What is the e-library?

The e-library of good practice in public procurement is a repository of solutions and methods developed by MS for improving the public procurement process. It pays tribute to MS good practice ‘owners’ and allows policymakers in potential ‘adopter’ MS to decide whether a good practice has potential for applicability in their MS.

The good practices are presented in a concise, accessible and visual format as individual fiches.

Who is it for?

The good practices in the e-library are primarily targeted at public procurement policymakers and public officials involved in designing and implementing public procurement systems.

What does it contain?

The e-library contains descriptive information designed to inform a decision about applying good practice into your public procurement laws and systems, including:

- A summary of the good practice;
- Description of its impact on public procurement objectives;
- Key success factors for good practice implementation;
- Inputs needed for implementation; and
- Case studies.
The e-library of good practice in public procurement is available on the InfoRegio website or accessible directly via this link:

Good practices in the e-library

Ad hoc support
- Helpdesk for contracting authorities
- Foster a community of practice
- One-stop-shop procurement portal

Guidance documents
- Detailed and up to date methodological manual
- Targeted thematic guidance materials
- Regular update and analysis of case-law
- Standardised tender documents

Professionalisation and training
- Credentials for procurement professionals
- Advisory Unit of public procurement experts
- Teach SMEs how to tender
- Specialised procurement trainings for judges

Simplification and efficiency
- Interoperability between e-procurement applications and other government databases
- Streamline public procurement procedures
- Facilitate payments to economic operators
- Separate technical and financial offers
- Prior market consultations

Increasing the quality of public procurement
- Publish Annual Procurement Plans
- Feedback channels for economic operators
- Voluntary oversight of procurement procedures
- Make better use of framework agreements
- Mediation between contracting authorities and economic operators
- National database of public procurement audit errors and irregularities

Transparency
- Public contract registry
- Use e-auction for small, standardised purchases
- Transparency platforms

Anti-corruption
- Split responsibilities for preparation and awarding phases
- Develop corruption risk assessment tools

Strategic public procurement
- Life-cycle costing tools
- Library of strategic procurement criteria
- Stimulate innovation through procurement
Good practice fiche

The structure of each good practice fiche, including the type of information available in each section, is outlined below.

**Name**: Name of the good practice

**Summary**: Brief description of the good practice, its purpose and the rationale for using it.

**Input**: The input necessary to implement the good practice. It is assessed on the basis of three dimensions, namely cost, time and complexity, with complexity including factors such as stakeholder participation, need for legal, organisational or procedural changes, and requirements for specific expertise, staff, or infrastructure.

**Related good practices**: Good practices associated with the same objectives and that aim to address the same issues the good practice concerned is addressing.

**Case studies**: Description of MS-specific example(s) of the good practice. Each MS example provides the name of the good practice and a brief summary of its main features.

**Category**: The fiches are classified according to a re-defined classification.

**Good practice examples**: A map of the European Union displays MS where the good practice is already implemented. This list is non-exhaustive.

**Impact**: Using a colour-coded scale, the positive or negative impact of the good practice on public procurement objectives is given. The procurement objectives are pre-defined.

**Key success factors and potential pitfalls**: This section lists what is necessary to successfully implement the good practice in the sense of any legal, institutional, or administrative pre-requisites that must be in place for it to be viable and sustainable. This section also provides advice drawn from lessons learnt on bottlenecks, constraints and limitations to the adoption of the good practice.

A few examples of good practice fiches follow.
Helpdesk for contracting authorities

Summary

A public procurement helpdesk is a single point of contact for assistance to contracting authorities and often economic operators with inquiries related to public procurement rules.

Typically, procurement helpdesks take the form of call centres or phone "hotlines". However, helpdesks can also be a general mailbox via which procurers can raise questions. Procurement helpdesks are usually featured on the website of the authority in charge of the implementation of the national public procurement law within a Member State (MS). They provide procurers with quick and tailor-made information and are particularly valuable for supporting infrequent procurers.

