



PROMOTING THE UPTAKE OF STRATEGIC PUBLIC PROCUREMENT IN ESTONIA THROUGH PROFESSIONALISING THE PUBLIC PROCUREMENT WORKFORCE ANALYSIS

Findings from the Diagnostic Report



June 14, 2024





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The background of the slide features a close-up of several flags flying against a light-colored stone building facade. The most prominent flag is the United Nations flag, which has a white field with a blue globe in the center. To its left, a portion of a blue flag with a white globe is visible. Below the UN flag, a flag with green and grey vertical stripes is partially seen. The scene is brightly lit, suggesting a sunny day.

1

Enabling elements for strategic public procurement

— Enabling elements for strategic public procurement



— Methodology

Procurement
officials
survey

Business
sector survey

Institutional
leader survey

— Q&A

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— Regulatory framework

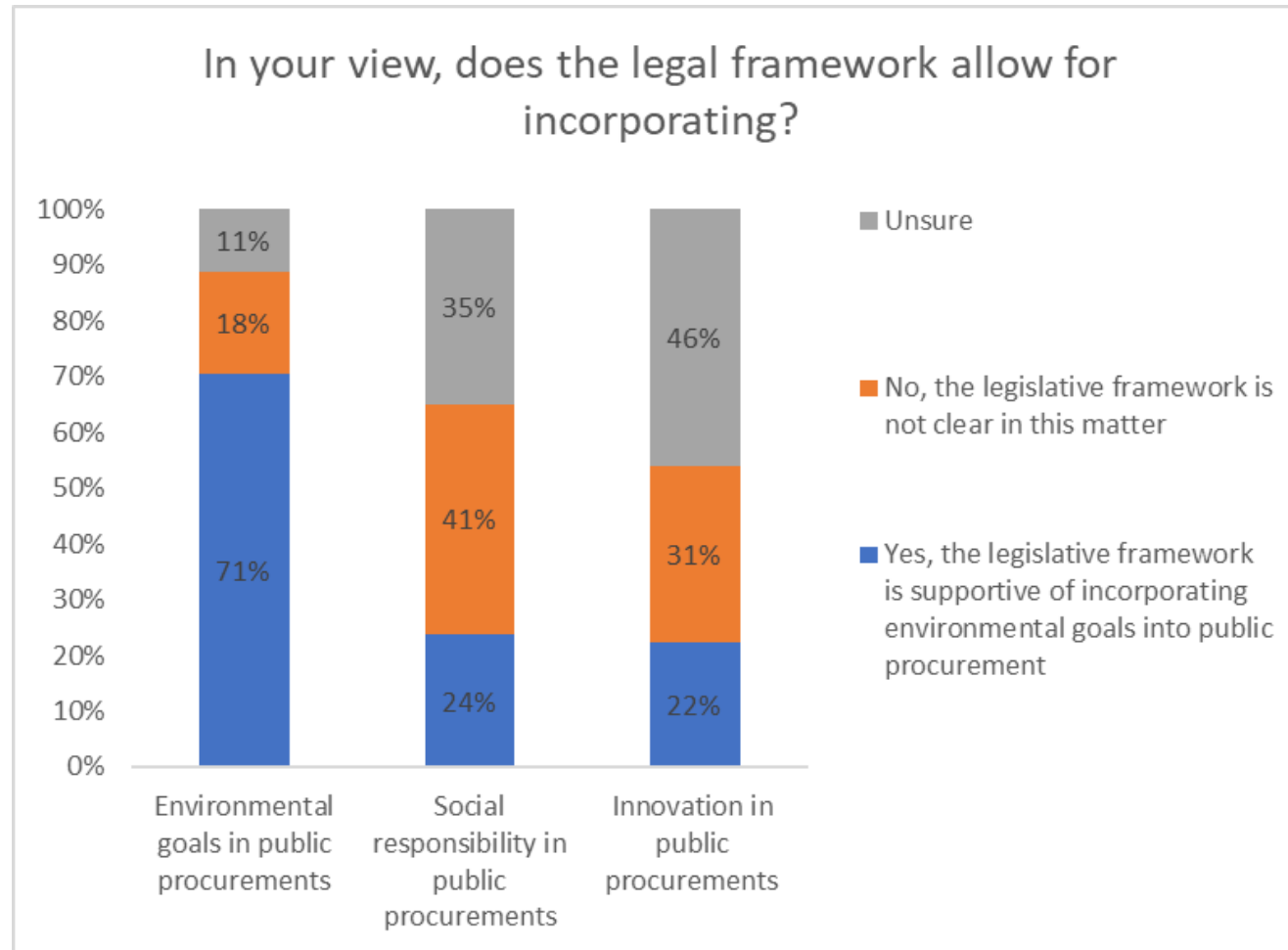
Findings

- Strategic public procurement provisions included in the legal framework, in alignment with EU Directives
- Mandatory rules for GPP

Gaps

- Lack of legal clarity is considered a barrier to strategic public procurement
- Compliance with mandatory GPP criteria presents a challenge
- Risk-aversion due to limited long-term budget visibility and criminal liability attached to PP

— Regulatory framework



Source: OECD (2024) Survey of contracting authorities

— Regulatory framework

Preliminary recommendations

- Provide practical guidance on provisions that enable strategic public procurement
- Investigate lack of compliance with GPP criteria
 - Consider incentives to do more than what is mandatory;
 - Transparency about failure to comply (benchmarking, identifying frontrunners, ‘naming & shaming’)
- Increased budget visibility for certain types of strategic public procurements

— Institutional framework

Findings

- Well-defined responsibilities between main public procurement policy-maker (Ministry of Finance) and line ministries for sectoral expertise (green, social policy, innovation)

Gaps

- Lack of dedicated inter-ministerial group or body tasked specifically with advancing strategic public procurement
- Advancement of strategic public procurement topics is not uniform

— Institutional framework

Preliminary recommendation

- Set up a dedicated inter-ministerial group to advance strategic public procurement coherently across line ministries

