8	24
Italy	SMEs	8	53	32	7	841
	LSEs	8	44	41	7	367
Luxembourg	SMEs	55	33	5	7	58
	LSEs	50	33	17	0	6
Netherlands	SMEs	7	27	55	11	331
	LSEs	5	23	56	16	112
Spain	SMEs	4	47	44	5	922
	LSEs	7	40	50	3	317
Sweden	SMEs	6	40	54	0	220
	LSEs	10	31	57	2	42
UK	SMEs	3	55	34	8	1,287
	LSEs	6	46	40	8	905
Total	SMEs	26	41	29	4	14,976
	LSEs	14	39	40	7	5,583

Source: EIM, 2003; based on TED 2001.

Contracts by country and sector

In table 28 the distribution of contracts over sector is shown for SMEs and large enterprises for all countries. Since there is a large similarity between sector and type of contract, the previous conclusions on different patterns in type of contracts also hold for the different patterns of sectors.

table 28 comparison of the distribution of contracts over sectors between SMEs and large enterprises (LSEs), by country in 2001

Country	*Size class*	*Manufacturing/ wholesale*	*Construction*	*Business services*	*Other*	*Total*
		%	%	%	%	Number
Austria	SMEs	37	49	11	3	611
	LSEs	38	40	20	2	147
Belgium	SMEs	63	5	17	15	288
	LSEs	51	9	28	12	113
Denmark	SMEs	53	3	29	15	605
	LSEs	36	4	43	17	216
Finland	SMEs	66	9	7	18	630
	LSEs	69	14	5	12	271
France	SMEs	51	13	19	17	5,401
	LSEs	42	10	25	23	2,109
Germany	SMEs	18	69	9	4	3,695
	LSEs	40	37	17	6	954
Ireland	SMEs	50	22	21	7	87
	LSEs	30	4	33	33	24
Italy	SMEs	57	10	15	18	841
	LSEs	49	9	19	23	367
Luxembourg	SMEs	22	64	5	9	58
	LSEs	33	50	17	0	6
Netherlands	SMEs	38	7	31	24	331
	LSEs	35	6	44	15	112
Spain	SMEs	52	4	34	10	922
	LSEs	43	7	38	12	317
Sweden	SMEs	38	10	23	29	220
	LSEs	33	10	40	17	42
UK	SMEs	58	4	23	15	1,287
	LSEs	48	7	26	19	905
Total	SMEs	44	26	17	13	14,976
	LSEs	44	15	24	17	5,583

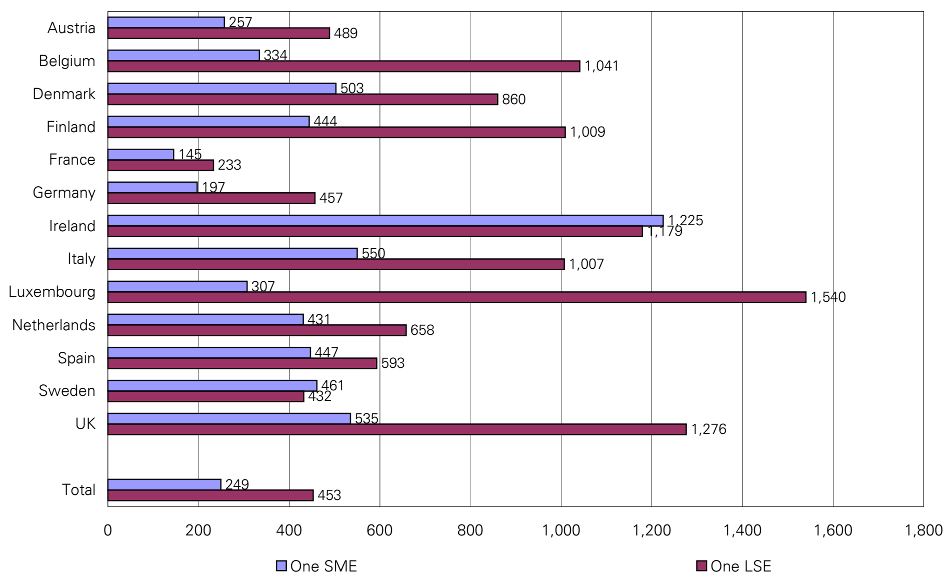
Source: EIM, 2003; based on TED 2001.

In all countries (except Ireland and Sweden), the sizes of the contracts for SMEs are smaller than the contracts for LSEs.

Size of the contract awards per country

In figure 17, the medians of the sizes of the contract awards awarded to one SME are compared to the medians of the sizes of the contract awards awarded to one large enterprise. Because of the limited number, contract awards awarded to more than one enterprise are excluded from the comparison. As expected, in all countries except in Ireland and in Sweden the median for SMEs is smaller than for LSEs.

figure 17 comparison of the medians of the value (in € 1,000) of the contracts awarded to one SME and to one large enterprise, by country in 2001*



** The median of the contract size of one LSE in Luxembourg is based on less than 10 contract awards.*
Source: EIM, 2003; based on TED 2001.

Only 1.1% of the public procurement contracts are cross-border contracts.

Cross-border transactions

Sometimes the country of the residence of an enterprise differs from the country in which the contract has to be performed. These firms are working across borders. In table 29 we present an overview of the number of firms in each country that won contract awards in another country. The number of cross-border transactions in the public procurement market is limited to 1.1% of all contracts[1]. It turns out that 59% of the enterprises that work across borders are SMEs. As expected, SMEs are slightly underrepresented in cross-border contracts.

We find that in small countries, like Ireland (13.6%), Luxembourg (11.7%) and Belgium (8.2%), a relatively high number of contracts are awarded to foreign enterprises. On the other hand, we see that there are countries with a high percentage of enterprises that obtained contracts from abroad, namely Belgium (4.2%), the Netherlands (3.2%) and Ireland (2,4). Enterprises in France, Spain and the UK obtain below-average scores for work across borders.

[1] Because of limitations of TED, the conclusion that 1.1% of the public procurement transactions are cross-border transactions might be an underestimation. See e.g.: EC (2004), A report on the functioning of public procurement markets in the EU: benefits from the application of EU directives and challenges for the future, Brussels, 3 February 2004. See: http://www.europa.eu.int/comm/internal_market/en/publproc/general/public-proc-market-final-report_en.pdf.

When we take a closer look at the cross-border transactions, we see that most cross-border contracts are between neighbouring countries, often between countries with the same language.

table 29 cross-border contracts (number of contracts between awarding authorities and enterprises in different countries) in 2001

	Country of the enterprise														
Country in which the contract has to be performed	*A*	*B*	*DK*	*FIN*	*F*	*D*	*IRL*	*I*	*L*	*NL*	*E*	*S*	*UK*	*Tot*	*In % of contracts awarded by authorities in the countries*
Austria (A)	-	-	2	-	2	23	-	-	-	-	-	-	-	*27*	2.6
Belgium (B)	-	-	1	2	16	8	-	3	-	7	-	-	-	*37*	8.2
Denmark (DK)	-	-	-	1	-	8	-	-	-	1	-	4	-	*14*	1.7
Finland (FIN)	-	-	1	-	-	-	-	-	-	2	-	-	-	*3*	0.3
France (F)	2	12	-	1	-	9	-	7	-	-	3	-	-	*34*	0.4
Germany (D)	10	2	1	-	2	-	-	1	-	1	-	1	1	*19*	0.4
Ireland (IRL)	-	1	-	3	1	1	-	2	-	1	-	-	14	*23*	13.6
Italy (I)	1	-	-	-	8	3	-	-	-	-	3	-	1	*16*	1.2
Luxembourg (L)	-	-	-	-	1	8	-	-	-	-	-	-	-	*9*	11.7
Netherlands (NL)	1	2	1	1	-	14	-	-	-	-	1	-	2	*22*	4.5
Spain (E)	-	-	-	-	-	1	-	-	-	-	-	-	-	*1*	0.1
Sweden (S)	-	-	8	2	3	4	-	1	-	1	-	-	2	*21*	3.6
UK	2	2	1	2	6	9	4	2	-	3	-	1	-	*32*	1.3
Total	*16*	*19*	*15*	*12*	*39*	*88*	*4*	*16*	*0*	*16*	*7*	*6*	*20*	*258*	1.1
In % of contracts won by firms in the 'enterprise country'	1.5	4.2	1.8	1.3	0.5	1.7	2.4	1.2	0.0	3.2	0.5	1.0	0.8	1.1	

Source: EIM, 2003; based on TED 2001.

2.4.5 *Conclusions*

From the analyses of the relationship between successful enterprises and the characteristics of the contract awards some main conclusions can be drawn. SMEs are relatively more involved in (public works) contracts from local authorities and less in (service) contracts from central governments and utilities. In general, the sizes of the contracts won by SMEs are smaller than those won by large enterprises. Therefore, we see larger involvement of SMEs in smaller and more local contracts. There are large differences between the countries. Especially the high numbers of small contracts in construction are concentrated in Austria, Germany and Luxembourg. Cross-border transactions are limited to approximately 1% of the public procurement contracts, and as expected SMEs are slightly underrepresented in cross-border contracts.

2.5 Summary

2.5.1 *Introduction*

This chapter discusses the results of the statistical analyses of the 52,099 contract awards in TED 2001 and the statistical database of 23,213 contracts (from TED 2001) between awarding authorities and enterprises, relating to 20,691 contract awards and 16,341 individual enterprises (for which enterprise data were delivered by Dun & Bradstreet). The analyses were focussed on the access of small and medium-sized enterprises (SMEs) to public procurement contracts and the differences by sector and by country. SMEs were defined as enterprises with less than 250 employees or (in case the number of employees was missing) less than € 40 million turnover.

2.5.2 *Contract awards*

Characteristics at EU level

EIM analysed the characteristics of all 52,099 contract awards in TED 2001. For the total EU we saw that local authorities award most of the contract awards (namely 60%). Most contract awards are supply contracts (39%) and service contracts (36%). Public works contracts count for 19% of the contract awards and the remaining 6% are combined contracts. Looking at the combination of type of awarding authority and type of contract we see that local authorities award relatively more public works contracts (24%), while central governments (48%) and EC institutions (64%) award relatively more service contracts and utilities (50%), and armed forces (63%) award relatively more supply contracts.

The differences in the medians between types of contracts are rather limited, namely from € 318,000 for supply contracts to € 420,000 for combined contracts. The differences of the median of the size between types of awarding authorities are larger, namely from € 249,000 for EC institutions to € 932,000 for utilities. The differences in the medians of the sizes of the contract awards between types of authority can partly be explained by differences in the thresholds. When we look at the combination of types of awarding authorities and types of contracts, we see large differences in the medians of public works, varying from € 284,000 for local authorities to € 2,586,000 for central governments.

Sector differences

On the basis of the CPV Codes the contract awards are distributed over four groups, namely 'manufacturing/wholesale', 'construction', 'business services' and 'other sectors'. The sector distribution is largely similar to the distribution over types of contracts. Manufacturing/wholesale is the largest sector (42%). There are differences by type of authority. Local authorities award relatively more contract awards in 'construction', armed forces and utilities in 'manufacturing/wholesale' and EC institutions in 'business services'.

Country differences

The number of contract awards differs largely by country, to a large extent related to the size of the country. France has the largest number of contract awards (19,894 or 38%), followed by Germany (6,517 or 16%). Greece, Luxembourg and Portugal awarded each fewer than 300 contract awards. The distribution of contract awards over types of awarding authority differs by country. In Germany, Austria, France and Sweden the involvement of local authorities is relatively high. In Portugal and the UK, the central government plays a relatively important role in public procurement. In addition, qua types of contracts, we see differences between countries. The most obvious difference is a relatively large number of public works contracts in Austria, Germany and Luxembourg.

The median of the size of the contract awards differs from € 212,000 in France to € 821,000 in Ireland. There especially appear large differences in the sizes of public works contracts. The sizes of these contracts in Germany and Austria are relatively small. Local authorities have relatively small sizes of the contract awards in France, Germany and Austria.

2.5.3 *Successful enterprises*

Characteristics at EU level

EIM analysed the characteristics of 16,341 successful enterprises (that won one or more of the contract awards in TED 2001). Analysing the size classes of these enterprises and comparing them with the enterprise population give us indications about the access of SMEs to public procurement contracts. The involvement of SMEs in public procurement seems to leave opportunities for improvement. 78% of the successful enterprises are an SME, while 99.8% of the enterprise population are an SME. When the strict EC definition of SMEs (including the independency criterion) is used, the access of SMEs (defined as percentage of SME amongst the enterprises that won a public procurement contact) might be lower. In the EC definition of SMEs the access rate of SMEs to public procurement is somewhere between 53 and 78%. Notice that the SME share in the population also drops due to applying the strict EC definition.

Sector differences

When we compare the sector distribution of successful enterprises with the sector distribution of the enterprise population, we see that there are relatively more enterprises involved in public procurement contracts in manufacturing, wholesale and construction. The highest access of SMEs to public procurement contracts can be found in the wholesale and the construction sector.

Country differences

The access of SMEs to public procurement (defined as percentage of SME amongst the enterprises that won a public procurement contract) varies by country, namely from 65% in the UK to 92% in Luxembourg. There are differences in the access rates of SMEs between the countries, which can partly be explained by the sector distribution of the contract awards.

2.5.4 *Relation between successful enterprises and nature of contract awards*

Characteristics at EU level

EIM analysed the characteristics of 23,213 contracts between awarding authorities and enterprises, relating to 20,691 contract awards (from TED 2001) and 16,341 individual enterprises. From the analyses, we can see that large enterprises (31%) more often win more than one contract than SMEs (20%) do. Regarding the larger scope of large enterprises, this is not surprising. There are differences between SMEs and large enterprises qua type of authority from whom they get contracts. Local authorities provide relatively more contracts to SMEs. Large enterprises get more contracts from central governments and utilities. Looking at the type of contracts, we notice that SMEs get relatively more public works contracts and less service contracts. Finally, the contracts won by SMEs are smaller than those of large enterprises are. We can conclude that SMEs are more involved in smaller and more local contracts.

Sector differences

There appear differences in the access of SMEs to contracts in certain sectors. They obtain relatively more contracts in the 'construction' sector and less in the sector of 'business services'. The high access of SMEs to the 'construction' contracts is especially noticed for contracts from local authorities. In all sectors, we see that the sizes of the contracts for SMEs are smaller than those for large enterprises. In construction, the median of the contract sizes of large enterprises is six times the median of the contract sizes of SMEs.

Country differences

Many of the characteristics at EU level also hold for the individual countries. In all countries, large enterprises relatively more often got more contracts per enterprise than SMEs do. In most countries, we see a relatively larger involvement of SMEs in contracts from local authorities. Only in Belgium, Finland and Italy, large enterprises got relatively more contracts from local authorities. In Italy, SMEs obtained relatively more contracts from central governments and utilities. In most countries, SMEs are relatively more involved in supply contracts and less in service contracts. In countries with many public works contracts (Austria, Germany and Luxembourg), the involvement of SMEs in these contracts is high. In all countries (except in Ireland and in Sweden), the sizes of the contracts for SMEs are (much) smaller than the contracts for large enterprises. Nearly all contracts are awarded to an enterprise in the same country as the awarding authority. Only 1.1% of the contracts are cross-border contracts. SMEs are underrepresented in the cross-border contracts.

3 National differences in SMEs' access to public procurement contracts

3.1 Introduction

As was shown in the previous chapter of this study, SMEs participate in and win a large part of public procurement contracts in Europe but stay behind in the access to public procurement when compared to their share in the total enterprise population. Therefore, although 99% of European enterprises constitute SMEs, 'only' 78% of the enterprises that won a public procurement contract in 2001 were SMEs (see section 2.3.2). It has to be mentioned, yet, that this percentage varies considerably among the Member States, ranging from about 92% in Luxembourg to about 65% in the UK. This chapter aims at providing an analysis of different national settings by describing the legal, political and economic situation possibly influencing SMEs' access to public procurement contracts in the Member States of the European Union.

The information provided was gathered in May 2003 by members of the European Network for SME Research (ENSR) covering all European Union Member States by means of desk research (literature review) and/or expert interviews according to a guideline set up by KMU FORSCHUNG AUSTRIA (Austrian Institute for SME Research).

3.2 Legal framework of public procurement

3.2.1 *Community legislation on public procurement*

Community legislation aims at increasing transparency.

The European Union has brought into force directives[1] aimed at coordinating the different national legislation on public procurement and making public contracts easier to handle for awarding authorities and potential suppliers. In general, community legislation on public procurement aims at increasing the transparency and at ensuring fair and equal treatment of bidders (level playing field).

The level of transparency of public procurement can be seen to be related to the procedures to be applied as - dependent on the procedure used - all or only a selective choice of enterprises may get knowledge about the respective tender. Pursuant to the procurement Directives[2] the contracting authorities may in principle choose between the following procedures:

– Open Procedure: Public contracts are openly advertised to enable all interested service providers to submit a proposal.

[1] See, for example, Council Directive 92/50/EEC of 18 June 1992 relating to the coordination of procedures for the award of public service contracts, Council Directive 93/36/EEC of 14 June 1993 coordinating procedures for the award of public supply contracts, Council Directive 93/37/EEC of 14 June 1993 concerning the coordination of procedures for the award of public works contracts, Council Directive 93/38/EEC of 14 June 1993 coordinating the procurement procedures of entities operating in the water, energy, transport and telecommunications sectors.

[2] Council Directive 92/50/EEC of 18 June 1992 relating to the coordination of procedures for the award of public service contracts; Council Directive 93/36/EEC of 14 June 1993 coordinating procedures for the award of public supply contracts; Council Directive 93/37/EEC of 14 June 1993 concerning the coordination of procedures for the award of public works contracts.

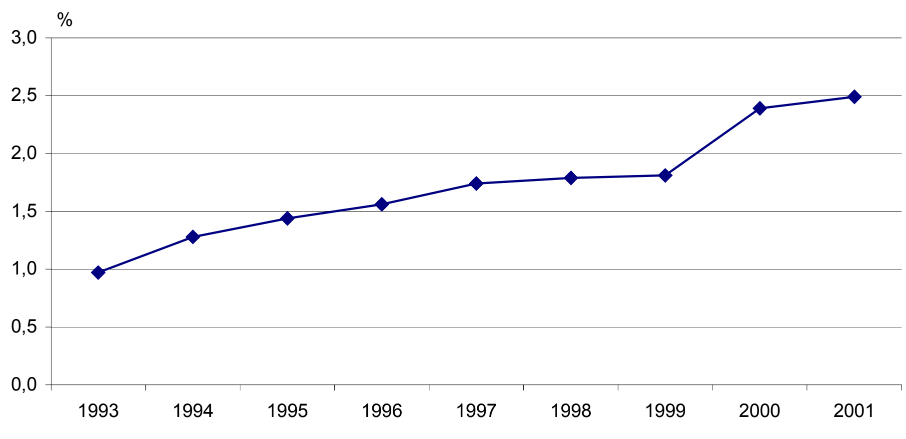
- Restricted Procedure: Only those service providers invited by the authority may submit a proposal. In this case, it has to be made sure that the number of candidates invited is sufficient to have genuine competition. Generally speaking, either the open or the restricted procedure has to be applied.
- Negotiated Procedure: This is a procedure whereby authorities consult service providers of their choice and negotiate the terms of the contract with one or more of them. The Directives distinguish between negotiated procedure with prior publication of a contract notice and negotiated procedure without such prior publication. The number of candidates admitted to negotiate must not be less than three in negotiated procedures with prior publication (provided that there are enough suitable candidates).
- In addition to these types of procedure, the Council Directive 92/50/EEC also provides the possibility of using design contests. They are defined as national procedures that enable the contracting authority to acquire a plan or design selected by a jury after being put out to competition with or without the award of prizes. Their main fields of application are area planning, town planning, architecture and civil engineering, or data processing.

The share of openly advertised public procurement is continuously rising, which might lead to a higher transparency of public contracts.

Although the awarding authorities in the Member States of the EU spend about 16% of the European GDP on public procurement contracts, the share of public procurement that is advertised openly in the Official Journal of the European Union (OJEU) could still be increased.

The percentage of openly advertised public procurement in the OJEU has, however, considerably risen during the last years - from 0.97% of the European GDP in 1993 to 2.49% in 2001, whereby a substantial increase could be observed between 1999 and 2000 (see figure 18). This might be seen as an indicator for a higher transparency of public procurement.

figure 18 value of public procurement that is openly advertised, as % of European GDP, EU 15, 1993-2001



Source: Eurostat.

The highest levels of openly advertised public procurement can be found in Sweden (4.68% of Swedish GDP in 2001) and Greece (4.58%), the lowest one in Germany (0.96%). In 2001, openly advertised public procurement increased in the Member States (compared to 2000), except in Germany (with constant level) and Spain, Denmark, Ireland and Luxembourg (with declining level).

With regard to channels being available to inform potential suppliers about public tenders, there are differences between public procurement above and below the thresholds for European public procurement legislation. According to European legislation, a forthcoming public procurement contract exceeding the specific thresholds laid down by the Directives has to be published in the Official Journal of the European Union before being published at national level. National legislation may well contain additional provisions (see section 3.2.2).

3.2.2 *Legislation on public procurement in the Member States*

Next to the European Directives, in most countries specific legislation is applied - only one Member State (the UK) does not dispose of any specific legislation on public procurement besides the implementation of European law. All of the other countries (see table 30) have established regulations at national level. Nine countries have, in addition, regional legislation on public procurement, and in seven countries, specific regulation at local level exists.

table 30 availability of legislation on public procurement specific for Member States, by geographic level and Member States of the European Union

	A	*B*	*D*	*DK*	*E*	*EL*	*F*	*FIN*	*I*	*IRL*	*L*	*NL*	*P*	*S*	*UK*
At national level	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
At regional level	X		X	X	X	X			X	X		X	X		
At local level	X		X			X		X	X	X		X			
No specific legislatior															X

Source: ENSR.

Generally speaking, the rules specifically applied in the Member States go beyond the scope of European law in so far as they provide *e.g.* for publication requirements or public procurement procedures also below the threshold (see box 1). In Denmark, for example, this is true for the construction sector. In Spain, tenders below the threshold offered by regional or local authorities do not have to be announced in the Spanish Official Journal (Boletín Oficial del Estado), but in their respective regional or local official journals. A similar situation applies in Italy and the Netherlands. In Belgium, every region is free to choose how to handle announcements below the thresholds, but in most of the cases, the information channel at national level will be used. In France, personal mailing is applied only for tenders below € 90,000, and also in Austria, Ireland and Portugal this is done exclusively in case of restricted/selective tendering.

Ireland does not have specific legislation as such, but 'National Guidelines on Public Procurement' exist, laying down the basic principles advising that a procedure based on competitive tendering should always be used. In Austria, statutes at regional level exist, dealing with procedural questions. The Netherlands apply the same rules at regional and at local level as well as at national level, although some aspects are handled less strictly. In Italy, there is a national law providing financial support for enterprises involved in international activities that are assumed to foster enterprises' participation in public procurement. The French 'Code des Marchés Publics'[1] regulates the terms of payment of public contracts: In case of contracts lasting for a long term, SMEs have the

[1] The respective legislation is presently under discussion. Important modifications might be voted for in October 2003.

possibility of asking for a monthly payment, whereas larger enterprises can only ask for payments once every three months.

box 1 examples for Public Procurement Legislation in the Member States

Austria

On 1st September 2002, the Austrian Bundesvergabegesetz 2002 (Federal Gazette I No. 99/2002) entered into force, implementing European Directives into national law and containing, in addition, provisions applying to contracts below the threshold.

Its scope of application refers to:

- public supply contracts
- public works contracts
- public service contracts
- competitions ('Durchführung von Wettbewerben')
- award of public works contracts to concessionaires ('Baukonzessionäre') by third parties.

The following types of procedures are covered:

- open procedure: an unlimited number of entrepreneurs is invited to file a tender
- restricted procedure: an unlimited number of entrepreneurs is invited to file an application to participate and only a limited number is invited to file a tender or only a limited number is invited to file a tender in the first place; awarding authorities are free to choose between open and restricted procedure
- negotiated procedure: like the restricted procedure, except negotiating the subject terms of the contract
- single tender action: informal, goods and services received directly from a chosen entrepreneur to an extent of up to € 20,000 excl. VAT
- electronic auction: all or only selected entrepreneurs are invited to participate; up to € 40,000 excl. VAT
- general agreement: an unlimited number of entrepreneurs is invited to file a tender, goods or services received in one- or two-step procedures; below the threshold only

Denmark

Law no. 450 of 7th June 2001 applies to calls for tenders within the construction sector, all calls for tenders that are not covered by the Council Directive 93/38/EEC, and only to public organisations and authorities that wish to call for tenders. It demands public procurement processes below the EU threshold down to a minimum of € 268,817 (DKr. 2 million) and includes sub-contractors. The law was amended in August 2002 by a new departmental order, which applies to contracts below the minimum of € 268,817 (DKr. 2 million).

Italy

The Legge num. 304/90 Provvedimenti per la promozione delle esportazioni Art. 3 - Finanziamento alle spese di partecipazione all'estero a gare internazionali (Law 304/90 Measures for the promotion of exports Art. 3 - Funding for the expenses to participate to international calls abroad) is a national law for enterprises that export agricultural, craft, commercial goods and services. It finances programmes for commercial penetration abroad and thereby encourages the participation of Italian enterprises in international calls for tenders. The maximum amount that is funded depends on the value of the call and the respective parameters. The enterprise has the possibility of utilising the funding within 18 months from the date of the contract agreement.

National public procurement legislation is characterised by regular changes being motivated by EU legislation and entrepreneurs' organisations.

Generally, public procurement legislation within the Member States seems to be in a continuous flow. In most of the countries, the national legislation that currently is in force is rather recent, stemming from 2000-2002. In the Netherlands, Ireland, Greece and Finland public procurement legislation stemming from the 1990s is still in force[1].

Only in Ireland has no major change of the respective regulations occurred during the last ten years. In most of the countries, 1-4 major changes occurred throughout the last ten years. In Sweden and Greece the respective legislation was amended approximately annually, and in Belgium as many as 23 changes in national public procurement legislation were registered (see table 31).

table 31 number of Major Changes in National Public Procurement Legislation Within the last ten years, by Member State of the European Union*

	Number of major changes in national public procurement legislation
A	4
B	23
D	3
DK	2
E	3
EL	9
F	1
FIN	1
IRL	0
L	1
NL	4
P	3
S	10
UK	6-7

** No information available for Italy.*
Source: ENSR.

Most of these changes were motivated by European legislation, and some (*e.g.* Austria, France, Spain, the Netherlands) came into force with the aim of facilitating the procedures for both, awarding authorities and potential suppliers (often by means of pressure from entrepreneurs' organisations) and thereby making public procurement more efficient. For Spain, the relevant amendments constituted a much-needed updating as a result of all the economic, legal and technical changes that had taken place in the previous years. The situation in Luxembourg is similar to the situation in Spain.

[1] General terms of public procurement for Finland 1992 (in addition various decrees), Greece Law 2286/1995, Presidential Decree 394/1996, Ireland National Guidelines on Public Procurement (1994), Netherlands Raamwet EEG-voorschriften aanbestedingen (31st March 1993).

3.3 Political framework of public procurement

3.3.1 *Information on public procurement*

One of the major problems of enterpises with regard to their participation in public procurement appears to be the fact that they often do not acquire knowledge of interesting calls in time in order to prepare adequate proposals[1]. Indeed, the lack of information about public procurement contracts and difficulties in getting the necessary information in time are assessed to be amongst the most important barriers for SMEs to participate in public procurement[2]. This is caused by the fact that entrepreneurs and employees in SMEs are fully engaged in the day-to-day-business of the enterprise and can hardly afford any resources (working time or financial means) for looking for public tenders. Therefore, they often are informed about calls just 'by chance', which usually is rather late. Information thus constitutes a very important factor for efficient public procurement.

In most of the Member States, multiple channels are used to inform potential suppliers about public contracts. The most important ones are official journals and the Internet.

A major aspect in this respect refers to the channels used by awarding authorities to inform possible suppliers on public procurement contracts. As is shown in table 32, the most important form of publishing public procurement contracts are official journals - being applied in all Member States.

In all countries except Luxembourg, tenders are also commonly available on the Internet. In most of the countries, additional print media is used to make public procurement contracts accessible. Personal mailings are often conducted to inform potential suppliers in Austria, Belgium, Denmark, France, Finland, Italy, Ireland, Portugal and the Netherlands (particularly with respect to tenders below the threshold, see section 3.2.2). In Greece, another form of information channel is additionally used: The awarding authorities send procurement notifications to employers' organisations where they are supposed to be accessible by the member enterprises. Usually, multiple channels are used to inform potential suppliers of public tenders.

[1] See European Commission (1996), *Green Paper. Public Procurement in the European Union: Exploring the Way Forward*. Brussels, European Commission, p. 31.

[2] See *The European Observatory for SMEs (2000),* Sixth Report. Luxembourg: KPMG Consulting/EIM Business & Policy Research/ENSR, p. 116.

table 32 information channels commonly used by awarding authorities, by Member States of the European Union

	A	*B*	*D*	*DK*	*E*	*EL*	*F*	*FIN*	*I*	*IRL*	*L*	*NL*	*P*	*S*	*UK*
Official journals	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Other print media		X	X	X	X		X		X	X	X	X	X	X	X
Internet	X	X	X	X	X	X	X	X	X	X		X	X	X	X
Personal mailings	X	X		X			X	X	X	X		X	X		
Others						X									

Multiple answers possible.
Source: ENSR.

At European level, a practical guide for SMEs was drawn up in 2000 aiming to assist SMEs and their consultants in raising SMEs' participation rate in public procurement[1]. Such guides are also available in the Member States. Indeed, all of the Member States have guidelines/information material for enterprises seeking to participate in public procurement contracts, and with the exemption of Austria, Finland, Spain, Italy and the Netherlands, there also exist publications directly targeting at SMEs.

Many of these information materials are accessible electronically (via Internet) and provide, for example, information about the public procurement legislation or best practices of proposals. In some of the Member States, even seminars or workshops are held offering adequate advice for potential suppliers (see box 2). In general, (semi-)public organisations constitute the provider of the respective publications - only in Sweden they are offered by private organisations.

[1] See European Communities (2000), *Selling to the public sector in Europe. A practical guide for small and medium-sized enterprises.* Luxembourg: European Communities.

box 2 examples for direct preparation of enterprises for participation in public procurement

Portugal
In 2003, Unidade de Missão Inovação e Conhecimento/Presidência do Conselho de Ministros (Innovation and Knowledge Unit/Presidency of the Ministers Council) has introduced the 'Programa Nacional de Compras Electrónicas' (Portuguese Programme for e-procurement) aiming at improving the transparency in public procurement procedures and the reinforcement of SMEs' involvement in these procedures.

One of the components of the measure is an information page containing information on public procurement, summaries of legislation (in order to facilitate its understanding by all enterprises) and handbooks of best practices (aiming at familiarising enterprises, especially SMEs, towards these procedures). In the long run, this site will also provide e-learning on public procurement.

By now, the programme is in its launching phase. It is planned, however, to develop an Excellence Centre for e-procurement to disseminate best practices among Portuguese enterprises and also a Portuguese Registry of Suppliers in the scope of this programme.

United Kingdom
'Supply London' constitutes a workshop of 2.5 hours duration offered by Business Link for London targeting at potential suppliers to the public sector in London. By presenting ways and means to improve enterprises' chances of winning public sector contracts enterprises may gain knowledge about 'top-tips' (specially designed to help small businesses) on winning public sector contracts. Firms may, furthermore, take the opportunity to put questions to the experts of Business Link for London and other key organisations. The workshop also provides the possibility of becoming involved to some extent in networking with businesses sharing similar interest.

Furthermore, the measure 'Fit to Compete' of Haringey Council in association with the North London Chamber of Commerce started in 1999. It provides SMEs with information about tenders by supplying them with details of relevant forthcoming tendering according to specific criteria.

The tool assists SMEs in gaining the skills necessary to tender effectively. Detailed seminars are held to inform and assist SMEs with issues such as quality policies or equal opportunities policies, and an 'information pack' has been prepared to advise SMEs about how Haringey Council's procurement processes work, the kind of questions that will be asked of businesses during this process and to point SMEs in the right direction to find answers. As the respective tendering process has traditionally been seen as complex and difficult this constitutes an attempt to clarify the process.

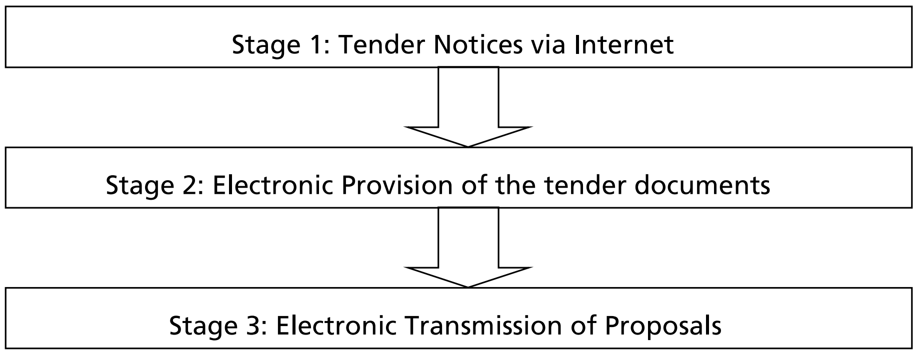
3.3.2 *E-procurement*

E-procurement is supposed to play a key role in further enhancing transparency and enterprises' access to public procurement[1]. By taking advantage of modern ICT, public procurement procedures are supposed to become more efficient.

[1] See European Commission (1996), Green Paper. *Public Procurement in the European Union: Exploring the Way Forward*. Brussels: European Commission, p. 20.

When looking at the existing rare publications concerning e-procurement no clear and definite definition of the term 'e-procurement' can be found. Therefore, three sequential stages of e-procurement being differentiated according to their phase of development/progress are identified for the scope of this study:

figure 19 development stages of e-procurement



Source: Austrian Institute for SME Research.

Stage 1 refers to the possibility to access tender notices for public contracts via Internet, but there does not exist any possibility of receiving further information electronically.

In stage 2, it is possible to take advantage of tenders being provided electronically. This might be the case either if tenders can be downloaded via the above-mentioned web page or if they are transmitted on request by e-mail.

Stage 3 represents the most developed phase of e-procurement giving tendering enterprises the possibility of transmitting proposals electronically. For this purpose, technical pre-requisitions (such as the electronic signature) have to be met. Based on stage 3, the system might even be extended by programmes such as e-invoicing (*i.e.* billing the orderer electronically), e-delivery (*i.e.* delivery on demand via electronic notice) or similar devices going beyond the concept of e-procurement as such.

E-procurement is already applied in most of the Member States, but can - in most of the countries - be considered to still be in an 'experimental stage'.

In general, it can be concluded that in most of the Member States e-procurement is still in an 'experimental' stage and under development. *E.g.* in France only a few ministries have introduced e-procurement as a test process by now, and in Ireland a 'Strategy for the Implementation of e-procurement in the Irish Public Sector' has been developed, aiming at introducing e-procurement over a five-year-period lasting up to 2007.

In many Member States the already established e-procurement refers to the availability of web pages directed at both, potential buyers and suppliers ('Stage 1 of e-procurement'), *e.g.* by providing information about tender notices (see box 3).

box 3 examples of public procurement information on the Internet ('stage 1 of e-procurement')

Austria

The 'Bundesbeschaffung Gesellschaft mit beschränkter Haftung' (Federal Procurement company with limited liability) was founded by the Minister of Finance according to a respective law entering into force as of 28th April 2001 and is owned by the Federal Government. It aims to centralise public procurement at national level, facilitating administrative procedures and reducing budgetary costs. For potential suppliers, it provides information about planned and actually published calls for tenders to be accessed via Internet[1].

Calls for tenders by federal authorities and enterprises will also be found under http://www.lieferanzeiger.at, and also the tenders published in the Wiener Zeitung may be accessed electronically (http://www.auftrag.at). The main advantage of the latter website consists in the possibility of searching for tenders by using keywords and of receiving updated information about calls for tenders via e-mail. Additionally, there also exists the possibility of downloading documents.

Apart from these 'central' websites, public authorities publish call for tenders on their own websites (e. g. the Federal Ministry for Defence http://www.bmlv.gv.at/ausschreibungen/, the City of Vienna http://www.wien.gv.at/mdbd/ava/, the Federal State of Styria http://www.verwaltung.steiermark.at/cms/ziel/578665/DE/ as well as Austrian Railways http://www.oebb.at)

Denmark

The 'Den Offentlige Indkøbscentral', an Internet procurement portal and e-commerce site was initiated by the Danish Ministry for Science, Technology and Innovation and the Danish Ministry for Economics and Business in 2003 (www.doip.dk). Its main objective is to create a meeting space for public authorities intending to make calls for tenders and potential suppliers. The platform provides an overview of public procurement and offers the possibility of knowledge sharing between the various participants. The development of the portal is still in progress.

Furthermore, there exists a local county procurement Internet portal (www.amtsudbud.dk), run by the Danish Association of Counties, started in 2002/2003. By targeting at Danish enterprises planning to respond to invitations to tenders put out by local county councils, it offers a list of public procurement below the threshold at county level.

Greece

In 2001, the General Secretariat of Commerce, Directorate General of Public Procurement launched the 'Ενιαίο Πρόγραμμα Προμηθειών, ΕΠΠ' (Annual Programme of State Procurements) - an on-line national public procurement system providing transparency and equal treatment of the potential suppliers. These two basic rules are validated by using a number of elements being reported to the state supervisory authority for public tenders. The elements include:

[1] See http://bbg.portal.at/Internet/ausschreibungen/geplanteausschreibungen.htm and http://bbg.portal.at/resources/_start_Iframe.htm?Url=http://www.auftrag.at/public/statausschreibungen/bbg_ausschreibungen.cfm.

- the call for tenders together with the technical specifications
- the price list of all submitted offers
- the list of appeals of all participants
- a brief appendix with the basic features of the proposed contract.

Ireland
The web page go-source.com is run by Enterprise Ireland and Invest Northern Ireland (both state development agencies) as well as InterTradeIreland (a joint North-South cross-border body). It provides information about awarding authorities and their requirements, advice and guidance on the details of the tendering process and links to other web pages offering details on live tendering opportunities.

Next to providing public tender notices electronically, in some of the Member States tender documents may be received via Internet ('Stage 2 of e-procurement'), *i.e.* may be directly downloaded or can be ordered by e-mail. However, enterprises still have to provide their offers in written form by ordinary mail (see box 4).

box 4 examples for the electronic provision of supplementary material ('stage 2 of e-procurement')

Belgium
JEPP - Joint Electronic Public Procurement - is available for enterprises since 6th January 2003. At the moment, only tenders from the Ministry of Defence are published, but all the other administrators will be using JEPP in the future, too. On the long run, JEPP will also become accessible for the regions, the communities and the municipalities. Enterprises can look for announcements by a search engine and can download the relevant documents. Enterprises also have the possibility to register, so that JEPP will inform them automatically through e-mail about new opportunities that were published and that correspond to the criteria chosen by the firm. The portal of JEPP will become the official site of the Bulletin of Procurements grouping all Belgian publications of governmental assignments.

During 2003 it is planned to expand the concept by introducing E-Bid, a national platform for the reception of tenders and applications. The aim of E-Bid is to enable the electronic reception of tenders and applications, to give them a certain time (time stamping), to check the validity of the digital signature and to save the documents in a secured system with a high accessibility.

The system is to be completed by the following projects during the next years:
- E-Registered mail: establishment of a system of registered electronic correspondence that completely corresponds to the requirements of legislation of governmental assignments
- E-File: digitalisation of files in order to accelerate and simplify the procedures of the governmental assignments and establishment of a digital workflow enabling a circulation of the documents between different authorities that are involved in the procedure
- E-Cat: introduction of a electronic catalogue providing information about open public procurement contracts
- E-Payable: introduction of a system providing a payment plan in combination with a delivery plan being continuously adjusted to ensure up-to-date information; the full procedure of the settlement and the payment is supposed to happen automated.

Germany

For about two years, the company 'handwerk.de' offers access to public procurement via Internet. At the moment, the focus is on tender notices relevant for the construction sector in its widest sense. Against an admissible monthly charge, enterprises can draw all required information on such tender notices. Due to co-operation between the Central Association of German Crafts, the German Association of Towns and Municipalities as well as governmental/public authorities, the data bank contains the vast majority of tender notices under discussion and will be permanently updated.

The most advanced form of e-procurement is run by the Federal Government via the Internet platforms www.bescha.bund.de and www.evergabe-online.de. The procurement office of the home ministry ('Beschaffungsamt') is responsible for purchasing all necessary items of 26 federal government agencies. In 2002, the overall purchasing volume was about € 420 millions. The procurement office purchases nearly all kinds of products and services except service from the construction sector, *e.g.* stationary, medicine, computer systems, equipment for police and border security forces but also services from the area of R&D and consultancy. Via the platform www.evergabe-online.de, all detailed information is provided according to procurement categories as well as the government agencies. Moreover, a wide range of information materials with regard to procurement rules and regulations, the detailed tender notices themselves and (standardised) application forms can be downloaded. This form of e-procurement is a pilot project of the Federal Government, which will be extended soon. In 2004, all types of federal agencies will be integrated into this system.

Spain

The Spanish database 'Oferta de Contratación Pública' (Public Procurement Supply) can be accessed for free via the web page of SME Directorate General (www.ipyme.org) since 1997. The main objective of this tool is to provide SMEs with updated and standardised information on public procurement tenders from local, regional and national public administration institutions. Enterprises may register and are provided with all the relevant information, such as the awarding authority, the date the tender was published in the official journal, deadlines, overall budget, deposits, documents to be presented, specific requisites (such as business classification codes) etc. In exchange for a monthly fee (minimum of € 12.02, depending on the way of communication and the number of tenders) it is, furthermore, possible to receive customised information on specific tenders via fax or e-mail.

Furthermore, since 2001 another database exists accessible via Internet (www.administracion.es) and run by the Ministerio de Administraciones Públicas (Ministry of Public Administration). It provides updated and standardised information (comparably to the above mentioned information) on public procurement tenders from the central government. Additionally, it is possible to receive information on tenders via e-mail after completing a form indicating the business preferences. In contrast to the above-mentioned database, this one is for free.

The most developed stage of e-procurement constitutes the one enabling potential suppliers to transmit their proposals electronically to the awarding authority ('Stage 3 of e-procurement'). This is already possible in some of the Member States (see box 5), others are presently preparing the introduction of such a system. The Spanish Regional Government of Catalonia is, for example, developing a system called 'e-catàleg' by which e-procurement is supposed to be implemented in Catalonia by January 2004. By then, tendering via Internet will be possible, along with all relevant administrative procedures.

box 5 examples for the electronic transmission of proposals ('stage 3 of e-procurement')

Greece

A pilot-phase of an e-procurement system has been introduced in 2001. The Ministry of Development, General Secretariat of Commerce offers the following services via its web page:

- information on public procurement
- calls for tenders
- instructions for participation
- submission of proposals
- etc.

In particular, electronic consultation on technical standards for public procurement items is provided while interested parties may express their remarks via e-mail, which have to be electronically registered and made known to the Directorate for Procurement Policy of the General Secretariat of Commerce.

During 2002, the Ministry of Development, General Secretariat of Commerce has also organised several seminars in order to inform and prepare enterprises (and especially SMEs) for the adoption of the new electronic techniques concerning the 'National System for Electronic Public Procurement'. Three pilot projects regarding electronic public procurement have been completed by the end of 2002 and 40 enterprises have already submitted electronic virtual offers[1]. According to estimates of representatives of the Secretary General of the Directorate for Public Procurements of the General Secretariat of Commerce, the e-procurement system will be fully in force by 2004 at latest.

Finland[2]

Sentteri is an e-procurement solution developed by Trading House Hansel, the government-owned company responsible for government procurement and purchasing in Finland. Sentteri covers the entire e-procurement process, starting with notification, through tendering, evaluation, ordering, logistics management and electronic payment procedures. Its electronic systems for ordering and for tendering are regularly used by 5,000 public sector organisations at all geographic levels issuing calls for tender and by 500 suppliers. At present, a total of € 168 millions is purchased through Hansel - giving still room for improvement on a public procurement market of about € 9.25 billion per year. The system covers the following modules:

- Tenderi: Tenderi provides assistance to issuing authorities when preparing their tenders. They can use the system's guidance for sector-specific tenders, or draw up their own tendering procedure to match the specific needs of the organisation. Suppliers receive automatic notification of tenders that match their interest profile. They will then receive tendering forms electronically, and can submit their bid using a web-based platform.
- Merkaattori: Issuing authorities have access to suppliers' product catalogues, information and price lists. It can also handle their ordering procedures and delivery claims.

[1] See Ministry of Development, General Secretariat of Industry, SMEs Directorate (2002), *European Charter for Small Enterprises - Greece Progress Report 2002.* Athens: Ministry of Development, General Secretariat of Industry, SMEs Directorate, p. 19.

[2] See http://europa.eu.int/ISPO/ida.

- HALOG: HALOG, the Hansel logistics system, is currently undergoing its final pilot trials. It is supposed to result in shorter delivery times and better prices for the customers. Once a tender has been awarded and the suppliers have notified the customer that their part of the order is ready, the information is sent on to an expert in the field of logistics rationalising all the sub-orders and combining them into a minimum number of deliveries for the customers.
- Kontrolleri: Kontrolleri is an electronic system for financial administration and payment management. It transmits ordering, payment, accounting and invoicing data electronically.

In contrast to other European countries where e-procurement is in an introductory or pilot phase, Sentteri seems to be in a more advanced stage. Although the system was initially developed to serve the Finnish procurement sector, there is already a degree of interest among foreign suppliers: around 40 of the registered suppliers are non-Finnish. The web-based interface makes Sentteri a system that can in practice be used anywhere. While Sentteri itself also operates in English, a great deal of information on customers and suppliers is only in Finnish, yet. Support for translation and help desk services might be required, if the service is to become truly European. Hansel plays an active role on the international public procurement scene, notably within the Nordic and international public procurement associations, NPA and IPPA.

Sweden[1]

Public e-procurement is not new to Sweden. In the mid-1990's, Swedish experts from national, regional and local agencies started to work on a set of standards called 'Single Face to Industry' (SFTI), based on international and national standards, in some contexts also used for B2B-commerce. SFTI is at the base of the present e-procurement system, IHS. It is built on EDI-messages according to EDIFACT standards, and can be used along with other standards. For instance, messages can be used in several formats and converted into the web languages XML/ebXML. All suppliers participating in the e-procurement system must provide their information according to STFI.

IHS can be accessed via a dedicated portal (http://www.avropa.nu/) and also offers an introduction to the system, a downloadable handbook, and hands-on instructions to anyone not familiar with the system. Each agency adapts the e-procurement system to its specific needs, and appoints its in-house e-procurement administrators. Product information is available via links to the suppliers; order forms, order confirmations, and invoices are generated by the e-procurement system. Invoices are automatically provided with account codes and processed by the financial systems without manual handling.

During 2002 the value of all purchases made via IHS amounted to about € 766 millions. 105 product areas were covered by the transactions in the field of information and communications technologies, office furniture and equipment, software, food, national travel, cars, hotel accommodation, transportation, and laboratory equipment.

Both, awarding authorities and suppliers have to pay a certain fee that is used to further develop the system.

[1] See http://europa.eu.int/ISPO/ida.

To inform SMEs about their benefits from participating in e-procurement, the Swedish Alliance for Electronic Commerce (GEA) was created in 1999. Seminars, information meetings and discussion groups are used to focus on the particular interests of SMEs. Security in general, as well as in specific terms, is a very hot topic currently, as is international integration of e-procurement systems, new standards for VAT and e-invoicing, etc.

United Kingdom
The Improvement and Development Agency (IDeA) established IDeA Marketplace delivering practical solutions to improve local government performance by enabling awarding authorities to trade electronically with any supplier having access to the Internet and e-mail. The system is supposed to reduce costs of sales, to make payment quicker, to provide the market with consistent demand, to protect the market from volatility in revenues, to reduce costs of inventory, to improve management information and provide marketing data and to offer transfer of the technology to other sectors and other customers.

This tool is targeting at purchasers, and by now, the local authorities taking advantage of the scheme are delivering a positive feedback. Nevertheless, as it aims at minimising the cost of purchasing small value items under the threshold this might favour SMEs.

Most of the Member States have already introduced some stage of e-procurement, and in the countries not yet applying e-procurement, the implementation of a respective system is planned for the near future. In Luxembourg, for example, e-procurement is not practically applied up to now, but it is planned to publish public offers within the next year. Within the next three years, enterprises will also have the possibility of submitting their offer electronically, and the publication of the results of the procurement will be published online, too. A special characteristic will be that online auctions can take place on the Internet. The enterprises can then underbid during a defined period. The lowest bidder will receive the order. The system of electronic auctioning is already in action in Austria (valid for contracts up to € 40,000 excl. VAT) and Italy.