As public procurement regulations can be subject to frequent changes and entail a fair degree of complexity, helpdesks represent an efficient tool to ensure legal certainty as well as to solve recurrent issues in terms of choice of procedures, tender specifications and publication rules among others.

Good Practice Examples

Austria, Belgium, Croatia, Estonia, Finland, France, Lithuania, Romania, Slovenia, Sweden

Impact

Ensure better compliance

Providing expert advice to contracting authorities on legal, regulatory and practical aspects of procurement contributes to increasing the competence and confidence of contracting authorities in running procurement procedures as well as the overall compliance with applicable rules. Educated and equipped contracting authorities tend to avoid errors and irregularities, which further increases compliance in the long term.

Promote professionalisation

Information provided by the helpdesk to address contracting authorities' queries contribute to their overall knowledge of public procurement rules, procedures and practices.

Key success factors and potential pitfalls (1)

Make it accessible and easy to use

Providing the information free of charge, promoting the helpdesk to ensure contracting authorities are aware of it and know how to use it, as well as having an easy to find phone number, interface or online chat, and encouraging proactive advice requests are several important ways to promote helpdesks and make them easy to use.

Duplication of services

Having more than one helpdesk providing the advice related to procurement could be confusing. Thus enhancing and promoting the existing one is recommended. When an additional helpdesk is needed, the type of advice provided by the helpdesk should be clearly stated so that contracting authorities and economic operators know which helpdesk to consult. In addition, indicating the geographic area covered could be useful.
Key success factors and potential pitfalls (2)

Focus on users' needs
It is key to offer feedback channels to users that give them the possibility to send suggestions or comments regarding the service. It also important to manage user expectations. One important consideration in this regard is how responses are formulated, e.g. stressing that they are non-binding and therefore limiting the liability of the helpdesk.

For hotlines:
Allow for flexibility in terms of helpdesk operating hours;
Propose phone consultations for urgent issues.

For general mailbox:
Use an electronic form (with mandatory fields) to fill in for submitting queries in order to avoid missing crucial information (contract notice number, telephone number etc.) and ensure all information needed to address the query is available;
Offer the option to call users back.

Staff it sufficiently and operate it efficiently
Making sure sufficient and qualified staff is available is essential in keeping response times short. Ensuring that helpdesk staff is competent and skilled to address complex queries or situations is another prerequisite for a successful helpdesk. This requires that staff have hands-on experience running procurement procedures.

Implementing a “cascade” system for answering question is a way to make sure that the helpdesk operates efficiently. Straightforward, common and easy questions should, as a rule, be answered on the spot or within a few days. More complex issues should be escalated to staff with relevant expertise, and answered with a short delay. Finally, very complex matters that cannot be answered by the helpdesk directly should be forwarded to legal specialists in the procurement office.

Encourage proactive queries
Contracting authorities often do not contact the helpdesk until too late, which makes it more difficult to address an issue or recover from a complex situation. To minimise this, contracting authorities should be encouraged to use the helpdesk early on in the procedure. Awareness-raising or defining specific time limits for answering questions could help in addressing this issue.

Helpdesk requests are not specific enough to answer
One common issue is contracting authorities not providing all the necessary information to understand the query or the context of the issue. In some cases, this may be intentional on the part of the requestor, who is trying to obtain a semi-official sanction for their preferred course of action. As such, helpdesks should be able to request additional information when necessary.

Monitor the quality and effectiveness of the helpdesk
A monitoring system can provide insight into the effectiveness of the helpdesk and allow for continuous improvement of the service. Furthermore, monitoring the most recurrent issues reported by contracting authorities is key to developing targeted guidance or other activities for capacity-building.

Deter overreliance on helpdesk
Contracting authorities may rely too heavily on the helpdesk instead of learning on the job, which ultimately could result in less professionalization of procurement staff. A possible solution to that is to put contracting authorities that make very frequent requests, especially trivial ones, lower on the list of priorities or introduce some sort of cool down period.