— Strategy

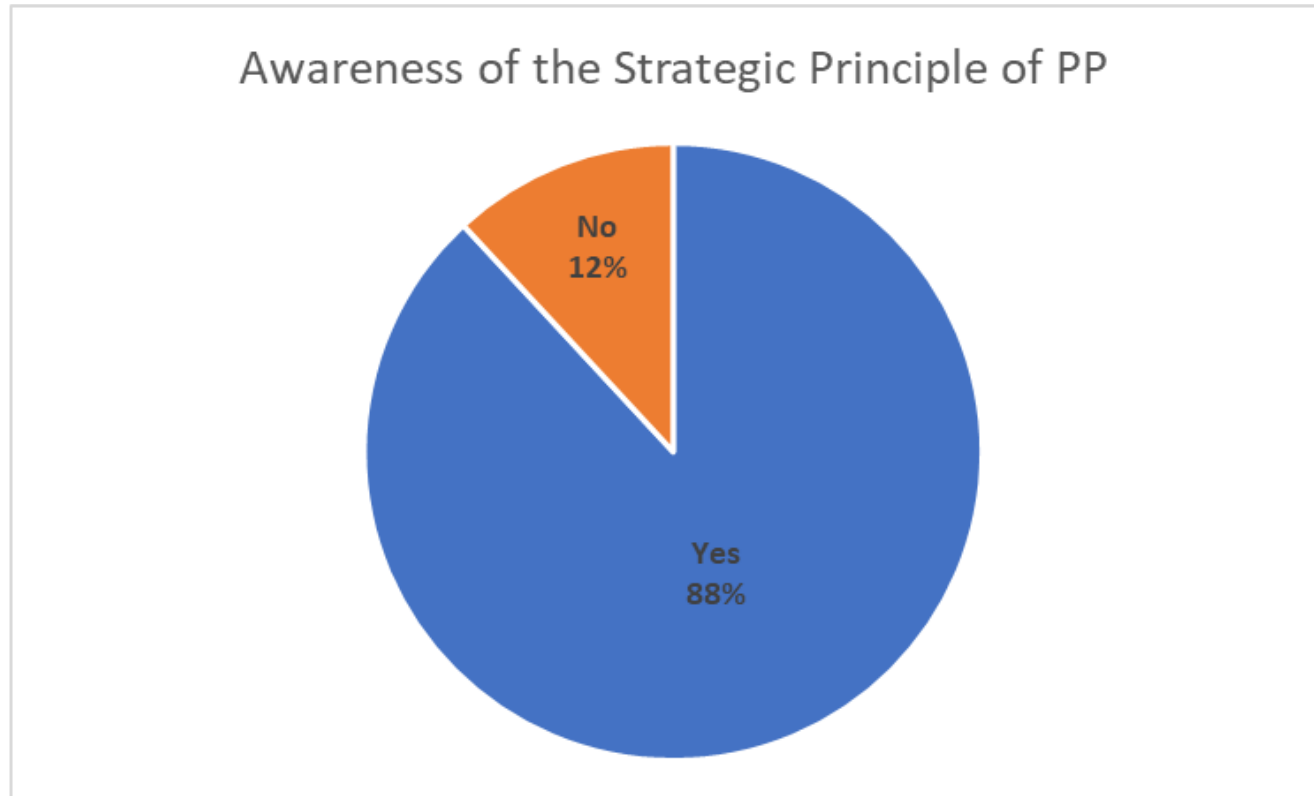
Findings

- Strategic Principles is the main strategic document outlining strategic orientations and targets for public procurement in Estonia
- There is alignment with several other relevant government strategies
- Awareness about the Strategic Principles among CAs is high

Gaps

- Estonia only recently has introduced strategic orientations to public procurement in a policy document compared to other EU / OECD countries
- Awareness among businesses is limited
- Limited details about governance and implementation framework

— Strategy



Source: OECD (2024) Survey of contracting authorities

— Strategy

Preliminary recommendations

- Strengthen the implementation of the Strategic Principles with a stronger governance / implementation framework. This could include a roadmap or action plan to ensure that strategic targets are monitored and met
- Enhance dissemination efforts of the Strategic Principles among the business sector

— Buy-in from stakeholders

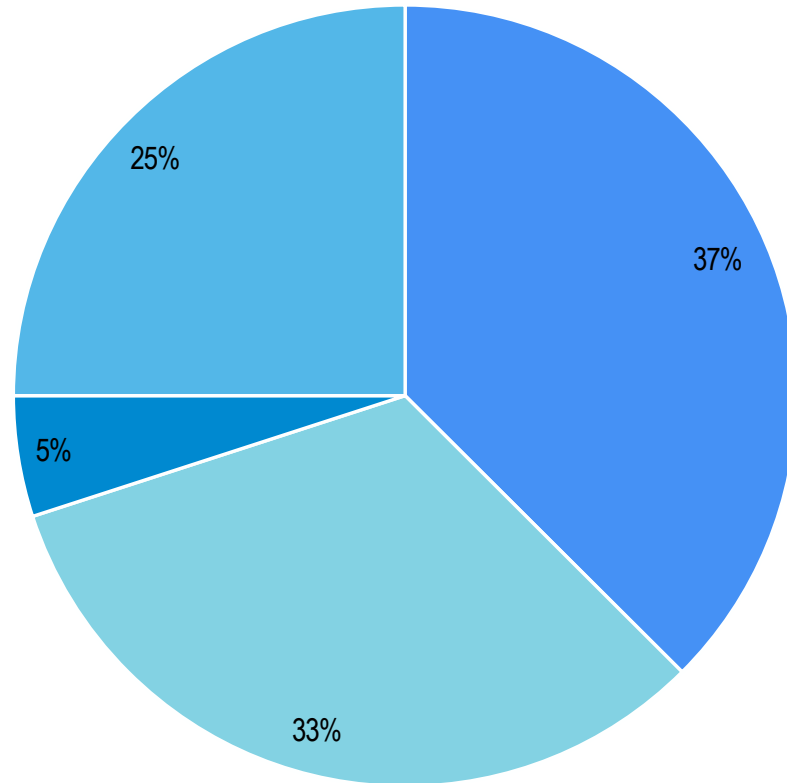
Findings

- Senior leaders within the Estonian public sector have a mixed picture of strategic public procurement: pioneers and skeptics
- Good practice examples in some leading organisations: dedicated sustainability experts to support strategic procurement
- Some organisations have set up their own targets and strategies

