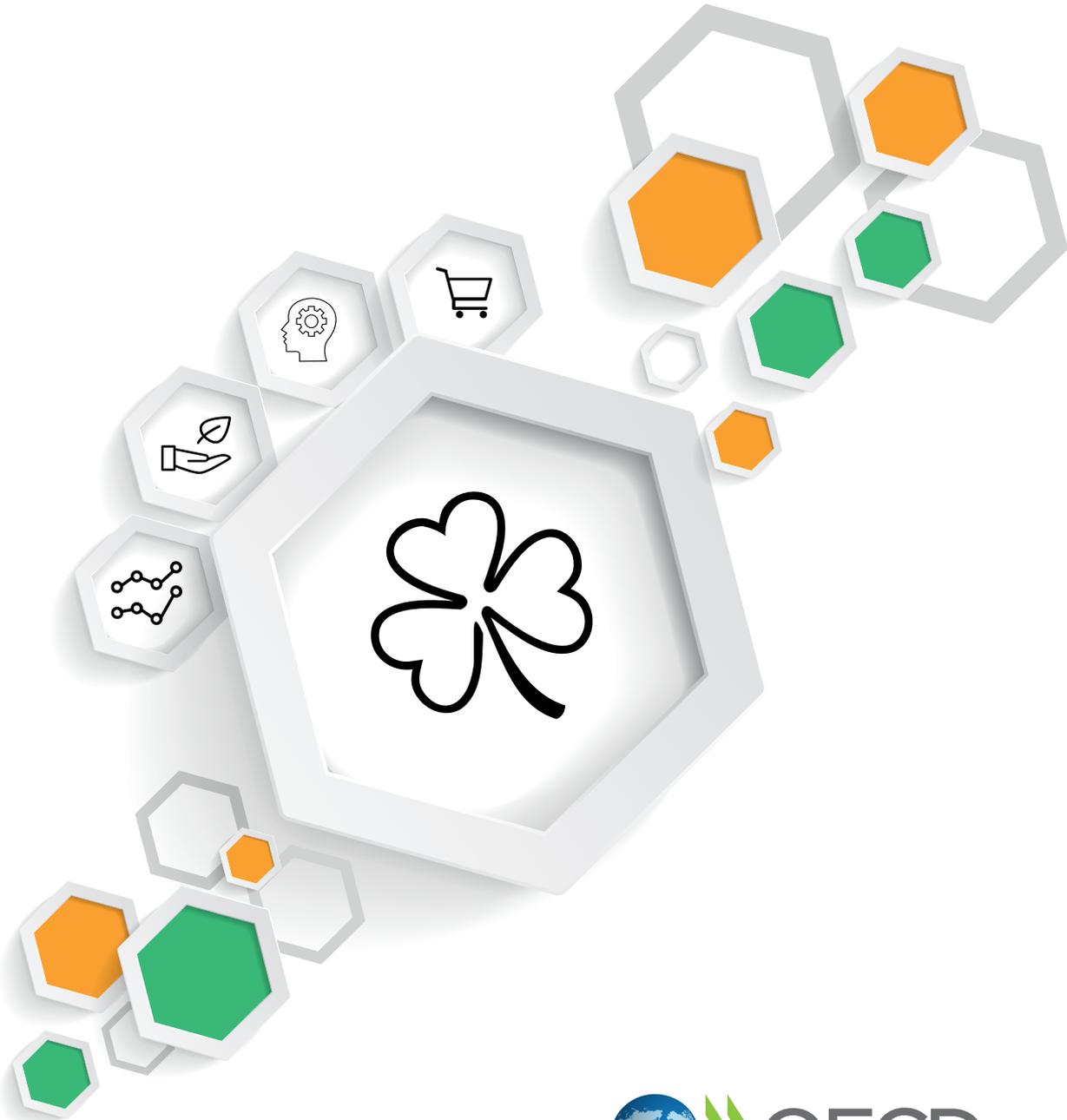


# Procurement for better value – A case study of Ireland

Measuring the impact of  
centralised purchasing



OECD Public Governance Policy Papers

# **Procurement for better value – A case study of Ireland**

Measuring the impact of centralised purchasing



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This paper was authorised for publication by Elsa Pilichowski, Director, Public Governance Directorate.

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This paper examines the strategies and practices of Ireland's Office of Government Procurement (OGP) and how the Irish procurement system's effectiveness is currently measured. It then applies the OECD framework for measuring public sector productivity to some of the centralised procurement activity in Ireland to better understand effectiveness drivers within procurement processes.

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# Table of contents

|  |    |
|--|----|
| Acknowledgements   | 3  |
| Executive Summary  | 6  |
| 1 Introduction   | 8  |
| 2 Leveraging public procurement as a tool to achieve pressing policy goals   | 11 |
| 2.1. Using public procurement to achieve broader policy outcomes is challenging, but can offer benefits aligned with national priorities | 11 |
| 2.2. The Office of Government Procurement plays a critical role in achieving the Government's reform agenda                              | 18 |
| 3 Towards an evaluation of public procurement impacts  | 31 |
| 3.1. Evaluating the efficiency and effectiveness of procurement systems requires broader outcome and impact metrics                      | 31 |
| 3.2. Measuring outcomes and impacts allows for better evaluation of strategic procurement, including the relevant trade-offs             | 34 |
| 4 Strengthening public procurement data availability and quality in Ireland  | 36 |
| 4.1. Procurement data is available, yet standardised formats exist only at the tendering stage   | 36 |
| 4.2. Mapping data availability for the measurement of efficiency and effectiveness   | 39 |
| 4.3. Applying the productivity framework to the OGP reveals areas of strength and weakness   | 45 |
| 5 A cross-country approach to measurement frameworks   | 52 |
| References   | 56 |

## FIGURES

|   |    |
|---|----|
| Figure 2.1. Prior to COVID-19, wellbeing was high across multiple dimensions  | 12 |
| Figure 2.2. Employment and unemployment rates of persons with and without disabilities in Ireland, 2018                       | 14 |
| Figure 2.3. Ireland's CO2 Equivalent Emissions Inventories 1990-2020  | 16 |
| Figure 2.4. Overview of Procurement Reform Programme Structures   | 19 |
| Figure 3.1. Illustrative structured performance assessment of a single tender exercise  | 31 |
| Figure 3.2. Illustrative structured performance assessment of a national procurement system                                   | 33 |
| Figure 3.3. Existence of an aggregated evaluation of the impact of GPP (e.g. annual report on CO2 savings or waste reduction) | 35 |
| Figure 4.1. Availability of data on GPP spending in OECD countries  | 50 |

|   |    |
|---|----|
| Figure 4.2. Requirement for public institutions to report on GPP spending or number of tenders including GPP criteria             | 51 |
| Figure 5.1. General government procurement spending as a percentage of GDP and total government expenditures, 2007, 2019 and 2021 | 53 |
| Figure 5.2. Ability to measure CPB performance against the productivity framework in Ireland, New Zealand, Finland and Chile      | 54 |

## TABLES

|   |    |
|---|----|
| Table 2.1. CPV codes which may be reserved to certain organisations                       | 15 |
| Table 2.2. Examples of green measures in Irish framework agreements                       | 17 |
| Table 2.3. The 16 categories of expenditure by Central Purchasing Body                    | 20 |
| Table 2.4. The OGP's Strategic Objectives   | 22 |
| Table 2.5. Objectives of the Strategic Procurement Advisory Group                         | 24 |
| Table 2.6. Summary of OGP-managed framework agreements (2021)                             | 25 |
| Table 2.7. 2021 contract value through OGP arrangements by sector and type (EUR millions) | 26 |
| Table 2.8. eTenders Functionalities   | 27 |
| Table 2.9. Commercial Skills Academy offerings  | 28 |
| Table 4.1. Interim Procurement Reform Board indicators and metrics                        | 38 |
| Table 4.2. Applicability of the framework to the Irish public procurement system          | 40 |
| Table 5.1. Key statistics for CPBs in Finland, Chile, New Zealand and Ireland (2020)      | 54 |

# Executive Summary

Public administrations deliver a wealth of essential services to taxpayers and citizens of our democracies. However, from hospitals to schools to transportation, the public sector often counts on private sector goods, expertise and services to deliver these services. This support is generally provided through contractual relationships between the public and private sectors framed by public procurement strategies.