Related Good Practices
- One-stop shop procurement portal
- Advisory Unit of public procurement experts
Case Studies

Slovenia – Helpdesk for contracting authorities and economic operators

Slovenia’s Ministry of Administration has been operating a telephone consultation service for public procurement practitioners on Tuesdays and Thursdays from 9AM to 12PM. The service aims to support contracting authorities throughout the whole procurement procedure, from preparation of tender documentation to publication and execution of the contract. Telephone consultations are also available to support economic operators.

As this initiative proved to be useful for contracting authorities and economic operators, the Slovenian government decided to strengthen it with the development of an enhanced helpdesk. The helpdesk was put in place by the Public Procurement Directorate of the Ministry of Public Administration in September 2016.

The helpdesk enables contracting authorities and economic operators to receive advice in the preparation of tender documents, implementation of public procurement procedures, and performance of contractual provisions. Priority is given to contracts that are co-financed with EU funds. Additional human resources have been provided through technical assistance under the Operational Programme for the Implementation of the EU Cohesion Policy in the period 2014-2020 to ensure the set-up and the implementation of the helpdesk.

Contracting authorities and economic operators can fill in an online request form¹ for submission of a query stating the mandatory information (i.e. contract notice number, name and the contact person, telephone number, email address and question). They approach the helpdesk with all kinds of procurement related questions and cases. Based on the information provided in the query, the issue can be investigated and the answer provided. The answer can take the form of a written mail or a phone call from the helpdesk to the contracting authority.

The aim of the helpdesk was primarily to enhance and strengthen the telephone consultation service already established and to support contracting authorities and economic operators when conducting public procurement financed by EU funds. This will enhance professionalisation in public procurement and ensure administrative capacity for implementation and application of EU rules on public procurement.

Finland – Hansel Oy’s hotline

Hansel Oy is Finland’s the central purchasing body (CPB). It is a state-owned company steered by the Ministry of Finance. Hansel Oy was created in 2004 with the objective to promote established framework agreements, negotiate and manage new framework agreements, and to support the users of such framework agreements.

Today, Hansel Oy’s helpdesk offers a phone hotline run Mondays to Fridays from 8AM to 4PM as well as a dedicated general email address for written queries. All emails are replied as soon as possible targeting an answer within 3 hours from the receipt of the email during business hours.

Despite its initial focus on supporting the use of established framework agreements, users approach the helpdesk with various kinds of procurement related questions coming both from contracting authorities and suppliers. Therefore, in addition to answering questions and providing advice, the helpdesk also reviews and comments on procurement documents users have prepared for reopening of competition within framework agreements. Users can also outsource the preparation of mini tendering documents to the helpdesk’s personnel. Unlike other provided services, preparation of mini tendering is a chargeable service and is particularly requested by users when they do not have sufficient resources or know-how to define the scope, pricing model and evaluation criteria for the tender within framework agreements.

Sometimes users also approach the helpdesk with more complex cases and cases related to contracting authorities’ own procurement procedures. In such cases, the helpdesk transfers the request to the relevant staff member at Hansel Oy for further assistance. Calls to the helpdesk can even lead to ancillary assistance for handling the procurement procedure on behalf of the customers by Hansel Oy’s legal and procurement experts.

¹ Online request form, see http://dnm.jmu.dov.si/narocniki/svetovanje
Voluntary oversight of procurement procedures

Summary

To increase the integrity of public procurement, some MS have introduced a mechanism of voluntary oversight of procurement procedures, whereby a third party oversees a select number of procurements with an agreement from the respective contracting authority to open the selected procurements to such external monitoring. The precise scope of oversight generally includes the legality, transparency and efficiency of procurement. Although the main objective of this oversight mechanism is ultimately to prevent and deter corrupt practices in procurement, it can bring a much wider range of benefits, such as increased transparency and accountability, enhanced trust in authorities and government contracting, contributing to a good reputation among contracting authorities, saving costs and improving competition. In principle, it can be used for any type of public procurement; however, from a cost-effectiveness point of view, it is often used for high-risk or complex procurements, major work projects, or projects with high national or regional public interest and sensitivity, where an additional layer of control is needed to ensure that public funds are handled correctly.

