IMPIC
Instituto dos Mercados Públicos do Imobiliário e da Construção

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Contratação Pública em Portugal

Public Procurement in Portugal 2014

TECHNICAL DATA

Title:
Public Procurement in Portugal 2014

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Figures in this report for which the source indicated is the “BASE portal” (www.base.gov.pt) are based on data taken from said portal in October 2015.

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Abbreviations

ACT	Above Community thresholds
PCC	Public Contracts Code
CPV	Common Procurement Vocabulary
GFCF	Gross fixed capital formation
ICPEP	Electronic Public Procurement Index in Portugal (Ìndice da Contratação Pública Eletrónica em Portugal))
$MI_{(act))}$	Manchester Index (above Community thresholds)
IMPIC	Instituto dos Mercados Públicos, do Imobiliário e da Construção (Institute of Public Procurement, Real Estate and Construction)
INCM	Imprensa Nacional Casa da Moeda (the Portuguese Mint and Official Printing Office)
OJEU	Official Journal of the European Union
EP	Electronic Platforms
GDP	Gross domestic product
pp	Percentage points
SMEs	Small and medium-sized enterprises
EM	EUR million

1. INTRODUCTION

The Institute of Public Procurement, Real Estate and Construction (hereinafter referred to as “IMPIC”, from Instituto dos Mercados Públicos, do Imobiliário e da Construção) is presenting once again its annual report on public procurement in Portugal, which is designed to disseminate the key indicators on public procurement and provide a better insight into this important field.

In a context where most contracting authorities are under budgetary pressure, a careful, efficient and effective use of public money is more and more required in order to ensure a sound public management. The increasing complexity of public contracts (more diversified products and more sophisticated production processes and technologies) also puts increased pressure on the players involved in public procurement.

Like in previous years[1], this report aims at providing a better understanding of public procurement in our country. It is based on the data published in the public procurement portal (the BASE portal[2]), which is managed by IMPIC and is meant to serve as a repository of all public procurement procedures carried out by entities covered by the Public Contracts Code.

The BASE portal is an integral part of the electronic public procurement model adopted by Portugal in 2009 and plays a significant role in terms of transparency and accountability, namely because it is freely available. Besides that, it also allows for the preparation of analyses that otherwise would not be feasible - at least not in the same way – and that clearly increase the concrete knowledge on public procurement in Portugal, allowing for more informed decisions when designing public policies.

Although the innovative nature of the Portuguese electronic public procurement model is self-evident, namely as regards the creation of a website with the characteristics and objectives of the BASE portal, we are aware that there is still a long way to go before its relevance in the process of understanding the reality of public contracts becomes more effective. The relatively low share of the public contracts reported to the BASE portal not only in GDP[3] but also in the budgetary implementation[4], on the one hand, and the number of contracting authorities having reported their contracts[5], on the other, make us believe that some under-representativeness still exists.

[1]Reports for 2010, 2011, 2012 and 2013 are available on the IMPIC’s website (http://www.impic.pt/impic/pt-pt/relatorios-e-dados-estatisticos/relatorios-de-contratacao-publica) and on the BASE portal.

[2]http://www.base.gov.pt/

[3] See See item 3.1.2.

[4] See item 3.1.4.

[5] See item 9.1.1.

From another perspective, the inclusion of data on physical indicators associated with each contract could also be an asset at the level of the BASE portal and the information that can be processed, as it would provide not only a better public understanding of public procurement but also better information for decision-making on public policies.

Transposing the public procurement directives[6] into national law is certainly an opportunity for us to have a regulatory framework that can help increase the information to be “placed“ on the portal. The mandatory conduct of (present) direct award procedures through public procurement platforms, the possibility of reporting (present) simplified direct award procedures on a different basis from that of the other procedures, the mandatory reporting of all contracts concluded by public entities (other than contracting authorities), whether or not it is an excluded procurement, and the monitoring of procedures reported by public administration entities are among the aspects that can improve the significance and relevance of the BASE portal.

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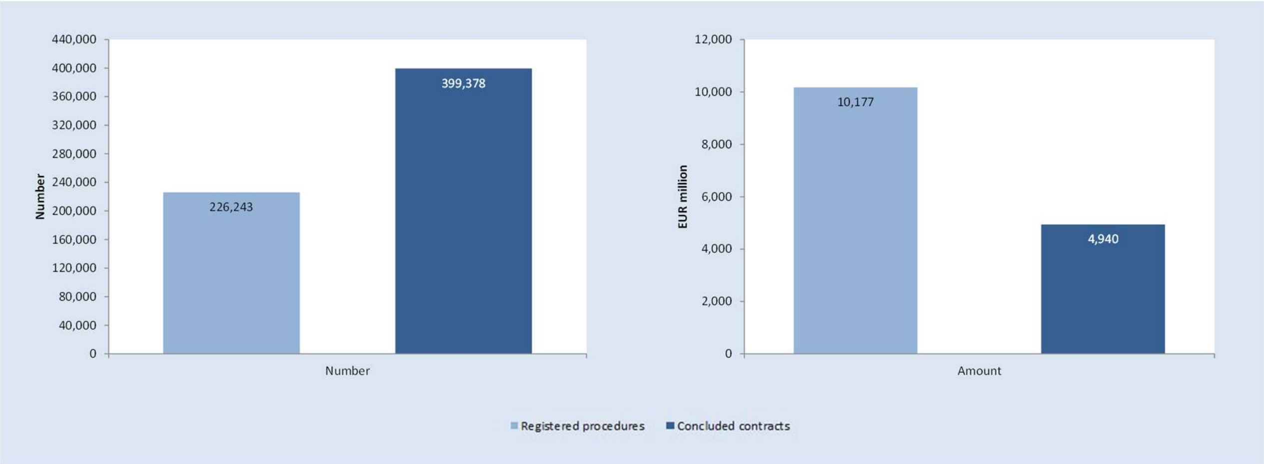
[6] Directives 2014/23/EU, 2014/24/EU and 2014/25/EU of 28 March 2014.

2. Electronic Public Procurement in Portugal

The number of procedures reported to the BASE portal in 2014 totalled 226,243[7] and their basic price[8] amounted to EUR 10,177 million. In the same period, the number of contracts concluded and reported to the BASE portal – irrespective of the year in which the procedure was launched – was 399,378, corresponding to EUR 4,940 million in terms of contractual values.

Graph 1 – Public procurement in 2014



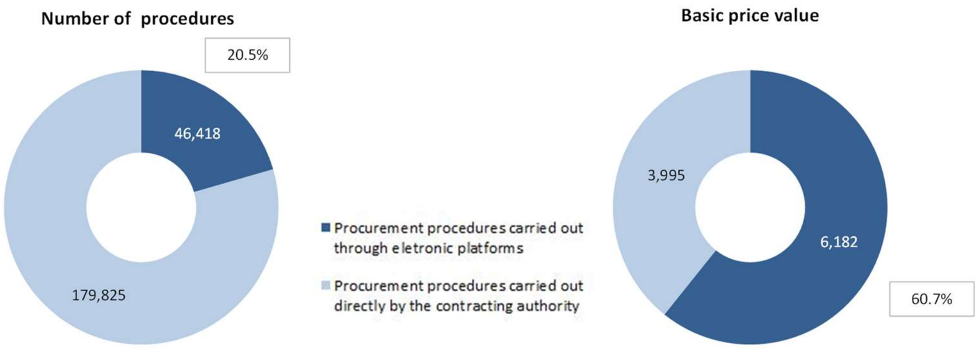
Source: BASE portal (November 2014)

2.1. The Electronic Public Procurement Index in Portugal (ICPEP)

Among the procedures launched in 2014, those that were carried out through one of the seven electronic platforms authorised for public procurement[9] represent 20.5 %, which largely reflects the fact that carrying out direct award procedures through a platform is not mandatory.

[7] This number includes all procurement procedures, namely the simplified direct awards.
[8] The maximum price the contracting authority is willing to pay for the performance of all services constituting the subject-matter of the contract, including direct awards (Article 47(1) of the Public Contracts Code).
[9] Platforms of companies certified by CEGER – Centro de Gestão da Rede Informática do Governo, the management centre for the Government computer network - (http://www.base.gov.pt/Base/pt/PlataformasElectronicas/EntidadesCertificadas).

Graph 2 – Electronic public procurement in Portugal in 2014: the weight of the number of procedures carried out in Portugal[10]



Source: BASE portal (November 2015)

The weight of the procurement procedures carried out through electronic platforms was more significant if we consider the monetary values inherent in those procedures: the sum of the basic prices of the procedures carried out through public procurement platforms represented 60,7 % of the sum of the basic price of all the procedures launched in 2014.

Therefore, the Electronic Public Procurement Index in Portugal (ICPEP) – an index designed to monitor the weight of the public procurement procedures carried out through platforms that at present are duly authorized to that effect - was 61 %.

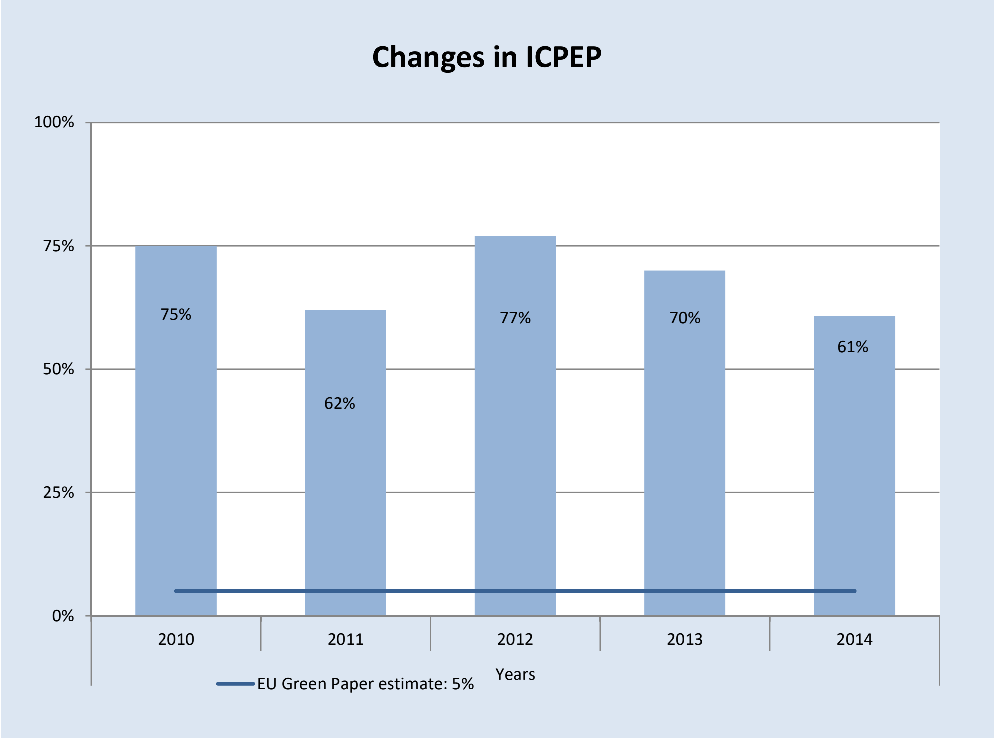
ELECTRONIC PUBLIC PROCUREMENT INDEX IN PORTUGAL ICPEP (total), in 2014

ICPEP 2014$_{(total)}$=61 %

Although the value of this index was lower in 2014 than in 2013, it is nevertheless a very positive value, as it largely exceeds the 5 % estimated in 2010 in the Green Paper on the use of e-Procurement in the EU[11].

[10] Comparing with the preceding years (2010 and 2011), there was a change in the calculation of the ICPEP: instead of using as a criterion the number of contracts concluded in the relevant year, we used the number of procedures launched in the relevant year.
We believe this approach is more appropriate for two reasons: *i)* first, because when you use the number of contracts you have to consider the procedures launched in previous years, when the use of electronic platforms was not supposed to be very frequent; *ii)* second, because the use of the number of concluded contracts would not take into account those procedures that had been launched but did not lead to a contract (which does not mean that there had been no procedure at all or that it had not been conducted through an electronic platform).
[11] Green Paper on expanding the use of e-Procurement in the EU - SEC(2010) 1214 (http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0571:FIN:EN:PDF).

Graph 3 – Changes in ICPEP



Since competitive procedures[12] must be carried out through electronic platforms for public procurement purposes, this indicator follows the evolution of the procurement procedures launched under direct awards – which saw an increase in their relative weight (see item 3.5.2) – as for these procedures the use of a public procurement platform is at the discretion of the contracting authority.

2.2. MANCHESTER INDEX (ABOVE COMMUNITY THRESHOLDS)

In the Manchester commitment made in 2005[13], Member-States established that by 2010 at least 50 % of public procurement above the EU thresholds would be carried out electronically.

[12] Open procedures and restricted procedures.

[13] Ministerial Declaration approved on 24 November 2005, in Manchester, United Kingdom, on the occasion of the Ministerial eGovernment Conference “Transforming Public Services”.

The calculated value of the Manchester Index for 2014 indicates that it largely exceeds the agreed target, reaching 90 %.

Table 1 – Calculation of the Manchester Index for Portugal

2014	Contractual values
Contracts published in the OJEU	1,317,585,834.97 €
Direct awards above Community thresholds not reported to BASE	128,677,231.23 €
Manchester Index	90%

Source: OJEU

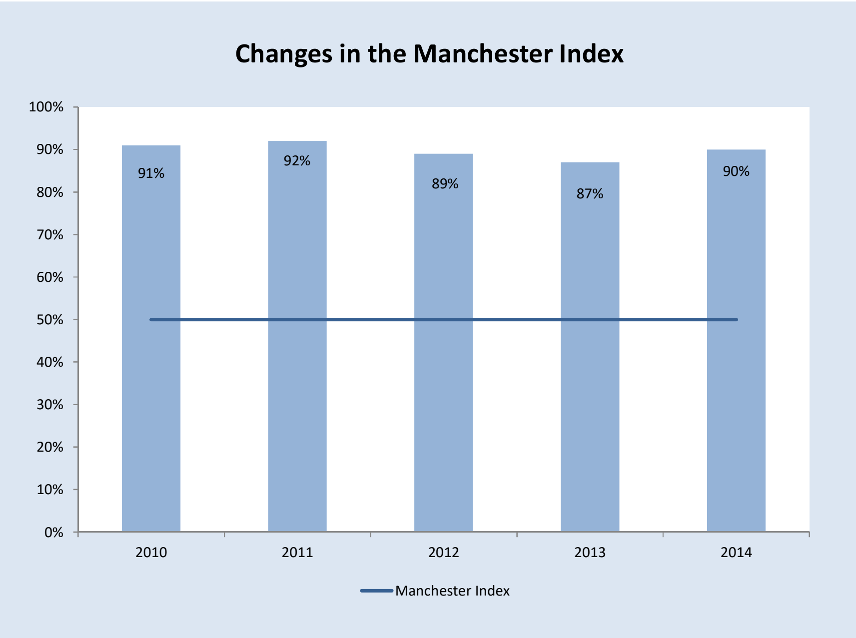
MANCHESTER INDEX (ACT) for 2014

MI 2014$_{(act)}$ =90 %

ACT: above Community thresholds

It should be noted that our country has been steadily exceeding that target since 2010, as shown in the graph below.

Graph 4- Changes in the Manchester Index



Even though the value established for the Index in 2014 was lower (showing a slight decrease of 3 pp when compared to 2013), it not only meets but also exceeds by far the target established by Member States in 2005.

As with ICPEP, the Manchester Index value also depends on the use of electronic platforms by the contracting authorities for direct award procedures.

Whereas the use of electronic platforms enhances transparency and even facilitates the accountability of decision-makers, a higher value in those indexes would be an indicator of a better performance in public procurement. That can be obtained by spreading their use (including in direct award procedures) and/or by changing the rules on the use of direct award procedures (namely by changing the upper limit value for the use of direct awards, or by introducing an intermediate threshold beyond which consulting more than one supplier and/or using the platforms would become mandatory).

Moreover, it should be highlighted that the EU directives now enshrine this idea, by recognising that "*Electronic means of information and communication can greatly simplify the publication of contracts and increase the efficiency and transparency of procurement processes*." and making mandatory the "*…communication by electronic means at all stages of the procedure …*"[14], after a transition period of 30 months, until 18 April 2018[15].

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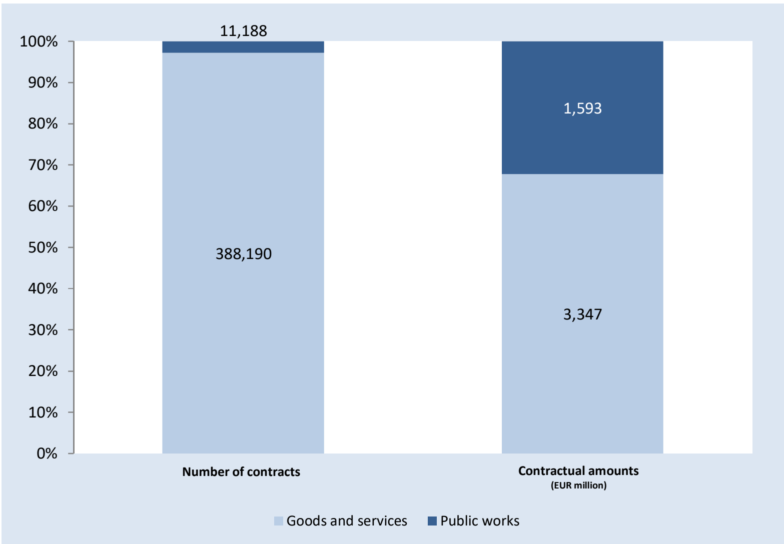
[14] Recital 52 of Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC.

[15] See Articles 22(1) and 90(2) of Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014.

3. PUBLIC PROCUREMENT FIGURES

In 2014, the total amount of public contracts reported to the BASE portal[16] reached EUR 4.940 billion, as a result of the conclusion of 399,378 contracts.

Graph 5 – Public procurement in Portugal in 2014: overall figures



Source: BASE portal (December 2015)

3.1. PUBLIC PROCUREMENT STATISTICS

3.1.1. PUBLIC PROCUREMENT EVOLUTION

Compared to the preceding years, 2014 saw an increase in the number of public contracts reported to the BASE portal. This change was particularly marked in the case of goods and services, where there was an increase of +169 % between 2013 and 2014 (253 % in relation to 2011). Compared to 2013, public works saw a decrease of 16 %, which nevertheless represents an increase of 2.5 % over 2011.

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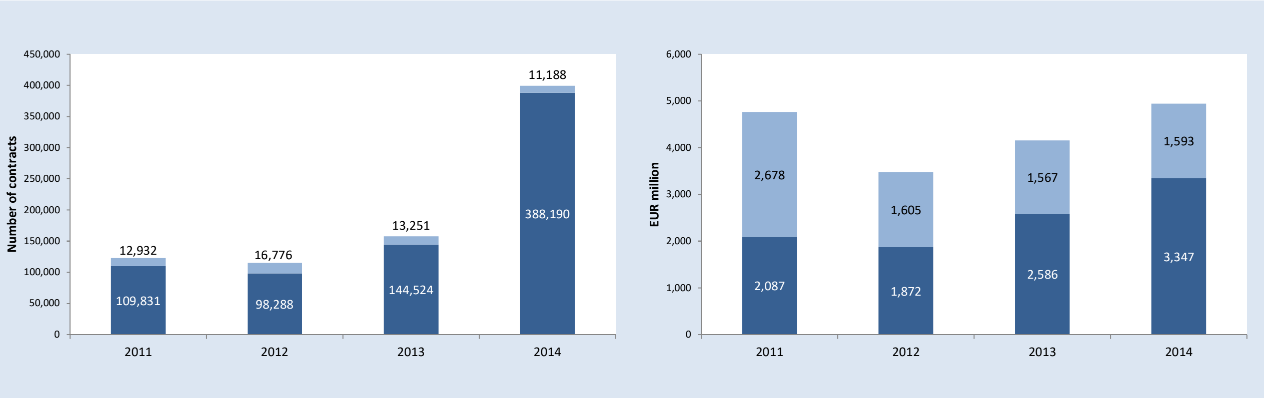
[16] It should be noted (like in previous reports) that the reported contracts may not include all the contracts concluded by contracting authorities. Besides the fact that some authorities may not have reported their contracts, either because they did not know it was necessary or for any other reason, there are other contracts that because of their very nature or legal framework may not have been fully reported to the BASE portal, namely:

(a) Contracts with a contractual price of less than EUR 5,000;
(b) Contracts for the purchase of water and electricity services;
(c) Contracts of entities operating in the special sectors (water, energy, transport and postal services) below the Community thresholds;
(d) Contracts excluded under Article 4 of the Public Contracts Code;
(e) Contracts resulting from procedures not covered by Part II of the Public Contracts Code, pursuant to Article 5 thereof (e.g.: in house procurement).

As regards the contractual amounts, there was an overall increase of 19 % (+EUR 787 million) over 2013, and an increase of 3.7 % (+EUR 176 million) over 2011. This evolution corresponds to a positive change for goods and services (+29.4%, i.e. +EUR 761 million when compared to 2013, and +60.4 % when compared to 2011) and for public works (+1.7%, corresponding to +EUR 26 million in comparison with 2013), although in this case the change was negative in relation to 2011 (-40.5 %, i.e. -EUR 1,085 million).

Graph 6 – Public procurement in Portugal from 2011 to 2014: overall figures



Source: BASE portal (December 2015)

3.1.2. Public Procurement as a share of Gross Domestic Product (GDP)

In 2014, the value of the contractual amounts reported to the BASE portal represented 2.85 % of the GDP.

Table 2 – Public procurement in Portugal as a share of GDP

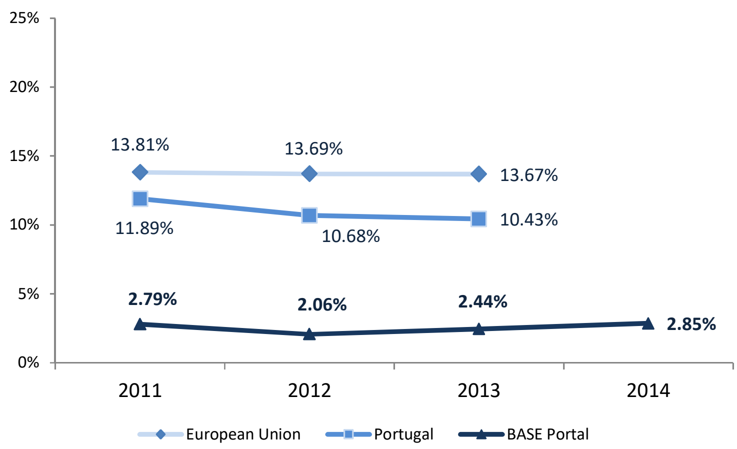
	2012	2013	2014	Δ %
Gross Domestic Product	168,398	170,269	173,446	1.87%
Contractual amount	3,477	4,153	4,940	18.96%
Public procurement as a share of GDP	2.06%	2.44%	2.85%	

Source: BASE portal (December 2015)
INE - Quarterly National Accounts (last update: 23-12-2015)

This value reflects an increase of 19 % in the value of the contracts reported to the BASE portal and an increase of 0.41 pp in the contracts weight. Moreover, it shows some stability compared to previous years.

If we consider the indicators estimated by the European Commission for 2013, public procurement in Portugal should represent 10.43 % of the GDP, but the number of public contracts reported to the BASE portal did not exceed 2.85 % in 2014.

Graph 7 – Public procurement as a share of GDP



Source: BASE portal (December 2015)
INE - Quarterly National Accounts (last update: 23-12-2015)
Public Procurement Indicators 2013, European Commission

Even if we consider that, as a rule, the length of a contract can be up to three years and, as a result, any concluded contract may continue and sustain public expenditure during that period, this value is nevertheless lower than expected.

3.1.3. Public Procurement and Gross Fixed Capital Formation (GFCF)

From 2013 to 2014, the value of public contracts relating to public works reported to the BASE portal increased to EUR 1,593 million (+0.46 %).

Table 3 – Public procurement in Portugal as a share of the GFCF in the construction sector (EUR thousand)

	2012	2013	2014	Δ % 2013	Δ % 2014
Gross Fixed Capital Formation - Construction	15,071	13,182	12,906	-12.53%	-2.10%
Contractual amount - Public works	1,605	1,567	1,593	-2.39%	1.68%
Public works share in GFCF - Construction	10.65%	11.88%	12.34%		

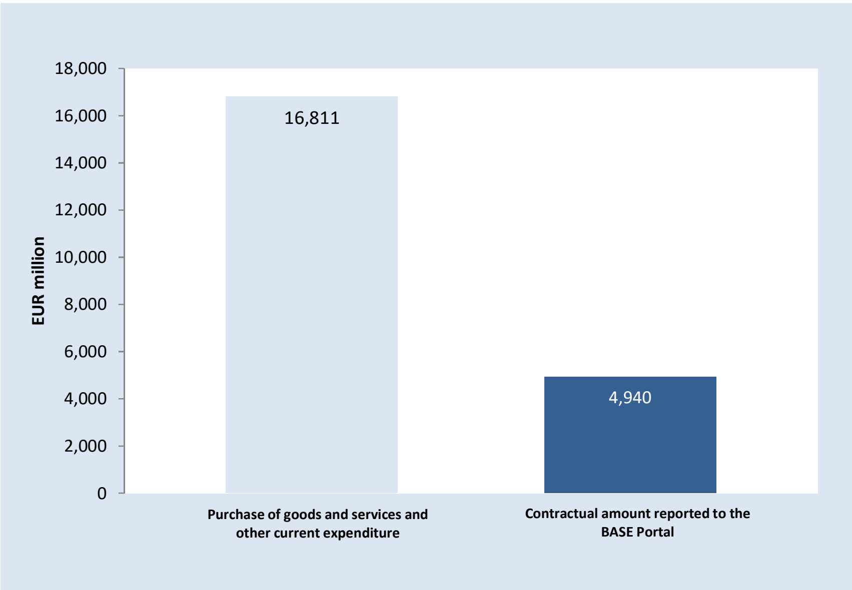
Source: BASE portal (December 2015)
INE - Quarterly National Accounts (last update: 23-12-2015)

Although there was an increase in the value of public works contracts reported to the BASE portal, the ratio between the overall contractual amount and the gross fixed capital formation in construction increased 0.46 pp, thus representing 12.34 % of that indicator.

3.1.4. Public Procurement and Budgetary Implementation by Public Administrations

A comparison between the contractual amounts reported to the BASE portal and the budgetary implementation by public administrations shows that the overall contractual amount of the contracts reported to the BASE portal in 2014 was EUR 4,940 million (including public works), representing 29 % of the execution headings "purchase of goods and services" and "other current expenditure".

Graph 8 – Public procurement in Portugal: comparison with budgetary implementation (EUR million)

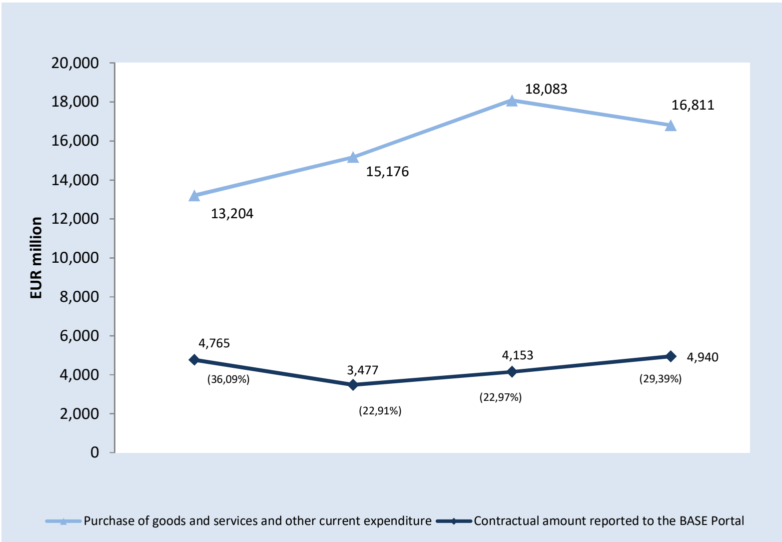


Source: BASE portal (December 2015)
Directorate-General for Budget (Summaries of Budget Implementation - January-December 2014)

While the budgetary implementation value can be affected by contracts concluded in previous years, as well as by procurement procedures to which the Public Contracts Code does not apply, a higher amount for the public contracts reported to the BASE portal should be expected if we consider the budgetary implementation value.

Moreover, this has been a recurring situation in the last three years, during which the value of the contracts reported to the BASE portal ranged from 22.91 % (2012) to 36.09 % (2011).

Graph 9 – Public procurement in Portugal: comparison with budgetary implementation. Changes from 2011 to 2014 (EUR million)



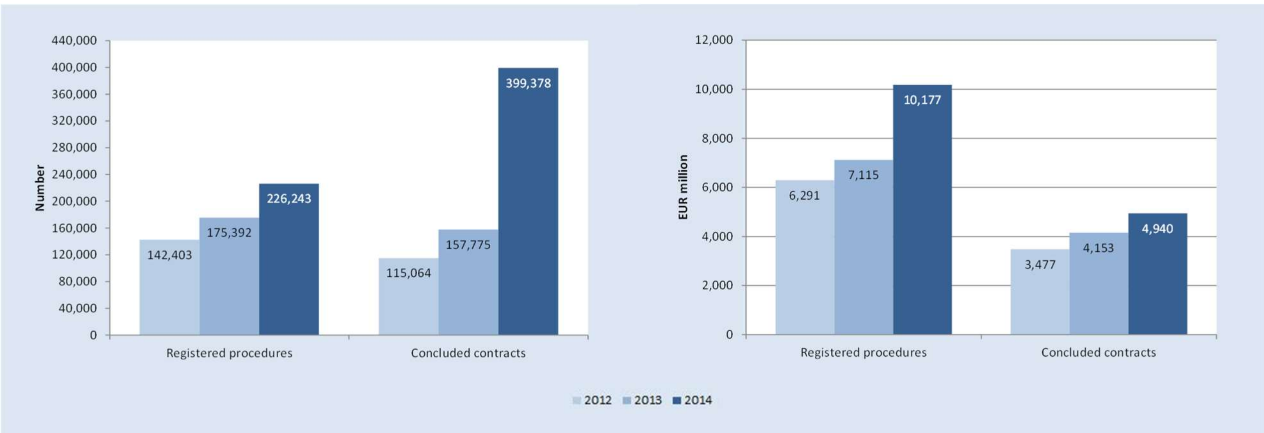
Source: BASE portal (December 2015)
Directorate-General for Budget (Summaries of Budget Implementation - January-December 2014)

3.1.5. LAUNCHED PROCEDURES VS CONCLUDED CONTRACTS

As mentioned above, 226,243 launched procedures (corresponding to EUR 10,177 million in terms of basic price) and 399,378 concluded contracts (corresponding to EUR 4,940 million in terms of contractual price) were reported to the BASE portal in 2014.

Compared to 2013, there was in 2014 an increase in the number of both new procedures and new contracts, although it was shaper for the latter (+241,603 new contracts, i.e. +153.1 %) than for the former (+50,851 procedures, i.e. +29.0 %).

Graph 10 - Comparing the number of launched procedures with the number of concluded contracts and the value of the basic price of launched procedures with the contractual amounts (2014)



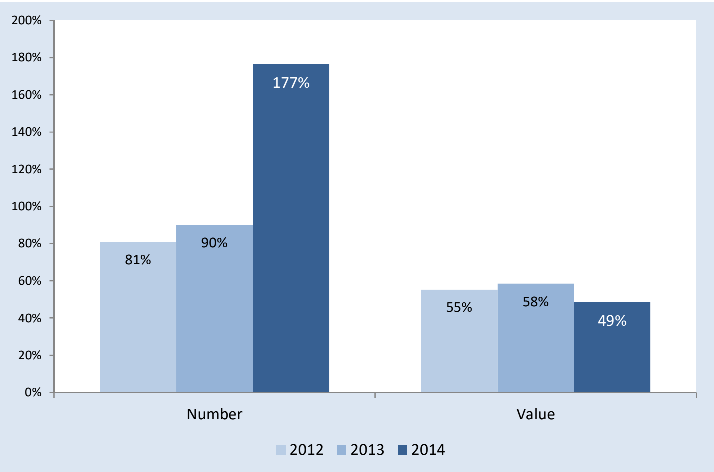
Source: BASE portal (December 2015)

Although to a lesser extent, values associated with those procedures and contracts followed the same trend: compared to 2013, the aggregate value of the basic price of launched procedures increased by EUR 3,062 million (+43.0 %) in 2014, as it was the case with the contractual amounts, which increased by EUR 787 million (+19.0 %).

While they are distinct concepts[17], it is possible to establish a link between the procedures launched and the contracts concluded in the same period. The ratio between the number of contracts concluded and the number of procedures launched in 2014 was, therefore, 176.5% in terms of numbers and 48.5%, in terms of contractual amounts.

Compared to 2013, there was an increase in the level of completed procedures, i.e. in the ratio between the contracts concluded and the procedures launched during the year, as regards the number of contracts (+86.6 pp), but there was a decrease in the value (-9.8 pp)

Graph 11 – Ratio between the contracts concluded and the procedures launched in the same year: changes from 2012 to 2014



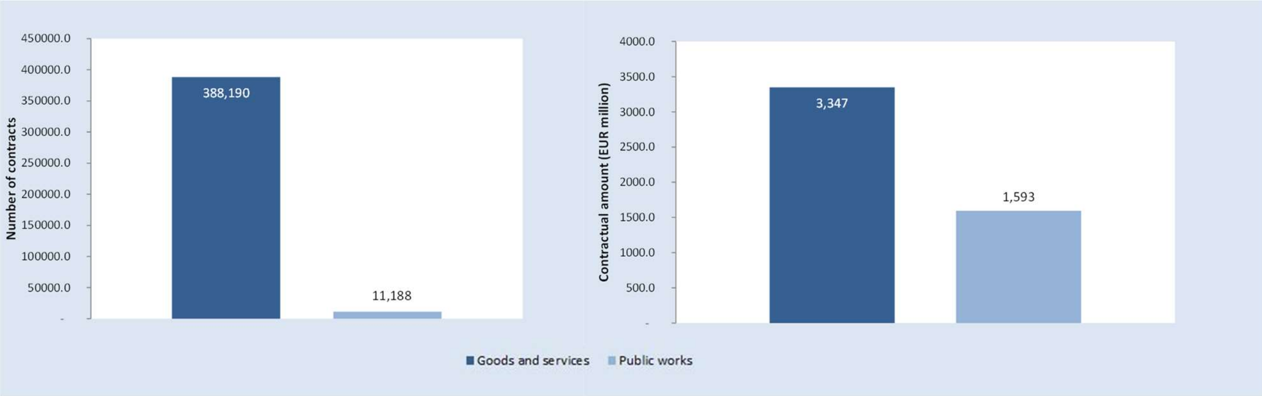
Source: BASE portal (December 2015)
Report on Public Procurement in Portugal – 2013

3.2. PUBLIC PROCUREMENT PER TYPE OF CONTRACT

Most contracts (97.2 %) reported to the BASE portal in 2014 concerned the purchase of goods and services. Although to a lesser extent (67.8 %) goods and services were also in majority in terms of contractual amounts.