Gaps

- Recurring argument against strategic public procurement is the risk of higher prices in a tight fiscal environment
- Perception that strategic criteria increase the complexity of procurement
- Benefits or impacts may not fully evident or connected to tangible priorities

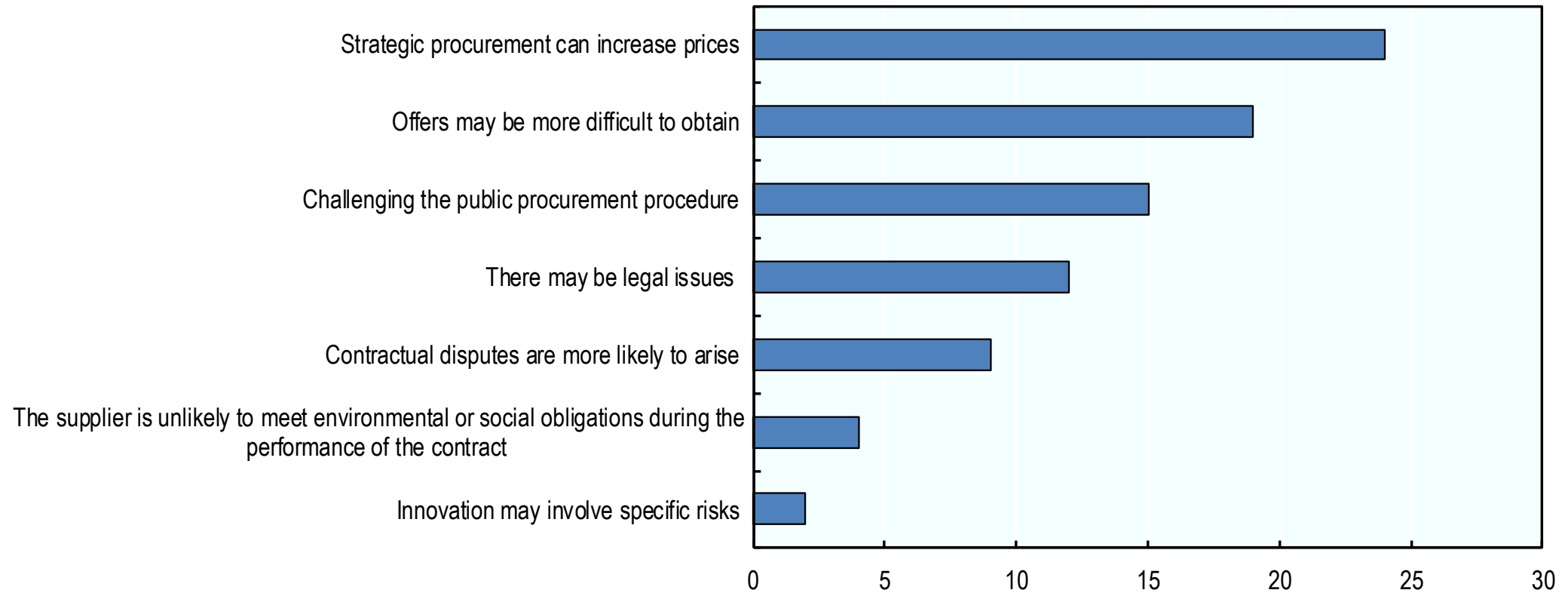
Strategic public procurement as part of organisational strategies



- No, strategic public procurement is not part of our organisation's strategy
- We would like to incorporate strategic objectives into our organisational strategy in the future, although we have not yet done so
- Strategic public procurement is included in our organisational strategy (e.g. goals and targets)
- We take concrete steps (e.g. dissemination of information and training on strategic public procurement)

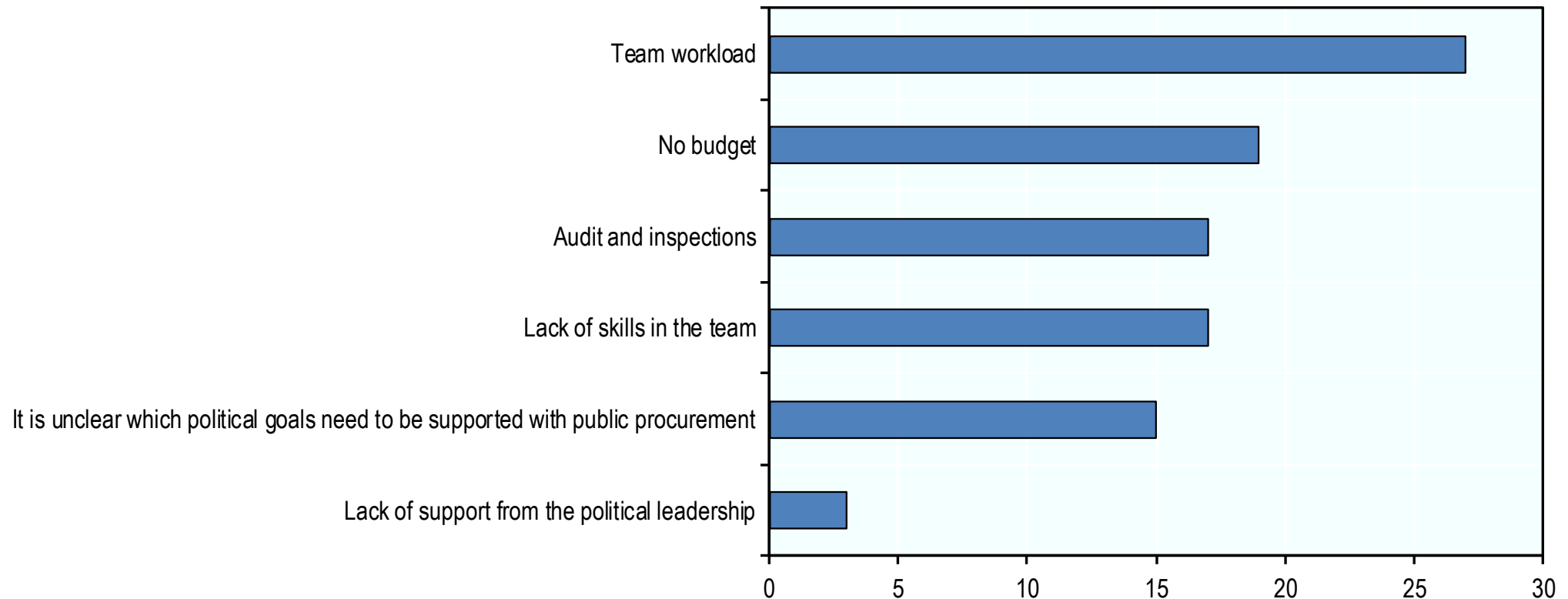
Source: Survey of institutional leaders (2024)