In some MS, voluntary oversight is conducted by national oversight authorities, which are called for support by contracting authorities where the latter consider that a procurement procedure may be at risk of corruption. In other MS, civil society may act as the overseeing party. In a voluntary oversight mechanism, economic operators may also be involved, by formally committing to abstain from unlawful practices and to open themselves up to oversight. If the commitments in this formal agreement are not met, sanctions may be applied in accordance with the agreement entered into.

Voluntary oversight typically entails the third party carrying out ex ante checks of tender documents at all stages before procurement has been published, in order to verify not only their legality but also that the principles of public procurement and the legal rules detailing the principles are given practical effect and that public procurement is opened up to competition. The checks are based on a predefined framework of checklists and guidance, as well as the independent expertise of the external monitor, which one the one hand allows for standardised verifications, and on the other hand contributes to speedy checks. Within a set time frame, the third party makes recommendations on the conduct of the procurement at hand. The contracting authority should implement the overseeing body’s recommendation or provide additional information/clarification on its choices and explain its decision to disregard the recommendation. Failure to adequately clarify or explain its decisions may be disclosed publicly. Additionally, voluntary oversight may be used for monitoring two other areas of risk in public procurement: the set-up of contractual requirements for guaranteeing quality of execution, and the performance of the contract itself.

The voluntary character of this oversight mechanism means that there is greater collaboration among the institutions involved. Furthermore, the focus of voluntary oversight is on ex ante prevention instead of ex post sanctioning. This helps in bringing greater trust to the procurement process, as well as reducing instances of non-transparent and unlawful practices and the amount of subsequent litigation. Furthermore, more stringent controls through voluntary oversight serve as a deterrent for abuse in procurement.

Good Practice Examples

- Bulgaria
- Czech Republic
- Greece
- Hungary
- Italy
- Latvia
- Lithuania
- Poland
- Portugal
- Romania
- Slovenia

Input

Cost – €€€
- High set-up cost: Infrastructure expenditure for setting up the voluntary oversight mechanism, e.g. web interface with the public
- High operation cost: wages and expenses for the independent external monitor

Time – Over 12 months
Setting up a voluntary oversight mechanism can be time-consuming

Complexity – High
- Setting up collaboration mechanisms between various authorities
- Defining a standard process for procurement controls
- Identifying the right skill set for performing the controls

Related Good Practices

- Transparency platforms
- Develop procurement risk-assessment tools
Impact

**Strengthen anti-corruption efforts**

The main goal of voluntary oversight is to prevent illegal, corrupt practices in procurement by conducting early and thorough *ex ante* controls of the selected procurements. Additional oversight reduces risks of unlawful and non-transparent practices and is a deterrent for corruption.

**Increase transparency**

Voluntary oversight aims at ensuring that provisions related to transparency in procurement are implemented correctly, allowing fair access to procurement opportunities by all market participants.

**Improve accountability**

With voluntary oversight, the contracting authority discloses key information to a third party on how it runs a procurement procedure and responds to criticism brought to its attention, making it more accountable to stakeholders and the general public. This can foster a culture of public demand for accountability in the allocation and disbursement of public funds.

**Ensure better compliance**

Voluntary oversight helps contracting authorities navigate the complexity of the procurement process more efficiently and with greater legal certainty to ensure compliance. This ultimately enables contracting authorities to reduce irregularities and ultimately spend public funds more efficiently. Furthermore, the number of judicial disputes is likely to decrease as a result of voluntary oversight. As a residual effect, voluntary oversight can also encourage institutional changes, such as, the increased use of e-procurement systems, simplified administrative procedures, and improvements in the regulatory environment, as well as promoting good governance.