[17] A procurement procedure means the launching of a procedure that hopefully will lead to the conclusion of a contract. It may happen, however, that some procedures do not result in a contract, either because no tenders are submitted or because the contracting authority decides not to award the contract, or for any other reasons.
Conversely, it may happen that a given procedure results in several contracts. That is the case, for example, of contracts with lots or contracts concluded under a framework agreement.

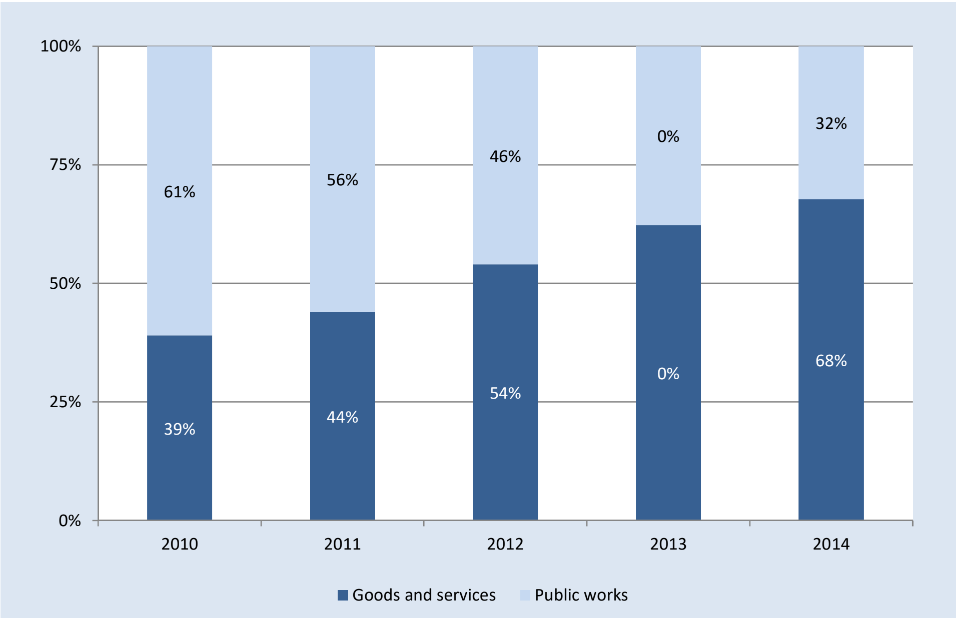
Graph 12 – Public procurement per type of contract in 2014



Source: BASE portal (December 2015)

In 2014, the public contracts structure followed the same trend as that observed since 2010, whereby the weight of public works contracts[18] have been decreasing in relation to the contracts for the purchase of goods and services. While in 2010 contracts related to public works represented 61 % of the total value of public contracts, in 2014 their weight was just 32 %.

Graph 13- Relative weight of goods and services as compared to public works per contractual amounts: from 2010 to 2014



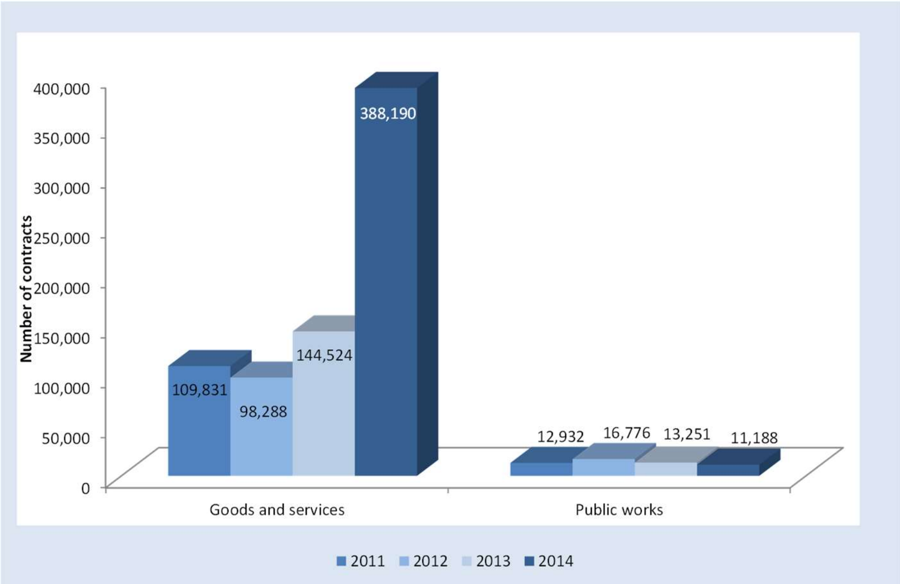
Source: BASE portal (December 2015)

The number of contracts relating to goods and services concluded in 2014 represents an increase of 295 % (+289,902) over 2012, thus reversing the change occurred in that year in relation to 2011.

However, the trend was the opposite for public works: while from 2011 to 2012 the number of contracts saw an increase, in 2014 it decreased by 33 % (-5,588) over 2012.

[18] Considering that "public works" include the services related thereto.

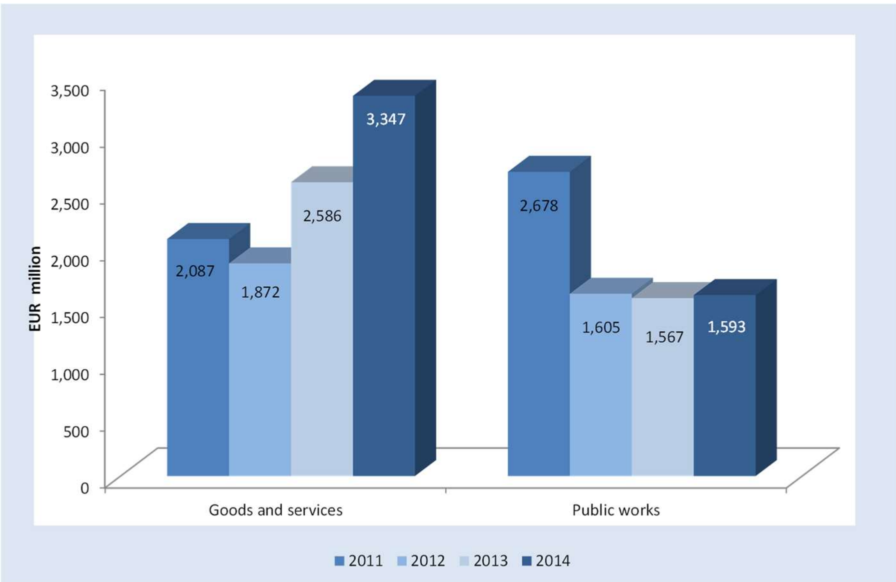
Graph 14- Number of contracts concluded in 2011-2014



Source: BASE portal (December 2015)

As regards the value of the contracts concluded, the trend for goods and services was similar to that in the number of contracts, i.e. instead of the decrease occurred from 2011 to 2012, there was an increase of 78.8 % (EUR 1,475 million) from 2012 to 2014. As for public works, there was a decrease of 0.7 % (- EUR 12 million) in the same period.

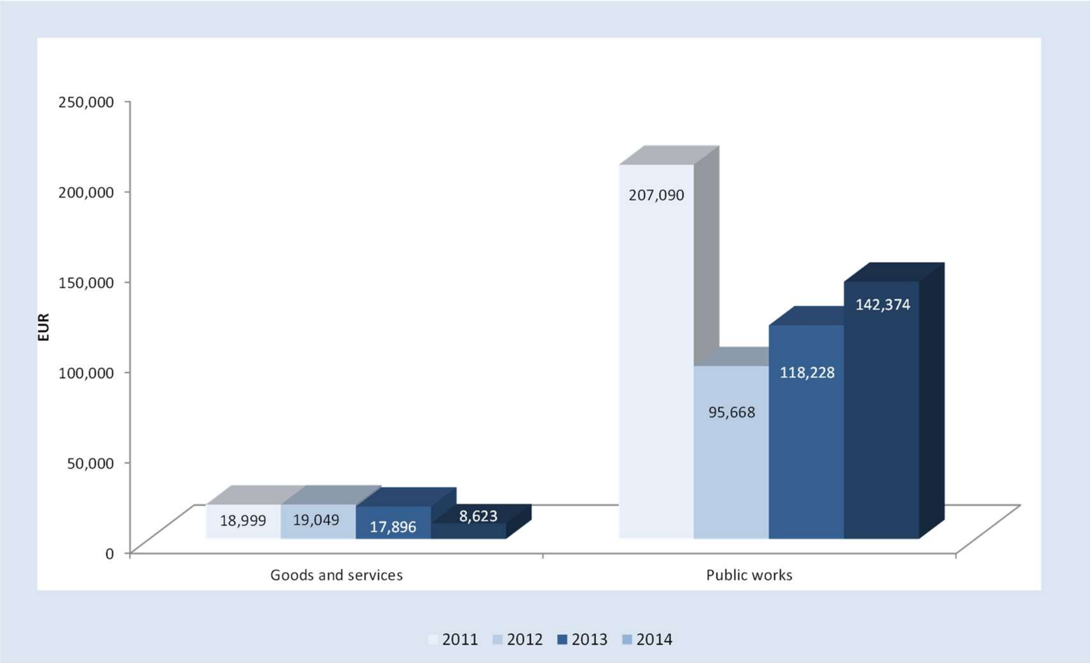
Graph 15- Value of the contracts concluded in 2011-2014 (EUR million)



Source: BASE portal (December 2015)

In 2014, the average value per contract in the case of public works was EUR 142,374, representing an increase over 2013 (+20.4 %, i.e. +EUR 24,146) but a decrease over 2011 (-31.3 %, i.e. –EUR 64,176 per contract).

Graph 16- Average value of the contracts concluded in 2011-2014 (EUR)



Source: BASE portal (December 2015)

In the case of contracts for goods and services, their average value was EUR 8,623 in 2014, corresponding to a decrease of 51.8 % (-EUR 9,273 per contract) over 2013.

3.3. CONTRACTS PER YEAR OF THE DECISION TO CONTRACT AND PER AVERAGE LENGTH OF PROCEDURES

3.3.1. CONTRACTS PER YEAR OF THE DECISION TO CONTRACT

An analysis of the contracts per year of the decision to contract shows that 98.6 % of the contracts concluded in 2014 stem from procurement procedures launched in the same year. Only 1.3 % of the contracts had been launched in 2013, and we can consider as residual the number of contracts concluded in 2014 following procedures launched before 2013.

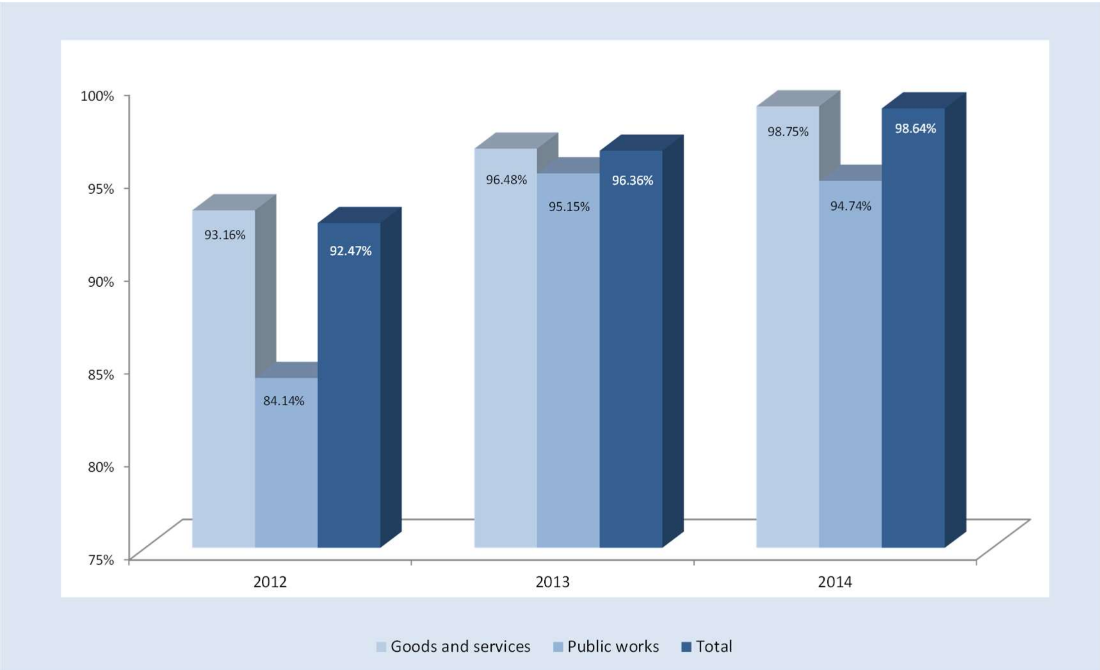
Table 4 – Contracts concluded in 2014 per year of decision

	2009	2010	2011	2012	2013	2014	Total
Goods and services	2	1	3	29	4,804	383,351	388,190
Public works	0	1	4	18	565	10,600	11,188
Total	2	2	7	47	5,369	393,951	399,378

Source: BASE portal (December 2015)

A comparison between 2013 and 2014 shows that the number of contracts resulting from procedures launched in the same year was higher (+2.28 pp) in the last year.

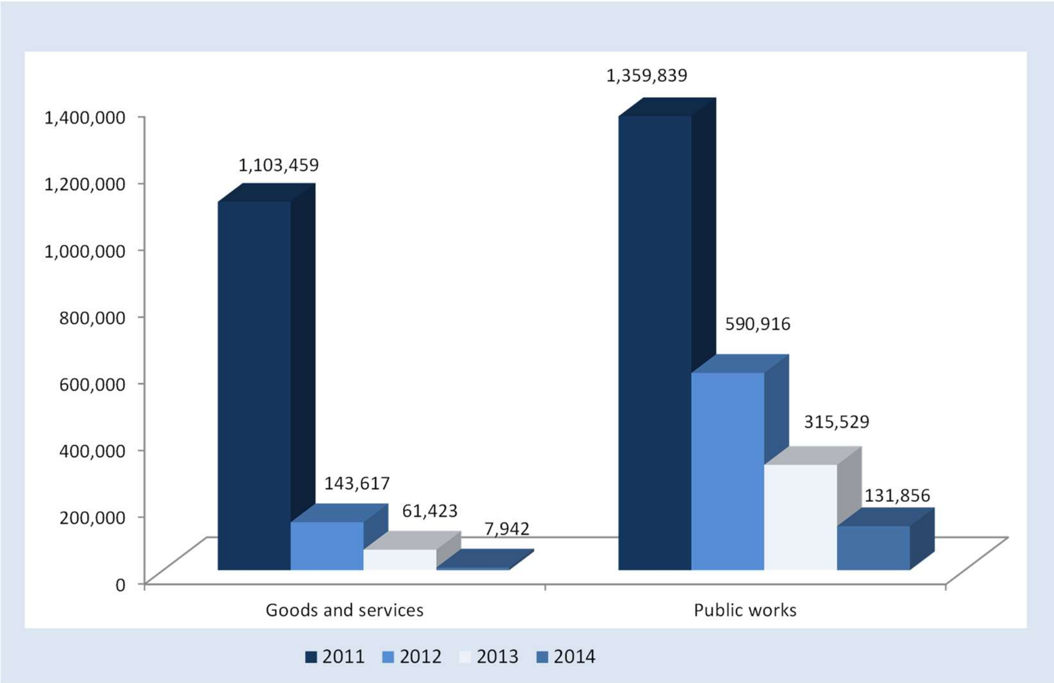
Graph 17- Percentage of contracts for which the procurement procedure was launched in the same year



Source: BASE portal (December 2015)

Among the contracts concluded in 2014 it is possible to notice that their average value varies according to the year when the procedure was launched. This is a common trend in both contracts for goods and services and contracts for public works, where the average value of the contract increases for procedures with the oldest launch date.

Graph 18- Average value of contracts concluded in 2014 per year of the procedure decision (EUR)



Source: BASE portal (December 2015)

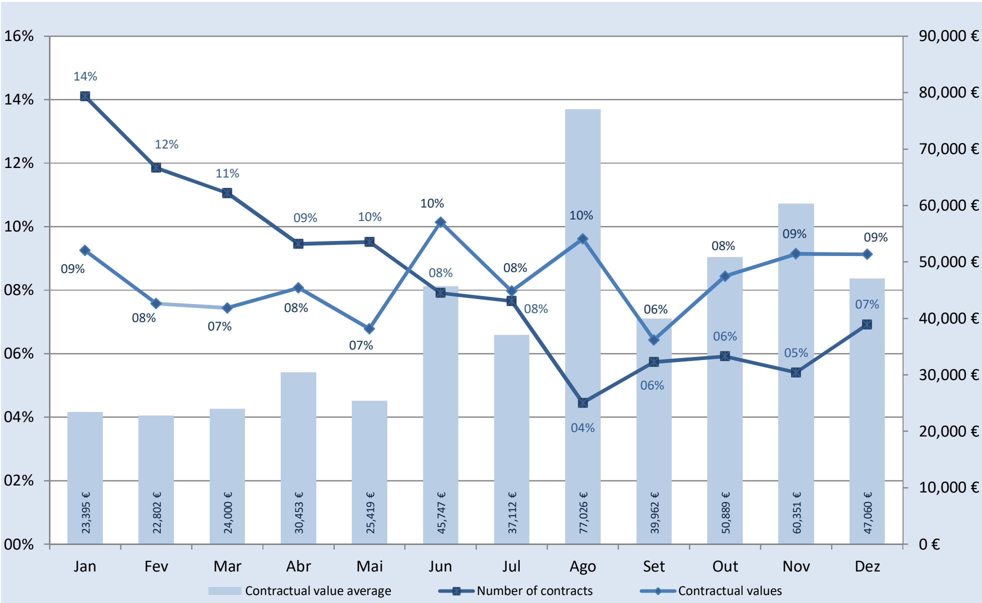
3.3.2. Breakdown of concluded contracts per month

Looking at the breakdown of the number of public contracts concluded over the months, we see a continuing decrease in the number of contracts concluded until August: while the number of contracts awarded in January represented 14.1 % of the contracts concluded in 2014, those awarded in December represented 6.9 %, i.e. -51 % of the contracts concluded in the first month of the year.

As far as the contractual values are concerned, the breakdown was more uniform, ranging between 10.1 % (June) and 6.4 % (September).

During the same period, the average value of contracts saw some variation and reached its peak in August (EUR 77,026).

Graph 19- Breakdown of concluded contracts per month

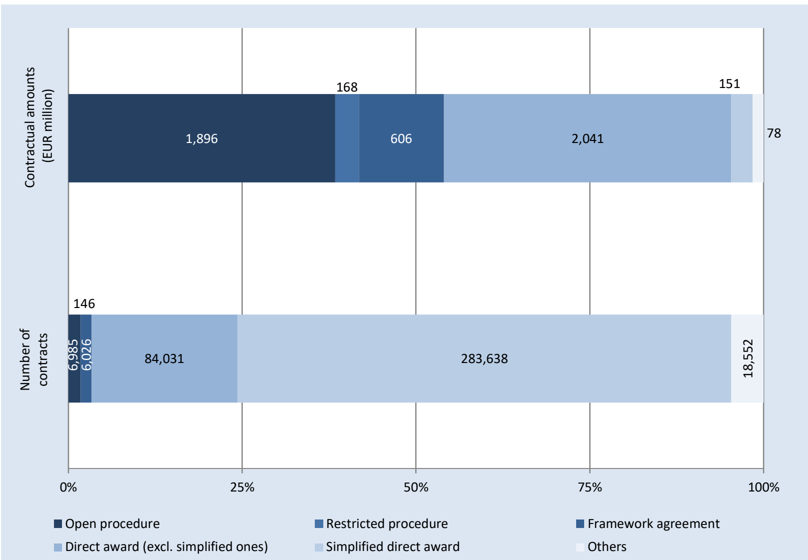


Source: BASE portal (December 2015)

3.4. CONTRACTS PER TYPE OF PROCEDURE

Among the contracts concluded in 2014, the direct award was the most frequently used type of procedure, representing 92.1 % of the total number of procedures. In terms of contractual amounts, its weight was relatively lower (44.4 %).

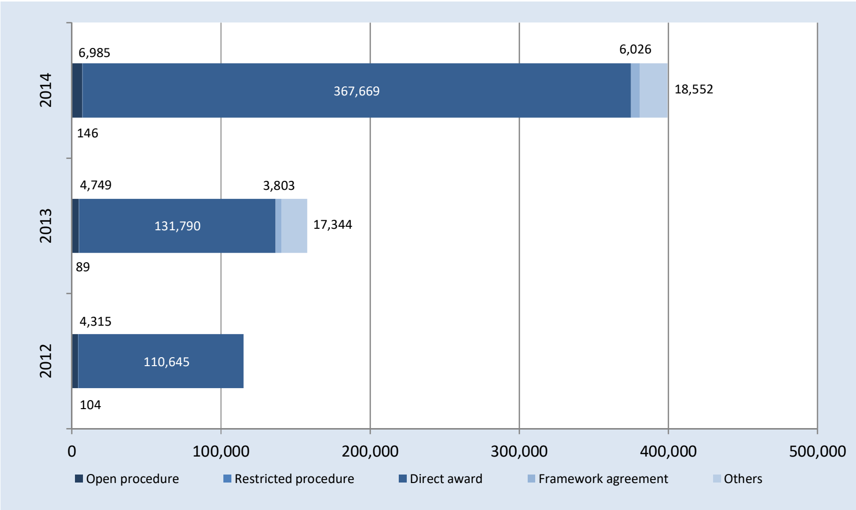
Graph 20 - Public procurement per type of procedure (2014)



Source: BASE portal (December 2015)

The number of contracts saw an overall increase (+153.1 %), and the increase in the number of procedures under direct award was particularly significant (+270.9 %). Like in previous years, it appears that the number of contracts under framework agreements remains underestimated[19], as only 6,026 contracts have been reported.

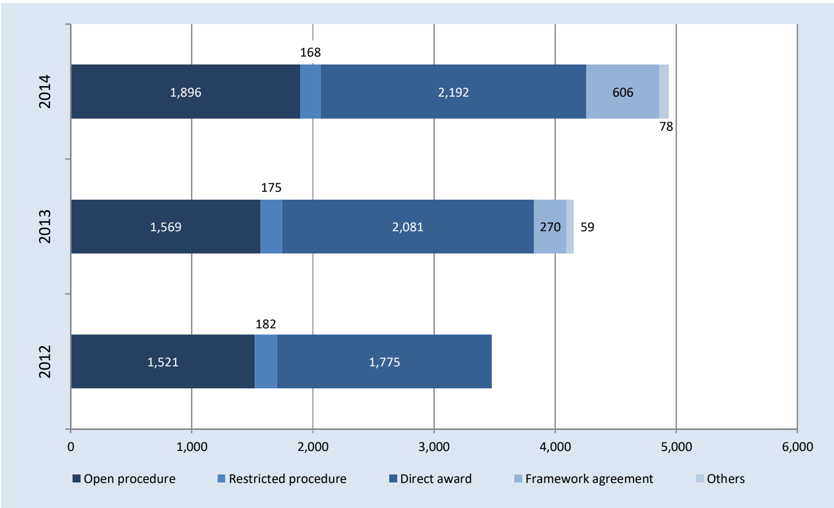
Graph 21 - Number of contracts per type of procedure: changes from 2012 to 2014



Source: BASE portal (December 2015)

As regards the contractual amounts, the change was less marked but nevertheless positive (+19.0 %). In this context, open procedures stand out (+20.9 %) when compared to direct awards, which increased 5.4 %.

Graph 22 – Contractual amounts per type of procedure: changes from 2012 to 2014 (EUR million)

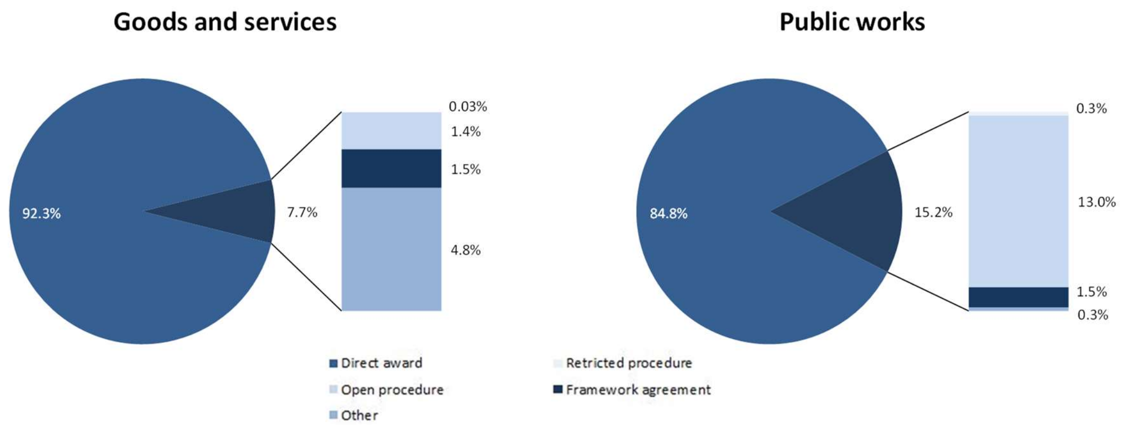


Source: BASE portal (December 2015)

[19] It should be noted, however, that there have been changes in the way these contracts must be reported when they are linked to a framework agreement concluded by eSPap (Entidade de Serviços Partilhados da Administração Pública – a body responsible for managing the Public Administration shared services), which shall have effects in the following years.

If we consider the use of the different procurement procedures for each type of contract, we see that the share of direct awards is more significant for public works (84.8 %) than for goods and services (92.3 %). Competitive procedures are also more significant for contracts relating to public works (13.4 %) than for contracts relating to the purchase of goods and services (1.5%).

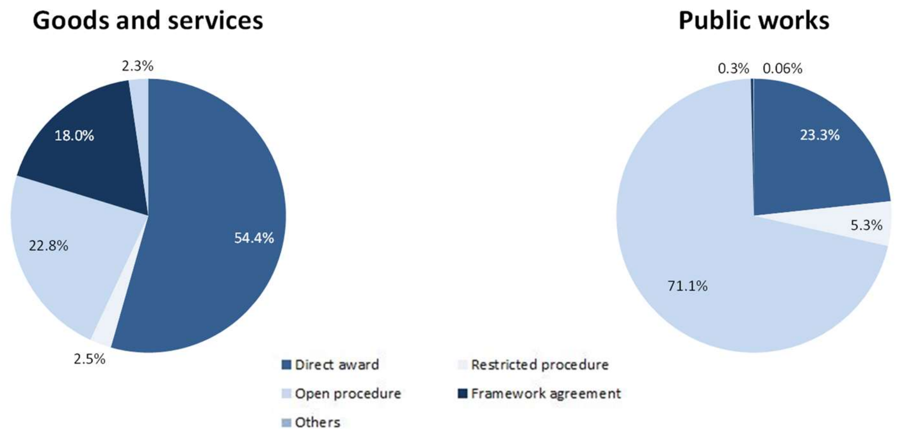
Graph 23- Number of contracts per type of procedure (2014)



Source: BASE portal (December 2015)

As regards the contractual amounts, the number of contracts concluded under competitive procedures is relatively more significant for public works (76.3 %) than for goods and services (25.3 %). Conversely, contracts concluded following a direct award are the majority for goods and services (54.4 %) but represent less than ⅕ (23.3 %) for public works.

Graph 24- Contractual amounts per type of procedure (2014)

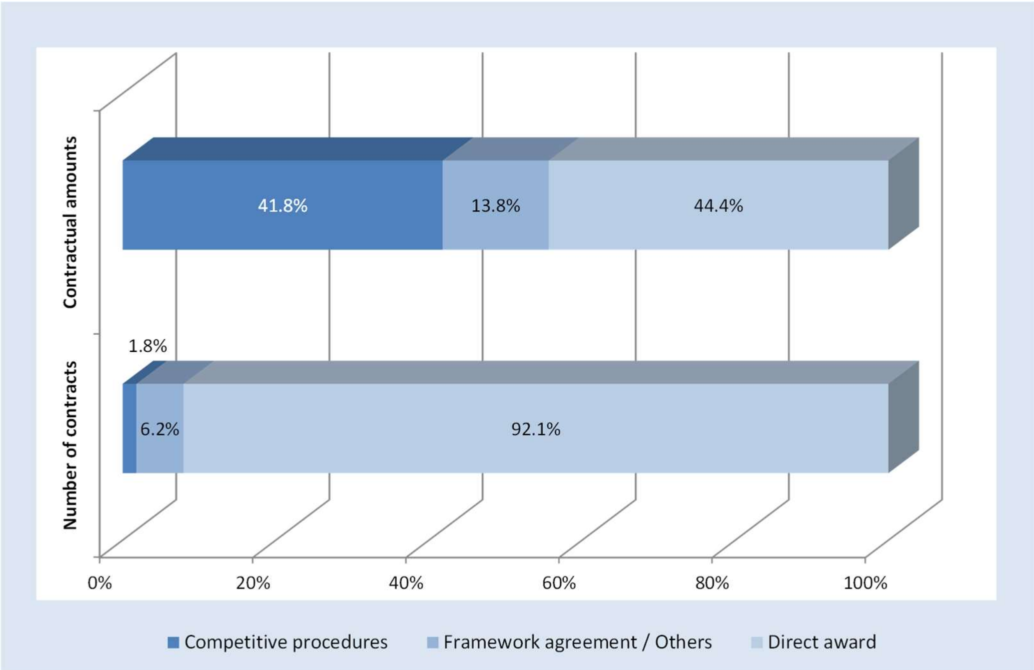


Source: BASE portal (December 2015)

3.5. COMPETITIVE PROCEDURES VS DIRECT AWARD PROCEDURES

The share of contracts concluded in 2014 following a competitive procedure was 1.8 % in terms of their number but 41.8 % in terms of contractual amounts. On the other hand, contracts concluded under a direct award procedure in 2014 represented 92.1% of the total number of contracts and 44.4 % in terms of contractual amounts.

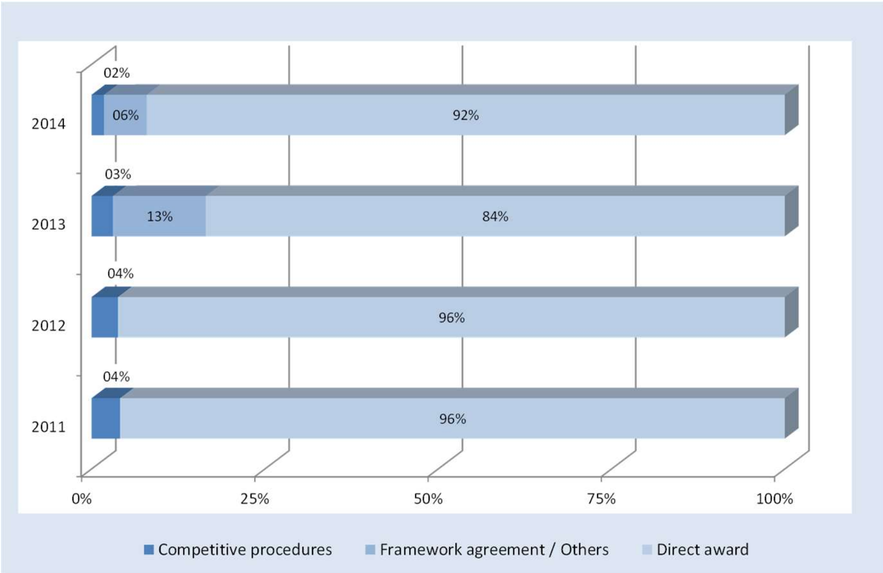
Graph 25 - Public procurement in 2014 per type of procedure



Source: BASE portal (December 2015)

The relative weight of the number of direct award procedures increased from 83.5 % in 2013 to 92.1 % in 2014.

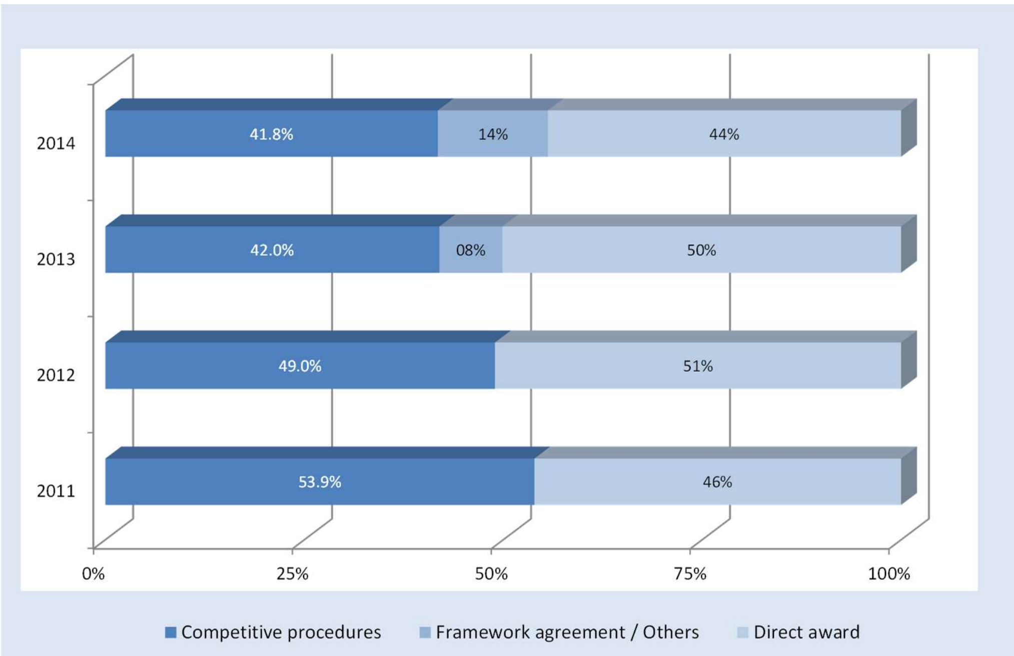
Graph 26- Relative weight of competitive procedures considering their number from 2011 to 2014



Source: BASE portal (December 2015)

Looking at the weight of the contracts per contractual amount, direct award procedures still represented the majority of the contracts concluded in 2014 (44.4 %), and the increase in the weight of the competitive procedures (13.8 %, i.e. +5.9 pp compared to 2013) should be highlighted.