— Risks of strategic public procurement



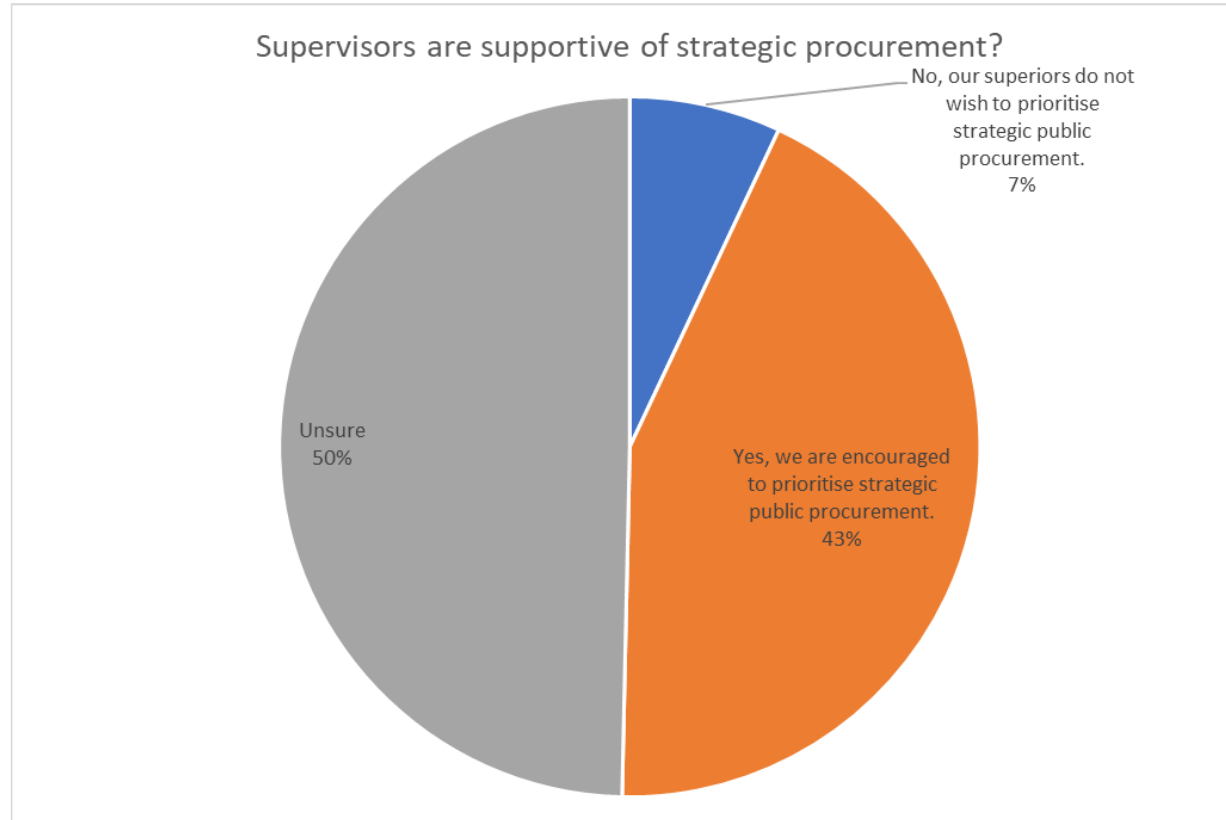
Source: Survey of institutional leaders (2024)