The efficiency and the effectiveness of these strategies are therefore central to well-functioning public services. This explains the growing interest in better understanding how public procurement can best serve the delivery of public services and how it could contribute to shaping societies in line with governments' ambitions. Beyond the direct material inputs to public services, the way in which public administrations engage the private sector can shape markets and influence macro-economic conditions, such as increasing the productivity of firms or reducing inequality between companies of different sizes.

Public procurement strategies define to whom public contracts are awarded, how these contracts are executed, and which benefits are pursued. However, considering the multiplicity of options faced by public buyers in defining their needs, how they ask the market to fill those needs, and how they evaluate market responses, public procurement strategies require trade-offs. Including more stringent environmental requirements or broadening competition, aggregating needs to generate economies of scale or dividing contracts to attract smaller suppliers: informed decisions require understanding the impacts of different courses of action. The effectiveness of the strategic use of the public procurement system should be measured to provide policy makers with necessary information regarding the benefits and costs. Accurate measurement of strategic procurement can improve the targeting of policy measures to address potential objective overload and demonstrate the value of public procurement as a policy tool.

Yet, many measurement frameworks are not aligned with modern public procurement strategies and their ambitious goals. Evaluation frameworks continue to focus on procedural efficiency, treating public procurement as an administrative function. Expecting public procurement to address societal challenges, something that all OECD countries now affirm, requires a profound change in measurement frameworks, going beyond immediate outputs to look at outcomes and impacts. While untangling the impacts of strategic public procurement from other policy initiatives aimed at the same goal is challenging, a better understanding of the impact of public procurement strategies can help guide and promote their effective use. This is why countries are engaged in improving data quality and establishing metrics that clearly articulate the value proposition of public procurement.

Because of the scarcity of comprehensive public procurement data, countries have decided to focus first on the activities of Centralised Purchasing Bodies (CPBs). While country contexts are heterogeneous, almost all OECD countries have at least one CPB, providing common ground to identify challenges and opportunities in measuring the impact of centralised procurement strategies.

Benefitting from insights and experiences from previous OECD reports on Finland, Chile and New Zealand, this case study explores the relationships between centralised public procurement, public procurement more generally, economic performance and social considerations in Ireland. It examines the strategies and practices of Ireland's Office of Government Procurement (OGP) and how the Irish procurement system's effectiveness is currently measured. It then applies the OECD's framework for measuring public sector productivity to some of the centralised procurement activity in Ireland to better understand effectiveness drivers within procurement processes.

In so doing, it evidences opportunities offered by a structured measurement framework in identifying available data and information gaps that would allow for the evaluation of public procurement impacts and outcomes. This exercise helped to identify specific recommendations which would more closely align public procurement objectives and the way public procurement is measured by producing relevant measures that can help inform national CPB reforms and improve performance over time.

Thanks to its broad mandate, ranging from aggregating needs under framework agreements to developing procurement policies and supporting professional capabilities, the OGP can influence the efficiency and effectiveness of the full public procurement ecosystem:

- Centralised frameworks help to speak to the market with one voice, offering a platform to help the government effectively pursue its climate change objectives. Through multiple types of environmental considerations, the OGP is mainstreaming sustainability in centralised procurement instruments, worth almost EUR 1 billion in 2021 (Office of Government Procurement, 2022<sup>[11]</sup>).
- The OGP's Statement of Strategy 2021-2023 sets out ambitious strategic objectives, including enabling sustainable public procurement through guidance, advisory services and training. To provide a holistic picture of its achievements in implementing its strategic vision, the OGP could consider developing a single integrated measurement framework. While this would require commitment and cooperation from across the procurement system, it would allow the OGP and the Interim Procurement Reform Board to prioritise efforts where strategic objectives are yet to be met.
- Besides tracking progress towards the OGP's strategic objectives, measurement of the impacts of centralised procurement strategies could be progressively expanded. Data collection could first be further automated and then enlarged in scope to capture the outcomes and impacts of procurement strategies. While the OGP collects a vast amount of transactional data under framework agreements it manages, this process is largely manual and data quality can be an issue. The national e-Procurement system, eTenders, is used primarily for the tendering stage and needs to be complemented by the OGP's internal systems or invoices from suppliers.
- Technological advances offer opportunities to further automate and improve data collection. For example, the introduction of eForms could be a significant opportunity to expand data collection and improve data quality. Indeed, these forms are to an extent customisable and could be structured to close critical information gaps; for example, to monitor and report on green public procurement by public bodies, as committed to in Ireland's Climate Action Plan 2023.
- These enhancements to data collection and measurement, however, will only be possible through a shared consensus and collective effort among relevant stakeholders. As the OGP is not the government policy lead in areas such as climate change, responsibility for leveraging procurement to achieve these objectives is necessarily shared. Ireland could bring together policy departments and stakeholders with relevant policy expertise, supported by procurement professionals to advise on data points needed to provide in-depth analysis of public procurement activities and how these contribute to achieving government priorities. This would require the participation and commitment of policy leads in priority areas as well as the OGP and other procurement bodies.

As demonstrated in this study, data availability and consistency are critical to assess the impact of procurement activities on countries priorities. In fact, greater granularity in procurement data helps to understand its contribution to the quality of public services. It allows governments to monitor service efficiency for example by ensuring that public institutions across the country benefit from the same contractual conditions through centralised framework agreements. It provides evidence on the alignment between governments' commitments on sustainability and their own procurement practices by measuring the use of environmental or social considerations in public tenders and more broadly helps demonstrate the tangible impacts of spending to the public.

# 1 Introduction

The COVID-19 pandemic, Russia's war of aggression against Ukraine and the related inflationary pressures have created significant budgetary challenges for governments, putting increasing pressure on public procurement to deliver critical public services and value for money in the face of shortages and rising prices. Executed well, procurement can help to address these challenges: estimates suggest that rationalising procurement could result in savings of between 7% and 35% of spend, depending on the country (Guerry et al., 2018<sup>[2]</sup>). At the same time, OECD countries are increasingly turning to public procurement as a tool to achieve environmental, social and economic policy goals. The 2018 survey on the implementation of the OECD Recommendation on Public Procurement showed that 63% of Central Purchasing Bodies (CPBs)<sup>1</sup> routinely use award criteria beyond price in assessing bids, with a majority of respondent countries indicating that they had developed policies at some level regarding green, innovative or SMEs-favouring public procurement and SMEs (OECD, 2019<sup>[3]</sup>). Balancing these diverse goals requires understanding and quantifying the impacts of different policy choices and institutional arrangements.

CPBs have a key role to play in navigating these trade-offs. By offering procurement services and working with clients across the public sector to aggregate spend, CPBs can deliver efficiencies through economies of scale, lower transaction costs and improved capacity and expertise. CPBs can act as policy-making bodies, and are therefore often responsible for making and implementing the policies that govern the procurement system (OECD, 2015<sup>[4]</sup>). CPBs' policy function means they play a critical role in determining procurement systems' overall priorities, including when and how to implement strategic procurement. Despite this important role, systemic evaluation of procurement outcomes and the performance of CPBs remains a challenge in most OECD countries. In the 2018 survey on the implementation of the Recommendation on Public Procurement, only 56.5% of respondents reported regularly measuring the implementation of CPBs' objectives, while 22% indicated that they did not measure it at all (OECD, 2019<sup>[3]</sup>).

