

Public Procurement



April 2013

At a Glance.

Public procurement, or buying goods on behalf of public authorities, is a key topic in these times of austerity when budgets are coming under increasing scrutiny.

To prevent fraud, corruption or waste, it's vital that all procurement should be transparent, fair and open. It should also achieve the best possible value and outcome for the public sector.

Where we Stand.

Veolia firmly believes that the procurement process should be shorter, clearer and more straightforward.

This is of particular importance for major procurements, whether they come under the Private Finance Initiative (PFI) or a Public Private Partnership. There are three key aspects to major procurement projects:

- 1 The technical solution proposed by the bidder;
- 2 The financial model and relevant costs over the lifetime of the project;
- 3 The risk involved and any legal issues that apply to the project agreement.

We challenge the notion that every bid should be a fully developed solution. We believe that in the early stages of a project, when a large number of bidders may be involved, it's not appropriate to expect those bidders to provide a complete solution to address all three aspects in depth. Instead, bidders should be invited to submit the headline principles (technical, financial or legal) by which they expect their bids to be judged.

Things can, and should, be much simpler. By simplifying the initial bidding requirements, procuring authorities could save a great deal in time and costs.

The Situation.



Public procurement, or buying goods on behalf of public authorities, is a **key topic** in these times of austerity when budgets are coming under increasing scrutiny.

To prevent fraud, corruption or waste, it's vital that all procurement should be transparent, fair and open. It should also achieve the best possible value and outcome for the public sector.

One important consideration is the time it takes to complete the process. It's essential that the procurement does not become unnecessarily protracted or over complicated, particularly when it concerns the provision of a straightforward service. This is equally important for both the Private and the Public Sector, but particularly the latter, to avoid unnecessary costs (internal and external) and the risk of jeopardising a swift and efficient service implementation.

Document standardisation is another key issue. Rather than trying to re-invent the wheel in every case, standardised documents can ensure that authorities are able concentrate on the specific issues that are relevant to their locality or service requirements. So each proposal can receive the focus and attention that it genuinely deserves.

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All too often, particularly within the Competitive Dialogue procedure introduced by the European Commission, the process is over complicated. Consultants, who may have a self-serving interest in drawing out the procurement processes, sometimes advise authorities to demand solutions and documentation with a degree of detail that is wholly unnecessary at the early stages of bidding. We believe this kind of detailed information should only be required at the latter stages of the process.

Things can, and should, be much simpler. By simplifying the initial bidding requirements, procuring authorities could save a great deal in time and costs. It would also ensure that the tender process remains truly competitive; more bidders would be willing to participate, free from the burden of unduly heavy professional costs, thereby avoiding "cherry picking" by bidders.

For smaller purchases, particularly Municipal Procurement, we believe there could be improvements to the process too. In our opinion, greater reliance should be placed on standard form documentation. This would ensure that bidders submit the specific details (within the framework of that documentation) relating to the project in question and the municipality concerned.