Graph 27 – Relative weight of competitive procedures, considering the contractual amounts, from 2011 to 2014



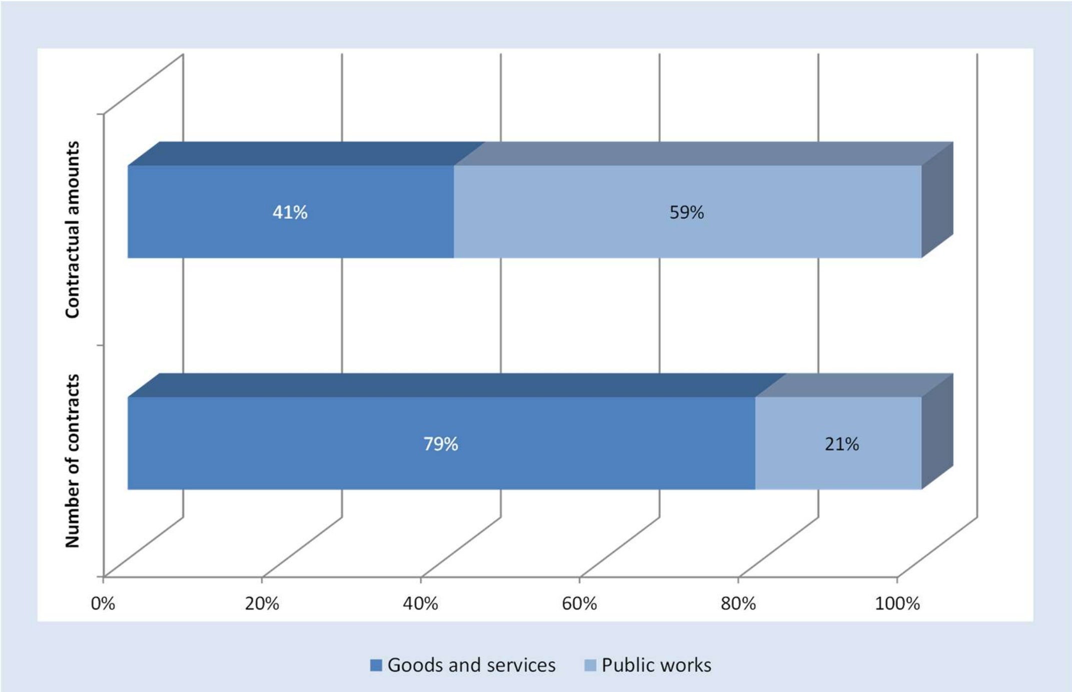
Source: BASE portal (December 2015)

3.5.1. COMPETITIVE PROCEDURES

The number and contractual amounts of contracts concluded in 2014 following a competitive procedure have lost some of their share to the other procedures as far as their representativeness in public procurement is concerned.

In competitive procedures, 79 % (5,637) of the number of contracts, corresponding to 41.1 % (EUR 848 million) of the contractual amounts, related to goods and services and the remaining 21 % of the contracts (1,494) and 58.9 % of the contractual amounts related to public works.

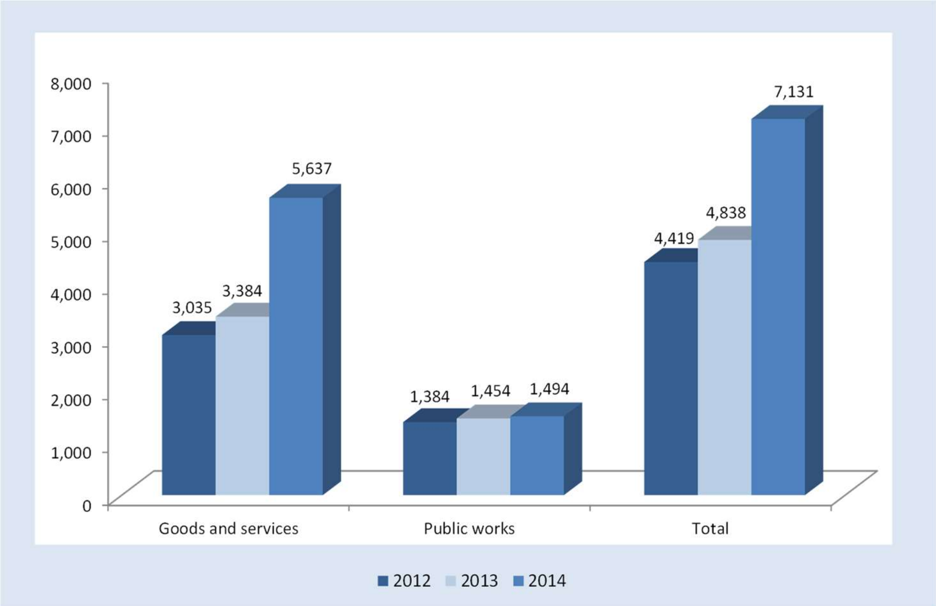
Graph 28 - Contracts resulting from competitive procedures in 2014



Source: BASE portal (December 2015)

Compared to 2013, the findings show that there was an increase in the number of reported contracts and that it was more significant for goods and services (+66.6 %) than for public works (+2.8 %).

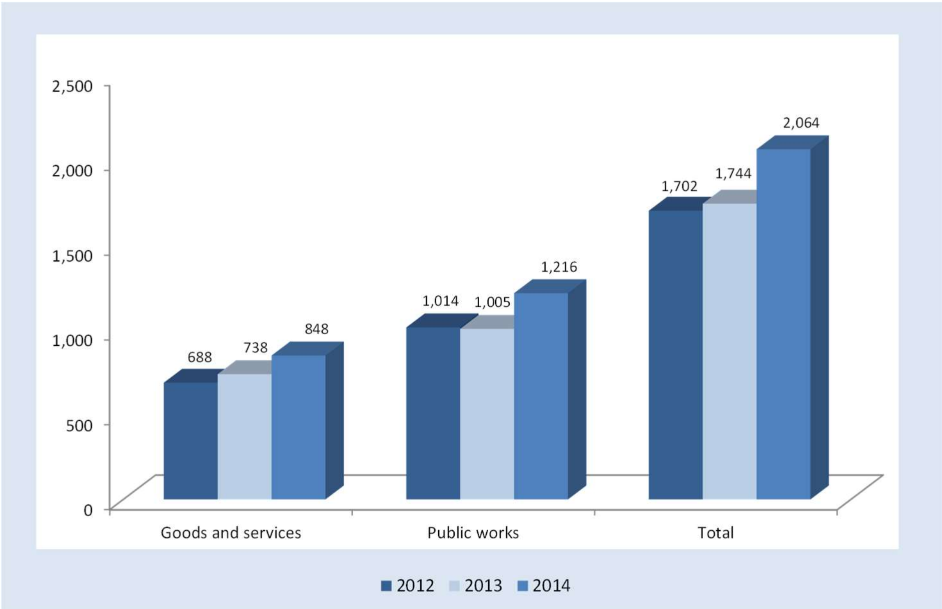
Graph 29 - Number of contracts resulting from competitive procedures: from 2012 to 2014



Source: BASE portal (December 2015)

As far as the contractual amounts are concerned, there was an increase in their values (+18.4 %), resulting from an increase in goods and services (+14.9 %), as well as in public works (+20.9 %).

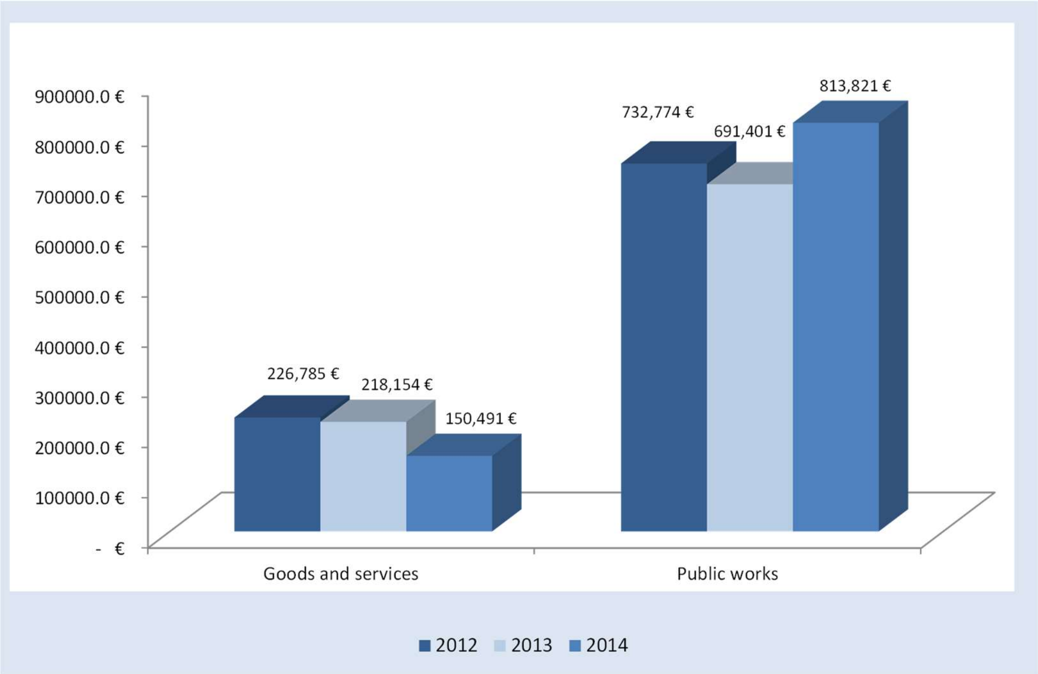
Graph 30 - Amounts of the contracts resulting from competitive procedures: from 2012 to 2014 (EUR million)



Source: BASE portal (December 2015)

As regards the average value of the contracts concluded in 2014 following a competitive procedure, there was a decrease in the contracts for the purchase of goods and services (-31<%) and an increase in the contracts for public works (+17.7 %), when compared to 2013.

Graph 31 - Average value of contracts resulting from competitive procedures, per type of contract: from 2012 to 2014 (EUR million)



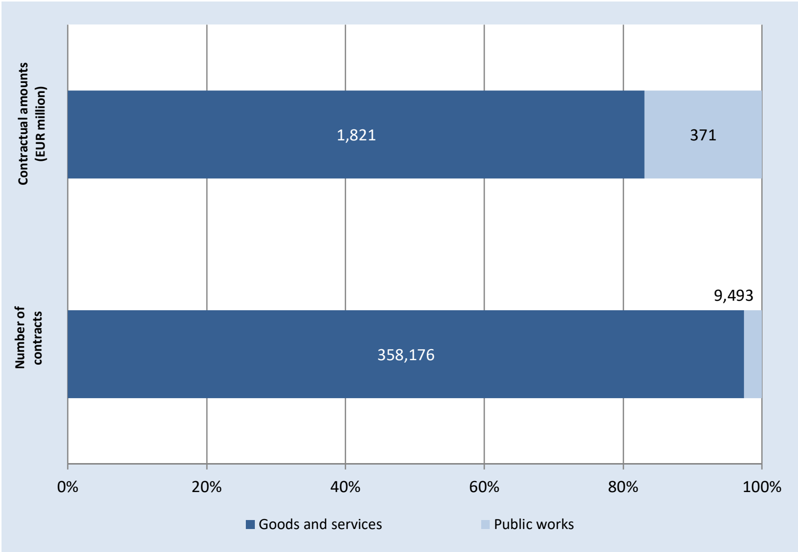
Source: BASE portal (December 2015)

3.5.2. DIRECT AWARDS

Among the 367,669 contracts concluded in 2014 under direct award procedures, 97.4 % (358,176) related to the purchase of goods and services, while the remaining 2.6 % (9,493) related to public works contracts.

As regards the contractual amounts, almost ⅘ (EUR 1,821 million) concerned the purchase of goods and services, and the remaining EUR 371 million (16.9 %) concerned public works.

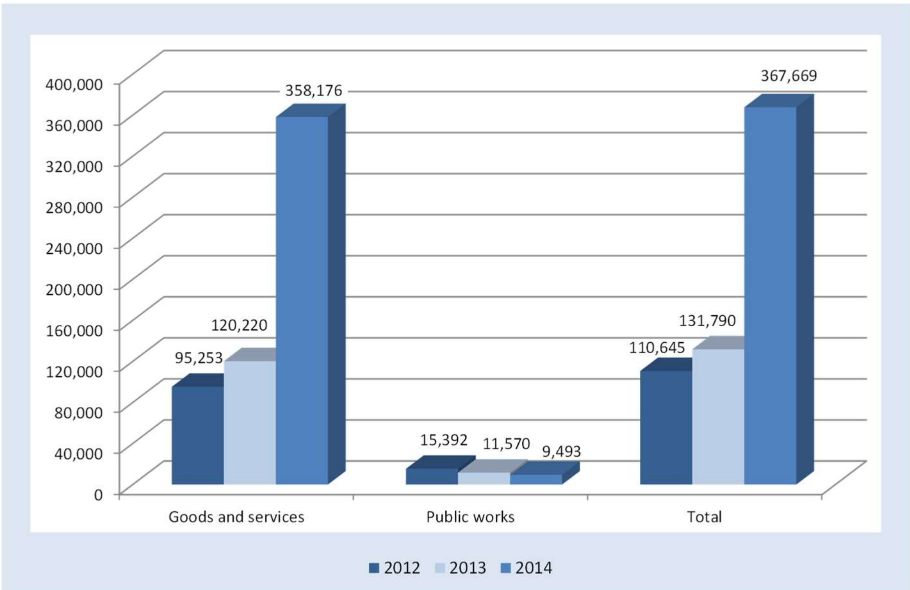
Graph 32 – Direct awards in 2014



Source: BASE portal (December 2015)

Compared to 2013, there was an increase in the number of contracts under direct award for the purchase of goods and services (197.9 %). Conversely, there was a decrease in the number of contracts under direct awards relating to public works (-18.0 %).

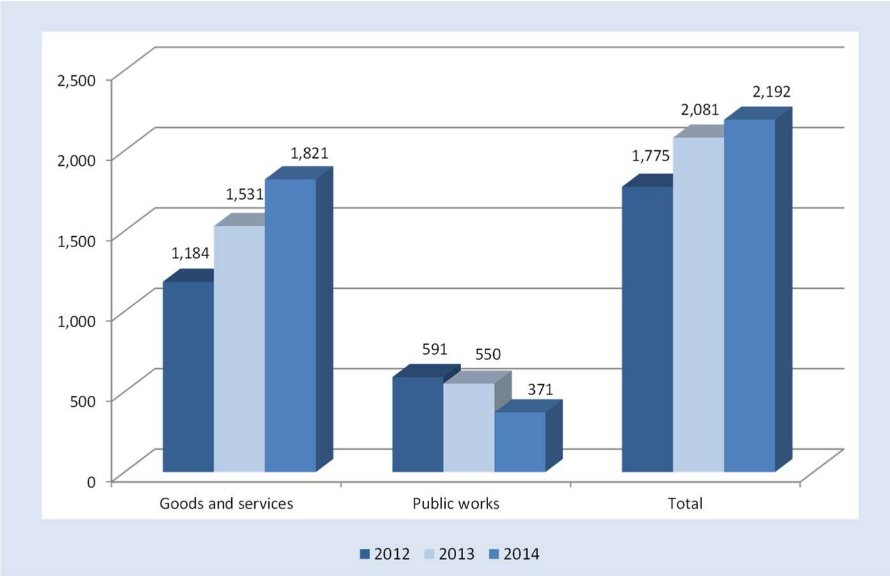
Graph 33 - Number of contracts under direct award: from 2012 to 2014



Source: BASE portal (December 2015)

The contractual amounts concerned followed the same trend as the number of contracts for both goods and services (+19.0 %) and public works (-32.5 %).

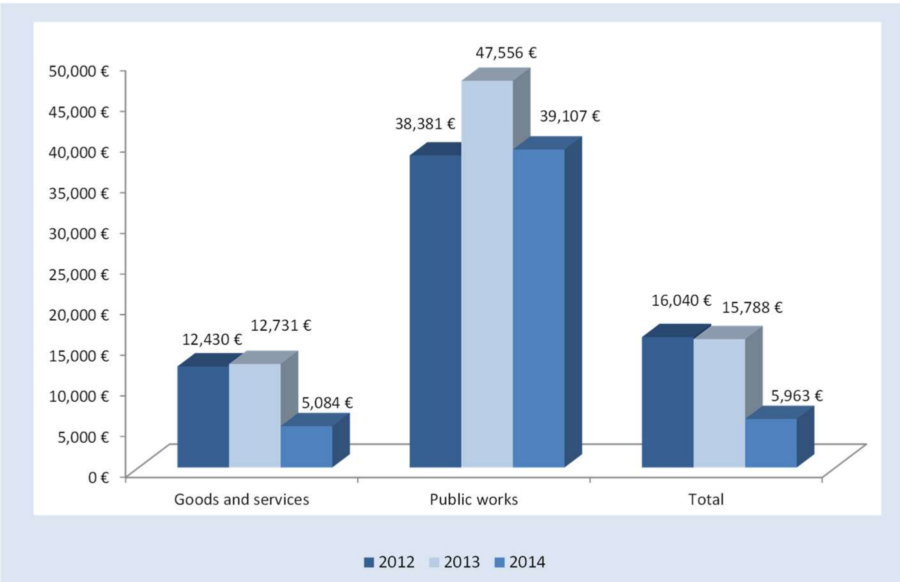
Graph 34 – Value of contracts under direct award: from 2012 to 2014 (EUR million)



Source: BASE portal (December 2015)

Regarding the average contract values, the overall average value per contract in 2014 was EUR 5,963, which corresponds to a decrease when compared to 2013 (-62.23 %, i.e. –EUR 9,825 per contract).

Graph 35 – Average value of contracts under direct award: from 2012 to 2014

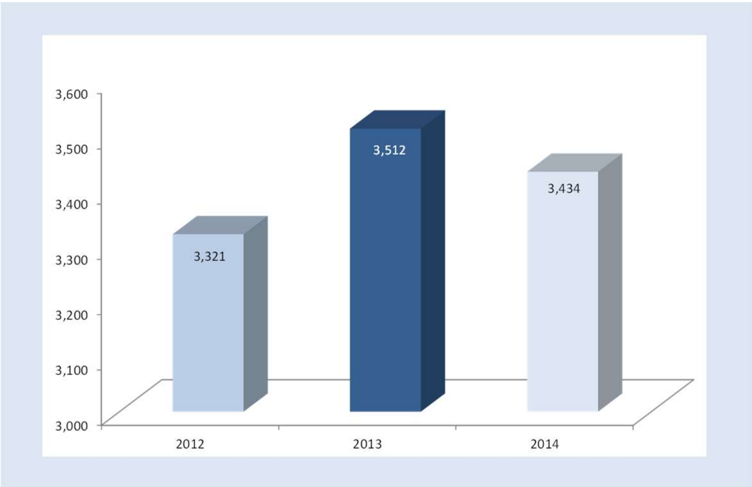


Source: BASE portal (December 2015)

As regards contracts for goods and services, the average value per contract in 2014 was EUR 5,084, which corresponds to a decrease of 60.1% over 2013 (-EUR 7,646 per contract). In the case of public works there was also a decrease in the average contract value corresponding to -17.8 % (-EUR 8,449 per contract).

In 2014, the number of contracting authorities (other than groups of entities) that reported direct awards was 3,434, i.e. less 78 contracting authorities than in 2013 (-2.2%).

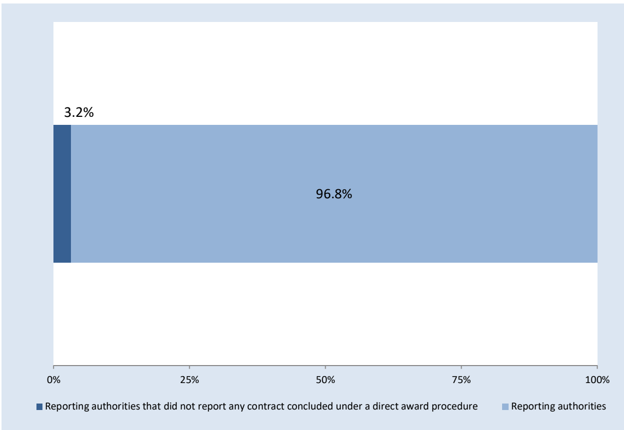
Graph 36 - Number of contracting authorities that reported direct awards



Source: BASE portal (December 2015)

These authorities represented 96.8 % of the total number of contracting authorities (3,548) that reported contracts concluded in 2014 to the BASE portal. *A contrario*, this means that 3.2 % (114) of the authorities that reported contracts concluded in 2014 did not report any contract concluded under a direct award procedure.

Graph 37 - Number of contracting authorities that reported contracts concluded in 2014, including (or not) direct awards



Source: BASE portal (December 2015)

As regards the type of contracts classified according the CPV and concluded under direct award procedures, “Construction work” comes first (16.0 % of the contractual amounts), followed by “Medical equipments, pharmaceuticals and personal care products” (11.2 %), “Repair and maintenance services” (10.0 %), “Business services: law, marketing, consulting, recruitment, printing and security” (7.8%) and “IT services: consulting, software development, Internet and support” (5.8 %), which together represent more than a half of the total contractual amount under direct awards (50.8 %).

Table 5 – Direct awards in 2014, per CPV

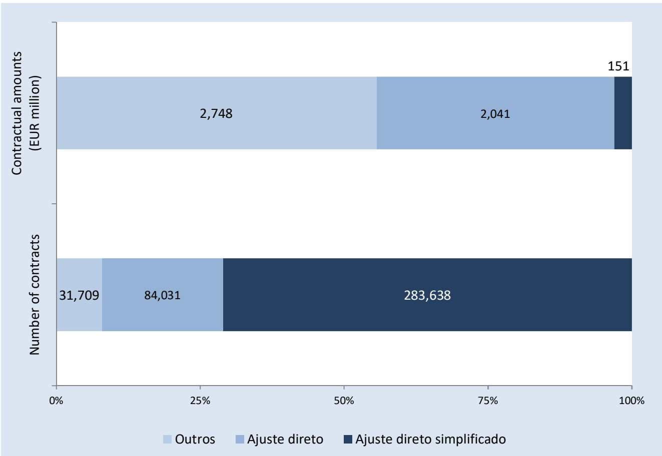
CPV Code	CPV Description	Number of contracts		Contractual values	
		Number	%	Amount	%
45	Construction work	8,742	2.4%	350,565,084 €	16.0%
33	Medical equipments, pharmaceuticals and personal care products	36,264	9.9%	246,381,206 €	11.2%
50	Repair and maintenance services	41,599	11.3%	219,918,334 €	10.0%
79	Business services: law, marketing, consulting, recruitment, printing and security	17,323	4.7%	170,833,216 €	7.8%
72	IT services: consulting, software development, internet and support	6,101	1.7%	126,702,009 €	5.8%
71	Architectural, construction, engineering and inspection services	6,859	1.9%	75,619,443 €	3.4%
65	Public utilities	3,824	1.0%	72,395,863 €	3.3%
34	Transport equipment and auxiliary products to transportation	14,378	3.9%	70,280,146 €	3.2%
15	Food, beverages, tobacco and related products	20,512	5.6%	70,263,302 €	3.2%
60	Transport services (excl. waste transport)	8,709	2.4%	61,532,424 €	2.8%
	Others	203,358	55.3%	727,861,429 €	33.2%
	Total	367,669	100%	2,192,352,455.61 €	100%

Source: BASE portal (December 2015)

3.5.2.1. Simplified Direct Awards

The total number of simplified direct awards (contracts for the acquisition or rental of immovable property or the purchase of services with a contractual price of no more than EUR 5,000[20]) reported to the BASE portal was 283,638 (71% of the total number of contracts), corresponding to an overall contractual amount of EUR 151 million (3.1 % of total amount).

Graph 38 - Simplified direct awards in 2014

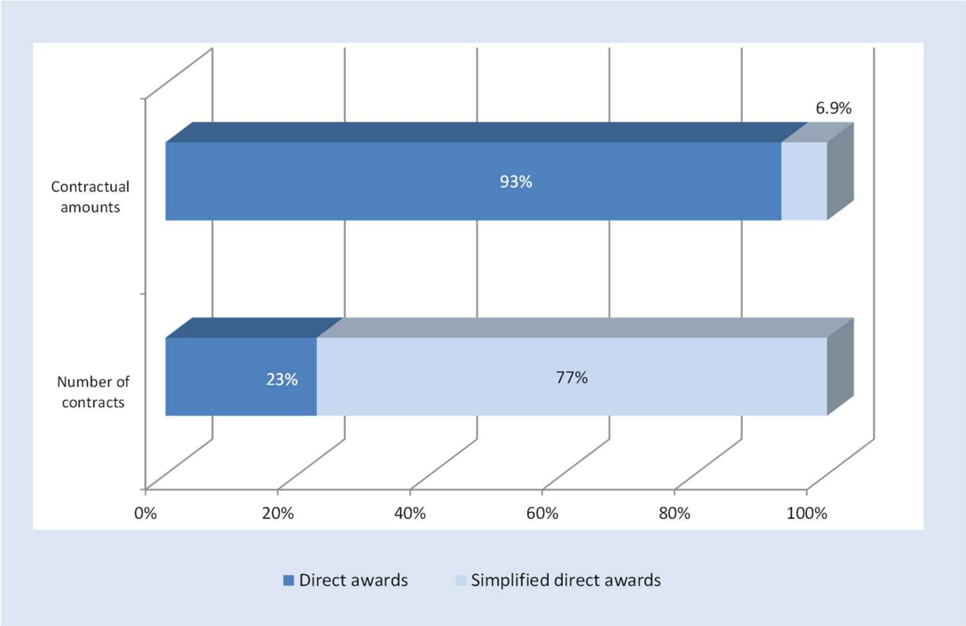


Source: BASE portal (December 2015)

[20] See Article 128 of the Public Contracts Code

Considering all direct awards, although the number of simplified direct awards accounted for 77.1 % of the total number of contracts, it only represented 6.9 % of the contractual amounts concerned.

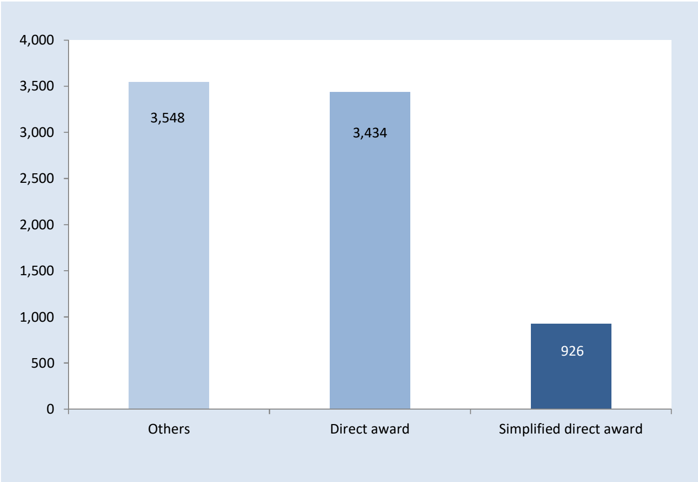
Graph 39 – Relative weight of simplified direct awards as compared to the total number of direct awards in 2014



Source: BASE portal (December 2015)

However, the actual weight of simplified direct awards might be underestimated, particularly because only 926 of the contracting authorities (26.1 % of all reporting authorities) did report this type of contracts.

Graph 40 - Number of contracting authorities having reported contracts preceded by simplified direct awards, in 2014



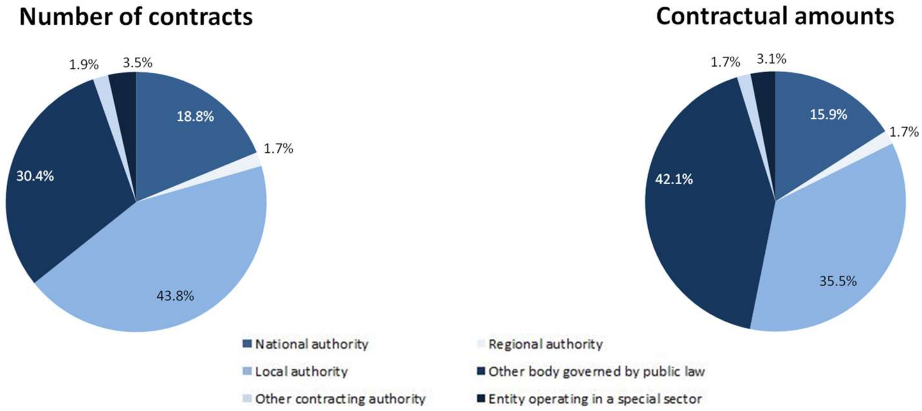
Source: BASE portal (December 2015)

A higher number of contracting authorities, in particular those belonging directly or indirectly to the central, regional or local administration, will certainly have used this type of procedure.

As the weight of simplified direct awards varied according to the authority concerned, among all the contracting authorities that in 2014 reported at least 50 procedures of this type (511, i.e. 55.2 % of the authorities that reported simplified direct awards), the share of the value of these contracts in the total number of contracts concluded in the same period was 9.9 %.

Most of the 283,638 contracts concluded under simplified direct awards and reported in 2014 concerned "local authorities" (43.8 %), followed by "other bodies governed by public law" (30.4 %) and "national authorities" (18.8 %).

Graph 41 – Breakdown of simplified direct awards per type of authority in 2014



Source: BASE portal (December 2015)

An analysis by type of expenditure shows that contracts under simplified direct awards were mainly related to "Repair and maintenance services" (14.6 %), "Medical equipments, pharmaceuticals and personal care products" (12.1 %), "Business services: law, marketing, consulting, recruitment, printing and security" (7.6 %), "Construction structures and materials; auxiliary products to construction" (6.9 %), "Office and computing machinery, equipment and supplies except furniture and software packages" (4.6 %), "Furniture (incl. office furniture), furnishings, domestic appliances (excl. lighting) and cleaning products" (3.8 %), and "Recreational, cultural and sporting services" (3.6%), which together accounted for 53.2% of the overall contractual amount.

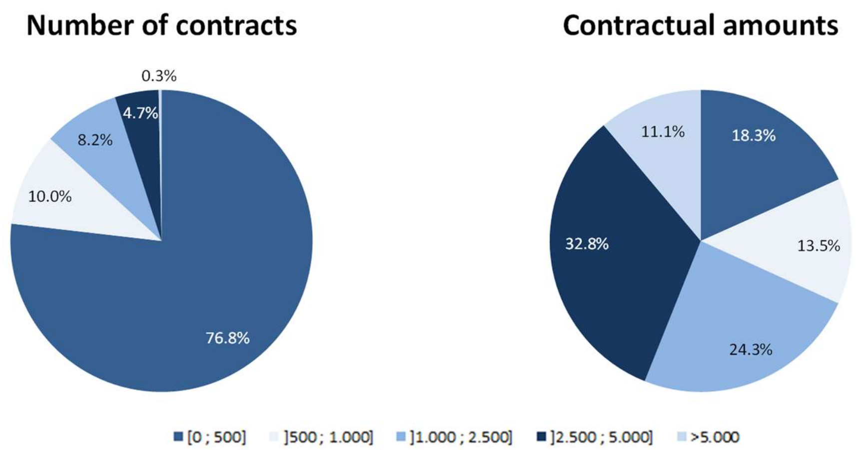
Table 6 – Simplified direct awards in 2014, per CPV

CPV Code	CPV Description	Number of contracts		Contractual values	
		Number	%	Amount	%
50	Repair and maintenance services	34,962	12.3%	22,068,948 €	14.6%
33	Medical equipments, pharmaceuticals and personal care products	19,247	6.8%	18,313,191 €	12.1%
79	Business services: law, marketing, consulting, recruitment, printing and security	12,014	4.2%	11,560,907 €	7.6%
44	Construction structures and materials; auxiliary products to construction (except electric apparatus)	28,034	9.9%	10,487,250 €	6.9%
30	Office and computing machinery, equipment and supplies except furniture and software packages	17,899	6.3%	6,972,647 €	4.6%
39	Furniture (incl. Office furniture), furnishings, domestic appliances (excl. lighting) and cleaning products	14,098	5.0%	5,690,211 €	3.8%
92	Recreational, cultural and sporting services	6,076	2.1%	5,419,078 €	3.6%
31	Electrical machinery, apparatus, equipment and consumables; Lighting	10,485	3.7%	4,261,482 €	2.8%
34	Transport equipment and auxiliary products to transportation	12,424	4.4%	3,915,236 €	2.6%
09	Petroleum products, fuel, electricity and other sources of energy	9,177	3.2%	3,891,260 €	2.6%
22	Printed matter and related products	11,013	3.9%	3,858,153 €	2.5%
60	Transport services (excl. waste transportation)	7,204	2.5%	3,648,265 €	2.4%
71	Architectural, construction, engineering and inspection services	3,802	1.3%	3,554,483 €	2.3%
15	Food, beverages, tobacco and related products	16,969	6.0%	3,392,811 €	2.2%
80	Education and training services	4,135	1.5%	3,213,548 €	2.1%
72	IT services: consulting, software development, Internet and support	2,884	1.0%	3,033,906 €	2.0%
	Others	73,215	25.8%	38,138,185 €	25.2%
	Total	283,638	100%	151,419,559.81 €	100%

Source: BASE portal (December 2015)

Considering the contract value, contracts with a value equal to or lower than EUR 500 predominated (76.8 % of the number of contracts), although contracts with a value between EUR 2,500 and EUR 5,000 represented the biggest share in terms of contractual amount (32.8 %).

Graph 42 - Breakdown of contracts under simplified direct award, per ranges of contractual amounts

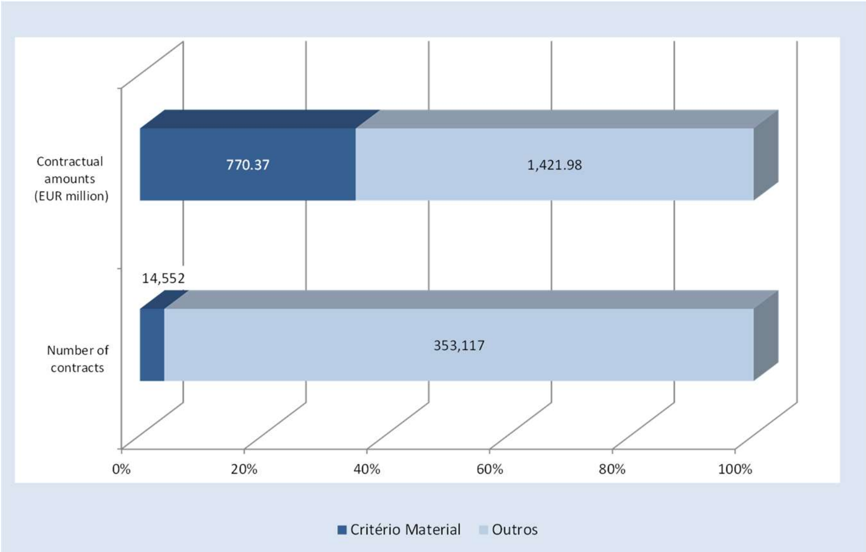


Source: BASE portal (March 2013)

3.5.2.2. Direct Awards per Substantive Criterion

Contracts concluded in 2014 following a direct award procedure on the basis of substantive criteria (i.e. not focused on the contract value) represented 4.0 % of the number of contracts concluded under a direct award and 35.1 % of their respective contractual amount.