— Main challenges to prioritise strategic public procurement



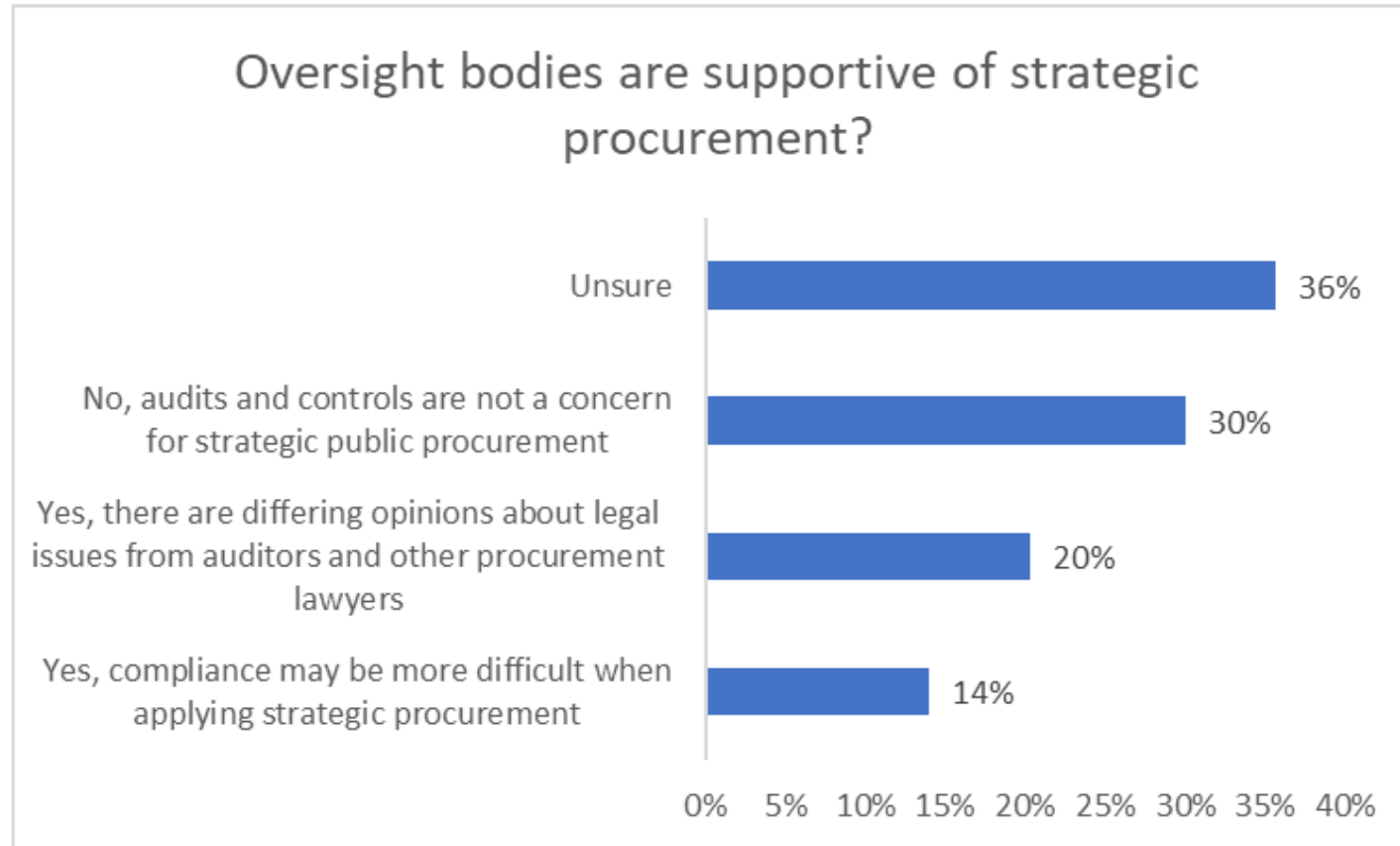
Source: Survey of institutional leaders (2024)

— Support by supervisors



Source: OECD (2024) Survey of contracting authorities

— Support by oversight bodies



Source: OECD (2024) Survey of contracting authorities

— Buy-in from stakeholders

Preliminary recommendations

- Increase awareness among leaders and practitioners about the benefits of strategic public procurement, notably highlighting how it can be used in support of existing government priorities (including national security)
- Take a phased approach to the implementation of strategic public procurement
- Devise incentive schemes for contracting authorities to take up strategic public procurement, such as benchmarking organisations

— Market readiness

Findings

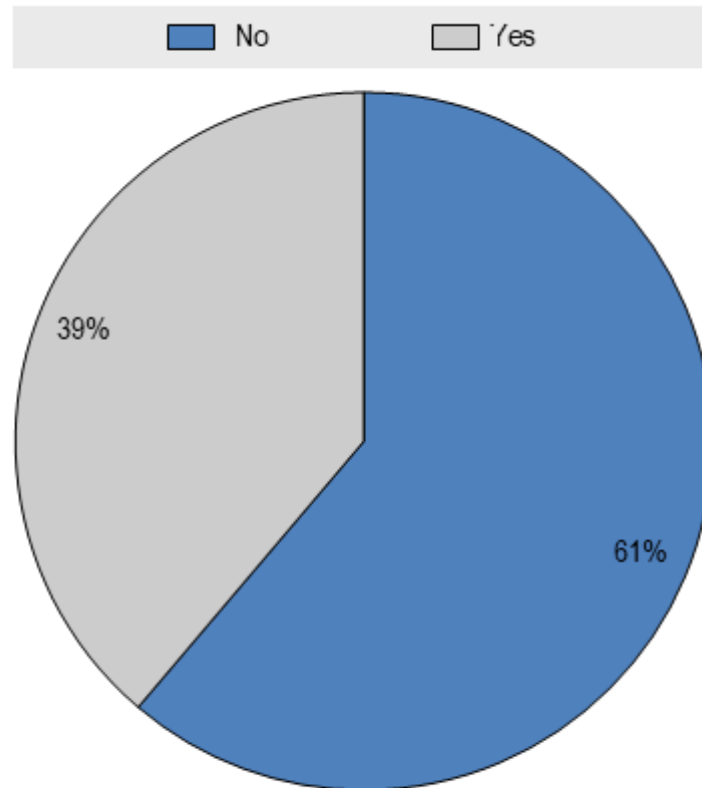
- The public sector is broadly perceived as an attractive client for business
- Perception that Estonia has a competitive advantage for innovative goods and services
- Openness by market participants to engage in strategic public procurement

Gaps

- Several barriers to participation in PP highlighted by business: restrictive criteria, lack of transparency, contract conditions not feasible
- These aspects point to gaps in solid practices for market engagement
- SMEs and micro-enterprises less likely to participate in strategic public procurement
- Strong willingness to compete based on quality (price-only is deterrent)