Although e-procurement is assessed to increase the transparency of public procurement, problems can be identified, particularly with respect to technical difficulties.

Although in many countries the experience with e-procurement is therefore too recent to provide any assessment, some first evaluations of e-procurement show that the effects on SMEs are rather positive and that transparency is increased. For example, for Germany it is mentioned by the interviewed experts that SMEs use the respective service intensively in order to collect information on tender offers, and some SMEs already take advantage of the possibility to download the documents[1]. It can be concluded that, in general, the advantage of e-procurement is relatively higher for SMEs than for larger enterprises because of the fact that it provides easier and quicker access to information about public procurement than the former notification via the Bulletin of Public Procurement-method which was too time consuming for many SMEs.

Nevertheless, there also exist barriers for enterprises (and SMEs in particular) for taking advantage of e-procurement. In general, they seem to refer to technical reasons and unfamiliarity with the new method. First, in order to benefit from e-procurement, enterprises need to dispose of Internet access. In particular, Sweden, Finland and Denmark are characterised by a high share (about 90% in 2001) of enterprises having Internet

[1] By now, only about 10% of SMEs that look for information, download this information. It is expected that this percentage will rise as soon as the extended service will be introduced in 2003.

access whereas this percentage is comparably low in Greece and Luxembourg (50%-55% in 2001)[1].

Another problem concerns technical difficulties resulting in users' uncertainty. So, *e.g.* the electronic signature has not yet been completely accepted in Austria, resulting in the need to complete documents in hardcopy/paper and deliver them to the awarding authority by ordinary mail although the tender documents can be found on the Internet. This might cause administrative burden and time requirements that might be more severe for SMEs than for larger enterprises due to their restricted resources. As in many countries, e-procurement presently still refers to information that is provided on the Internet, it might be assumed that similar problems are also encountered in other countries.

3.3.3 *Public procurement procedures*

As public procurement procedures are amongst the main barriers for SMEs for participating in public procurement, some Member States have actively facilitated them.

As administrative regulations in general constitute one of the major business constraints for SMEs, this can also be assumed to hold true with respect to the field of public procurement. This conclusion is supported by the findings of the European Observatory for SMEs stating that administrative burden is amongst the most important barriers for SMEs on the market of public procurement[2].

For the UK - the country with the lowest share of SMEs amongst the successful enterprises (see table 15) - it was, for example, mentioned by the experts interviewed that the current procurement procedures in regional and local government do seem to discourage SMEs from engaging in public procurement. Also for Denmark (having also a below-average success rate of SMEs) national experts mentioned that the public procurement process itself is one of the explanations for the method's slow spread as it is considered to be demanding for both, awarding authority and potential suppliers.

In some of the Member States, there exist specific instruments aiming at facilitating public procurement procedures for potential suppliers. In Denmark, for example, a guide accompanying SMEs through the complete public procurement process has been developed. Another example as to this respect constitutes Luxembourg - the country with the highest success rate of SMEs - where the procedures seem to be standardised in a way that facilitates SMEs' access to tenders and, at the same time, increases public authorities' confidence in the capability of SMEs to fulfil the respective assignment (see box 6).

box 6 examples for the simplification of public procurement procedures

Denmark

In April 2003, the Local Government Denmark (KL) and the Agency for Enterprises and Housing (EBST) introduced a tool called '11 steps in the tendering process' (http://www.udbudsportalen.dk). Although the Internet site where it is implemented is directed at all Danish public authorities wishing to make calls for tenders and at all Danish enterprises wishing to respond with tender proposals, the specific tool is directed at SMEs in particular.

[1] Source: Eurostat.

[2] See *The European Observatory for SMEs (2000),* Sixth Report. Luxembourg: KPMG Consulting/EIM Business & Policy Research/ENSR, p. 116.

The aim of the Internet site is the simplification of public procurement processes; the aim of the specific tool is the facilitation of the tendering process for SMEs. The 11 steps follow each of the phases of a procurement process, offering *e.g.* information about tenders, free counselling or knowledge-sharing.

Luxembourg
In 1996, the Centre of Resources for Information Technologies in Building (CRTI-B) introduced standardised contractual and technical documents for public procurement contracts. As to this regard, partners of the CRTI-B constitute the Ministry of Public Works, the Centre of Public Research Henri Tudor, the Administration of Public Buildings, the Administration of Bridges and Roads, the Order or Luxembourg's Architects and Consulting Engineers (OAI), the Chamber of Crafts, the Federation of Luxembourg Industrials (FEDIL) and the Federation of Artisans.

Against the background that smaller enterprises often do not have the necessary know-how to execute the required work but offer at favourable prices in order to win the order, national authorities adopted special selection criteria. All enterprises taking part in national public procurement contracts have to fulfil several requirements in order to prove their capacities to execute the work. In detail, the following documents have to be provided:
- Proof of Legal Capacities: registration certificate from the trade register and extract from the police record
- Proof of Economic and Financial Capacities: annual balance sheets and certificates that the enterprise meets all its obligations relative to the declaration and payment of social security contribution and taxes
- Proof of Technical Capacities: list of the works executed during the last five years, three certificates of good execution, declaration mentioning the medium annual human resources of the enterprise and the number and qualification level of enterprise managers.

The CRTI-B has elaborated standardised documents for every skilled craft sector, allowing SMEs to reduce their administrative burden when applying for public procurement. Furthermore, to facilitate temporary co-operation, a respective standard contract was set up.

The measure showed positive effects in terms of an increased confidence of awarding authorities towards SMEs as the enterprises can now present in a standardised form that all obligations are met and that they are capable of performing the contract in question. It can be concluded that the position of SMEs is strengthened through this measure.

With regard to the facilitation of public procurement procedures, some of the Member States have established contractor databases. Enterprises may register and have to provide the documents required in public procurement tenders. Then, they are centrally administered and can be centrally updated, and they can be accessed in case the enterprise wants to participate in public procurement (see box 7).

box 7 examples for contractor databases in the Member States[1]

Austria

The 'Auftragnehmerkataster Österreich - Vergabeportal' (contractor database - procurement database) was founded in 2000 by various public and semi-public organisations (such as the Austrian Federal Economic Chamber). It primarily aims at facilitating the search for suitable contractors being listed in the database, but is advantageous for the enterprises as well. It provides information about calls for tenders at national, regional and local level, as well as at EU level and, in addition, information about tenders of some Central and Eastern European Countries are available.

Potential contractors have to prove once that they fulfil all relevant criteria for public procurement (such as technical, financial and economic ability as well as reliability) by providing various documents and/or statements. This proof is administered in the database and does not have to be brought forward for each tender, again. The potential tenderer has to pay an annual fee of € 50.87 (+ VAT) for the enrolment in the database. Then, the relevant documents are updated continually and put at the disposal of awarding authorities in the framework of public procurement contracts.

Therefore, the database reduces administrative burden and costs for enterprises considerably (since sometimes documents have to be notarized) and facilitates public procurement for SMEs. Against an admissible fee, the relevant information will not only be made accessible but also updated. The database can be accessed via Internet by registered users. A second database is available without restrictions. However, enterprises listed there have not proved to fulfil all relevant criteria, but there is no evidence that they do not fulfil them, either.

Greece

The 'Μητρώο Ελλήνων Προμηθευτών του Δημοσίου' (Directory of Hellenic Suppliers to the Public Sector) constitutes an initiative taken by the central government under the 'Operational Programme Competitiveness' and is administered by the Ministry of Development. The directory allows interested enterprises to participate in public procurement easily and avoids time-consuming procedures (*e.g.* collection, filling and submission of administrative documents). Until the end of 2002, 300 small and large enterprises have been registered in the directory.

United Kingdom

In 1998, the Department of Trade and Industry launched a tool called 'Constructionline' aiming at streamlining procurement procedures and saving valuable resources in the construction industry rendering it more efficient and effective. Constructionline has about 1,500 clients, ranging from central government departments to local authorities or universities. It targets at the pre-qualification stage, *i.e.* the first stage of the tendering process. Therefore, firms do not have to repeatedly fill in pre-qualification forms for each tender.

[1] In Belgium, projects have started to create a 'junction data base' providing all necessary information on all Belgian enterprises. The authorities will have access to this database and will be able to look up the necessary information about all the applying enterprises. It is supposed that this database will create many advantages as the task of gathering information, etc. will be transferred to the authorities themselves.

All enterprises in the construction industry that are interested in contracting with the public sector are able to participate in Constructionline. More than 12,000 contractors and consultants are registered with Constructionline and have met the pre-qualification requirements. They cover the full spectrum of construction activities from architecture to demolition and range in size from small specialists to the largest main contractors. However, more than 50% of registered contractors have a turnover of less than £ 1 million, and 29% have a turnover of less than £ 250,000. Nevertheless, the majority of contracts can be assumed to be above the threshold.

Constructionline is supposed to have a positive impact on SMEs access to public procurement. It enhances the procurement activities of the awarding authorities and facilitates the procurement procedures by saving human and financial resources.

Furthermore, some of the Member States have established surveillance authorities at which enterprises that feel that they have been treated unfairly in the procurement process may complain or even bring the respective awarding authority to court (see box 8).

box 8 example for surveillance authorities

Austria
The Bundes-Vergabekontrollkommission (BVKK) acts as arbitration board during the procurement procedure. Once a decision about awarding the contract has been taken, the BVKK is no longer competent. Below the threshold, the awarding authority has to agree to undergo mediation procedures.

In contrast, the Bundesvergabeamt (BVA) has the authority to control (certain) decisions taken during the procurement procedure, to control the 'final' decision of the awarding authorities and to stop proceedings temporarily by preliminary injunction. Above the threshold, decisions are taken by three 'judges' whereas below the threshold one 'judge' decides about the respective case. Its decisions are final, an appeal against them may only be brought before the Supreme Administrative Court or the supreme Constitutional Court.

Denmark
Konkurrencestyrelsen (KS), the Danish Competition Authority (see www.ks.dk) is an independent body under the Danish Ministry of Economic and Business Affairs. Its main activity is to survey competition law, monopolies etc. It is neither an awarding authority nor an adviser to potential suppliers. Rather, if a tenderer feels treated unfairly by an awarding authority he can approach KS as to this respect. KS then examines the process and informs the tenderer if his rights have been violated. KS is not entitled to make any decisions, however. Since the mid 1990s, KS is allowed to get involved during a tendering procedure if the rules appear to have been violated. Through discussions with the awarding authority this can lead to the procedure being cancelled or at least to adjustments (such as inclusion of a tenderer who had initially been disqualified unjustly).

The awarding authority might be brought to court Klagenævnet, the Complaints Board (described on the same website). This is a body hearing complaints concerning violation of the EU rules for the award of public contracts. It is composed of two professional judges and a chairman. A number of experts and layman are involved as well. It is very much like a court and deals with cases in much the same way. Decision made at the board can be appealed to the ordinary courts of justice.

The Complaints Board is considered the real, legal entity for tenderers to state their claim. However, KS is considered a more informal route to deal with matters. Since filing a complaint is a delicate matter, bringing the awarding authority straight to the Board of Complaints can seem drastic. Therefore KS has become a good intermediate way to deal with it - especially for SMEs which may not have the legal expertise/volume to take it that far.

In some of the Member States, there also exist measures supporting awarding authorities in the field of public procurement.

The regulations concerning public procurement procedures might not only be a constraint for enterprises, but also pose a problem for the awarding authorities. As to this regard, in some Member States there exist specific support measures aiming at awarding authorities by offering, for example, technical assistance or practical information (see box 9).

box 9 examples for measures targeting at awarding authorities

Germany
The 'Auftragsberatungsstellen', a support network for public procurement, offer various services not only to enterprises, and SMEs in particular (*e.g.* specialised consultancy, training, pre-qualification system, tender services), but also to public authorities. There is one 'Auftragsberatungsstelle' for each Bundesland, usually jointly run by Chambers of Industry & Commerce and the Chambers of Skilled Crafts. They play an important role in non-open public tender procedures below the EU thresholds by advising and training awarding authorities as well as informing them about potential suppliers to be approached.

France
The 'Association Pour l'Achat dans les Services Publics' - APASP - (Association for the Purchase of Public Entities) targets at national associations of public buyers by offering training and study sessions, technical assistance concerning public procurement as well as guides and technical documents as to this respect. Its aim is to improve the purchase professionalism, to promote the rules of transparency and competition and to help the public buyers to better understand the requirements of public procurement legislation. By now, it has 1,800 members and, indirectly, positive effects on SMEs are assumed.

The Netherlands
The 'Actieplan Professioneel Aanbesteden en Inkopen - PIA (Action Plan Professional Procurement and Purchase) has been implemented by the Ministry of Economic Affairs in 2001 with the aim of making public procurement more transparent leading to more innovative and better bids. The Action Plan consists of a number of individual steps to be taken by the individual ministries and the central government as a whole. Some of these steps are:
- Appointment of a person responsible for the implementation of the Action Plan in each Ministry
- Analysis of the existing procurement activities and identification of further outsourcing potential
- Formation of a network of buyers allowing know-how sharing, standardisation, benchmarking and combination of purchases.

3.3.4 *Characteristics of Calls for Tender*

Throughout the European Union, hardly any public calls are divided into lots - only in Germany this is done often.

With regard to the nature of the public calls for tenders, the size of the respective advertised contracts may considerably influence SMEs' participation in public procurement. In the scope of the European Observatory for SMEs it was found that the most important reason for SMEs not to participate in public procurement lies in the enterprises' assessment that the projects awarded are too large for their enterprise[1]. Throughout Europe, hardly any calls for tender are *divided into smaller lots* (see table 33). In twelve of the Member States, this is done casually (whereby France is characterised by an increasing tendency towards the division of public procurement contracts into lots), in two of them (Luxembourg and Greece) none of the tenders are divided. Only in Germany, division of tenders into lots is done often, resulting in a comparatively small average contract size (see table 11).

For Greece, it was mentioned by the experts interviewed that the rationale behind not dividing public tenders into lots is to achieve economies of scale (lower cost for larger amounts of goods or services to be supplied). Similar holds true for the Netherlands, where tenders are 'sometimes' divided into smaller lots. Here, a trend towards centralisation of purchasing at all government levels in order to increase professionalism (in terms of application of procedures) and transparency can be observed. Furthermore, this approach is supposed to result in lower prices and better quality from providers and to stimulate co-operation between enterprises.

table 33 practical division of public procurement contracts into lots, by Member States of the European Union

	A	*B*	*D*	*DK*	*E*	*EL*	*F*	*FIN*	*I*	*IRL*	*L*	*NL*	*P*	*S*	*UK**
Never						X					X				
Rarely				X	X		X	X		X			X	X	X
Sometimes	X	X							X			X			X
Often			X												

** No definite answer can be given.*

Source: ENSR.

Another topic related to the size of contracts refers to the practice of *co-operation*. In order to encourage co-operation in the field of public procurement, some of the Member States have established respective measures. Therefore, in Luxembourg a standard contract for co-operations has been established (see also box 6), and in Greece a directory of sub-contracting enterprises was launched (see box 10).

box 10 directory of sub-contracting in Greece

Greece
In 2000, the General Secretary of Commerce and EOMMEX (The Hellenic Organisation of Small and Medium-Sized Enterprises and Handicraft) have launched an online directory of sub-contracting enterprises in manufacturing, namely 'Μητρώο Ελληνικών Επιχειρήσεων Βιομηχανικής Υπεργολαβίας' (http://www.eommex.gr/subcontractors).

[1] See European Commission (2000), *The European Observatory for SMEs - Sixth Report*. Luxembourg: KPMG Consulting/EIM Business & Policy Research/ENSR, p. 117.

The main aim of the directory is the reinforcement of the development of Greek industry through contractual partnerships between large and small enterprises. Among other things, it offers promotion of the sub-contractors and has published pilot standardised forms of sub-contracting contracts and organised specific visits to international fairs on industrial sub-contracting.

The directory is considered as a valuable assistance to large enterprises searching for sub-contractors, but also assists SMEs in the search form enterprises with similar know-how and products in order to form partnerships and present common proposals for public procurement tenders. By now, the directory includes information on 400 Greek firms in 5 industrial sectors.

3.3.5 *Availability of supporting organisations*

Throughout the Member States, there exists a wide range of organisations with a variety of different instruments supporting enterprises in the field of public procurement.

In the Green Paper of Public Procurement in the European Union, the mentioned measures aiming at improving enterprises' access to public procurement include the provision of information about public procurement and training[1]. As to this regard, organisations supporting both, awarding authorities and potential suppliers concerning public procurement might be considered valuable. Indeed, throughout the European Union, it can be found that their availability is rather widespread. In each country, at least one private organisation (*e.g.* business consultants or lawyers' associations) exists, offering support in this field. In the majority of Member States there are, in addition, also (semi-) public organisations (such as the Chamber of Commerce or the (regional) government) assisting enterprises in public procurement (see table 34). In Denmark, Greece, Finland, France, Italy, Ireland, Luxembourg, the Netherlands, Sweden and the UK even all three types of organisations are available.

table 34 availability of organisations assisting enterprises in public procurement matters, by status of the organisation and Member States of the European Union

	A	*B*	*D*	*DK*	*E*	*EL*	*F*	*FIN*	*I*	*IRL*	*L*	*NL*	*P*	*S*	*UK*
Private	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Semi-public	X		X	X		X	X	X	X	X	X	X		X	X
Public		X		X	X	X	X	X	X	X	X	X	X	X	X

Multiple answers possible.
In general, it can be stated that private and semi-public organisations charge the approaching enterprises for their services while public organisations provide support without charge.
Source: ENSR.

Most of the organisations assisting enterprises in public procurement matters provide information about tenders. With the exception of Portugal and the UK, this service is offered by all existing types of organisations (private, semi-public and public). In the UK, however, only public institutions do so. Many of the respective organisations provide the information about tenders electronically (see box 3).

In all Member States except Finland and Luxembourg, there exists at least one organisation supporting the preparation of the proposal. The majority of these organisations are

[1] See European Commission (1996), *Green Paper. Public Procurement in the European Union: Exploring the Way Forward*. Brussels: European Commission, p. 23.

private or semi-public; only in Belgium, Italy and Ireland do public organisations also assist enterprises in drafting their proposals. The search for a partner enterprise is supported in eleven of the Member States (see table 35). Here, again, private and semi-public organisations are more active; public ones only assist enterprises as to this regard in Greece and the Netherlands.

table 35 kind of service provided by organisations assisting enterprises in public procurement matters, by Member States of the European Union

	A	*B*	*D*	*DK*	*E*	*EL*	*F*	*FIN*	*I*	*IRL*	*L*	*NL*	*P*	*S*	*UK*
Providing information about tenders	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Supporting the preparation of the proposal	X	X	X	X	X	X	X		X	X		X	X	X	X
Supporting the search for a partner enterprise	X		X	X	X	X	X		X			X	X	X	X
Others	X				X		X		X	X	X				X

Source: ENSR.

'Other' services to assist enterprises in public procurement matters are provided in Austria, Spain, France, Italy, Ireland, Luxembourg and the United Kingdom. The variety of the other services going beyond the provision of information about tenders, supporting the preparation of the proposal and the search for a partner enterprise is rather wide, ranging from individual advice and consulting or workshops/seminars on public procurement (Austria, Italy, Ireland, Luxembourg and UK) to the collection and the delivery of relevant documents (Spain) and financing public procurement (France).

box 11 examples for comprehensive services provided by supporting organisations

Germany

In Germany, the matter of supporting SMEs in the field of public procurement has become an important issue over the decades within an already existing system aiming at the support of SMEs. This process led to a whole network of semi-public chamber-based consultancy services approached very often by SMEs. Entry points for these services are the Internet platform www.abts.de as well as the platform of 'handwerk.de'. Both platforms provide detailed information about SME consultants for public procurement in the respective regions in order to assist firms in the application process or in forming a co-operation with another SME if required.

Although this network is not exclusively responsible for providing assistance in the field of public procurement, it may be concluded that this system of SME advisers has an overall positive impact on the access of SME to public procurement contracts. SMEs can take advantage of getting the information on tender notices quickly and are able to find a consultant providing comprehensive assistance (more or less free of charge) at close distance. As a result, SMEs can react quickly in order to join the race for public procurement contracts. Moreover, they learn to pass further application processes in future independently.

France
As SMEs suffer from delay in payment more than LSEs do, the Banque de Développement des PME (BDPME) was set up in 1997 to defuse this problem. Its aim is to increase SMEs' turnover with public customers by financing public contracts with SMEs. The public bank offers advance payment in case of delay in payment from the public purchaser and short-term credit linked to a public contract. The support is arranged with a partnership between BDPME und the commercial bank of the SME. The measure can be applied for all procedures of public purchasing (tenders or direct purchases). In 1999, € 3.6 billions were paid out as advances, and half of the benefiting SMEs had an annual turnover of less than € 1.5 millions.

Some of the institutions supporting enterprises in public procurement matters have been in existence for decades and have not been implemented for supporting enterprises exclusively in relation to public procurement (this is rather one service among many others). Others, however, as well as the specific instruments aiming at supporting public procurement of the 'older' organisations came into existence throughout the second half of the 1990s. The respective services have been implemented in a steady process over time, driven by the demand of the enterprises. In some of the organisations, the restructuring process is still going on.

Although there seems to exist both a wide range of organisations assisting enterprises in public procurement matters and a broad spectrum of services offered, a lack of SME orientation can be registered in some of the countries. In five of the Member States (Denmark, Ireland, Luxembourg, Portugal and the Netherlands), no respective support organisation exists targeting at SMEs in particular. In the countries where specific assistance for SMEs in public procurement matters exists, this mainly refers to the provision of information about tenders specifically for SMEs. In Greece and Sweden, these organisations support SMEs in the search for a partner enterprise, and the financial support in France (see box 11) is accessible for SMEs, only.

Euro Info Centres (EICs)

An important supporting network in the field of public procurement is the EIC network. The EICs are established on initiative of the European Union, not of one of the Member States. Nevertheless, since EICs play an important role in information and advice on public procurement in the EC Member States and EICs have a strong SME orientation, they are included here in the national situation analyses. Box 12 gives some information about the EICs.

box 12 Euro Info Centres

General set-up
Some 300 contact points with Europe for SMEs providing information, advice and assistance to SMEs in 265 towns and across 37 countries. Being close to businesses, Euro Info Centres help SMEs to access European Union programmes and initiatives to make the most of the opportunities offered by Europe.

General mission
The common objective of the Euro Info Centres is to inform enterprises about the European Internal Market and assist them to cope with the new business environment. The centres house an extensive documentation centre on European legislation and many other documents that are important for businesses. Moreover, they have access to a variety of official and commercial databases. A direct contact with civil servants from the European Commission in Brussels can be made.

Services offered by Euro Info Centres
Due to their strong relationship with the European Commission, EICs are a source of privileged information for SMEs. Equally, the network enjoys strong links with the business world at local, regional, national and international level. The combination of these alliances means efficient, quality services are provided which can help enterprises positively position themselves on the European market.

Public procurement
EICs can boast a wide variety of specialists in fields which can assist enterprises grow or embark on new ventures. Cultivated through the years, this expertise can be accessed by SMEs through any EIC in any country. This expertise ensures SMEs have the most relevant and current information and advice in a number of areas.

One of the fields of expertise is public procurement. EICs inform about relevant tendering opportunities; assist and advise enterprises along the different steps of the procedures; and help to find the right partners in case of subcontracting.

Source: EIC website (http://europa.eu.int/comm/enterprise/networks/eic/eic.html), 29 October 2003.

3.4 Economic framework of public procurement

Economic development is likely to affect the participation of SMEs in public procurement. During a cyclical boom, enterprises (and SMEs) can easily find orders from the private sector and are therefore not 'forced' to rely on public tenders. Eras of recession are therefore supposed to be characterised by a higher participation rate of SMEs in public procurement as there are not enough orders from the private sector.

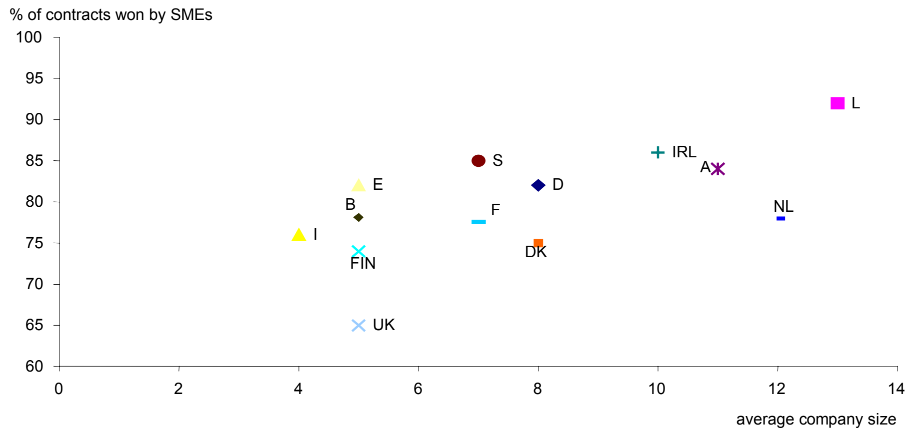
It was, however, also mentioned in the interviews with national interlocutors that even in economic downturn situations enterprises avoid public procurement as there is too much competition in this field. Furthermore, if the private market is not functioning well due to unfavourable economic circumstances, the public market often is not doing well either.

Next to the economic cycles, also *non-recurring economic events* might affect SMEs participation in public procurement. For example, the organisation of the Athens 2004 Olympic Games is considered as opening new horizons for the Greek economy by offering new perspectives to all size classes of Greek businesses and the opportunity to participate as partners in some of the biggest and most important projects in Greece. According to Greek officials, Greek SMEs have capitalised on opportunities such as the construction of the new airport in Spata, the underground in Athens or several public works.

In countries with a comparatively large average enterprise size, the participation rate of SMEs in public procurement is higher.

When comparing the average enterprise size with the percentage of public procurement contracts won by SMEs in 2001, it can be found that, in general, in countries characterised by a comparatively large *size of enterprises* the percentage of public procurement contracts won by SMEs is higher (see figure 20) than in those with a smaller average enterprise size. This can be attributed to the fact already mentioned that larger enterprises might have more capacities (financial and/or human resources) to engage (*i.e.* look for and prepare) in public procurement. In Luxembourg, for example, the average enterprise size is considerably higher than in the other Member States of the European Union, as is the percentage of public procurement contracts won by SMEs (see table 15). The reverse holds true for the United Kingdom, which is among the countries characterised by a rather small average enterprise size and a low participation rate of SMEs in public procurement.

figure 20 percentage of public procurement contracts won by SMEs in 2001 and average enterprise size (private non-primary sector), by Member State of the European Union



Source: European Commission (2000): The European Observatory for SMEs - Sixth Report. Luxembourg: KPMG Consulting/EIM Business & Policy Research/ENSR, p. 50, and EIM.

Furthermore, it might be concluded that SMEs situated in less developed regions participate less in public procurement than SMEs in better developed regions or LSEs do, respectively. It was mentioned for Portugal and Spain, for example, that SMEs in rural areas are confronted with less developed infrastructures and more difficulties in communication and the accessibility to tenders compared to enterprises located in urban areas. This primarily affects SMEs as, in general, they act more locally or regionally than LSEs.

3.5 Summary

Raising SMEs' engagement in public procurement has been a topic of increasing importance for the last years in all of the Member States. Although 99% of European enterprises constitute SMEs, 'only' 78% of the enterprises that won a public procurement contract in 2001 were SMEs. Thereby, there exist considerable differences among the Member States, ranging from about 92% in Luxembourg to about 65% in the UK.

Concerning the legal situation, it has been found that most of the Member States have established specific regulations going beyond European directives. Public procurement legislation in the Member States is regularly changing, partly due to the need to implement European Directives, and partly due to pressure of entrepreneurs' organisations.

Increasing the transparency of public procurement for SMEs is an important topic on the political agenda of the Member States. As to this regard, the scope of public procurement being openly advertised is rather limited in the European Union, but has been continuously increasing in the Member States during the last years.

Official Journals are the most important channels to advertise public contracts, but in most countries, multiple channels are used. The Internet is increasingly used to provide potential suppliers with the relevant information. As to this regard, e-procurement might constitute a reasonable approach for facilitating SMEs' participation in public procurement. However, as SMEs are, in general, more uncertain with regard to, *e.g.* the electronic signature than larger enterprises are, this might benefit LSEs more than SMEs. Seminars or information material about e-procurement might help to dismantle SMEs' reserves towards this new system.

An aspect that seems to hinder SMEs' participation in public procurement is procedural. A high level of bureaucracy might, for example, constitute a barrier for SMEs to engage in public procurement. As to this regard, the standardisation of the process or the availability of a database making the required administrative documents centrally accessible at any time seem to constitute good practices for facilitating SMEs' access to public procurement.

Another barrier for SMEs to participate in public procurement is the size of the contracts. It can be assumed that the division of public procurement contracts into lots and a lower average contract size, respectively, encourages SMEs' participation in public tenders. Nevertheless, hardly any contracts are divided into smaller lots throughout Europe. In order to make larger contracts more easily accessible for SMEs, co-operation in proposals for public procurement might be promoted. Specific encouragement to sub-contracting could be given in the procurement documentation, providing that the requirements of Community law (such as not preferring local SMEs) are respected. To encourage enterprises, and SMEs in particular, to co-operate with other enterprises when applying in public procurement (enabling them to go for larger contracts, too), a sub-contractor database has for example been established in Greece (supporting enterprises to find the 'best partner').

In order to facilitate SMEs' participation in public procurement, organisations, information guides and specific measures have been established with the aim of raising the transparency of public procurement and/or assisting SMEs in their participation. However, Member States are aware that there is still room for improvement - leading to a continuous further development of regulations and tools aiming at facilitating the participation in public procurement. By now, the emphasis seems to be on the further development of e-procurement.

4 Experiences of SMEs and awarding authorities with public procurement contracts

4.1 Introduction

Telephonic surveys

Two telephonic surveys to look for experiences.

In order to get information on experiences in the field of public procurement and SMEs, EIM carried out two telephonic surveys:
- a survey amongst SMEs that won a public procurement contract,
- a survey amongst awarding authorities that awarded a public procurement contract to a SME.

The telephonic survey amongst SMEs was aimed at getting information on factors for success, difficulties, support, strategies and preparation of SMEs in the public procurement market. The telephonic survey amongst awarding authorities was aimed at getting information on the experience of awarding authorities with SMEs (differences with large enterprises, quality of offers from SMEs, process and quality of carrying out projects by SMEs, bottlenecks and problems of working with SMEs, strength of SMEs, etc.). The surveys were carried out in the period of May 27 until June 25, 2003 by Interview/NSS in Amsterdam.

Fieldwork

Selection on the basis of countries and sectors.

For the selection of authorities that awarded a public procurement contract to SMEs and for the selection of SMEs that won a public procurement contract, EIM used the statistical database (information from TED 2001 and D&B). In consultation with the European Commission, it was decided to use two selection criteria, namely country and sector. All EU Member States were included, except Greece and Portugal (because of the small numbers).

In this study, we use the CPV Code in TED to categorize the contracts in sectors (see section 2.2.3). Mostly a contract award contains more CPV Codes, but there is always one code selected as the most important. For the analyses, EIM used this most important CPV Code to aggregate the CPV Codes to 4 groups, namely:
- manufacturing and wholesale,
- construction,
- business services,
- other.

For the surveys, we selected SMEs and authorities concerned with public procurement contracts in manufacturing and wholesale, construction and business services.

Per country, the aim was to carry out 30 interviews with awarding authorities (10 for manufacturing and wholesale, 10 for construction and 10 for business services) and 80 interviews with enterprises (40 for manufacturing and wholesale, 40 for construction and 20 for business services). Since the number of (small) contracts in construction in Austria, Germany and France was relatively high, we decided to do some more interviews in these cells.

In some sectors of some countries, there were not enough contracts to realize the intended number of interviews in these cells. It was decided that when the number of contracts in a cell was to small to realize the intended number, we would do as many interviews in that cell as possible and we would fill up with interviews in other sectors in that country, in order to realize the intended total number of interviews in that country. In some countries (like Ireland and Luxembourg), the total numbers of contracts were not enough to realize the intended total numbers of interviews in those countries. It was decided that in these countries we would do as many interviews as possible.

The fieldwork resulted in 395 telephonic interviews with awarding authorities and 965 telephonic interviews with SMEs. The results of the surveys were weighted in a way to get representative results for all tenders in TED 2001 (concerning manufacturing and wholesale, construction and business services)

Contents of this chapter

The results of the surveys are described in this chapter. The next section deals with the experiences of SMEs that won a public procurement contract. In the subsequent section, the experiences of awarding authorities are described. In both sections, we describe the results successively on EU-level, by sector and by country.

4.2 Experiences of SMEs

4.2.1 *Introduction*

In this section, the experiences of SMEs that won a public procurement contract are analysed. This is based on 965 telephonic interviews with successful SMEs. In successive subsections, this is described on EU-level, by sector and by country. Within each subsection, we present results on:

- involvement of SMEs in public procurement,
- searching for information on public procurement,
- obstacles for SMEs on the public procurement market,
- suggestions to improve the access of SMEs to public procurement contracts.

4.2.2 *EU-level*

Largest geographic market

The largest geographic market is the national market.

As table 36 shows, the local market is the main market to more than one-third of the SMEs that won a tender in 2001. More than half of the successful enterprises service the national market mostly. International markets are the main source of turnover to only 9%, most of them inside the European Union.

table 36 main geographic market of the successful SMEs, in 2003

Main geographic market	*Percentage of successful SMEs*
Local	35
National	56
International, inside EU	7
International, outside EU	2
Total	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Importance of the public sector as client

High variation in the importance of the public sector as client; on average enterprises depend for half of their sales on the public sector.

The average share of enterprises' sales to public sector clients is 53%. They are divided by sales share in the four categories of table 37. The importance of the public sector as client calculated by the sales share varies a lot: for one-quarter of the SMEs public clients account for 25% or less; at the other side 29% of the SMEs depend for more than 75% on public sector clients.

table 37 sales share to public sector of successful SMEs, in 2003

Sales share	*Percentage of successful SMEs*
25% or less	25
More than 25%, through 50%	28
More then 50%, through 75%	18
More than 75%	29
Total	100

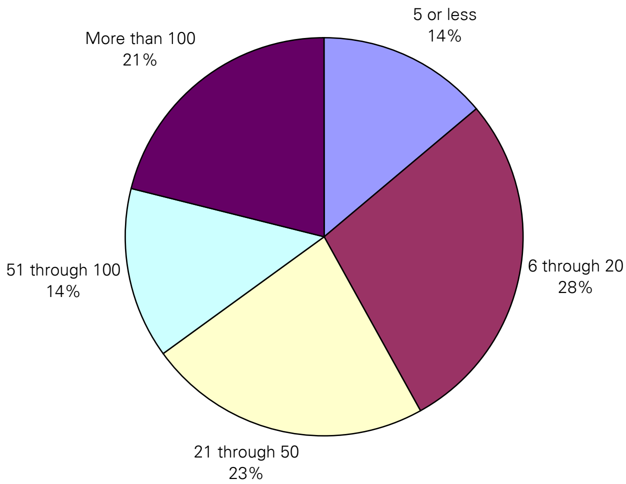
Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Number of tenders

Successful enterprises are highly experienced in tendering.

The number of tenders submitted in the last three years by the enterprises interviewed is substantial: the median is between 25 and 30 tenders, and the upper quarter of all respondents has submitted at least 90 tenders. In figure 21 it is shown that most successful enterprises tendered 6 to 20 times during the last three years, and that one fifth submitted more than 100 times.

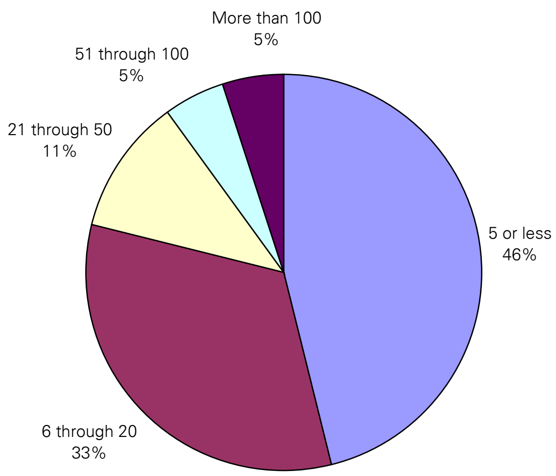
figure 21 distribution of successful SMEs over classes of numbers of tenders submitted per SME in the last 3 years



Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

The number of *successful* tenders of course is a lot less (see figure 22). The median here is 7 tenders being awarded. In 10% of the cases, more than 50 tenders were obtained. The success rate -the ratio of number awarded and number submitted- is 25%, representing the median again, with half of the cases registering a better success rate, and the other half a worse one.

figure 22 distribution of successful SMEs over classes of numbers of *successful* tenders submitted per SME in the last 3 years



Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Competing for public procurement contracts as part of strategy

Getting public procurement contracts mostly part of enterprise strategy.

To four out of every five enterprises interviewed getting public procurement contracts under EU regulations is a part of their strategy. To the remaining 20% subscribing and carrying off such contracts is more or less accidental. It is obvious that the latter have submitted less tenders in the last three years.

Percentage of all public procurement tenders of enterprises that is above European thresholds

Half of SMEs do not heavily depend on tenders above EU thresholds; one fifth do.

The median percentage of tenders submitted that were above the European thresholds is slightly over 10[1], but percentages vary considerably: two out of every five say it is over 25%, and one out of every five even that it is 75 to 100%[2]. As will be dealt with further on, there are considerable differences between countries as well.

table 38 share of tenders above European thresholds of successful SMEs in the last 3 years

Share of tenders above European thresholds	*Percentage of successful SMEs*
Less than 10%	48
10 to 25%	12
25 to 50%	11
50 to 75%	9
75 to 100%	20
Total	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Sources of information on tender opportunities

Both electronically and written sources are used.

Sources of information on tender opportunities are, in this order: websites other than TED (23%), EU publications (19%), tender consultancy services (15%) and Tenders Electronic Daily (TED; 11%). In addition, more than 50% of all respondents refer to 'other' sources. Most mentioned by far are a variety of journals and newspapers. The second place is for government publications, both national and regional. Other sources mentioned a number of times are Internet and e-mail bulletins, trade associations and Chambers of Commerce, customers and suppliers. As for clients and customers, a considerable number of enterprises state that they have been informed directly by the awarding authority.

table 39 sources of information on tender opportunities used by successful SMEs, in 2003

Sources of information on tender opportunities used	*Percentage of successful SMEs*
Tenders Electronic Daily (TED)	11
Specific tender consultancy services	15
Websites, other than TED	23
EU publications	19
Other (journals/newspapers, government publications, etc.)	59

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

[1] The median being the value 'in the middle', with half of the respondents below and the other half over that value.

[2] This question has been answered by two-thirds. So, one out of five actually relates to this two-thirds fraction. The remaining one-third didn't know the percentage.

Properly informed

A majority feels properly informed. The better informed the more tenders are submitted.

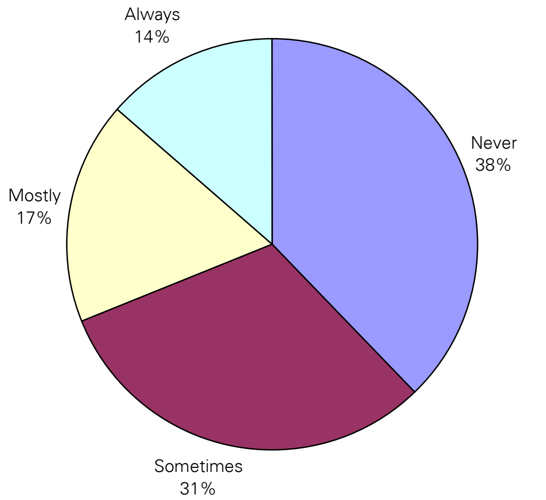
Seven out of ten tenderers feel properly informed about opportunities and rules with regard to the procurement contracts. Three out of ten don't. There is a positive relation between feeling properly informed and the number of tenders submitted: amongst enterprises submitting more than 100 tenders only 18% feel not properly informed, and amongst those submitting 5 or less tenders 44% do not feel properly informed.

Prior information notices

Prior information notices help according to almost one-third of the enterprises; in general, they win larger numbers of tenders than the others.

According to almost one-third of the successful enterprises (31%) prior information notices usually (always or mostly) help in drawing up better tenders (see figure 23). Another one=third (31%) argues that this is sometimes the case and the other part (38%) is of the opinion that prior information notices never help in drawing up a better offer.

figure 23 percentage of successful SMEs for which prior information notices help in drawing up better tenders, in 2003



Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

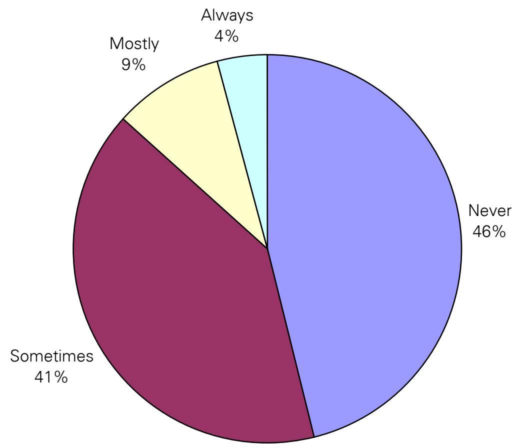
The number of *successful* tenders relates to prior information notices being helpful: enterprises winning large numbers (50 or more) of tenders judge the help of prior information notices better than enterprises winning 5 or less tenders.

Extent of co-operation

Only 13% co-operate on a regular basis.

Co-operation with other enterprises in tendering for public procurement contracts is mostly occasional: almost half of the respondents answers 'never' to this question, and only 13% is co-operating most of the time or always. Micro enterprises co-operate slightly more than small and medium-sized enterprises.

figure 24 **percentage of successful SMEs cooperating with partners when tendering for public procurement contracts, in 2003**



Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Size of co-operation partner

Co-operation predominantly with other SMEs.

As table 40 shows, co-operation is mostly with other small or medium-sized firms: more than half of the partners have less than 50 employees, only one out of six is LSE, with more than 250 employees.

table 40 **usual firm size of partners of co-operating SMEs, in 2003**

Usual size of co-operation partners	*Percentage of successful co-operating SMEs*
1 to 10 employees	19
10 to 50 employees	37
50 to 250 employees	28
250 employees or more	16
Total	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Asking for additional information

40% ask questions mostly or always.

Two out of five respondents mostly or always ask questions to the awarding authority when preparing a public procurement tender. Only a small minority never asks questions (see table 41).

table 41 frequency of asking questions to the awarding authority by successful SMEs, in 2003

Frequency of asking questions	*Percentage of successful SMEs*
Never	10
Sometimes	50
Mostly	23
Always	17
Total	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Updating administrative tender documents

Most SMEs update their administrative tender documents regularly.

Most of the respondents indicate that they update the administrative documents for public tenders on a regular basis: 86%. This indicates that they are well prepared to tender for public procurement contracts. Even 68% of those entering five tenders or less in the last 3 years claim to make regular updates.

Main problems in tendering

Insufficient information, bureaucracy and unclear wording and the short time span are the main problems in tendering.

There are four problems that are mentioned by more than 10% of all respondents. Not enough information being available in the invitation to tender is the problem ticked most often, followed by the administrative burden of forms and files, the unclear wording of tenders, and the short time span to draw up a tender (see table 42 for the details). Finding suitable co-operation partners is not at all a problem in tendering for public procurement contracts. Please remember that all figures relate to SMEs that won a public procurement contract in 2001. SMEs not tendering at all, or not winning, might face other obstacles (see for example: Observatory of European SMEs, Sixth Report, (European Commission, DG ENTR, 2000), 'chapter 2: The functioning of the markets for products and services').

table 42 main problems of successful SMEs in tendering for public procurement contracts under European regulation, in 2003

Problem	*Percentage of successful SMEs*
Not enough information in the invitation to tender	18
Number of forms and files to be supplied (administrative burden)	16
Unclear wording in the invitation to tender	15
Short time span to draw up a tender	12
High financial requirements, for example bank guarantees	5
High qualification levels and certification required	5
Insufficient possibilities to ask questions about the proposal	3
Large project size in relation to firm size	3
Finding cooperation partners	0

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Improving SMEs' access to public contracts

Suggestions for improvement relate to main problems.

Given the main problems of successful enterprises with public procurement tendering, it is no surprise that the suggestions given by them to improve the access of SMEs to public contracts above the EU thresholds relate to these problems. As table 43 shows, reduction of the administrative burden, getting more information from the authorities and clearer and simpler rules are the top-3 of respondents' wishes as for improving the access of small and medium-sized enterprises to public contracts. These are the respondents' answers when asked to indicate their top-3 of improvement suggestions.

table 43 issues to improve the access of small and medium-sized enterprises to public contracts above the EU thresholds, mentioned by successful SMEs, in 2003

Issue	*Percentage of successful SMEs*
More information from the authorities	14
Less administrative burden	18
Smaller size of the contracts	3
Lower level of qualifications	4
More time to look for partners	3
Reduce costs of preparing bids	5
Clearer and simpler rules	8
Other	44

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

'Other' improvement suggestions

Lots of other suggestions: they relate mostly to simpler rules and better communication ...

Again, a sizable proportion (44%) of the interviewed take the opportunity to make 'other' suggestions. Part of these suggestions repeat the issues already mentioned, rephrased and often further explained. This especially applies to pleas for simpler rules and clearer procedures, and for improving communication by awarding and government authorities to trade and industry when tendering, or considering this.

... but also to electronic communication ...

A clear suggestion for communication improvement relates to electronic communication: central announcement on Internet, opportunity to send offers and get information by e-mail, offering tender information by trade or a personalized search engine to get only *relevant* information, etc.

... and for more time for tendering, less emphasis on price and splitting up in smaller lots.

A considerable number of enterprises plea more time to respond or make comments that available time is too short. In addition, a disproportionate emphasis on price at the cost of quality is criticized, supplemented with comments by some that this price bias discriminates SMEs. Another suggestion is breaking up large contracts into smaller ones in order to improve chances for SMEs. Related to this are remarks that (too) large tenders block the access of specialist SME firms.

Fair competition

Some complain about fake tender procedures.

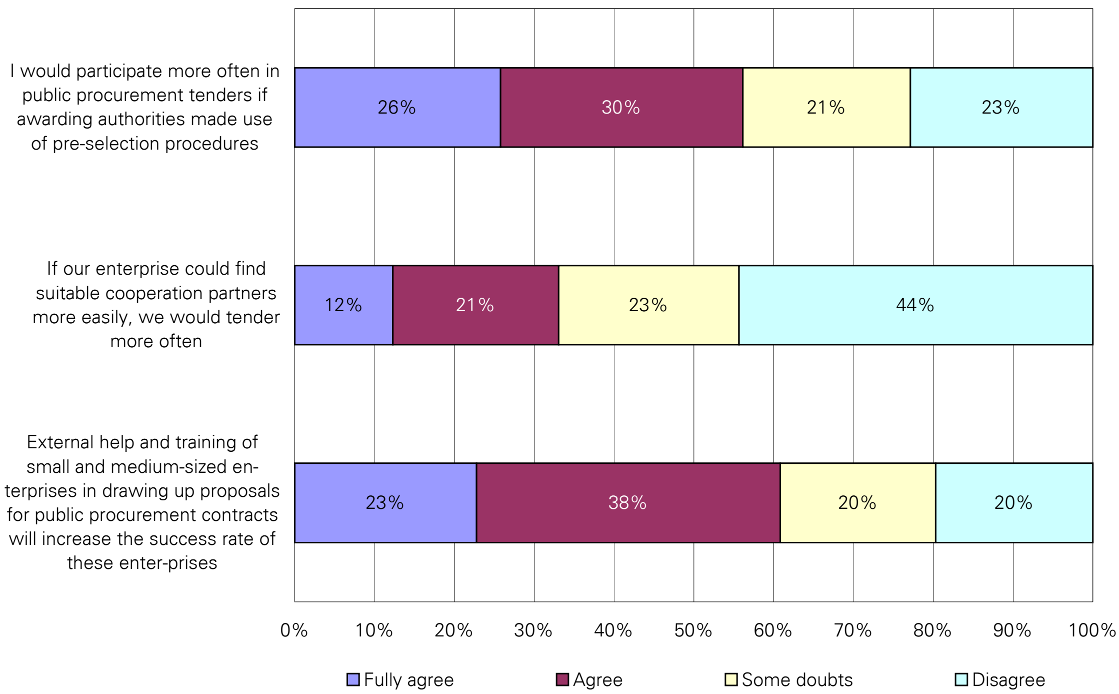
Furthermore, some comments relate to the absence of fair competition and the necessity to improve this, in particular by banishing tenders that are a mere formality and awarded to an enterprise already selected in advance by the awarding authority.
The number of enterprises invited to tender is criticized as well, and should be reduced according to some of the respondents.
As for procedures, some judge the required quality guarantees as too strict, and as an obstacle especially to SMEs.