**Improve competition**

Restoring confidence in the procurement process through better oversight provides an incentive for greater participation, as companies have greater trust in the possibility of winning though a transparent and fair procurement process.

**Reduce administrative burden**

Voluntary oversight involves an additional procedural layer, which may slow down the overall procedure. Thus, it is key to design voluntary oversight process in such a way that it balances effectiveness and speed.

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**Key success factors and potential pitfalls (1)**

**Start early and have a broad mandate**

To maximise the deterrent effect of voluntary oversight, it is key that its coverage is comprehensive and that monitoring activities are in place from a very early stage of the procurement process. The checks must cover the entire procurement process from early on and must include the execution phase of the contract, where many risks for illicit behaviour lie. Furthermore, voluntary oversight must be based on collaboration between multiple relevant institutions, even including the anti-mafia police in some MS.

**Have the right team and organisational set-up**

The success of voluntary oversight relies heavily on the skills and competencies of the team that put it in place. Thus, setting up a dedicated team and establishing a functioning governance mechanism with clear reporting duties enables voluntary oversight to be performed effectively.

**Establish effective communication channels**

In order to ensure that voluntary oversight will not create additional administrative burdens and delays in the exiting procedures, all practical aspects of information-exchange channels, roles and responsibilities should be agreed before the start of the oversight exercise. This includes, for instance, information exchange between the contracting authority and the independent monitoring body. Digital technologies can be used to streamline communication between the relevant partners involved.

**Oversight is not a rubber stamp**

Some contracting authorities may pursue voluntary oversight with an expectation to superficially improve their reputation. However, to be effective, voluntary oversight must be binding and enforceable, involving real commitment from participants. This must be communicated clearly from the outset.

**Foster collaboration and learning**

Contracting authorities should not feel under scrutiny, but rather supported by the oversight body in order to establish a successful and truly collaborative oversight mechanism. Successful implementation will require joint effort from all partners involved, but should also bring benefits to all involved partners. Thus, it is key to build working relations between stakeholders based on trust and open and regular communication. This will enable the contracting authority to continuously learn from the experience of voluntary oversight and improve its own processes.
Key success factors and potential pitfalls (2)

Ensure third-party integrity and impartiality
The professionalism and integrity of independent monitors is essential for guaranteeing a fair oversight process based on trust among the stakeholders involved.

Consider the cost-effectiveness of voluntary oversight
Given that voluntary oversight is relatively resource-intensive, its cost-effective application must be considered. As a result, it is often implemented for high-risk or complex procurement, for major work projects or projects with high national or regional public interest, which benefit from increased controls.

Limit the administrative burden related to voluntary oversight
Voluntary oversight needs to be designed in such a way that it does not create additional administrative burden or slow down existing procedures, thus limiting the efficiency of the public administration. To minimise delays and related costs, while ensuring thorough and systematic checks, effective communication and support tools can be put in place. Similarly, to balance the efficiency of controls with their effectiveness, oversight may be limited to selected procedures.

Make the case to economic operators
The benefits of voluntary oversight must be visible and clearly communicated to economic operators as well. For instance, economic operators, e.g. bidders for public contracts, would benefit from the fair and transparent conduct of procurement procedures. Not least, they are less exposed to reputational risks if the integrity of procurement procedures is ensured by a third party.

Aim for the highest level of transparency
By implementing voluntary oversight, stakeholders should aim for the highest level of transparency in line with international open contracting standards such as those promulgated by the G20, the OECD and the Open Contracting Partnership (OCP). The public eye is a very powerful disincentive to corruption and could compensate for the lack of detailed controls or advanced technical skills. For this reason, it is important to advertise the initiative publicly, through a presentation event and a website.