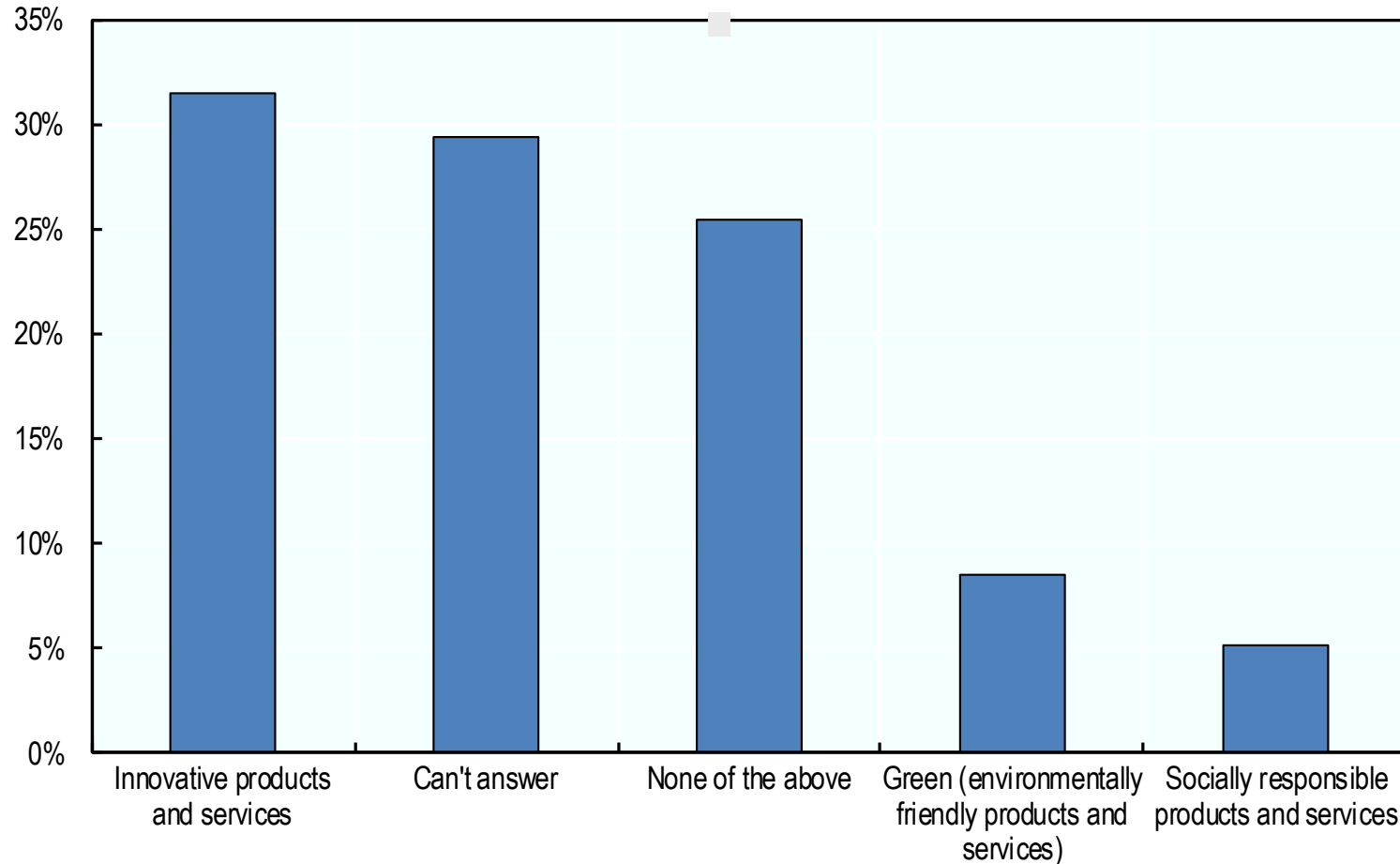
— Participation to strategic public procurement

In the last five years, have you participated in a public procurement that included strategic criteria (for example criteria related to innovation, social responsibility and/or environmental sustainability)?



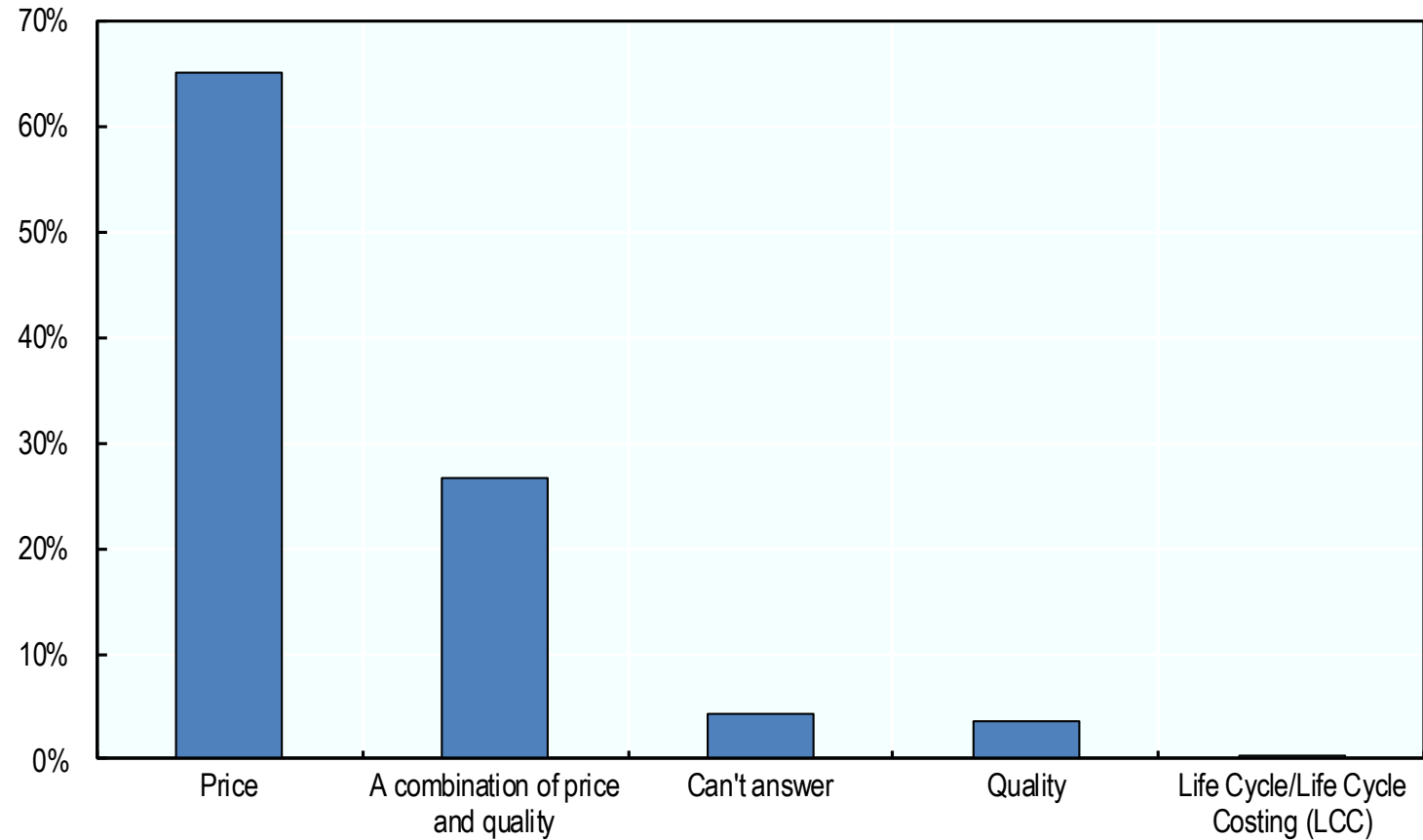
Source: Supplier survey (2024)