As previously explored in case studies of Chile, Finland and New Zealand, this paper investigates the relationships between centralised public procurement and the use of procurement to achieve strategic policy goals. It is part of a broader project supporting implementation of the OECD Recommendation on Public Procurement, which recommends that governments develop processes to drive efficiency throughout the public procurement cycle ('efficiency' principle) and drive performance improvements through evaluation of the effectiveness of the public procurement system ('evaluation' principle) (OECD, 2015<sup>[5]</sup>). Using the Irish context as an example, this case study explores ways countries can measure the impact of public procurement and its ability to achieve strategic objectives. It examines current methodologies to assess efficiency and effectiveness, extrapolates trends and learnings from existing strategic procurement initiatives and explores the scope for greater inclusion of strategic considerations in the public procurement process in Ireland.

Previous case studies in this series developed and tested an OECD framework for the measurement of the efficiency and effectiveness of public procurement. Given the diversity of institutional arrangements

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<sup>1</sup>A CPB is a contracting authority that: i) acquires goods or services intended for one or more contracting authorities; ii) awards public contracts for works, goods or services intended for one or more contracting authorities; or, iii) concludes framework agreements for works, goods or services intended for one or more contracting authorities.

and contexts, the measurement of procurement systems cannot take a 'one-size-fits-all' approach; however, this OECD framework creates a common base for governments to identify and operationalise their measurement priorities with a degree of flexibility.

The framework was initially tested on two OECD member countries, Finland and Chile (OECD, 2019<sup>[6]</sup>). This first study explored the challenges faced by measurement frameworks in systematically demonstrating the impacts of procurement policies. The findings supported the use of high-level indicators and the measurement of centralised procurement activity as a precursor to the development of a broader framework encompassing the entire procurement system. Where quantitative measurement is not possible, the study suggested the use of broader success metrics that capture the perspectives of the business community and other stakeholder groups as proxies for measuring impact.

The study found that framework agreements (FAs) are effective at generating efficiencies and savings across government, and that the ongoing measurement of participation in and usage of FAs can help to identify opportunities to increase those benefits. As the use of national e-procurement systems is a prerequisite for effective measurement, ensuring widespread and consistent use of these systems will improve data availability and the capacity for analysis. More generally, the study found that building a clear linkage between public procurement and government priorities helps policy makers gain a clearer understanding of public procurement's role. This can support decisions about how and when to use public procurement to pursue strategic objectives.

A subsequent case study of New Zealand (OECD, 2022<sup>[7]</sup>) highlighted the value of a structured measurement framework to better understand and demonstrate public procurement's contribution to the economy and national well-being outcomes more broadly. It supported the findings of the study of Finland and Chile, including reinforcing the importance of e-procurement systems (or similar platforms with advanced reporting capabilities) covering the whole procurement lifecycle and the value of collaborative procurement instruments in generating efficiencies and savings, as well as helping mainstream efforts to achieve broader policy outcomes. The case study also explored the challenges of obtaining a system-wide view and objective data to support analysis in New Zealand's devolved system, where government procurement rules are not mandatory for all public agencies.

The New Zealand study also highlighted the potential for increasing the procurement skills and competencies in public agencies as a means of improving procurement outcomes. This can include CPBs working alongside existing teams within government to deliver high spend strategic projects and providing support in the form of ad-hoc procurement advice, procurement plan and policy reviews, risk mitigation, data and insights and workshops to help agencies develop their commercial acumen, as well as providing capability self-assessment assessment tools and training programmes.

This paper applies and expands the initial OECD measurement framework to strategic procurement within the public procurement system in Ireland while also incorporating elements of a new OECD performance measurement framework. Along with these country-specific case studies, the OECD has developed a comprehensive performance measurement framework to support the assessment of procurement systems (OECD, Forthcoming<sup>[8]</sup>). This framework is designed to be flexible, customisable, and scalable depending on the implementation context and purpose. While it is meant to support the holistic assessment of national procurement systems, this new OECD framework can also serve as guidance on issues that should be considered when assessing the performance of a public procurement system, a CPB or an individual contracting authority.

The performance measurement framework includes two pillars relevant to this report (OECD, Forthcoming<sup>[8]</sup>):

1. **Efficiency indicators** assessing whether procurement processes enable the achievement of value for money. This involves assessing the use of different procurement methods and the implementation of efficiency tools such as FAs or direct purchasing systems (DPS), as well as the

level of competition. For instance, indicators cover savings (in monetary value and time), the level of participation in specific procedures, and the length of procurement processes.

2. **Strategic indicators** assessing how public procurement contributes to policy goals. This could include indicators such as the share of sustainable goods and services, the share of procurement awarded to SMEs (in number and value), or the share of procurement involving innovation features. In addition, in mature procurement systems, indicators could capture the outcomes and impacts of strategic procurement, such as reductions in CO<sub>2</sub> emissions or energy consumption.

Focusing on strategic procurement requires greater attention to the outcomes and longer-term impacts of the procurement system. This can support the identification of linkages between public procurement strategies and government priorities and help explore the scope for greater inclusion of environmental and social considerations in procurement processes.

In addition, differences in approaches and outcomes between the Irish procurement system and those already studied previously (Finland, Chile and New Zealand) can help to identify common elements and highlight variations. They can also help to identify areas for further collective work in advancing the measurement of procurement systems.

## 2 Leveraging public procurement as a tool to achieve pressing policy goals

### 2.1. Using public procurement to achieve broader policy outcomes is challenging, but can offer benefits aligned with national priorities

Public procurement is a crucial pillar of service delivery for governments and a strategic tool for achieving key policy objectives: from budget accountability, to spending efficiency, to buying green and improving health outcomes, to tackling global challenges such as climate change, and promoting social responsibility in global supply chains (OECD, 2019<sup>[9]</sup>).

The focus of public procurement has expanded and now includes not only ensuring a level playing field and value for money, but also supporting broader policy objectives. Beyond the immediate purchase of goods, services and works, governments use public procurement to advance broader social, environmental, and economic goals. All OECD countries have a legislative framework that recognises and defines the parameters under which strategic public procurement can be implemented (OECD, 2019<sup>[9]</sup>). Environmental considerations are the primary strategic policy objectives currently being addressed. In the 2022 OECD survey on the use of Green Public Procurement (GPP), 97% of countries surveyed had an active national policy or strategic framework on GPP, which included the mandatory use of GPP in at least some circumstances in 88% of respondent countries (OECD, Forthcoming<sup>[10]</sup>).

In the 2018 OECD survey on the implementation of the Recommendation on Public Procurement, respondents provided the following examples of methods being used to increase social inclusion through public procurement: certification of economic operators' social objectives; creation of jobs included in criteria; criteria include support for SMEs, gender equality and vulnerable groups; requirements to procure from social enterprises; and minimum employment of marginalised groups required of suppliers (OECD, 2019<sup>[3]</sup>).

However, the implementation of strategic public procurement comes with many challenges: reducing risk aversion, setting up new forms of co-ordination and collaboration, improving skills and capacity, encouraging dialogue with suppliers, and enhancing data collection and the monitoring of results (OECD, 2019<sup>[3]</sup>).