Case Studies (1)

Italy – Collaborative supervision for the preventive monitoring of procurement

A series of corruption scandals around the procurement process of Expo 2015 in Milan prompted Italy’s National Anti-corruption Authority (ANAC) to intervene more strongly to safeguard the integrity of procurement of the Universal Exhibition. Based on the Expo experience in 2014-2015, whereby ANAC introduced a special operational unit (UOS) tasked with ex-ante monitoring of procurement, the process of ‘collaborative supervision’ was set up as a new form of oversight in special cases. The goal of this oversight mechanism is to ensure correct tendering and contract execution, as well as to prevent potential criminal infiltration in the procurement process.

ANAC’s oversight can be imposed by law, such as in the case of the Expo, or may be requested by the contracting authority for a specific number of procurement contracts. Typically, requests are made for priority procurement procedures, such as major events or large-scale infrastructure projects. This marks a cultural shift, as collaborative supervision is focused on preventive action in reducing risks in the integrity of the procurement process, instead of sanctioning illicit behaviour ex post. Indeed, to underline the collaborative element of this supervision, no sanctioning by ANAC is foreseen during the process unless formalised procurement documentation exhibits illegal elements.

To start the process, ANAC and the contracting authority establish a memorandum of understanding (MoU) defining the conditions and methods for implementing collaborative supervision. Then, the special operational unit carries out the ex-ante controls on the basis of a predefined framework for controls, which comprises the following elements:

- An operational guide;
- Seven checklists;
- Guidelines; and
- Recommendations.

In order to minimise delays in the procurement procedure, the ANAC’s average control time is approximately five days.

Collaborative supervision proved to be an effective tool in quickly restoring confidence, transparency and legality in the procurement process during Expo 2015. In fact, the UOS detected non-conformities and other issues in 109 procedures (72% of operations analysed), which led to amendments, corrections or additional clarifications by Expo for 107 procedures.

Beyond the Expo experience, this mechanism appears to respond to a widespread need among contracting authorities, as a number of them have already requested intervention from ANAC or are in the process of doing so.
**Case Studies (2)**

**Bulgaria/Italy – Integrity Pacts in public procurement**

Integrity Pacts have been developed by the NGO Transparency International since the 1990s to support governments, business and civil society in fighting corruption in public procurement. They have already been implemented in a number of countries and are currently being piloted in 11 MS as a part of a DG REGIO-funded pilot project. Essentially, Integrity Pacts consist of an agreement between a contracting authority and an economic operator bidding for a public contract, which defines each party’s rights and obligations and, in particular, includes the obligation to refrain from corrupt practices, such as paying or accepting bribes or colluding with other tenderers. Additional obligations may be included in the formal agreement, for instance regarding the disclosure of expenses paid out in connection with the contract or similar. Importantly, the Integrity Pact defines a monitoring system, including a process for determining whether the Pact has been violated and what sanctions apply. An independent third-party monitor is further identified to determine compliance with these commitments, identify any potential red flags and bring these to the attention of the participating parties or other relevant parties if no action is taken to address shortcomings.

While there are a number of standard parameters to an Integrity Pact, the tool is adaptable to local circumstances. In **Bulgaria**, for instance, Integrity Pacts have been piloted by the Ministry of Regional Development and Public Works, the Ministry of Health and the Ministry of Labour and Social Policy. The experience acquired in implementing Integrity Pacts led to the development of the Bulgarian model for an Integrity Pact, in accordance with national legislation. The Pact is established as a contract between three parties, namely the contracting authority, the tenderer and the independent observer. The contracting authority is committed to providing the information necessary to facilitate the independent observer’s work. The observer monitors the entire procurement process and reports publicly on it. The monitoring activities include on-site checks, reviewing documentation, etc., but also participating in key meetings, such as the evaluation committee. As part of the Bulgarian model for Integrity Pacts, the so-called White List was developed, which lists economic operators that have undertaken to comply with the Integrity Pact. Thanks to the White List, participants benefit from the publicity of being a ‘responsible’ business, and thus have a greater incentive in signing up to an Integrity Pact in the first place.