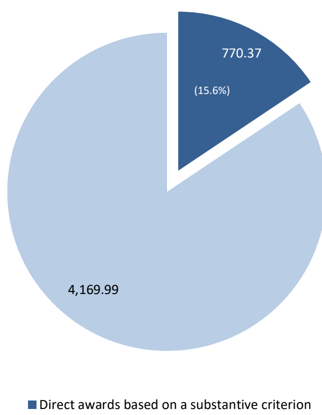
Graph 43 – Relative weight of contracts under direct award per substantive reasons



Source: BASE portal (December 2015)

In 2014, contracts awarded on the basis of substantive criteria, which by definition are not the result of a competitive procedure, represented 15.6 % of the value of all reported public contracts.

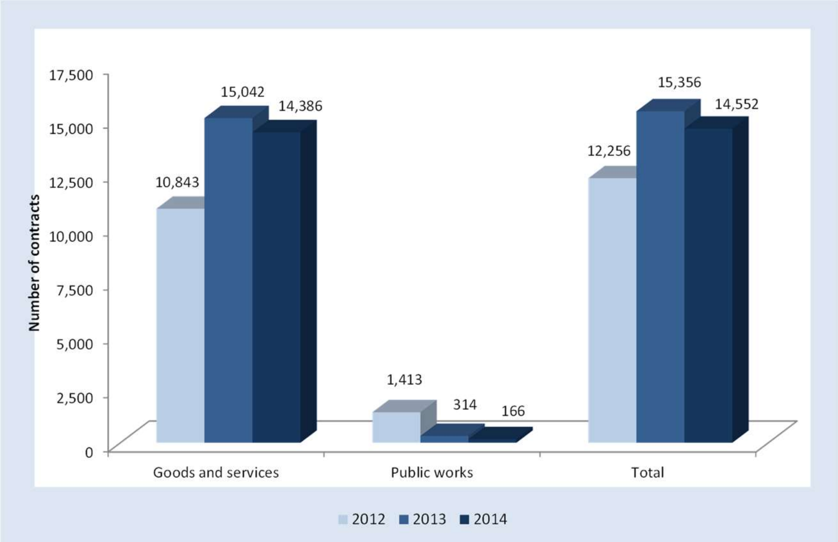
Graph 44 – Relative weight of contracts under direct award per substantive reasons in public contracts, in 2014



Source: BASE portal (December 2015)

Compared to 2013, the number of contracts concluded following a direct award procedure on the basis of substantive criteria decreased by 5.2 %. This variation was due to a decrease in the number of contracts related to goods and services (-4.4 %, corresponding to -656 contracts) and to public works (-47.1 %, corresponding to -148 contracts).

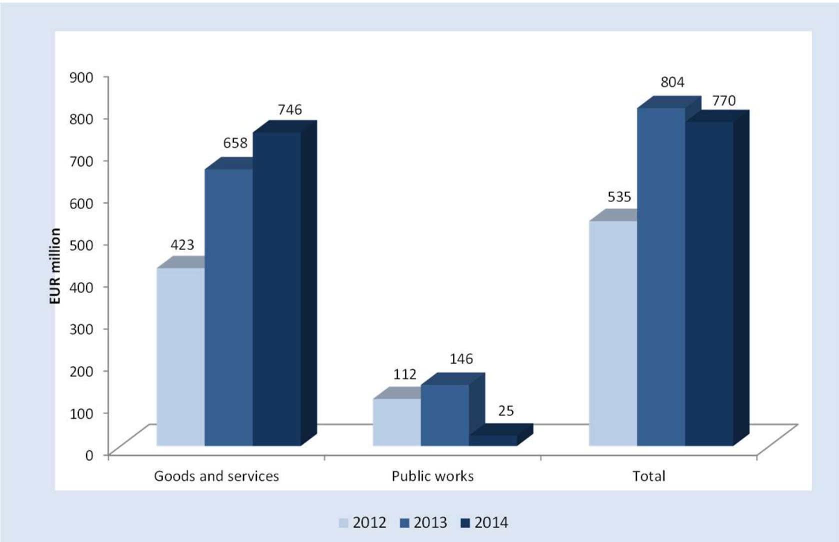
Graph 45 - Changes in the number of contracts concluded on the basis of a substantive criterion in 2014



Source: BASE portal (December 2015)

As regards the contractual amounts involved, there was a general downward trend (-4.1 %, corresponding to -EUR 33 million). Although there was an increase in the case of goods and services (+13.3 %, corresponding to +EUR 88 million than in 2013), public works saw a decrease of 83.0 % (corresponding to -EUR 121 million).

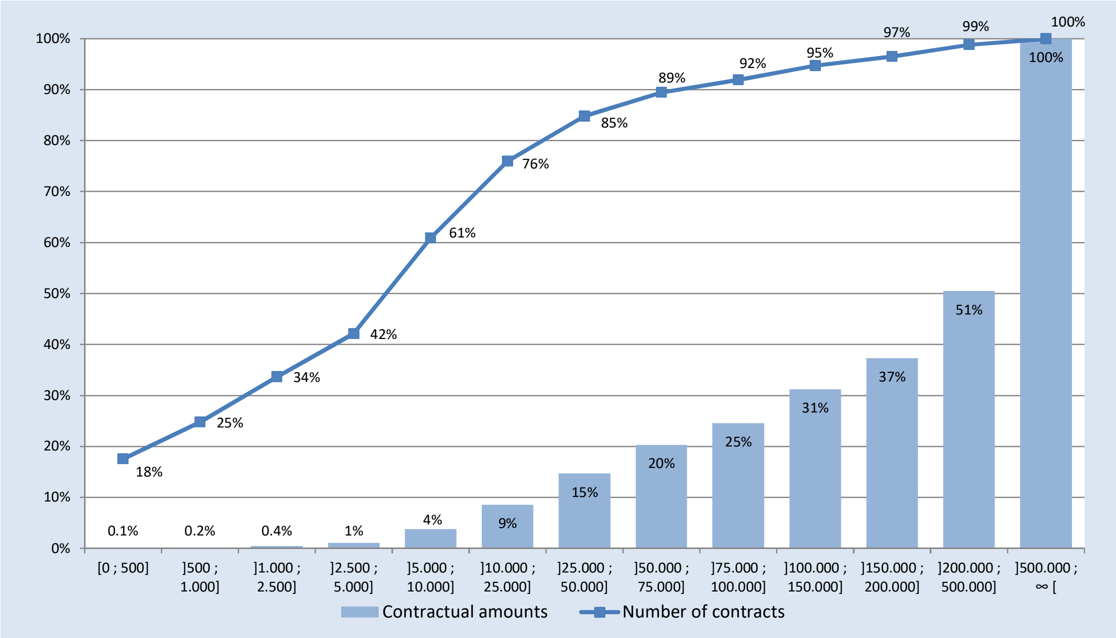
Graph 46 - Changes in the contractual amount of contracts concluded on the basis of a substantive criterion in 2014



Source: BASE portal (December 2015)

Most contracts for goods and services concluded in 2014 on the basis of a substantive criterion (61 %) had a contractual price of less than EUR 10,000, while more than ¾ (76 %) had a contractual price of less than EUR 25,000.

Graph 47 - Breakdown of the contracts for goods and services concluded on the basis of a substantive criterion in 2014



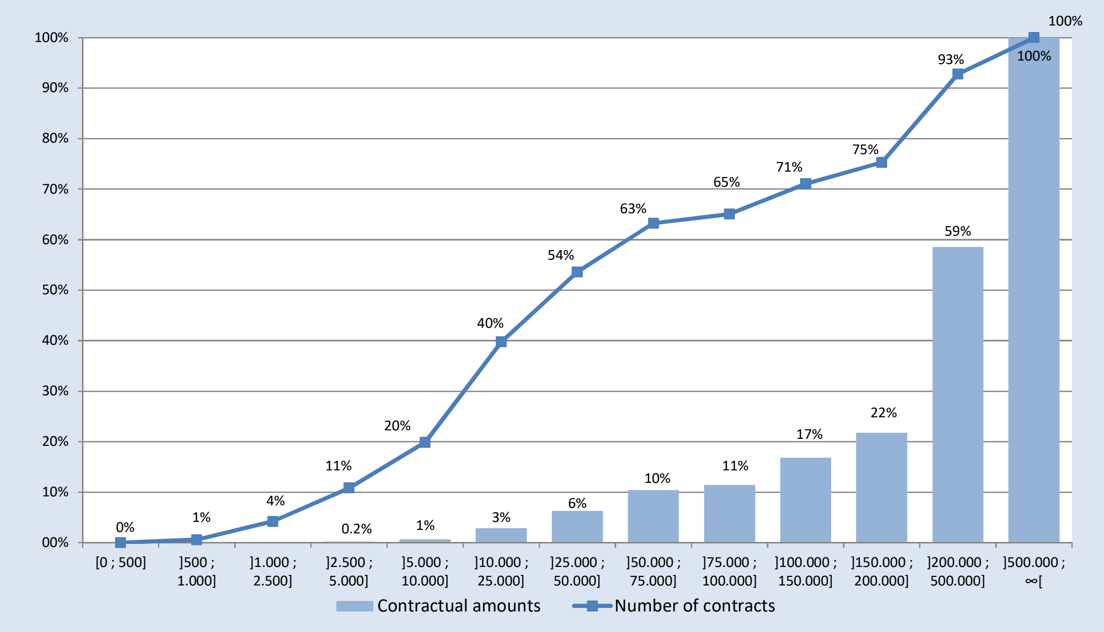
Source: BASE portal (December 2015)

On the other hand, considering the contractual amounts involved, contracts with a contractual price of more than EUR 150,000 was more significant: 63 % of the overall contractual value of contracts concluded on the basis of substantive criteria related to contracts with a contractual price over that amount, but it should be highlighted that the weight of contracts with a contractual price of more than EUR 200,000[21] represented 49 % of the overall contractual amount.

In the case of public works, if we consider the number of contracts concluded following a direct award procedure on the basis of substantive criteria, the contractual value was less than EUR 25,000 in 39.8 % of the contracts and less than EUR 75,000 in 63.3 %. As regards the contractual amounts, 41 % corresponded to contracts with a contractual price of more than EUR 500,000.

[21] This roughly corresponds to the Community threshold for the publication of procurement procedures relating to goods and services in the OJEU.

Graph 48 - Breakdown of the contracts for public works concluded on the basis of a substantive criterion in 2014



Source: BASE portal (December 2015)

The most often mentioned grounds for the use of these contracts were: “technical or artistic reasons or reasons connected with the protection of exclusive rights” (55.8 % of their total number and 50.1 % of their contractual amounts), which together with reasons of “extreme urgency” represented 65.7 % of the amounts involved.

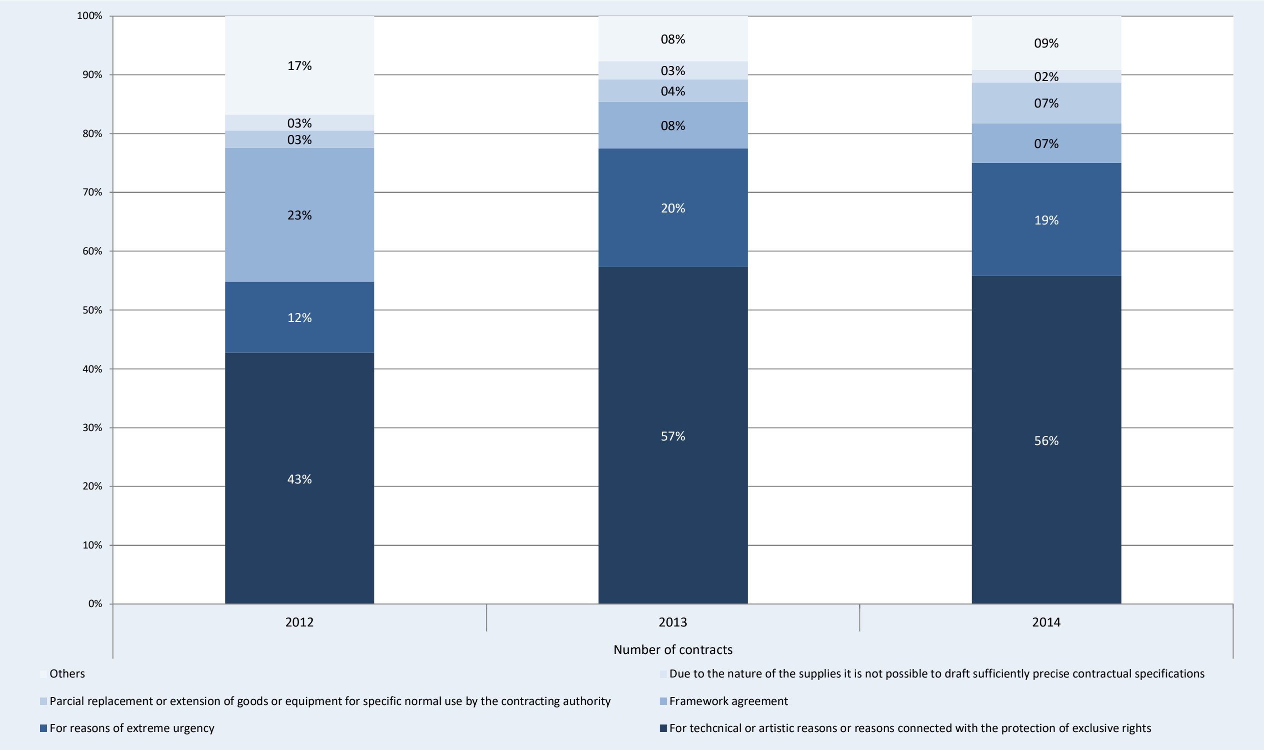
Table 7 – Breakdown of the contractual amounts of the contracts concluded on the basis of a substantive criterion in 2014, per substantive reason

Substantive reasons	Number of contracts		Contractual values	
	Number	%	Amount	%
For techcnical or artistic reasons or reasons connected with the protection of exclusive rights	8,125	55.8%	385,796,929 €	50.1%
For reasons of extreme urgency	2,788	19.2%	120,415,691 €	15.6%
For reasons of secrecy	109	0.7%	65,805,195 €	8.5%
Framework agreement	991	6.8%	47,016,122 €	6.1%
Repetition of similar services	275	1.9%	44,189,969 €	5.7%
Parcial replacement or extension of goods or equipment for specific normal use by the contracting authority	1,002	6.9%	38,441,594 €	5.0%
Resulting from a procedure where all tenders were excluded	170	1.2%	18,011,527 €	2.3%
Due to the nature of the supplies it is not possible to draft sufficiently precise contractual specifications	314	2.2%	13,460,197 €	1.7%
Resulting from a previous procedure that had no response	303	2.1%	11,879,054 €	1.5%
Purchase of water or energy by a contracting entity exercising the activity	34	0.2%	8,913,117 €	1.2%
Others	441	3.0%	16,440,723 €	2.1%
Total	14,552	100%	770,370,119.69 €	100%

Source: BASE portal (December 2015)

Compared to 2013, there was a decrease in the predominance of “technical or artistic reasons or reasons connected with the protection of exclusive rights” (-679 contracts, corresponding to an increase of EUR 20 million in contractual values), which represented the majority of this type of procedure (55.8 %), with a variation of -1.5 pp. It should also be noted the decrease in references to “reasons of extreme urgency”, which were used in less 309 contracts than in 2013 (-EUR 28.9 million), thus representing 19.2 % of the contracts based on substantive reasons.

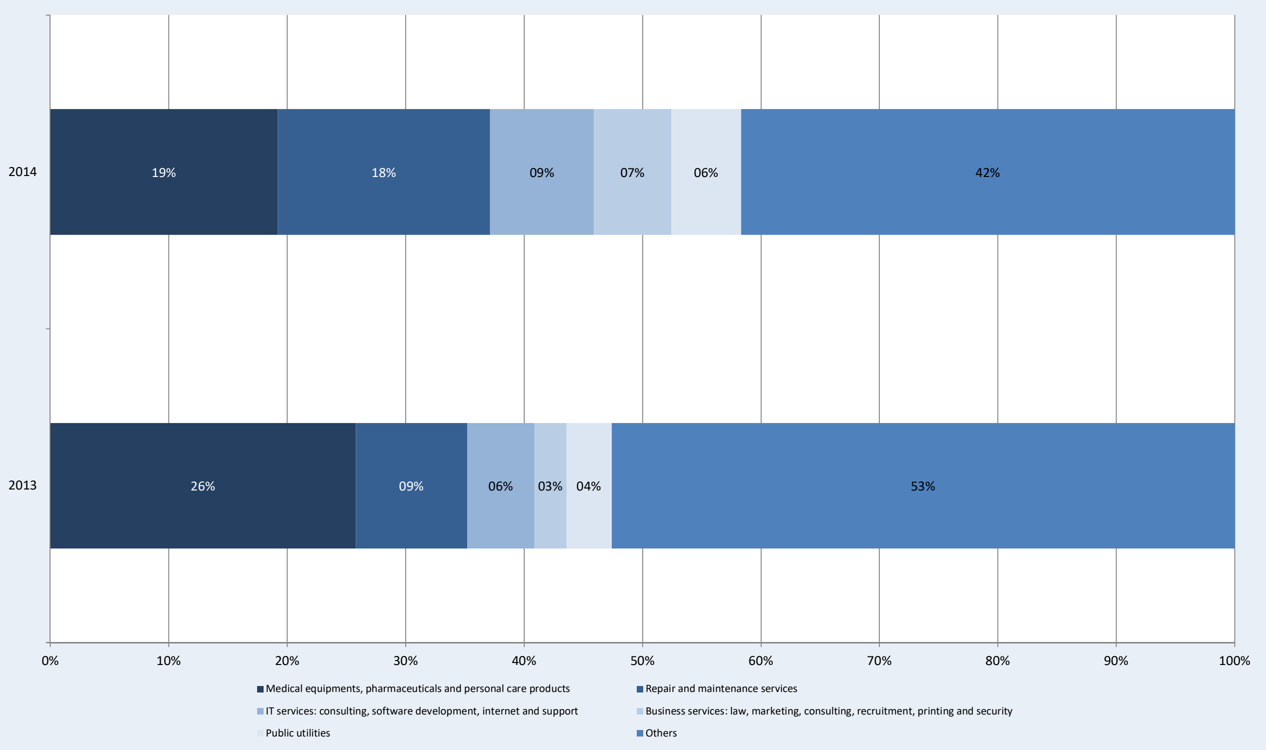
Graph 49 - Breakdown of the number of contracts concluded on the basis of a substantive criterion: from 2012 to 2014



Source: BASE portal (December 2015)

As far as the type of expenditure is concerned, if we consider the contractual amount and the CPV, substantive reasons were given mainly for the purchase of “Medical equipments, pharmaceuticals and personal care products” (19.2 %) and “Repair and maintenance services”, which together corresponded to a 37.1 % “share”.

Graph 50 - Breakdown of the contractual amounts of the contracts concluded on the basis of a substantive criterion in 2014, per CPV: comparing 2013 and 2014



Source: BASE portal (December 2015)

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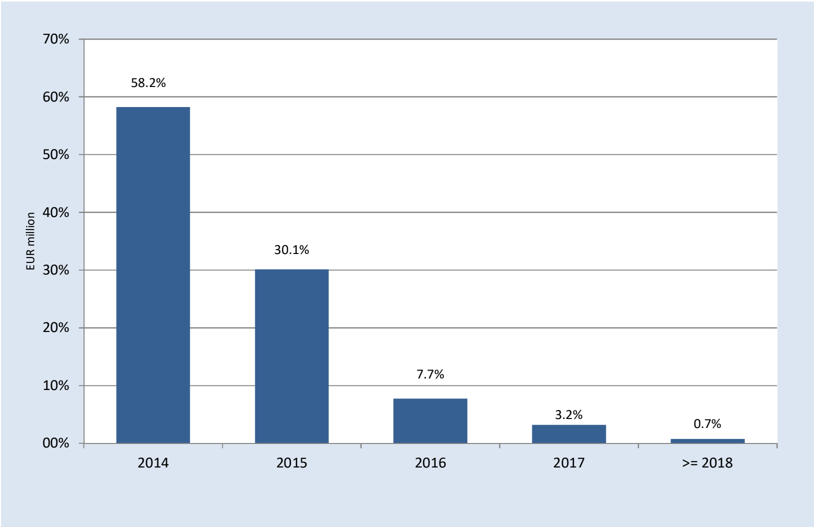
4. FORECAST FOR CHARGES ARISING FROM CONCLUDED CONTRACTS

Among the contracts concluded in 2014, which amounted to EUR 4,940 million and were planned to be performed over time, the majority (EUR 2,765 million, i.e. 58.2 % of the total amount of contracts) were designed to be executed during the same year.

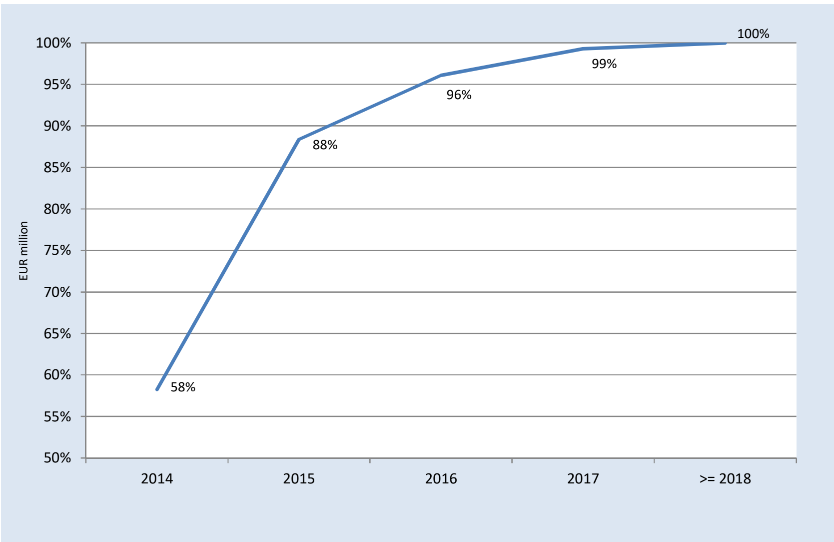
Graph 51 – Forecast for charges arising from contracts concluded in 2014 (EUR million)



Source: BASE portal (December 2015)

In the graph below we can see not only that 58.2 % of the value of the concluded contracts have an expected duration of less than one year, but also that 88.4 % of the value of all these contracts were expected to be executed until the second calendar year, i.e. until the end of 2015.

Graph 52 – Planned implementation rate for contracts concluded in 2014 (EUR million)



Source: BASE portal (December 2015)

Since the Public Contracts Code establishes that, as a rule, a public contract should have a maximum duration of 3 years[22], it was planned that only 3.9 % of the value of contracts concluded in 2014 would go beyond the end of 2016. Therefore, public contracts are basically short-term contracts.

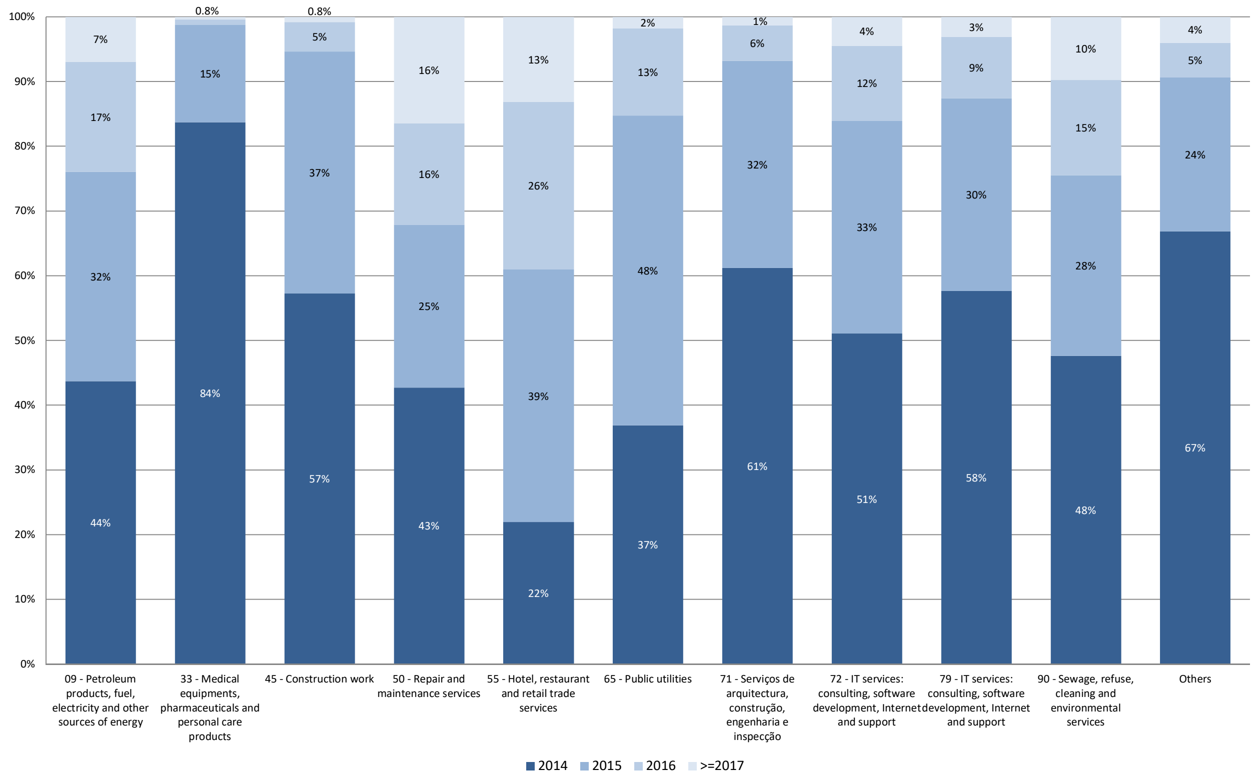
There are, however, some variations as regards the expected charges over time, in particular if we consider the type of expenditure.

Therefore, if we look at the contracts taking into account the CPV codes, we can see that the most significant in terms of contractual amounts were: "33 - Medical equipments, pharmaceuticals and personal care products" (84 %), "71 – Architectural, construction, engineering and inspection services" (61 %), "79 - Business services: law, marketing, consulting, recruitment, printing and security (58 %), "45 - Construction work" (57 %), as well as the other codes not included in the "top 10" (67 %). These groups had the highest performance rate in the same year when the contract was concluded (2014).

On the contrary, since the expected performance rate of contracts in 2014 was less significant (lower than 50 %) for codes "55 – Hotel, restaurant and retail trade services" (22 %), "65 - Public services" (37 %), "50 - Repair and maintenance services" (43 %), and "09 - Petroleum products, fuel, electricity and other sources of energy" (44 %), it was in these headings that the long-term contracts were more predominant.

[22] See Article 48 of the PCC. A duration of more than 3 years must be substantiated.

Graph 53 – Forecast of charges arising from contracts concluded in 2014, per CPV

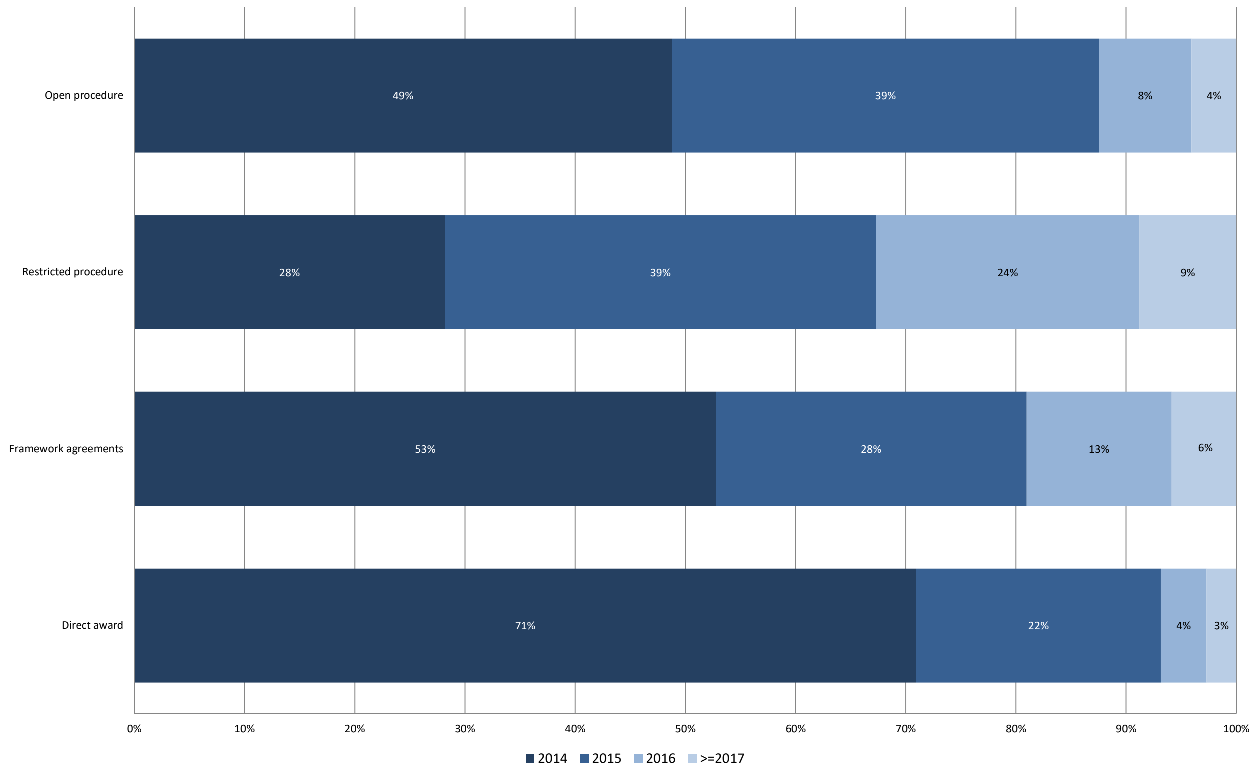


Source: BASE portal (December 2015)

An analysis of the type of procedure underlying the contract leads to the conclusion that contracts under direct award tended to be executed within a shorter period of time: 71 % of the value of these contracts was expected to be executed during 2014.

On the contrary, the execution of contracts resulting from competitive procedures was expected to spread over a longer period: 12 % of the contracts resulting from a public tender and 33 % of the contracts preceded by a restricted procedure were expected to be executed in 2016 and in the following years.

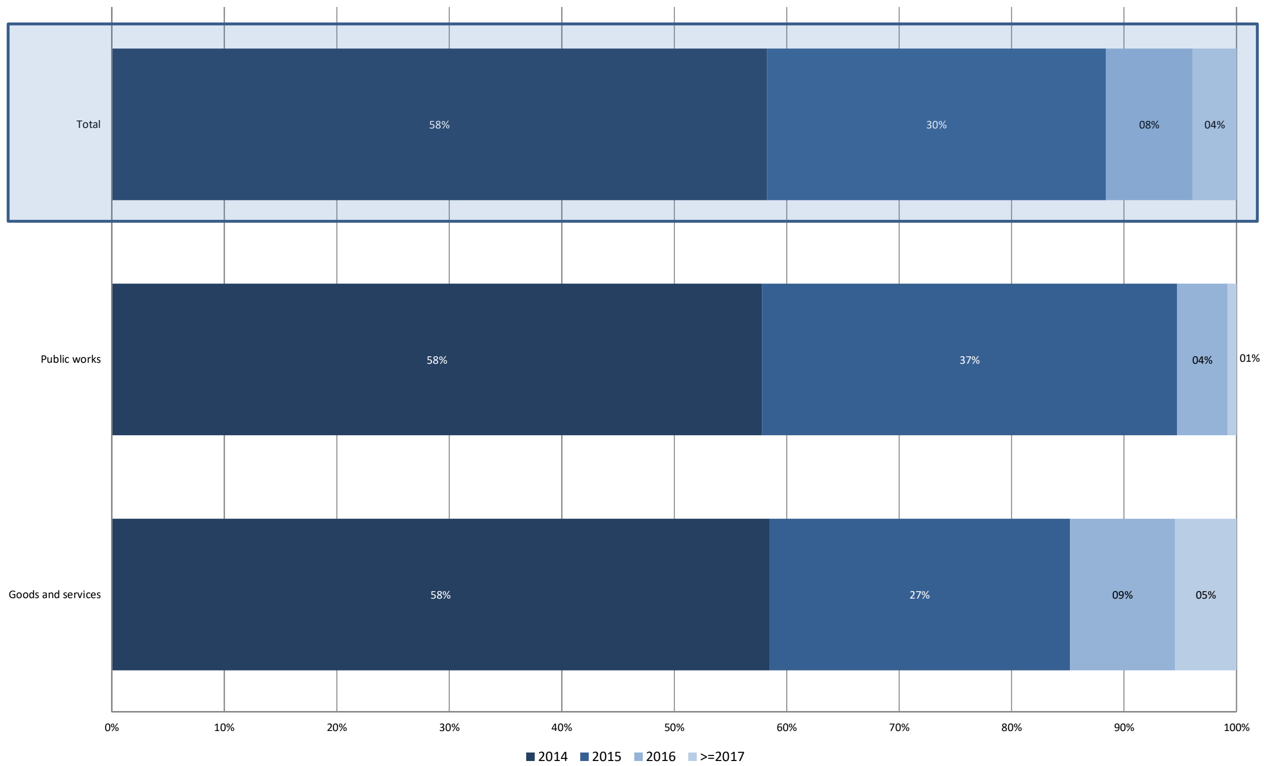
Graph 54 – Forecast of charges arising from contracts concluded in 2014, per type of procedure



Source: BASE portal (December 2015)

A similar analysis based on the type of contract shows that, contrary to what would be expected, there were no big differences in the breakdown of charges over the years of performance of the contracts. The breakdown of contract charges is very similar whether they concern goods and services or public works.