For instance, a lack of understanding of the benefits of sustainable procurement amongst decision-makers and public buyers can be a challenge. Public procurement is subject to many pressures, from cutting costs to meeting the demands of internal users and the public. If political support or the resources available for using strategic procurement to pursue secondary policy goals are limited, it can easily slip down the agenda. Difficulty measuring the broader impacts can deepen this challenge, as it limits the ability of CPBs and other procurement actors to articulate the benefits of a strategic approach. Perceptions of the cost or value of a purchase can also be challenging for public sector organisations, particularly where only

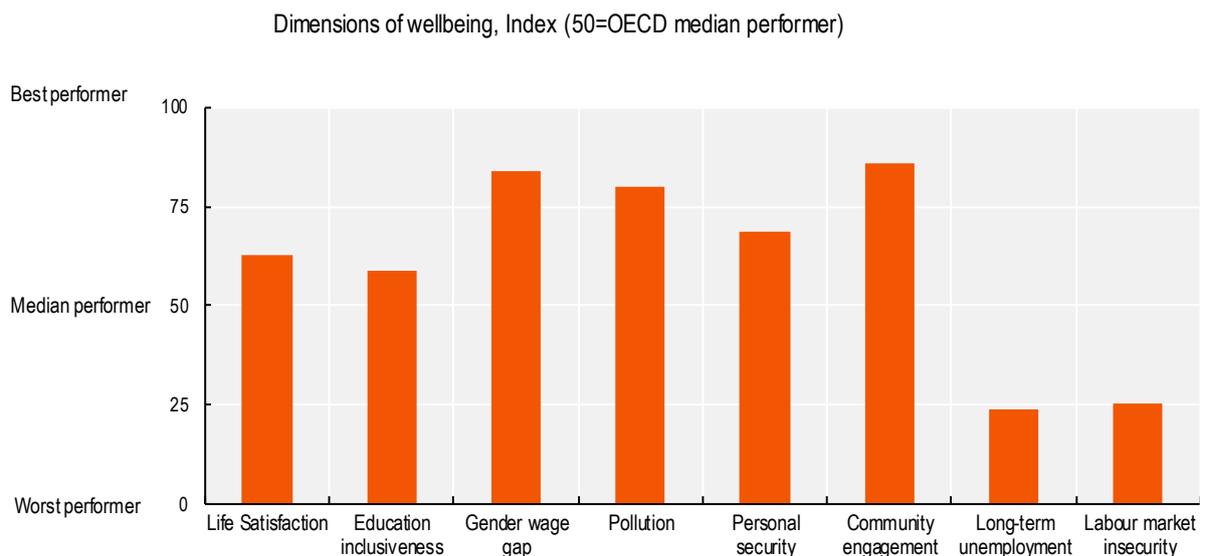
purchase price is assessed and lifecycle costs are not (OECD, 2017<sup>[11]</sup>). Periods of fiscal constraint or increasing costs driven by high inflation can exacerbate these challenges.

A skills and understanding gap between procurement professionals and subject matter experts can also be a challenge. Strategic public procurement often requires a process of institutional learning that typically happens gradually and requires laying the groundwork in several areas, such as enhancing capacity, creating a supportive culture and providing policy incentives (OECD, 2021<sup>[12]</sup>). For example, procurement professionals may struggle to define an environmentally preferable product or service, while climate change policy experts may not understand the legal and regulatory constraints of public procurement, or when and how to incorporate their environmental objectives into their purchasing activity. Bridging these gaps often requires coordination between organisations and groups with different approaches and skill sets. The use of strategic criteria can also lead to compliance issues with competition and equal treatment principles. The European Commission has emphasised that training and guidance materials on the use of quality-based criteria in tender selection is essential for ensuring that contracting authorities are able to systematically apply public procurement as a strategic tool (European Commission, 2017<sup>[13]</sup>).

### **2.1.1. Ireland's economic performance has been strong, but public procurement could contribute to ensuring benefits are widely shared**

The OECD's June 2022 *Economic Outlook* found that Ireland is experiencing a broad-based recovery from the COVID-19 pandemic, with GDP projected to increase by 4.8% in 2022 and 2.7% in 2023. Increasing energy and transport prices have driven inflationary pressures, and high inflation is expected to cut real household disposable income and private sector investment, but industrial production, retail sales and consumer spending were all above pre-pandemic levels by early 2022 with high job vacancy rates (OECD, 2022<sup>[14]</sup>). Overall, Ireland exceeds the OECD median in a range of dimensions of wellbeing, including life satisfaction, the gender wage gap, and community engagement. Prior to the COVID-19 crisis, Irish economic growth had been strong: in the mid-1990s, real wages were on par with the OECD average, but now stand more than 15% higher. Performance on wellbeing metrics was also high; however, Ireland fell below the OECD median in long-term unemployment and labour market insecurity (OECD, 2020<sup>[15]</sup>).

**Figure 2.1. Prior to COVID-19, wellbeing was high across multiple dimensions**



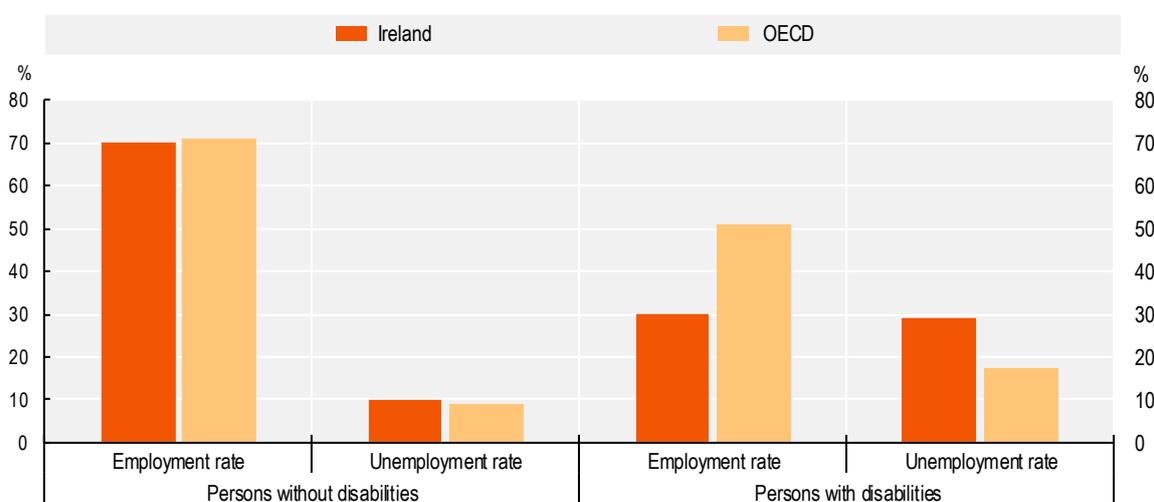
Source: (OECD, 2020<sup>[15]</sup>)

At around 80%, Irish labour force participation is higher than the OECD average. Nevertheless, many workers remain on the fringes of the labour market and participation is weaker for those with lower educational attainment. The employment gap for disadvantaged groups, such as mothers with children, youth, older workers, non-natives, and persons with partial disabilities, has been slightly higher than the OECD average (OECD, 2018<sup>[16]</sup>). The OECD's 2021 *Going for Growth* report advised that improving activation and training policies was key to increasing the employment of youth and those with lower levels of education and to meeting firms' demand for skills (OECD, 2021<sup>[17]</sup>).

In 2025, Ireland will reach the end of a 10-year skills strategy to create a well-trained and skilled labour force capable of responding to the needs of the economy. Changes in the structure of the economy have resulted in growing demand in some sectors, particularly construction but also in high-tech activities. Ireland's climate goals imply that some sectors of the economy will diminish in importance and workers will need to change jobs, pointing to the importance of helping workers acquire new skills and find new employment opportunities (OECD, 2022<sup>[18]</sup>). Ireland's National Recovery and Resilience Plan includes investments in work experience and training projects intended to encourage job growth post-pandemic. Investments in this area aim to give jobseekers the key skills they need to pivot into new arenas of economic activity. The Plan focuses on new work placements in response to the COVID-19 pandemic in order to keep those who are unemployed close to the labour market (Department of Public Expenditure and Reform, 2021<sup>[19]</sup>). In the construction sector, training is being carried out with employers and is targeting skills in short supply. Furthermore, apprenticeship schemes have been expanding: since 2016, 41 new apprenticeship schemes have been added to the 25 existing more traditional craft apprenticeships (OECD, 2022<sup>[18]</sup>).