— Comparative advantage of Estonian business



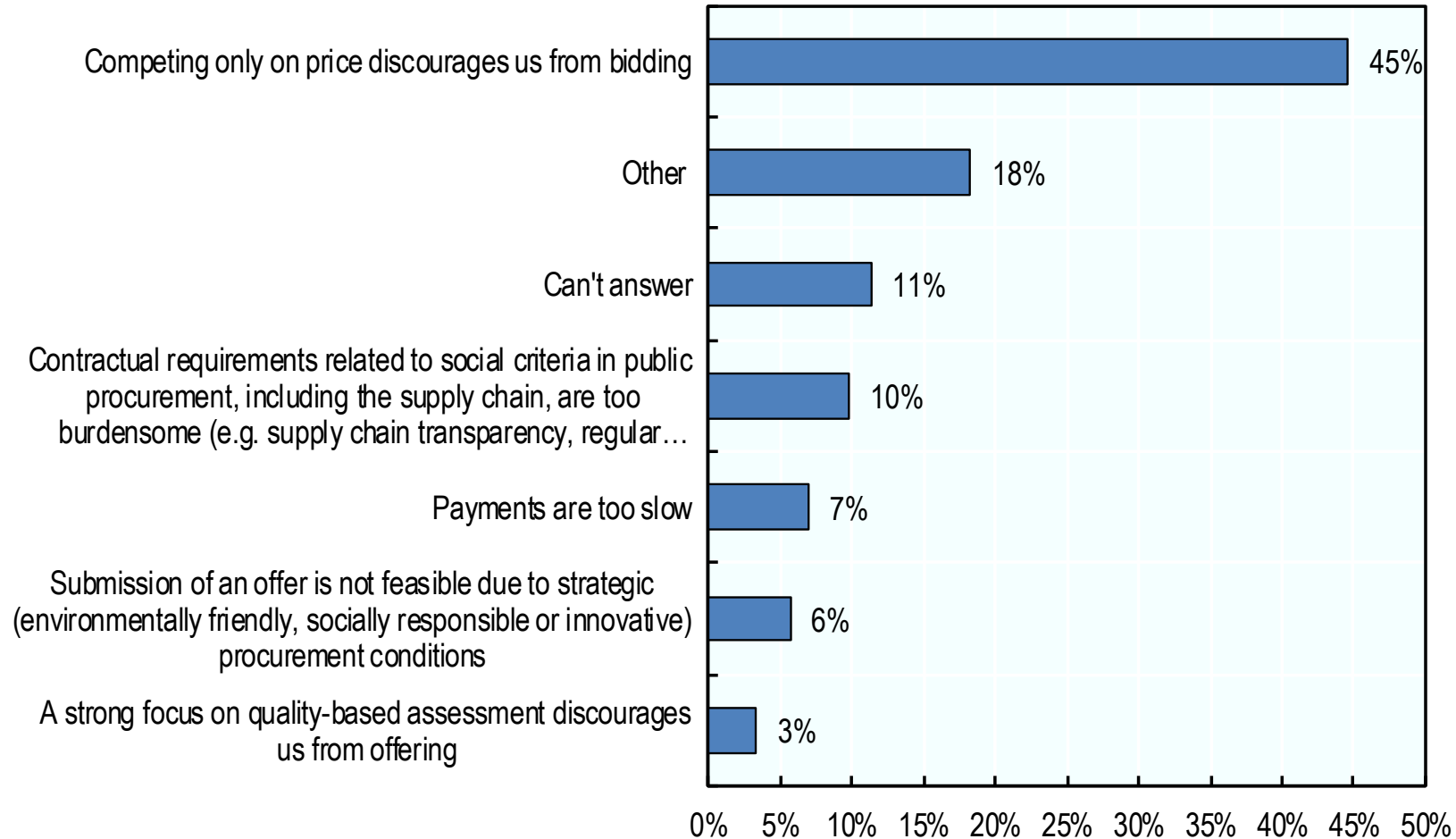
Source: Supplier survey (2024)