Graph 55 - Forecast of charges arising from contracts concluded in 2014, per type of contract

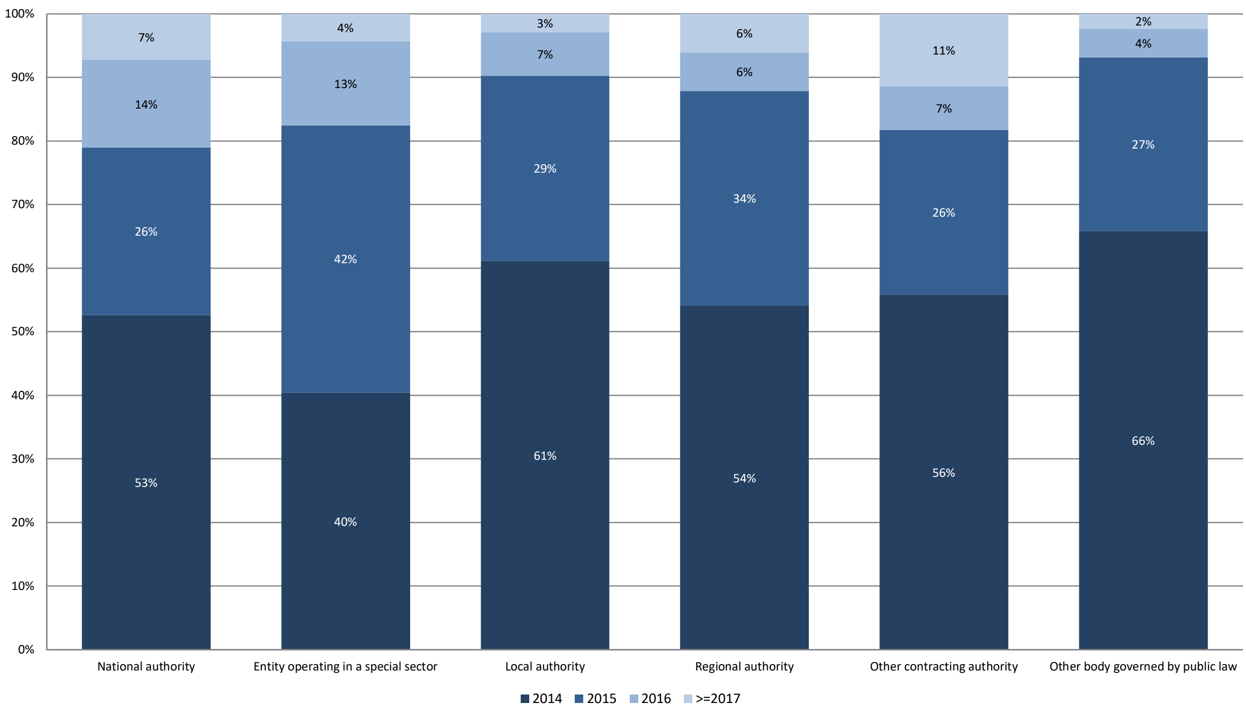


Source: BASE portal (December 2015)

Considering the multi-annual nature of contracts concluded in 2014 per type of authority, we can conclude that most short-term contracts (until late 2014) tended to be awarded by "Other bodies governed by public law" (66 %) and "Local Authorities" (61 %).

"Regional Authorities" and "Entities operating in the special sectors" show an opposite trend, as their most significant contracts are to be performed in 2016 and following years.

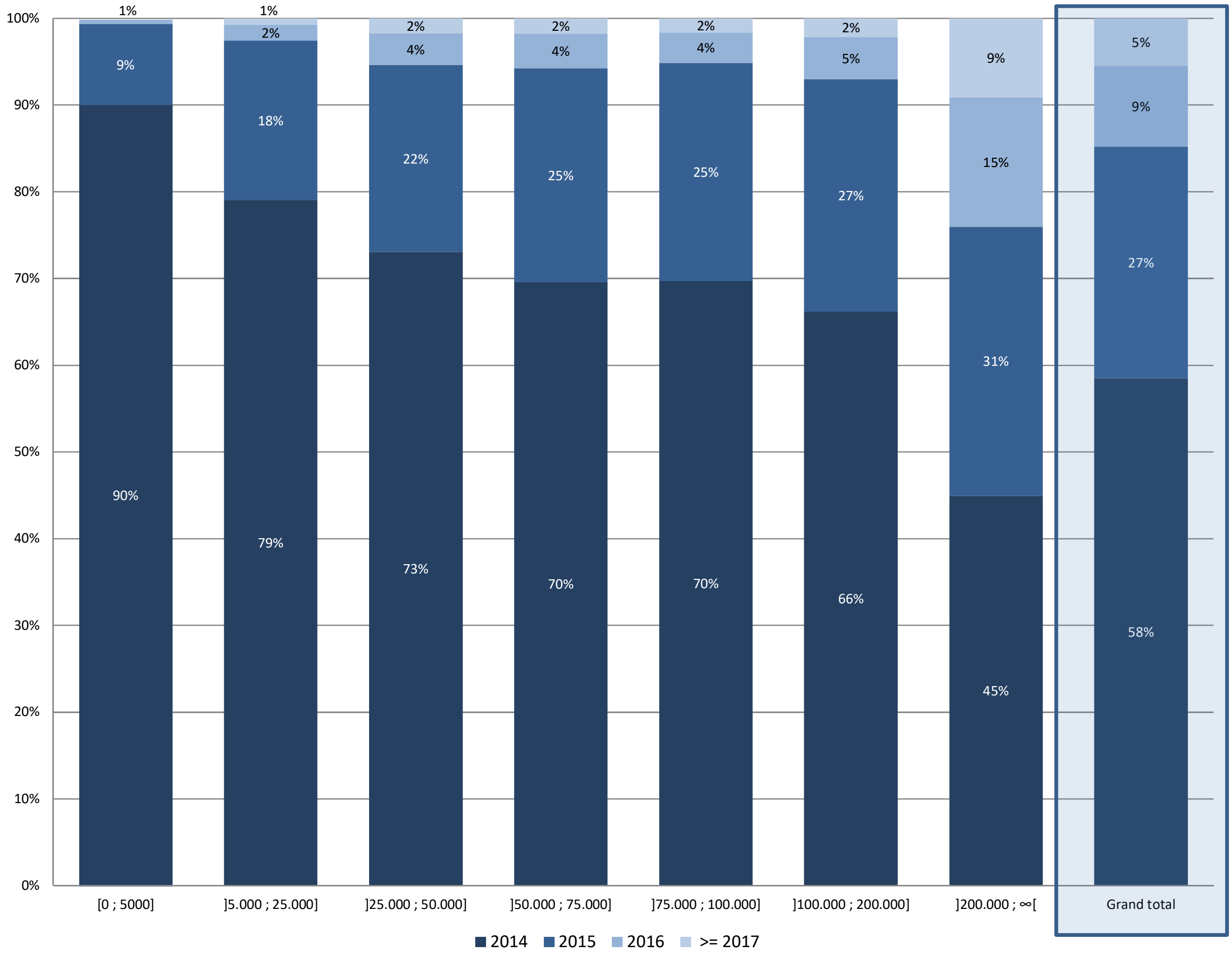
Graph 56- Forecast of charges arising from contracts concluded in 2014, per type of contracting authority



Source: BASE portal (December 2015)

If we use the contract value as a criterion, we can conclude that, for purchases of goods and services, the increase in the number of multi-annual contracts is in line with the increase in contractual amounts. Among the contracts with a value of less than EUR 5,000, it was expected that 90 % of their contractual would be executed in 2014, while in the case of contracts with a value of more than EUR 200,000 only 45 % of their value was planned to be executed in the same year.

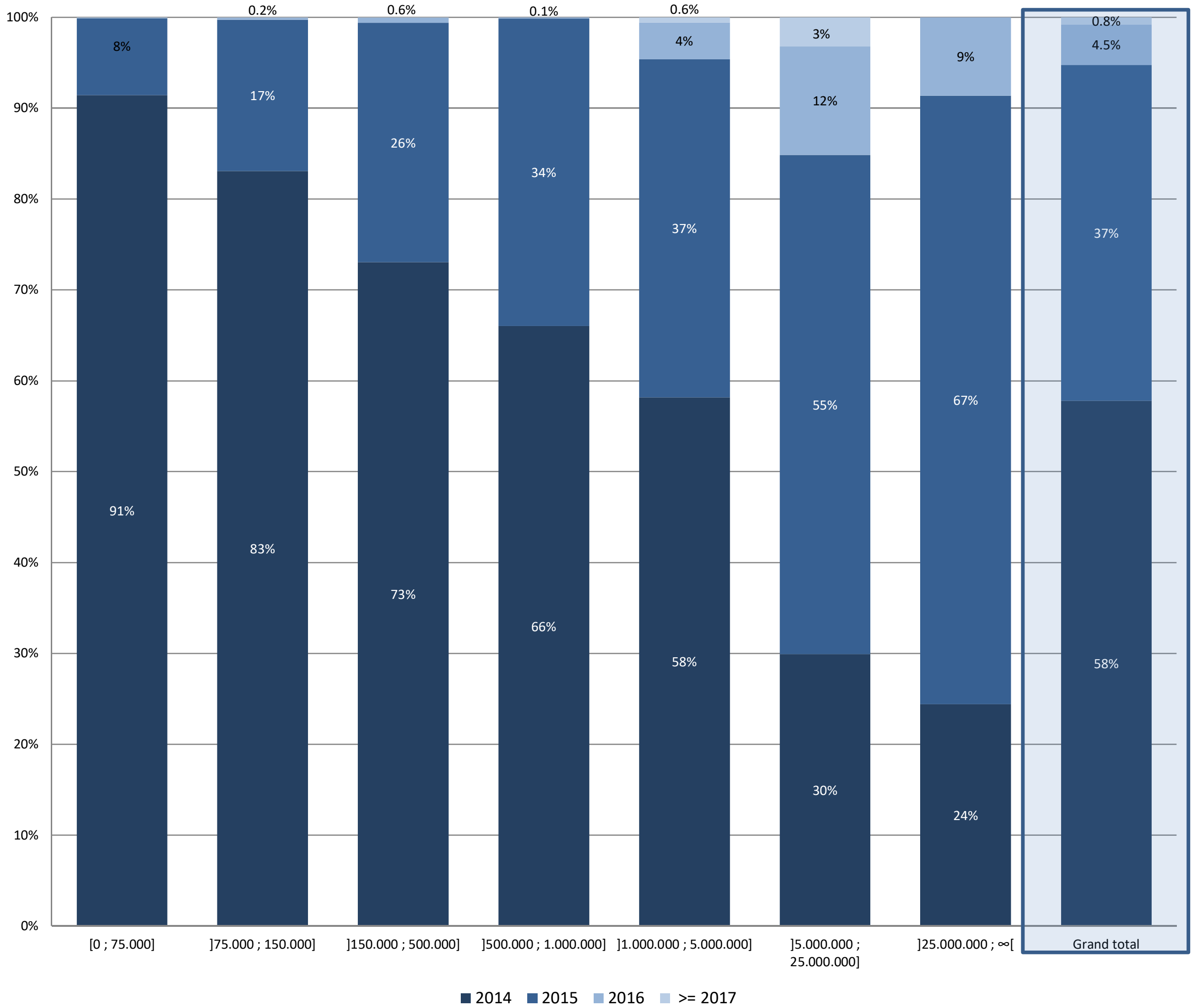
Graph 57 – Forecast of charges arising from contracts concluded in 2014, per range of contractual value – goods and services



Source: BASE portal (December 2015)

We can see the same trend in the case of public works, but it is not so clear-cut. In any event, in the contracts with a value of more than EUR 5 million, less than a half of the contractual value was planned to be executed in 2014.

Graph 58 – Forecast of charges arising from contracts concluded in 2014, per range of contractual value – public works



Source: BASE portal (December 2015)

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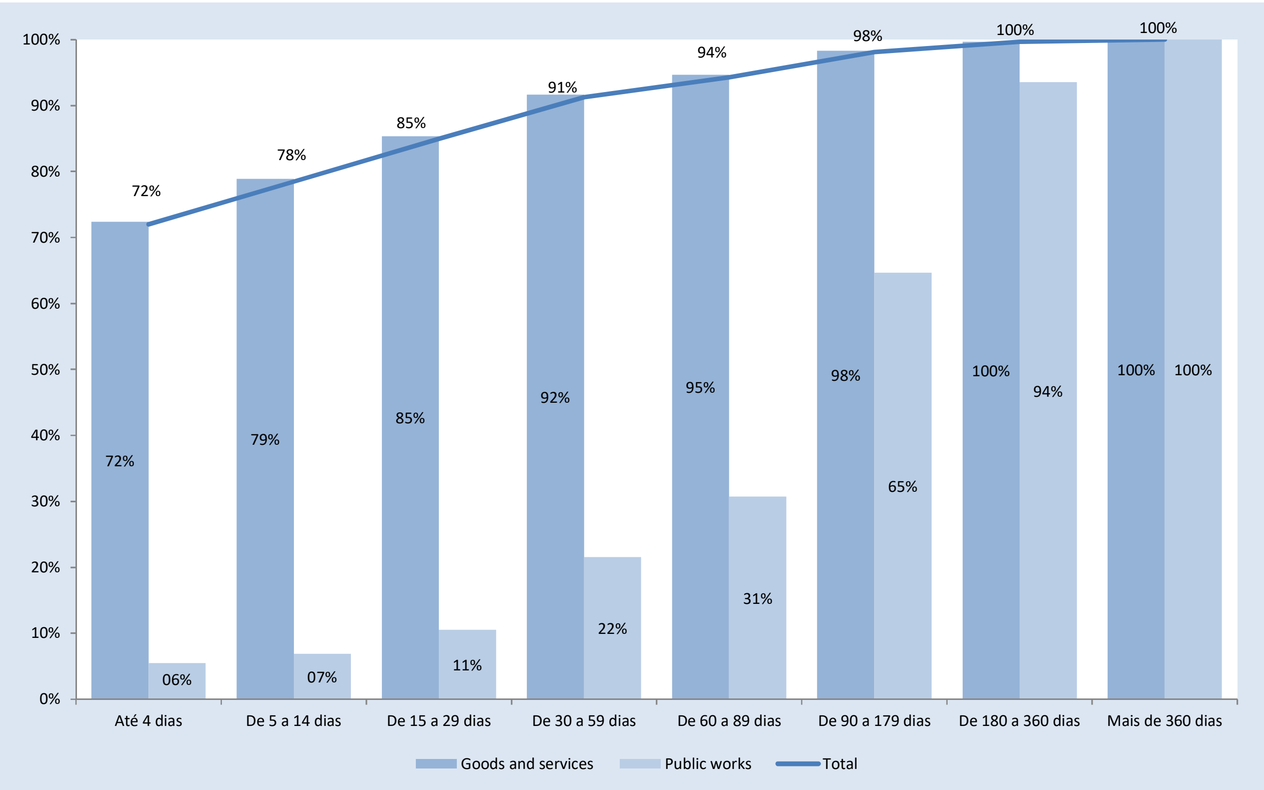
5. THE AVERAGE LENGTH OF PROCUREMENT PROCEDURES

As regards the length of pre-contractual procedures, when considered as the number of days from the beginning of the procedure (publication of the notice or dispatch of the invitation) to the conclusion of the contract, we see that most procedures (72 %) took up to 4 days until the corresponding decision was made, which appears to show greater efficiency in the conduct of the procedures than in 2013 (52 %).

Graph 59- Length of procedures related to contracts concluded in 2014, per range and per type of contract (all contracts except simplified direct awards)

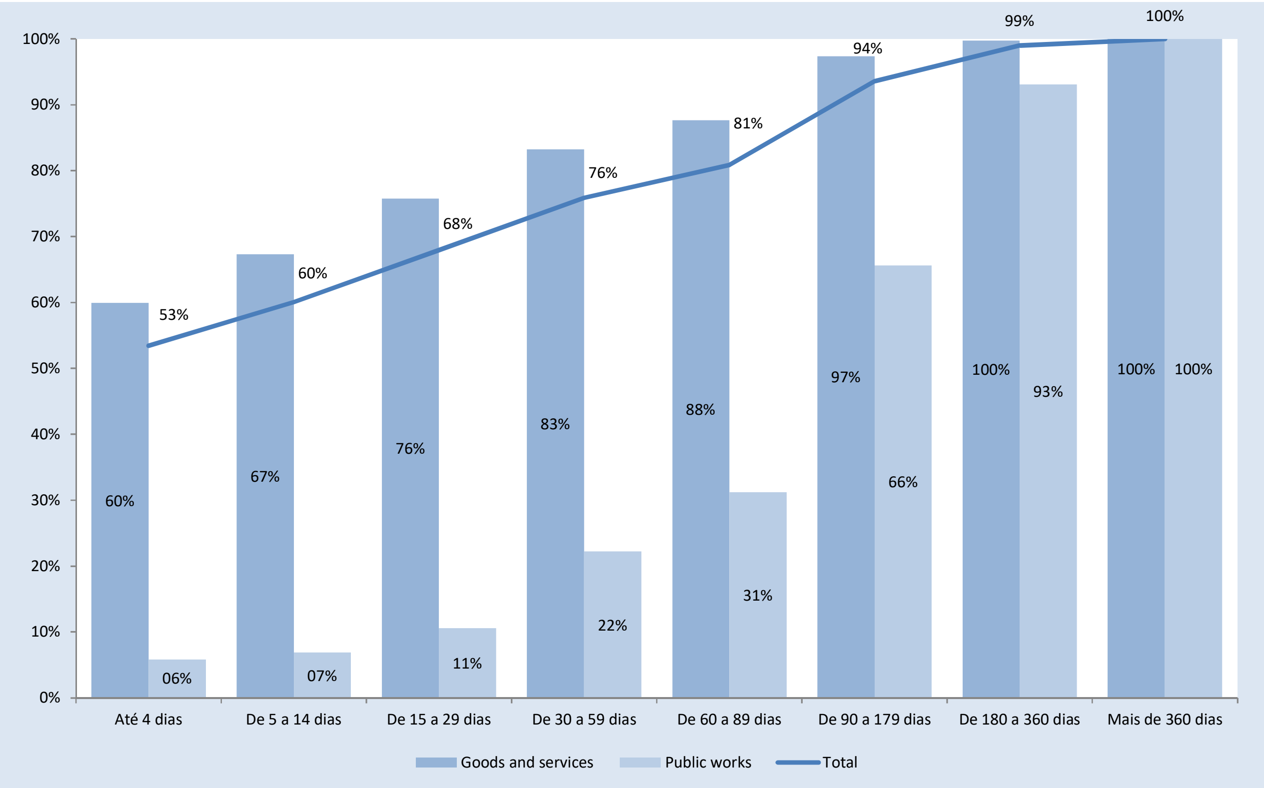


Source: BASE portal (December 2015)

Nevertheless, the length of procedures varied according to the type of contract: in the case of goods and services 72.4 % of the procedures took less than 4 days (above the level of 55.7 % in 2013), while in the case of public works, in the same period, “only” 5.5 % of the procedures were completed, a lower performance than in 2013 (27.2 %).

The above mentioned figures are affected by the weight of the number of procedures under direct award in the number of contracts reported, as direct award procedures tend to be swifter than competitive ones. However, the average time limits for the completion of procedures for contracts preceded by an open or a restricted tender procedure were similar, and it is worth noting that 53.5 % of the procedures were decided upon within up to 4 days (inclusive).

Graph 60- Length of procedures related to contracts concluded in 2014, per time range and per type of contract (contracts resulting from competitive procedures)



Source: BASE portal (December 2015)

Notwithstanding the foregoing, the results obtained only for competitive procedures continue to show a noticeable degree of efficiency: 84.0 % of the contracts for goods and services e 74.9 % of the contracts for public works have been concluded within less than 60 days from the beginning of the procedure.

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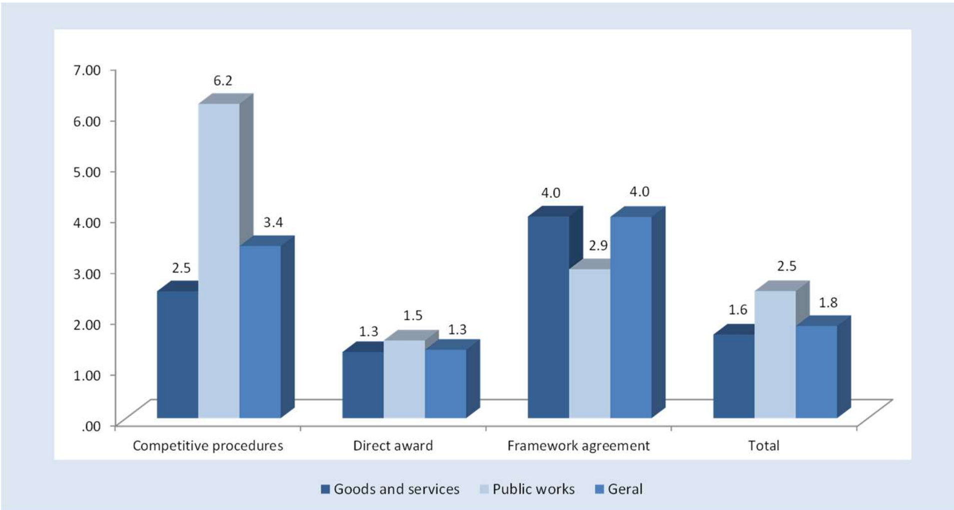
6. NUMBER OF COMPETITORS BY PROCEDURE

In order to assess the level of competition in public procurement, we analyzed a sample of 28,863[23] procedures carried out through electronic platforms, whose contracts were reported to the BASE portal.

The number of tenders received for each procurement procedure averaged 2.6, although there is a difference between contracts for goods and services (2.4) and contracts for public works (3.7).

Graph 61- Average number of tenders per procedure (2014)



Source: BASE portal (December 2015)

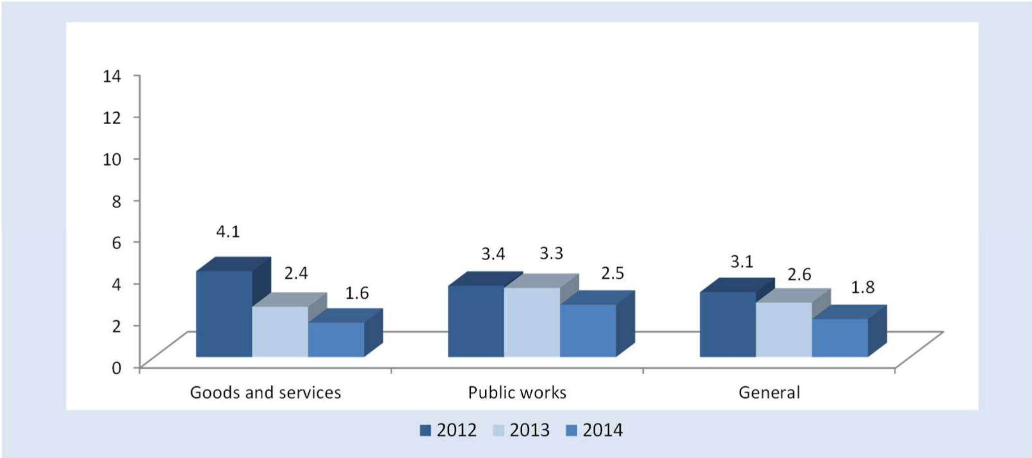
As might be expected, the number of competitors per procedure was higher in the case of competitive procedures (6.3 competitors per procedure) than in the other cases (1.9 and 4.2, respectively, in direct awards and framework agreements).

Considering the type of contracts, it is worth noting that competition in the area of public works (3.7 competitors per procedure) is greater than in goods and services (2.4). This difference is particularly obvious in competitive procedures, where the average number of competitors in the case of public works is 10.3, against 4.9 in the case of goods and services.

Overall, the number of competitors remained at the same level as in 2013.

[23] Of which 23,144 negotiated/direct award procedures, 3,794 open procedures and 107 restricted procedures.

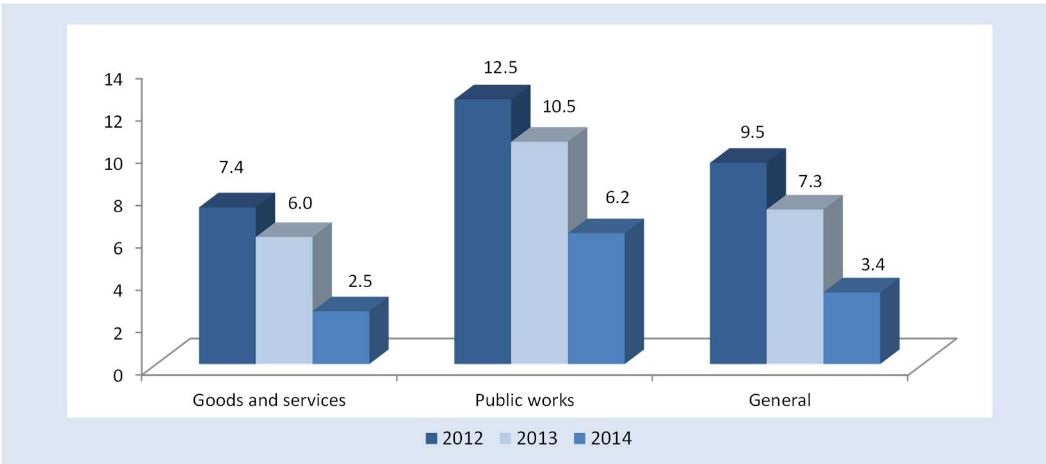
Graph 62- Average number of tenders per procedure: changes from 2012 to 2014



Source: BASE portal (December 2015)

As for the competitive procedures, there was a decrease of 1 in the number of competitors, which is broken down between goods and services (-1.1 competitors) and public works (-0.2 competitors).

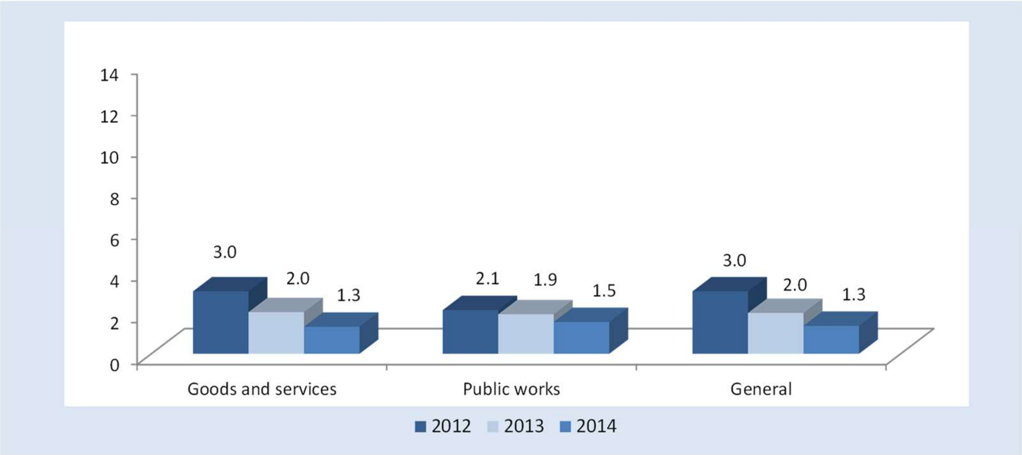
Graph 63- Average number of tenders per procedure: changes from 2012 to 2014



Source: BASE portal (December 2015)

As fas as direct award procedures are concerned, the average number of competitors fell from 2 to 1.9 per procedure.

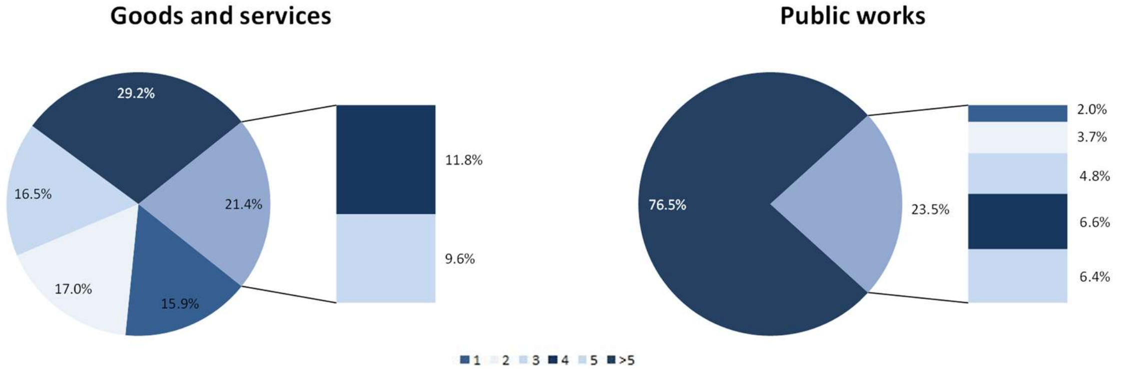
Graph 64- Average number of tenders per direct award procedure: changes from 2012 to 2014



Source: BASE portal (December 2015)

A further analysis of competitive procedures shows that in 84.1 % of the procedures for the purchase of goods and services and in 98.0 % of the procedures concerning public works, at least two proposals were submitted for consideration by the contracting authority.

Graph 65- Number of tenders per procedure: competitive procedures (2014)



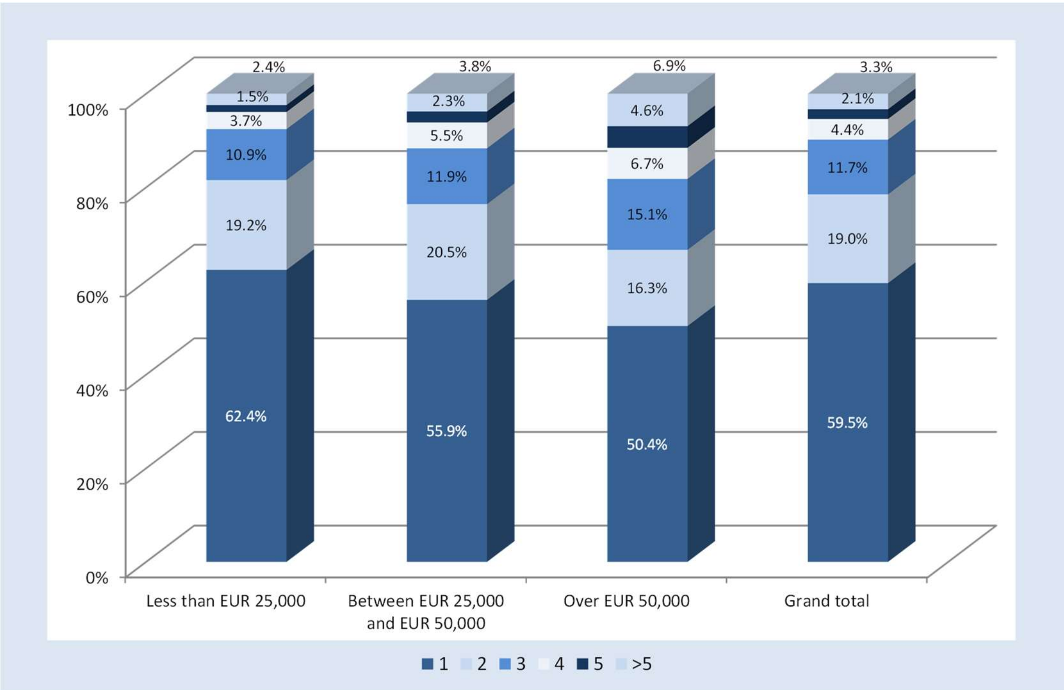
Source: BASE portal (December 2015)

Additionally, more than five tenders were submitted in a significant number of procedures, especially for public works (76.5 % of the procedures), although this was also relevant for goods and services (29.2 %).

In the case of direct awards for the purchase of goods and services, only one tender was submitted in 59.5 % of the procedures.

The weight of contracts resulting from procedures in which only one tender was submitted decreased in line with the contractual value: while 62.4 % of the procedures with a basic price of less than EUR 25,000 received only one tender, in the case of procedures with a basic price of more than EUR 50,000 that share was lower (50.4 %), corresponding to a decrease of 12 pp.

Graph 66- Number of tenders per procedure: direct awards for the purchase of goods and services (2014)



Source: BASE portal (December 2015)

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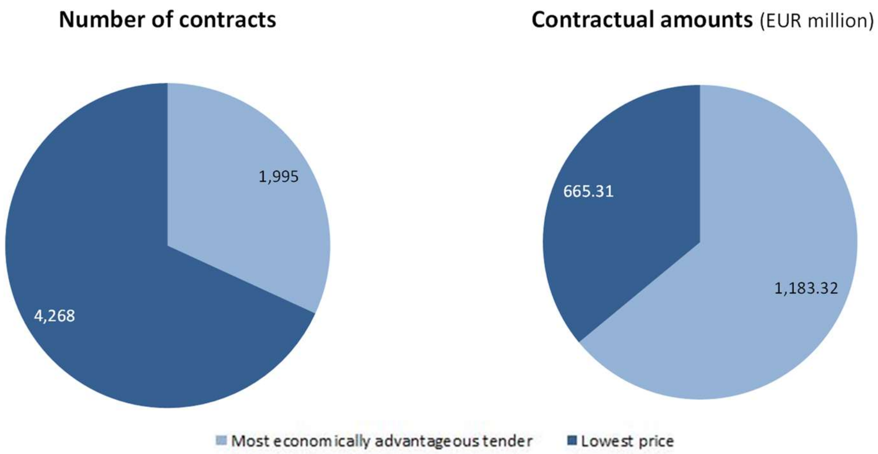
7. Award Criteria

7.1. "Lowest price" vs "Most economically advantageous tender"

The Public Contracts Code provides for two distinct award criteria[24]: i) *the most economically advantageous tender for the contracting authority*, and ii) *the lowest price*.

In a sample of 6,263[25] competitive procedures, it was found that the award criterion "the lowest price" provided for in Article 74(1)(c) was used in 68.1 % (4,268) of the contracts concluded in 2014. These contracts corresponded to 36.0 % of the contractual amounts.

Graph 67- Award criteria in open procedures (public procedures and restricted procedures)



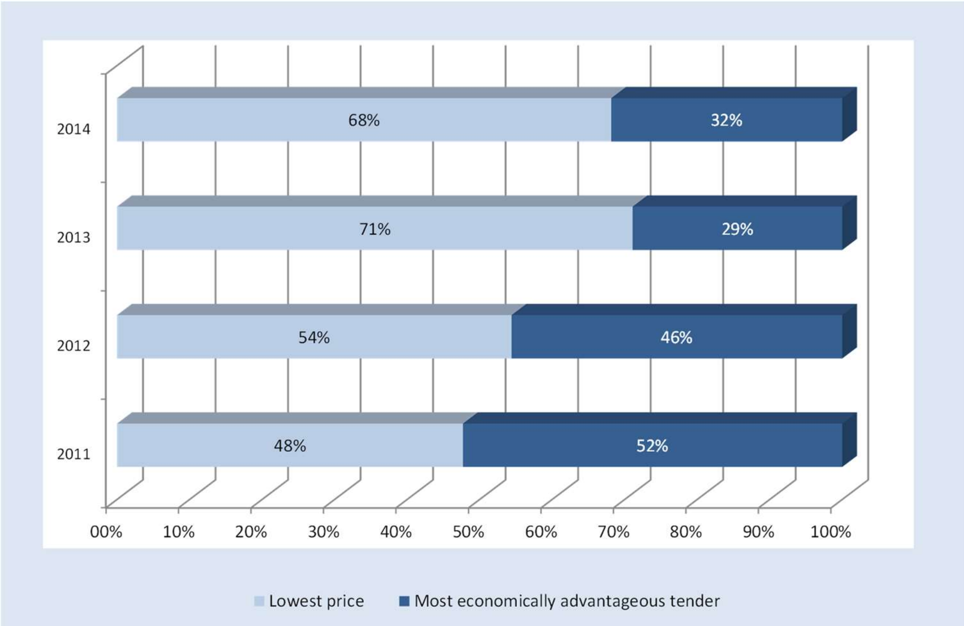
Source: BASE portal (December 2015)

The trend observed in the previous three years, towards an increasing use of "the lowest price" as the award criterion, was reversed in 2014. While the use of this criterion was minority (47.7 %) in 2011, it still represented more than ½ of the contracts concluded in 2014.