In **Italy**, Integrity Pacts have been piloted in the City of Milan since 1992, subsequent to the major bribery scandals **Tangentopoli**. Integrity Pacts take the form of a clause within tender documents, to which each tenderer must adhere. If a bidder fails to do so, it is automatically excluded from the procedure. In Milan, Integrity Pacts have supported the exclusion of companies on the grounds of so-called ‘substantial links’. If a ‘substantial link’ exists, it means that companies bidding for the same contract are officially independent but are actually linked to the same owner. Between 2002 and 2013, 164 companies were excluded from procurement in Milan. Furthermore, the Italian Anti-Corruption Law (190/2012) formalised the legal basis for the use of Integrity Pacts by specifying that non-compliance with their provisions constitutes grounds for exclusion from the bid.

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5. Tangentopoli ("Bribe City") or Mani Pulite ("Clean Hands") was a nation-wide investigation into political corruption in Italy during the 1990s.
Facilitate payments to economic operators

Summary

Payments in commercial transactions between public authorities and economic operators are often delayed. Such delays impose a significant burden on economic operators, especially Small and Medium-sized Enterprises (SMEs), whose cash flow and operations are compromised. Moreover, late payments prevent them from undertaking initiatives to develop, expand or professionalise their business.

In addition to adjusting their regulatory framework to speed up payments according to the provisions of the Late Payment Directive, MS have put in place targeted measures to accelerate payments from procurement contracts. The primary goal of these measures is to support access to procurement for businesses, in particular SMEs. Measures often aim at changing the payment culture among contracting authorities, e.g. by pledging to settle payments shortly after an invoice was received (e.g. 15 days). Awareness-raising campaigns and forums enabling the exchange of best practices via experts groups are also part of the toolkit of measures implemented to raise payment morale.

Importantly, measures to facilitate payments also include mechanisms for providing pre-payments to suppliers through a financial intermediary. Through such a scheme, a supplier has the option of transferring all or part of its invoices to the intermediary and receiving quick payment, often within three working days. The contracting authority settles its liabilities with the financial intermediary at a later stage. This pre-financing mechanism can be supported effectively by electronic invoicing.

Overall, facilitating payments alleviates the negative impact on economic operators’ liquidity and financial management, thereby encouraging greater participation in procurement, in particular for SMEs. By improving their payment practices, contracting authorities are able to benefit from collaborative relationships with suppliers and a better reputation as business partner.

Good Practice Examples

- Denmark
- France
- Ireland
- Italy
- Poland
- Spain
- Sweden
- United Kingdom

Impact

Increase competition

Facilitating payments aims primarily at removing one of the key barriers faced by SMEs when dealing with public administration. Better payment morale provides an incentive for businesses and SMEs to participate in procurement markets.

Reduce administrative burden

Economic operators benefit from the improved payment conditions, which reduces the burden on their cash flows and operations. This is particularly true for SMEs, which suffer more from delays in payments.

Advance modernisation and digitisation

Solutions for speeding up payments often include e-invoicing solutions, contributing to the overall digitisation of the procurement process.

Input

<table>
<thead>
<tr>
<th>Cost – €€</th>
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<tbody>
<tr>
<td>Low set-up and operation cost for payment code of conduct</td>
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<tr>
<td>Medium set-up and low operation cost for pre-payment</td>
</tr>
</tbody>
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| Time – Less than 6 months |

| Complexity – Medium |

| Agreement with financial institution to settle pre-payments |

Key success factors and potential pitfalls

Inform relevant stakeholders on the measure adopted

Proactively informing stakeholders who will be affected by the measure will smooth the implementation process and ensure a wider uptake, e.g. if the measure is not binding.