— Bid evaluation



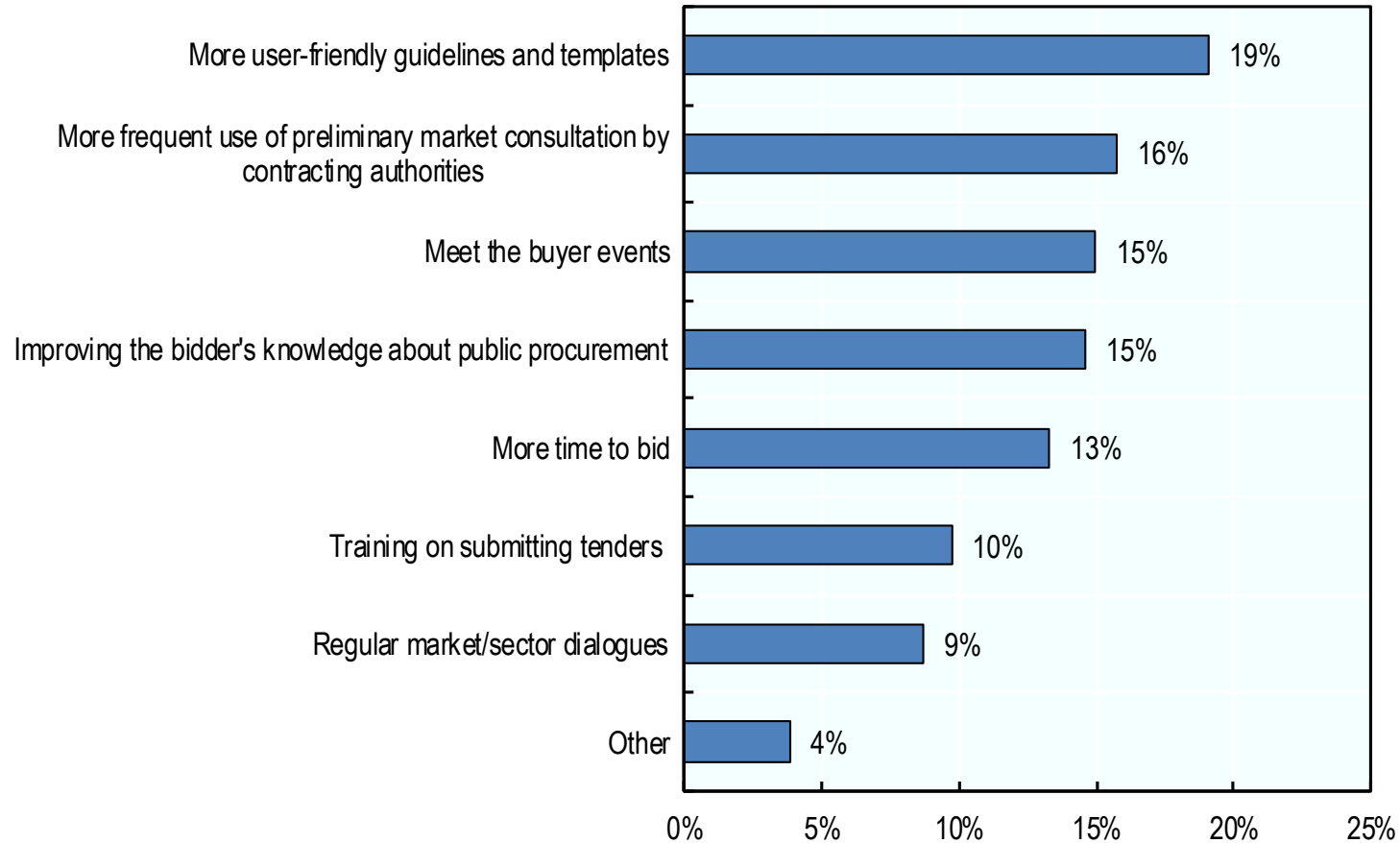
Source: Supplier survey (2024)

— Factors preventing participation in public procurement



Source: Supplier survey (2024)

Measures that would increase suppliers' willingness to participate in strategic public procurement



Source: Supplier survey (2024)

— Market readiness

Preliminary recommendations (1/2)

- Increase capacity of public buyers to design tenders that strike the right balance between what the market can offer and what CAs are looking for in terms of strategic objectives:
 - Strengthen measures to engage with the market
 - Move away from price-only evaluation
 - Increase the business perspective in public procurement (i.e. moving away from contract overly rigid contract conditions)

— Market readiness

Preliminary recommendations (2/2)

- Increase the capacity of the private sector to respond to tenders
 - Develop guidelines targeted to suppliers
 - Introduce programmes for teaching suppliers how to tender
 - Consider specific supplier trainings for strategic public procurement
- Focus particularly on SMEs when designing tenders with strategic requirements as well as capacity building programmes for suppliers
- Could also consider introducing sector dialogues, taking inspiration from evolutions in the ICT industry

— Capacity building

Findings

- Trainings on procurement provided by Ministry of Finance and Ministry of Climate
- Available guidance and materials on GPP and innovation procurement
- No mandatory public procurement trainings

Gaps

- Few regular trainings on strategic usage of public procurement
- Gaps in the lack of capacity on how to describe needs effectively, and specifically how to add strategic criteria
- Procurement professionals are typically highly trained from a legal point of view, less so from an economics and business perspective.

— Capacity building

Preliminary recommendations

- Setting up regular trainings for procurers and tenderers for further understanding of how to implement strategic public procurement
- Consider creating a network to encourage peer support and sharing good practices interinstitutionally
- Enhance business aspects in when professionalising public procurement moving away from legalistic approach

— Monitoring system and risk management

Findings

- Monitoring of strategic procurement collected in structured manner via e-PP system, precuring the EU's eForms
- E-PP system contains embedded links to relevant guidance around strategic PP for user-friendly monitoring

Gaps

- Definitions of 'green' innovative' and 'socially responsible' procurement are sometimes not clear and may be undercounted
- The next frontier is measurement of impacts achieved with strategic PP

— Monitoring system and risk management

Preliminary recommendations

- Improve the understanding of ‘definitions’ in particular of SRPP and innovation procurement to ensure accurate measurement of strategic public procurement
- Focus on the next frontier, i.e. measuring impact, in particular to demonstrate the value of strategic public procurement to leaders and contracting authorities

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2

Discussion

— Discussion

Any questions or
comments?

Experiences with
strategic public
procurement?

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Thank you!
Aitäh!

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