One area where the use of social considerations in public procurement has the potential to be effective is improving labour market participation and outcomes for persons with disabilities. At approximately 30% to 36%, depending on the data source, employment rates of persons with disabilities in Ireland are half the rate of persons without disabilities. This disability employment gap is larger than in most OECD countries and twice the OECD average. Comparative data suggest that the Irish labour market is generally not very inclusive, in part because it is geared towards mainstream full-time employment and offers limited work time and workplace flexibility. Almost two-thirds of those receiving a disability payment in Ireland, primarily the Disability Allowance and the Invalidity Pension, say they are able to work. Despite the large number of people receiving disability payments, low income and a high risk of poverty affect around one in four persons with disabilities in Ireland, again significantly more than the OECD average. Persons with lasting health problems or disabilities use apprenticeships, which can provide an effective bridge to employment, very infrequently and many employers claim to have never recruited persons with disabilities (OECD, 2021<sup>[20]</sup>).

**Figure 2.2. Employment and unemployment rates of persons with and without disabilities in Ireland, 2018**



Note: Indicators refer to the labour market integration of the working-age population (ages 15-65) in Ireland and 26 European countries that are also members of the OECD.

Source: (OECD, 2021<sup>[20]</sup>)

Ireland's legal and policy framework creates opportunities to leverage public procurement to achieve better outcomes for people with disabilities. Government policy, as set out in Circular 20/2019, highlights the possibilities for public bodies to deliver wider social aims through procurement, including employment and training opportunities for disadvantaged groups, disability access, and the promotion of social enterprises. While Ireland does not have a designated legal status for social enterprises (Caimi, Daniele and Martignetti, 2019<sup>[21]</sup>), the National Social Enterprise Policy (2019-2022) committed to supporting capacity building for social enterprises in relation to procurement processes and working to identify how to improve opportunities for social enterprises in public procurement.

Under the EU Directives and Irish Regulations, contracting authorities may reserve certain types of contracts to 'sheltered workshops' and social enterprises whose main aim is to integrate disadvantaged people in the workplace. The contract must still be open to competition but entry to participation is limited to certain suppliers. Contracting authorities may use these reserved contracts in two instances. First, sheltered workshops and economic operators whose main aim is the social and professional integration of disabled or disadvantaged persons. To participate in reserved procurement procedures, 30% of the company's employees must be disadvantaged. While the EU Directives and Irish regulations do not explicitly define disadvantaged, the term includes the unemployed, members of disadvantaged minorities or otherwise socially marginalised groups. Second, contracts for health, social and cultural services under specific Common Procurement Vocabulary (CPV) codes may be reserved to organisations that meet the following conditions (Office of Government Procurement, 2018<sup>[22]</sup>):

- The organisation pursues a public service mission.
- The organisation reinvests profits with a view to achieving the organisation's objective.
- Management and ownership structures are based on employee ownership or participatory principles, or require the active participation of employees, users or stakeholders.
- The organisation cannot be awarded contracts with the same CPV code by the same contracting authority again within a three-year period.

**Table 2.1. CPV codes which may be reserved to certain organisations**

| <b>Administrative education services</b>     | <b>Administrative healthcare services</b> | <b>Administrative housing services</b>                 |
|--|---|--|
| Supply services of domestic help personnel   | Supply services of nursing personnel      | Supply services of medical personnel                   |
| Pre-school education services                | Higher education services                 | E-learning services                                    |
| Adult education services at university level | Staff training services                   | Training facilities                                    |
| Tutorial services                            | All types of medical services             | Library, archives, museums and other cultural services |
| Services provided by youth associations      | Sporting services                         | Services furnished by social membership organisations  |

Source: (Office of Government Procurement, 2018<sup>[22]</sup>)

A second area where social considerations can play a role is increasing opportunities for vocational education and training in workplaces. Workplaces provide a strong learning environment, with opportunities to develop hard skills on modern equipment and soft skills through real world experience of teamwork, communication and negotiation. Workplace training also facilitates recruitment by allowing employers and potential employees to get to know each other, while trainees contribute to the output of the training firm. Workplace learning opportunities are also a direct expression of employer needs, as employers will be keenest to offer those opportunities in areas of skills shortage (OECD, 2010<sup>[23]</sup>). Apprenticeships, one common model of workplace training, can be an effective form of vocational training. Well-designed apprenticeship systems are attractive to students, create value for employers, and support economic growth (Kuczera, 2017<sup>[24]</sup>). The OECD report *Unlocking the Potential of Migrants* (Jeon, 2019<sup>[25]</sup>) highlighted the potential of vocational education and training to support migrant and refugee labour market success and integration. Access to effective vocational education and training increases the quality of this potential labour force and reduces the time necessary for labour market entry and eventually social integration.

By including social clauses which require tenderers to provide apprenticeships or other training opportunities, public procurement can increase the availability of these practical learning opportunities. This can include requiring that a certain number of apprenticeships or training opportunities be created in the delivery of the contract, as well as requiring evidence of the successful completion of previous contracts involving the recruitment and provision of opportunities for up-skilling of apprentices (European Commission, 2021<sup>[26]</sup>).

The creation of apprenticeships and reserved contracts were both tools used to deliver community benefits in the construction of Dublin's new children's hospital. To ensure that the local community benefited as much as possible, community benefit clauses were included in all projects related to construction contracts and reserved contracts were used for social enterprises. As of 2020, ten apprenticeships had been created and three reserved contracts awarded to social enterprises for cleaning, catering and design (Children's Health Ireland, 2020<sup>[27]</sup>).

The Department of Justice's Social Enterprise and Employment Strategy (2021-2023) also aims to use procurement to increase employment for people with criminal records. People with criminal records who have access to education and training and who are in work are less likely to offend, but they face challenges securing employment. The Department's Strategy includes a target to include social considerations in 10% of all criminal justice sector contracts for the provision of goods and services by 2023 and commits to working with the OGP to develop guidance notes to support the use of social considerations in relevant contracts (Department of Justice, 2020<sup>[28]</sup>).

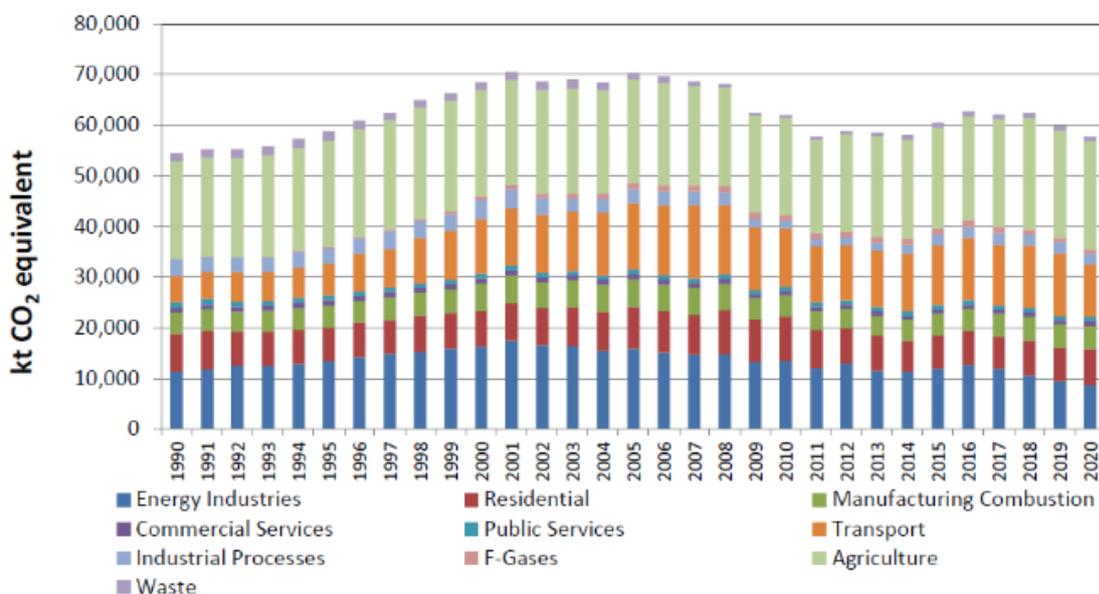
Public procurement can be a lever to directly address these challenges as well as to embed practices like workplace training more widely in the economy. However, measurement of the use of social public procurement in Ireland is limited, making it difficult to quantify the extent of those efforts. This is even more

pronounced in terms of measuring and demonstrating the broader impacts of public procurement on economy-wide metrics like labour force participation and long-term unemployment.