Provide attractive financing conditions for contracting authorities

Contracting authorities have an incentive to participate in pre-financing schemes if the financing conditions are attractive to them.
Related Good Practices

Feedback channels for economic operators

Case Studies

France — Collaborative invoicing system

The Union for Public Purchasing Groupings (UGAP), the French Central Purchasing Body (CPB), offers a system of collaborative invoicing to its suppliers (Système d’affectage collaboratif). The system is an innovative collaborative payment solution for pre-paying suppliers’ invoices. The solution was developed by UGAP in collaboration with the Enterprise Credit Postal Bank (LBPCe) in 2012 and was launched in mid-2015. This project falls within the context of policies aimed at simplifying interactions between contracting authorities and economic operators, and more generally policies promoting access SME access to public procurement.5

Collaborative invoicing enables UGAP suppliers to transfer their invoices to UGAP’s financial partner (LBPCe)—which offers an attractive interest rate—and pay suppliers within three days. Choosing this payment method is voluntary and adopters have the choice of transferring all invoices or only some of them, depending on their liquidity and cash-flow needs. Invoices paid by LBPCe to UGAP suppliers are subsequently settled by UGAP to LBPCe within the 30-day limit.6 As part of the scheme, UGAP has implemented e-invoicing, which has made the invoicing process faster, and offers an information exchange platform via the SinNoE extranet, through which invoice statuses can be tracked in real time and suppliers can select the invoices they want to settle via collaborative invoicing.7

The main benefits brought by this solution include:

- Better price conditions for suppliers thanks to an attractive interest rate offered by LBPCe due to the significant number of purchases (more than 2.3 billion in 2015) and its good reputation as a payer;
- The flexibility of the system, which enables invoices to be transferred in full or in part; and
- Higher retention of suppliers, which are considered partners rather than customers and whose performance and loyalty is valued.

UGAP was awarded the Payment Times Prize at the 3rd Meeting on Payment Times.

The process for implementing collaborative invoicing has faced challenges. Some of the difficulties encountered were project approval by the Ministry of Finance and Public Accounts, along with raising awareness of reverse factoring and ensuring its uptake among suppliers.

Ireland — Prompt payment initiatives

In addition to transposing the EU Late Payment Directive in 2013, Ireland has developed advanced measures to promote a culture of prompt payments, as recommended by the European Commission in the Directive.

In this regard, the Irish Government has adopted a policy aimed at further encouraging public bodies from delaying suppliers’ payments. This includes the adoption of a prompt payments code of conduct stating that public bodies must pay their suppliers within 15 days of receipt of a valid invoice and in any case no longer than 30 days, as laid down in the Late Payment Directive.9 ‘Public bodies’ initially included all government departments, but was recently extended to the Health Service Executive, local authorities, state agencies and all other public-sector bodies with the exception of semi-state bodies (e.g. state-owned enterprises).10 As part of this measure, government departments must also report to the Department of Business, Enterprise and Innovation on their performance as regards the 15-day prompt-payment rule, which contributes to promoting transparency and accountability of government departments.

As part of the implementation of the new policy, the Department of Business, Enterprise and Innovation undertook a national information campaign to raise awareness of the new rules introduced both by the EU Directive and the national policy.11

The 15-day rule does not apply to the private sector; however, businesses are encouraged to go onto the prompt payment portal,12 sign a code of conduct and pledge to pay suppliers in a timely fashion. This way, the code encourages and promotes best practice in payments from businesses to their suppliers, improves cash flow between businesses, and drives a change in payment culture.

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2 Such as late payment expert group of the European Commission, see http://ec.europa.eu/transparency/regexport/index.cfm?fo=groupDetail&groupDetail&groupId=2710
3 See https://www.ugap.fr/solution-collaborative-de-paiement-antique_4466229.html. See https://www.ugap.fr/laureat-du-prix-des-debuts-de-paiement_3651755.html
5 See https://promptpayment.ie/