Pre-selection procedures

Pre-selection stimulates SME participation of more than half of the enterprises.

A majority of the respondents would be encouraged to participate more in public procurement by awarding authorities using pre-selection procedures: 56% agree with the relevant statement (see figure 25).

figure 25 the extent to which pre-selection procedures, finding suitable partners to cooperate with and external help and training would help to participate in public procurement tenders, according to successful SMEs, in 2003



Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Finding suitable co-operation partners

Finding co-operation partners is a barrier to a minority.

As SME enterprises are less inclined to co-operate in tendering (see before), the statement that finding suitable partners would encourage tendering gets more opposing reactions: almost half of the respondents disagree, only one-third agrees (see figure 25). This corresponds to the finding that no one of the respondents judges this as a main problem in tendering processes.

External help and training

External help and training is judged helpful by more than half of the respondents.

More than half of the enterprises judges that external help and training of SMEs in drawing up proposals will stimulate successful tendering by SMEs (see figure 25). The other 40% doubt it or even disagree. Probably this is the most experienced part of successful enterprises.

4.2.3 *By sector*

Main geographic market

Construction most local, manufacturing/wholesale most international oriented.

The construction sector is the most locally oriented sector, the business services sector is predominantly oriented towards national markets, and so are the manufacturing and the wholesale sector. Here, the international proportion is higher than in the other two sectors: 11% (see table 44 for the details).

table 44 main geographic market of successful SMEs per sector (percentages of successful SMEs), in 2003

Geographic market	*Manufacturing, wholesale*	*Construction*	*Business services*	*Total*
Local	31	47	31	35
National	58	45	63	56
International, inside EU	9	5	3	7
International, outside EU	2	3	3	2
Total	100	100	100	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Public sector as client

Business services most oriented towards public sector clients.

Business service firms have the highest share of sales from public sector clients: 62%. For the construction sector this is 57%, and for the manufacturing and the wholesale sector 46%.

Number of tenders

Construction sector more tenders, but a lower success rate.

The largest number of tenders is submitted in the construction sector, with a median value of 50 tenders. In manufacturing and wholesale, the median value is 25 tenders, and in business services just below 30 (see table 45 and table 46 for the details).

table 45 distribution of successful SMEs over classes of numbers of tenders submitted in the last 3 years, per sector (percentages)

Share of tenders entered	*Manufacturing, wholesale*	*Construction*	*Business services*	*Total*
Less than 5	13	8	21	14
6 through 20	33	22	21	28
21 through 50	24	22	22	23
51 through 100	12	21	14	14
More than 100	18	27	22	21
Total	100	100	100	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

table 46 distribution of successful SMEs over classes of numbers of successful tenders submitted in the last 3 years, per sector (percentages)

Share of tenders entered	*Manufacturing, wholesale*	*Construction*	*Business services*	*Total*
Less than 5	42	50	50	46
6 through 20	36	28	29	33
21 through 50	9	14	12	11
51 through 100	6	4	5	5
More than 100	6	4	4	5
Total	100	100	100	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Success rate

The success rate (table 47) shows the opposite: the median value for the number of *successful* tenders is 5 for the construction sector, 6 for business services and 8 for manufacturing and wholesale. This means that the success rate is 20% or less for almost two-thirds of the tenders submitted by construction firms. Please notice that in this chapter only successful enterprises are included. The rate of manufacturing and wholesale is over 20% in a large majority, and to a majority of the cases in business services as well.

table 47 success rate of tenders submitted by successful SMEs, per sector (percentages of successful SMEs)

Success rate	*Manufacturing, wholesale*	*Construction*	*Business services*	*Total*
5% or less of tenders submitted	6	18	17	12
5% through 20% of tenders submitted	16	45	20	24
20% through 50% of tenders submitted	52	32	49	45
More than 50% of tenders submitted	26	5	14	18
Total	100	100	100	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Share of tenders above European thresholds

Tenders by business service firms often above European thresholds.

Public procurement tenders above European thresholds appear especially in business services: for one-third of the enterprises in this sector (34%) most of the tenders submitted are above the threshold. In addition, in one-third of the cases (33%), less than 10% of the tenders submitted are above the threshold. In manufacturing and wholesale this is 53%, and in construction 48%.

table 48 **share of tenders above European thresholds of successful SMEs in the last 3 years, per sector (percentages of successful SMEs)**

Share above European thresholds	*Manufacturing, wholesale*	*Construction*	*Business services*	*Total*
Less than 10%	53	48	33	48
10 through 25%	11	13	15	12
25 through 50%	9	16	11	11
50 through 75%	8	12	7	9
75 through 100%	19	11	34	20
Total	100	100	100	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Competing for public procurement contracts as part of strategy

Business services enterprises are the most strategic 'European' tenderers.

Getting public procurement contracts under European regulation is part of the strategy of most of the successful enterprises. The extent varies over the sectors. The business services enterprises are the most strategic tenderers, with 88% of the enterprises having 'European' tendering as part of the business strategy. In the construction sector the relevant percentage is 81% and in manufacturing/wholesale 77%.

Sources of information on tender opportunities

No large differences as for sources of tender information.

The sources used to obtain tender information only show minor differences between sectors. Construction firms somewhat more often tick other websites (than Tenders Electronic Daily = TED) and other sources not asked explicitly. And at the other hand, they use somewhat less specific tender consultancy services. This may be due to this sector being well organized, with sector-specific sources of information such as newspapers and websites.

table 49 **sources of information on tender opportunities used by successful SMEs, per sector (percentages of successful SMEs)**

Sources of information	*Manufacturing, wholesale*	*Construction*	*Business services*	*Total*
Tenders Electronic Daily (TED)	11	10	13	11
Specific tender consultancy services	17	9	18	15
Websites, other than TED	22	27	23	23
EU publications	18	20	22	19
Other	57	65	55	59

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Properly informed

Small differences as for feeling properly informed.

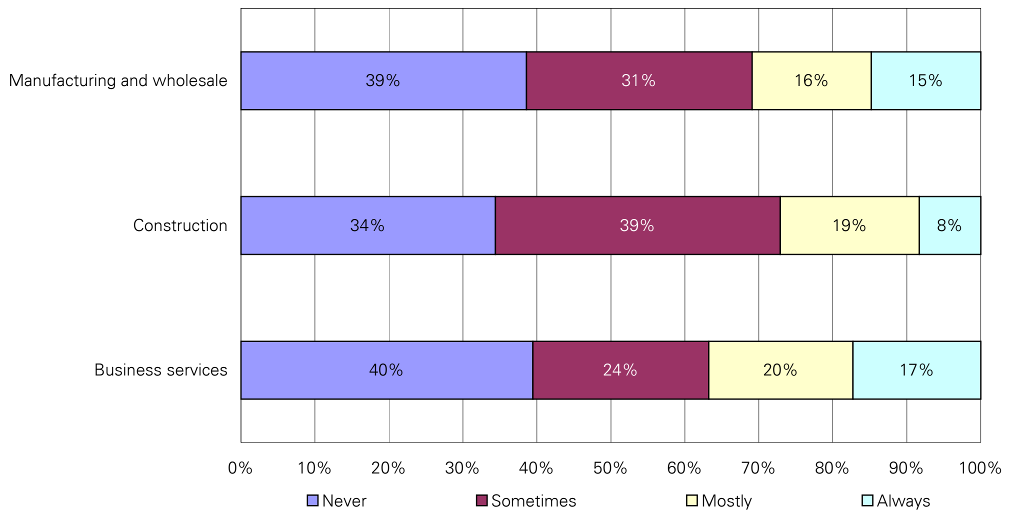
The differences by sector as for being properly informed about opportunities and rules with regard to public contracts are small. Manufacturing and wholesale firms feel a little bit better than average informed about tender opportunities (73%), construction firms somewhat less (68%). Business services are in between, with 70%.

Prior information notices

Prior information notices most appreciated by business service firms.

The value of prior information notices for setting up better tenders is most appreciated by business services firms: 17% says that prior information notices always help, whereas 15% says so in manufacturing/wholesale and only 8% in construction. But the score of the business services firms on the opposite, *i.e.* prior notices are 'never' of help, is with 40% also high (see figure 26).

figure 26 percentages of successful SMEs for which prior information notices help in drawing up better tenders by sector, in 2003



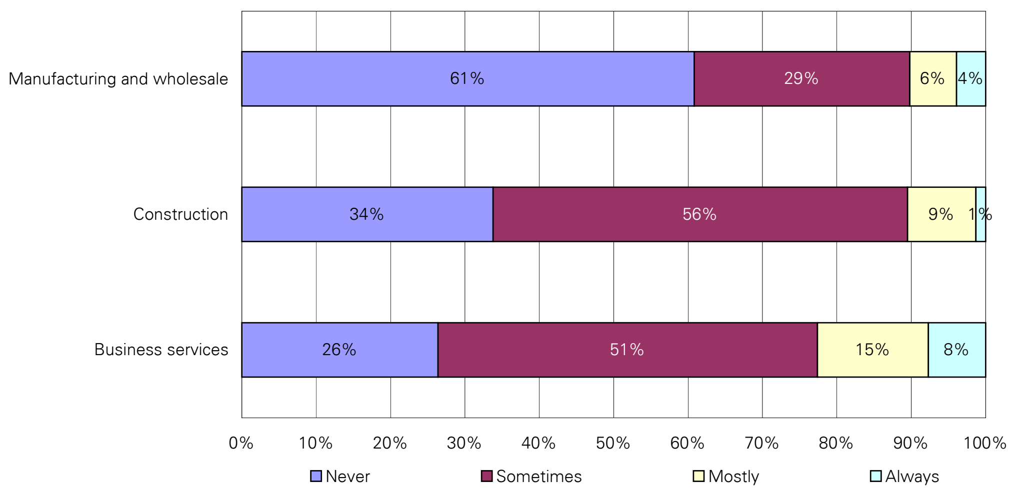
Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Extent of co-operation

Manufacturing and wholesale co-operate less, and construction more in tendering for public procurement.

Co-operation with partners when tendering for public procurement contracts under European regulation is less usual in the manufacturing and wholesale sector, and more in business services (see figure 27). The difference is attributed mainly to a difference between 'never' (manufacturing and wholesale) and 'sometimes' cooperating (business services and construction). And regular co-operation, covered by 'mostly' and 'always' co-operating, happens mostly in business services.

figure 27 percentages of successful SMEs cooperating with partners when tendering for public procurement contracts by sector, in 2003



Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Business service firms co-operate more often with small firms.

Size of co-operation partners

Business service firms that are cooperating for public procurement tenders do so with (other) small firms more often than construction, manufacturing and wholesale firms: two-thirds of their partners have less than 50 employees, against half in the other sectors. The manufacturing and wholesale sector is leading the field in cooperating with LSEs (see table 50).

table 50 usual size of partners of co-operating SMEs, per sector (percentages of co-operating successful SMEs), in 2003

Usual size class of partner(s)	*Manufacturing, wholesale*	*Construction*	*Business services*	*Total*
1 to 10 employees	14	19	23	19
10 to 50 employees	36	31	44	37
50 to 250 employees	30	33	21	28
250 employees or more	20	17	12	16
Total	100	100	100	100

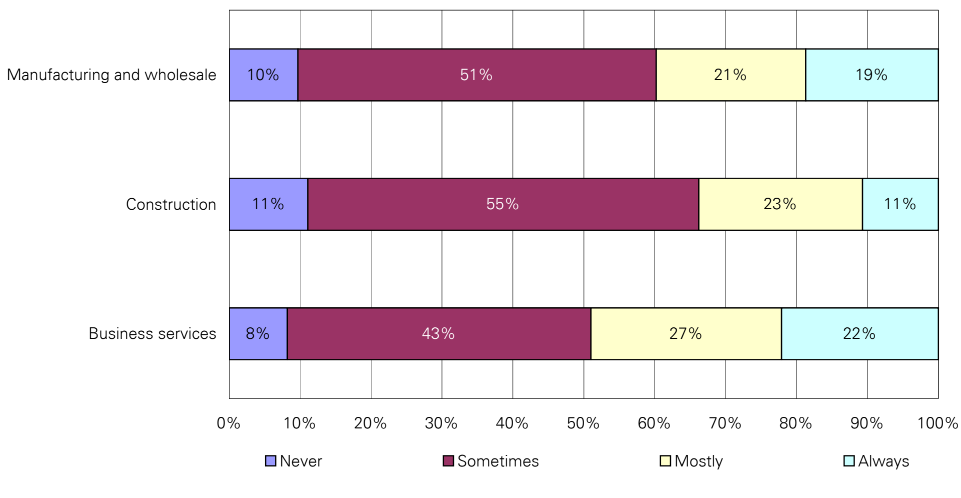
Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Half of the business services firms frequently ask questions.

Asking for additional information

Invitations to tender might contain unclear or not enough information so that it can be worthwhile to ask awarding authorities for some additional information. SMEs in the business services sector are more often asking questions to the awarding authority, as figure 28 shows. Half of these enterprises ask mostly or always questions to get information additional to the invitation to tender. Construction firms are relatively less inclined to ask questions.

figure 28 frequency of asking questions to the awarding authority by successful SMEs by sector, in 2003



Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Business services ahead in regularly updating required documents.

Updating administrative tender documents

Most firms in all three sectors regularly update the administrative documents required for public procurement tenders under European regulation. Business service firms are leading the field with 93%, followed by the manufacturing and the wholesale sector with 86% and the construction sector with 81%. The latter figure is surprising, as construction firms enter considerably more tenders.

Main problems in tendering

The main lines of the problems in tendering for public procurement contracts under European regulation ticked by respondents are the same for the three types of sector. However, there appear to be three differences worthwhile mentioning. Most striking is that the number of forms and files to be supplied, leading to administrative burdens, is less a problem in construction than in business services, and much less in manufacturing and wholesale. Second, manufacturing and wholesale enterprises mention more than the enterprises in the other sectors that they do not have enough information in the invitation to tender to prepare a good bid. Third, in the business services sector required levels of qualification and certification are more a problem than in the other sectors (see table 51 for the details).

table 51 main problems of successful SMEs in tendering for public procurement contracts under European regulations by sector (percentages of successful SMEs), in 2003

Problem	*Manufacturing, wholesale*	*Construction*	*Business services*	*Total*
Not enough information in the invitation to tender	20	16	15	18
Number of forms and files to be supplied (administrative burden)	19	9	14	16
Unclear wording in the invitation to tender	14	16	15	15
Short time span to draw up a tender	13	11	10	12
High financial requirements, for example bank guarantees	6	5	5	5
High qualification levels and certification required	4	4	8	5
Insufficient possibilities to ask questions about the proposal	4	3	4	3
Large project size in relation to firm size	3	4	2	3
Finding cooperation partners	0	1	0	0

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Improving SMEs' access to public contracts

Most improvement suggestions from business services enterprises.

Suggestions given by SMEs to improve the access to public contracts of small and medium-sized enterprises show slightly different accents per sector, with the business service sector generally mentioning improvement more often.

Reducing administrative burden and getting more information from the authorities are relatively important in all sectors. Next to it, clearer and simpler rules seem to be relatively emphasized by business service firms (see table 52 for more details).

table 52 issues to improve the access of SMEs to public contracts above the EU thresholds, mentioned by successful SMEs by sector (percentages of successful SMEs), in 2003

Issue	*Manufacturing, wholesale*	*Construction*	*Business services*	*Total*
More information from the authorities	13	13	17	14
Less administrative burden	19	13	23	18
Smaller size of the contracts	2	3	5	3
Lower level of qualifications	4	3	4	4
More time to look for partners	3	2	2	3
Reduce costs of preparing bids	4	3	9	5
Clearer and simpler rules	7	5	13	8
Other	43	47	45	44

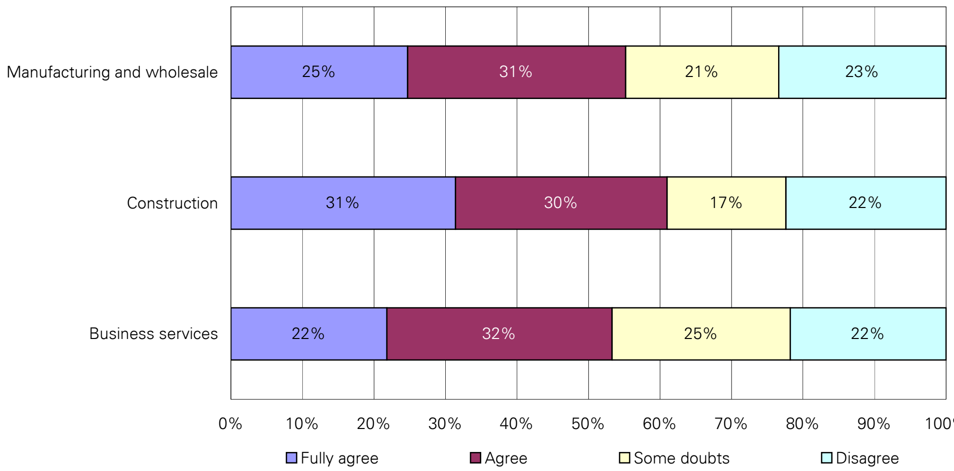
Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Construction firms expect somewhat more effect from pre-selection procedures.

Pre-selection procedures

A larger share of construction firms positively judge the effect that pre-selection procedures would have on their participation in public procurement tenders (see figure 29). Amongst construction enterprises 61% do (fully) agree with the statement that they would participate more often in public procurement tenders if awarding authorities made use of pre-selection procedures, amongst 56% respectively 54% of the enterprises in manufacturing/wholesale and the business services.

figure 29 percentages of successful SMEs that agree or disagree with the statement: 'I would participate more often in public procurement tenders if awarding authorities made use of pre-selection procedures', by sector



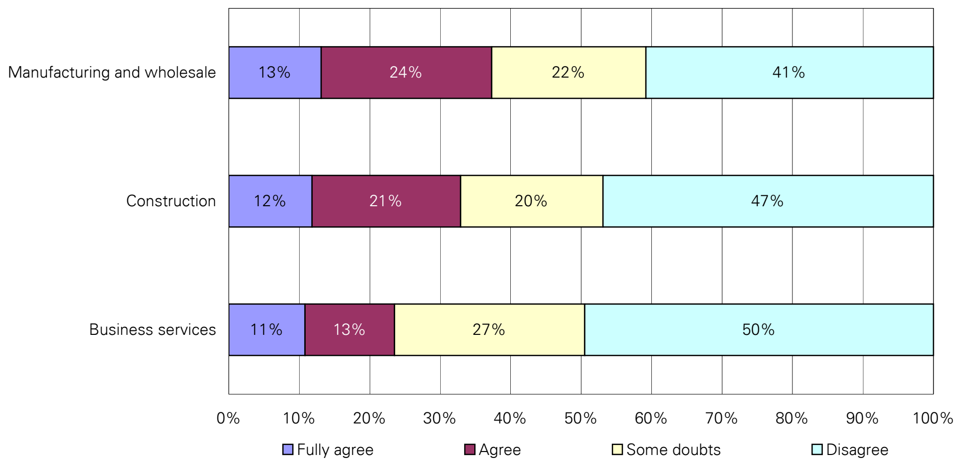
Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Finding partners: more effect expected in manufacturing and wholesale firms.

Finding suitable co-operation partners

Above it is presented that manufacturing and wholesale enterprises co-operate less than enterprises in the other sectors considered. That relatively less co-operation activity is not completely a free or strategic choice of manufacturing and wholesale enterprises is revealed in figure 30. Hence, being able to find suitable cooperation partners will have more effect on tendering for public procurement contracts in the manufacturing and the wholesale sector than in the business services sector.

figure 30 percentages of successful SMEs that agree or disagree with the statement: 'If our enterprise could find suitable cooperation partners more easily we would tender more often', by sector



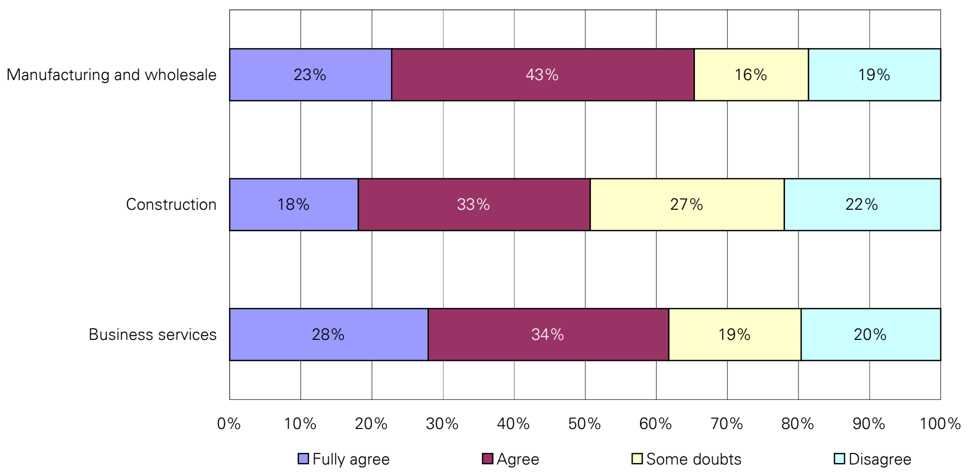
Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

External help and training

External help (relatively) less valued in the construction sector.

Firms in the construction sector more often disagree with or have doubts about the statement that external help and training for SMEs contributes to successful tendering for public procurement contracts under European regulation: 49%, against 35% among manufacturing and wholesale enterprises and 39% among business services (see figure 31).

figure 31 percentages of successful SMEs that agree or disagree with the statement: 'External help and training of small and medium-sized enterprises in drawing up proposals for public procurement contracts will increase the success rate of these enterprises', by sector



Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

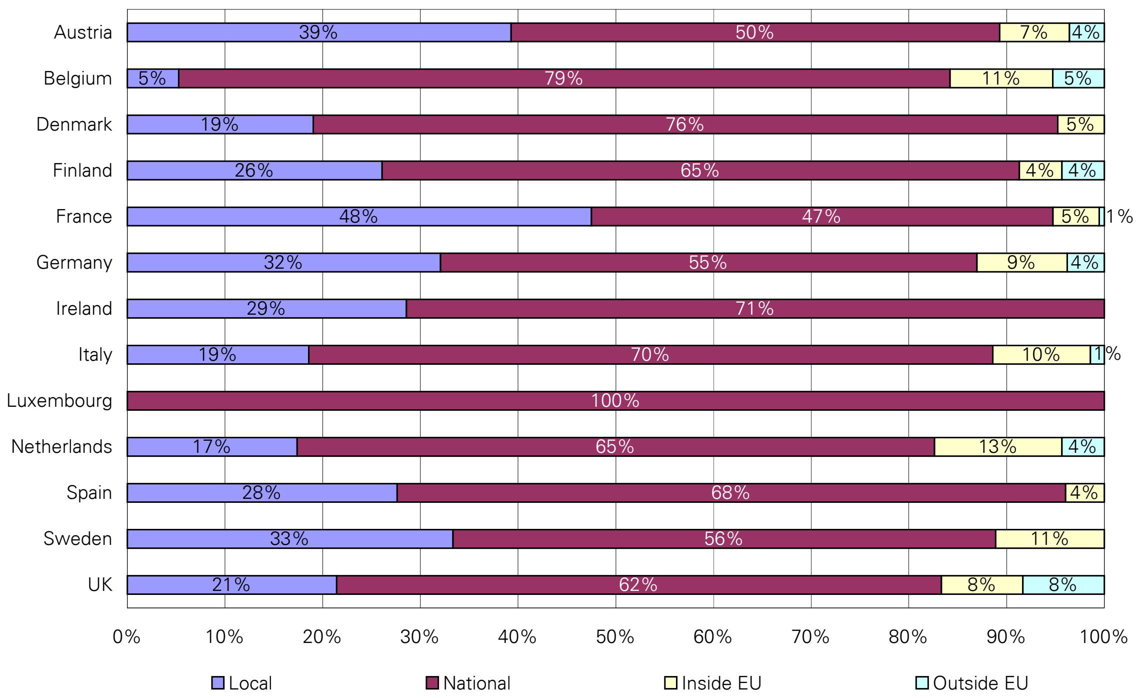
4.2.4 *By country*

Largest geographic market

Roughly spoken: in large countries, the local market is more important.

As for their geographic markets, figure 32 makes clear that national markets prevail. Respondents in the UK, The Netherlands and Belgium show the largest proportion of internationally oriented firms: one out of six SMEs foreign markets are their main markets. Overall average is less than 10%. A strikingly small proportion of the French and Spanish respondents is internationally active: 6 and 4%, respectively. The highest share 'local' is also found in France: 48%. Large countries in general have more enterprises with local and regional market orientation, for obvious reasons: going national requires a larger scale in a larger country. In the five large EU Member States, the share of 'local' is 37%, in the other countries this is 25%. Surprising is the high share of enterprises serving the local market in Austria being not one of the large Member States.

figure 32 main geographic market of successful SMEs by country (percentages of successful SMEs), in 2003



Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Importance of the public sector as clients

Public sector clients' share in sales lies between 43 and 64%.

On average, successful enterprises sell more than half of their sales (53%) to clients in the public sector. A breakdown into countries shows that the share of sales to public sector clients ranges from 43% in Luxemburg to 64% in Spain (see table 53 for the detailed figures). Apart from Spain, enterprises in Germany and Finland are relatively more used to and dependent on public sector clients.

table 53 average sales share to the public sector of successful SMEs per country, in 2003

Country	*Average percentage*
Austria	47
Belgium	48
Denmark	48
Finland	55
France	50
Germany	57
Ireland	45
Italy	53
Luxembourg	43
Netherlands	47
Spain	64
Sweden	44
United Kingdom	52
Total	53

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Competing for public procurement contract as part of strategy

In general, in large countries enterprises have less often European tendering as part of their strategy.

For SMEs in the large Member States (Germany, France, Spain, Italy and the United Kingdom), getting public procurement contracts under European contracting regulations is a bit less often a part of their enterprise strategy: 79%, versus 86% for the smaller Member States. Especially Italy as a large country deviates from this pattern, hence raising this average percentage.

Countries scoring 90% or more on this are Italy, Belgium, Sweden and Denmark. Therefore, successful SMEs in these countries are relatively conscious of the possibilities on the public procurement markets.

The least strategic involvement in public procurement among the enterprises is present in countries having a percentage below 76: France, Luxembourg, Austria and Spain (see table 54 for the exact shares).

table 54 percentages of successful SMEs having public procurement as a part of firm strategy per country, in 2003

Country	*Percentage*
Italy	96
Belgium	95
Sweden	94
Denmark	91
United Kingdom	88
Ireland	88
Netherlands	87
Finland	82
Germany	80
France	75
Luxembourg	75
Austria	74
Spain	73
Total	80

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Number of tenders

More tenders per firm in large countries.

In general, the number of tenders per SME submitted is related to country size: in smaller countries 22% of the firms report five tenders at the most, against 12% in the large countries. The percentages with 20 tenders or less are 58 (small countries) and 38% (large countries)[1].
The countries with the lowest score as for tenders per firm are Denmark and The Netherlands, followed by Belgium, the UK, Austria and Finland.
The highest numbers are registered in Spain and Germany, followed by Italy, Sweden and France. It appears that some enterprises are very active in public tendering under European legislation: almost half of the successful enterprises in Spain (and Luxembourg) have sent in more than 100 tenders during the last three years, and (more than) one-quarter in Germany and Italy.

[1] The percentages already mentioned (22 and 12%) are included here.

table 55 distribution of successful SMEs over classes of number of tenders submitted per SME in the last 3 years, per country (percentages)

Country	*5 tenders or less*	*6 through 20 tenders*	*21 through 50 tenders*	*51 through 100 tenders*	*More than 100 tenders*	*Total*
Austria	24	28	24	12	12	100
Belgium	18	47	12	12	12	100
Denmark	29	38	24	5	5	100
Finland	22	33	11	11	22	100
France	10	32	29	15	15	100
Germany	11	20	19	19	31	100
Ireland	13	38	25	13	13	100
Italy	10	27	25	13	25	100
Luxembourg		50			50	100
Netherlands	29	43	14	5	10	100
Spain	10	10	21	13	46	100
Sweden	12	29	24	18	18	100
UK	27	33	13	15	12	100
Total	14	28	23	14	21	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Success rate of tenders

Success rate high in Scandinavia and low in Germany.

Spain, Italy and Sweden are leading the field as far as the *number* of *successful* tenders per SME is concerned (see table 56 for the numbers of awarded tenders to the enterprises). Firms from Belgium, Austria and the Netherlands report a smaller than average number of successful tenders. However, these countries are amongst the countries in which enterprises forward relatively small numbers of tenders.

The success rate (defined as the ratio of successful and total tenders submitted per SME) is especially high for the three Scandinavian countries Sweden, Denmark and Finland, and for the UK (see table 57). For Germany not only the percentage of SMEs that have as success rate of 5% or less is highest, Germany also has the lowest percentage of SMEs that are successful in more than 50% of the cases.

table 56 distribution of successful SMEs over classes of numbers of successful tenders per SME in the last 3 years, per country (percentages)

Country	*5 tenders or less*	*6 through 20 tenders*	*21 through 50 tenders*	*51 through 100 tenders*	*More than 100 tenders*	*Total*
Austria	64	24	8	4		100
Belgium	72	21	7			100
Denmark	57	29	9	5		100
Finland	58	16	5	11	10	100
France	42	38	11	5	4	100
Germany	55	27	10	4	4	100
Ireland	80	20				100
Italy	25	47	16	9	3	100
Luxembourg	100					100
Netherlands	66	24	5	5		100
Spain	24	30	14	14	18	100
Sweden	35	29	24		12	100
UK	50	30	12	3	5	100
Total	46	33	11	5	5	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

table 57 distribution of successful SMEs over classes of success rates (= number of successful tenders divided by the total number of tenders submitted), per country (percentages)

Country	*5% or less*	*5% through 20%*	*20% through 50%*	*More than 50%*	*Total*
Austria	8	42	38	12	100
Belgium		25	58	17	100
Denmark	6	12	41	41	100
Finland	10	11	47	32	100
France	11	12	61	16	100
Germany	23	46	25	6	100
Ireland		40	40	20	100
Italy	8	24	43	25	100
Luxembourg			100		100
Netherlands	5	17	61	17	100
Spain	6	25	43	27	100
Sweden		13	40	47	100
UK	4	19	47	30	100
Total	12	25	45	18	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Sources information on tender opportunities

SMEs in small Member States use official sources more often.

Sources of information on tender opportunities for public procurement contracts under European regulations show an interesting difference between SMEs in the smaller and in the large EU Member States: small-country firms use official sources more often. Tenders Electronic Daily (TED) is used by 21% of SMEs in small countries and by 10% in the large ones. Furthermore, EU publications are a source to 23% of SMEs in the small countries and to 20% in the large countries. Other websites (than TED) are more often used in the large countries than in the smaller countries: 24 against 20%.

TED and EU publications are mostly used in the Netherlands, other websites in Austria, and tender consultancy services in Spain.

Analysis per country shows TED is an important source in The Netherlands, and in Denmark and Ireland. In Sweden, Finland, Spain and France it is hardly mentioned.
Specific tender consultancy services are popular in Spain and The Netherlands. In Luxembourg and Finland this information channel is not mentioned at all. Other websites than TED are often a source of information on tender opportunities in Austria and Italy, and relatively less in the Scandinavian countries: Finland, Denmark and Sweden are far all below average.
EU publications are an important source of information in the Netherlands and Denmark. In Sweden they are hardly mentioned as a source (see table 58 for the precise figures).

table 58 sources of information on tender opportunities used by successful SMEs per country (percentages of successful SMEs), in 2003

Country	*TED*	*Tender consultancy services*	*Other websites (than TED)*	*EU publications*	*Others*
Austria	21	11	41	26	67
Belgium	10	30	30	15	45
Denmark	29	19	10	30	38
Finland	5		4	22	70
France	4	7	23	19	61
Germany	16	11	29	23	64
Ireland	29	14	29	14	57
Italy	13	29	34	13	54
Luxembourg	25		25	25	33
Netherlands	39	39	22	35	35
Spain	4	47	18	18	55
Sweden		6	11	6	89
UK	25	18	17	16	51
Total	11	15	23	19	59

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Dutch enterprises make much use of different information channels.

Investigating table 58 from the angle of the countries it appears that in the UK the TED is the mostly used source of information. In Denmark, enterprises use the TED together with EU publications mostly. In Ireland and the Netherlands, the TED is also of importance but in these countries, other sources are used with almost the same frequency. Especially in the Netherlands, enterprises appear to use different information channels next to each other. In Spain, clearly the tender consultancy services outperform the rest of the information sources. In Belgium and Italy, these specific tender consultancy services are also used by enterprises quite often together with other websites (than TED). In Austria, France and Germany the other websites (than TED) is the most frequently mentioned information channel by successful enterprises. In Finland, most enterprises find their information in EU publications.

Properly informed

German and Austrian SMEs feel less informed on tender opportunities.

Italian, Dutch and Irish SMEs feel best informed with respect to opportunities and rules for public procurement contracts under European regulations, German and Austrian firms the least. SMEs from small and large Member States show an equal score on this (see table 59).

table 59 percentages of successful SMEs feeling properly informed about opportunities and rules with regard to public procurement contracts per country, in 2003

Country	*Percentage*
Italy	87
Ireland	86
Netherlands	82
Spain	78
France	75
Belgium	75
Sweden	71
Denmark	68
Luxembourg	67
Finland	65
United Kingdom	62
Germany	59
Austria	58
Total	71

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Prior information notices

Spanish SMEs especially positive on prior notices.

The question whether prior information notices help drawing up better tenders gets a similar score by SMEs in large and in small Member States. And the individual country scores differ 10% or less from average (on 'mostly' or 'always'), with one exception: a clear majority of Spanish SMEs feels that prior information notices mostly or always help in making better tenders (see table 60). On the other hand, half or more of the enterprises in Denmark, France or Luxembourg judge that prior information notices never help.

table 60 percentages of successful SMEs for which prior information notices help in drawing up better tenders per country, in 2003

Country	*Never*	*Sometimes*	*Mostly*	*Always*	*Total*
Austria	32	40	16	12	100
Belgium	21	42	16	21	100
Denmark	50	25	15	10	100
Finland	27	41	23	9	100
France	50	28	13	9	100
Germany	33	37	21	9	100
Ireland	29	57		14	100
Italy	28	29	29	14	100
Luxembourg	67	33			100
Netherlands	41	32	14	13	100
Spain	6	17	33	44	100
Sweden	39	22	17	22	100
UK	35	40	11	14	100
Total	38	31	17	14	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Extent of co-operation and size of co-operation partners

Co-operation partners smaller in France and Germany.

The extent of co-operation with partners for public procurement tenders under European regulations hardly shows any differences per country. The partners' size, however, does make a difference. Partners of German and French SME tenderers are above average small-sized (62 and 70% less than 50 employees, respectively), while on the other hand in the United Kingdom, partners are above average medium- or large-sized (only 28% less than 50 employees). The figures for the other countries should be interpreted with care, because they are based on small numbers (see table 61).

table 61 usual size of partners of co-operating SMEs per country (percentages of co-operating successful SMEs), in 2003

Country	*1 to 10 employees*	*10 to 50 employees*	*50 to 250 employees*	*250 employees or more*	*Total*
Austria	6	38	31	25	100
Belgium		50	25	25	100
Denmark	11	11	56	22	100
Finland	16	50	17	17	100
France	24	45	17	14	100
Germany	28	34	31	7	100
Ireland		25	25	50	100
Italy	5	43	35	17	100
Luxembourg		33	67		100
Netherlands	7	36	43	14	100
Spain	8	35	38	19	100
Sweden	50	33		17	100
UK	9	19	37	35	100
Total	19	37	28	16	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Asking for additional information

Dutch, Finnish, British and Danish SMEs ask more questions to awarding authorities.

Dutch SME tenderers are leading the field in asking questions to the awarding authority: 64% mostly or always. In Finland, Denmark and the UK the proportion mostly or always asking questions is also relatively high: 61, 59 and 59%, respectively. On the other hand, in Germany this is only 25%, in Italy 30 and in Spain 31%. On average, SMEs from small countries ask questions more often than SMEs from large countries do (see table 62 for the figures).

table 62 frequency of asking questions to the awarding authority by successful SMEs by country (percentages of successful SMEs), in 2003

Country	*Never*	*Sometimes*	*Mostly*	*Always*	*Total*
Austria	11	56	26	7	100
Belgium		48	24	29	100
Denmark		41	27	32	100
Finland	9	30	26	35	100
France	8	49	27	15	100
Germany	7	68	17	8	100
Ireland	25	25	13	38	100
Italy	19	51	20	10	100
Luxembourg		33	33	33	100
Netherlands	9	27	14	50	100
Spain	20	49	20	11	100
Sweden	18	29	18	35	100
UK	7	34	19	40	100
Total	10	50	23	17	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Updating administrative tender documents

Regular update of documents best taken care of in Italy and Spain.

Regular updates of the administrative documents for public tenders are more often made in large than in small Member States: 88 and 78%, respectively. Almost all respondent SMEs in Italy and Spain make regular updates, and in France and Belgium, only a small minority does not. The lowest score is for Finland, followed by Austria and Germany (see table 63).

table 63 percentages of successful SMEs making regular updates of required tender documents per country, in 2003

Country	*Percentage*
Spain	99
Italy	99
Belgium	95
France	92
Sweden	88
Ireland	86
Netherlands	83
Denmark	81
United Kingdom	80
Germany	76
Luxembourg	75
Austria	70
Finland	61
Total	86

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Main problems in tendering

Importance of main obstacles differs per country; in some countries, some specific barriers are experienced.

Not getting enough information in the invitation to tender seems to be less a problem in Spain and Sweden, as shown in table 64. Likewise, administrative burdens are less a problem in Italy, Finland and Austria. (The results for Ireland and Luxembourg should be interpreted with care, because they are based on small numbers.)
Remarkable is the relative height of specific barriers in some countries: unclear wording in the invitation to tender in Italy, high qualification levels and certification required in the Netherlands and Sweden, and the large project size in relation to the firm size in Finland.

table 64 main problems of successful SMEs in tendering for public procurement contracts under European regulations by country (percentages of successful SMEs), in 2003

Problem	*A*	*B*	*DK*	*FIN*	*F*	*D*	*IRL*	*I*	*L*	*NL*	*E*	*S*	*UK*	*Total*
Not enough information in the invitation to tender	19	21	14	22	19	18	0	20	25	17	12	11	21	18
Number of forms and files to be supplied (administrative burden)	7	16	18	4	20	10	0	7	0	18	20	11	17	16
Unclear wording in the invitation to tender	18	5	18	9	11	20	0	29	0	17	9	17	15	15
Short time span to draw up a tender	11	10	18	4	12	10	14	17	0	9	20	6	10	12
High financial requirements, for example bank guarantees	11	10	5	0	5	6	14	0	0	9	12	0	3	5
High qualification levels and certification required	4	5	5	5	3	4	0	1	0	18	9	17	10	5
Insufficient possibilities to ask questions about the proposal	4	5	5	4	5	4	0	3	0	4	0	0	1	3
Large project size in relation to firm size	7	5	5	13	2	4	0	1	0	5	0	0	4	3
Finding cooperation partners	4	0	0	4	0	0	0	1	0	0	0	0	0	0

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Enterprises in small countries ask for simpler rules and smaller contracts.

Improving SMEs' access to public contracts

The issues to improve the access of small and medium-sized enterprises to public contracts show the clearest difference between small and large Member States for clearer and simpler rules, and a smaller size of the contracts. Clearer and simpler rules are ticked by 12% in the small countries, and by 7% in the large ones. It is especially an issue in Denmark, the Netherlands and the UK, and hardly in Austria and France (see table 65).

As table 65 shows, especially SMEs from the United Kingdom and from Ireland mention getting more information from the authorities among their top-3 issues for improvement. In France and Denmark this is much less an issue: the relevant proportion is 10% or less.

Administrative burdens are a problem, but the extent varies considerably over the countries.

Administrative burden is proportionately the hottest issue, but the differences per country are considerable. The top-rankings on this issue are for the Benelux countries (27-33% of the successful SMEs). In addition, in France, Denmark and the UK, it is ticked by well over 20% of the respondents as well. Remarkable low figures are registered in Austria, Finland, Germany and Sweden (see table 65).

Contract size: Denmark and Ireland on top.

In Denmark and Ireland, a relatively large number of the SME respondents tick a smaller size of the contracts for public procurement as one of the top-3 issues to be improved (see table 65). Given the barrier faced by Finnish firms by the large project size in relation to the firm size, it is remarkable that only an average number of the enterprises see this issue as a good solution to improve SMEs' access.

Lower level of qualifications: Netherlands and Denmark.

A lower level of qualifications is an issue for desired improvement mentioned by an above average proportion of respondents in the Netherlands and Denmark. In the Netherlands, this is clearly explained by the barrier faced by the Dutch firms. Obviously, Swedish firms give this solution a lower priority to solve the impediment caused by the high qualification levels required.

Spain, Austria and Denmark ask for reduction of the bid costs.

Reducing the costs of preparing bids is an issue ticked by Spanish, Austrian and Danish SMEs.

table 65 issues to improve the access SMEs to public contracts above the EU thresholds, mentioned by successful SMEs by country (percentages of successful SMEs), in 2003

Issue	*A*	*B*	*DK*	*FIN*	*F*	*D*	*IRL*	*I*	*L*	*NL*	*E*	*S*	*UK*	*Total*
More information from the authorities	14	22	10	14	8	15	29	16	25	14	20	13	27	14
Less administrative burden	4	32	24	4	25	6	14	10	33	27	17	6	22	18
Smaller size of the contracts	4	5	14	5	1	2	14	3		4	3		5	3
Lower level of qualifications	4		10	4	5			3		13	5	6	5	4
More time to look for partners	4				4	1		4			1		1	3
Reduce costs of preparing bids	11		10	4	4	3		3			13		4	5
Clearer and simpler rules	4	11	24	9	4	7	14	15		18	7	12	17	8

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

Pre-selection procedures

Ireland, Spain and UK see the most positive effect of pre-selection procedures.

The use of pre-selection procedures would improve SME participation in public procurement tenders more according to SMEs in Ireland, Spain and the UK: the respondents judge the effect of pre-selection procedures most positive. Respondents in the Scandinavian countries (Sweden, Finland, Denmark) agree the least with the statement (see table 66, first column).

Finding suitable co-operation partners

Most Dutch en Danish firms expect that the effect of finding suitable partners on tendering is absent.

SMEs from the UK most often expect positive effects of finding the right partners for co-operation on their frequency of tendering for public procurement contracts. On the other hand, a robust majority in the Netherlands and Denmark, and also more than half of the Germans, disagree with the statement that finding suitable partners would produce more tendering (success) (see table 66, middle column).

External help and training

Three out of four Finnish and British enterprises judge that external help and training will help.

The effect that external help and training would have on the success rate of SMEs is valued most positive by Finnish and by British respondents. Most sceptical are the Germans, Dutch and Austrian, although still around half of the enterprises think it will help (see table 66, last column).

table 66 percentages of successful SMEs that agree or disagree with the statements, by country

	Statement: I would participate more often in public procurement tenders if awarding authorities made use of pre-selection procedures			*Statement: If our enterprise could find suitable co-operation partners more easily we would tender more often*			*Statement: External help and training of SMEs in drawing up proposals for public procurement contracts will increase the success rate of these enterprises*		
Country	*Agree*	*Some doubts*	*Dis-agree*	*Agree*	*Some doubts*	*Dis-agree*	*Agree*	*Some doubts*	*Dis-agree*
Austria	59	11	30	32	11	57	54	14	32
Belgium	53	11	37	40	15	45	65	15	20
Denmark	47	11	42	18	5	77	65	10	25
Finland	35	25	40	36	18	46	77	14	9
France	55	35	11	39	35	26	61	24	15
Germany	56	12	32	25	14	62	46	24	30
Ireland	67	17	17	38	25	38	72	0	29
Italy	59	11	30	34	11	54	68	13	19
Luxembourg	33	33	33	50	25	25	67	33	0
Netherlands	55	9	36	9	4	87	57	10	33
Spain	62	16	22	27	20	53	66	14	20
Sweden	44	6	50	33	11	56	71	12	18
UK	67	11	22	42	17	41	76	10	15
Total	56	21	23	33	23	44	60	20	20

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst SMEs in 2003.

4.2.5 *Conclusions*

The results of the survey amongst SMEs that won a public procurement tender in 2001 present the following findings:

EU level

- Successful SMEs appear considerable experienced in tendering under European legislation. They submitted quite a lot of tenders during the last three years and most of the enterprises have tendering under European legislation as part of their business strategy and update the needed administrative documents regularly.
- 'Piggy-back tendering' for public procurement contracts, SMEs using contacts with an large enterprise to get orders in this field, is rather an exception than the rule, as most enterprises do not co-operate at all and five out of six co-operation partners in tendering are SMEs themselves.
- Problems SMEs meet in tendering for public procurement contracts under European regulations are mostly 'design problems': deficient information and unclear wording in the invitations to tender. Short time spans for drawing up a tender are probably a secondary effect of both these problems and the other main problem mentioned is a well-known problem: administrative burden.

– Linked to the former issue are the two main issues for improvement: reducing administrative burdens and better information from the authorities.
– A suggestion to improve speed and quality of information exchange is to make information better available through Internet, and enable tenderers to supply their information/documents through Internet as well.

By sector

– Construction enterprises serve the local market most and submit on average more tenders per SME than SMEs in the manufacturing/wholesale and business services sector. However, on average they win less tenders than in the other sectors. It is also the construction sector that is hampered the least by administrative burdens.
– It might be postulated that the business services sector is the most developed public procurement market, since amongst the successful enterprises more than 75% of their public procurement contracts falls under European regulation, they have this kind of tendering most often as part of their strategy, they co-operate the most, asks questions most regularly, and update their administrative documents most regularly (in comparison to the enterprises in the other sectors).

By country

– The German success rate in tendering for public procurement is remarkable low, the Scandinavian scores high.
– German and Austrian respondents feel less informed about tender opportunities.
– SMEs in large EU Member States use TED and European publications less than their counterparts in small Member States do. Probably, in large Member States, more local and sector specific information channels are available than in small ones. Enterprises in small countries are used to cross-border activities so they make use of EU level information channels more often.

4.3 Experiences of awarding authorities

4.3.1 *Introduction*

This section contains the experiences of authorities that awarded a public procurement contract. This is based on 395 telephonic interviews with authorities that awarded a public procurement contract to an SME. In successive subsections, this is described on EU-level, by sector and by country. Within each subsection, we present results on:
– involvement of the authorities in public procurement,
– providing information on public procurement,
– experiences with SMEs,
– suggestions to improve the access of SMEs to public procurement contracts.

4.3.2 *EU-level*

Numbers of invitation to tender published

Slightly more invitations to tender published below the EU threshold level.

At EU level, slightly more invitations to tender were published by awarding authorities below the threshold for European Procurement than above this threshold. As table 67 shows, 40% of the awarding authorities published on average over the last three years less than 10 invitations to tender above the threshold and one-third between 10 and 50 tenders. As table 68 shows, almost 40% of the awarding authorities published more than 50 invitations to tender per year with a value below the threshold.

table 67 distribution of awarding authorities over classes of numbers of invitations to tender published on average per year per authority *above* the EU thresholds (percentages)

Average number per year	*Above the EU threshold level*
Less than 10	40
10 to 50	33
50 or more	27
Total	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

table 68 distribution of awarding authorities over classes of numbers of invitations to tender published on average per year per authority *below* the EU thresholds (percentages)

Average number per year	*Below the EU threshold level*
Less than 10	30
10 to 50	32
50 or more	38
Total	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Central guidelines for European-sized procurement

Central guidelines are widely applied.

Almost all awarding authorities (89%) have central guidelines applicable to all tender procedures that are subject to European regulations. Almost two-thirds (63%) of the awarding authorities also provide general guidelines to enterprises on how to best prepare an offer.