### 2.1.2. Achieving ambitious environmental goals will require whole-of-government efforts, including on public spending

Ireland has one of the highest rates of GHG emissions per capita in the OECD and in Europe. Despite the economic impact of COVID-19, GHG emissions in Ireland decreased by only 3.6% in 2020, demonstrating the scale of the decarbonisation challenge over the coming decade. Ireland's share of renewable energy in gross final energy consumption was 12.0% in 2019, below the EU average (19.7%). As set out in the figure below, three sectors, agriculture, transport and energy industries, consistently have the largest share of emissions (Department of the Environment, Climate and Communications, 2021<sup>[29]</sup>).

Figure 2.3. Ireland's CO<sub>2</sub> Equivalent Emissions Inventories 1990-2020



Source: (Department of the Environment, Climate and Communications, 2021<sup>[29]</sup>)

In line with EU goals, Ireland's Climate Act 2021 commits to achieving a 51% reduction in Ireland's overall GHG emissions from 2021 to 2030, and to achieving net-zero emissions no later than 2050. These objectives are set out in the Climate Action and Low Carbon Development (Amendment) Act 2021. This doubles the ambition of Ireland's Climate Action Plan 2019 and will require significant reductions from all sectors. The Climate Act also establishes a legally binding framework with clear targets and commitments, to ensure the necessary structures and processes are in place to deliver Ireland's national, EU and international climate goals and obligations in the near and long term. Climate Action Plan 2021 sets out a roadmap to deliver on Ireland's climate ambition. It will be updated annually to align with legally binding economy-wide carbon budgets and sectoral ceilings.

The Climate Action Plan foresees some key actions and targets in the electricity, transport, building and agricultural sectors to deliver the largest emission abatements. These include phasing out coal and peat-fired power generation; increasing the share of electricity generated from renewable sources to 70%; reaching 1 million electric vehicles (EVs); increasing biofuel use; installing over 600 000 heat pumps and retrofitting half a million homes; using protected urea fertilisers; and improving animal health and low-

emission slurry spreading. Some important measures have been implemented already, including carbon tax increases under Budget 2020 and Budget 2021 with further annual increases planned to reach a level of 100 per tonne of CO<sub>2</sub> by 2030, and a new renewable electricity support scheme to help achieve the 70% renewable electricity target by 2030 (European Commission, 2021<sup>[30]</sup>).

Furthermore, the National Development Plan 2021 – 2030 (NDP) sets out priorities for a total investment of approximately EUR 165 billion. The NDP has been designed to ensure that it supports the government's climate ambitions. For the first time in Ireland, climate and environmental assessment of the NDP measures has been undertaken, along with an assessment of the alignment of the NDP as a whole with the principle of a green recovery (OECD, 2021<sup>[31]</sup>).

Beyond climate, Ireland has mixed results on a number of environment-related Sustainable Development Goals (SDGs), including the use of circular material (SDG11 – 'sustainable cities and communities' and SDG12 – 'responsible consumption and production'). Waste generation in Ireland is higher than the EU average, while the recycling rate remains below the EU average (OECD, 2021<sup>[31]</sup>). With a circular material use rate of just 2% in 2020 (relative to an EU average of 12.8%), Ireland has significant scope for progress. Recycling rates for municipal solid waste have stagnated at around 40% (compared to EU recycling targets of 55% by 2025) and waste generation has been increasing since the recovery from the 2008 economic crisis.

Many of these challenges could be addressed by tailored procurement strategies, should these strategies for procuring goods, services and public works account for environmental performance across their lifecycle. Public procurement criteria in the built environment tend to favour proposals with the lowest price and shortest construction period, rather than sustainable and circular proposals, and tend to consider only upfront capital costs rather than operation, maintenance and environmental costs across the entire construction life cycle. To address these challenges, Ireland recently developed a Waste Action Plan for a Circular Economy (2020-2025) and a Whole of Government Circular Economy Strategy (OECD, 2022<sup>[32]</sup>).

Nevertheless, Ireland has made progress in using public procurement to advance its environmental goals, with the goal of mandating GPP in all tenders using public funds and updating all procurement frameworks in line with green procurement practice by 2023. By the end of 2021, 46% of OGP FAs had been updated in line with green procurement practice (see Table 2 for examples) (Interim Procurement Reform Board, 2022<sup>[33]</sup>).

**Table 2.2. Examples of green measures in Irish framework agreements**

| Framework Agreement            | Green Measures   |
|--------------------------------|--|
| Office Paper                   | Meets FSC certification and EU Ecolabel requirements. Minimises energy and water consumption during pulp and paper production.   |
| Managed Print Services         | Delivery of such a service results in a significant reduction in; the number of print devices, reduced energy usage, reduction in the number of pages printed and a lower amount of consumables. |
| Confidential Shredding         | All shredded paper is recycled into toilet tissue.   |
| Cars and Vans                  | A wide range of battery electric cars and vans with zero tailpipe emissions.   |
| Mobile Voice and Data Handsets | Includes one of only two Mobile Handsets with green certification "TCO Certified 9.0".   |

Source: Information provided by OGP

The development of GPP criteria by the Environmental Protection Agency (EPA), provides an example of progress in this area, as well as the importance of measurement. In 2021, the EPA published updated guidance on the use of GPP, accompanied by criteria in 10 categories (Environmental Protection Agency, 2021<sup>[34]</sup>):

- Transport
- ICT
- Food and catering
- Indoor cleaning
- Energy-related products
- Heating
- Lighting
- Office buildings
- Paper and printing
- Textiles

This guidance includes technical specifications, selection criteria, award criteria and contract performance clauses. In some cases, they include 'core' and 'comprehensive' versions. The core criteria are suitable for use by any contracting authority, address the key environmental impacts of each product or service (including basic legal compliance), and are designed for use with minimal additional verification effort or cost increases. By contrast, the comprehensive criteria aim for an enhanced level of environmental performance and may require additional verification effort or a slight increase in purchase price. In 2022, the OGP launched an online tool (GPP Criteria Search, <https://gppcriteria.gov.ie/>) that allows users to find, select and download the GPP criteria relevant to their specific procurement.

The EPA collects reports from government departments annually on their use of green criteria. Of reported contracts over EUR 25 000 signed in 2020, 17% of total contract value and 26% of contracts were reported to include green criteria, including 100% of contracts in the paper, textiles and food and catering categories. In the priority categories identified in Ireland's 2012 National Action Plan on GPP, 81% of reported contract value included green criteria (Environmental Protection Agency, 2022<sup>[35]</sup>). However, the quality of this data varies across departments, and there is limited capacity to track how often contracting authorities outside government departments use GPP criteria in their procurements. The ability to measure the impact of the use of these types of criteria on environmental outcomes like CO<sub>2</sub> emissions is even more limited.