[24] See Article 74(1) of the Public Contracts Code.

[25] Procurement procedures for which it was possible to identify the type of criterion that was used and its weight, where applicable, excluding direct award procedures. This sample represents 87.8 % of the competitive procedures launched in 2014 and 89.6 % of the corresponding contractual amounts.

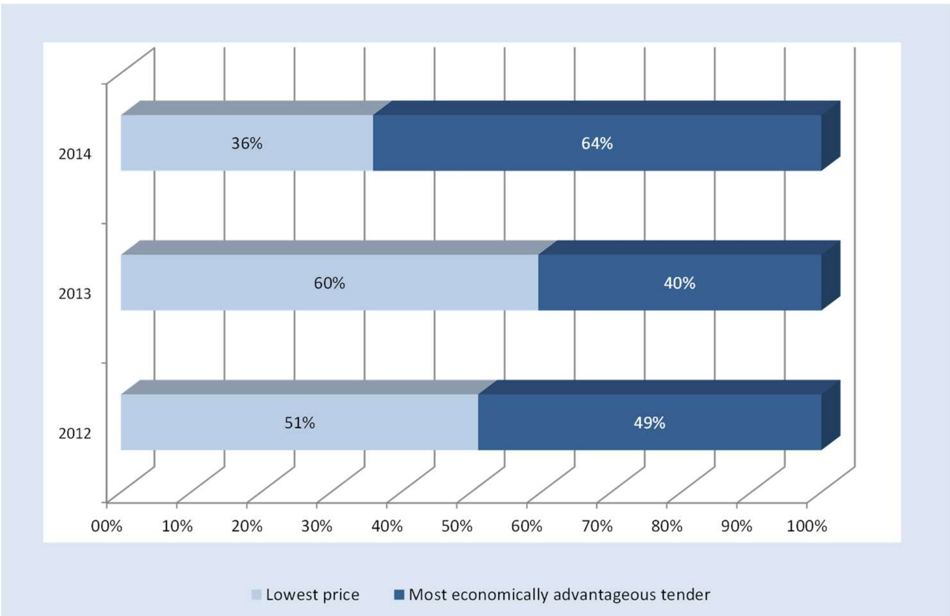
Graph 68 – Relative weight of the award criteria per number of contracts: change from 2011 to 2014



Source: BASE portal (December 2015)
Public procurement in Portugal – 2012

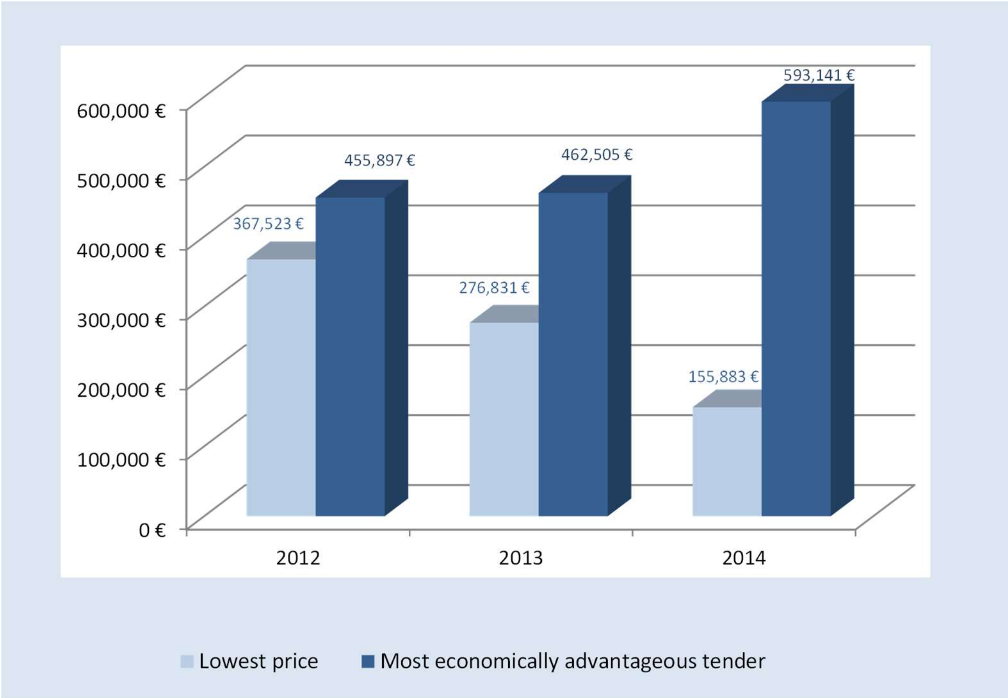
Regarding the contractual amounts involved, from 2013 to 2014, the predominance of contracts concluded on the basis of the “lowest price” when compared with those based on the “most economically advantageous tender” dropped 23.6 pp to 36.0 %.

Graph 69– Relative weight of the award criteria per contractual amounts: changes from 2012 to 2014



Source: BASE portal (December 2015)
Public procurement in Portugal – 2013

Graph 70– Average value of the contracts preceded by a competitive procedure, per type of award criterion: changes from 2012 to 2014



Source: BASE portal (December 2015)
Public procurement in Portugal – 2013

From 2013 to 2014, there was a decrease in the average contractual value for contracts awarded on the basis of the "lowest price" (-43.7 %, now amounting to EUR 155,883), but an increase in the case of contracts awarded on the basis of the "most economically advantageous tender" (+28.2 %, now amounting to EUR 593,141). The average value of the latter contracts in 2014 was 281% higher than the average value of the former ones (in 2013, that ratio was 67 %).

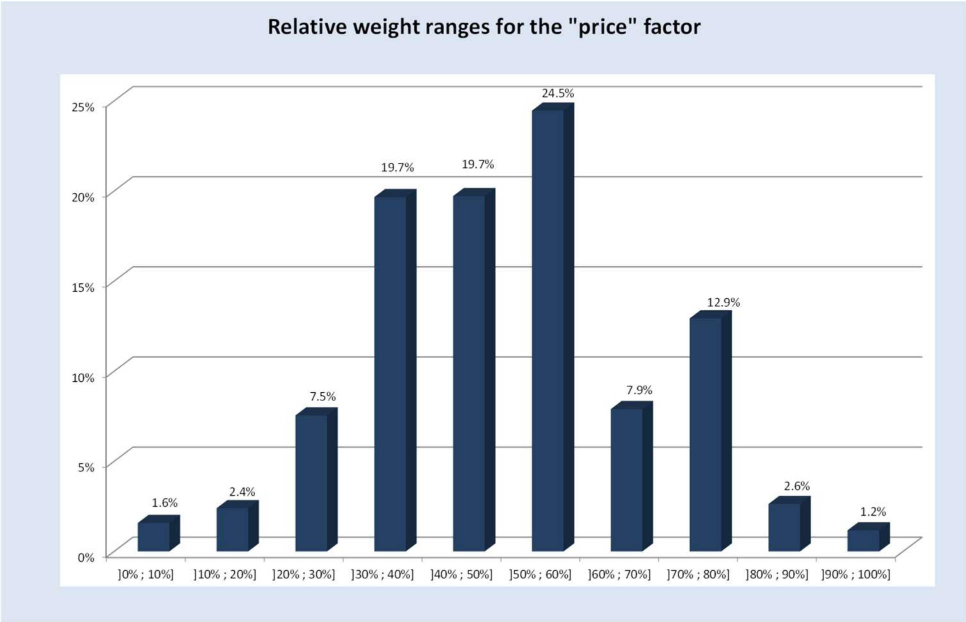
7.2. "MOST ECONOMICALLY ADVANTAGEOUS TENDER": WEIGHT OF THE PRICE FACTOR

If we consider only those contracts awarded on the basis of the "most economically advantageous tender" (1,995), we can observe the predominance of the price factor (or the like[26]) in the use of this criterion.

As shown in the graph below, the weight of the price factor, or the like, was higher than ½ in 49.09 % of the competitive procedures launched in 2014 and included in the processed sample.

[26] "The like" means the economic factor (financial burden, rents payable, etc.) of the contract.

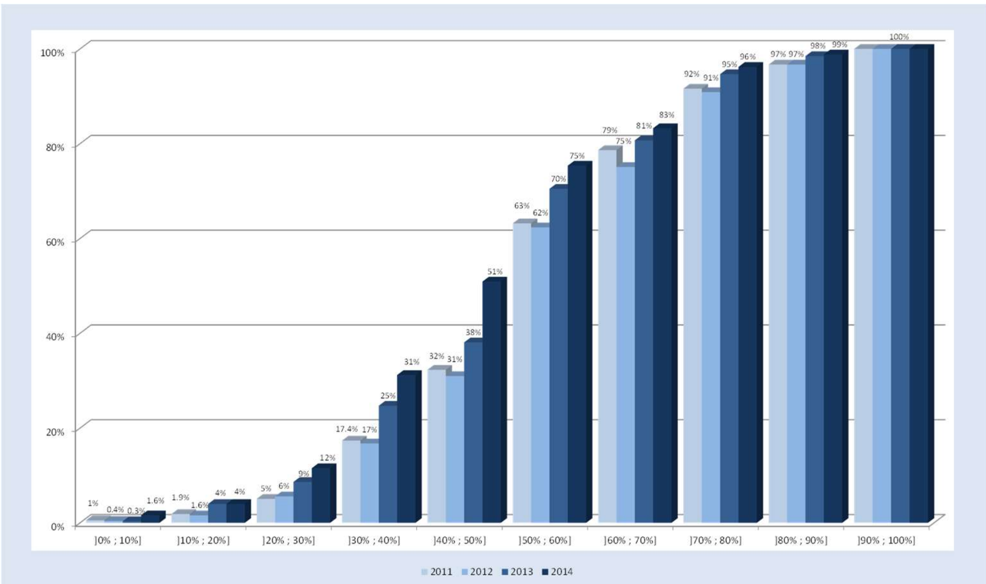
Graph 71- Breakdown of the weight of the “price” factor, or the like, when assessing tenders submitted under open procedures in 2014



Source: BASE portal (December 2015)

Compared to 2012 and 2013, contracts in which the price factor had a majority weighting corresponded to the lowest percentage in 2014 (49.09 % against 61.93 % and 69.03 %, respectively in 2013 and 2012). This is, nevertheless, a significant percentage as regards the weight of the “price or the like” factor when assessing tenders.

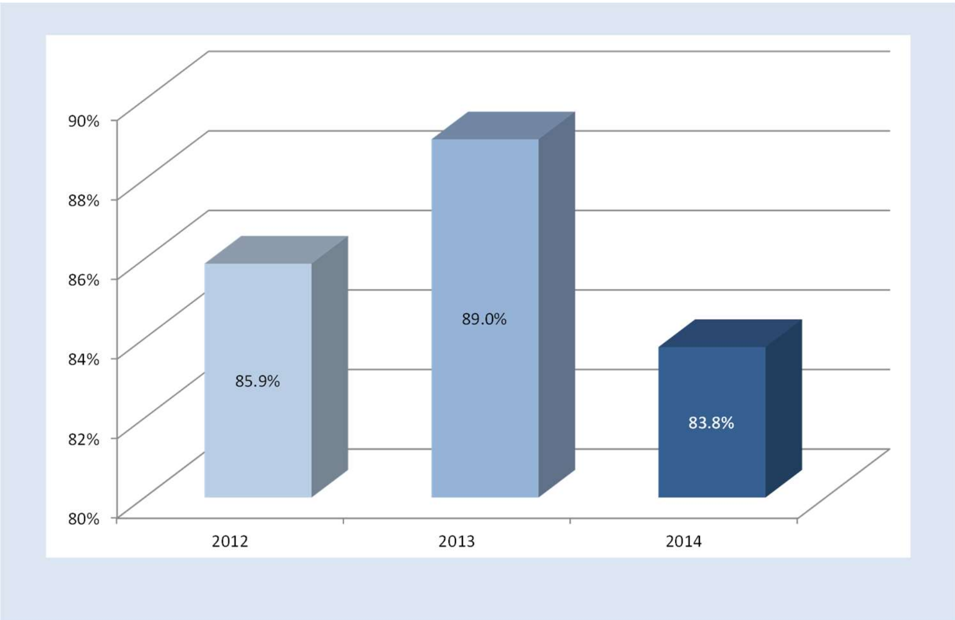
Graph 72- Cumulative breakdown of the weight of the price factor, or the like, when assessing tenders: comparing 2012, 2013 and 2014



Source: BASE portal (December 2015)

If we compare the procedures in which the main factor for assessing the tenders was the "lowest price" to those procedures in which the price factor, while not being the only assessment factor, represented more than a half of the weighting, we find that in 83.8 % of the competitive procedures the price was the most important and dominant weighting factor, although to a lesser extent than in 2013.

Graph 73 – Percentage of the number of contracts in which the price factor, or the like, was largely dominant



Source: BASE portal (December 2015)

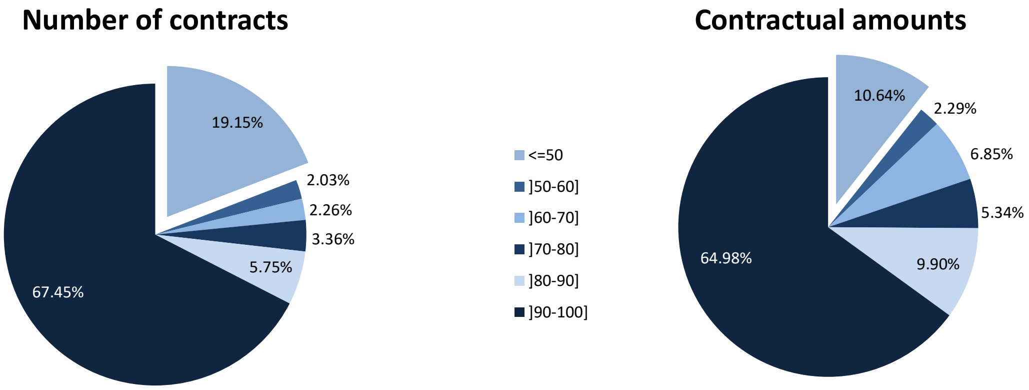
7.3. ABNORMALLY LOW PRICES

In the current economic and fiscal context, procurement procedures are particularly price-sensitive. For competitors, the need to maintain their activity in a context of low (if not negative) economic growth made them submit tenders whose value was below the prices they used to apply formerly, to the detriment of their profit margin. For contracting authorities, the fiscal constraints reflected not only in the size of their budgets but also in the administrative barriers (for instance, the available funds) led to a general decrease in the basic prices of procedures, thus "smashing" potential competitors, and above all favoured the economic factor, by assigning it a greater weight than would be the case in a different context.

Another way to examine and quantify this issue is to look at the final value of the contract taking into account the basic price[27] and the abnormally low price[28].

When we consider contracts for **goods and services** (including those related to public works), regardless of the type of procedure, we see that in 19.15 % of the sample contracts[29] the final contractual amounts were close to or even lower than the abnormally low price calculated by reference to the basic price. Their representativeness in terms of overall contractual amounts is slightly lower (10.64 %).

Graph 74 - The ratio between the basic price and the contractual price, per contractual price range, of contracts for **goods and services** (including those related to public works) in 2014



Source: BASE portal (December 2015)

Comparing to the contracts concluded in 2013 and considering the legal criterion used to identify (possible) abnormally low prices, we can see in 2014 an increase of 9 pp (from 10 % to 19 %) in the number of contracts and 4 pp (from 7 % to 11 %) in contractual amounts. In line with this change, there was a decrease in both the number of contracts and the contractual amounts relating to contracts with a value of more than 90 % of the basic price.

[27] This is an innovative concept in the Portuguese legal framework that corresponds to the… *maximum price the contracting authority is willing to pay for the performance of all the services constituting the subject-matter of the contract* … (Article 47 of the PCC).

[28] According to Article 69(1) of the Public Contracts Code, the total price resulting from a tender shall be considered as abnormally low if it is: (a) lower than or equal to 40 % of the basic price indicated in the specifications, when the procurement procedure is designed for public works contracts; (b) lower than or equal to 50 % of the basic price indicated in the specifications, when the procurement procedure is designed for other contracts.

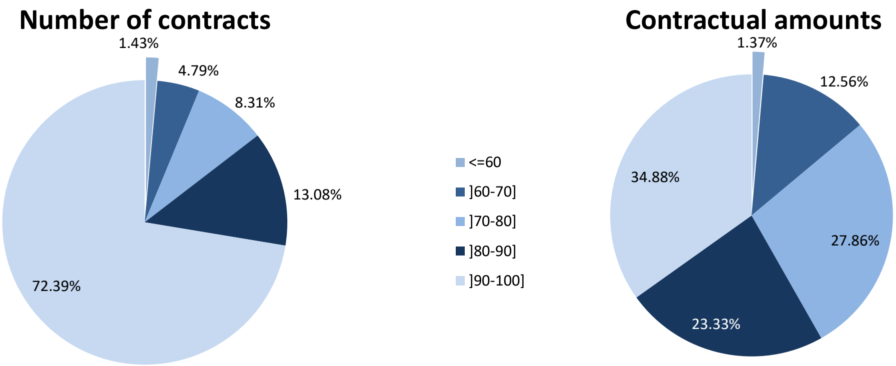
[29] We took into account 22.4 % of the contracts, corresponding to 87.9 % of the contractual amounts.

Graph 75 - The ratio between the basic price and the contractual price, per contractual price range, of contracts for **goods and services** (including those related to public works): changes from 2012 to 2014

Source: BASE portal (December 2015)

As far as **public works contracts** are concerned, those with a contractual price close to the limit of the abnormally low price are less relevant: for 1.43 % of those contracts, representing 1.37 % of the contractual amounts, the contractual price was lower than or equal to 40 % of the basic price.

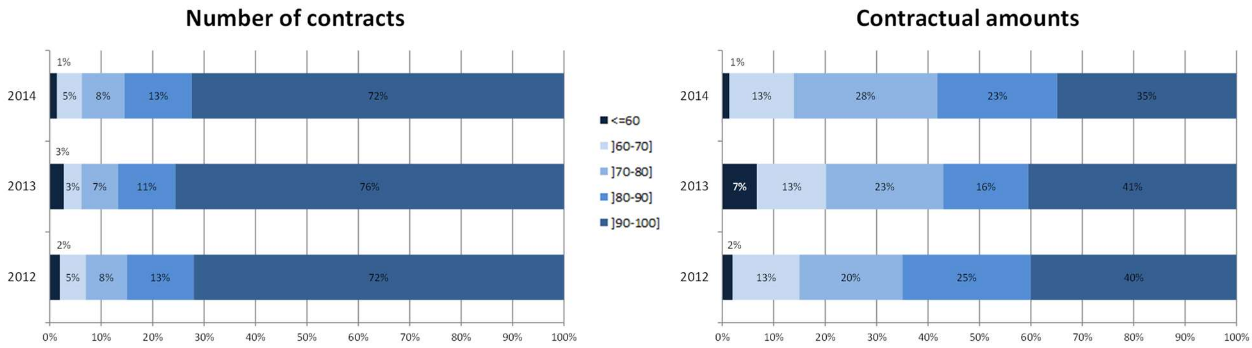
Graph 76 - The ratio between the basic price and the contractual price, per contractual price range, of contracts for **public works** in 2014



Source: BASE portal (December 2015)

Compared to 2013, public works contracts show the same trend: contracts whose values fall within the criterion of abnormally low price decreased by 2 pp (to 1 %) and 6 pp (to 1%), respectively as regards their number and their contractual amounts.

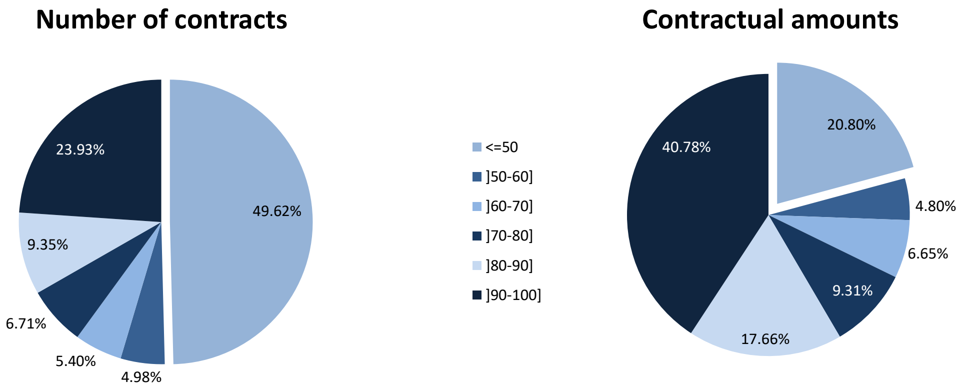
Graph 77 - The ratio between the basic price and the contractual price, per contractual price range, of contracts for public works: changes from 2012 to 2014



Source: BASE portal (December 2015)

If we look at the **competitive procedures alone**, we notice that contracts with a value that is close to the abnormally low price were awarded more often. In the case of goods and services, the number of contracts with a contractual value equal to or lower than 50 % of the basic price amounted to 49.62 %, representing 20.80 % of the contractual amounts.

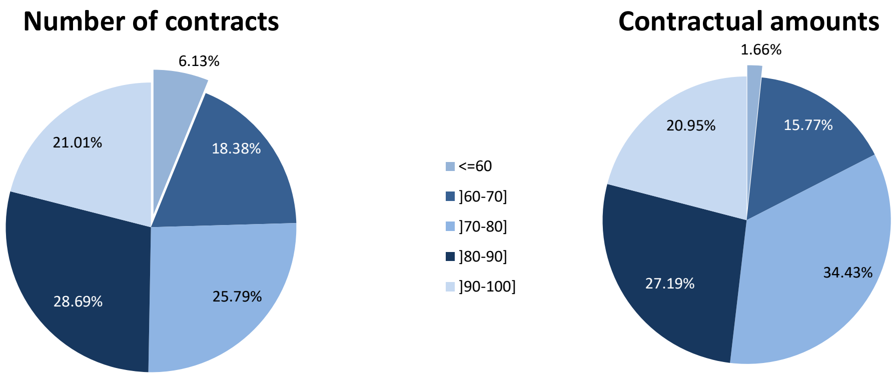
Graph 78 - Deviation between the basic price and the contractual price, per contractual price range, of the contracts for **goods and services** (including those related to public works) resulting from **competitive procedures** in 2014



Source: BASE portal (December 2015)

The same happens with public works contracts, where we can see that 6.13 % of the number of contracts and 1.66 % of the contractual amounts concerned were awarded for a lower value than the reference value for the abnormally low price.

Graph 79 - Deviation between the basic price and the contractual price, per contractual price range, of **public works contracts** resulting from **competitive procedures** in 2014



Source: BASE portal (December 2015)

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8. Contracts classified according to the "Common Procurement Vocabulary" (CPV)

A short analysis on the basis of the CPV classification shows that public works predominate over the remaining expenditure, mainly because of "Construction work", which represents 31.6 % of the overall contractual value.

Table 8 – Breakdown of contracts per CPV

CPV Code	CPV Description	Number of contracts		Contractual amounts	
		Number	%	Amount	%
45	Construction work	10,403	2.6%	1,561,442,383 €	31.6%
33	Medical equipments, pharmaceuticals and personal care products	41,198	10.3%	555,171,615 €	11.2%
50	Repair and maintenance services	41,983	10.5%	283,428,118 €	5.7%
55	Hotel, restaurant and retail trade services	8,382	2.1%	261,353,129 €	5.3%
79	Business services: law, marketing, consulting, recruitment, printing and security	18,074	4.5%	256,499,505 €	5.2%
09	Petroleum products, fuel, electricity and other sources of energy	10,615	2.7%	195,173,780 €	4.0%
72	IT services: consulting, software development, Internet and support	6,334	1.6%	182,940,164 €	3.7%
90	Sewage-, refuse-, cleaning-, and environmental services	4,775	1.2%	174,660,710 €	3.5%
71	Architectural, construction, engineering and inspection services	7,421	1.9%	139,011,530 €	2.8%
65	Public utilities	3,987	1.0%	121,431,888 €	2.5%
	Others	246,206	61.6%	1,209,247,153 €	24.5%
	Total	399,378	100%	4,940,359,973.52 €	100%

Source: BASE portal (December 2015)

A comparison with 2013 figures shows distinct variations.

Table 9 – Breakdown of contracts per CPV: comparing 2013 and 2014

Código CPV	Descrição CPV	2013		2014		Variação	
		Amount	%	Amount	%	Montante	Δ %
45	Construction work	1,390,754,384 €	34.3%	1,561,442,383 €	31.6%	170,687,999 €	12.3%
33	Medical equipments, pharmaceuticals and personal care products	361,538,604 €	8.8%	555,171,615 €	11.2%	193,633,010 €	53.6%
50	Repair and maintenance services	170,187,441 €	6.3%	283,428,118 €	5.7%	113,240,677 €	66.5%
55	Hotel, restaurant and retail trade services	145,148,430 €	5.8%	261,353,129 €	5.3%	116,204,699 €	80.1%
79	Business services: law, marketing, consulting, recruitment, printing and security	206,240,705 €	4.9%	256,499,505 €	5.2%	50,258,800 €	24.4%
09	Petroleum products, fuel, electricity and other sources of energy	234,486,319 €	3.7%	195,173,780 €	4.0%	- 39,312,538 €	-16.8%
72	IT services: consulting, software development, Internet and support	175,175,956 €	4.3%	182,940,164 €	3.7%	7,764,208 €	4.4%
90	Sewage-, refuse-, cleaning-, and environmental services	260,910,093 €	2.3%	174,660,710 €	3.5%	- 86,249,383 €	-33.1%
71	Architectural, construction, engineering and inspection services	127,310,817 €	3.2%	139,011,530 €	2.8%	11,700,712 €	9.2%
65	Public utilities	104,508,113 €	2.7%	121,431,888 €	2.5%	16,923,775 €	16.2%
	Others	976,766,337 €	23.5%	1,209,247,153 €	24.5%	232,480,815 €	23.8%
	Total	4,153,027,199 €	100%	4,940,359,974 €	100%	787,332,774 €	19%

Source: Public procurement in Portugal – 2013

On the one hand, we see negative variations in the areas of "Petroleum products, fuel, electricity and other sources of energy" (-16.8 %) and "Sewage, refuse, cleaning and environmental services" (-33.1 %). Conversely, we see significant increases in "Hotel, restaurant and retail trade services" (+80.1 %), "Repair and maintenance services" (+66.5 %), and "Medical equipments, pharmaceuticals and personal care products" (+53.6 %).

These variations resulted in a change in the structure of expenditure, where the fact that "Repair and maintenance services" slipped into third place and "Petroleum products, fuel, electricity and other sources of energy" dropped from fourth to sixth should be highlighted.

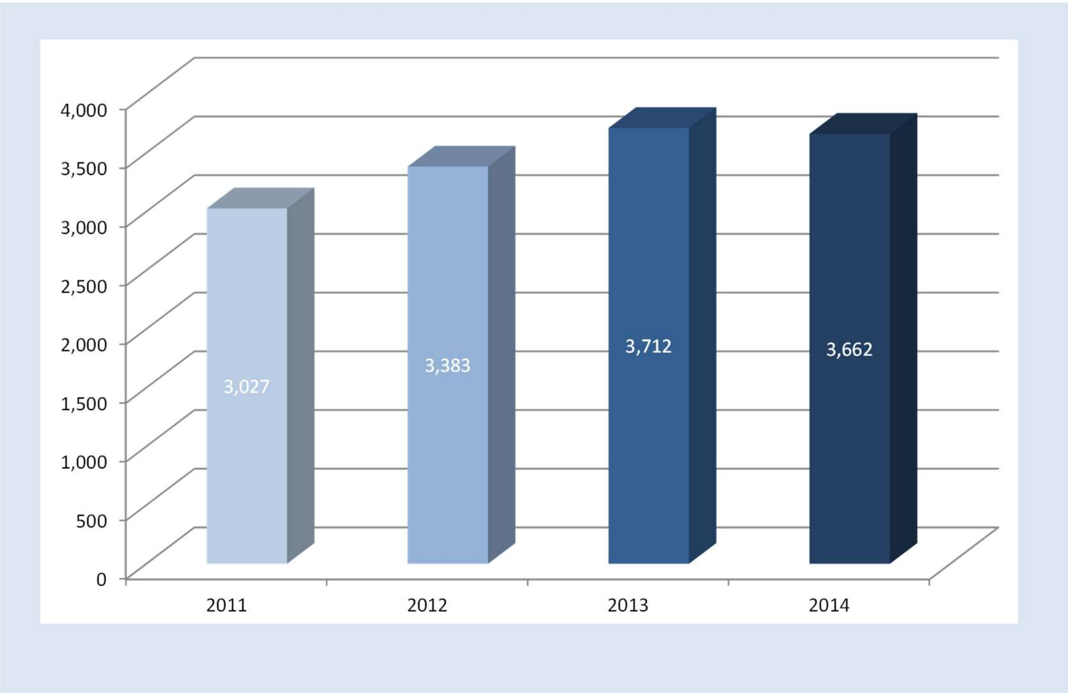
9. Stakeholders in Public Procurement Procedures

9.1. Contracting Authorities

9.1.1. The contracting authorities universe

In 2014, the number of authorities that reported contracts to the BASE portal was 3,662. This represents a decrease of 50 (-1.3 %) and an increase of 279 (+8.2 %) in the number of contracting authorities, respectively over 2013 and 2012.

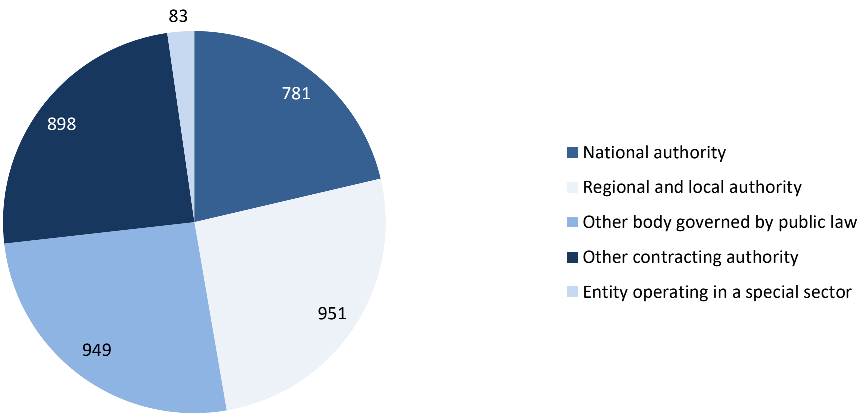
Graph 80 – Number of contracting authorities having reported contracts: changes from 2011 to 2014



Source: BASE portal (December 2015)

A breakdown per type of contracting authorities shows that the “Regional and Local Authorities” group is the largest one (951), followed by “Other bodies governed by public law” (949), “Other contracting authorities” (898), “National Authorities” (781), and “Entities operating in the special sectors”.

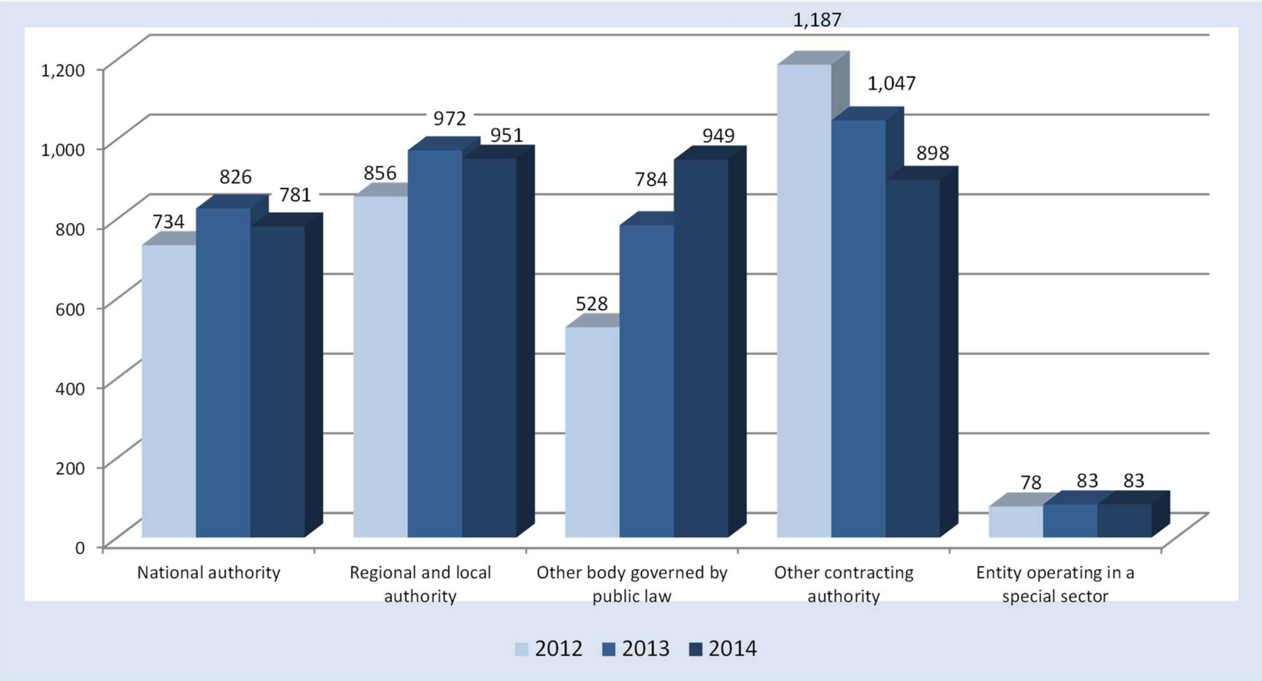
Graph 81- Number of contracting authorities per type of authority (2014)



Source: BASE portal (December 2015)

Compared to 2013, the only group with an increase in the number of authorities was “Other bodies governed by public law”, while all the others saw a negative variation.

Graph 82- Number of contracting authorities per type of authority: changes from 2012 to 2014



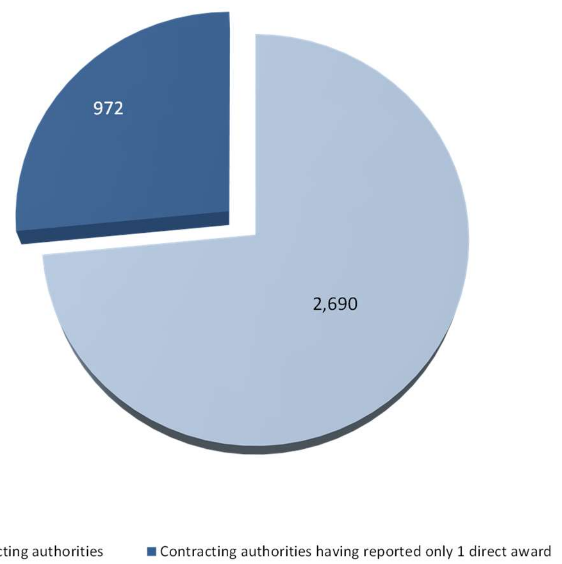
Source: BASE portal (December 2015)

The decrease in the number of reporting authorities confirms that continues to appear to fall short of the entire group of contracting authorities covered by the Public Contracts Code and hence required to report their procedures and contracts to the BASE portal.