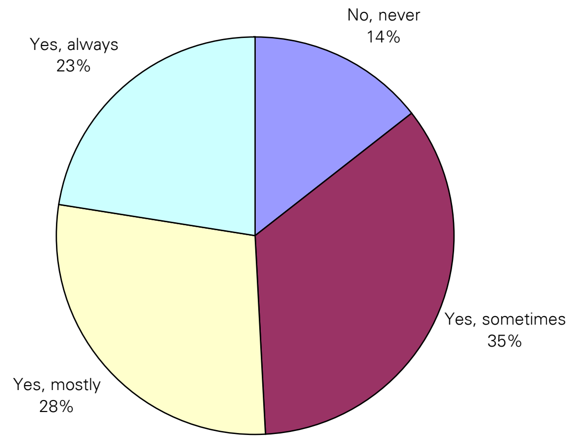
This would suggest that some form of consistency in award procedures is guaranteed, which makes the procedures more transparent. However, the level of detail of these central guidelines and the way they are implemented in practice may differ strongly between awarding authorities.

Considering breaking up tenders into smaller lots

Most authorities consider breaking up tenders into smaller lots.

More than 85% of the awarding authorities consider breaking up tenders into specific lots in order to make the procedure more accessible to smaller enterprises (see figure 33). This method is not always applied, but awarding authorities are very much aware of the possibility of breaking up a tender into smaller lots. Nearly one-quarter even always considers breaking up tenders into smaller lots.

figure 33 percentages of awarding authorities considering breaking up tenders into smaller lots in 2003



Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Reasons for not breaking up tenders

Legal complications prevent authorities to break up tenders.

Those awarding authorities that never consider breaking up tenders into smaller lots were asked for their reasons. As table 69 demonstrates, legal complications are the biggest impediment for not breaking up the tenders into smaller lots (mentioned by 31% of awarding authorities). Furthermore, the fear of high coordination costs and the requirement of one overall solution were mentioned by one-fifth of the interviewed authorities.

table 69 main reasons for not breaking up tenders into smaller lots (percentages of awarding authorities not breaking up tenders)

Reason	*Percentage*
Legal complications in breaking up into lots	31
High coordination costs	22
One overall solution required	19
Contracts are too small to divide into lots	3
Large contracts are cheaper (costs)	1
Other	15

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Information provision to potential bidders

A variety of information channels is used.

A large variety of channels is used to inform potential bidders on procurement possibilities (see table 70). Drawing up a prior information notice is used by 46% of the awarding authorities. One-quarter of the awarding authorities publish their tender in an official journal at national or EU level. Prior to the start of the procurement procedure, other systems are also applied to inform tenderers. Most common is providing general information via the Internet. More labour-intensive means such as an information session prior to the procedure is used by only one-quarter of the awarding authorities. For providing information to registered bidders fax (45%) and e-mail (38%) are still popular. An electronic message board is used by one-fifth of the interviewed. Other systems applied are newspapers, mail, telephone and occasionally via personal interviews.

table 70 systems used to provide information to potential bidders in 2003 (percentages of awarding authorities)

System	*Percentage*
Drawing up a prior information notice	46
Information via fax (only for registered bidders)	45
Information via the Internet (general information)	43
Information via e-mail (only for registered bidders)	38
Information session for selected bidders	29
Information session prior to starting the procedure	24
Official tender publication (national and/or EU)	24
Electronic message board	20
Other	21

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

E-procurement

One-quarter uses e-procurement.

One-quarter of the awarding authorities make use of e-procurement, *i.e.* tendering via the Internet. This form of tendering is designed to reduce the administrative burdens for both the awarding authorities and the tenderer.

Framework contracts with SMEs

43% of the awarding authorities have experience with framework contracts with SMEs.

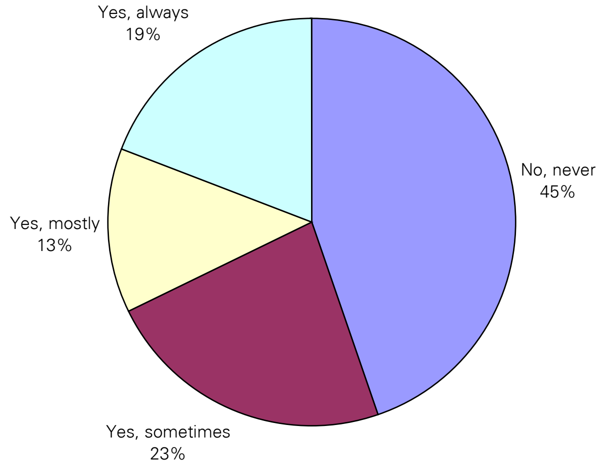
In the survey, awarding authorities were asked to what extent they have experience with framework contracts with SMEs. 43% of the awarding authorities mentioned that they have framework contracts with smaller enterprises.

Promoting partnerships

55% of the awarding authorities promote partnerships.

More than half (55%) of the awarding authorities actively offer the possibility for co-operation between different smaller suppliers (see figure 34). In some cases, a partnership can be the only way for a small enterprise to fulfil all the necessary requirements or tasks for a contract.

figure 34 percentages of awarding authorities offering possibility to form partnership in 2003



Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

SMEs' strong points

SMEs' main asset is its flexibility.

When asked what the main strengths are of working with small and medium-sized enterprises compared to working with large enterprises, awarding authorities mention a large number of different aspects. Most of these are mentioned by less than 10% of the interviewed authorities. Flexibility (28%) clearly stands out as the most important asset for SMEs. Secondly, the direct relationship (12%) and the way SMEs communicate (9%) are valued. 10% of the awarding authorities mention the quality of the personnel and the organisation of the work as strong points.

table 71 SMEs' strong points according to awarding authorities in 2003 (percentages of awarding authorities)

Strong points	*Percentage*
Flexibility	28
Direct relationship	12
Quality of the personnel	10
Organisation of the work	10
Communication	9
Price	8
Local	7
Co-operation with other enterprises	7
Involvement/commitment	5
Tender specifications	4
Meeting the deadlines	3
Continuity in enterprise	2
Other	7

Note: More answers allowed.

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

SMEs' weak points

Perception of awarding authorities: SMEs do not have the financial capacity and continuity in their enterprise.

Awarding authorities worry most about whether SMEs have the means to deliver the required services or goods. Items relating to the continuity in the enterprise (12%) and lack of financial capacity and resources (14%) are most often mentioned as weak points. Interestingly enough, the organisation of the work (11%) and the quality of the personnel (8%) are considered by some awarding authorities as weak points. These points were also mentioned by other awarding authorities as strong points.

table 72 SMEs' weak points according to awarding authorities in 2003 (percentages of awarding authorities)

Weak points	*Percentage*
(Financial) capacity/resources	14
Continuity in enterprise/uncertainty deliveries/supplies	12
Organisation of the work	11
Quality of the personnel	8
Price	7
Meeting the deadlines	6
Flexibility	4
Experience/knowledge	3
Co-operation with other enterprises	2
Communication	1
Tender specifications	1
Other	4

Note: More answers allowed.

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Measures taken to improve accessibility of SMEs to tender procedures

More than half of the awarding authorities take measures to improve accessibility of SMEs.

More than half (57%) of awarding authorities take measures to improve accessibility of SMEs. About one-third (30%) of the awarding authorities try to divide tenders into smaller lots in order to improve the accessibility of SMEs to public procurement procedures. A second method applied is to provide additional information. This is not only done via the Internet, etc. (24%), but also at a local or regional level (12%). A further 12% of the interviewed authorities provide the possibility for sub-contracting or partnership.

table 73 measures taken by awarding authorities to improve the situation of SMEs in 2003 (percentages of awarding authorities)

Measure	*Percentage*
Divide tender into lots	30
Provide additional information (via Internet, etc.)	24
Provide additional information (locally/regionally)	12
Provide possibility for sub-contracting/partnership	12
Provide additional counselling	3
Establish general databank with tender info	1
Make qualifications less strict (economic/technical threshold)	1
Other	16

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

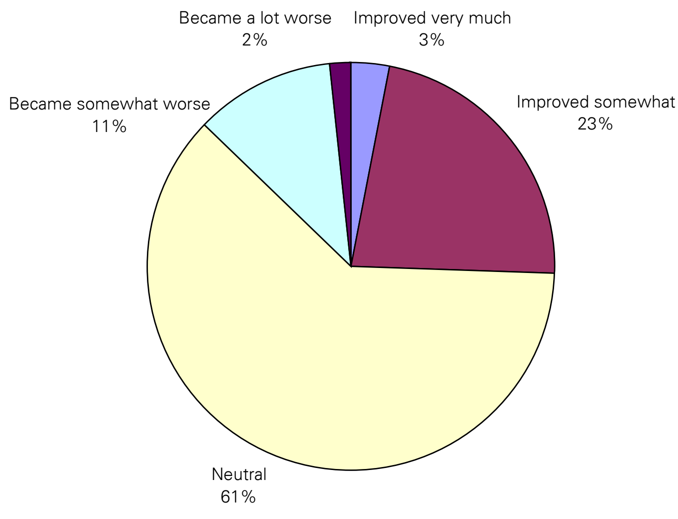
Influence of European regulations

European regulations seem not to have influenced accessibility for SMEs.

The European procurement regulations are put in place to increase transparency and give all enterprises a fair chance in obtaining contracts from European-scale tenders. Most awarding authorities (61%) take a neutral position when asked whether the European regulations have changed the accessibility of procurement procedures for smaller enterprises. One-quarter feel that the situation has improved for smaller enterprises.

Unfortunately, it is rather difficult to draw firm conclusions on this aspect since the largest part of the answers given were neutral. This might imply that some points have improved and others have not, but it is also possible that awarding authorities do not know how EU regulations have influenced the accessibility of procurement procedures for smaller enterprises.

figure 35 influence of EU regulations on the accessibility of procurement procedures for smaller enterprises according to awarding authorities (percentages of awarding authorities)



Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Suggestions for improving accessibility for SMEs

More and better information and simpler rules and regulations should improve accessibility for SMEs.

The awarding authorities were asked to provide suggestions on how to improve the accessibility of procurement procedures for SMEs. More and better information is considered to be the key to improving the accessibility of procurement procedures for SMEs (see table 74). Simplification of rules (16%) and reducing the administrative requirements (13%) are other important suggestions made for improvements. Despite the fact that many awarding authorities do consider breaking up tenders into smaller lots, only by 8% of the authorities mention this as an effective way to improve access of small and medium-sized enterprises to public procurement above the European thresholds.

table 74 suggestions of awarding authorities to improve accessibility for SMEs in 2003 (percentages of awarding authorities)

Suggestions	*Percentage*
Giving more and better information	25
Simplification of rules	16
Reducing administrative requirements	13
Breaking big contracts into smaller lots	8
Better preparation of small and medium-sized enterprises	5
External training of small and medium-sized enterprises	5
Communication via other channels, *e.g.* Internet	4
Co-operation	4
Offering external help by finding co-operation partners	2
Change threshold values	3
SMEs have to become more active themselves (reading journals)	3
Other	4

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

4.3.3 *By sector*

For the survey, we selected authorities that awarded contracts in manufacturing and wholesale, construction and business services. In analysing the results of the survey, we assume that a respondent of an authority is mainly concerned with procurement in only one sector, and that the experiences of the respondent are mainly concerned with procurement in that sector. In this way we distinguish:

– awarding authorities active in the manufacturing and wholesale sector,
– awarding authorities active in the construction sector,
– awarding authorities active in the business services sector.

Numbers of invitations to tender published

In business services, fewer invitations to tender are published.

As demonstrated in table 75, half (51%) of the awarding authorities active in the business services sector on average publish invitations to tender above the EU threshold level less than 10 times per year, while for authorities active in the construction sector the corresponding figure is 28% and for authorities active in the manufacturing and wholesale sector 40%. This would imply that awarding authorities active in the construction sector on average publish slightly more invitations to tender per year above the EU threshold than awarding authorities in other sectors.

table 75 distribution of awarding authorities over classes of numbers of invitations to tender published on average per year per authority *above* the EU thresholds, by sector (percentages)

Average number per year	*Manufacturing and wholesale*	*Construction*	*Business services*
Less than 10	40	28	51
10 to 50	30	38	36
50 or more	30	34	14
Total	100	100	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

table 76 distribution of awarding authorities over classes of numbers of invitations to tender published on average per year per authority *below* the EU thresholds, by sector (percentages)

Average number per year	*Manufacturing and wholesale*	*Construction*	*Business services*
Less than 10	33	19	33
10 to 50	39	23	25
50 or more	29	58	42
Total	100	100	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Below the threshold level for European procurement projects, 58% of awarding authorities active in the construction sector publish on average more than 50 invitations to tender per year (see table 76). Whereas the corresponding figures for the awarding authorities active in manufacturing, wholesale and business services sectors are 29 and 42%, respectively. Both awarding authorities active in the construction and in the business services sector publish more invitations to tender below the European threshold level than above this threshold. Most awarding authorities have considerable experience with procurement procedures that are subject to EU regulations. The figures would suggest that authorities interviewed that are active in the business services sector have the least experience with EU procurement procedures and those active in the construction sector have the most experience.

General guidelines are widely applied

Awarding authorities active in business services use central guidelines relatively less often.

Central guidelines apply for almost all awarding authorities active in the manufacturing and wholesale sector and construction sector. However, only three-quarters of the authorities active in the business services do apply central guidelines.

table 77 percentages of awarding authorities using central guidelines applicable to all tender procedures by sector, in 2003

Sector	*Percentage*
Manufacturing and wholesale	92
Construction	96
Business services	74
Total	89

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Although central guidelines for tender procedures do apply for the most part of the awarding authorities, general guidelines for the bidders are not provided by all. As can be seen from table 78, this especially holds for the manufacturing and wholesale sector (56%).

table 78 percentages of awarding authorities providing general guidelines to enterprises on how to best prepare an offer by sector, in 2003

Sector	*Percentage*
Manufacturing and wholesale	56
Construction	76
Business services	66
Total	63

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Breaking up into smaller lots

Authorities active in the construction sector consider breaking up contracts into smaller lots most often.

Procurement procedures can be made more accessible to smaller enterprises if the tenders are broken up into specific lots. When formulating the terms of reference for a tender it is most common for awarding authorities active in the construction sector to consider breaking up tenders into smaller lots, as can be seen from table 79. Whereas this practice is less applied by authorities active in the business services sector.

table 79 percentages of awarding authorities considering breaking up tenders into smaller lots by sector, in 2003

	Manufacturing and wholesale	*Construction*	*Business services*	*Total*
No, never	13	12	19	14
Yes, sometimes	32	35	42	35
Yes, mostly	33	24	24	28
Yes, always	23	29	15	23
Total	100	100	100	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Information provision to potential bidders

Awarding authorities active in the construction sector use fewer information channels.

As can be gleaned from table 80, for awarding authorities active in the construction and business services sector the three most important systems used to provide information to potential bidders are drawing up a prior information notice (52 and 50%), general information via the Internet (50, resp. 47%) and information via fax for registered bidders (43% resp. 45%). For authorities active in the manufacturing and the wholesale sector, the top-3 is somewhat different: information via fax (45%), information via e-mail (for registered bidders only) (43%) and drawing up a prior information notice (41%) are almost equally often used.

It can further be noted that only one-quarter of the authorities active in the construction sector use e-mail, whereas 43% of authorities active in the manufacturing and wholesale and business services sectors do so. Similarly, awarding authorities active in the construction sector use the information session for selected bidders or an electronic message board less often than in the other two sectors. It seems that more traditional communication tools (letter, newspaper etc.) are applied in this sector.

table 80 systems used to provide information to potential bidders by sector (percentages of awarding authorities), in 2003

System	*Manufacturing and wholesale*	*Construction*	*Business services*	*Total*
Drawing up a prior information notice	41	52	50	46
Information via fax (only for registered bidders)	45	43	45	45
Information via the Internet (general information)	39	50	47	43
Information via e-mail (only for registered bidders)	43	24	41	38
Information session for selected bidders	30	19	40	29
Information session prior to starting the procedure	28	16	25	24
Official tender publication (national and/or EU)	27	27	15	24
Electronic message board	21	9	29	20
Other	18	26	23	21

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

E-procurement

All awarding authorities active in the various sectors use e-procurement to the same extent (see table 81): about one-quarter of the awarding authorities.

table 81 percentages of awarding authorities making use of e-procurement by sector, in 2003

Sector	*Percentage*
Manufacturing and wholesale	25
Construction	25
Business services	22
Total	25

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Framework contracts with SMEs

Framework contracts are most common for authorities active in the construction sector.

In table 82 it is shown that framework contracts with SMEs are most common in the construction sector.

table 82 percentages of awarding authorities having framework contracts with smaller enterprises by sector, in 2003

Sector	*Percentage*
Manufacturing and wholesale	39
Construction	54
Business services	42
Total	43

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Actively promoting partnerships between SMEs

Promoting partnerships between SMEs are most common for authorities active in the construction sector.

Offering possibilities for SMEs to cooperate in partnerships is a way of improving SMEs' accessibility to tender procedures and is most common for authorities active in the construction sector. This might be explained by the fact that sub-contracting is very common practice in the construction sector. More than half of the authorities active in manufacturing and wholesale do not offer the possibility to form partnerships. It seems that in this sector an all-in-one offer is preferred to a combination of various smaller enterprises. This finding coincides with the relatively low co-operation degree noticed amongst the tendering enterprises (see section 4.2) in this sector.

table 83 percentages of awarding authorities offering possibilities to form partnership by sector, in 2003

	Manufacturing and wholesale	*Construction*	*Business services*	*Total*
No, never	55	27	41	45
Yes, sometimes	17	28	31	23
Yes, mostly	14	12	14	13
Yes, always	15	34	14	19
Total	100	100	100	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

SMEs' strong points

Different aspects of SMEs are appreciated by awarding authorities active in the various sectors.

As can be seen in table 84, flexibility of SMEs is for awarding authorities active in all sectors important, especially for authorities active in the construction sector. For authorities active in the manufacturing and the wholesale sector flexibility (29%), followed by direct relationships (14%) and the organisation of the work (13%) are SMEs' main strong points. In addition to flexibility (33%) and direct relationships (14%), awarding authorities active in the construction sector consider price (13%) an asset for SMEs. Authorities active in the business services sector find flexibility (21%), quality of the personnel (15%) and communication (13%) the most important strong points of SMEs.

table 84 SMEs' strong points according to awarding authorities by sector (percentages of awarding authorities), in 2003

Strong points	*Manufacturing and wholesale*	*Construction*	*Business services*	*Total*
Flexibility	29	33	21	28
Direct relationship	14	14	7	12
Quality of the personnel	8	8	15	10
Organisation of the work	13	6	4	10
Communication	8	9	13	9
Price	7	13	5	8
Local	8	9	4	7
Co-operation with other enterprises	6	9	7	7
Involvement/commitment	6	4	5	6
Tender specifications	5	3		4
Meeting the deadlines	3	5	4	3
Continuity in enterprise	1	0	4	2
Other	3	15	5	7

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

The lack of financial capacity is considered the most important weak point of SMEs.

SMEs' weak points

The financial capacity of SMEs is considered a weak point of SMEs by almost one-quarter of the authorities active in the construction sector (see table 85). The second most important weak point of SMEs for authorities active in this sector is continuity in the enterprise or the uncertainty of deliveries and supplies (13%). Furthermore, the quality of personnel (9%) and the ability of meeting deadlines (9%) are indicated as weak points by authorities active in the construction sector.

For awarding authorities active in the business services, the main weak point of SMEs is also their financial capacity (16%). The organisation of the work (12%) and to a lesser extent continuity in the enterprise (8%) or the quality of personnel (9%) are indicated as weak points.

Authorities in the manufacturing and wholesale sector consider SMEs' financial capacity less of a problem (9%). For them the continuity in the enterprise (13%) and the organisation of the work (12%) are important weak points.

table 85 SMEs' weak points according to awarding authorities by sector (percentages of awarding authorities), in 2003

Weak points	*Manufacturing and wholesale*	*Construction*	*Business services*	*Total*
(Financial) capacity/resources	9	24	16	14
Continuity in enterprise/uncertainty deliveries/supplies	13	13	8	12
Organisation of the work	12	7	12	11
Quality of the personnel	7	9	9	8
Price	9	4	4	7
Meeting the deadlines	6	9	2	6
Flexibility	6	2	2	4
Experience/knowledge	2	2	6	3
Co-operation with other enterprises	1	1	5	2
Communication	2		1	1
Tender specifications	2	1	1	1
Other	2	4	9	4

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Around 60% of the authorities active in manufacturing/wholesale and in construction take action to improve the situation of SMEs.

Measures taken to improve accessibility of SMEs

Around 60% of the authorities active in the manufacturing, the wholesale and the construction sector take measures to improve accessibility of SMEs to public procurement procedures. For the awarding authorities active in the business services sector this is only 46%.

When considering what measures are taken by the awarding authorities active in the three sectors, significant differences can be seen in table 86. For authorities active in the manufacturing and the wholesale sector dividing tenders into lots (39%) and providing additional information via the Internet etc. (28%) are most often used, followed by providing information locally or regionally (10%) and giving the opportunity to subcontract work or form partnerships (10%). Similarly, authorities active in the construction sector favour dividing tenders into lots (25%) and providing additional information locally or regionally (23%). Provision of additional information via the Internet is done less often (14%). Authorities active in the business sector apply two distinct measures to improve accessibility for SMEs, *i.e.* providing additional information via Internet (25%) and providing the possibility for subcontracting or forming partnerships (22%).

table 86 measures taken by awarding authorities to improve the situation of SMEs by sector (percentages of awarding authorities), in 2003

Measures	*Manufacturing and wholesale*	*Construction*	*Business services*	*Total*
Divide tender into lots	39	25	8	30
Provide additional information (via Internet, etc.)	28	14	25	24
Provide additional information (locally/regionally)	10	23	2	12
Provide possibility for sub-contracting/partnership	10	9	22	12
Provide additional counselling	2	5	1	3
Establish general databank with tender info	1	2	1	1
Make qualifications less strict (economic/technical threshold)	1	1	4	1
Other	9	32	17	16

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Influence of European regulations

Authorities active in the construction sector are slightly more negative towards the influence of EU regulation.

As indicated above, most awarding authorities take a neutral stance to the influence of EU regulations on the accessibility of procurement procedures for SMEs. As can be seen from table 87, awarding authorities active in the construction sector slightly more often indicate that EU regulations have worsened the accessibility of SMEs to tender procedures compared to authorities active in other sectors.

table 87 influence of EU regulations on accessibility of procurement procedures for SMEs according to awarding authorities, by sector (percentages of awarding authorities)

	Manufacturing and wholesale	*Construction*	*Business services*	*Total*
Improved very much	2	1	6	3
Improved somewhat	24	19	24	23
Neutral	61	66	58	61
Became somewhat worse	11	14	8	11
Became a lot worse	1	1	4	2
Total	100	100	100	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Suggestions to improve accessibility for SMEs

Awarding authorities active in the construction sector provide fewest improvement suggestions.

In table 88 it is shown that awarding authorities active in the three sectors make different suggestions to improve the accessibility of public procurement procedures for SMEs. According to 30% of the authorities active in the manufacturing and the wholesale sector, giving more and better information should improve accessibility for SMEs to public procurement procedures. Further suggestions made by authorities active in this sector are simplification of rules (16%), reducing administrative requirements (14%) and breaking up big contracts into smaller lots (11%).

Giving more and better information is also suggested by most authorities active in the construction sector (17%) as a way to improve accessibility of procurement procedures for SMEs. However, other improvement suggestions are only mentioned by a limited number of authorities. Moreover, for awarding authorities active in the construction sector, breaking up contracts into smaller lots is not mentioned at all as a suggestion to improve accessibility of procurement procedures for SMEs.

Many authorities active in the business services give suggestions for improving the accessibility of procurement procedures for SMEs. Most often mentioned is the simplification of rules (30%), reducing administrative requirements (21%) and giving more and better information (21%).

table 88 suggestions of awarding authorities to improve accessibility for SMEs by sector (percentages of awarding authorities), in 2003

Suggestions	*Manufacturing and wholesale*	*Construction*	*Business services*	*Total*
Giving more and better information	30	17	21	25
Simplification of rules	16	5	30	16
Reducing administrative require-ments	14	4	21	13
Breaking big contracts into smaller lots	11	0	10	8
Better preparation of small and medium-sized enterprises	8	1	2	5
External training of small and medium-sized enterprises	6	3	2	5
Communication via other channels, *e.g.* Internet	5	6	1	4
Co-operation	1	6	7	4
Offering external help by finding co-operation partners	2	4	1	2
Change threshold values	0	0	14	3
SMEs have to become more active themselves (reading journals)	3	5	2	3
Other	2	3	11	4

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

4.3.4 *By country*

Number of invitations to tender published above the threshold

Awarding authorities in France and Germany seem to have relatively more experience with European tender procedures.

When assessing the information on the number of invitations to tender published above the EU threshold level in table 89, different country patterns emerge. In Finland, Ireland and the Netherlands most awarding authorities published less than 10 invitations to tender on average per year. By contrast, in France and Germany over one-third of the authorities publish more than 50 tenders per year. Apparently tendering via public procurement procedures is more common in these countries.

table 89 distribution of awarding authorities over classes of numbers of invitations to tender published on average a year per authority *above* the EU thresholds, by country (percentages)

	Less than 10	*10 to 50*	*50 or more*	*Total*
Austria	36	49	16	100
Belgium	42	32	26	100
Denmark	45	48	7	100
Finland	65	16	19	100
France	45	22	33	100
Germany	23	36	41	100
Ireland	55	38	7	100
Italy	43	50	7	100
Luxembourg	44	56		100
Netherlands	50	32	18	100
Spain	43	45	13	100
Sweden	40	48	12	100
UK	27	54	20	100
Total	40	33	27	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

In Denmark, awarding authorities publish less and in Germany more invitations to tender below the threshold.

Number of invitations to tender published below the threshold

The distribution across countries of invitations to tender published below the threshold shows a different picture. Here, most countries have a rather even distribution on the number of tenders published, with slightly more awarding authorities publishing more than 50 tenders per year. However, in Denmark nearly three-quarters of the authorities publish less than 10 tenders below the threshold per year. On the other hand, in Germany 61% of awarding authorities publish more than 50 tenders per year. Here, using public procurement procedures seems to be more common also below the EU threshold level.

table 90 distribution of awarding authorities over classes of numbers of invitations to tender published on average a year per authority *below* the EU thresholds, by country (percentages)

	Less than 10	*10 to 50*	*50 or more*	*Total*
Austria	23	33	44	100
Belgium	26	30	44	100
Denmark	74	12	14	100
Finland	44	36	21	100
France	30	37	33	100
Germany	17	21	61	100
Ireland	50	31	19	100
Italy	49	39	11	100
Luxembourg	31	41	28	100
Netherlands	48	11	41	100
Spain	18	26	56	100
Sweden	15	40	45	100
UK	36	32	32	100
Total	30	32	38	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Application of central guidelines

All authorities in Germany, Ireland and the UK apply central guidelines.

Almost all awarding authorities (89%) have central guidelines applicable to all tender procedures that are subject to European regulations. In Germany, Ireland and the UK all awarding authorities have applied central guidelines (see table 91). Only in Italy (77%), France (83%) and Belgium (82%) a slightly lower number of awarding authorities apply central guidelines. An exception is Luxembourg, where only 49% apply central guidelines. It should be noted, however, that the number of respondents for Luxembourg is very low.

table 91 percentages of awarding authorities using central guidelines applicable to all tender procedures by country, in 2003

Country	*Percentage*
Germany	100
Ireland	100
UK	100
Finland	99
Austria	95
Netherlands	93
Sweden	91
Spain	89
Denmark	87
France	83
Belgium	82
Italy	77
Luxembourg	49
Total	89

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Provision of general guidelines to bidders

Guidelines for potential bidders are common practice in Italy and Spain.

Most awarding authorities in Italy (82%) provide general guidelines to enterprises on how to best prepare an offer (see table 92). This percentage is only matched in Spain (81%). In France, more than half of the organisations (47%) provide central guidelines to tenderers. In addition, in Finland a small percentage of authorities (54%) provide general guidelines to enterprises. Although the number of respondents for Luxembourg is very low, it is worth mentioning that only 21% of the authorities provide general guidelines to bidders.

table 92 percentages of awarding authorities providing general guidelines to enterprises on how to best prepare an offer by country, in 2003

Country	*Percentage*
Italy	82
Spain	81
Germany	79
Netherlands	74
Austria	70
Belgium	69
UK	68
Denmark	66
Sweden	64
Ireland	63
Finland	54
France	47
Luxembourg	21
Total	63

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

In Germany and France, authorities consider dividing tenders into smaller lots most often.

Considering dividing tenders up into smaller lots

In most countries, authorities consider breaking up tenders into specific lots in order to make the procedure more accessible to smaller enterprises. Notably in Germany and in France (and to a lesser extent in Sweden and Austria), breaking up tenders into smaller lots is almost a standard procedure. Only in the Netherlands this is a very uncommon practice. Here, 70% of the interviewed authorities indicated that they never consider breaking up tenders into smaller lots (see table 93).

table 93 percentages of awarding authorities considering breaking up tenders into smaller lots by country, in 2003

Country	*No, never*	*Yes, sometimes*	*Yes, mostly*	*Yes, always*	*Total*
Austria	16	34	34	17	100
Belgium	34	56	7	3	100
Denmark	33	36	26	6	100
Finland	41	31	20	8	100
France	2	30	44	25	100
Germany	7	33	17	43	100
Ireland	37	41	10	12	100
Italy	36	42	13	9	100
Luxembourg	37	41	23		100
Netherlands	70	20	2	7	100
Spain	32	43	17	9	100
Sweden	26	22	26	27	100
UK	14	47	29	10	100
Total	14	35	28	23	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Information provision to potential bidders

Internet and electronic message boards are often used in Italy and Sweden.

Most awarding authorities draw up a prior information notice (see table 94). This is especially the case in Ireland (84%), in Luxembourg (84%), in Finland (61%) and the UK (65%). Whereas Internet is very common in Italy (84%), Spain (86%) and Sweden (88%), it is hardly used in France (12%). Three-quarters of the interviewed authorities in the UK use e-mail to inform bidders whereas only around one-quarter of the authorities use e-mail in France (27%) and Germany (22%). Information sessions are mainly applied in the UK (both for selected bidders and prior to starting the procedure) and rarely used in Italy and Spain.

table 94 systems used to provide information to potential bidders by country (percentages of awarding authorities), in 2003

System	*A*	*B*	*DK*	*FIN*	*F*	*D*	*IRL*	*I*	*L*	*NL*	*E*	*S*	*UK*	*Total*
Drawing up a prior information notice	42	49	44	61	36	52	84	42	84	57	48	39	65	46
Information via fax (only for registered bidders)	45	41	26	42	49	34	55	55	44	35	43	24	54	45
Information via the Internet (general information)	67	45	64	29	12	57	67	84	28	35	86	88	66	43
Information via e-mail (only for registered bidders)	54	43	40	52	27	22	69	54	38	39	54	46	76	38
Information session for selected bidders	24	45	31	38	30	20	35	13	59	51	12	33	65	29
Information session prior to starting the procedure	10	13	30	19	27	14	54	20	21	33	16	39	43	24
Official tender publication (national and/or EU)	24	16	16	16	24	43		2	23	20	39	2		24
Electronic message board	22	38	37	20	11	7	22	62	28	11	34	66	21	20
Other	44	11	9	20	19	28	0	16	11	49	40	4		21

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

E-procurement

Three-quarters of the authorities in Denmark use e-procurement.

Three-quarters of the authorities in Denmark use e-procurement (see table 95). More than half of the authorities in Ireland use e-procurement. In a large group of countries (*i.e.* Austria, Finland, Italy, the Netherlands, Spain and the UK) around one-quarter to one-third use e-procurement.

table 95 percentages of awarding authorities making use of e-procurement by country, in 2003

Country	*Percentage*
Denmark	75
Ireland	55
Finland	35
Spain	33
UK	32
Austria	30
Germany	29
Italy	27
Netherlands	26
Belgium	21
Luxembourg	18
France	15
Sweden	13
Total	25

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Framework contracts

Framework contracts are most common in Northern Europe.

In a number of Northern European countries framework contracts with smaller enterprises are common practice. This is especially the case in Denmark (92%), Germany (67%), the Netherlands (73%), Sweden (97%) and the UK (82%). Notably in Spain (17%) and to a lesser extent in France (21%) and Italy (27%) framework contracts are not frequently used (see table 96).

table 96 percentages of awarding authorities having framework contracts with smaller enterprises by country, in 2003

Country	*Percentage*
Sweden	97
Denmark	92
UK	82
Netherlands	73
Germany	67
Finland	60
Belgium	58
Austria	55
Luxembourg	34
Ireland	31
Italy	27
France	21
Spain	17
Total	43

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Co-operation between SMEs is most actively stimulated in Denmark, Germany, Italy and the Netherlands.

Stimulation of co-operation between SMEs

Smaller suppliers sometimes would like to form a partnership with other suppliers in order to submit a proposal. However, many countries do not actively offer the possibility for co-operation between different smaller suppliers, this is especially true for Spain (75%), Belgium (63%) and Finland (62%). But in countries such as Denmark, Germany and the Netherlands, around 50% of the authorities do offer the possibility of partnerships mostly or even always (see table 97).

table 97 percentages of awarding authorities offering possibilities to form partnership by country, in 2003

Country	*No, never*	*Yes, sometimes*	*Yes, mostly*	*Yes, always*	*Total*
Austria	52	16	15	18	100
Belgium	63	24	2	11	100
Denmark	21	24	23	31	100
Finland	62	28	10		100
France	48	25	17	10	100
Germany	29	19	11	40	100
Ireland	27	49	7	18	100
Italy	37	23	4	37	100
Luxembourg	49	23	28		100
Netherlands	19	35	17	29	100
Spain	75	9	5	12	100
Sweden	41	37	10	13	100
UK	46	30	14	11	100
Total	45	23	13	19	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

SMEs' strong points

Indicated strong points vary between countries.

Flexibility of SMEs is valued by around 60% of authorities in Austria and Finland, followed by around 50% in Denmark and Germany (see table 98). Direct relationships are important in Germany (19%) and the Netherlands (20%) followed by France (15%) and Italy (13%). One-third of the interviewed authorities in Finland find the quality of the personnel a strong suite of SMEs. In Belgium (26%) and Italy (22%) communication is seen as an important asset.

table 98 SMEs' strong points according to awarding authorities by country (percentages of awarding authorities), in 2003

Strong points	*A*	*B*	*DK*	*FIN*	*F*	*D*	*IRL*	*I*	*L*	*NL*	*E*	*S*	*UK*	*Total*
Flexibility	61	26	47	60	16	50	17	29	23	35	14	17	24	28
Direct relationship	7	7	5	3	15	19		13	6	20	4	9		12
Quality of the personnel	5	7	3	34	15	3	11		11	7	9	5	4	10
Organisation of the work	10	10	6	4	13	7		8	18	18	9	9		10
Communication	13	26	6	7	5	9	17	22		13	15	7	8	9
Price		2	2		9	11	6	1		8	12	10	7	8
Local	7		10	1	6	10		8	8		18	18		7
Co-operation with other enterprises	5	7			8	10	6			4	5		3	7
Involvement/commitment	5	2	7		10			7	8			3		5
Tender specifications		7			8			1						4
Meeting the deadlines	2				3	6		7	6		4		1	3
Continuity in enterprise	2				2	2	6					5		2
Other	8	20		9	3	11		11	8	11	12	13		7

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

SMEs' weak points

Authorities in many countries see the lack of capacity, resources or continuity as SMEs' weak points.

As indicated above, the financial resources or continuity in the enterprise are generally seen as weak points in working with SMEs compared to working with large enterprises (see table 99). For awarding authorities in Austria (37%), but also in Germany (25%) and Sweden (26%), the lack of financial capacity or resources is a weak point when working with SMEs. In Finland (33%) and the Netherlands (30%), the continuity of the enterprise or the uncertainty of deliveries or supplies is also an obstacle. More than in other countries, in France the organisation of work (20%) and quality of personnel in SMEs (12%) are seen as weak points. Especially in the UK, price (29%) is regarded as a negative point for SMEs. Experience and knowledge seem to be lacking in SMEs from the point of view of authorities in Belgium (14%).

table 99 SMEs' weak points according to awarding authorities by country (percentages of awarding authorities), in 2003

Weak points	*A*	*B*	*DK*	*FIN*	*F*	*D*	*IRL*	*I*	*L*	*NL*	*E*	*S*	*UK*	*Total*
(Financial) capacity/resources	37	14	17	16	10	25		14	6	9	20	26		14
Continuity in enterprise/uncertainty deliveries/supplies	7	8	15	33	16	13			18	30		10		12
Organisation of the work	9	6	3	2	20	1		13		7	12	5		11
Quality of the personnel	4	3		4	12	8		9	8	4		9	7	8
Price	12		3	8		8	7	9	11	4	17		29	7
Meeting the deadlines		3	7	8	10	4	7			4	4			6
Flexibility	2		3		7		7	9		4		3		4
Experience/knowledge	1	14	6	8	3					7	4	8		3
Co-operation with other enterprises	5	11		8	2	1								2
Communication		3				3					8	5		1
Tender specifications		8						1		15	4	3		1
Other	6		3	1	4	2		10		11	7	14		4

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Improvement measures taken

Sweden and the UK take the lead to improve accessibility for SMEs.

Awarding authorities were asked whether they take measures to improve accessibility of tender procedures for SMEs. Especially authorities in Sweden (77%) and the UK (72%) take measures to improve accessibility. In this regard, Spain (26%), followed by Belgium (34%) and Finland (40%), are lagging behind (see table 100).

table 100 measures taken by awarding authorities to improve the situation of SMEs by country (percentages of awarding authorities), in 2003

Country	*Percentage*
Sweden	77
UK	72
Ireland	72
France	62
Germany	59
Italy	58
Netherlands	58
Denmark	47
Austria	44
Finland	40
Belgium	34
Luxembourg	28
Spain	26
Total	57

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

The sentiments on the positive influence of EU regulations are stronger in the Netherlands, Italy, Sweden and the UK.

European regulations

Although most countries take a neutral stance towards the changes in accessibility of procurement procedures for smaller enterprises due to European regulations, some countries have a somewhat more positive outlook (see table 101). Notably in the Netherlands and Ireland and to some extent in Italy, Sweden and the UK, the sentiment is that European regulations have improved the situation for SMEs. In Denmark, the situation became worse according to the awarding authorities interviewed.

table 101 influence of EU regulations on accessibility of procurement procedures for SMEs according to awarding authorities, by country (percentages of awarding authorities)

Country	*Improved very much*	*Improved somewhat*	*Neutral*	*Became somewhat worse*	*Became a lot worse*	*Total*
Austria	1	33	45	12	9	100
Belgium	5	27	61	8		100
Denmark	10	18	34	15	23	100
Finland	8	20	52	10	9	100
France		24	68	8		100
Germany		10	70	17	2	100
Ireland	18	35	41		6	100
Italy	8	26	61	5		100
Luxembourg		10	90			100
Netherlands	18	41	29	7	5	100
Spain	4	25	63	9		100
Sweden	12	28	34	15	11	100
UK	10	27	44	20		100
Total	3	23	61	11	2	100

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

Improvement suggestions to increase participation of SMEs

Improvement suggestions provided by authorities to increase accessibility of SMEs in procurement procedures vary between countries.

As table 102 shows, authorities in almost all countries see the provision of additional and better information to enterprises as a very important means to improve accessibility for SMEs. Notably in France (27%) and Denmark (23%) simplification of rules is suggested, whereas the reduction of administrative requirements is often mentioned by authorities in Spain (33%) and France (21%). In Finland, 28% of the authorities see the breaking up of tenders into smaller lots as a good way to improve the situation for SMEs.

table 102 suggestions of awarding authorities to improve accessibility for SMEs by country (percentages of awarding authorities), in 2003

	A	*B*	*DK*	*FIN*	*F*	*D*	*IRL*	*I*	*L*	*NL*	*E*	*S*	*UK*	*Total*
Giving more and better information	10	20	34	27	32	12	29	5	31	38	11	33	44	25
Simplification of rules	7	3	23	3	27	5	4	1	18	7	18		18	16
Reducing administrative requirements	10		9		21	5		8		4	33			13
Breaking big contracts into smaller lots	10		12	28	8	7		8		4	4	4	11	8
Better preparation of small and medium-sized enterprises	6	8	5	3	7	2	6	1		4	4	4	4	5
External training of small and medium-sized enterprises	2		11		6	6				4		7	4	5
Communication via other channels, *e.g.* Internet	7	3			8	3				9				4
Co-operation	3	7		2	5			8	6	13	4	4		4
Offering external help by finding co-operation partners			12		1	3	7			4	4		7	2
Change threshold values	4		3	1	6						4	3		3
SMEs have to become more active themselves (reading journals)	7	4	5	3	2	5		4		6	4	19		3
Other	8	4	5		4	4		5		8	8	9		4

Source: EIM, 2003; based on EIM/Interview-NSS, European survey amongst awarding authorities in 2003.

4.3.5 *Conclusions*

The results of the survey amongst authorities that awarded a public procurement contract to an SME present the following findings:

EU level

- Most authorities interviewed have considerable experience with EU tender procedures as 60% of the authorities publish more than 10 invitations to tender per year. Central guidelines for procurement procedures are used by almost all awarding authorities.
- The authorities use a large variety of channels to inform potential bidders on procurement possibilities. About two-thirds of the authorities provide general guidelines for bidders on how to best prepare an offer.
- Considering breaking up tenders into smaller lots is common practice for a large part of the awarding authorities. One-third of authorities actually divide tenders in lots to improve the situation for SMEs. Reasons for not considering breaking up tenders are mainly legal complications.
- Flexibility is considered the most important strong point by awarding authorities when working with SMEs compared to large enterprises. Financial capacity and continuity in the enterprise are considered the most important weak points. However, it should be noted that it is difficult to draw general conclusions.
- Different awarding authorities point out the same items as a strong or weak point. For instance, price and the quality of personnel are equally mentioned as strong and weak point. The reason might be that awarding authorities have a certain fixed perception about SMEs. Since the nature of SMEs is not well-known to many

awarding authorities, they will opt for the more certain solution of larger enterprises. However, there are no hard facts to substantiate this conclusion.
- Awarding authorities suggest that more and better information is the key solution for improving the access of SMEs to public procurement. A minority of the authorities already provide additional information to improve the situation for SMEs. Simplification of rules and reducing the administrative requirements are other important suggestions made for improvements.

By sector
- Awarding authorities active in the construction sector seem to have the most experience in public procurement, below the EU thresholds as well as above the EU thresholds. They publish more invitations to tender, provide more often general guidelines for bidders, have more framework contracts with SMEs and offer more often possibilities to form partnerships
- Flexibility is seen as a strong point of SMEs in all sectors. Quality of the personnel and communication are strong points of SMEs in the business services sector. Considering SMEs' weak points, authorities active in the construction sector are most worried about the financial capacity of SMEs.
- Authorities active in the manufacturing and the wholesale sector seems to be most active in improving the situation for SMEs, especially by dividing tenders into lots and by providing additional information.

By country
- Awarding authorities in France and Germany seem to have the most experience in public procurement, especially above the EU thresholds.
- In France and Germany, authorities also more often consider breaking up tenders into smaller lots. On the other hand, authorities in the Netherlands hardly consider breaking up tenders into smaller lots.

4.4 Summary

4.4.1 *Introduction*

In order to get information on experiences in the field of public procurement and SMEs two telephonic surveys were carried out, namely:
- A survey amongst SMEs that won a public procurement contract
- A survey amongst authorities that awarded a public procurement contract to an SME.

The telephonic interviews were held with representatives from SMEs and awarding authorities in all EU Member States, except Greece and Portugal, and in three sectors (based on the CPV Code), namely manufacturing and wholesale, construction and business services.

This chapter discusses the results of two telephonic surveys.

4.4.2 *Experiences of SMEs*

EU level

From the survey amongst SMEs that won a public procurement contract, we learned that, in general, SMEs active in getting public procurement contracts have considerable experience in the field of public procurement, below the EU thresholds as well as above the EU thresholds. They act mostly nationally or locally. For 80% of the SMEs interviewed getting public procurement contracts is part of their strategy and most SMEs update the administrative documents for public tenders on a regular basis. SMEs use electronically as well as more traditional sources (on paper) to get information about tender opportunities.

SMEs mention several obstacles when tendering for public procurement contracts. The problems are especially concerned with lack of information, unclear information, administrative burdens and the short time span to draw up a tender. These problems are probably related with each other. It is not surprising that SMEs mention more information and less administrative burden as suggestions to improve the access of SMEs to public procurement contracts. According to the results of the survey, prior information notices, pre-selection procedures and external help and training contribute to improving the access of SMEs to public procurement contracts. Better co-operation possibilities seem not to be very helpful to SMEs.

Sector differences

The involvement of SMEs in the construction sector in public procurement is somewhat different from SMEs in the other sectors. They enter more tenders, but have a lower success rate. Furthermore, they act more on the local markets. SMEs in the business services sector enter relatively more tenders above the European thresholds and for their sales, they depend more on the public sector.

For improving the access of SMEs to public procurement tenders SMEs in the manufacturing/wholesale and in the business services sector focus more on less administrative burdens. In all sectors, more information from the authorities is desired. SMEs in the business service sector also focus on clearer and simpler rules.

Country differences

Roughly spoken, the survey suggests that enterprises in larger countries act more locally. This is as expected because it should be noted that the local orientation of SMEs in large countries might have the same geographical scope as the national orientation of SMEs in smaller countries. The average sales share of SMEs to public-sector clients varies between 43% in Luxembourg to 64% in Spain. Furthermore, SMEs in large countries enter more tenders per enterprise than in smaller countries. The success rate (ratio of successful and total tenders) is relatively high in the Scandinavian countries and remarkably low in Germany.

The importance of the barriers to tender differs a lot between the countries. Consequently, the suggestions for improving the access of SMEs to public procurement contracts differ. SMEs in Ireland, Luxembourg and the UK mention relatively often that more information from the authorities will improve the situation for SMEs. Less administrative burden is mentioned by relatively many enterprises in Belgium, France, Luxembourg and the Netherlands. SMEs in Denmark mentioned clearer and simpler rules as a suggestion to improve the situation for SMEs.

4.4.3 *Experiences of awarding authorities*

EU level

From the survey amongst authorities that awarded a public procurement contract to an SME, we learned that most of the authorities have considerable experience in the field of public procurement, below the EU thresholds as well as above the EU thresholds.

89% of the authorities have central guidelines for European procurement and 63% of the authorities provide general guidelines to enterprises on how to best prepare an offer. About 85% of the authorities consider breaking up tenders into smaller lots (varying from sometimes to always). For informing potential bidders a wide variety of channels are used. At the time of the survey (2003), one-quarter of the authorities make use of e-procurement.

Flexibility is seen as the main strong point of working with SMEs compared with working with large enterprises (according to 28% of the authorities). Authorities also mentioned direct relationships (12%), quality of the personnel (10%) and organisation of the work (10%) as important strong points. The main weak points of SMEs, mentioned by the authorities, are financial capacity (14%), continuity of the enterprise (12%), organisation of the work (11%) and quality of the work (8%).

Many of the authorities already take measures to improve the situation for SMEs, especially by dividing tenders into lots and providing information. The most important suggestions, mentioned by the authorities, to improve the accessibility for SMEs are giving more and better information (25%), simplification of rules (16%) and reducing administrative requirements (13%). Largely, this is in line with the suggestions of SMEs.

Sector differences

In the survey, we distinguished authorities that awarded contracts in three different sectors (based on the CPV Code). In analysing the results, we assume that a respondent of an authority is mainly concerned with procurement in only one sector, and that the experiences of the respondent are mainly concerned with procurement in that sector.

Looking at the numbers of invitations to tender, authorities active in the construction sector are most experienced in procurement. The authorities active in the business service sector have the lowest number of invitations to tender. 96% of the authorities in construction and 74% of the authorities active in business services use central guidelines for tender procedures. Dividing tenders in smaller lots is less common in the business services sector. Framework contracts (54%) and active promotion of partnerships (73%) are most common in the construction sector.

Flexibility is the most important strong point of SMEs in all sectors. In the manufacturing/wholesale sector, this is followed by direct relationships and organisation of the work, in construction by direct relationships and price, and in business services by quality of the personnel and communication. The lack of financial capacity is especially seen as a weakness of SMEs in the construction sector (24%).

Authorities active in the business service sector are less active in measures to improve the situation for SMEs. They especially lag behind in dividing tenders into lots. The most frequently mentioned suggestion for improving the accessibility for SMEs to public procurement in manufacturing/wholesale (30%) and construction (17%) is giving more and better information. For business services this is simplification of the rules (30%).