## 2.2. The Office of Government Procurement plays a critical role in achieving the Government's reform agenda

The Office of Government Procurement (OGP) was established in 2013 and began operating in 2014, with the goal of maximising value for money and operational efficiency through the central management of public procurement in Ireland. The OGP seeks to implement a whole-of-government policy approach to public procurement, increasing efficiency and coordination through reduced duplication and better planning of procurement requirements. The OGP has a broad mandate, covering the full public procurement system. Its main functions and responsibilities include:

- Sourcing common products and services for the public service, as well as supporting complex one-off projects;
- Managing the public procurement legislative and policy framework;
- Providing the national electronic tendering platform (eTenders); and,
- Supporting training and professional development across the procurement system.

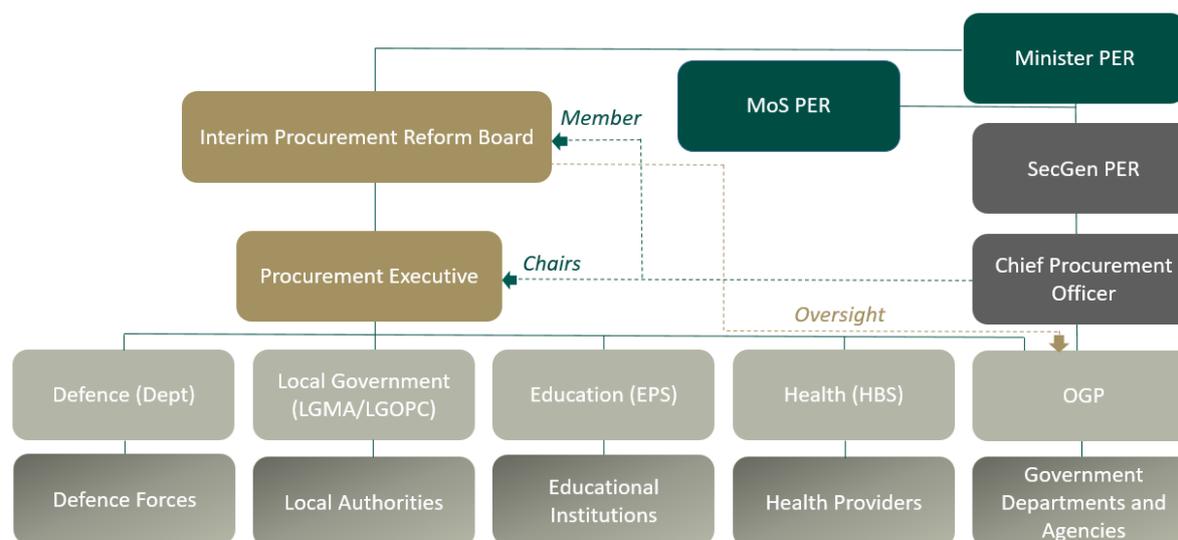
As of June 2022, the OGP had approximately 240 staff, 140 of whom were directly delivering procurement services, with the remainder responsible for tasks that facilitated procurement.

The OGP works with partner CPBs in the health, education, local government and defence sectors to deliver the government's procurement reform programme, which is overseen by an Interim Procurement Reform Board. The Interim Procurement Reform Board was appointed by the Minister for Public Expenditure and Reform in 2017 to oversee delivery of the reform programme, to advise the Government on a national public procurement strategy, and to advise on the objectives and activities of the OGP and its sector CPB partners. The Board is made up of a Chair and Deputy Chair appointed by the Minister, the Chief Procurement Officer (who is also the CEO of the OGP), representatives from the Department of

Public Expenditure, NDP Delivery and Reform and the sector CPB partners, a representative from a client body and a number of external members.

The Procurement Executive brings together senior procurement representatives from the OGP and sector CPBs to enable co-operation and collaboration in delivering the government's procurement reform objectives. The members of the Procurement Executive provide regular reports to the Chief Procurement Officer on procurement activities and results, which are presented to the Interim Procurement Reform Board. This forum is also used to propose and discuss policy changes.

**Figure 2.4. Overview of Procurement Reform Programme Structures**



Source: (Interim Procurement Reform Board, 2021<sup>[36]</sup>)

The Office of the Comptroller and Auditor General is the supreme audit institution of Ireland, which provides independent assurance that public funds and resources are used in accordance with the law, managed to good effect and properly accounted for. Its primary function is financial audit, and it issues opinions on the accounts of government departments and over 200 specified public bodies, including identifying non-compliance with the procurement legal framework. Audits of local government, including Local Authorities and Regional Assemblies, are carried out by the Local Government Audit Service. The Office of the Comptroller and Auditor General and the Local Government Audit Service also contribute to improvements in public administration through the publication of reports relating to value for money and the administration of public funds. In the case of the Office of the Comptroller and Auditor General, these include both annual reports on issues of interest, such as a 2010 report on the use of non-competitive procedures, and special reports, such as a 2021 report on the procurement of vehicles by the Irish Coast Guard.

The Irish public sector sourcing model is divided into 16 expenditure categories, covering the range of goods and services purchased by over 7 000 contracting authorities. The OGP is responsible for eight categories of common goods and services. The four sector CPBs, health, education, local government and defence, retain sourcing functions to procure the remaining categories (see Table 2.3. for details). Each CPB establishes central solutions within those categories. Note that major capital works are not covered by the centralised sourcing model.

**Table 2.3. The 16 categories of expenditure by Central Purchasing Body**

| OGP   | Health<br>(Health Business Services)  | Education<br>(Education Procurement Service)   | Local Government<br>(Local Government Management Agency and Local Government Operational Procurement Centre) | Defence<br>(Department of Defence)                                     |
|---|---|--|--|--|
| <ul style="list-style-type: none"> <li>Professional services</li> <li>Facilities management</li> <li>Utilities</li> <li>ICT and office equipment</li> <li>Marketing, print and stationary</li> <li>Travel and HR services</li> <li>Fleet and plant</li> <li>Managed services</li> </ul> | <ul style="list-style-type: none"> <li>Medical professional services</li> <li>Medical and diagnostic equipment and supplies</li> <li>Medical, surgical and pharmaceutical supplies</li> </ul> | <ul style="list-style-type: none"> <li>Veterinary and agriculture/ library book purchase</li> <li>Laboratory, diagnostics and equipment</li> </ul> | <ul style="list-style-type: none"> <li>Minor building works and civils</li> <li>Plant hire</li> </ul>        | <ul style="list-style-type: none"> <li>Defence and security</li> </ul> |
| 2 464<br>total spend (2019, EUR m)  | 1 527<br>total spend (2019, EUR m)  | 149<br>total spend (2019, EUR m)   | 661<br>total spend (2019, EUR m)   | 18<br>total spend (2019, EUR m)  |
| 2,923 total tender notices (2019)   | 216 total tender notices (2019)   | 232 total tender notices (2019)  | 1,554 total tender notices (2019)  | 58 total tender notices (2019)   |

Source: (Office of Government Procurement, 2022<sup>[37]</sup>)

Notes: Spend and tender notices represent totals for each category, not totals under CPB management; Local Government tender notices include major capital works; an additional 20 tender notices were uncategorised and are not in the table above.

The OGP's central role in Irish public procurement, covering policy, sourcing, eProcurement, and professional development, leave it well positioned to lead efforts to improve the overall efficiency and effectiveness of the procurement system.

### **2.2.1. Ireland has an ambitious public procurement reform programme**

Ireland's Programme for Government, adopted in 2020, makes a number of commitments related to the use of strategic public procurement. These include evaluating and managing the environmental, economic and social impacts of public sector procurement strategies, developing and implementing a sustainable procurement policy and mandating the inclusion of green criteria in all procurements using public funds by 2023. The Programme for Government also committed to publishing a public procurement framework for EVs and, by 2025, to only allow public sector bodies to purchase low or no-emissions cars and light goods vehicles and require that all new urban buses be electric hybrid or electric. Public procurement will also play a role in public sector decarbonisation of the built environment through the centralised procurement of energy-related investments and services (Department of the Taoiseach, 2020<sup>[38]</sup>).