Since competitive procedures must be carried out through electronic platforms, which ensure the communication with the portal, this under-representation of reporting authorities tends to be linked to the fact that some contracting authorities have only used the direct award procedure.

Furthermore, 26.5 % of the contracting authorities (972) only reported 1 contract under direct award.

Graph 83 - Number of contracting authorities that reported only one contract or zero contracts under direct award, but did report other contracts



Source: BASE portal (December 2015)

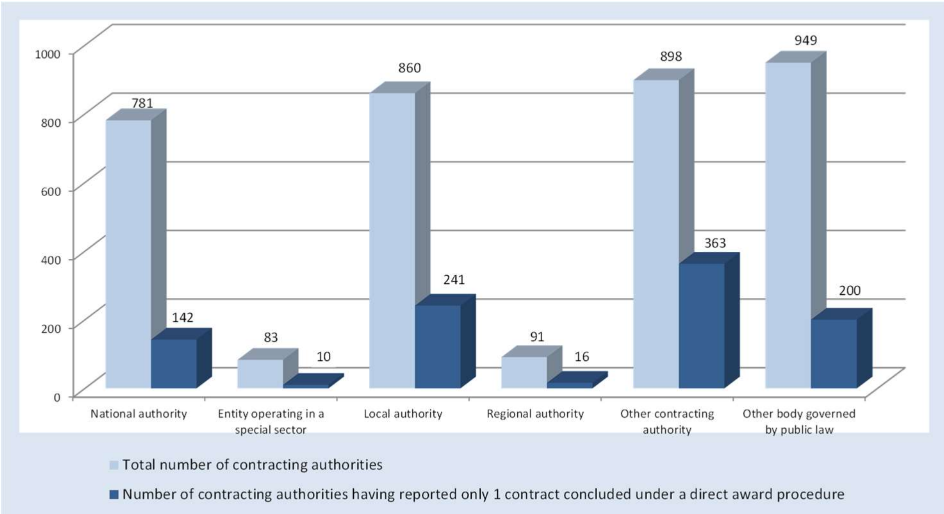
This situation casts ever more doubts on whether all contracting authorities are complying with the provisions of the Public Contracts Code according to which reporting a contract to the BASE portal …, *whether or not written down, is a pre-requisite to ensure its effectiveness, namely for payment purposes*[30].

This situation was common to all groups of contracting authorities. Although we can understand it in the case of “Other contracting authorities” (40.4 %) and “Entities operating in special sectors” (12.0 %), it would not be expected for “Local authorities” (28.0 %), “Regional

Article 127(3) of the Public Contracts Code.

authorities” (17.6 %), “National authorities” (18.2 %) and “Other bodies governed by public law” (21.1 %).

Graph 84- Number of contracting authorities that reported only one contract or zero contracts under direct award, but did report other contracts, per type of authority

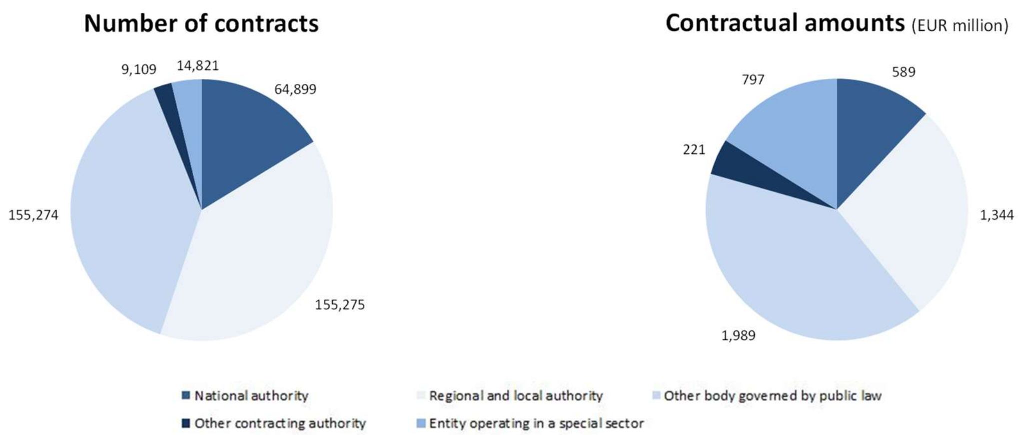


Source: BASE portal (December 2015)

9.1.2. PUBLIC PROCUREMENT PER TYPE OF CONTRACTING AUTHORITY

The entities that concluded a higher number of contracts in 2014 were the “Local and regional authorities” and the “Other bodies governed by public law” (both with 38.9 %). As far as contractual amounts are concerned, “Other bodies governed by public law” come first (40.3 %), followed by “Local and regional authorities” (27.2 %).

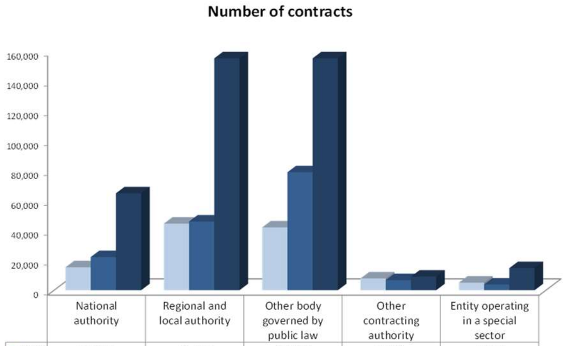
Graph 85- Public procurement in 2014 per type of contracting authority



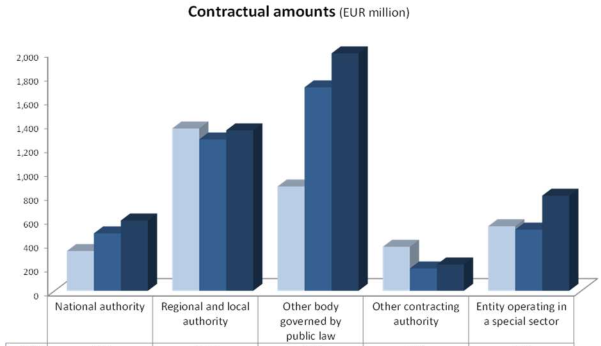
Source: BASE portal (December 2015)

Compared to 2013, the change was more pronounced for “Other bodies governed by public law”, as regards both the number of contracts (+38.9 %, corresponding to +76,299 contracts) and the contractual amounts (+40.3 %, corresponding to +EUR 285 million).

Graph 86- Public procurement per type of authority: changes from 2012 to 2014



	National authority	Regional and local authority	Other body governed by public law	Other contracting authority	Entity operating in a special sector
2012	15,375	44,586	42,092	7,921	5,090
2013	22,209	46,021	78,975	6,763	3,807
2014	64,899	155,275	155,274	9,109	14,821

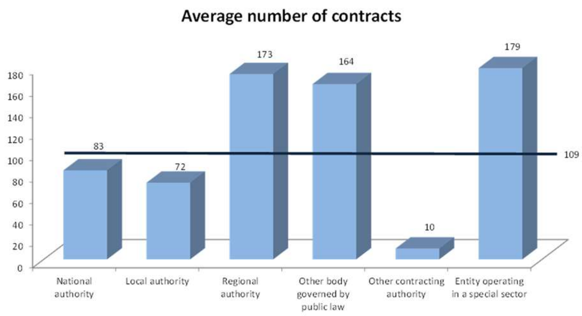


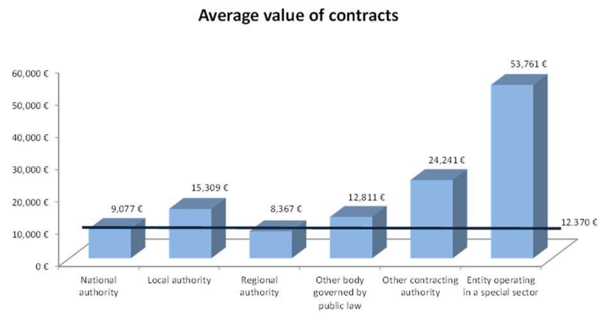
	National authority	Regional and local authority	Other body governed by public law	Other contracting authority	Entity operating in a special sector
2012	333	1,360	874	369	541
2013	481	1,268	1,705	187	513
2014	589	1,344	1,989	221	797

Source: BASE portal (December 2015)

When we try to establish a profile per type of authority, we find some differences, where the “Entities operating in special sectors” stand out if we consider the average number of contracts per contracting authority (179 contracts, well above the general average of 109 contracts per contracting authority). As regards the average contractual amounts, “Entities operating in a special sector” stand out again as they reported contracts with an average value of EUR 53,761, well above the general average (EUR 12,370).

Graph 87 – Procurement profile in 2014 per type of authority





Source: BASE portal (December 2015)

The top 10 (ten) contracting authorities as regards the contractual amounts correspond to EUR 1,248 million, i.e. 25.3 % of the total value of contracts reported to the BASE portal. This figure is well above the value reached in 2013, when the top 10 (ten) contracting authorities as regards the procurement volume represented 19.4 % of the value reached in that same year.

Table 10 – Ranking of the contracting authorities with the largest procurement volume

Contracting authorities	Number of contracts		Contractual values	
	Number	%	Amount	%
Infraestruturas de Portugal, S. A.	274	0.1%	349,299,238 €	7.1%
Empresa de Desenvolvimento e Infra Estruturas do Alqueva, S. A.	133	0.0%	183,230,502 €	3.7%
DGEstE - Direção-Geral dos Estabelecimentos Escolares	51	0.0%	168,075,007 €	3.4%
Centro Hospitalar de Lisboa Central, E.P.E. (CHLC)	2,654	0.7%	135,595,968 €	2.7%
Centro Hospitalar e Universitário de Coimbra, E. P. E.	6,370	1.6%	105,578,999 €	2.1%
Centro Hospitalar do Algarve, E. P. E.	5,050	1.3%	86,966,995 €	1.8%
Município de Lisboa	817	0.2%	63,324,723 €	1.3%
DEFLOC - Locação de Equipamentos de Defesa, S. A.	1	0.0%	56,281,926 €	1.1%
Águas do Norte, S. A.	535	0.1%	50,434,634 €	1.0%
Santa Casa da Misericórdia de Lisboa	414	0.1%	48,912,581 €	1.0%
Others	383,079	95.9%	3,692,659,401 €	74.7%
	399,378	100%	4,940,359,973.52 €	100%

Source: BASE portal (December 2015)

It should be noted, however, that this list includes 3 new contracting authorities that were not included in the list of 2013.

9.2. Economic Operators

9.2.1. Number of Economic Operators

Contracting authorities awarded contracts to 62,989 economic operators, representing an increase of 79.5 % in the number of contractors compared to 2013 (35,093).

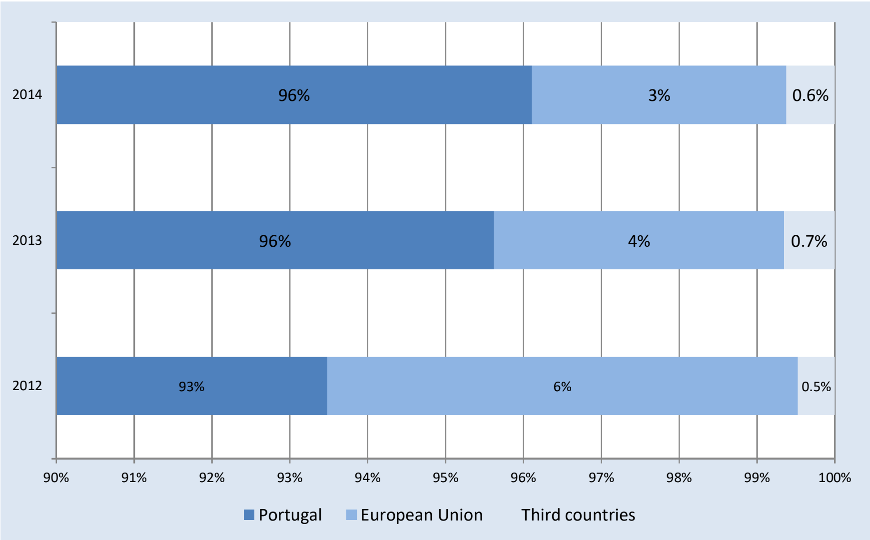
Table 11 – Contractors per nationality

Contractors	2014	
	Number	%
Portugal	60,538	96.1%
European Union	2,059	3.3%
Third countries	392	0.6%
Total	62,989	100%

Source: BASE portal (December 2015)

In most contracts concluded in 2014 (60,538, i.e. 96.1 % of the total number of contractors) co-contractors were economic operators established in Portugal. Economic operators from other EU countries represented 3.3 %, while 0.6 % came from third countries.

Graph 88 – Contractors per nationality



Source: BASE portal (December 2015)

There was, therefore, an increase in the number of national economic operators, with 26,982 more companies (+80.4 %) with which contracts were concluded, and the same trend can be seen in the number of operators from the European area (+751 operators, i.e. +57.4 %). We can also see an increase in the number of third country companies (+163, i.e. +71.2 %).

9.2.2. CHARACTERIZATION OF NATIONAL ECONOMIC OPERATORS

Based on a sample of 21,178 companies (33.6 % of the companies with which public contracts were concluded), representing 59.9 % of the number of contracts and 72.9 % of the contractual value, it was possible to characterize[31] the business sector of the economic operators with which at least one contract was concluded in 2013.

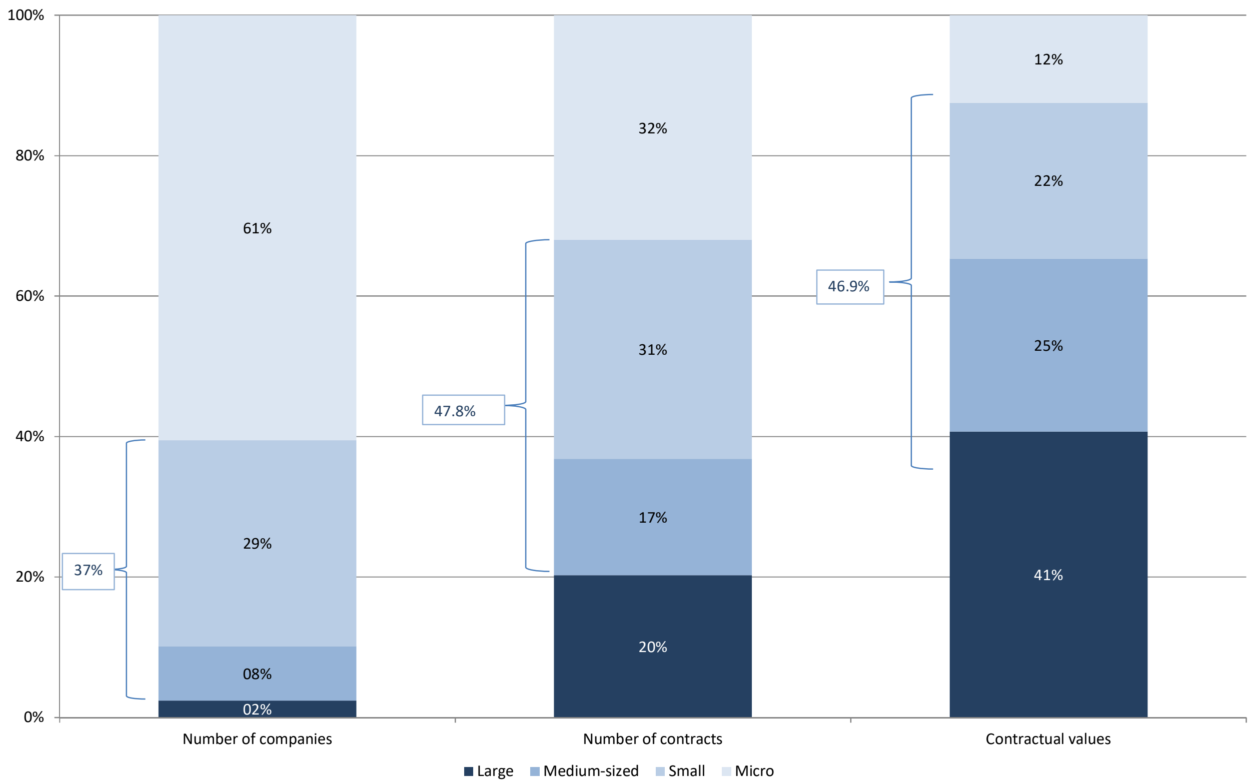
Most economic operators to which public contracts were awarded in 2014 were micro enterprises[32] (60.5 %). However, they only represented 32.0 % of all contracts concluded and only 12.5 % of the contractual amounts.

Small and medium-sized enterprises (SMEs)[33], representing 37.0 % of the economic operators accounted for nearly half of the contracts (47.8 %), corresponding to nearly ½ of the contractual amounts (46.8 %).

Lastly, large enterprises[34] represented just 2.4 % of all economic operators, having concluded 20.2 % of the contracts, which correspond to more than ⅓ (40.7 %) of the contractual amounts.

[31] Characterization according to the criteria laid down in Decree-Law No 372/2007 of 6 November 2007.
[32] Companies with less than 10 employees and a turnover of EUR 2 million.
[33] Including small enterprises (companies with less than 50 employees and a turnover of less than EUR 10 million) and medium-sized enterprises (companies with less than 250 employees and a turnover of less than EUR 50 million).
[34] Companies with at least 250 employees and a turnover of EUR 50 million.

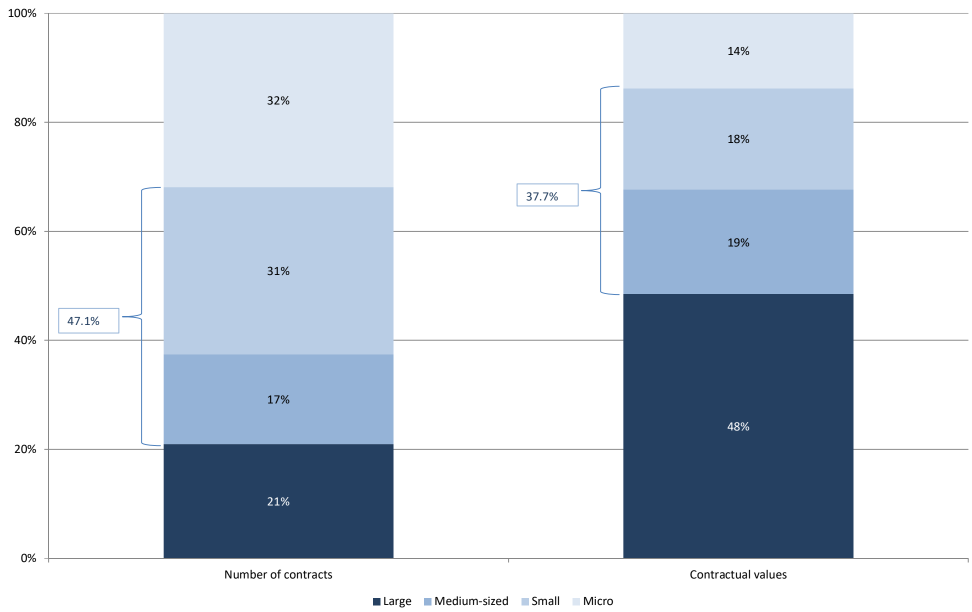
Graph 89 – Contractors representativeness, per company size



Source: BASE portal (December 2015)

If we look only at contracts for **goods and services**, we see that SMEs have a more significant weight, representing 47.1 % of the number of contracts and 37.7 % of the contractual amounts. Large enterprises obtained 21.0 % of the contracts, which together represented 48.5 % of the contractual amounts.

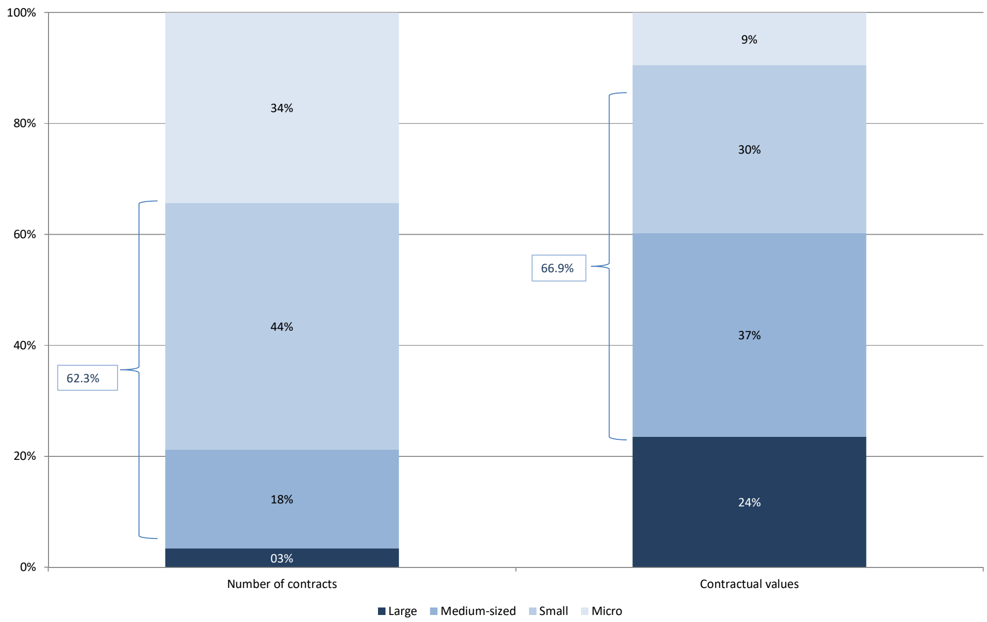
Graph 90 – Contractors representativeness per company size – Goods and services



Source: BASE portal (December 2015)

As regards public procurement related to public works, SMEs accounted for a significant share (62.3 % of the contracts and 66.9 % of the contractual amounts), and surpassed even large companies in the amounts involved (23.5 % of the contractual amounts, corresponding to 3.4 % of the number of contracts).

Graph 91 – Contractors representativeness per company size – Public works

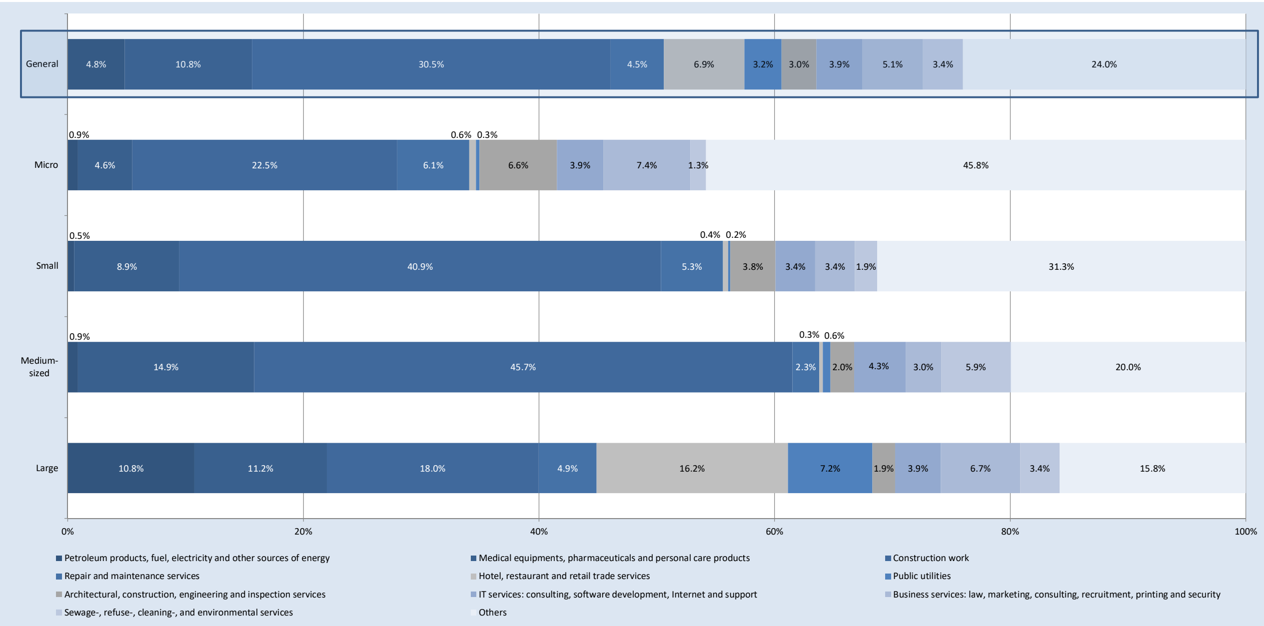


Source: BASE portal (December 2015)

If we look at the structure of the concluded contracts taking into account the company size and the classification according to the Common Procurement Vocabulary (CPV), but only considering the categories (CPV division) with a share of more than 5 % in some of the size segments, we can see a few differences.

First of all, we see that diversity increases when the size of the company decreases. In fact, the contracts covered by the 10 codes of the CPV[35] represented together 84.2 % of the contracts concluded with large enterprises, 80.0 % with medium-sized enterprises, 68.7 % with small enterprises and 54.2 % with micro-enterprises. Therefore, as the company size increases, the concluded contracts tend to focus on certain types of purchases.

Graph 92 – Public contracts structure per company size and per CPV



Source: BASE portal (December 2015)

Although the category "Construction work" concentrates the highest number of contracts regardless of the company size, its weight is however more significant for medium-sized enterprises (45.7 %) and small enterprises (40.9 %), than for the others (18.0 % and 22.5 %, respectively for large and micro-enterprises). Linked to this category of contracts, category "Architectural, construction, engineering and inspection services" is relevant for the micro–enterprises segment (6.6 %), but less so for the remaining ones.

[35] 09 - Petroleum products, fuel, electricity and other sources of energy; 33 - Medical equipments, pharmaceuticals and personal care products; 45 – Construction work; 50 - Repair and maintenance services; 55 - Hotel, restaurant and retail trade services; 65 – Public utilities; 71 - Architectural, construction, engineering and inspection services; 72 – IT services: consulting, software development, Internet and support; 79 - Business services: law, marketing, consulting, recruitment, printing and security; 90 - Sewage, refuse, cleaning and environmental services

Category “Medical equipments, pharmaceuticals and personal care products” is quite relevant in terms of contracts for all company size-types, with the exception of micro-enterprises where it represented only 4.6 %.

Table 12 – Public contracts structure, per company size and per CPV

CPV Code		Large	Medium-sized	Small	Micro	General
09	Petroleum products, fuel, electricity and other sources of energy	10.8%	0.9%	0.5%	0.9%	**4.8%**
33	Medical equipments, pharmaceuticals and personal care products	11.2%	14.9%	8.9%	4.6%	**10.8%**
45	Construction work	18.0%	45.7%	40.9%	22.5%	**30.5%**
50	Repair and maintenance services	4.9%	2.3%	5.3%	6.1%	**4.5%**
55	Hotel, restaurant and retail trade services	16.2%	0.3%	0.4%	0.6%	**6.9%**
65	Public utilities	7.2%	0.6%	0.2%	0.3%	**3.2%**
71	Architectural, construction, engineering and inspection services	1.9%	2.0%	3.8%	6.6%	**3.0%**
72	IT services: consulting, software development, Internet and support	3.9%	4.3%	3.4%	3.9%	**3.9%**
79	Business services: law, marketing, consulting, recruitment, printing and security	6.7%	3.0%	3.4%	7.4%	**5.1%**
90	Sewage-, refuse-, cleaning-, and environmental services	3.4%	5.9%	1.9%	1.3%	**3.4%**
-	Others	15.8%	20.0%	31.3%	45.8%	**24.0%**

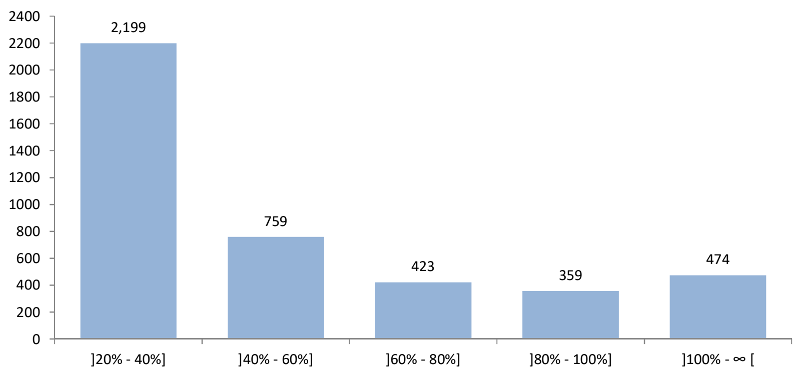
Source: BASE portal (December 2015)

Some contract categories are relevant as regards the contract structure of large enterprises, even though this can be considered as less relevant for the other segments; that would apply to “Petroleum products, fuel, electricity and other sources of energy”, “Hotel, restaurant and retail trade services”, and “Public utilities”.

9.2.3. Public Contracts Share in Economic Operators Turnover

Seeking to analyze the possible impact of public contracts on economic operators, in a sample of 243,219 contractual relations between contracting authorities and economic operators[36], the share of the contracts concluded in 2014 with a given contracting authority represented less than 20 % of the economic operator’s turnover in 98% of the cases.

Graph 93– Number of situations in which the weight of the contracts concluded with a given contracting authority in 2014 represented more than 20 % of the economic operator’s turnover

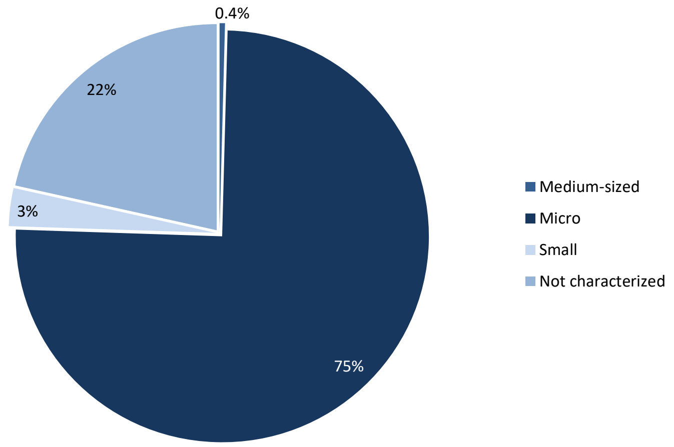


Source: BASE portal (December 2015)

[36] i.e. 243,219 contracts concluded between a given contracting authority and a specific economic operator, regardless of the number of contracts they might have concluded.

Considering the other situations, it is worth noting that for 2014 it was possible to identify 474 cases where the value of the contracts awarded by contracting authorities was higher than the turnover of the contractors. Most of these economic operators (75.1%) were micro-enterprises, although 2 medium-sized enterprises were also identified.

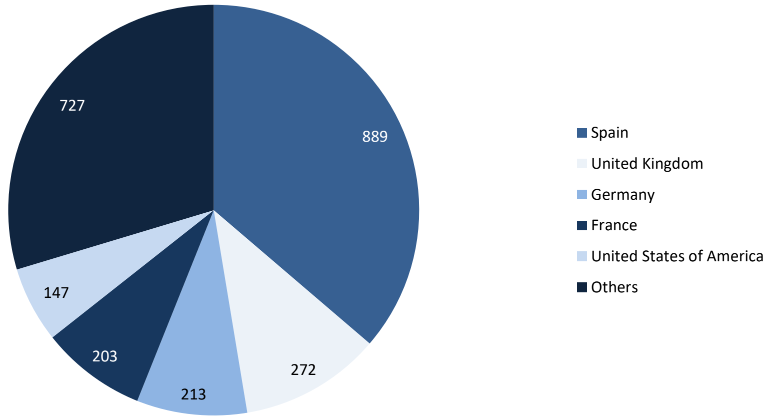
Graph 94- Classification per type of the companies whose turnover was lower than the value of the public contracts they concluded (2014)



Source: BASE portal (December 2015)

9.2.4. Origin of non-domestic economic operators

Graph 95- Number of contractors, per country (2014)

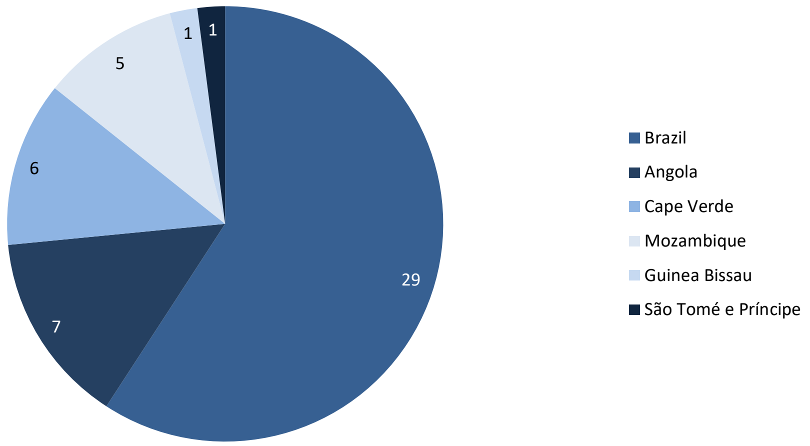


Source: BASE portal (December 2015)

Considering the origin of economic operators, the country with the largest number of enterprises with which at least one contract was concluded was Spain (889), followed by the United Kingdom (272), Germany (213) and France (203). It is also worth noting that contracts were concluded with 147 enterprises from the United States of America.

Among the third-country contractors (392), 49 are from member countries of the Community of Portuguese-Speaking Countries (CPLP – Comunidade dos Países de Língua Portuguesa):

Graph 96 – Contractors from the Community of Portuguese-Speaking Countries



Source: BASE portal (December 2015)

The top 10 (ten) economic operators as regards the number of contracts concluded in 2014 represented 13.7 % of the overall amount of contracts reported to the BASE portal during that same year (EUR 4,940 million). Among those enterprises, 6 (seven) were not listed in the 2013 ranking.