Country differences

Looking at the numbers of invitations to tender, authorities in France and Germany have relatively more experience in procurement than authorities in other EU countries do. In Germany, Ireland and the UK all awarding authorities use central guidelines for tender procedures. Authorities in Germany and France consider breaking up tenders into smaller lots most often. On the other hand, 70% of the authorities in the Netherlands never consider breaking up tenders into smaller lots. The use of e-procurement differs very much between countries, from 13% of the authorities in Sweden to 75% of the authorities in Denmark.

In nearly all countries, flexibility is seen as the main strong point of working with SMEs in public procurement contracts compared with working with large enterprises (varying from 14% in Spain to 60% in Finland). In Belgium (26% of the authorities) and in Italy (22% of the authorities) communication is seen as another strong point of SMEs. The weak points of SMEs as judged by the awarding authorities differ by country, although in most countries the weak points are concerned with financial capacity, resources and continuity.

In most countries, giving more and better information is suggested to improve the accessibility of SMEs to public procurement. Simplification of rules is often mentioned in Denmark (23%) and in France (27%), reducing administrative requirements in France (21%) and in Spain (33%), and breaking tenders in smaller lots in Finland (28%).

5 Proposal for measurement instrument and indicators to be considered

5.1 Introduction

Instrument for uniform measurement of impact of public policies on the participation of SMEs.

This chapter will describe a measurement instrument generating a set of indicators that can be used by Member States to uniformly measure the impact of public policies to foster the participation of SMEs in the European-scale public procurement market. The proposed measurement instrument is based on the information and the insights generated in the earlier chapters: regarding the characteristics of the public procurement market, the national institutional situations, as well as the experiences of the relevant players on the public procurement market, both (small and medium-sized) enterprises and awarding authorities.

First, the goal and conditions of the measurement instrument will be formulated. Second, the analytical framework of the measurement instrument will be described. Third, a set of possible indicators is presented, after which a selection will be made based on the formulated conditions. This chapter ends with a proposal for the measurement instrument that can be used by Member States and the European Commission to measure and monitor the effect of public policy on the access of SMEs.

5.2 Goal and conditions

The measurement instrument aims at monitoring and measuring the impact of public policies on the access of small and medium-sized enterprises to European-scale public procurement.

Measurement instrument consists of a set of indicators.

We propose that the measurement instrument consists of a set of indicators relating to the different aspects concerning the access of SMEs to the public procurement market. There are two different kinds of conditions. The first refers to what the measurement instrument should be able to measure. The second concerns the feasibility of the method of measuring the different indicators being part of the measurement instrument.

The measurement instrument must be able to measure:

- differences between the Member States, to allow comparison between the Member States;
- developments over time, to allow monitoring the results of public policy over time.

Furthermore, the measurement method must:

- generate objective and univocal indicators, by using clear and uniform definitions;
- be feasible regarding the data needed;
- be feasible within a reasonable period and budget.

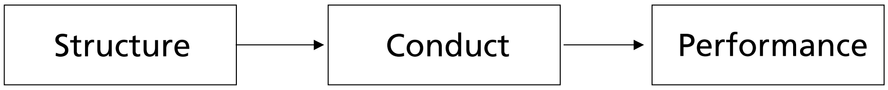
Hence, in practice the measurement will be implemented preferably by making use of existing European data sets.

This implies that the measurement instrument must contain indicators that can be adequately measured with figures and data that are generated already or can be gathered relatively easily for all the Member States at different points of time.

5.3 Analytical framework based on the Structure-Conduct-Performance paradigm

The Structure-Conduct-Performance paradigm (SCP paradigm)
Experience with other instruments aimed at measuring and monitoring the impact of policies opening up the market, shows that the so-called Structure-Conduct-Performance paradigm (SCP paradigm) is a very useful and handy analytical framework. This analytical framework is often used in industrial economics and in market competition studies. The paradigm allows to systematically measure the effects of policy instruments designed to stimulate a better working of the market. See figure 36 for a graphic presentation.

figure 36 the Structure-Conduct-Performance paradigm



Source: EIM, 2003.

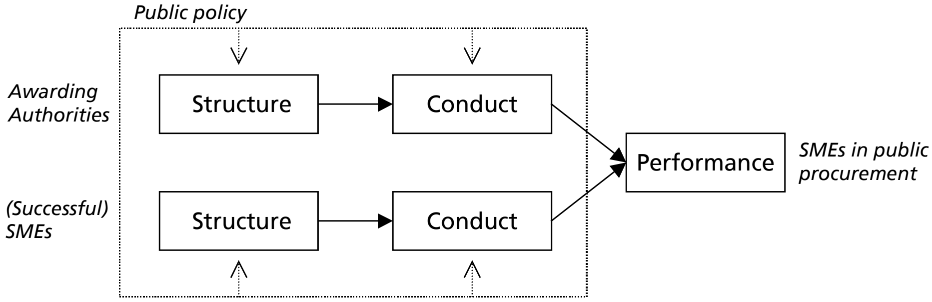
The Structure-Conduct-Performance paradigm postulates causal relationships between the structure of the market, the conduct of firms in that market and the performance of these firms. The essence of the paradigm is that the structure of the market in which the firms operate influences the conduct of the firms, and that the conduct of these firms determine their performance.

Applying the SCP paradigm in the public procurement market

An analytical framework based on the SCP paradigm is used to structure the measurement instrument.

In general, the structure of a market describes the environment within which the firms act. The structure of the market can be identified by different market characteristics. The market to be considered here is the European-scale public procurement market. Conduct refers to the behaviour of the players in the market, to the decisions these players make and to the way in which these decisions are taken. The relevant players here are the enterprises, and SMEs in particular, and the awarding authorities. The performance can be expressed in many ways based on the purpose of the opening up of the market under consideration. Here the ultimate goal is to improve the access rate of SMEs to the European-scale public procurement market. Public policy can influence structure and conduct, and with that the performance. The application of the SCP paradigm on the public procurement market leads to the schematic overview as presented in figure 37.

figure 37 analytical framework based on the SCP paradigm



Source: EIM, 2003.

In figure 37, it is made clear that both the structure and the conduct of the awarding authorities and SMEs affect the performance (*i.e.* success) of SMEs in the European-scale public procurement market.

5.4 Possible set of indicators to be considered

Based upon the Structure-Conduct-Performance paradigm, the measurement instrument might consist of the indicators related to the different parts placed in the analytical framework as shown in figure 37:

– The characteristics of the contracts awarded by awarding authorities in the public procurement market
– The characteristics of SMEs in the public procurement market
– The conduct of the awarding authorities in the public procurement market as regards small and medium-sized enterprises
– The conduct of small and medium-sized enterprises in the public procurement market
– The performance of small and medium-sized enterprises in the public procurement market.

These different aspects will be discussed below.

Structure of the public procurement market

Structural indicators describe the characteristics of the demand and supply side of the public procurement market.

Taken the performance related to the access of SMEs to the public procurement market as starting-point, we suppose that certain characteristics of the public procurement market influence this access rate. Roughly, they relate to the size of the public procurement market and the number of competitors on this market. In table 103 an overview of the indicators describing characteristics of the market relevant for the access of SMEs is given.

table 103 possible *structure* indicators to be taken up in the measurement instrument, related to awarding authorities and SMEs (PP= public procurement)

	Possible indicator	*Justification*	*Based on:*
Awarding authorities	Number of invitations to tender	Refers to the total size of the PP market, in number of chances	Chapter 2
	Number of contract awards	Since the number of invitations does not equal the number of contract awards this indicator also refers to the size of the market	Chapter 2
	% of GDP openly advertised	Refers to the total size of the PP market in value terms	Chapter 3
	% tenders of local authorities	Chapter 2 showed that local authorities award more and smaller contracts to SMEs; so a relative high importance of the local authorities in a Member State might lead to better chances for SMEs	Chapter 2
	Median of the size of the contract awards	It is clear that SMEs have better chances if the median size of the contracts awards are smaller	Chapter 2
SMEs	Number of enterprises	The total number of enterprises in a Member State gives information on the total number of potential competitors in the PP market	Chapter 2
	Number of SMEs	If the number of SMEs amongst the total population of enterprises is larger, the chance that SMEs will win an award might be bigger (in the Member States 99.5 to 100% of the enterprises are SMEs)	Chapter 2
	Mean size of SMEs	If the SMEs in a Member State are relatively small, they face more obstacles to tender for larger projects that are subject to European legislation. Hence a smaller average size of the enterprises might lead to a smaller access rate of SMEs	Chapter 3

Source: EIM, 2003.

Conduct of the players in the public procurement market

A set of indicators can measure the conduct of awarding authorities and the enterprises.

Given the structure, the size and the opportunities given by the European-scale public procurement market, both awarding authorities and enterprises will have a certain conduct. For example, a large number of invitations to tender with relatively small value sizes in a market in which a relatively low number of SMEs are present might positively influence SMEs to go for public procurement contracts. Also awarding authorities which tender a large amount of contracts might have another attitude with regard to helping enterprises to deliver an appropriate tender, or have a positive attitude to breaking up tenders in lots since they have a lot of positive experiences with SMEs. In addition, awarding authorities might consider using electronic procurement procedures since they want to increase the transparency amongst the possible competitors in the market. Against the background of the performance measure, it is expected that the conduct indicators described in table 104 are related to the access of SMEs in the public procurement market.

table 104 possible ***conduct*** indicators to be taken up in the measurement instrument, related to awarding authorities and SMEs (PP= public procurement)

	Possible indicator	*Justification*	*Based on:*
Awarding authorities	Having guidelines for enterprises	If special guidelines for enterprises in a Member State are available this might help enterprises to enter the PP market and to prepare better bids	Chapter 4
	(Considering) breaking up tenders in lots	It is evident that breaking up in lots leads to smaller contracts, and thereby increases the chances of smaller enterprises	Chapter 4
	Making use of prior information notices	Since part of the SMEs would be helped by having more information and more time to prepare a bid, prior information notices probably can help	Chapter 4
	Making use of e-procurement	E-procurement increases the transparency of the PP market, thereby increasing the opportunities for all enterprises in the market, and probably SMEs more than LSEs	Chapter 3
SMEs	Having public procurement as part of the enterprise strategy	The larger the part of SMEs committed to the PP market and seriously trying to get PP contracts, the more success might be expected	Chapter 4
	Asking questions regularly	The better the SMEs are informed, the better offers can be made, affecting the success rate	Chapter 4
Both awarding authorities and SMEs	Giving special support to SMEs	It might be expected that special support, either by public or private organisations, given to SMEs positively relate to the access rate of SMEs	Chapter 3

Source: EIM, 2003.

Performance of SMEs

The developments in structure and conduct will result in changes in the access of SMEs.

As said in chapter 1 the objective is to increase the performance of SMEs in the public procurement market. The performance of SMEs can be measured by two indicators as shown in table 105: the percentage of SMEs amongst the winning enterprises in the public procurement market, or the percentage of the value of the contracts that are won by SMEs.

table 105 possible ***performance*** indicators to be taken up in the measurement instrument, related to awarding authorities and SMEs

	Possible indicator	*Justification*	*Based on:*
SMEs	% SMEs amongst successful enterprises	The aim of the policy considered is improving the participation and success of SMEs	Chapter 2

	% of the value of contracts won by SMEs	Since SMEs win smaller contracts than LSEs, it is also relevant what amount of the total value contracted out is won by SMEs and LSEs	Chapter 2

Source: EIM, 2003.

5.5 Confrontation of possible indicators with conditions of measurement method

The measurement instrument will allow for comparing Member States at different points in time. The possible indicators described above however do not all meet the conditions of the measurement method as set out in section 5.2. There it was stated that the measurement method must:

1 generate objective and univocal indicators, by using clear and uniform definitions;
2 be feasible regarding the data needed;
3 be feasible within reasonable time period and budget.

The indicators have to meet the measurement conditions.

Relating the possible indicators to these conditions yields a reduction of the number of indicators. The resulting indicators are already available in existing European data sets (meeting all conditions), or are relatively easy to add to the existing European data collection (meeting all conditions). Indicators that can be gathered by extensive field work (*i.e.* surveys) do not meet condition 3 and are therefore less suitable. In table 106, the confrontation of the possible set of indicators with the conditions is shown. It shows that part of the possible indicators is relatively easy to measure and monitor since they can be calculated from TED. Other indicators, especially those relating to conduct are more difficult to measure since most of them should be gathered by means of interviewing awarding authorities and SMEs in all Member States involved. This kind of information gathering is quite time and budget consuming so that condition 3 is not met.

Measurement of conduct is difficult.

According to the conduct, it always appears that quantitative figures are difficult to get. 'Empirical investigations are mostly reduced to the relationship between market structure and market performance, since the actual patterns of the behavioural mechanisms can hardly be quantified (Prince, 1994, p. 3)'.[1] However, with some effort they might be measured at certain points in time by gathering primary information: regarding the special SME support, the SME employers' organisations in each Member State might deliver the relevant information. The information on the strategy amongst SMEs might be gathered amongst a representative sample of SMEs within each Member State.

[1] Y.M. Prince (1994), *Price-cost margins in Dutch manufacturing, with an emphasis on cyclical and firm-size effects,* PhD-thesis, Thesis Publishers, Amsterdam.

table 106 confrontation of possible indicators with measurement method condition (S=structure, C=conduct, P=performance)

	Possible indicator	*Measurement method*	*Source*
Awarding authorities	Number of invitations to tender (S)	Can be uniformly calculated from TED	TED
	Number of contract awards (S)	Can be uniformly calculated from TED	TED
	% of GDP openly advertised (S)	Is uniformly measured by the EC	EC
	% tenders of local authorities (S)	Can be calculated from TED	TED
	Median of the size of the contract awards (S)	Can be uniformly calculated from TED	TED
	Having guidelines for enterprises (C)	Primary information gathering is needed (condition 3 is not met)	Survey
	(Considering) breaking up tenders in lots (C)	Primary information gathering is needed (condition 3 is not met)	Survey
	Making use of prior information notices (C)	Might be possible to be calculated from TED; but at this moment TED does not include this information	Additional variable in TED
	Making use of e-procurement (C)	At yet, primary information gathering is needed (condition 3 is not met)	Survey
SMEs	Number of enterprises (S)	Can be uniformly calculated from the SME statistics produced in the framework of the European Observatory of SMEs	Observatory of SMEs
	Number of SMEs (S)	Can be uniformly calculated from the SME statistics produced in the framework of the European Observatory of SMEs	Observatory of SMEs
	Mean size of SMEs (S)	Can be uniformly calculated from the SME statistics produced in the framework of the European Observatory of SMEs	Observatory of SMEs
	Having public procurement as part of the enterprise strategy (C)	Primary information gathering is needed (condition 3 is not met)	Survey
	Asking questions regularly (C)	Primary information gathering is needed (condition 3 is not met)	Survey
	% SMEs amongst successful enterprises (P)	Can be calculated from TED if in the future the enterprise size is included	Additional variable in TED
	% of the value of contracts won by SMEs (P)	Can be calculated from TED if in the future the enterprise size is included. However, the figures are not very reliable (condition 1 is not met)	Additional variable in TED
Both	Giving special support to SMEs (C)	Primary information gathering is needed (condition 3 is not met)	Survey

Source: EIM, 2003.

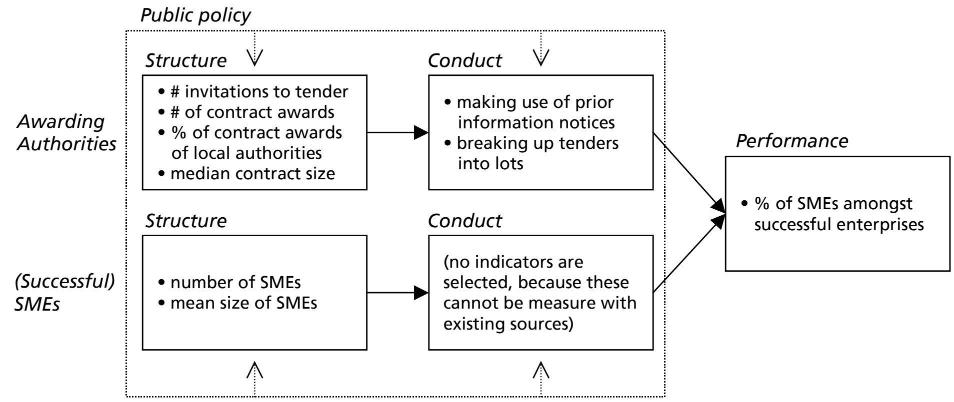
The confrontation in table 106 leads in the next section to a proposal for the contents of the measurement instrument.

5.6 Resulting measurement instrument

Remaining indicators have a relation with public policies on public procurement and are relatively easy to measure.

As said before, the indicators that will be part of the measurement instrument must together be able to adequately monitor and measure the results of policies promoting and stimulating SME participation in public procurement. The indicators are supposed to have a relation with the performance measure and the performance indicators itself are possible candidates for the content of the measurement instrument. However, table 106 clearly showed that not all indicators met the conditions. In particular the condition of not too time and budget consuming to gather the information needed to construct the indicators reduces the number of indicators to be taken up in the measurement instrument. The content of the measurement instrument finally suggested by EIM is presented in figure 38.

figure 38 contents of the proposed measurement instrument: indicators



Source: EIM, 2003.

Some indicators are already available; some indicators need some extra efforts.

There appear to be nine indicators that form the basis of the measurement instrument. The sources for the indicators are:

– TED, for:
  - the number of invitations to tender,
  - the number of contracts awards,
  - the percentage of contract awards from local authorities,
  - the median contract size,
  - making use of prior information notices (additional or adjusted in TED),
  - breaking up tenders into lots (additional or adjusted in TED),
  - percentage of SMEs amongst successful enterprises (additional in TED).
– European Observatory of SMEs, for:
  - the number of SMEs,
  - the average size of SMEs.

The percentage of SMEs amongst successful enterprises might in the future become available from TED if it is decided by the EC that the number of employees and the yearly turnover (and possibly the ownership) are in the future taken up in the TED database. Tendering firms have to deliver this kind of information to the awarding authority so that the information is already available. However, thus far it has not been included in TED.

Regarding the conduct indicators it is well-known that they are difficult to measure. Only the use of prior information notices and breaking up tenders into lots by awarding authorities are with some additional efforts possible to measure by including or adjusting such a variable in the TED database. Other conduct variables require a survey amongst awarding authorities, SMEs and/or organisations representing these parties.

Yearly measurement is recommended, except for the measurement of conduct.

It might be recommended that the indicators taken up in figure 38 are measured yearly, and that once every two years additional surveys are carried out especially to gather information on the conduct of the players in the European-scale public procurement market. It might be expected that the conduct indicators do not fluctuate very much from year to year but that they more or less show a structural development so that measurement once every two years might be sufficient.

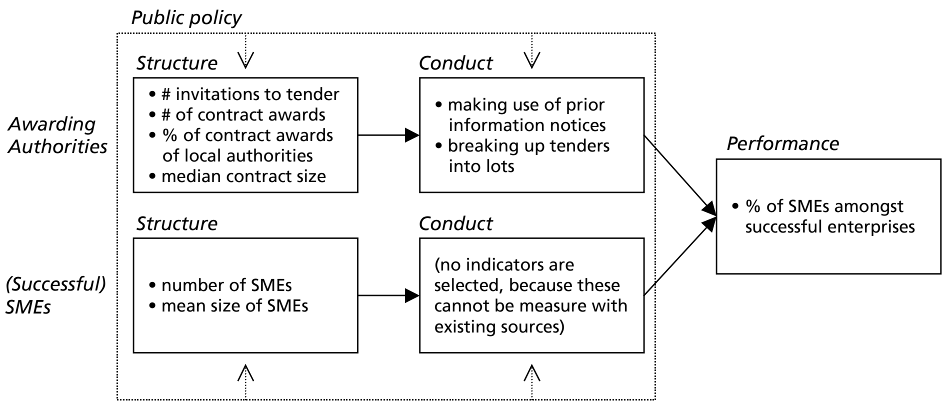
5.7 Summary

In this chapter, a measurement instrument is developed to measure and monitor the impact of public policies on the access of small and medium-sized enterprises to European-scale public procurement.

The development of this measurement instrument is based on the insights yielded by analyses in previous chapters as well as the experience of EIM with measuring and monitoring the effects of the opening up of certain markets. Therefore, indicators to be supposed to affect SMEs' access to the European-scale public procurement market were selected and placed in the often-used Structure-Conduct-Performance paradigm. With this, a possible set of indicators to be taken up in the measurement instrument is generated.

In addition, some conditions of the measurement instrument and the method needed to measure the indicators are formulated. Confronting the possible set of indicators with the conditions of the measurement method results in the contents of the measurement instrument as described in figure 39.

figure 39 contents of the proposed measurement instrument: indicators



Source: EIM, 2003.

It is recommended to measure the indicators listed in figure 39 yearly whereas additional conduct indicators might be measured once every two years by carrying out surveys amongst awarding authorities, SMEs and/or organisations representing these parties in the different Member States. Then, the effects of the public policy can be measured and monitored over time.

Annex I Good practices in tendering public procurement contracts

As was shown in the National Situation Analysis, there exists a wide range of measures aiming at encouraging SMEs' participation in public procurement. These measures deal, for example, with increasing the transparency of public procurement by offering easily accessible information about tenders, with the facilitation of the respective procedures or with direct support of both, awarding authorities and potential suppliers.

The following measures give a more detailed insight in various kinds of instruments that can be applied with the objective of facilitating SMEs' engagement in public tenders. The examples of good practice have been selected due to their uniqueness among the great variety of applying measures. All good practices described fulfil all minimum criteria and show distinction in most of the additional criteria mentioned in the following box.

box 1 criteria for the selection of good practices for promoting SMEs' access to public procurement contracts

Minimum criteria:
Topicality
The measure/tool is (still) in place.
Clear objectives
The measure/tool clearly aims at promoting the transparency of public procurement and/or at facilitating enterprises, and SMEs' in particular, access to public procurement.
Regional coverage
The measure/tool was established on initiative of one of the Member States (at national, regional or local level) and does not constitute an approach of the European Union.
SME orientation
The measure/tool directly or indirectly aims at facilitating SMEs' participation in public procurement.
Innovation rate/uniqueness
The measure/tool is innovative and does not exist in this (advanced) form in the other Member States.

Additional criteria:
Documentation
The success and/or evolution of the measure/tool are documented by monitoring or evaluation data.
Promotion/visibility
The measure/tool is well communicated and well known to its potential clients.
Convenient access
The measure/tool is easily accessible for its potential clients (*e.g.* regarding location, communication channels, administrative requirements etc.).
Quality assurance
The measure/tool applies visible quality assurance mechanisms (*e.g.* general quality standards, trademarks, regular follow-up with customers etc.) and/or is subject to regular evaluation.
Positive effects
The measure/tool has sustainable positive impacts and thereby outperforms other practices in terms of efficiency and effectiveness.

Future prospects
The measure/tool is intended to be continued and/or further developed in the future.
Transferability
The measure/tool can also be applied in other Member States (eventually with adaptations).
Coherence
The measure/tool is coherent with other good practices, both in concept and in delivery.

According to these criteria, five measures have been selected from the range of measures described in the National Situation Analysis, whereby the information has been provided by members of the European Network for SME Research (ENSR) in June 2003. These measures are:

table 107 overview of the selected examples

	Name of the Measure/Tool	
Country	*In National Language*	*In English*
Germany	handwerk.de/bauaufträge	Construction Tender Offers
Denmark	Tilbud - trin for trin	11 Steps in the Tendering Process
France	Participation en trésorerie à court terme pour le financement des créances publiques	Short-term Participation in Financing SMEs Having Gained Public Orders
The Netherlands	Actieplan Professioneel Aanbesteden en Inkopen	Action Plan Professional Procurement and Purchase
United Kingdom	IDeA Marketplace	IDeA Marketplace

Germany

handwerk.de/bauauftraege (Construction Tender Offers)

Issue

In order to provide transparency in the field of public procurement, handwerk.de/ links awarding authorities and enterprises. Furthermore, it offers access to an advisory system for 'in-depth' consultancy.

Institution

handwerk.de/ was founded in 1998 and is owned by the 55 Chambers of Skilled Crafts, the 46 National Confederations of Guilds as well as the German Confederation of Skilled Crafts (Zentralverband des Deutschen Handwerks). The legal status of the enterprise is that of a public limited company. However, non-commercial ends have been absorbed into the company objects through the shareholders. Hence, handwerk.de/ may be referred to as semi-public organisation.

For around two years, handwerk.de/ has been offering access to tender offers related to public procurement. For the time being, the focus is on tender notices relevant for the construction sector in its widest sense (implemented on 1st October 2002).

The service is offered centrally via the platform www.handwerk.de and, additionally, via regional websites of the Chambers of Skilled Crafts (*e.g.* www.hwk-stuttgart.de) and the National Confederations of Skilled Crafts (*e.g.* www.farbe.de).

Target Group

The target group refers to SMEs of building and finishing crafts throughout Germany. Basically, the NACE-groups 45 (Construction) and 74 (Other Business Activities) are covered. Due to the specific structure of the German craft sector the trade groups named in the following list are focussed on.

table 108 trade groups focussed on by handwerk.de/

Skilled workers, road construction insulators, heat, cold and noise insulators	Electronic specialists in the field of office information
Fireplace and chimney builder	Baking-oven makers
Carpenters	Roofers
Bricklayers	Tile, plate and mosaic setter
Cement stone and terrazzo makers	Floor layers
Well builders	Stonemasons and sculptors
Stucco plasterers	Painters and lacquerers
Plumbers	Chimney sweepers
Mechanical engineers	Refrigeration engineers
Parquetry floor layers	Makers of Venetian blinds and louvers
Concrete and reinforced concrete workers	Makers of tile ovens and hot-air heating systems
Gas and water connections plumbers	Pile-driving workers
Electrical fitters	Electricians
Electrical machinery constructors	Joiners
Interior decorators	Glaziers

Coppersmiths	Structure dehumidifiers
Floor layers	Road constructors
Timber and building protection workers	Central heating and ventilation engineers
Oil tank protection workers	Wooden ladder makers

Content

Market analyses have proven the necessity of information optimisation for SMEs. handwerk.de/ has been providing services and information for the following target groups: entrepreneurs, employees, trainees and customers. The main aim is to initiate and support these groups in handling online business.

The construction sector was first off the mark as a sub-portal of crafts. The platform offers tools for electronic procurement of private and commercial work directly via the Internet. The platform is thought of as a starting point for the expansion of e-commerce activities.

In detail, the following support is provided:
- Information material for the participants on the implementation and usage targeting at surplus value
- The possibility of using the application for 30 days free of charge
- Training for a more profound knowledge in cooperation with the Chambers of Skilled Crafts.

Transparency of the tool

Promotion of the programme to SMEs takes place via events and direct marketing:
- Events: IHM (International Crafts Fair) 2003, promotional presentations and trainings in the Chambers of Skilled Crafts and other organisations of the German crafts sector (34 presentations have already taken place)
- Direct marketing: mailings via Internet, fax or post (target groups: crafts and tendering individuals or organisations).

Financial aspect

Neither public funds nor subsidies whatsoever have been allocated to the programme. The product was implemented at national level, its technological basis allows however, for its adaptation to further countries. In this respect, handwerk.de/ could act as a consultant.

The annual budget available amounts to € 150,000 (due to company status).

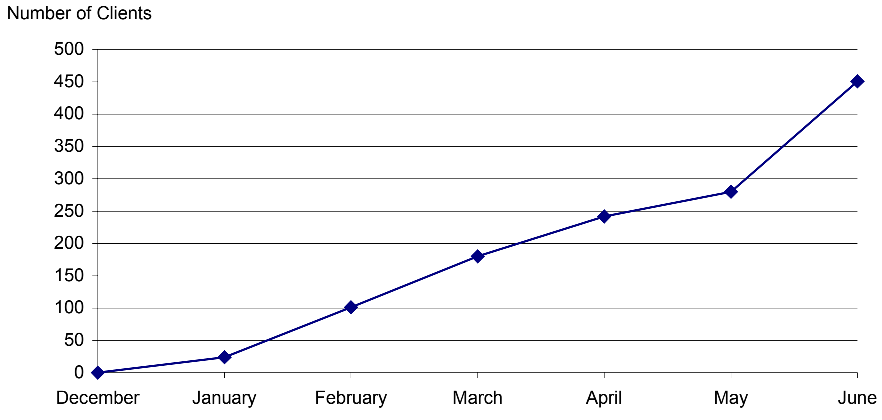
Enterprises pay for subscriptions (Staatsanzeiger – 'Government Gazette'; Bundesausschreibungsblatt – 'Federal Tender Offers Gazette') a monthly fee for the provision of tender notices (see table 109). Furthermore, there exists the possibility of downloading and of editing documents on contracts by tender directly. Download fees apply to this service. In addition to public procurement tenders, the craftsman gains access to private and commercial procurement tenders.

table 109	fees charged for tender notices handwerk.de
Tender notices service (€)	25.-/month (unlimited number of tender notices)
Costs per tender notice (€)	0.025
Monthly costs for 400 pieces (€)	25.-

Performance

The product was implemented on 1st October 2002. The number of registered users has increased since with three new customers per day (see figure 40). By now, about 476 enterprises are customers of handwerk.de/.

figure 40 development of the number of clients*, December 2002-June 2003



** Difference of long-term subscribers and short-term subscribers (i.e. enterprises that left after one-month subscription) at the end of the respective month.*

Source: handwerk.de/.

The registered enterprises have access to a wide range of private and public tender notices.

table 110 number of tenders published by handwerk.de/

Private procurement tenders	Approx. 1,000-1,400 lots per day	Current numbers of lots: 74,578
Public tender notices	Approx. 200-400 notices per day	Current number of notices: 5,696

As the measure was implemented rather recently, it is hardly possible to provide accurate information about its merits. However, the following factors are assessed to contribute to the system's success:

- The good penetration of the system in terms of the widespread access of the target group (craft enterprises) to 'their' Internet provider handwerk.de/
- The integration of the construction tender notices into the already known Internet presentation of handwerk.de/ (enabling the target group to easily learn how to use the new facilities provided by handwerk.de/)
- The reliability of published tenders (as the system is based on contracts with the Association of German Town Councils)
- The wide range of tender notices in geographic terms (*i.e.* tenders from all German regions)
- The integration of documents on contracts by tender.

Difficulties that clients experienced in using the system have been dealt with continually and eventually eliminated through presentations, workshops, the design and development of instruction manuals as well as the initiation of decision-makers in the Chambers of Skilled Crafts. Nevertheless, upgrading and implementation into the overall processes of SMEs are planned. The price is fixed according to market observation and proved adequate.

The main factors for success if the action is to be implemented in another country are the legal general conditions: contracting terms for awards of contracts, structures for the proliferation of the tool must be worked out, and can be coached within the frame of knowledge-management by handwerk.de. The experience of achieving bidder readiness to publish tenders as well as contextual parameters within the respective national setting must be responded to.

Future issues

With regard to product development, it is essential that handwerk.de/ should consider the ability of the customers as a pre-requisite to target group penetration.

The improvement of the product in the context of digital signature and adjacent processes, *e.g.* reliability certificates from Inland Revenue and from health insurances, as well as further process optimisation are planned in cooperation with the crafts in question.

The action is also assumed to be improved by developing a demo version and a training version for the tool; also through assimilation of the specific needs of craftsmen and the widening of the scope of functions.

Furthermore, it is planned to undertake analyses of the clients' satisfaction as a tool of quality insurance.

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Denmark

Tilbud - trin for trin (11 Steps in the Tendering Process)

Issue

The aim is to simplify the tendering process for SMEs by using an 11--steps function as a guide through the phases of a procurement/tendering process.

Institution

The tool can be found on the Internet portal www.udbudsportalen.dk, initiated by the Local Government Denmark (KL) and the Agency for Enterprises and Housing (EBST). Both are public organisations. Contact points are organised at national and local level. The tool has been developed by PLS RAMBØLL Management.

There are eight co-operation partners:

1 Lett & Co. www.lettco.dk (law firm)
2 Lindh Stabell Horten www.lsh-law.com (law firm)
3 Lett, Vilstup & Partners www.lwp-law.dk (law firm)
4 Lind & Cadovius www.lindcad.dk (business consultancy)
5 Bascon www.bascon.dk (environmental and IT consultancy)
6 Institut for Serviceudvikling (Institute for Service Development) www.serviceudvikling.dk (welfare service counselling)
7 Local Goverments' Accounting (Kommunernes Revision) www.kr.dk (accounting)
8 Rengøringsmægleren www.renm.dk (cleaning).

Target group

The 11 steps are directed at specific industries in addition to general counselling, which make them applicable to all types of SMEs. The steps are meant as a checklist for SMEs that are new in the field or unsure of how to go about tendering processes in general.

Content

The general motivation behind the introduction of the measure on 8th April 2003 was that Danish experience with public procurement is sparse. KL and EBST wish to enhance effectiveness in the public sector. The motivation behind the Internet portal in general is knowledge sharing between private and public sectors. KL and EBST have introduced the 11 steps to simplify SMEs' access to public procurement, primarily to local tenders.

The 11 steps function is a guide through the phases of a procurement/tendering process, from preliminary considerations to the actual assumption of the assignment and follow-up. The 11 steps refer to the 11 different industries to which the guidelines are directed.

In addition to these guidelines, the Internet site offers general counselling about tendering processes. The tool is a voluntary guideline and not an official one for public procurement processes. The tool includes counselling on relevant legislation, definition, addresses etc.

Specifically, the tool covers the following 11 industries:

1 Construction and maintenance
2 Day care
3 IT and Tele Communication
4 Maintenance of parks and green areas

5 Transport (handicapped, elderly, school etc.)
6 Food delivery (*e.g.* for elderly people)
7 Cleaning
8 Refuse disposal
9 Accounting
10 Maintenance of roads
11 Care for senior citizens.

For each of these industries, 5 phases are explored. Within each of these phases, the enterprise is asked to answer questions and is offered relevant information.

- Phase 1: Are you ready for the market?
  The enterprise is asked to answer questions concerning its preparedness for the market. This phase also offers market descriptions of the various services that are put out to public procurement, and information on which preliminary goals to set for entering the market.

- Phase 2: Prepare your enterprise
  In this phase, the enterprise is shown how to prepare itself for entering the market. This phase offers information on public procurement legislation and on restructuring within the enterprise. It suggests that the enterprise should create a list of its preferences for tenders to be realistic about time and resources. In addition, it informs the enterprise on how to watch over the market to find relevant tender invitations. Lastly, it gives an example of how to write enterprise presentations and standard documents.

- Phase 3: Write a proposal
  In the third phase, the enterprise is guided through the actual tendering process, taking as a starting point the need to understand the type of tender, next information on pre-qualifications, how to cope with acquiring the correct information for the tender, to read through and understand the invitation for tender, relevant reminders for the tender proposal and finally control and dispatching the tender proposal.

- Phase 4: Assume the assignment
  This phase informs the enterprise about how to use feedback on the tender proposal constructively, good advice on contracts and assuming the assignment is given and it is shown how to secure quality control and how to complain if the enterprise feels unjustly discriminated against by the local authority inviting for tenders.

- Phase 5: Follow-up and evaluation
  The final phase focuses on how to cooperate with the public authority in question once the enterprise has won a public procurement. It includes how to handle possible problems, how to enhance chances of winning a possible subsequent invitation for tender, how to handle possible complaints from the authority in question and how to evaluate the enterprises own performance after the assignment has been carried out.

The 11 steps are part of an Internet portal www.udbudsportalen.dk, which also accommodates a database for actual public procurements as well as counselling on legislation etc.

Transparency of the tool

The programme is promoted via Internet.

Financial aspect

The funding bodies are the Local Government Denmark (KL) and the Agency for Enterprises and Housing (EBST). EBST operates under the Danish Ministry for Business. Local Government Denmark (KL) is an association of Danish local governments with its head office in Copenhagen.

The participation for the enterprises is free of charge.

Performance

As the tool was initiated in April 2003, no assessments of its performance can be made yet.

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France

Participation en trésorerie à court terme pour le financement des créances publiques (Short-Term Participation in Financing SMEs Having Gained Public Orders)

Issue

The measure aims at helping SMEs to have better cash funds when working with the public sector and to help SMEs to develop business with public clients.

Institution

Two organisations are responsible for the measure: BDPME and CEPME. The CEPME ('Crédit d'Equipement des PME', bank for the provision of finance to SMEs) is subsidiary of the BDPME ('Banque du développement des PME', bank for the development of SMEs). Both BDPME and CEPME are semi-public organisations.

In practice, the enterprises have to get in touch with the local office at BDPME. The BDPME has 47 offices in France ensuring contact points at regional or local level, depending on the economic importance of the zone. Besides, the BDPME has 7 offices in overseas France.

Commercial banks are involved in the operations led by the BDPME or the CEPME.

Target group

All firms having a turnover lower than € 30 millions, and less than 500 employees (almost 50% of the beneficiaries have a turnover of less than € 1.52 millions) belong to the target group.

The firm must be up to date with the payment of its taxes and social debts, and its financial situation must be healthy.

The price of the public procurement must not be too small (in absolute terms, and comparatively to the size of the firm), in order to propose a profitable action for the SME, its bank, and the BDPME.

The activity covers and all sectors of activity in France.

Content

The initiative to approach the BDPME (or to the CEPME) can be taken by the SME or by the (commercial or mutual) bank of the SME (with the agreement of the SME). The initiator delivers to the BDPME information about the SME and about the public procurement. If the BDPME does not know the SME, an in-depth interview is held with the SME.

If the price of the public procurement exceeds € 90,000 (VAT not taken into account), then the procurement is qualified as a 'marches avec formalités' (formal procurement), and the BDPME can act after the date of invoicing. If the procurement is not a formal one, the BDPME can act only before the date of invoicing. It is to be noted that a project of law is being studied now (July 2003), which proposes a new threshold of € 1 million (VAT not taken into account) for the definition of the 'formal procurements' in the building sector.

Then a special account is opened in the bank of the SME. An authorisation of credit (with an upper limit) is opened for a duration of 12 months maximum. This credit can be called for in the following way: the SME gives up its invoices to the BDPME, and then the BDPME (or the BDPME and the bank of the SME) credits the account of the SME with 80% of the amount of the invoice (VAT included). When the public payments are received by the BDPME, the BDPME delivers the remaining 20% to the SME. The BDPME manages the stock of invoices and the moves on the account of the SME.

The public debts for which this system applies are the debts of the administrative establishments ('établissements administratifs'): ministries, local authorities, and some specific organizations such as UGAP (organization centralizing purchases for the public education), SEM (specific mixed economy enterprises), HLM (local public organizations managing low price habitations) and AP (public hospitals).

The system proposed by the BDPME is in fact composed of 4 different products, offering thus 4 different possibilities.

1 'Paiement à titre d'avance' (payment in advance)
This instrument is meant to protect SMEs from the delay of payment of public clients. It is used when the payment has not been made after the regulated term of payment (45 days after the date of invoicing).

The interest rate is regulated: TBB ('Taux de base bancaire', basic bank rate) + 1%-point.

2 'Avance +' (advance +)
This instrument completes the 'payment in advance': the CEPME funds the SME from the date of the invoicing.

The SME pays a 'commission d'engagement' (contract commission). Besides, the interest rate is fixed by the CEPME, and is indexed to the T4M rate ('taux moyen mensuel du marché monétaire', average monthly rate of the monetary market). The Interest rate for the first 45 days may be the same as for the 'payment in advance', *i.e.* when delays occur after the first 45 days; it is to say TBB + 1%-point.

3 'Crédit de Trésorerie Commande Publique' (cash credit for public procurement)
As in 'Avance +', the SME is funded from the date of invoicing.

'Crédit de Trésorerie Commande Publique' differs from 'Avance +' with regard to the definition of the public principal. Here, this term also refers to all enterprises belonging to the State for a minimum of 50%.

Besides, the following cases are taken into account: financing of public debts, prefinancing of a public procurement (depending on the cash flow forecast), and financing of subsidies received from the State, local authorities or the European Union.

Depending on the importance of the operation, 3 different sub-products can be used.

- For operations below € 150,000, the SME can benefit from a 'Crédit de trésorerie banque' (bank cash credit). The bank of the SME funds the operation and assumes 30% of the financial risk, the other 70% being taken in charge by the BDPME. The SME pays an contract commission, management costs ('frais de gestion'), and an interest which rate is established by the bank of the SME.

- For operations above € 150,000, the SME can benefit from a 'Crédit de trésorerie BDPME' (BDPME cash credit). The bank of the SME and the BDPME fund the operation (50%-50%). The financial risk taken in charge by the bank may be partly (up to 70%) guaranteed by the SOFARIS (another subsidiary of the BDPME). The SME pays an agreement commission, and an interest which rate is established by the bank of the SME and the BDPME.
- If the advance reaches a certain important amount, the SME can benefit from a 'Crédit de trésorerie CEPME' (cash credit CEPME). The CEPME manages and funds the operation.

4 'Fourniture de garantie' (guarantee funding)
The BDPME, in association with the bank of the SME, can advance the amount of the guarantee claimed to the provider by its public client.

Transparency of the tool

The BDPME realises public relation actions, directed to the chartered accountants. Furthermore, as one-third of the SMEs benefiting from the BDPME services in the framework of public procurement belong to the construction sector, special promotion is directed at this industry.

Besides, as the system is an old one (it exists since 1936), most banks and public clients know about it.

Last of all, the BDPME delivers information about this system on its website.

Financial aspect

The funding bodies are BDPME and CEPME, at a national level.

In 2001, advances to SMEs summed to € 3.61 billions.

Besides, the guarantees granted to the public principals summed to € 183 millions (data for the year 1999).

Performance

The annual number of participating firms was 7,717 in 2001, one-third of which belong to the construction sector.

As the system concerns SMEs (up to 500 employees), and as it may provide credits during 12 months (in case of delay of the payments of public clients), the measure facilitates the access of SMEs to public procurement.

However, even if the measure is considered as a profitable one by numerous SMEs, one can consider that it is not so commonly used. The main reason is that most banks do not prefer to share their cash credit operations with another bank (in this case BDPME). Most banks rather prefer to direct their client to factoring enterprises, or to make use of a specific measure (law 'Dailly'), in which the bank credits the SME of a cash advance from the date of invoicing[1].

Besides, some SMEs may find it difficult to identify exactly the respective roles of the BDPME and of the CEPME. The possibilities of merging the two entities are being studied at present.

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[1] As to this regard, the 'Dailly' system is similar to the BDPME products 'Avance +' and 'Crédit de Trésorerie Commande Publique'. However, the BDPME systems specifically target at public procurement whereas in the Dailly system it is also possible to receive advance payment for bills to the private sector.

The Netherlands

Actieplan Professioneel Aanbesteden en Inkopen, PIA (Action Plan Professional Procurement and Purchase)

Issue

Professional Procurement and Purchase is a way of working by the national government, obtaining the best value for money for the national government and for the taxpayer.

It is aimed at knowledge transfer, co-operation, information sharing, e-procurement, the rules of the law and good planning procedures.

The three main goals are:
1 Innovative tendering: promoting innovation and if necessary, co-operation (cluster formation) by presenting a challenge in the invitation to tender and tailoring the contract forms to this. The government acts as a demanding customer and invites innovative tenders. This is applied on an increasing scale.
2 European tendering: publishing the invitation to tender and, so increasing competition in the market. This creates opportunities for better bids. Furthermore, it is a statutory requirement for government procurement (above certain thresholds). Incentives are needed at this level, as there are shortcomings in compliance.
3 Electronic tendering: publishing announcements and invitations to tender via the Internet, and further deployment of modern information and communications technology (ICT) that supports the entire procurement process. Many new opportunities for this are becoming available.

Institution

The cabinet council is politically responsible for the project and the Minister of Economic Affairs co-ordinates the project. However, the vision has been drawn up by the "Coördinerend Directeuren Inkoop", CDI (Co-ordinating Purchase Directors) of all ministries. The "plaatsvervangende Secretarissen-Generaal" (deputy secretaries-general), the highest responsible officials in the field of operational management, all signed up to this vision.

The "Coördinerend Directeuren Inkoop", CDI (Co-ordinating Purchase Directors) of all ministries decide on the working out of PIA. They meet monthly and think about design and execution of projects. They participate in working groups. Within their own ministries, they are leading in the professionalisation of the purchase and the purchase management.

The interdepartmental project teams consist of purchase experts of ministries and local authorities. Together they look for appropriate solutions, applicable for the greater part of the government.

There is a steering committee of Secretarissen-Generaal (secretaries-general) of the ministries. This committee is responsible for the execution of the Action Plan and directs the interdepartmental co-operation and the project management of PIA.

There is an advisory group assisting the steering committee. This group consists of purchasing people from trade and industry, other governments, and non-profit organisations. They use their expertness and experience to advice the steering committee.

The project management of PIA is the temporary stimulator of the professionalisation of the purchase of the government. They bring together different parties and knowledge, by the way of research, projects and supporting project teams. The project management takes care of an electronic platform, meetings and newsletter. The Co-ordinating Purchase Directors can ask the project management for support or financial means for professionalisation of the purchase in their ministry.

Target group

No specific groups of enterprises are targeted. The Action Plan is more internally focused on the professionalisation of the procurement process of awarding authorities and increasing transparency of public procurement procedures. Although set up as an interdepartmental group focussing on the national government (ministries), links do exist with lower level governmental bodies.

Content

The general motivation behind the introduction of the measure was improving purchase and procurement of the government. PIA started in 2001 with a duration of three years, in the meantime, it was extended until 2006, and there will possibly be a follow-up.

The Action Plan consists of a number of individual steps to be taken by each of the ministerial departments. Some of them can be taken simultaneously; others have to be fulfilled in sequence.

1 Each ministry will appoint a person responsible for the implementation of the Action Plan, at the highest level.
2 Each ministry will survey the volume and the quality of its own procurement and tenders (what?), the officials responsible (who?) and the procedures involved (how?). The survey will include a review of the role of its own 'director of co-ordinated procurement' (each ministry should have appointed such an officer).
3 The procurement portfolio will be analysed in terms of core and non-core activities as well as opportunities for further outsourcing. A procurement- and tendering-strategy will be developed for each group of products to be procured.
4 Each ministry will work in compliance with the European (and national) tendering rules, as will the government institutions for which each ministry is responsible.
5 Each ministry will consider the necessary conditions in terms of its organisation, ICT support and staff training.
6 Each ministry shall co-operate with inter-departmental co-ordination processes.
7 The parliament will be informed on the progress of this Action Plan in the usual annual financial statements, starting with the statements for 1999, which will be presented to parliament in May 2000.

Furthermore, there are steps for the central government as a whole. The ministries will strengthen inter-departmental co-operation through the following actions:

1 The Ministries will together form networks of buyers and tendering officers for each product group, for exchanges of know-how, standardisation, benchmarking and combination of purchases, starting with the areas:
    - Advisory services and temporary employment
    - Facility services
    - Infrastructure
    - Accommodation
    - Mobility.

    Joint invitations for tender will be used as trial projects, in order to gain experience.

2 The networks will be supported by:
   - Studies into experiences with procurement and tendering
   - A congress on strategic government procurement
   - Initiatives for a practical training programme (e.g. practical European tendering, dialogue with the market, electronic tendering and management of current contracts).

   The Ministry of Economic Affairs will consult the Association of Provincial Authorities (IPO) and the Association of Municipal Authorities (VNG) on opportunities for coordination with a new Covenant.

3 European tendering:
   - The Ministry of Economic Affairs will initiate a discussion with other ministries, other public-law institutions and the private sector on the basis of the discussion paper entitled 'Profit from the Rules!', which reviews opportunities to improve compliance, both in the short term and on a structural basis.
   - The Ministry of Economic Affairs will intensify information on the application of the European tendering rules to other ministries, lower tiers of government, other public law institutions and the private sector.
   - The Ministry of Economic Affairs, IPO and VNG will stimulate the lower tiers of government and other public-law institutions to report annually on their procurement policy and have compliance with tendering rules audited by accountants.

4 Electronic tendering:
   - The ministries will publish invitations for tender electronically at the earliest opportunity. The Ministry of Economic Affairs will contribute its own experience in this respect.
   - The central government Intranet now being built by the Ministry of Foreign Affairs will incorporate an electronic network for buyers and tendering officers. This will act as a virtual knowledge centre for professional procurement and tendering. The functions will include the current list of buyers and tendering officials at each Ministry and a list of planned and current tenders.
   - In the follow-up to tendering procedures, the Ministry of Economic Affairs will gain experience with electronic ordering and payment, and place this at the disposal of other parties.