Table 13 – Ranking of contractors with the largest procurement volume

Contractors	Number of contracts		Contractual values	
	Number	%	Amount	%
Gertal	189	0.0%	152,305,920 €	3.1%
EDP	2,495	0.6%	141,499,995 €	2.9%
EUREST PORTUGAL S.A	88	0.0%	64,831,039 €	1.3%
AGUSTA WESTLAND LIMITED	2	0.0%	56,287,137 €	1.1%
MEO - SERVIÇOS DE COMUNICAÇÕES E MULTIMÉDIA S.A.	4,541	1.1%	54,125,568 €	1.1%
Domingos da Silva Teixeira, S.A.	25	0.0%	47,090,277 €	1.0%
Imprensa Nacional Casa da Moeda	1,411	0.4%	46,946,137 €	1.0%
Tecnovia	51	0.0%	40,547,771 €	0.8%
PETROLEOS DE PORTUGAL-PETROGAL, SA	882	0.2%	39,407,175 €	0.8%
Somague - Engenharia, S.A.	3	0.0%	33,961,713 €	0.7%
Others	389,691	97.6%	4,263,357,241 €	86.3%
	399,378	100%	4,940,359,973.52 €	100%

Source: BASE portal (December 2015)

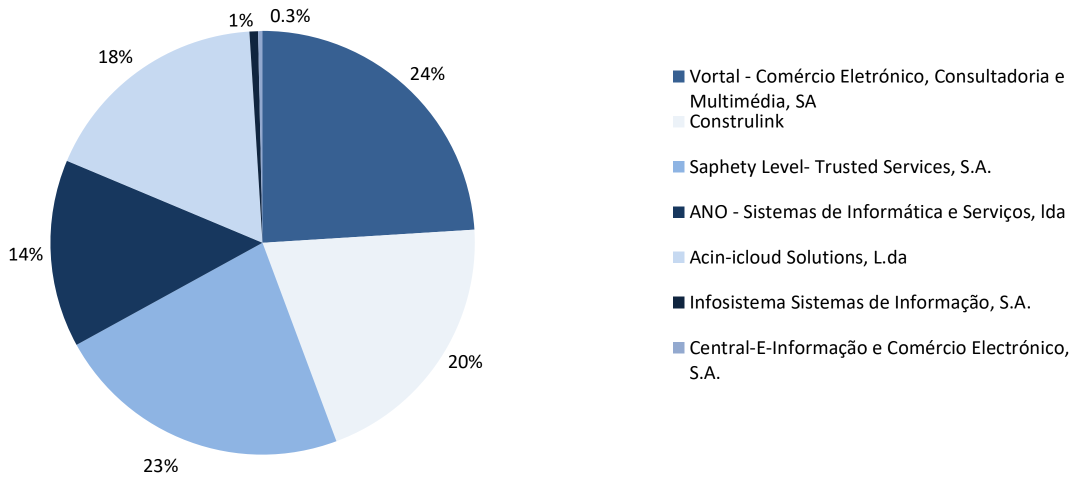
9.3. ELECTRONIC PLATFORMS

9.3.1. CONTRACTS CONCLUDED IN 2014 WITH ELECTRONIC PLATFORMS FOR THE PURCHASE OF ELECTRONIC PROCUREMENT PLATFORM SERVICES

Public procurement electronic platforms are a key tool in public purchasing, as competitive procedures are mandatorily carried out through them. As we saw[37], in 2014 they were responsible for carrying out 20.5 % of the procedures launched in the same year, corresponding to 60.7 % of the underlying basic price.

Looking at the contracts concluded in 2014 for the purchase of services relating to the conduct of competitive procedures through a certified electronic platform, we can see some concentration: three suppliers had a market share of more than 20 % – Vortal - Comércio Eletrónico, Consultadoria e Multimédia, S.A. (vortalGOV), Construlink (Gatewit) and Saphety Level- Trusted Services, S.A. (saphetygov) – and were responsible for 67 % of all new contracts.

Graph 97- Breakdown of the contracts concluded with electronic platforms for the conduct of procedures, per certified entity

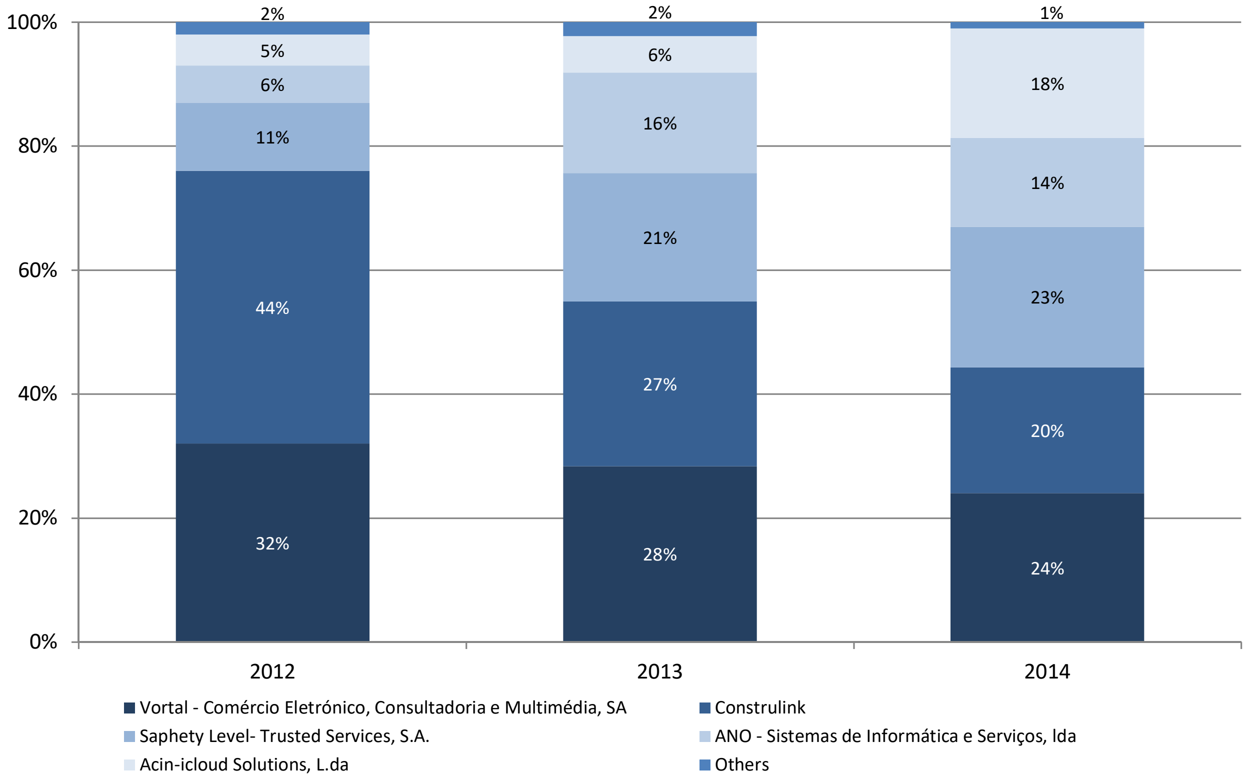


Source: BASE portal (December 2015)

Comparing to the previous years, it appears that the market of public procurement electronic platforms has evolved towards a greater distribution. In fact, all the five platforms with the largest market share, representing near 98 % of the market in all periods, presented for the first time a value of more than 10 %. On the other hand, although the difference between the first and the second increased, it decreased by more than half between the second and the fifth (2 pp in 2014, against 21 pp in 2013).

[37] See item 2.1.

Graph 98- Breakdown of the contracts concluded with electronic platforms for the conduct of procedures, per certified entity: changes from 2012 to 2014

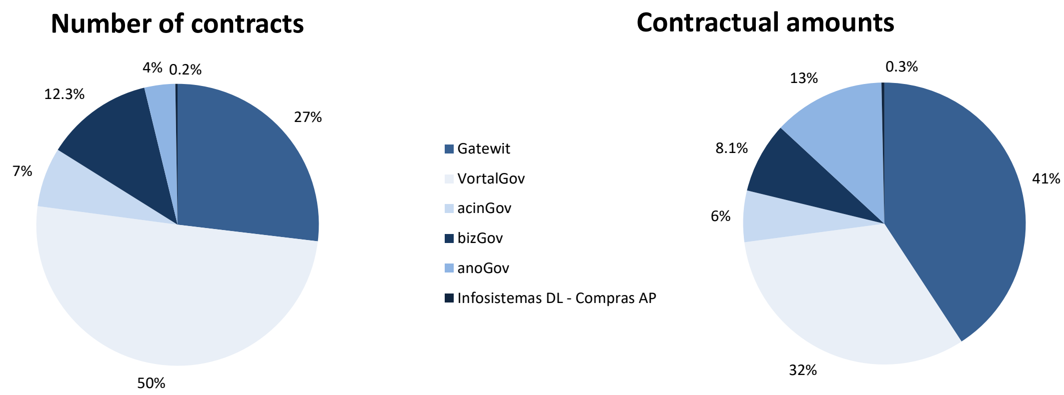


Source: BASE portal (December 2015)

9.3.2. CONTRACTS CONCLUDED IN 2014, PER PLATFORM THROUGH WHICH PROCEDURES WERE CARRIED OUT

As regards the relative weight of the number of contracts and de contractual amounts carried out through each platform, in a sample of 55,690 contracts concluded in 2014 we can see a concentration in two platforms (Vortalgov e Gatewit), which ensured 77.1 % of the contracts reported to the BASE portal and represented 72.9 % of the overall contractual amount.

Graph 99- Breakdown of the number of contracts and the contractual amounts carried out per platform



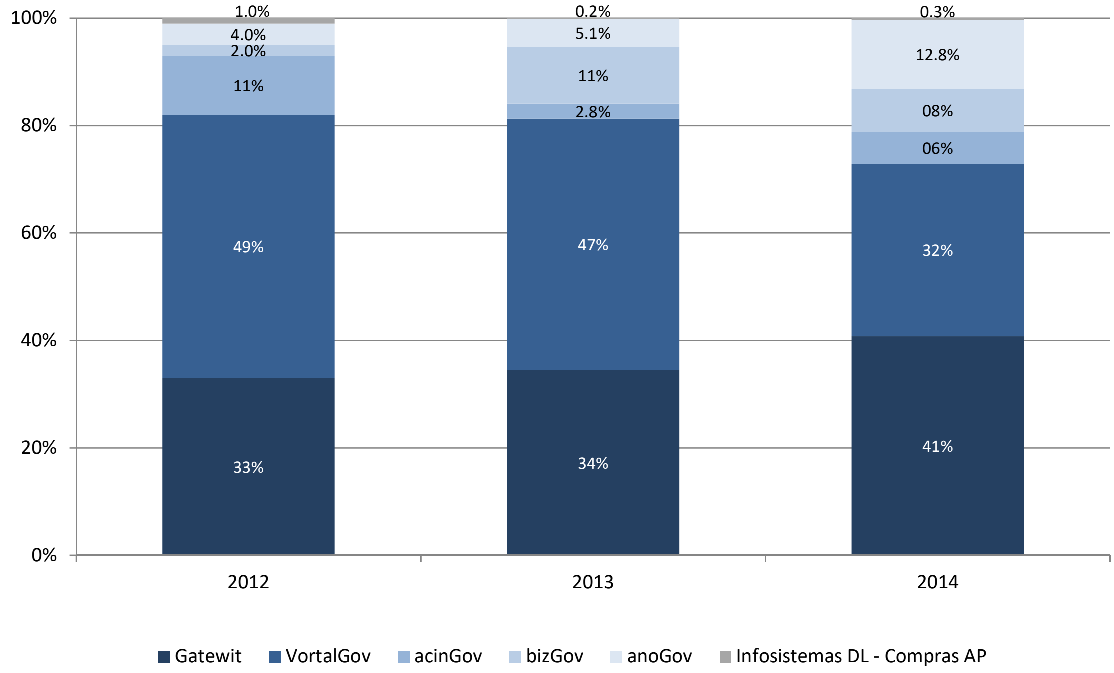
Source: BASE portal (December 2015)

These two platforms change their relative position, depending on whether we examine the number of contracts or their contractual value. While Gatewit was dominant as regards the number of contracts (50.2 %), it was through Vortal that the highest contractual amounts were carried out (40.8 %).

Compared to 2013, there was a slight decrease in the joint relevance of these two platforms in relation to the global market. As regards the number of contracts, their share decreased by 0.5 pp.

A similar situation was found for the contractual amounts, where both platforms lost 8.4 pp of their market share.

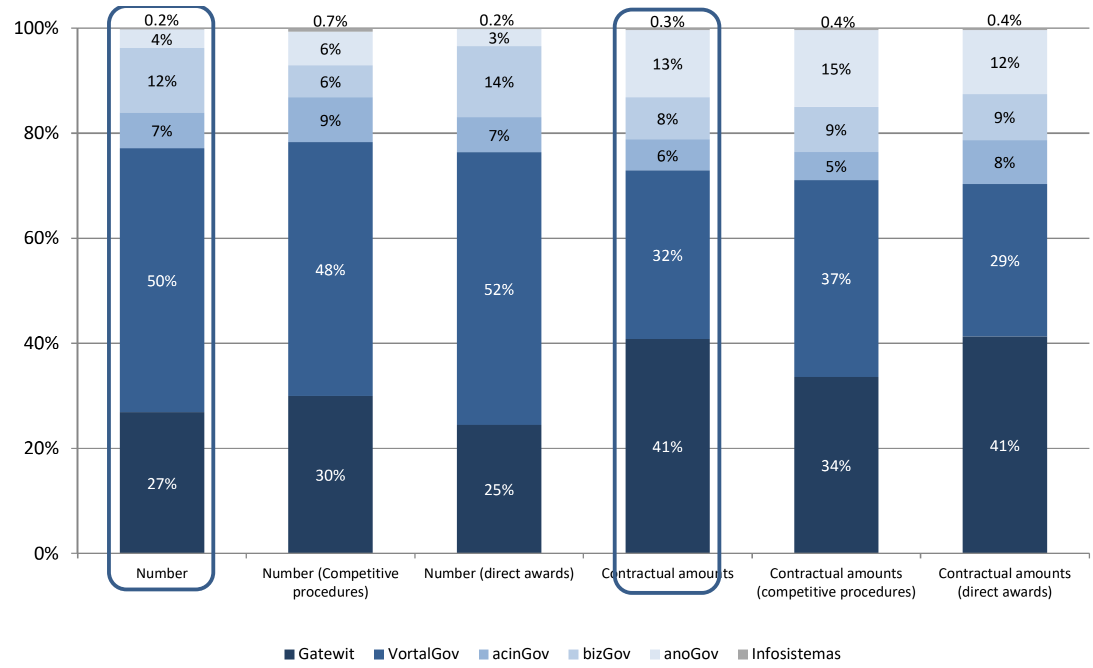
Graph 100- Breakdown of the contractual amounts, per platform: changes from 2012 to 2014



Source: BASE portal (December 2015)

As regards the type of procedure, the largest shares belong to Vortal for the number of contracts under direct award procedure (51.9 %) and to Gatewit, for the contractual amounts under the same type of procedure (41.3 %).

Graph 101- Breakdown of the contractual amounts, per platform: changes from 2012 to 2014



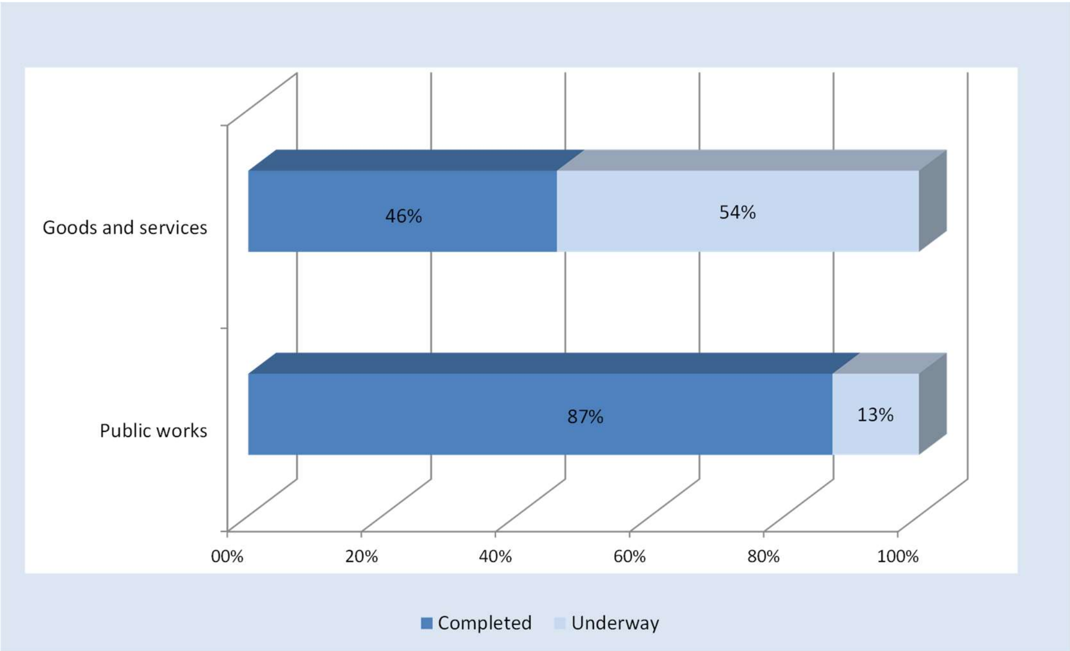
Source: BASE portal (December 2015)

10. CONTRACT PERFORMANCE

10.1. PRICE DEVIATION[38]

When data collection for this report took place, 85.9 % (343,248) of the concluded contracts already mentioned the actual total price. The recorded completion rate was higher for goods and services (87.1 %, corresponding to 338,101 contracts) than for public works (46.0 %, corresponding to 5,147 contracts).

Graph 102- Contracts indicating the actual total price

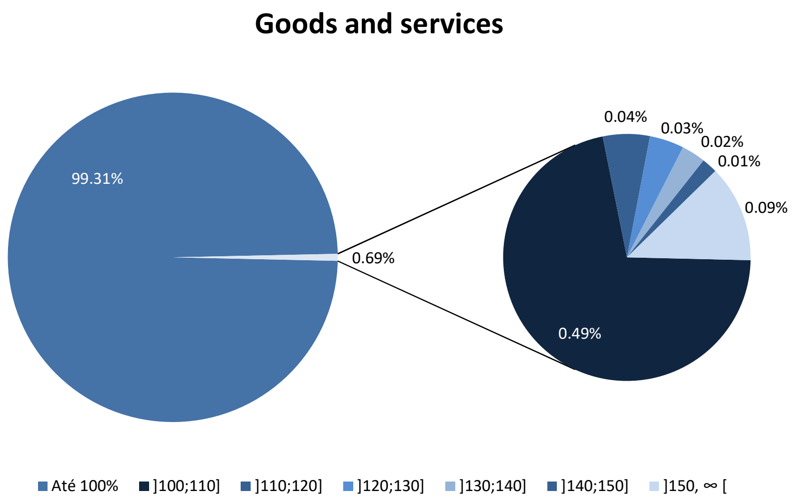


Source: BASE portal (December 2015)

When we compare the actual total value of each contract with the contractual price, we see that only 0.69 % of the contracts for goods and services had a final total price higher than the value established in the contract.

[38] It should be noted that the price deviation in this context corresponds to the difference between the actual total price of the contract and the contractual price. The nature of extra costs is not considered; for lack of information, these deviations may be due to more and/or less work than expected, to default interest, etc.

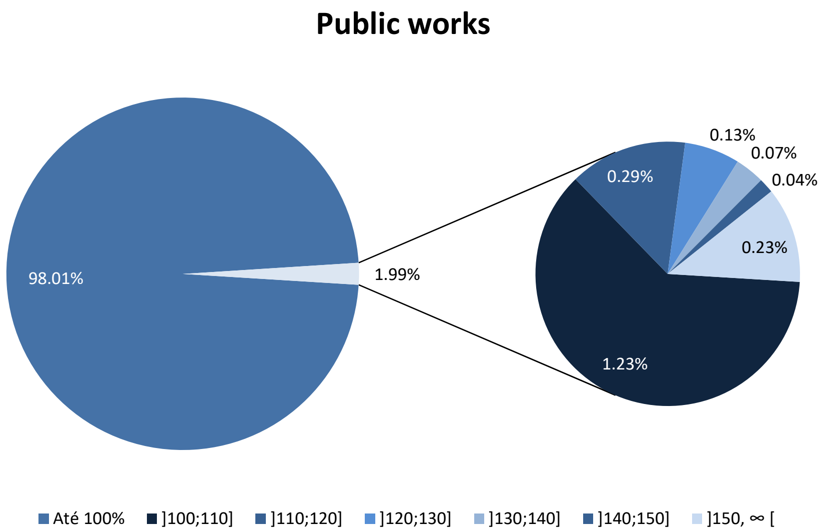
Graph 103- Price deviations per range: Goods and services



Source: BASE portal (December 2015)

As for public works, the weight of contracts in a similar situation is slightly higher, but the proportion is very low: the final value was higher than the contractual value in only 1.99 % of the contracts relating to public works.

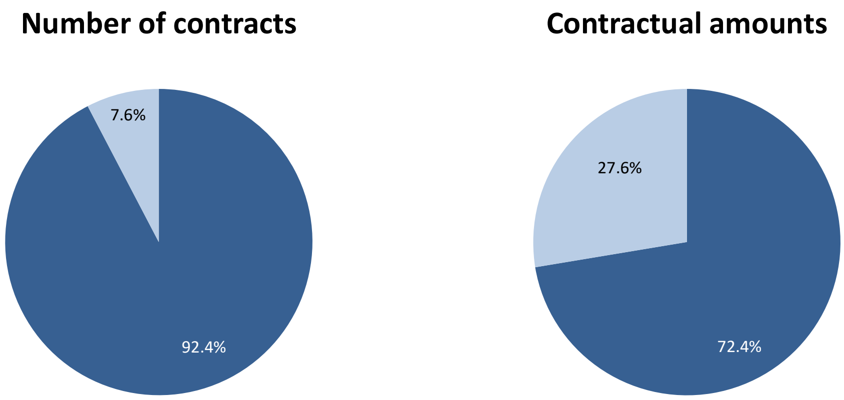
Graph 104- Price deviations per range: Public works



Source: BASE portal (December 2015)

Among the contracts concluded in 2014 with an actual total price higher than the contractual price, 92.4 % concerned the purchase of goods and services, corresponding to 72.4 % of the contractual amounts.

Graph 105 - Contracts with an actual price higher than the contractual price, per type of contract



Source: BASE portal (December 2015)

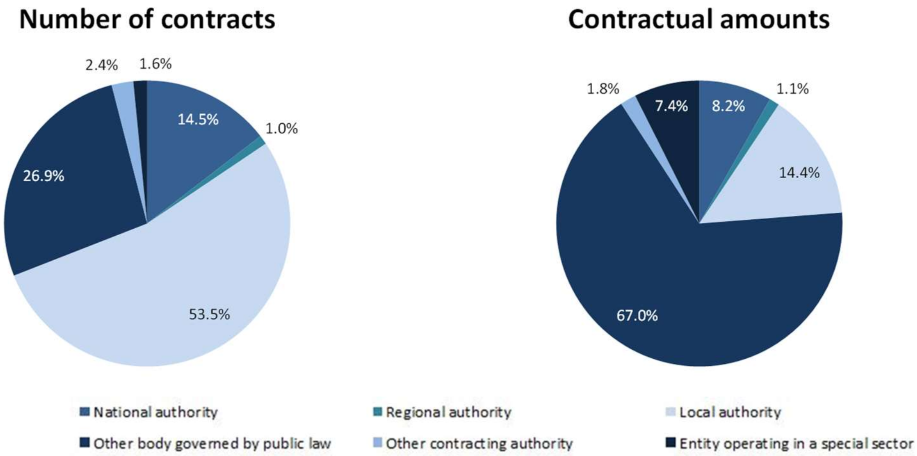
An analysis per type of procedure shows that most contracts (96.8 %) and near ⅔ of the contractual amount (66.0 %) concerned direct award procedures.

Graph 106 - Contracts with an actual price higher than the contractual price, per type of procedure

Source: BASE portal (December 2015)

As regards the type of contracting authorities that concluded contracts whose final actual price was higher than the contractual value, that was the case with “Regional and Local Authorities” (54.5 % of the contracts and 15.6 % of the contractual amounts) and “Other bodies governed by public law” (26.9 % of the contracts and 67.0 % of the contractual amounts).

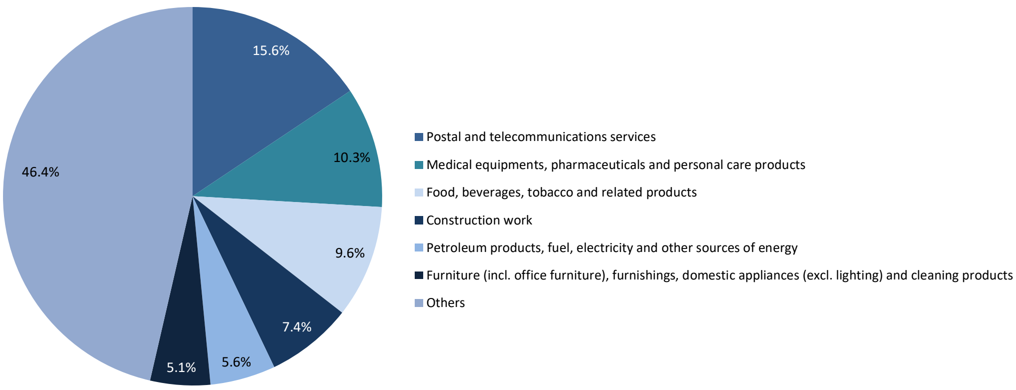
Graph 107 - Contracts with an actual price higher than the contractual price, per type of contracting authority



Source: BASE portal (December 2015)

Considering the type of expenditure, we can see that the largest number of contracts concerned “Postal and telecommunications services” (15.6 %), followed by “Medical equipments, pharmaceuticals and personal care products” (10.3 %), “Food, beverages, tobacco and related products” (9.6 %) and “Construction work” (7.4 %).

Graph 108 - Contracts with an actual price higher than the contractual price, per CPV (number of contracts)



Source: BASE portal (December 2015)

10.2. DEADLINE DEVIATION

When data for drafting this report were collected, 84.8 % of the concluded contracts mentioned the actual duration of the contracts (87.1 % in the case of contracts for the purchase of goods and services and 3.6 % in the case of contracts relating to public works).

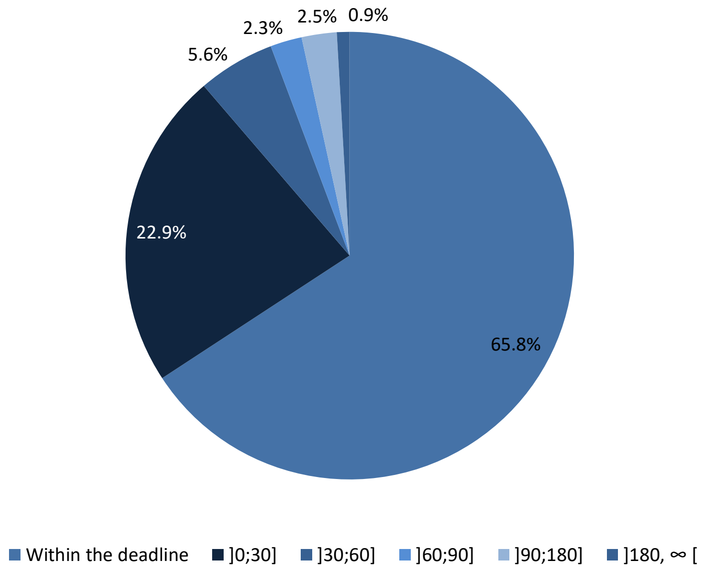
Table 14 – Contracts indicating the final deadline

Contracts	Number of contracts Total	Number of contracts Completed	Weight
Goods and services	388,190	338,228	87.1%
Public works	11,188	403	3.6%
Total	399,378	338,631	84.8%

Source: BASE portal (December 2015)

As regards compliance with the deadline established in the contract for its completion, in the case of goods and services that deadline was not met in 34.2 % of the contracts. However, that deadline was exceeded by more than 60 days in only 5.7 % of the contracts.

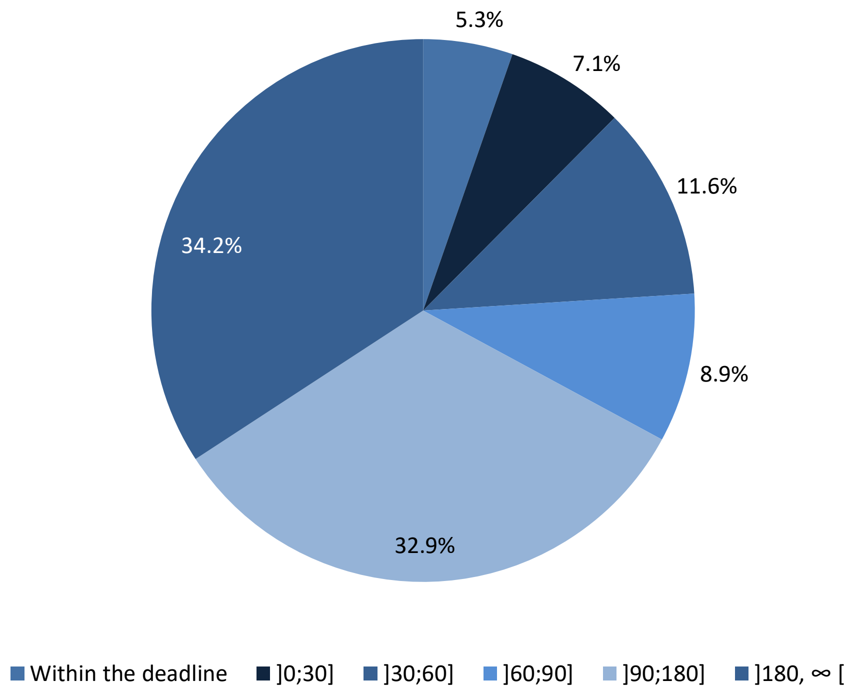
Graph 109 – Deadline deviations per range: Goods and services



Source: BASE portal (December 2015)

In the case of public works, most contracts were not completed within the established deadline: the deadline was met in only 5.3 % of the contracts, and it was even exceeded by more than 60 days in 76.0 % of the contracts.

Graph 110 – Deadline deviations per range: Public works



Source: BASE portal (December 2015)

11. Final Considerations

1.ª - Portugal's good performance as regards the Manchester commitment on electronic public procurement was confirmed once again in 2014. In fact, 90 % of the contracts concluded in Portugal in 2014 with a value above the Community thresholds were carried out electronically.

Portugal's record remained well above the target established by Member States for the electronic conduct of procedures with a value above the Community thresholds (50 %), which proves the consistency of the Portuguese option for *e-procurement*.

2.ª - The Electronic Public Procurement Index in Portugal (ICPEP) also recorded a very positive value (61 %), even though this was its lowest record since it was first calculated.

3.ª - Both above mentioned indicators depend on the options made by the contracting authority on the use of authorized electronic platforms to carry out public procurement procedures for direct awards.

Whereas the use of such platforms brings more transparency and probably more competition to public purchasing, an extension of their mandatory use to direct award procedures - at least to those above a certain threshold - can be beneficial.

4.ª - The value of reported public contracts may be below the actual value of public contracts in general, if we consider its relatively low share in relation to gross domestic product - 2.8 %, while the European Commission estimate for 2013 was 10.43 % - and to budgetary implementation (29.39 %).

5.ª - The value of contracts concluded in 2014 and reported to the BASE portal amounted to EUR 4,940 million, representing an increase of 19.0 % over 2013 (+EUR 787 million than in 2013).

6.ª - The average value of contracts decreased in the case of goods and services (-51.8 %), as well as in the case of public works (-6.1 %).

7.ª - The purchase of goods and services in 2014 represented 67.8 % of the contractual amounts, thus reinforcing its weight against public works. Between 2010 and 2014 there was a reversal in terms of relative weight: in 2010, it was public works that represented 61 % of the contractual amounts.

8.ª - Direct award procedures were the basis for 92.1 % of the contracts concluded in 2014, corresponding to 44.4 % of the contractual amounts.

On the other hand, competitive procedures were the basis for 1.8 % of the contracts concluded in the same year, accounting for 41.8 % of the contractual amounts.

9.ª - Simplified direct awards reported to the BASE portal represented 77.1 % of the number of contracts under direct award, corresponding to 6.9 % of the contractual amounts. However, only 926 contracting authorities (26.1 % of all reporting contracting authorities) reported such contracts.

10.ª - Direct awards on the grounds of substantive criteria represented 15.6 % of the total value of public contracts reported to the BASE portal, where the most often mentioned criterion was "Technical or artistic reasons or reasons connected with the protection of exclusive rights".

11.ª - Most of the EUR 4,940 million worth public contracts concluded in 2014 (56.0 %) were planned to be executed during the same year. It was expected that only 11.2 % of that amount would be executed beyond 2015.

12.ª - In the case of contracts for goods and services, most procedures (72.4 %) on which they were based took up to 4 days. In the case of contracts for public works, 10.6 % of the procedures took up to 30 days.

13.ª - The number of competitors per procedure was 1.6 and 2.5, respectively for goods and services and public works. In the case of contracts based on competitive procedures, the average number of competitors (2.5 for goods and services and 6.2 for public works) was higher than for contracts resulting from direct award procedures (1.2 and 1.5, respectively).

14.ª - The most used criterion for assessing tenders is the lowest price. It was used in 68.1 % of the competitive procedures. In 49.09 % of the competitive procedures, the weight of the price factor (or the like) was higher than 50 %.

15.ª - In 19.1 % of the contracts for the purchase of goods and services and in 1.4 % of the contracts for public works, the established contractual price was lower than the threshold below which a tender price can be considered as abnormally low (less than 40 % and 50 % of the basic price, respectively for goods and services and for public works).

This phenomenon is more frequent in competitive procedures, where it occurred in 49.6 % and 6.1 % of the procedures relating to goods and services and to public works, respectively.

16.ª - In 2014, the number of entities having reported contracts to the BASE portal amounted to 3,662, representing a decrease of 1.3 % over 2013. Besides the fact that this is a relatively low figure in view of what could be expected, 972 of these entities reported only 1 contract resulting from a direct award procedure.

17.ª - The number of economic operators that concluded contracts with contracting authorities amounted to 62,989.

Among these operators, 96.1 % were domestic, 3.3 % from other EU countries and 0.6 % from third countries.

18.ª - From the domestic companies, 60.5 % were micro enterprises, 37.0 % were small and medium-sized enterprises and only 2.4 % were large enterprises.

Small and medium-sized enterprises accounted for 47.8 % of all concluded contracts, followed by micro enterprises (32.0 %) and large enterprises (20.2 %).

In terms of contractual amounts, near a half (46.8 %) related to contracts concluded by small and medium-sized enterprises, followed by large enterprises (40.7 %) and micro enterprises (12.5 %).

19.ª - The electronic platform market for public procurement is still dominated by two platforms – Gatewit and Vortal –, which together represent 77.1 % of all contracts and 72.9 % of the respective contractual amounts.

20.ª - As regards the financial implementation of contracts, from the sample concerned, only 0.69 % of the contracts for goods and services and 1.99 % of the contracts for public works showed deviations in relation to their contractual value.

21.ª - As for the deadline for the performance of the contract, it should be noted that it was not met in 34.2% of the cases (goods and services).

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