Within the scope of the Action Plan lots of activities has been initiated and carried out by the ministries, by the project management of PIA and by other parties, such as:

– purchase diagnoses,
– contract register,
– PIANO, a network of professional purchases of the government, including a virtual meeting place (www.PIANOdesk.info).
– interdepartmental project team on electronic purchasing,
– collective purchase and procurement,
– guides for purchasers, such as 'Guide collective purchase and procurement', 'Assistance, Earn with spending' and 'Toolkit purchase'.
– PIA-intranet (part of the intranet of the central government),
– PIA newsletter (with information on good practices), every two months,
– PIA lunches, with discussion on purchasing and procurement, twice a month,
– etc.

In the summer of 2002, the Co-ordinating Purchase Directors decided to accelerate the professionalisation with the so-called 'Efficiencyslag Inkoop' (Improve efficiency of purchasing). The Co-ordinating Purchase Directors agreed to boost the professionalisation. This consists of nine action points to be worked out in projects, relating to:
1 responsibilities and competences of the Co-ordinating Purchase Directors,
2 managing purchasing,
3 the role of purchasing in the budget cycle,
4 development stages of purchase organizations,
5 a shared service centre purchase,
6 introducing electronic ordering and invoicing,
7 framework contracts,
8 hiring external people, and
9 co-operation.

Transparency of the tool

It is an internal governmental project, not focussed on SMEs. Nevertheless, there are meetings with employers' organisations to inform them and to discuss bottlenecks of enterprises in general and SMEs in particular.

Financial aspect

The funding body is the Ministry of Economic affairs.

The budget for 2002 was € 3,460,000 (Source: Annual Report 2002).

There do not arise any costs for the participating authorities.

Performance

The major change brought about by PIA is that purchasing is on the agenda of the ministries and on the agenda of a large number of other authorities and people, and the attention to professionalisation of purchasing and procurement has grown. Because of PIA, departments raise capacity, means and attention for professionalisation of purchasing and procurement. Moreover, because of PIA there is a lot of exchange of knowledge and co-operation in purchasing and procurement.

Concerning to quality insurance there is a strong responsibility and commitment of the Co-ordinating Purchase Directors.

The focus of PIA is the professionalisation of purchasing and procurement by (central and decentral) government. There is no direct focus on the access of enterprises in general or SMEs in particular. The professionalisation of purchasing and procurement is designed to lead to better purchasing and procurement, collective purchasing and procurement, transparency and more professional partners for enterprises. This might influence the access of SMEs negatively (because of collective purchasing and procurement) and positively (because of more transparency, lower administrative burdens and better purchase and procurement methods).

No solid independent evaluation of the PIA Action Plan is available. However, the employer's organisation VNO-NCW has indicated that they do not consider PIA as a success for enterprises. At present, they notice little of the effects of actions taken and some actions are even counterproductive for enterprises. The procurement regulations and the way in which these are implemented in the Netherlands would impede SMEs to participate in public procurement.

Critical success factors if the action will be implemented in other countries constitute the financial means for co-ordinating activities and support and the exertion of the top of the ministries.

Future issues

Professionalisation of governmental purchase and procurement is an ongoing process. PIA plays an important role in this process. Some kind of organisations like PIA seem to be essential for the ongoing process in the future. However, PIA is intended to be a finite project.

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United Kingdom

IDeA Marketplace

Issue

IDeA Marketplace is local governments' own electronic world-class procurement system and electronic trading environment. It may save money and time for participating councils. It quickly e-enables suppliers large and small, providing up-to-the-minute financial control information and total supply chain transparency. It is live, working, and available for local authorities to buy from existing suppliers or take advantage of the combined purchasing power of local government. Adopting electronic procurement methods brings benefits to local authorities and suppliers. Both parties may enjoy a reduction in the time and the cost of transactions and service delivery, a freeing-up of resources and a wider, more diverse market.

Institution

The initiator of the measure is the Improvement and Development Agency (IDeA), a non-profit organisation established by and for local government in April 1999. Its Board of Directors is drawn from a variety of backgrounds such as Local Government Association, Office of the Deputy Prime Minister, Welsh Office, trade unions, National Association of Regional Employers, private sector and academia, and has ultimate collective responsibility for the strategic direction and performance of the IDeA.

Contact points are organised both at national and regional level.

Target group

The scheme is primarily aimed at local authorities and other public sector services; however, all suppliers are expected to benefit. As the scheme also aims at minimising the cost of purchasing small-value items under the threshold, this might in particular favour SMEs.

The regional coverage is nation-wide in England but there is theoretically no reason why Scotland, Wales and Northern Ireland should not take advantage of the scheme. All sectors are covered.

Content

The scheme is part of the objective of central government to improve local services and introduce electronic processing wherever possible.

If council officers or their suppliers have access to the Internet, they can access IDeA Marketplace. Where small and medium enterprises (SMEs) have yet to go online, councils can use the e-ordering capability to send/fax orders and still enjoy automated workflow and comprehensive management information. Local governments' collective procurement muscle can lever improved prices for all local authorities to benefit. The functionality of the system will reduce by an estimated 70% the time taken to make purchases. Releasing so much time will enable councils to re-deploy and refocus talented staff. The advent of regional and national framework agreements gives suppliers of goods and services access to a much wider market than they have previously enjoyed. Through IDeA Marketplace, SMEs will be able to expand into much larger markets and bid for work through electronic tendering and request-for-quote (RFQ) facilities. While local authorities reduce the cost of their transactions, the costs of making sales will fall. Suppliers will be able to price goods and services more keenly.

Support provided contains initial training, one-to-one liaison on an on-going basis with assigned account manager, on-line technical support and telephone technical help desk. Moreover, there exists a flourishing User Group community.

Concerning quality insurance the Project Team has PRINE2 accreditation. Rigorous software testing process for new versions of product, redundancy in checking of documents and information before it is released to the public domain.

Transparency of the tool

The tool is promoted by brochures, prospectus, events, a web site, a CD demonstrator, presentations, seminars, exhibitions, newsletters and conferences.

Financial aspect

The service is intended to be self-financing. An initial public-private partnership was set up to underwrite the system and sales development costs. Now the system is live and being rolled out, subscription fees are collected to underwrite return on investment and running costs.

An annual budget is not defined, as it is dependent at the level of take-up with local authorities and other public sector clients.

The costs for participants are defined against a price book and are based on the size of the participant and the level of use.

Performance

There are currently 12 local authorities up and running, with a further 60 in advanced stages of negotiation to join. It is forecast that around 40 authorities will join each year.

Due to the young age of the measure, no independent evaluation exists. However, internal self-monitoring is in place both at national and regional level. Data is now becoming available which demonstrates the savings that can accrue to local authorities by using the scheme.

In general, the following advantages of the scheme can be identified:

– *Makes payment quicker*. A system of e-procurement can ensure that suppliers are paid more quickly.
– *Provides a market with consistent demand*. Local government expenditure is attractive to suppliers, often running counter-cyclical to the private sector. Suppliers can frequently make surplus stock available to local authorities at mutually attractive prices.
– *Protects the market from volatility in revenues*. Local authorities tend to maintain levels of spending year on year. Economic cycles seldom affect council expenditure.
– *Reduces the cost of inventory*. The efficiencies of e-procurement and just-in-time ordering enable both local authorities and suppliers to reduce inventory costs.
– *Improves management information and provides marketing data*. Reliable, accurate data is as useful to suppliers as it is to local authorities.
– *Offers transfer of the technology to other sectors and other customers*. Suppliers who code items to the UN standard can more readily engage in e-commerce and transfer stock to the private sector.

The following example of implementing IDeA Marketplace shows the practical applicability of the scheme as well as the advantages from the viewpoint of one of the users.

box 2 case study implementation of the IDeA Marketplace

Slough Borough Council

IDeA Marketplace uses a tried and tested three-phased deployment model and PRINCE2 project management guidelines to implement change quickly and effectively. To support the project, Slough Borough Council assembled a project team led by a part-time project manager and including the project champion, key stakeholders and a representative of IDeA Marketplace.

The first step was a planning meeting with project champion Liz Terry, Slough's assistant chief executive, and project representatives from IT, legal, audit, finance and key service lines. This meeting was crucial, giving key stakeholders the opportunity to agree the pace and the scope of rollout to users and to resolve issues that concerned them.

Next was a series of implementation planning workshops with users and managers to map how purchasing processes worked, and how users wanted the procedures to appear online. Training used an everyday scenario to teach council staff how to use the system.

Phase 1 of the rollout was extended to purchasing in both IT and social services, to underline Slough's commitment to changing the way products and services were purchased from day one.

Managers and users quickly found how straight forward IDeA Marketplace is to configure to how people work. The system is highly user-friendly, intuitive, and does not require business process re-engineering upfront. The technology has already won several prizes for usability.

Future issues

A second generation of the IDeA Marketplace is to be established. IDeA and Oracle have launched a joint white paper for councils using Oracle products and thinking through e-procurement options. Authorities implementing their e-procurement strategy often feel that they are faced with the question of whether they should use a hosted marketplace solution such as IDeA Marketplace, or an integrated financial accounting and e-procurement solution such as the Oracle eBusiness Suite. The joint publication illustrates that with the flexibility of second-generation IDeA Marketplace, councils can access all the benefits of a shared supplier hub and exploit the benefits of new finance system options. Further white papers with other finance systems vendors are in preparation.

After 12 months operation and development, IDeA Marketplace has launched a series of major refinements to create a second-generation marketplace - a shared 'eHub' and support community for councils seeking to transform their spending on bought-in goods and services. Driven by experience with pioneering councils, suppliers and partners, the second-generation marketplace builds on the core strengths of IDeA Marketplace with a series of enhancements to create a stronger and more flexible solution to support different local purchasing strategies, regional collaboration and a range of interfacing options.

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Annex II Country clusters and country profiles

Introduction

In this annex, we present some main characteristics and improvement suggestions in the field of public procurement on the level of country clusters and on the level of countries. First, four clusters of countries with similar characteristics are shown and second, for every Member State (except Greece and Portugal, because of lack of information) a country profile is presented.

Country clusters

Clustering 'similar' countries

On the basis of structure and conduct aspects that might influence the access of SMEs to public procurement contracts we can construct clusters of countries with similar characteristics. A cluster analysis seeks clusters such that the differences (between the countries) within a cluster are as small as possible, and that the differences between the clusters are as large as possible. The optimal cluster solution appears to consist of the following 4 clusters:

– Cluster 1: Austria, Germany and France,
– Cluster 2: Belgium, Ireland, Italy, Netherlands and Spain,
– Cluster 3: Denmark, Finland, Sweden and United Kingdom,
– Cluster 4: Luxembourg.

In table 111 the characteristics of the clusters are shown.

table 111 Characteristics of country clusters (averages of the countries in the clusters[1])

		Country clusters			
Characteristics	*EU*	*1*	*2*	*3*	*4*
Structure					
Median contract size x € 1,000	345	254	615	679	507
Distribution of contract awards over type of awarding authority (in %)					
- Central government	14	6	22	18	44
- Local authorities	61	74	41	50	29
- Armed forces	7	5	7	5	0
- Utilities	12	11	18	10	16
- Other	6	3	11	18	11
Conduct of awarding authorities (in % of the authorities that awarded a contract to an SME)					
Use of central guidelines	89	93	88	94	49
Provision of guidelines for enterprises	63	65	74	63	21

Characteristics	EU	Country clusters 1	2	3	4
Considering breaking tenders into lots (mostly/always)	51	60	18	38	23
Conduct of successful SMEs (in % of the successful SMEs)					
Public procurement as part of strategy	80	76	88	89	75
Feeling properly informed	71	64	82	67	67
Regularly asking questions	40	33	46	59	66
Performance					
% of SMEs amongst the successful enterprises	78	81	80	75	92
Median size of contracts won by SMEs x € 1,000	249	200	597	486	307

1) The figures in the table are averages of the figures of the Member States in the clusters. The results of the indicators of the Member States within the clusters differ more or less.

Source: EIM, 2003.

From this table, we can derive the main characteristics of each cluster. On the basis of these characteristics, we can mark each cluster with a 'title'. These characteristics and titles are summarised in table 112.

table 112 Main characteristics of country clusters

Cluster	Cluster title	Countries	Main characteristics
1	'Local and small'	Austria Germany France	- Relatively large involvement of local authorities - Relatively small sizes of the contracts - More considering breaking tenders into lots - Relatively few SMEs regularly ask questions - Moderate access of SMEs
2	'Large, strategic and well informed'	Belgium Ireland Italy Netherlands Spain	- Relatively large sizes of the contracts - Low extent of considering breaking tenders into lots - Strategic, well informed successful SMEs - Moderate access of SMEs
3	'Large, strategic and low SME access'	Denmark Finland Sweden UK	- Relatively large sizes of the contracts - Relatively more regular asking questions - Relatively low access of SMEs
4	'SMEs for central government, less SME strategy'	Luxembourg	- Relatively large involvement of central government - Less central guidelines as well as guidelines for enterprises - Relatively more regular asking questions - Relatively high access of SMEs

Source: EIM, 2003.

Improvement in the country clusters

On the basis of the characteristics of the country clusters, some overall suggestions for improvement for the different clusters can be derived (see table 113). In the table it is also shown that the clusters can learn from each other. But it has to be mentioned that the appropriateness can differ within the clusters.

table 113 Main improvement suggestions for country clusters

Cluster	*Countries*	*Main suggestions*	*Can learn from*
1	Austria Germany France	- More and more clear information to SMEs - Inform potential bidders about the possibilities to ask questions	Cluster 2
2	Belgium Ireland Italy Netherlands Spain	- More (considering) breaking up tenders into lots	Cluster 1
3	Denmark Finland Sweden UK	- More and more clear information to SMEs - Providing guidelines for potential bidders to draw up proposals - More (considering) breaking up tenders into lots	Clusters 1 and 2
4	Luxembourg	- Draw up central guidelines - Providing guidelines for potential bidders to draw up proposals - More (considering) breaking up tenders into lots	Clusters 1 and 2

Source: EIM, 2003.

Introduction of the country profiles

In the following section, country profiles of all Member States are presented, except Greece and Portugal (because of shortage of information). In these country profiles, the main indicators of the Member States are compared with the average of the indicators of all Member States[1].

The outline of the country profiles is as follows.

Participation of SMEs

The profiles start with the percentage of SMEs amongst successful enterprises and show deviation from the average of the Member States (80%).

[1] In the country profiles, we use the average scores of the Member States to compare with. These averages differ from the results at EU level (which are presented in the executive summary and in the main report). These results are weighted for the numbers of the countries. Since we wish to compare individual scores of Member States with the scores of other Member States, it is better to use averages for comparison.

Comparison with the average of the Member States

In a table, the main conclusions regarding the indicators on structure, conduct and performance are mentioned.

Obstacles and suggestions for improvement

First the top-3 of the obstacles (which were mentioned in the survey amongst successful SMEs) are mentioned. Second, some suggestions for improvement are formulated. These suggestions are based on the main indicators and the obstacles.

Structure

In a table, a comparison of the main indicators of structure is made between the country considered and the average of the Member States. These are:

- enterprise population:
  - number of enterprises,
  - number of SMEs,
  - average size of the SMEs,
- contract awards:
  - number of contract awards (excl. EU institutions),
  - number of contract awards (excl. EU institutions) per 1,000 enterprises,
  - median contract size,
  - distribution (in %) of the contract awards over types of awarding authorities,
  - distribution (in %) of the contract awards over sectors.

Conduct

In a table, a comparison of the main indicators of conduct is made between the country considered and the average of the Member States. These are:

- For awarding authorities (all in % of awarding authorities):
  - use of central guidelines,
  - provision of guidelines for enterprises,
  - considering breaking tenders into lots (mostly/always)
  - use of e-procurement,
  - framework contracts with SMEs,
  - possibility to form partnerships (mostly/always),
  - measures to improve access for SMEs.
- For SMEs (all in % of successful SMEs):
  - public procurement as part of the strategy,
  - feeling properly informed,
  - opinion whether prior notices help (mostly/always),
  - asking questions (mostly/always),
  - more tendering with pre-selection (agree),
  - more tendering with better finding partners (agree),
  - more tendering with external help (agree).

Performance

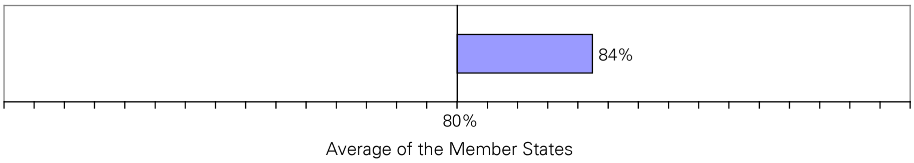
In a table, a comparison of the main indicators of performance is made between the country considered and the average of the Member States. These are:

- median size of the contracts won by SMEs,
- percentage of contracts won by micro, small and medium-sized enterprises,
- distribution (in %) of the contracts won by SMEs over types of awarding authorities,
- distribution (in %) of the contracts won by SMEs over sectors.

Austria

Participation of SMEs

Percentage of SMEs amongst successful enterprises, Austria compared to the average of the Member States, in 2001



Source: EIM, 2003.

Austria compared with average of the Member States

In the following tables, the background indicators of structure, conduct and performance are shown. The main conclusions from the indicators are:

Structure	- small country (looking at numbers of enterprises and contract awards) - somewhat higher average size of SMEs - large number of contract awards per 1,000 enterprises - low median contract size - more contract awards from local authorities and less from central government - more contract awards in construction
Conduct of awarding authorities	- more professional procurement - more considering breaking up tenders into lots - less extra measures for SMEs
Conduct of successful SMEs	- less strategy focused on public procurement - less informed and less asking questions - less positive judgement of external help
Performance	- higher access by small and medium-sized enterprises (not micro firms) - high involvement of SMEs in contracts from local authorities - high involvement of SMEs in contracts in the construction sector

Obstacles and suggestions for improvement

Main obstacles of SMEs involved in public procurement (top-3):

1 not enough information in the invitation to tender,
2 unclear wording in the invitation to tender,
3 short time span to draw up a tender.

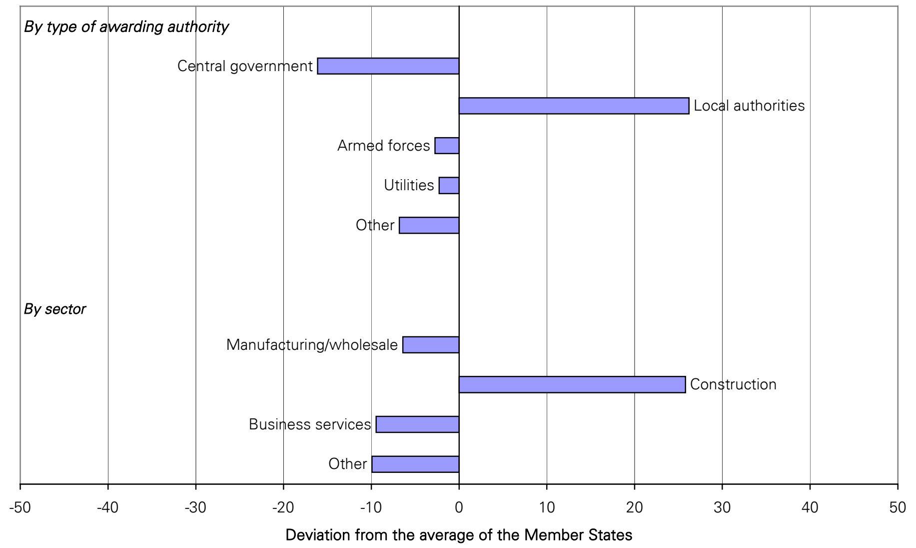
Based on the indicators and on responses from awarding authorities and successful SMEs, we can mention the following suggestions for improvement of the access of SMEs to public procurement:

- giving more and better information,
- extend the use of e-procurement,
- reduce administrative requirements (what is really necessary?),
- special attention for SMEs,
- stimulating SMEs to improve professional sale to the public sector.

Indicators of the structure of Austria

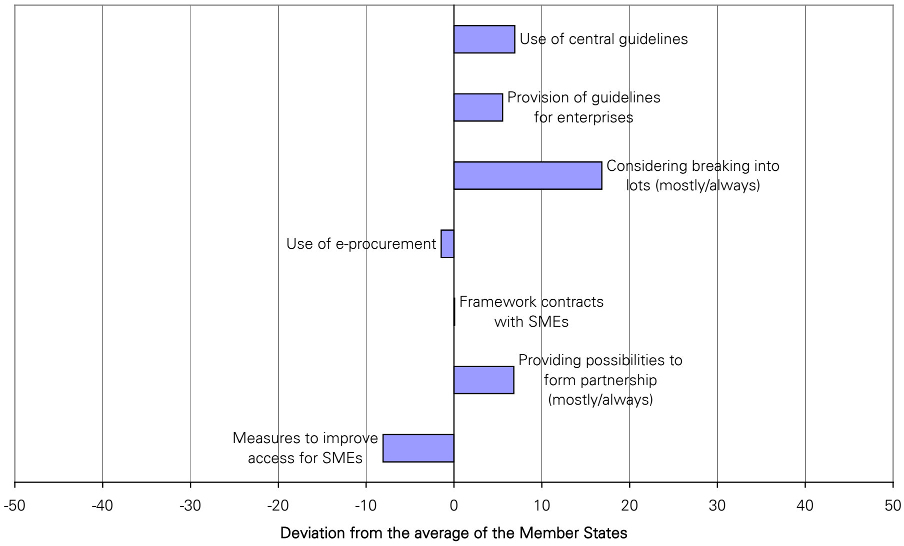
	Austria	Average of the Member States
Enterprise population		
Number of enterprises in 2001 (*1,000)	226	1,430
Number of SMEs in 2001 (*1,000)	225	1,337
Average size of the SMEs (number of employees) in 2001	7	5
Contract awards		
Number of contract awards (excl. EU institutions) in 2001	1,475	3,413
Number of contract awards (excl. EU institutions) per 1,000 enterprises in 2001	6.5	2.5
Median contract size (* € 1,000) in 2001	307	515

Distribution of contract awards compared with the average distribution of the Member States in 2001

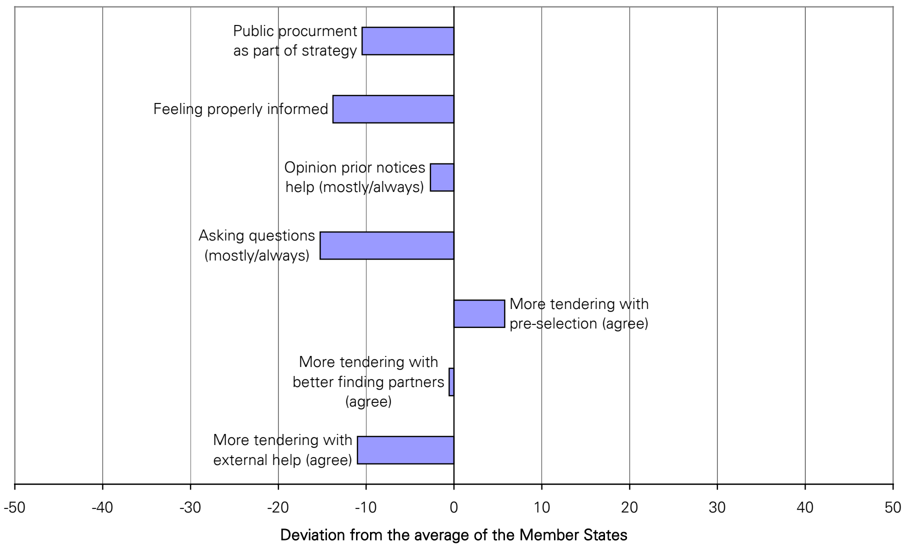


Source: EIM, 2003.

Awarding authorities



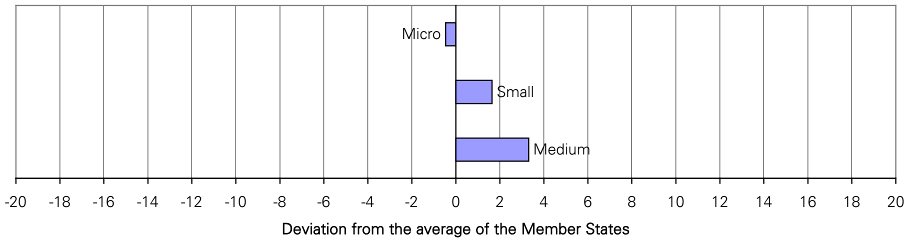
SMEs



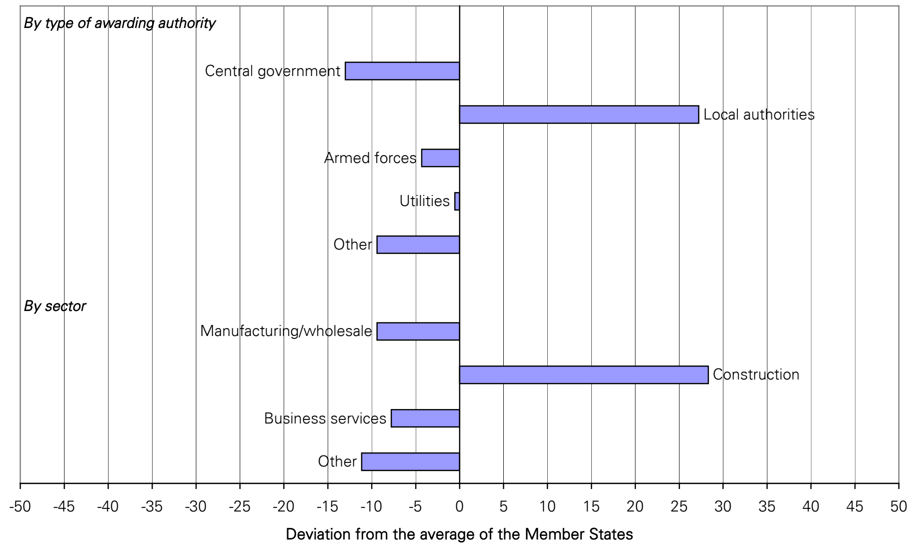
Source: EIM, 2003.

	Austria	*Average of the Member States*
Median size of contract won by one SME (* € 1,000) in 2001	257	449

Percentage of contracts won by micro, small and medium-sized enterprises compared to the average of the Member States in 2001



Distribution of contracts won by SMEs over types of authorities and sector compared with the average distribution of the Member States in 2001

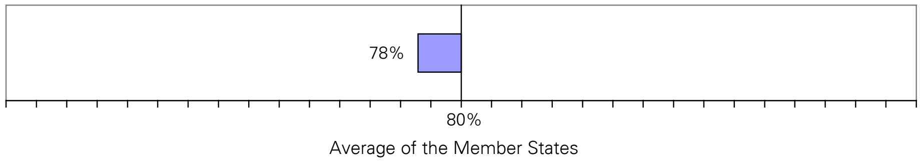


Source: EIM, 2003.

Belgium

Participation of SMEs

Percentage of SMEs amongst successful enterprises, Belgium compared to the average of the Member States, in 2001



Source: EIM, 2003.

Belgium compared with average of the Member States

In the following tables, the background indicators of structure, conduct and performance are shown. The main conclusions from the indicators are:

Structure	– small country (number of enterprises and contract awards) – slightly smaller average size of SMEs – substantially less contracts from local authorities – more contract awards in business services, less in construction
Conduct of awarding authorities	– less considering breaking up tenders into lots – less measures to improve SME access – less providing possibilities to form partnerships
Conduct of successful SMEs	– public procurement more often part of strategy – more tendering when easily finding partners – feeling that prior notices help
Performance	– higher access by micro firms – high SME involvement in contracts in the manufacturing/wholesale sector – low SME involvement in local government contracts

Obstacles and suggestions for improvement

Main obstacles of SMEs involved in public procurement (top-3):

1 not enough information in the invitation to tender
2 administrative burden
3 short time span to tender, and high financial requirements.

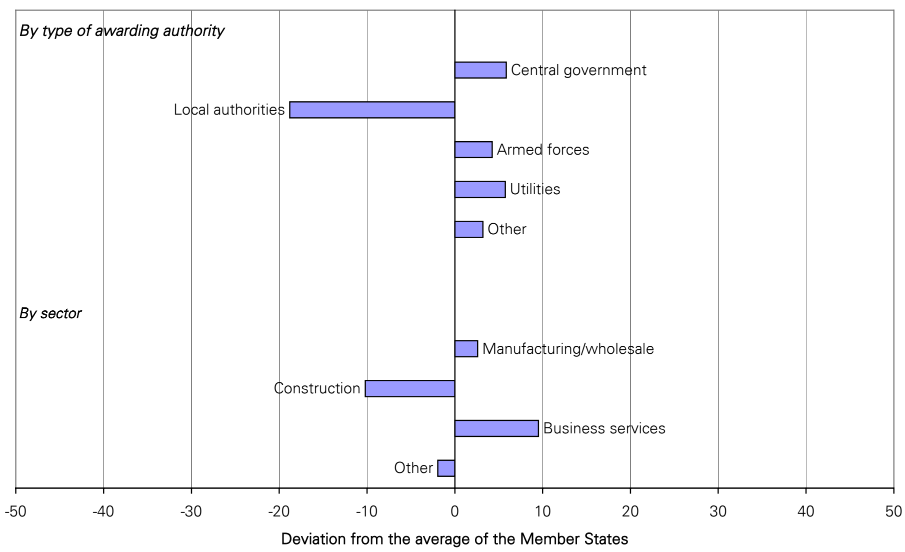
Based on the indicators and on responses from awarding authorities and successful SMEs, we can mention the following suggestions for improvement of the access of SMEs to public procurement:

– reducing administrative burden
– improving information to SMEs tendering for public procurement
– clearer and simpler rules
– breaking big contracts into smaller lots
– permitting partnerships more often.

Indicators of the structure of Belgium

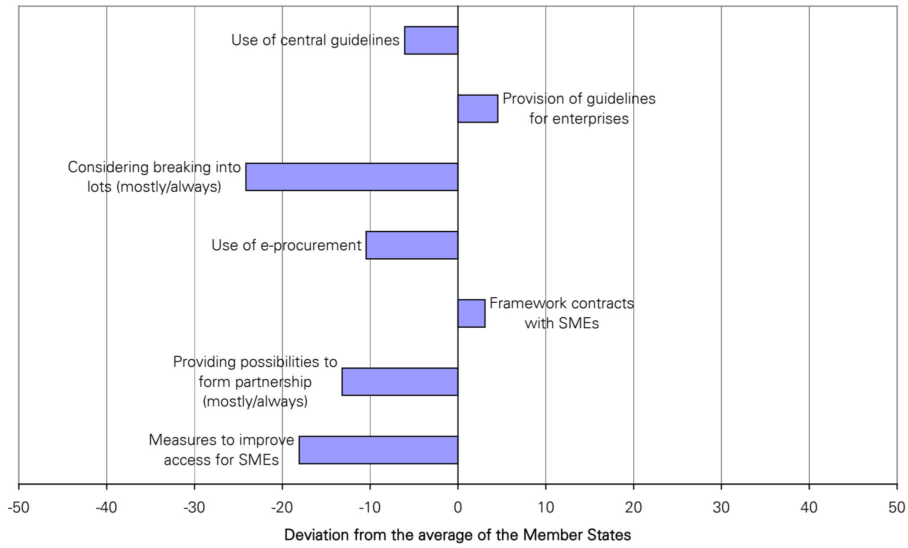
	Belgium	Average of the Member States
Enterprise population		
Number of enterprises in 2001 (*1,000)	549	1,430
Number of SMEs in 2001 (*1,000)	548	1,337
Average size of the SMEs (number of employees) in 2001	4	5
Contract awards		
Number of contract awards (excl. EU institutions) in 2001	1,063	3,413
Number of contract awards (excl. EU institutions) per 1,000 enterprises in 2001	1.9	2.5
Median contract size (* € 1,000) in 2001	513	515

Distribution of contract awards compared with the average distribution of the Member States in 2001

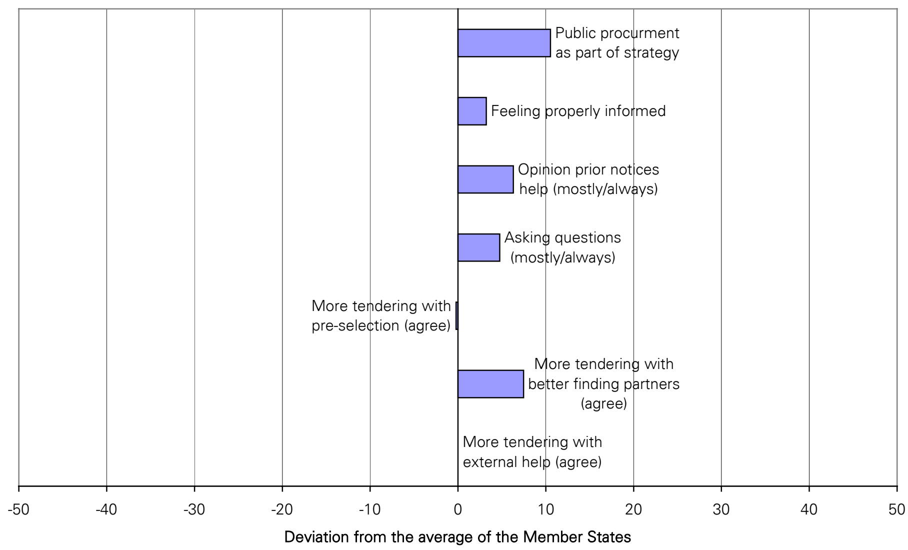


Source: EIM, 2003.

Awarding authorities



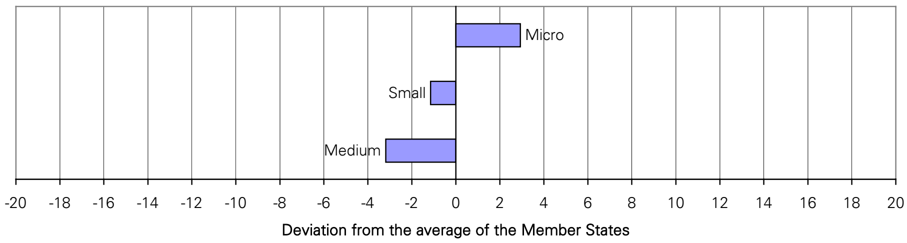
SMEs



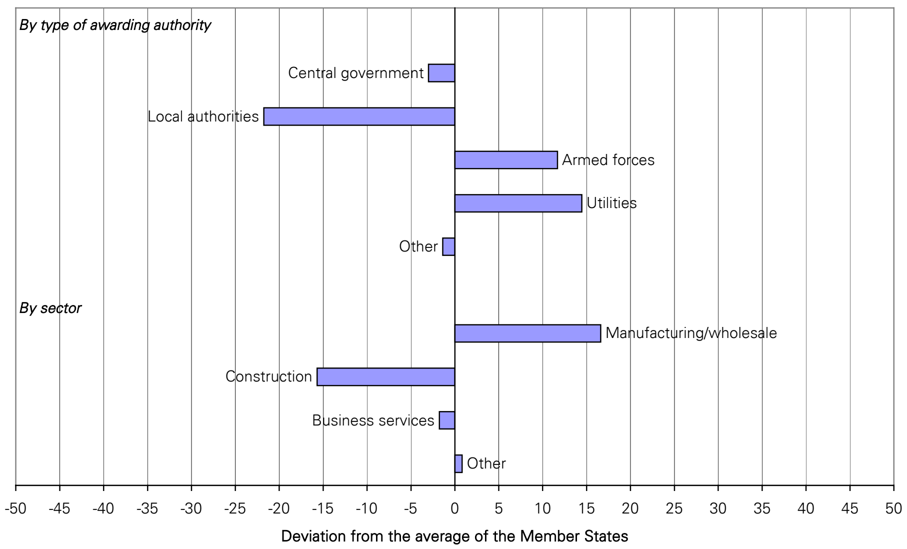
Source: EIM, 2003.

	Belgium	Average of the Member States
Median size of contract won by one SME (* € 1,000) in 2001	334	449

Percentage of contracts won by micro, small and medium-sized enterprises compared to the average of the Member States in 2001



Distribution of contracts won by SMEs over types of authorities and sector compared with the average distribution of the Member States in 2001

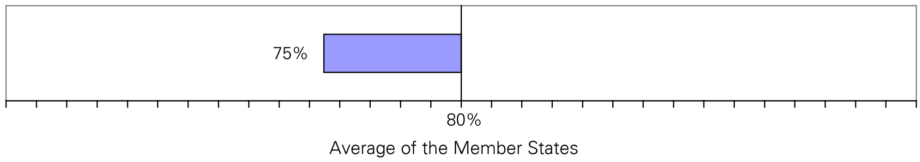


Source: EIM, 2003.

Denmark

Participation of SMEs

Percentage of SMEs amongst successful enterprises, Denmark compared to the average of the Member States, in 2001



Source: EIM, 2003.

Denmark compared with average of the Member States

In the following tables, the background indicators of structure, conduct and performance are shown. The main conclusions from the indicators are:

Structure	– small country (number of enterprises and contract awards) – slightly larger average size of SMEs – large number of contract awards per 1,000 enterprises – large contract size – more contract awards from local authorities – more contract awards in business services, less in construction
Conduct of awarding authorities	– substantially more use of e-procurement – substantially more framework contracts with SMEs – more possibilities provided to form partnerships
Conduct of successful SMEs	– asking questions more often – more often public procurement as part of strategy – less improvement in tendering expected from better finding partners
Performance	– higher access by micro firms, but substantially less by small firms – high SME involvement in contracts in the business services sector – low SME involvement in contracts in construction – high SME involvement in local authorities contracts

Obstacles and suggestions for improvement

Main obstacles of SMEs involved in public procurement (top-3):

1 administrative burden
2 wording in the invitation to tender is unclear
3 time span to draw up a tender is too short.

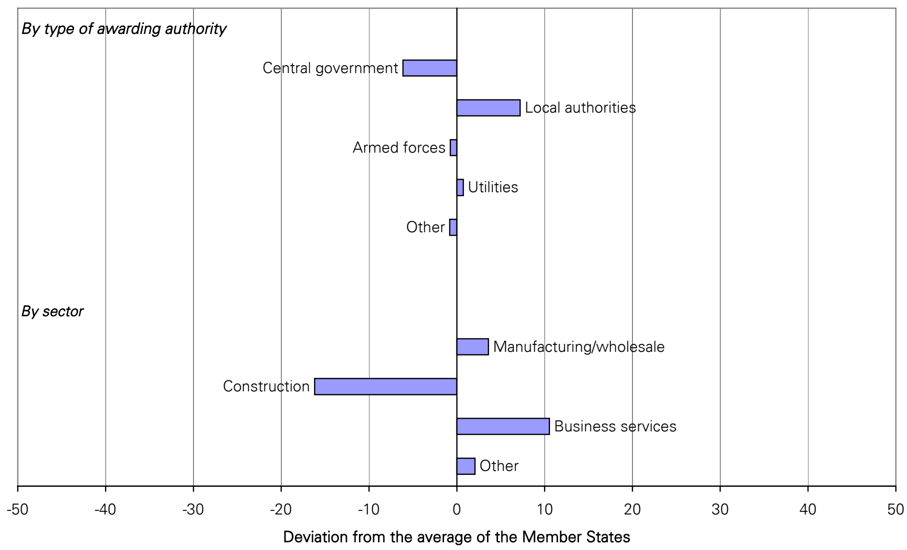
Based on the indicators and on responses from awarding authorities and successful SMEs, we can mention the following suggestions for improvement of the access of SMEs to public procurement:

– reducing administrative burden
– clearer and simpler rules
– smaller contract size
– improving information to SMEs
– reducing the cost of preparing bids.

Indicators of the structure of Denmark

	Denmark	Average of the Member States
Enterprise population		
Number of enterprises in 2001 (*1,000)	179	1,430
Number of SMEs in 2001 (*1,000)	179	1,337
Average size of the SMEs (number of employees) in 2001	6	5
Contract awards		
Number of contract awards (excl. EU institutions) in 2001	948	3,413
Number of contract awards (excl. EU institutions) per 1,000 enterprises in 2001	5.3	2.5
Median contract size (* € 1,000) in 2001	671	515

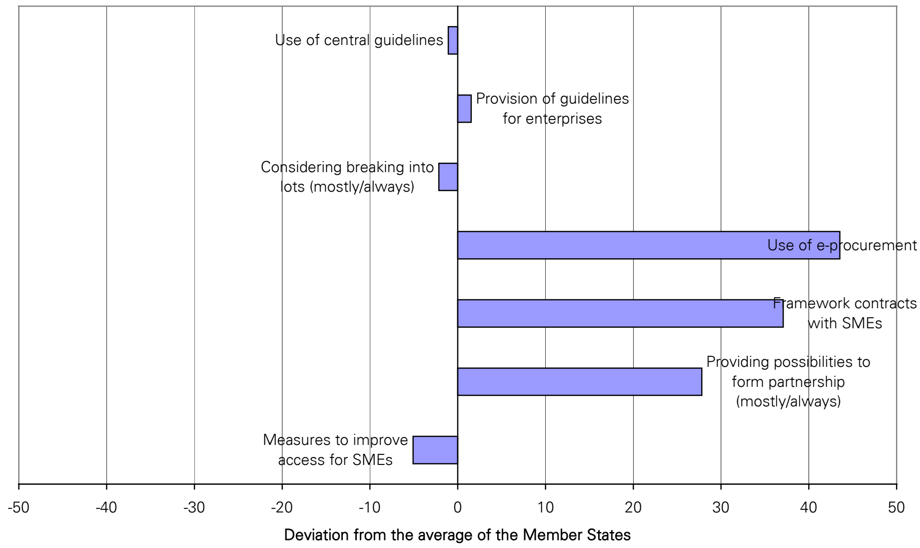
Distribution of contract awards compared with the average distribution of the Member States in 2001



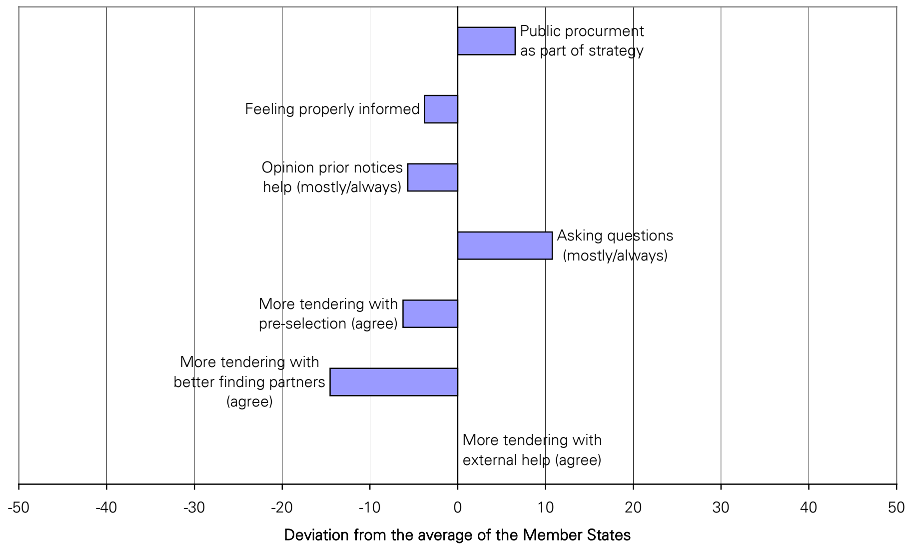
Source: EIM, 2003.

Indicators of the conduct of Denmark

Awarding authorities



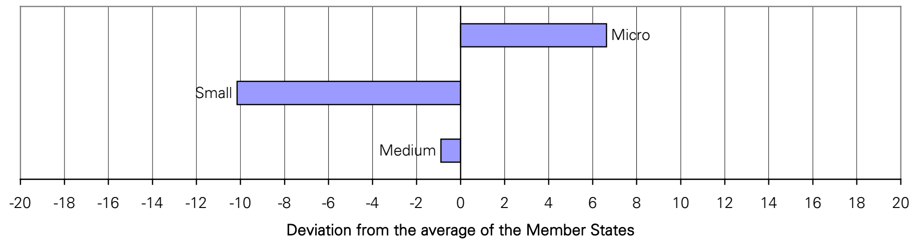
SMEs



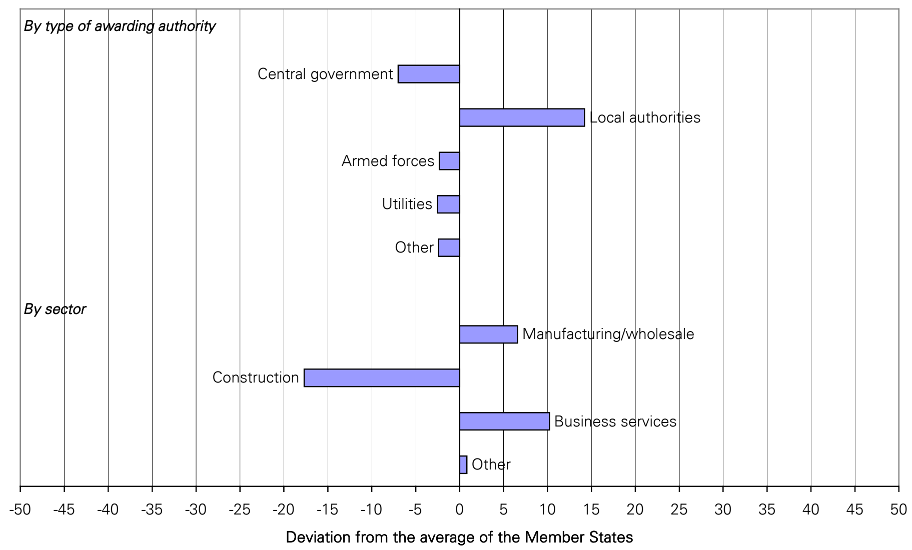
Source: EIM, 2003.

	Denmark	*Average of the Member States*
Median size of contract won by one SME (* € 1,000) in 2001	503	449

Percentage of contracts won by micro, small and medium-sized enterprises compared to the average of the Member States in 2001



Distribution of contracts won by SMEs over types of authorities and sector compared with the average distribution of the Member States in 2001

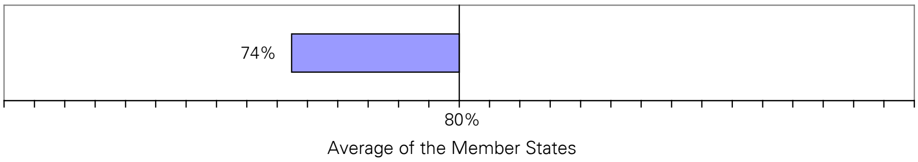


Source: EIM, 2003.

Finland

Participation of SMEs

Percentage of SMEs amongst successful enterprises, Finland compared to the average of the Member States, in 2001



Source: EIM, 2003.

Finland compared with average of the Member States

In the following tables, the background indicators of structure, conduct and performance are shown. The main conclusions from the indicators are:

Structure	– small country (number of enterprises and contract awards) – small average size of SMEs – more contract awards from 'other' awarding authorities, less from central government – more contract awards in manufacturing and wholesale
Conduct of awarding authorities	– less possibilities provided to form partnerships – less measures to improve access for SMEs – more use of central guidelines – less provision of guidelines for enterprises
Conduct of successful SMEs	– less feeling that pre-selection will lead to more tendering – asking questions more often – more feeling that external help will lead to more tendering
Performance	– higher access by micro firms, less access by (other) small firms – high SME involvement in contracts in manufacturing and wholesale – low SME involvement in business service and construction contracts – high SME involvement in contracts awarded by 'other' authorities, low involvement in central government contracts

Obstacles and suggestions for improvement

Main obstacles of SMEs involved in public procurement (top-3):

1 insufficient information in the invitation to tender
2 projects too big in relation to firm size
3 unclear wording in the invitation to tender.

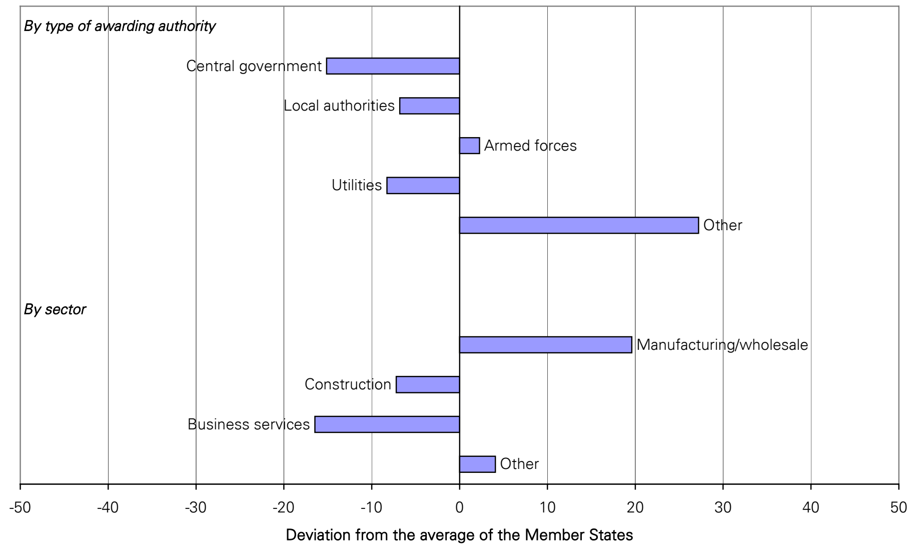
Based on the indicators and on responses from awarding authorities and successful SMEs we can mention the following suggestions for improvement of the access of SMEs to public procurement:

– improving information from awarding authorities to SMEs
– clearer and simpler rules
– breaking big contracts into smaller lots
– improving tender opportunities by central government
– awarding authorities providing more possibilities for partnerships.

Indicators of the structure of Finland

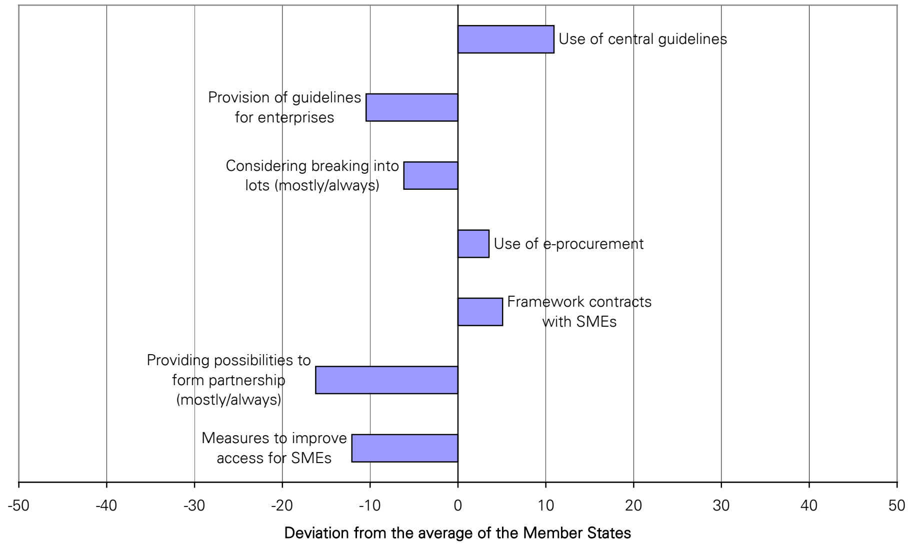
	Finland	Average of the Member States
Enterprise population		
Number of enterprises in 2001 (*1,000)	214	1,430
Number of SMEs in 2001 (*1,000)	214	1,337
Average size of the SMEs (number of employees) in 2001	3	5
Contract awards		
Number of contract awards (excl. EU institutions) in 2001	734	3,413
Number of contract awards (excl. EU institutions) per 1,000 enterprises in 2001	3.4	2.5
Median contract size (* € 1,000) in 2001	652	515

Distribution of contract awards compared with the average distribution of the Member States in 2001

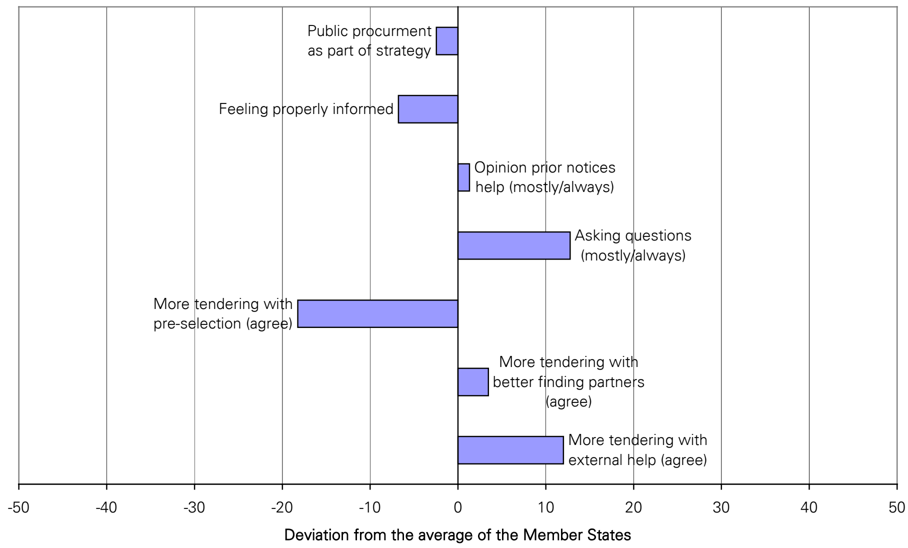


Source: EIM, 2003.

Awarding authorities



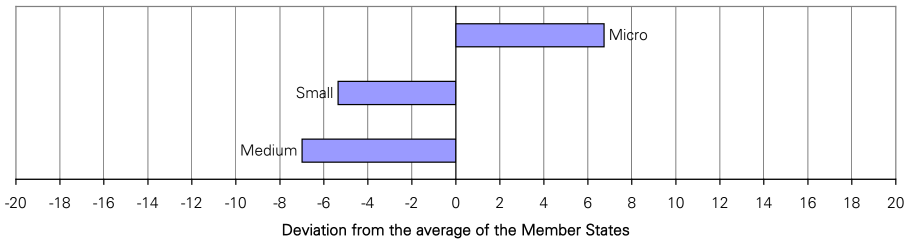
SMEs



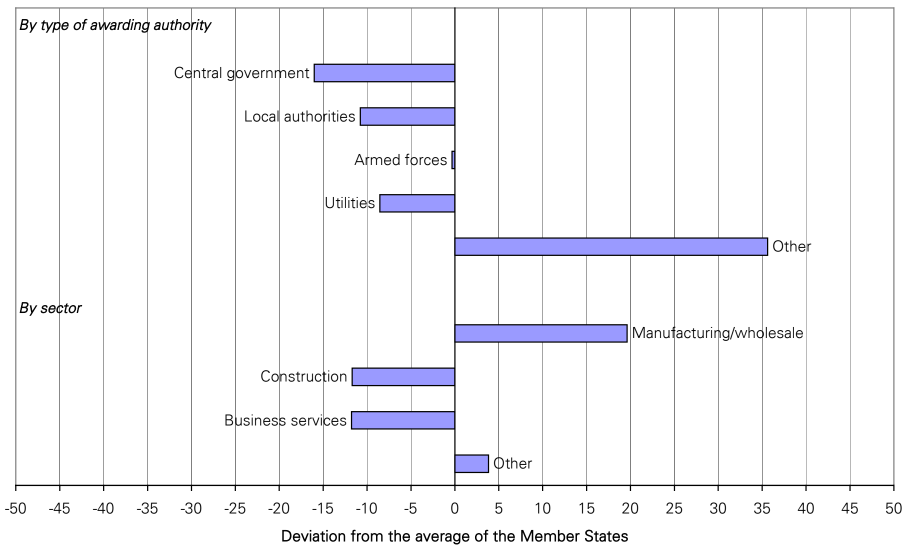
Source: EIM, 2003.

	Finland	Average of the Member States
Median size of contract won by one SME (* € 1,000) in 2001	444	449

Percentage of contracts won by micro, small and medium-sized enterprises compared to the average of the Member States in 2001



Distribution of contracts won by SMEs over types of authorities and sector compared with the average distribution of the Member States in 2001

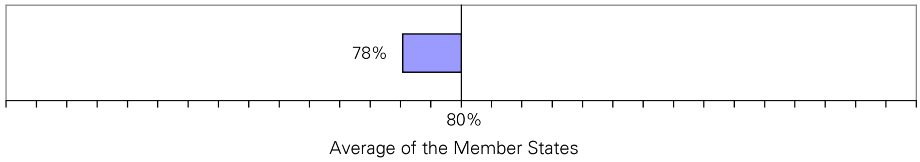


Source: EIM, 2003.

France

Participation of SMEs

Percentage of SMEs amongst successful enterprises, France compared to the average of the Member States, in 2001



Source: EIM, 2003.

France compared with average of the Member States

In the following tables, the background indicators of structure, conduct and performance are shown. The main conclusions from the indicators are:

Structure	– large country (number of enterprises and contract awards) – average size of SMEs – large number of contract awards per 1,000 enterprises – small contract sizes – more contract awards from local authorities – more contract awards in manufacturing and wholesale, less in construction
Conduct of awarding authorities	– substantially more often breaking tenders into lots – substantially less framework contracts with SMEs – less guidelines for enterprises – less use of e-procurement
Conduct of successful SMEs	– public procurement *less* part of firm strategy – prior notices *less* considered helpful – more feeling that better finding partners will lead to more tendering
Performance	– better access by small firms, less access by medium-sized firms – high SME involvement in contracts awarded by local authorities, low involvement in central government contracts – more SME involvement in contracts in manufacturing and wholesales, less involvement in construction contracts

Obstacles and suggestions for improvement

Main obstacles of SMEs involved in public procurement (top-3):

1 administrative burden
2 insufficient information in the invitation to tender
3 short time span to draw up a tender.

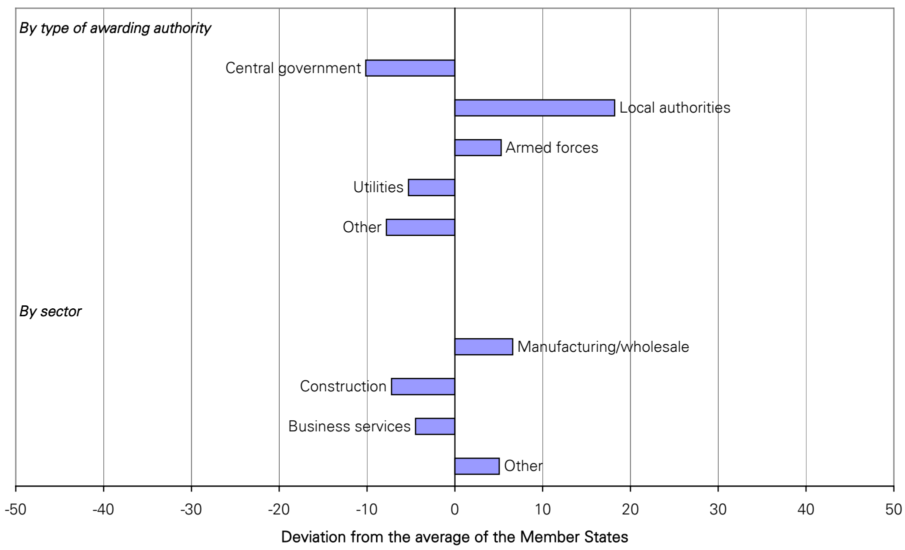
Based on the indicators and on responses from awarding authorities and successful SMEs, we can mention the following suggestions for improvement of the access of SMEs to public procurement:

– reducing administrative burden
– improving information supply from the awarding authorities
– clearer and simpler rules
– make more use of e-procurement.

Indicators of the structure of France

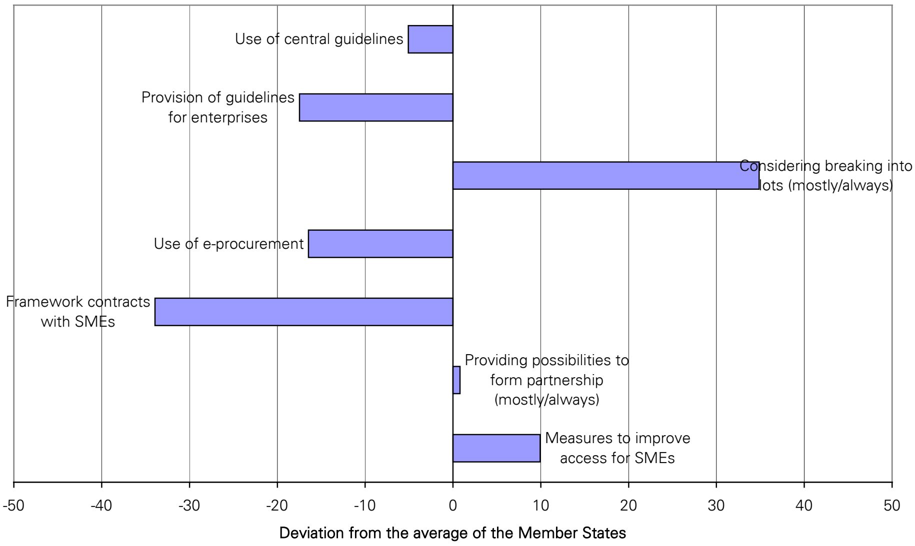
	France	Average of the Member States
Enterprise population		
Number of enterprises in 2001 (*1,000)	2,512	1,430
Number of SMEs in 2001 (*1,000)	2,507	1,337
Average size of the SMEs (number of employees) in 2001	5	5
Contract awards		
Number of contract awards (excl. EU institutions) in 2001	19,891	3,413
Number of contract awards (excl. EU institutions) per 1,000 enterprises in 2001	7.9	2.5
Median contract size (* € 1,000) in 2001	212	515

Distribution of contract awards compared with the average distribution of the Member States in 2001

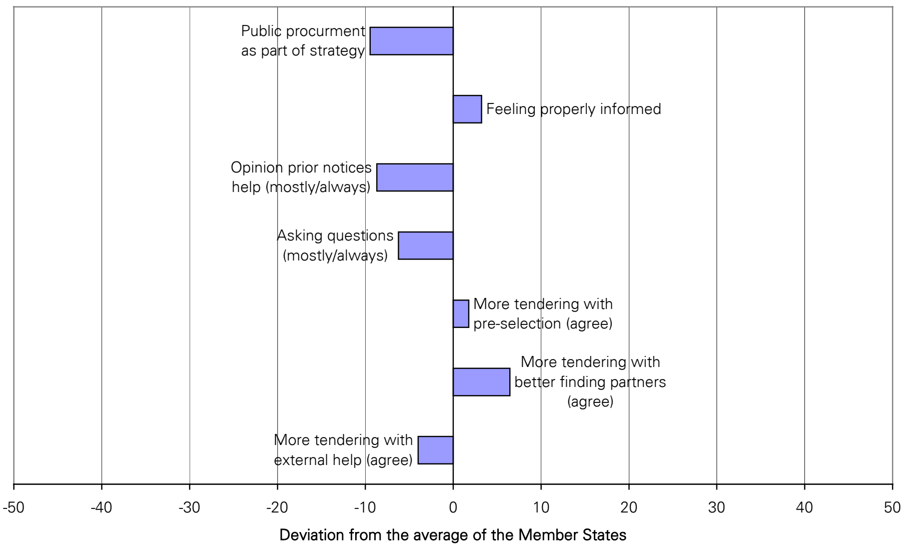


Source: EIM, 2003.

Awarding authorities



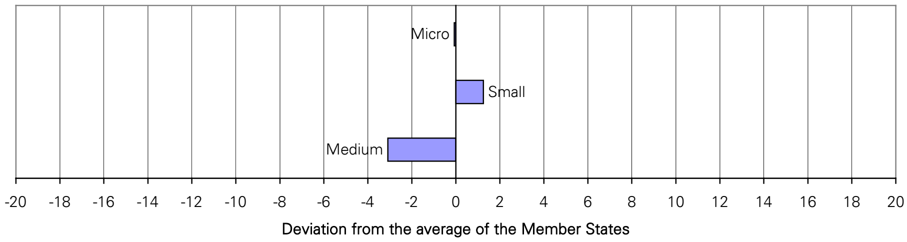
SMEs



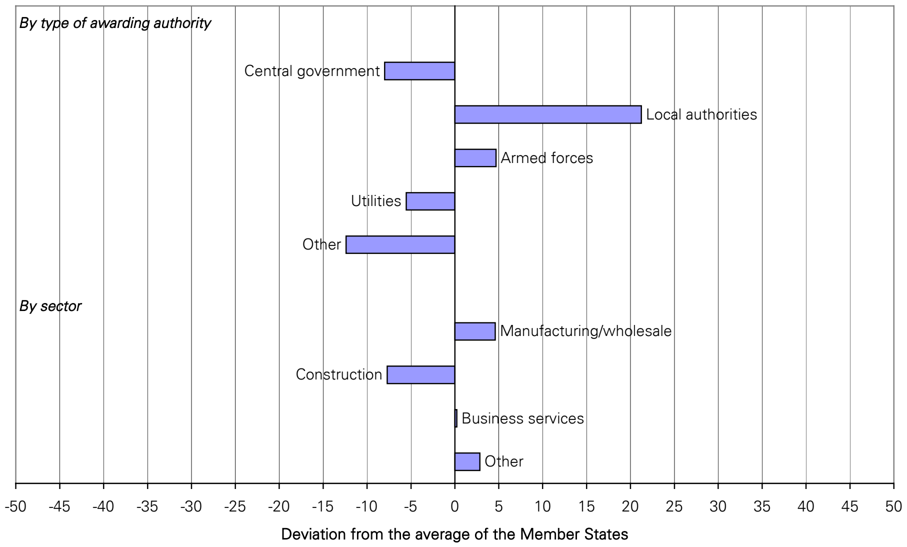
Source: EIM, 2003.

	France	Average of the Member States
Median size of contract won by one SME (* € 1,000) in 2001	145	449

Percentage of contracts won by micro, small and medium-sized enterprises compared to the average of the Member States in 2001



Distribution of contracts won by SMEs over types of authorities and sector compared with the average distribution of the Member States in 2001

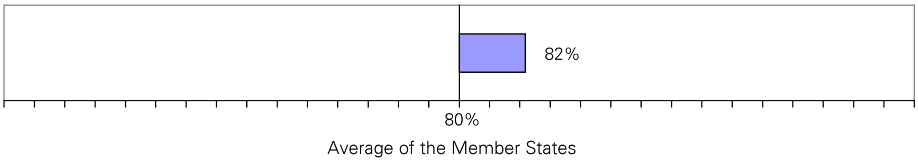


Source: EIM, 2003.

Germany

Participation of SMEs

Percentage of SMEs amongst successful enterprises, Germany compared to the average of the Member States, in 2001



Source: EIM, 2003.

Germany compared with average of the Member States

In the following tables, the background indicators of structure, conduct and performance are shown. The main conclusions from the indicators are:

Structure	– large country (number of enterprises and contract awards) – average size of SMEs – small contract sizes – substantially more contract awards from local authorities, and less from central government – substantially more contract awards in construction, and less in manufacturing and wholesale
Conduct of awarding authorities	– substantially more often breaking tenders into lots – substantially more often allowing for partnerships – more use of guidelines and framework contracts – slightly less use of e-procurement
Conduct of successful SMEs	– substantially *less* asking questions – feel *less* that external help leads to more tendering – feel *less* properly informed
Performance	– high SME involvement in contracts awarded by local authorities – low involvement in central government contracts – less access by micro firms, more access by (other) small firms – more SME involvement in construction contracts

Obstacles and suggestions for improvement

Main obstacles of SMEs involved in public procurement (top-3):

1 unclear wording in the invitation to tender
2 insufficient information in the invitation to tender
3 administrative burden, and short time to draw up a tender.

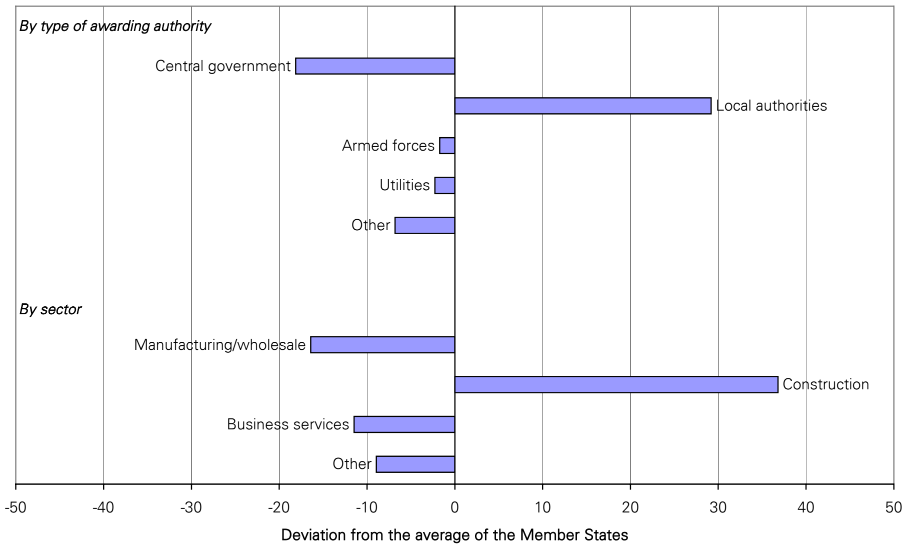
Based on the indicators and on responses from awarding authorities and successful SMEs, we can mention the following suggestions for improvement of the access of SMEs to public procurement:

– improving information supplied by the awarding authorities
– clearer invitations to tender
– clearer and simpler rules
– more use of e-procurement.

Indicators of the structure of Germany

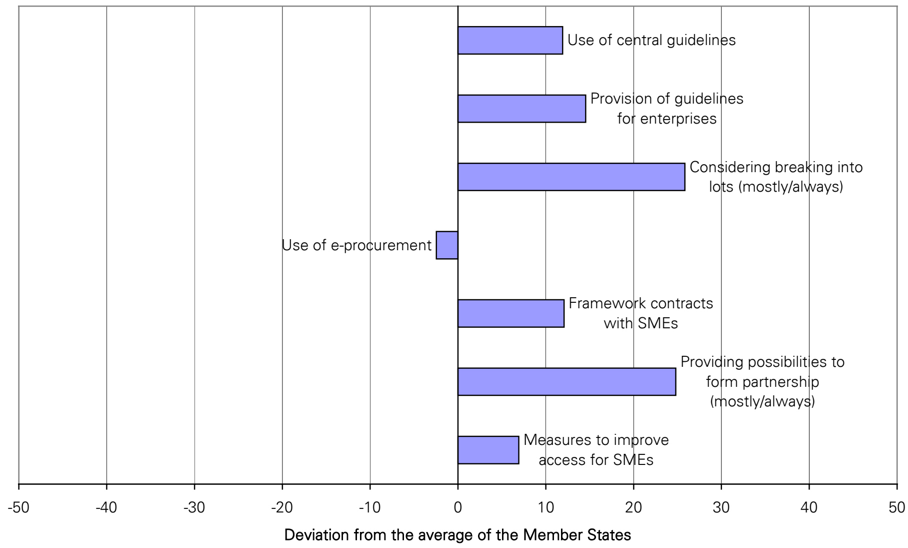
	Germany	Average of the Member States
Enterprise population		
Number of enterprises in 2001 (*1,000)	3,577	1,430
Number of SMEs in 2001 (*1,000)	3,564	1,337
Average size of the SMEs (number of employees) in 2001	5	5
Contract awards		
Number of contract awards (excl. EU institutions) in 2001	8,496	3,413
Number of contract awards (excl. EU institutions) per 1,000 enterprises in 2001	2.4	2.5
Median contract size (* € 1,000) in 2001	243	515

Distribution of contract awards compared with the average distribution of the Member States in 2001

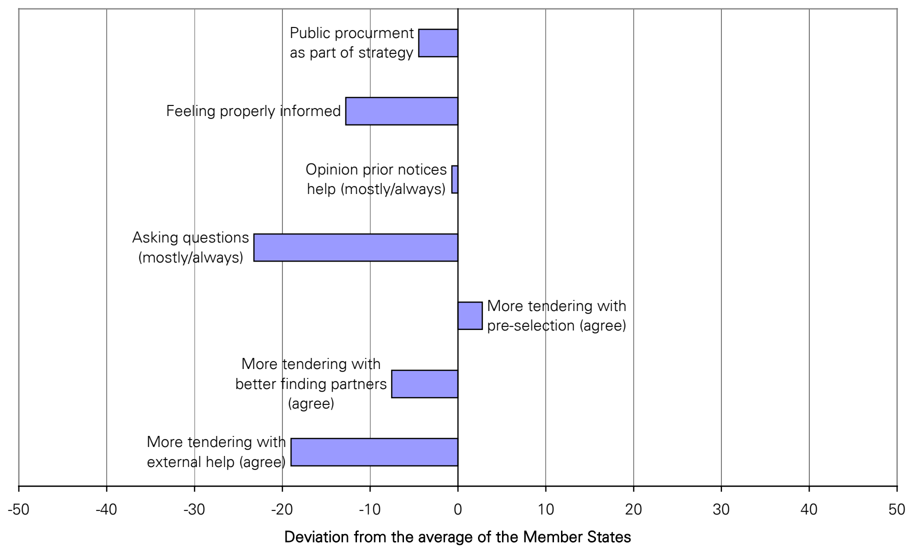


Source: EIM, 2003.

Awarding authorities



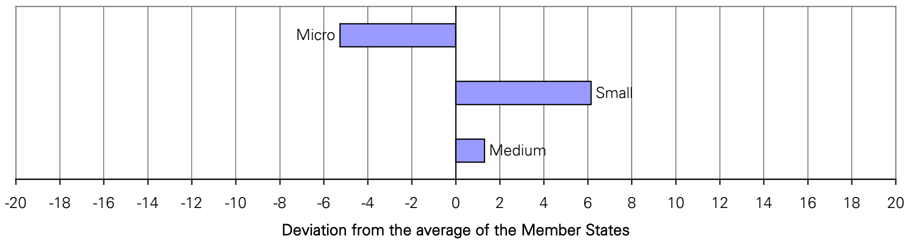
SMEs



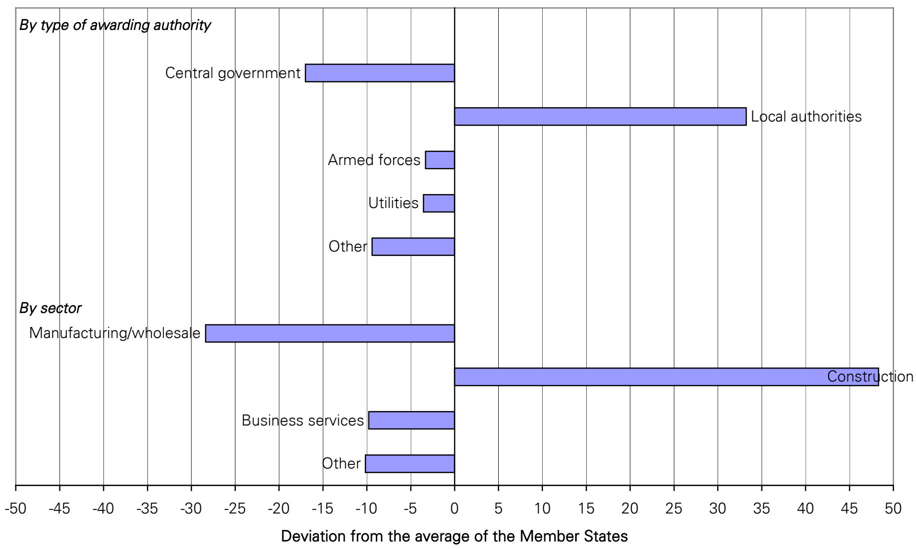
Source: EIM, 2003.

	Germany	*Average of the Member States*
Median size of contract won by one SME (* € 1,000) in 2001	197	449

Percentage of contracts won by micro, small and medium-sized enterprises compared to the average of the Member States in 2001



Distribution of contracts won by SMEs over types of authorities and sector compared with the average distribution of the Member States in 2001

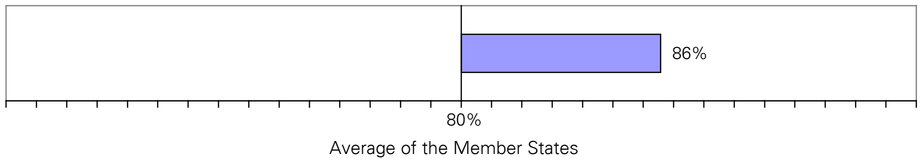


Source: EIM, 2003.

Ireland

Participation of SMEs

Percentage of SMEs amongst successful enterprises, Ireland compared to the average of the Member States, in 2001



Source: EIM, 2003.

Ireland compared with average of the Member States

In the following tables, the background indicators of structure, conduct and performance are shown. The main conclusions from the indicators are:

Structure	– small country (number of enterprises and contract awards) – size of SMEs above average – large number of contract awards per 1,000 enterprises – large contract sizes – more contract awards from utilities, less from local authorities – more contract awards in manufacturing and wholesale
Conduct of awarding authorities	– substantially more use of e-procurement – more measures to improve SME access – less framework contracts with SMEs – less considering breaking tenders into lots
Conduct of successful SMEs	– feel less that prior notices promote getting tenders – feel properly informed – feel pre-selection leads to more tendering
Performance	– substantially less access by micro firms, more access by (other) small firms – low SME involvement in local authorities' contracts – high SME involvement in contracts from central governments

Obstacles and suggestions for improvement

Main obstacles of SMEs involved in public procurement (top-2):

1 short time to draw up a tender
2 high financial requirements like bank guarantees.

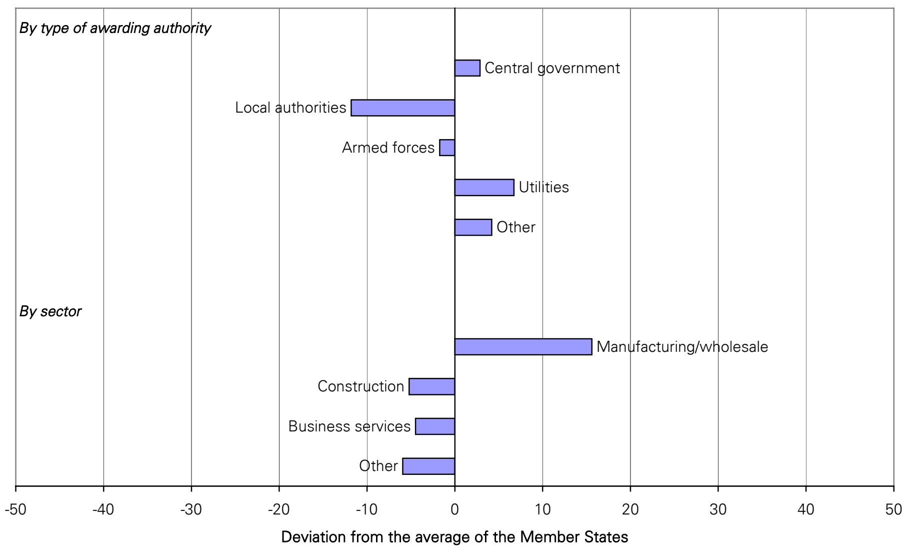
Based on the indicators and on responses from awarding authorities and successful SMEs, we can mention the following suggestions for improvement of the access of SMEs to public procurement:

– improving information supplied by awarding authorities
– reducing administrative burden
– smaller contracts
– clearer and simpler rules.

Indicators of the structure of Ireland

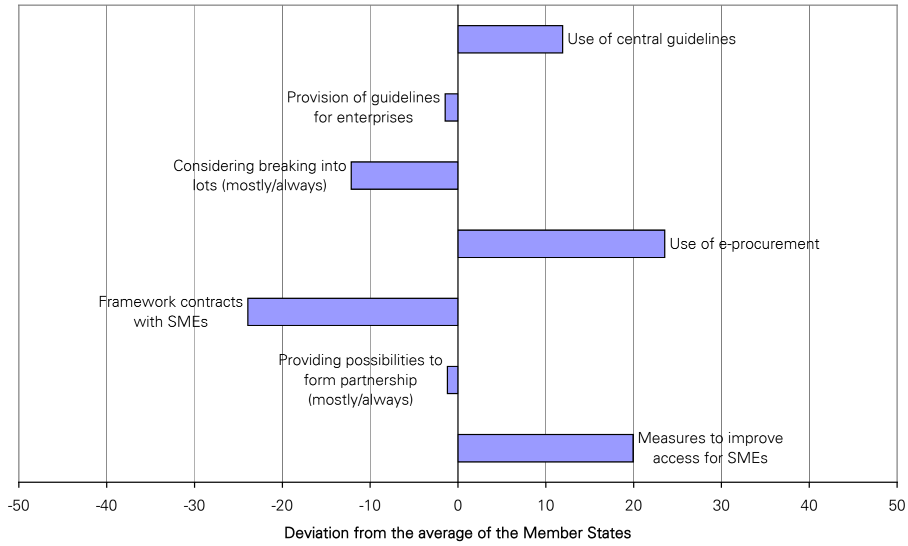
	Ireland	Average of the Member States
Enterprise population		
Number of enterprises in 2001 (*1,000)	95	1,430
Number of SMEs in 2001 (*1,000)	94	1,337
Average size of the SMEs (number of employees) in 2001	7	5
Contract awards		
Number of contract awards (excl. EU institutions) in 2001	460	3,413
Number of contract awards (excl. EU institutions) per 1,000 enterprises in 2001	4.8	2.5
Median contract size (* € 1,000) in 2001	821	515

Distribution of contract awards compared with the average distribution of the Member States in 2001

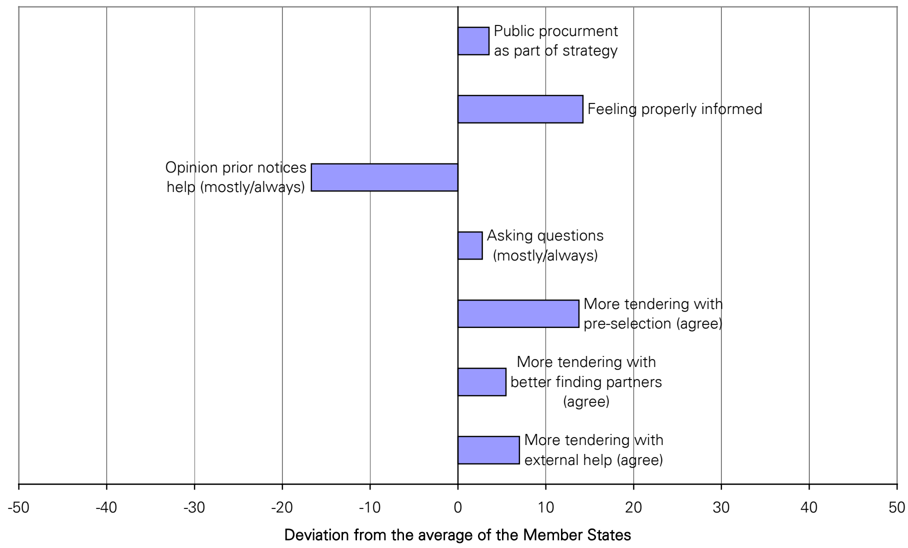


Source: EIM, 2003.

Awarding authorities



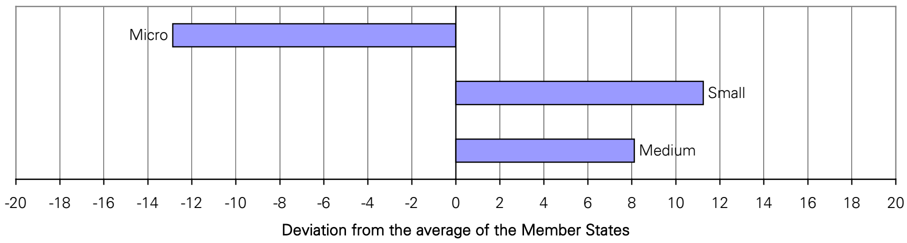
SMEs



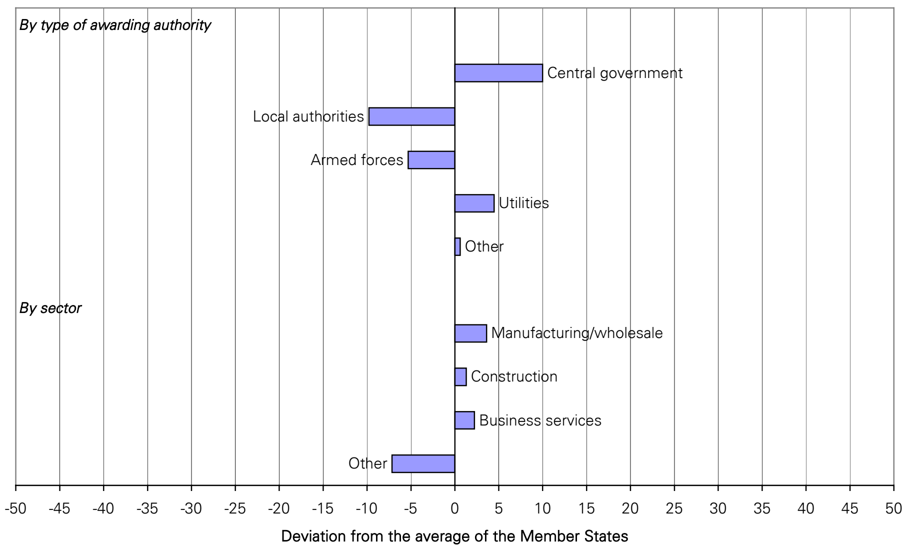
Source: EIM, 2003.

	Ireland	Average of the Member States
Median size of contract won by one SME (* € 1,000) in 2001	1,225	449

Percentage of contracts won by micro, small and medium-sized enterprises compared to the average of the Member States in 2001



Distribution of contracts won by SMEs over types of authorities and sector compared with the average distribution of the Member States in 2001

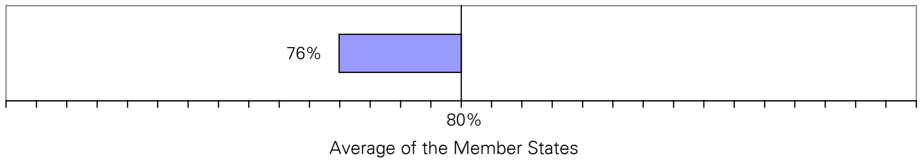


Source: EIM, 2003.

Italy

Participation of SMEs

Percentage of SMEs amongst successful enterprises, Italy compared to the average of the Member States, in 2001



Source: EIM, 2003.

Italy compared with average of the Member States

In the following tables, the background indicators of structure, conduct and performance are shown. The main conclusions from the indicators are:

Structure	– large country (number of enterprises and contract awards) – small average size of SME – small number of contract awards per 1,000 enterprises – substantially less contract awards from central government – more contract awards from utilities – less contract awards in the construction sector
Conduct of awarding authorities	– substantially less framework contracts with SMEs – more guidelines for enterprises – more possibilities for partnerships – less considering breaking tenders into lots
Conduct of successful SMEs	– *less* asking questions – feel properly informed – more feeling that prior notices help – public procurement more often part of firm strategy
Performance	– less access by micro and small firms – low involvement in central government contracts – high SME involvement in contracts awarded by utilities – more SME involvement in manufacturing and wholesale, less in construction

Obstacles and suggestions for improvement

Main obstacles of SMEs involved in public procurement (top-3):

1 unclear wording in the invitation to tender
2 insufficient information in the invitation to tender
3 short time to draw up a tender.

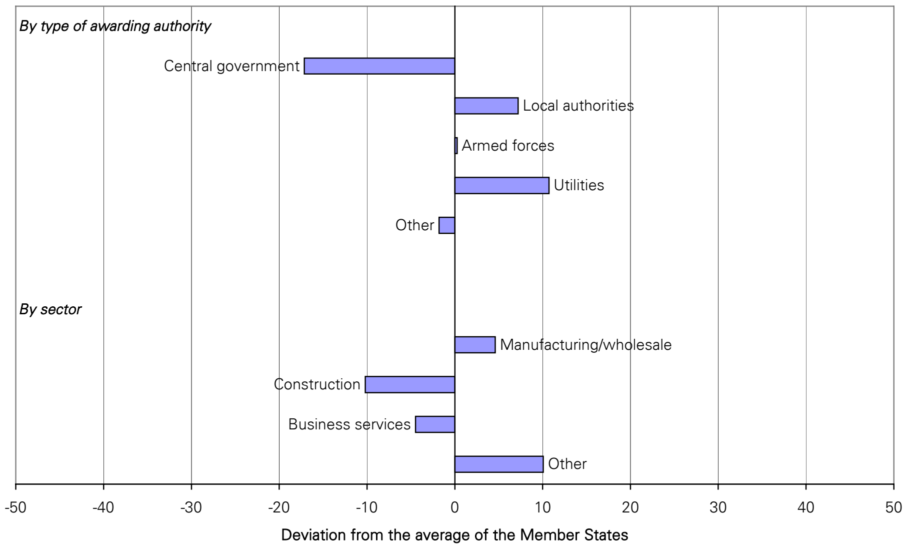
Based on the indicators and on responses from awarding authorities and successful SMEs, we can mention the following suggestions for improvement of the access of SMEs to public procurement:

– improving information from awarding authorities
– clearer and simpler rules
– reducing administrative burden
– breaking big contracts into smaller lots.

Indicators of the structure of Italy

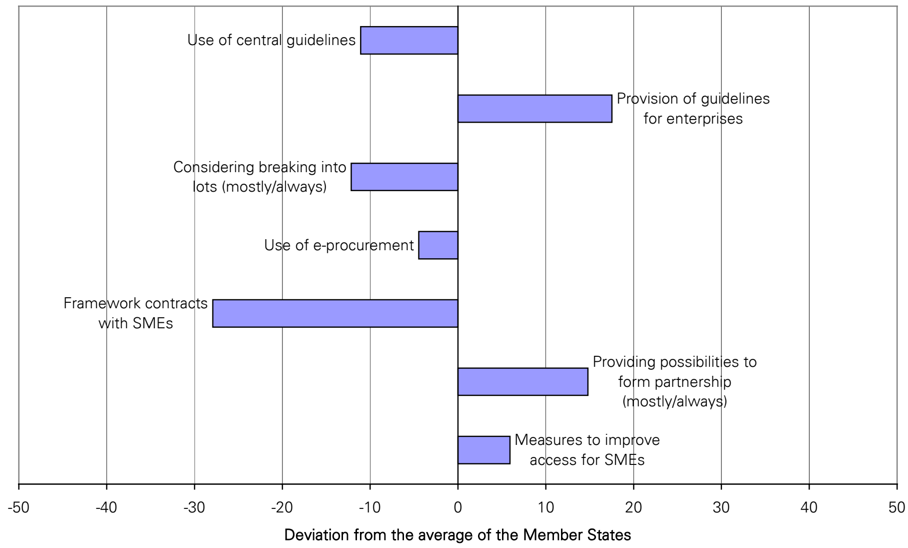
	Italy	*Average of the Member States*
Enterprise population		
Number of enterprises in 2001 (*1,000)	4,181	1,430
Number of SMEs in 2001 (*1,000)	4,179	1,337
Average size of the SMEs (number of employees) in 2001	3	5
Contract awards		
Number of contract awards (excl. EU institutions) in 2001	4,223	3,413
Number of contract awards (excl. EU institutions) per 1,000 enterprises in 2001	1.0	2.5
Median contract size (* € 1,000) in 2001	634	515

Distribution of contract awards compared with the average distribution of the Member States in 2001

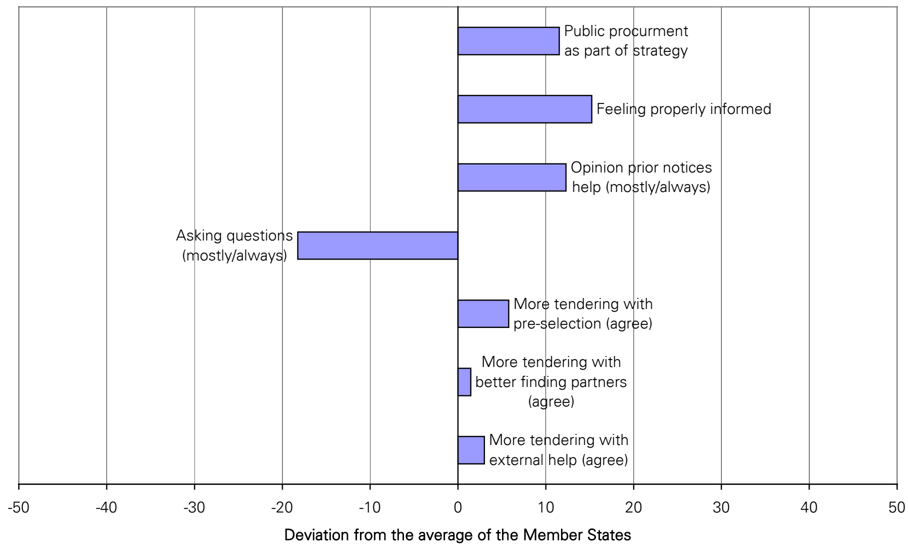


Source: EIM, 2003.

Awarding authorities



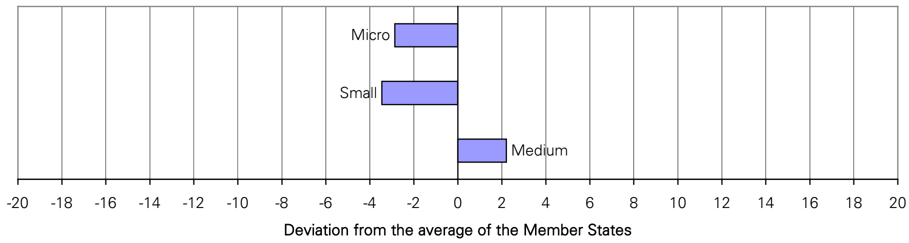
SMEs



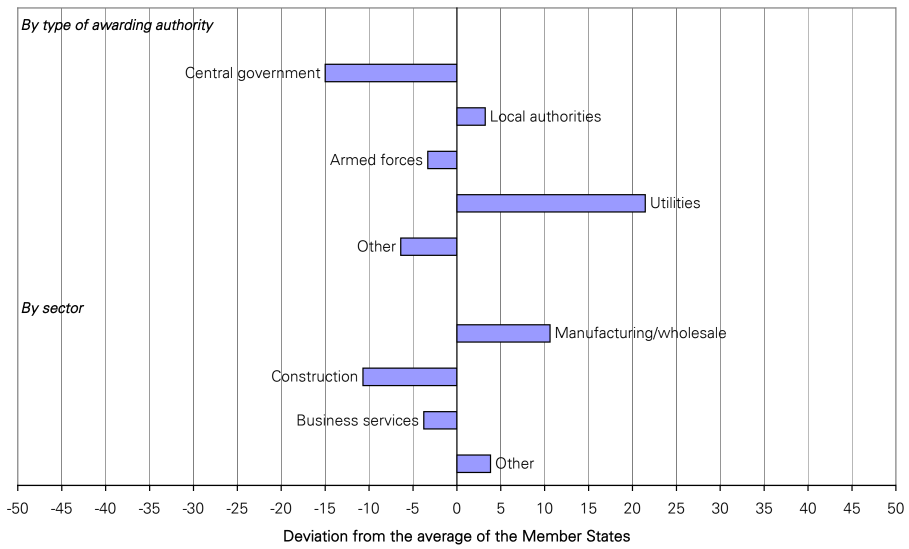
Source: EIM, 2003.

	Italy	*Average of the Member States*
Median size of contract won by one SME (* € 1,000) in 2001	550	449

Percentage of contracts won by micro, small and medium-sized enterprises compared to the average of the Member States in 2001



Distribution of contracts won by SMEs over types of authorities and sector compared with the average distribution of the Member States in 2001

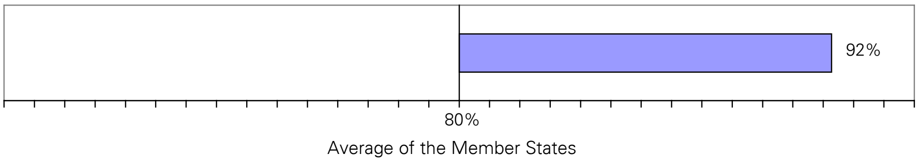


Source: EIM, 2003.

Luxembourg

Participation of SMEs

Percentage of SMEs amongst successful enterprises, Luxembourg compared to the average of the Member States, in 2001



Source: EIM, 2003.

Luxembourg compared with average of the Member States

In the following tables, the background indicators of structure, conduct and performance are shown. The main conclusions from the indicators are:

Structure	– very small country (number of enterprises and contract awards) – large average size of SMEs – large number of contract awards per 1,000 enterprises – more contract awards from central government, less from local authorities – more contract awards in the construction industry
Conduct of awarding authorities	– substantially less central guidelines and guidelines for enterprises – less measures to improve access for SMEs – less framework contracts with SMEs
Conduct of successful SMEs	– less feeling that prior notices lead to more tendering – less feeling that pre-selection lead to more tendering – asking questions more often – feel finding better partners does lead to more tendering
Performance	– higher access by all SMEs, but relatively less by micro firms – high SME involvement in contracts in the construction sector – low SME involvement in contracts in the manufacturing and wholesales sector, and in business services

Obstacles and suggestions for improvement

Main obstacle of SMEs involved in public procurement:

– insufficient information in the invitation to tender.

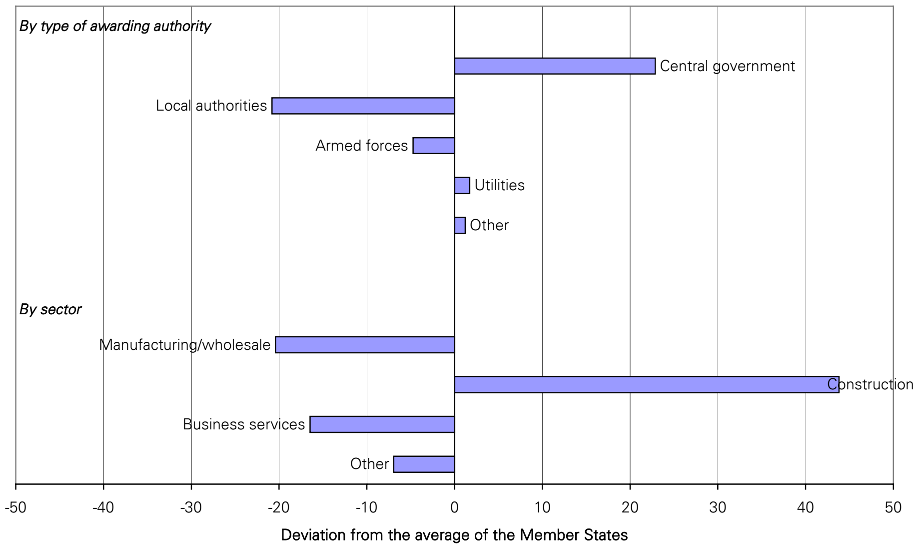
Based on the indicators and on responses from awarding authorities and successful SMEs, we can mention the following suggestions for improvement of the access of SMEs to public procurement:

– reducing administrative burden
– getting more information from awarding authorities
– clearer and simpler rules
– providing guidelines for enterprises in tendering for public procurement contracts.

Indicators of the structure of Luxembourg

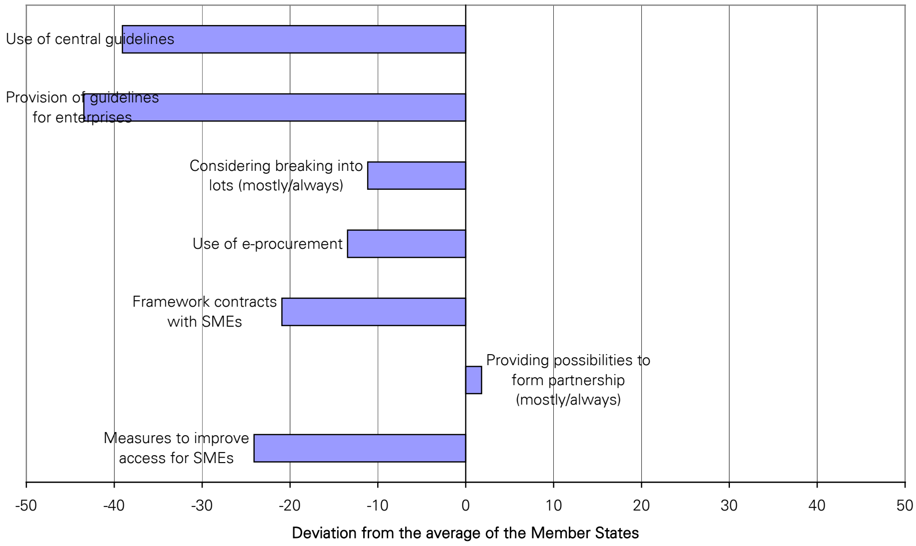
	Luxembourg	Average of the Member States
Enterprise population		
Number of enterprises in 2001 (*1,000)	22	1,430
Number of SMEs in 2001 (*1,000)	22	1,337
Average size of the SMEs (number of employees) in 2001	7	5
Contract awards		
Number of contract awards (excl. EU institutions) in 2001	151	3,413
Number of contract awards (excl. EU institutions) per 1,000 enterprises in 2001	6.9	2.5
Median contract size (* € 1,000) in 2001	507	515

Distribution of contract awards compared with the average distribution of the Member States in 2001

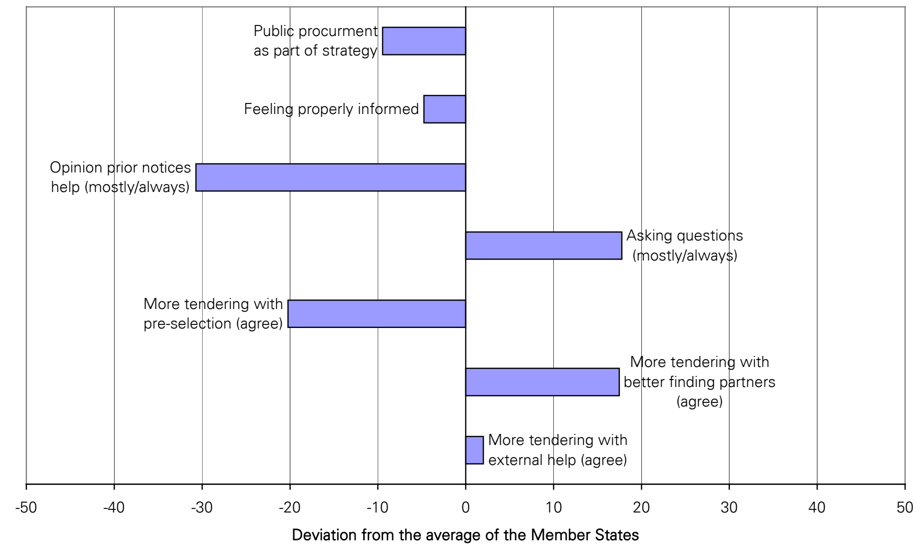


Source: EIM, 2003.

Awarding authorities



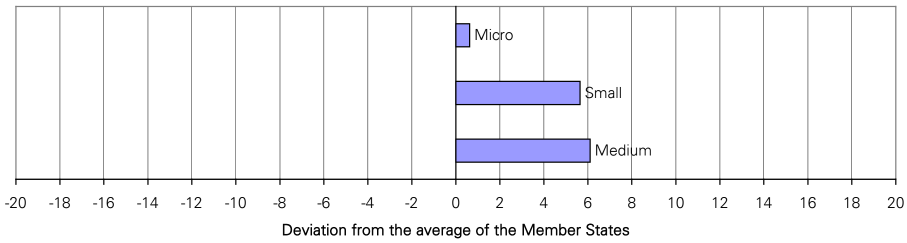
SMEs



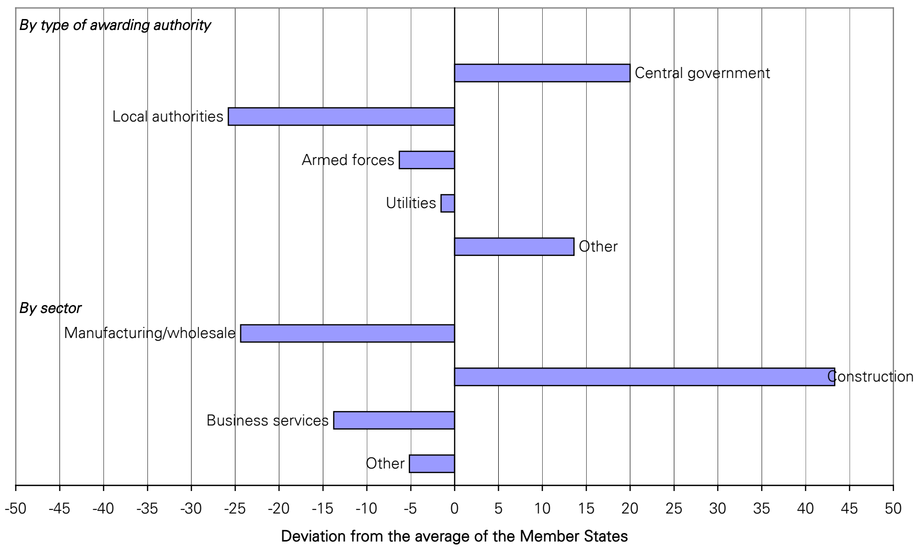
Source: EIM, 2003.

	Luxembourg	*Average of the Member States*
Median size of contract won by one SME (* € 1,000) in 2001	307	449

Percentage of contracts won by micro, small and medium-sized enterprises compared to the average of the Member States in 2001



Distribution of contracts won by SMEs over types of authorities and sector compared with the average distribution of the Member States in 2001

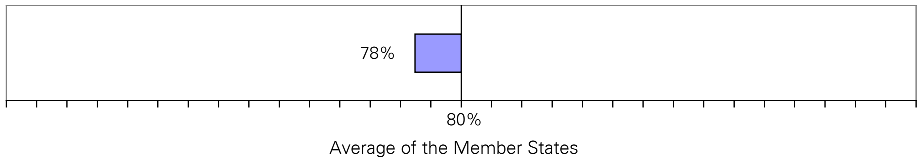


Source: EIM, 2003.

Netherlands

Participation of SMEs

Percentage of SMEs amongst successful enterprises, Netherlands compared to the average of the Member States, in 2001



Source: EIM, 2003.

Netherlands compared with average of the Member States

In the following tables, the background indicators of structure, conduct and performance are shown. The main conclusions from the indicators are:

Structure	– small country (number of enterprises and contract awards) – size of SMEs slightly above average – substantially less contracts from local authorities, more from central government and armed forces – more contract awards in business services, less in construction
Conduct of awarding authorities	– less considering breaking up tenders into lots – more allowing for partnerships – more framework contracts with SME – more guidelines for enterprises
Conduct of successful SMEs	– less feeling that better finding partners leads to more tendering – asking questions more often – more feeling properly informed
Performance	– higher access by medium-sized firms, less by small firms – low SME involvement in local authorities' contracts – high SME involvement in central government and armed forces contracts – high SME involvement in contracts in the business services sector

Obstacles and suggestions for improvement

Main obstacles of SMEs involved in public procurement (top-3):

1 administrative burden
2 high demands on qualification and certification
3 insufficient information and unclear wording in the invitation to tender.

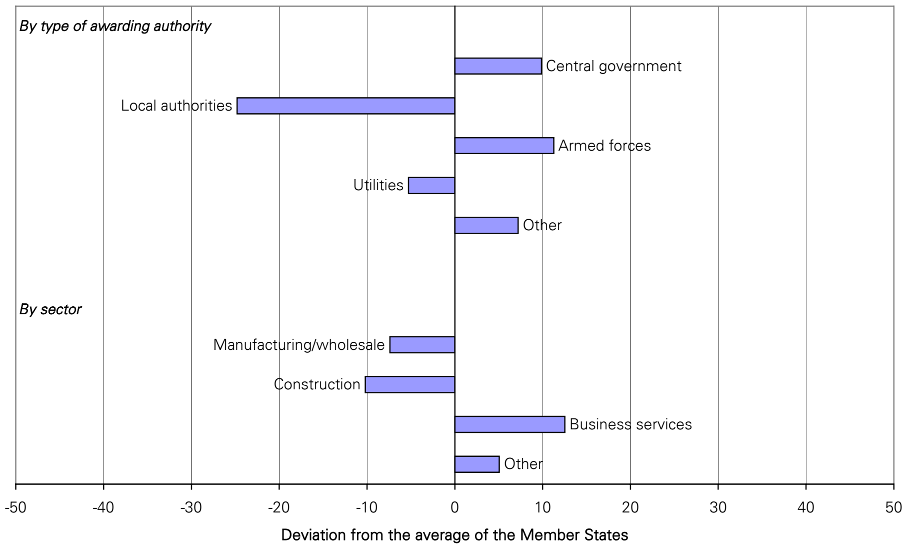
Based on the indicators and on responses from awarding authorities and successful SMEs, we can mention the following suggestions for improvement of the access of SMEs to public procurement:

- reducing administrative burden
- clearer and simpler rules
- improving information supplied by awarding authorities
- more cooperation between firms
- breaking big contracts into smaller lots.

Indicators of the structure of Netherlands

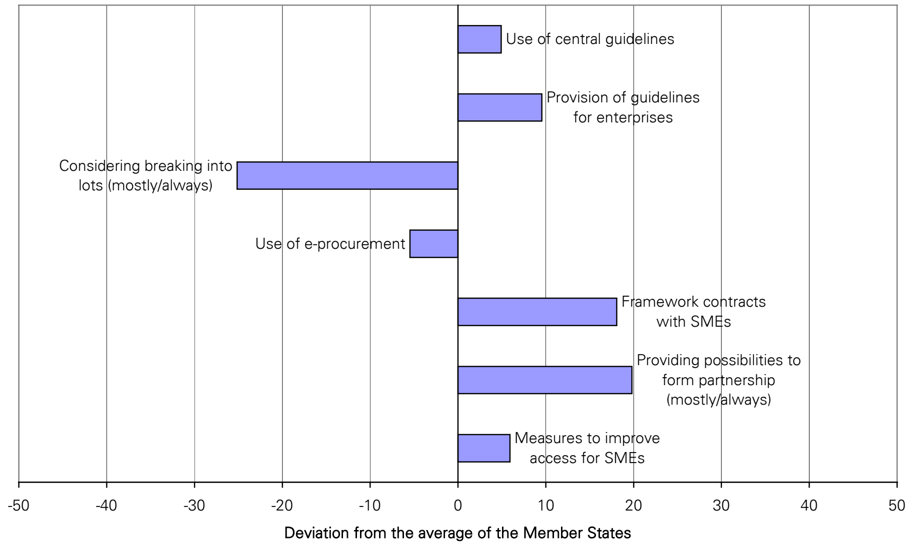
	Netherlands	Average of the Member States
Enterprise population		
Number of enterprises in 2001 (*1,000)	554	1,430
Number of SMEs in 2001 (*1,000)	552	1,337
Average size of the SMEs (number of employees) in 2001	6	5
Contract awards		
Number of contract awards (excl. EU institutions) in 2001	1,355	3,413
Number of contract awards (excl. EU institutions) per 1,000 enterprises in 2001	2.4	2.5
Median contract size (* € 1,000) in 2001	478	515

Distribution of contract awards compared with the average distribution of the Member States in 2001

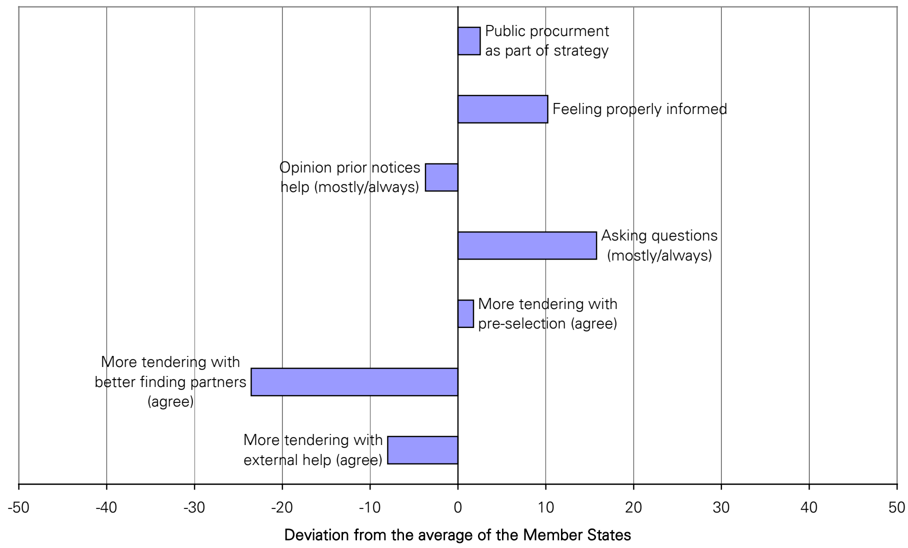


Source: EIM, 2003.

Awarding authorities



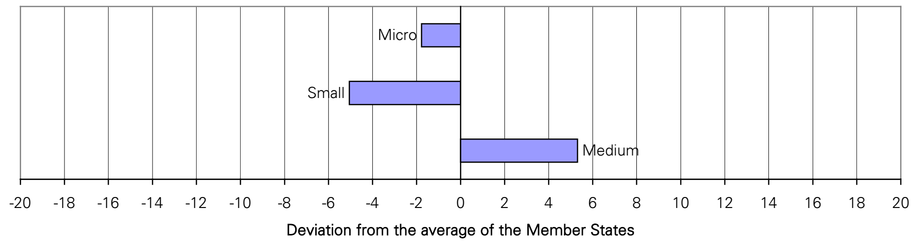
SMEs



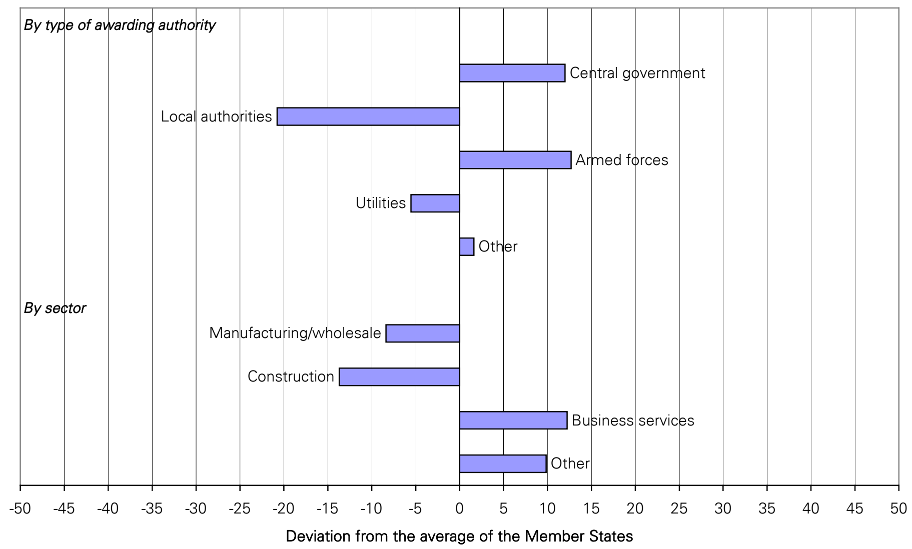
Source: EIM, 2003.

	Netherlands	*Average of the Member States*
Median size of contract won by one SME (* € 1,000) in 2001	431	449

Percentage of contracts won by micro, small and medium-sized enterprises compared to the average of the Member States in 2001



Distribution of contracts won by SMEs over types of authorities and sector compared with the average distribution of the Member States in 2001

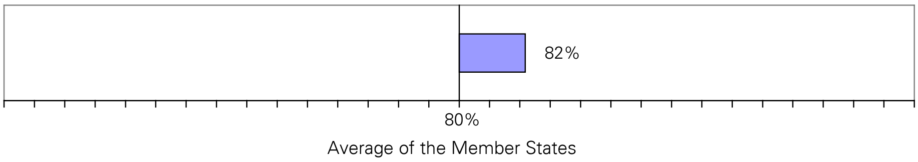


Source: EIM, 2003.

Spain

Participation of SMEs

Percentage of SMEs amongst successful enterprises, Spain compared to the average of the Member States, in 2001



Source: EIM, 2003.

Spain compared with average of the Member States

In the following tables, the background indicators of structure, conduct and performance are shown. The main conclusions from the indicators are:

Structure	– large country (number of enterprises and contract awards) – size of SMEs slightly below average – less contract awards per 1,000 enterprises – slightly more contracts from central government ànd local authorities – more contracts awarded in business services, less in construction
Conduct of awarding authorities	– substantially less framework contracts with SME – less measures to improve access to SMEs – more guidelines for enterprises – less possibilities for partnerships
Conduct of successful SMEs	– feel substantially more that prior notices help – asking questions *less* often – public procurement less often part of firm strategy – more feeling that pre-selection leads to more tendering
Performance	– higher access by small (not micro) firms – above average SME involvement in central authorities' contracts – high SME involvement in contracts in the business services sector – low SME involvement in contracts in the construction industry

Obstacles and suggestions for improvement

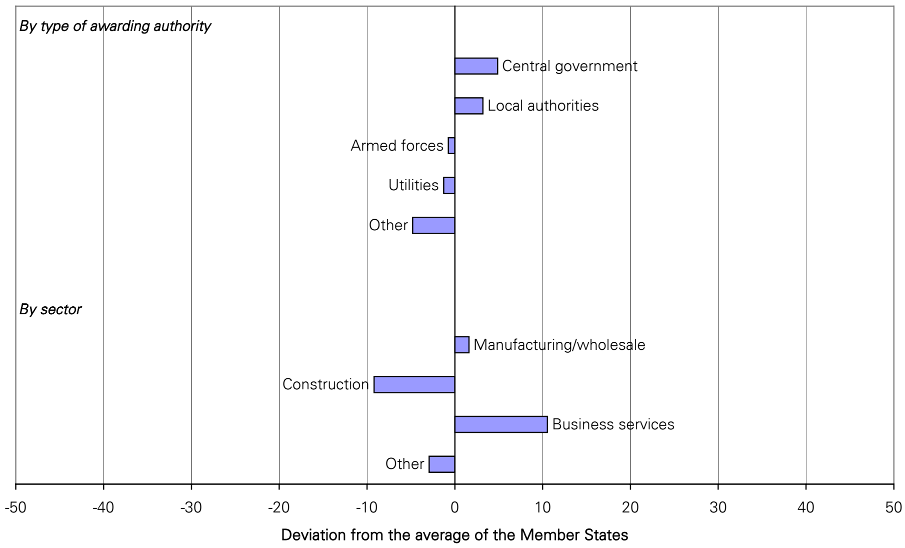
Main obstacles of SMEs involved in public procurement (top-3):
1 administrative burden
2 short time to draw up tenders
3 insufficient information in invitations to tender, and high financial requirements.

Based on the indicators and on responses from awarding authorities and successful SMEs, we can mention the following suggestions for improvement of the access of SMEs to public procurement:
- improving information supply by awarding authorities
- reducing administrative burden
- reduce cost of preparing bids
- clearer and simpler rules.

Indicators of the structure of Spain

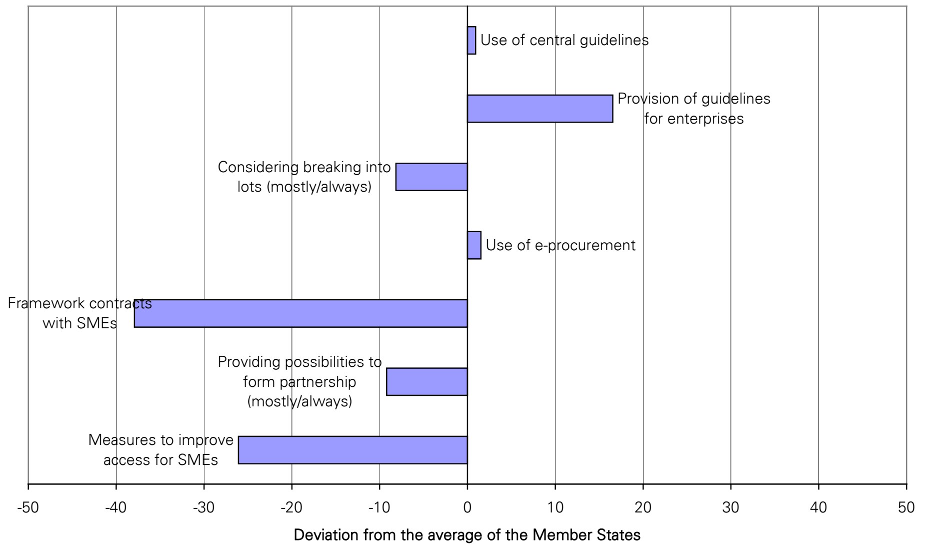
	Spain	Average of the Member States
Enterprise population		
Number of enterprises in 2001 (*1,000)	2,739	1,430
Number of SMEs in 2001 (*1,000)	2,736	1,337
Average size of the SMEs (number of employees) in 2001	4	5
Contract awards		
Number of contract awards (excl. EU institutions) in 2001	4,173	3,413
Number of contract awards (excl. EU institutions) per 1,000 enterprises in 2001	1,5	2.5
Median contract size (* € 1,000) in 2001	522	515

Distribution of contract awards compared with the average distribution of the Member States in 2001

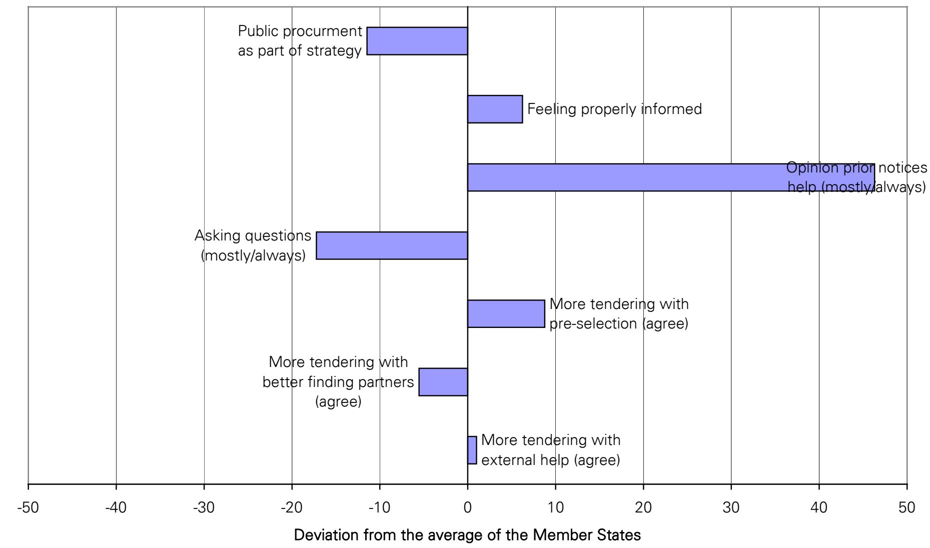


Source: EIM, 2003.

Awarding authorities



SMEs

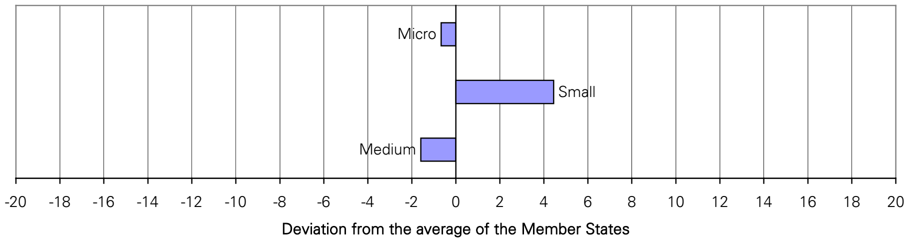


Source: EIM, 2003.

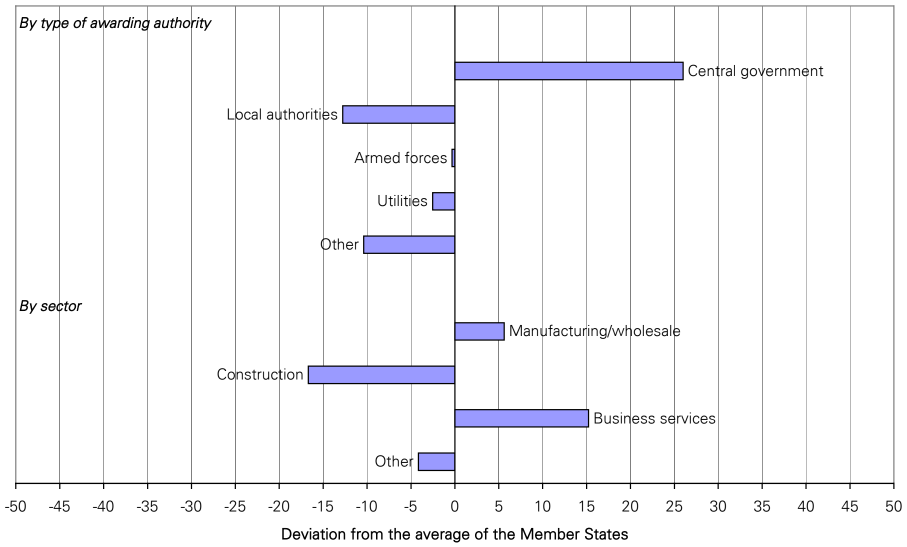
Indicators of the performance of Spain

	Spain	Average of the Member States
Median size of contract won by one SME (* € 1,000) in 2001	447	449

Percentage of contracts won by micro, small and medium-sized enterprises compared to the average of the Member States in 2001



Distribution of contracts won by SMEs over types of authorities and sector compared with the average distribution of the Member States in 2001

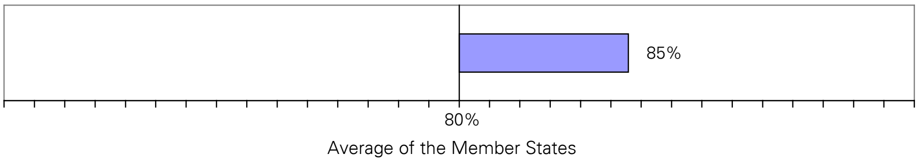


Source: EIM, 2003.

Sweden

Participation of SMEs

Percentage of SMEs amongst successful enterprises, Sweden compared to the average of the Member States, in 2001



Source: EIM, 2003.

Sweden compared with average of the Member States

In the following tables, the background indicators of structure, conduct and performance are shown. The main conclusions from the indicators are:

Structure	– small country (number of enterprises and contract awards) – large number of contract awards per 1,000 enterprises – large size of the contract awards – more contracts from local authorities – more contracts awarded in 'other' industries – less contracts awarded in the construction industry
Conduct of awarding authorities	– substantially more framework contracts with SME – more measures to improve access to SMEs – more considering breaking contracts into smaller lots – less use of e-procurement
Conduct of successful SMEs	– public procurement more often part of firm strategy – less often feel that pre-selection leads to more tendering – feel more often that prior notices help
Performance	– substantially higher access by micro firms – substantially lower access by medium-sized firms – high SME involvement in local authorities' contracts – high SME involvement in contracts in 'other' industries – low SME involvement in contracts in the construction industry

Obstacles and suggestions for improvement

Main obstacles of SMEs involved in public procurement (top-3):

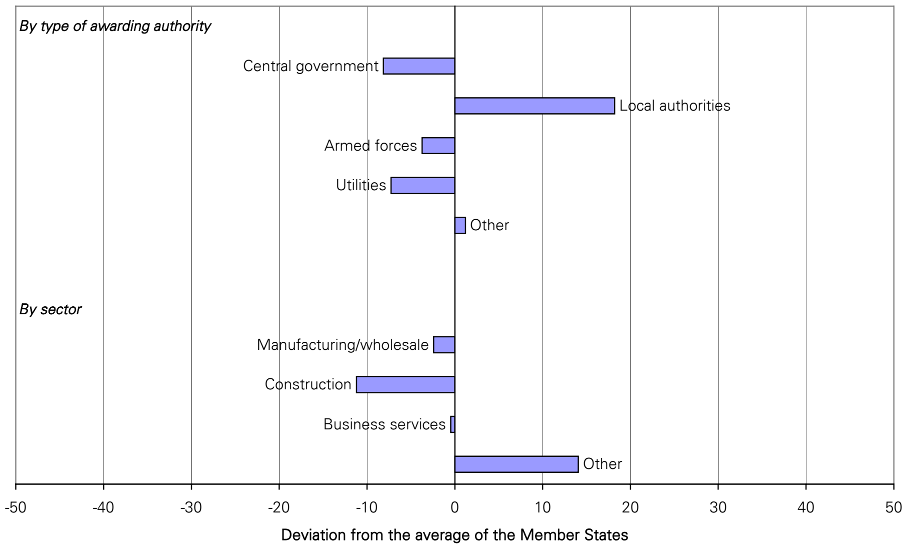
1 unclear wording in the invitation to tender
2 high qualification and certification levels required
3 insufficient information in the invitation to tender, and administrative burden.

Based on the indicators and on responses from awarding authorities and successful SMEs, we can mention the following suggestions for improvement of the access of SMEs to public procurement:

- improving information from awarding authorities
- clearer and simpler rules
- SMEs becoming more active themselves in tendering for public procurement contracts
- promoting the use of e-procurement.

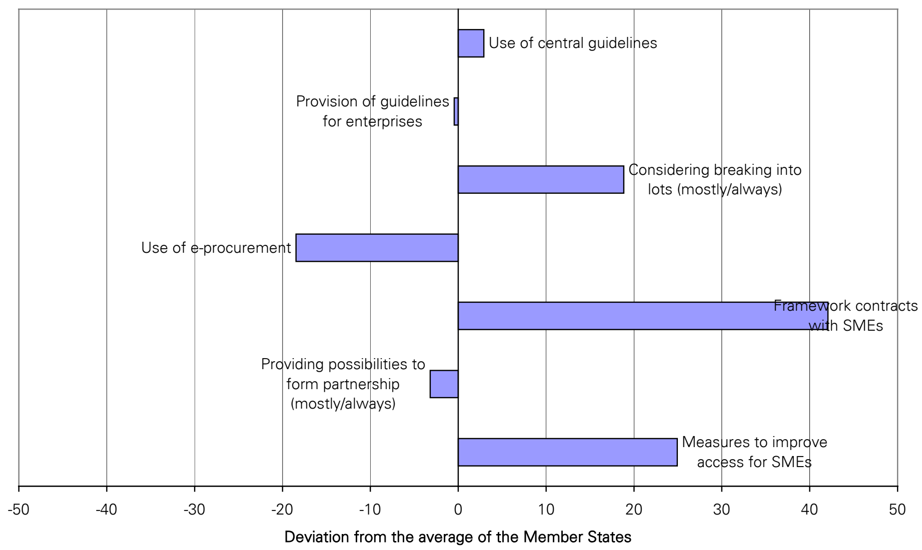
	Sweden	Average of the Member States
Enterprise population		
Number of enterprises in 2001 (*1,000)	275	1,430
Number of SMEs in 2001 (*1,000)	274	1,337
Average size of the SMEs (number of employees) in 2001	5	5
Contract awards		
Number of contract awards (excl. EU institutions) in 2001	1,920	3,413
Number of contract awards (excl. EU institutions) per 1,000 enterprises in 2001	7.0	2.5
Median contract size (* € 1,000) in 2001	670	515

Distribution of contract awards compared with the average distribution of the Member States in 2001

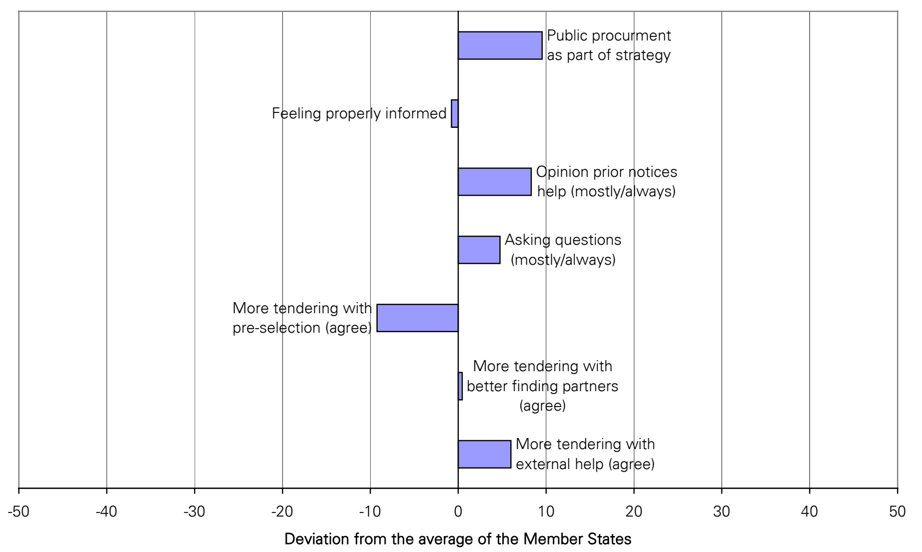


Source: EIM, 2003.

Awarding authorities



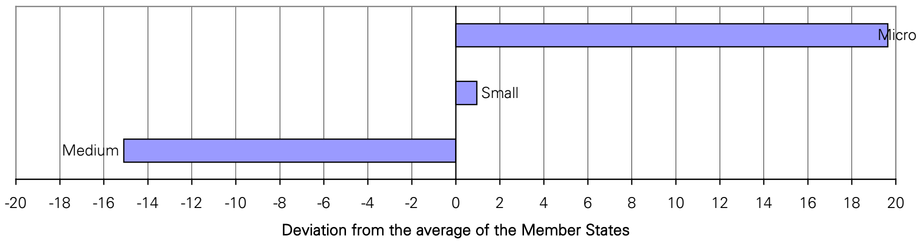
SMEs



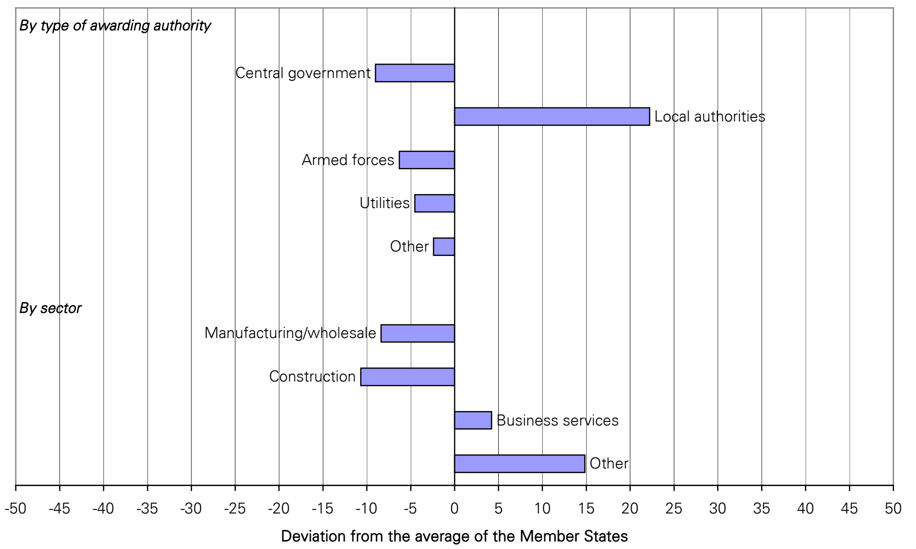
Source: EIM, 2003.

	Sweden	Average of the Member States
Median size of contract won by one SME (* € 1,000) in 2001	461	449

Percentage of contracts won by micro, small and medium-sized enterprises compared to the average of the Member States in 2001



Distribution of contracts won by SMEs over types of authorities and sector compared with the average distribution of the Member States in 2001

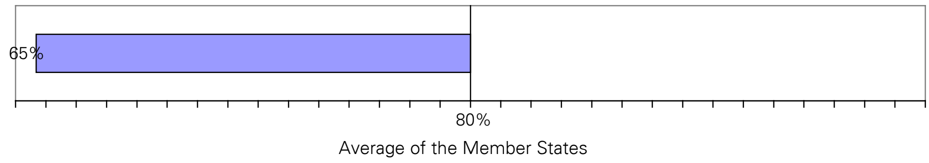


Source: EIM, 2003.

United Kingdom

Participation of SMEs

Percentage of SMEs amongst successful enterprises, United Kingdom compared to the average of the Member States, in 2001



Source: EIM, 2003.

United Kingdom compared with average of the Member States

In the following tables, the background indicators of structure, conduct and performance are shown. The main conclusions from the indicators are:

Structure	– large country (number of enterprises and contract awards) – small average size of SMEs – large contract size – substantially more contract awards from central government, and less from local authorities – less contract awards in construction
Conduct of awarding authorities	– more framework contracts with SMEs – more measures to improve access for SMEs – more use of central guidelines
Conduct of successful SMEs	– feel often that pre-selection leads to more tendering – feel often that external help leads to more tendering – asking questions more often
Performance	– low involvement of SME – accent with central government contracts – lesser share of local authorities – low SME involvement in construction contracts

Obstacles and suggestions for improvement

Main obstacles of SMEs involved in public procurement (top-3):

1 insufficient information in the invitation to tender
2 administrative burden
3 unclear wording in the invitation to tender.

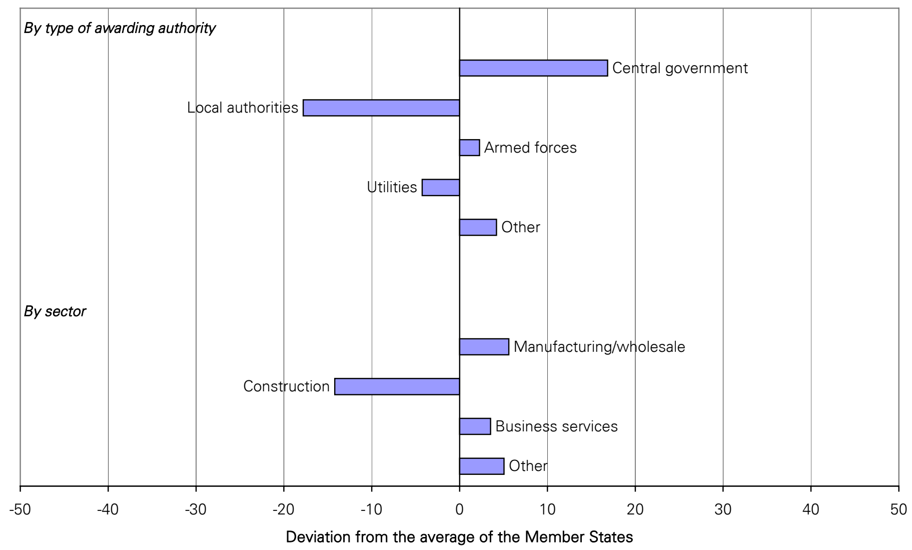
Based on the indicators and on responses from awarding authorities and successful SMEs, we can mention the following suggestions for improvement of the access of SMEs to public procurement:

- more information from awarding authorities
- reducing administrative burden
- clearer and simpler rules
- breaking big contracts into smaller lots.

Indicators of the structure of United Kingdom

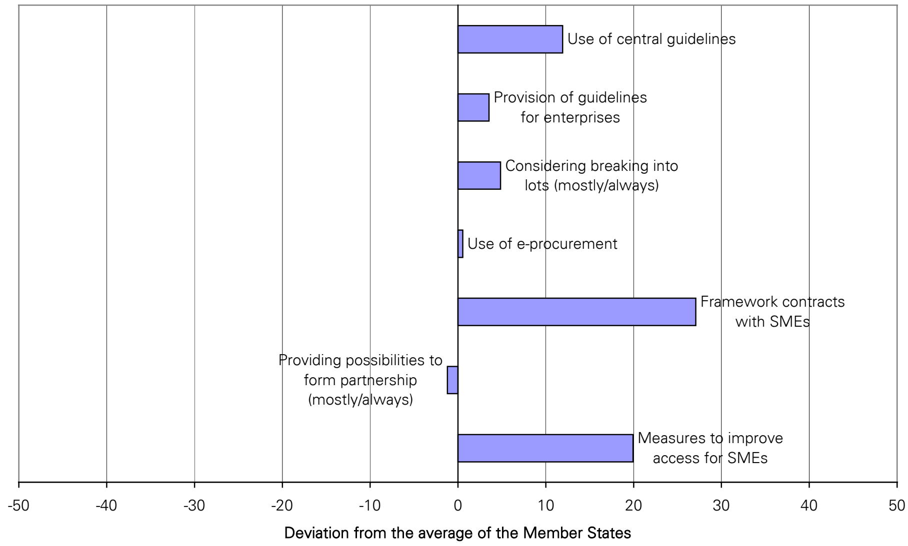
	United Kingdom	Average of the Member States
Enterprise population		
Number of enterprises in 2001 (*1,000)	3,469	1,430
Number of SMEs in 2001 (*1,000)	3,462	1,337
Average size of the SMEs (number of employees) in 2001	3	5
Contract awards		
Number of contract awards (excl. EU institutions) in 2001	5,890	3,413
Number of contract awards (excl. EU institutions) per 1,000 enterprises in 2001	1.7	2.5
Median contract size (* € 1,000) in 2001	724	515

Distribution of contract awards compared with the average distribution of the Member States in 2001

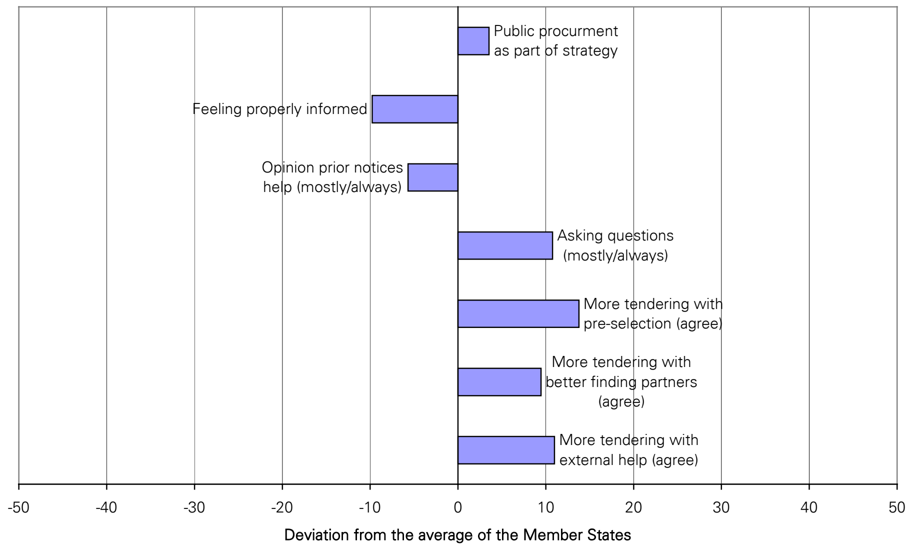


Source: EIM, 2003.

Awarding authorities



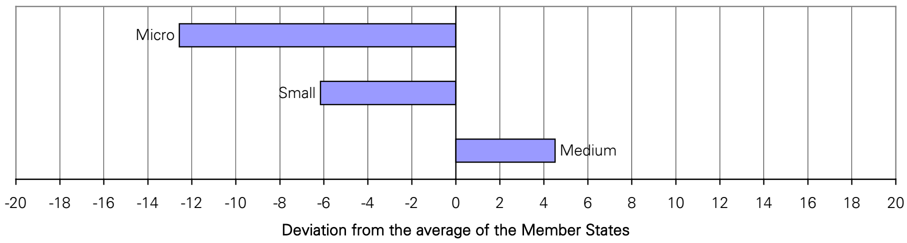
SMEs



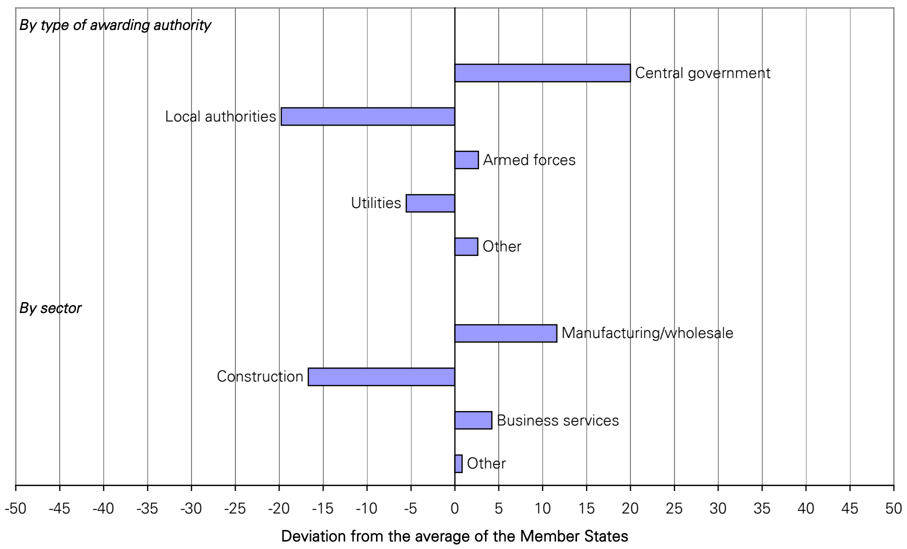
Source: EIM, 2003.

	United Kingdom	*Average of the Member States*
Median size of contract won by one SME (* € 1,000) in 2001	535	449

Percentage of contracts won by micro, small and medium-sized enterprises compared to the average of the Member States in 2001



Distribution of contracts won by SMEs over types of authorities and sector compared with the average distribution of the Member States in 2001



Source: EIM, 2003.