Ireland's Climate Action Plan 2021 references the Programme for Government commitments to develop and implement a sustainable procurement policy and to update procurement frameworks in line with green procurement practice. The increased climate ambition in the Action Plan may also indirectly influence public procurement, as public bodies seek to reduce their GHG emissions through a range of approaches including green procurement. GPP promotion is also among the key government measures for the transition to a circular economy (OECD, 2021<sup>[31]</sup>).

In the area of social procurement, the Programme for Government committed to continuing to support and train Irish SMEs so that they can compete for public procurement contracts in Ireland and abroad, and as part of social housing reforms, ensure that procurement policy for social housing has strong social clauses. The Programme for Government also committed to developing a revised Action Plan for Apprenticeships. Subsequently released in April 2021, the Action Plan for Apprenticeship 2021–2025 committed to considering the potential for measures supporting apprenticeship in procurement by different departments and agencies (Department of Further and Higher Education, Research, Innovation and Science, 2021<sup>[39]</sup>).

The OGP's Statement of Strategy aligns with the Programme for Government, including the following strategic objectives:

Table 2.4. The OGP's Strategic Objectives

| OGP Strategic Objectives   |   |   |   |  |
|--|---|---|---|--|
| Shape the Future of Public Procurement   | Deliver Customer Focused Procurement Solutions  | Embrace Digitalisation  | Engage Effectively with Stakeholders  | Develop the OGP as a World-Class Service   |
| To enable better and more transparent public procurement that is socially, environmentally and economically sustainable through guidance, advisory services and training.  | To provide a range of flexible, quality, customer-focused procurement solutions for the public service.   | To accelerate the digital delivery of its services in an accessible, consistent and intuitive way.  | To engage and communicate effectively with stakeholders, delivering a better understanding of public procurement and a quality customer experience.   | To develop the OGP as a world-class service that provides leadership, best practices and development opportunities for its people across the organisation as well as meeting its Public Sector Human Rights and Equality obligations.                      |
| <ul style="list-style-type: none"> <li>• Transform public procurement of goods and services</li> <li>• Support and enable the delivery of sustainable assets under the National Development Plan</li> <li>• Develop the competency and skills of Public Service Bodies in commercial aspects of planning, procurement and contract management</li> </ul> | <ul style="list-style-type: none"> <li>• Deliver customer focused procurement solutions for the purchase of goods and services</li> <li>• Increase supplier confidence and participation</li> <li>• Streamline procurement processes</li> </ul> | <ul style="list-style-type: none"> <li>• Exploit the transformative power of digitalisation</li> <li>• Develop an OGP Data Strategy to support evidence-based policy outcomes</li> <li>• Support the adoption of e-Invoicing by public sector bodies</li> </ul> | <ul style="list-style-type: none"> <li>• Proactive stakeholder engagement</li> <li>• Increase transparency and awareness of public procurement</li> <li>• Enhance Ireland's position in Europe and internationally</li> </ul> | <ul style="list-style-type: none"> <li>• Make the OGP a centre of excellence for public procurement</li> <li>• Create a rewarding and positive work environment with opportunities for staff to develop and leverage their expertise and skills</li> </ul> |

Source: (Office of Government Procurement, 2021<sup>[40]</sup>)

The OGP's responsibilities include the implementation of Ireland's National Public Procurement Policy Framework, which consists of five strands:

1. **Legislation (Directives, Regulations):** Public procurement is governed by EU and national rules. EU rules are set out in three principal Directives, which are transposed into Irish national legislation and apply to tenders whose value exceeds certain thresholds. For tenders of lower value, national rules apply; however, these national rules must respect the general principles of EU law.  
There is scope in the Irish legal framework to pursue strategic policy goals in the areas of environmental, social and labour law compliance. These obligations can be included in clauses in public contracts as long as the clauses are linked to the subject matter of the contract in question. There are also areas where EU or national legislation creates environmental obligations which must be taken into account in public procurement, such as construction works (e.g. energy performance of buildings), IT equipment (minimum energy-efficiency standards), and vehicles (e.g. emissions standards).
2. **Government Policy (Circulars, etc.):** For example, Circular 20/2019 promotes the wider use of environmental and social considerations by requiring buyers to consider including green criteria in public procurement processes in specified circumstances and to incorporate relevant green procurement measures into their planning and reporting cycles.
3. **The Capital Works Management Framework for Public Works and Construction-related Services (CWMF):** The CWMF was developed to deliver the Government's objectives for public sector construction procurement reform. It consists of a suite of best practice guidance, standard contracts and mandatory generic template documents that must be used by contracting authorities involved in the expenditure of public funds on construction projects and related consultancy services which are more than 50% publicly funded. It contains template prequalification questionnaires, instructions to tenderers, forms of tender and contracts. The use of these templates is monitored through regular reports from eTenders. There is also a comprehensive suite of guidance and supporting model forms covering project delivery from inception to final project delivery and review.
4. **The Public Procurement Guidelines for Goods and Services:** The guidelines promote best practice and consistency in the application of the public procurement rules for the purchase of goods and services. Aimed at Contracting Authorities, they provide the rules and best practice for the stages of the procurement process from specification, to selection and award, and through to contract management. They include of the rules and guidance on the use of public procurement as a strategic policy instrument, including environmental and social considerations.  
The OGP publishes a standard suite of templates for goods and services, reflecting the requirements of the EU Procurement Directives. Their use is recommended but not mandatory.
5. **Detailed technical guidelines, template documentation and information notes:** For example, the Information Note on Incorporating Social Considerations into Public Procurement outlines the various stages involved in the development of social considerations for use in public procurement such as planning and developing a business case, specifications and selection/award criteria through to contract management.

The OGP also plays an important role in coordinating procurement policy and activity across the public sector. It chairs the Strategic Procurement Advisory Group, established in 2019, that brings together procurement practitioners and officials from policy departments to share best practices and share information. The group collaborates in promoting the incorporation of social, innovative, and sustainable considerations (including the protection of the environment and combating climate change, employment and training opportunities for disadvantaged groups, disability access, promoting social inclusion, social enterprises, and SMEs) in public procurement.

**Table 2.5. Objectives of the Strategic Procurement Advisory Group**

|   |   |
|---|---|
| Identify strategic policy objectives to be advanced through public procurement                                  | Provide advice on initiatives to promote social, innovative, and sustainable considerations in public procurement |
| Advise on the promotion of the wider use of strategic public procurement  | Advise on the appropriate methods for incorporating strategic considerations into procurements                    |
| Consider and advise on appropriate monitoring and reporting arrangements, training, communications and guidance |   |

Source: Information provided by OGP

Together with the Department of the Environment, Climate and Communications, the OGP co-chairs the Environmental Subgroup of the Strategic Procurement Advisory Group. The subgroup includes expertise from environmental bodies such as the EPA and the Sustainable Energy Authority of Ireland. A current focus of the subgroup is helping contracting authorities achieve the Government's commitment to include green criteria in all procurements using public funds by 2023. Priority areas include the acquisition of electric vehicles, green and sustainable criteria in social housing construction and procurement of energy-related investments and services (OECD, 2021<sup>[31]</sup>).

The OGP also chairs the SME Advisory Group, including SME representative bodies<sup>2</sup>, the Competition and Consumer Protection Commission, Enterprise Ireland, InterTrade Ireland and the Department of Enterprise, Trade and Employment. The Group aims to:

- Address issues affecting SME participation in public procurement;
- Provide a forum to understand what steps SMEs are taking to participate and be successful in public procurement;
- To alleviate concerns, real or perceived, and encourage and facilitate, where possible, SMEs tendering for public sector procurement opportunities;
- To contain and reduce administrative costs to ensure the continued provision of public sector tender opportunities; and,
- Increase SME participation by encouraging SMEs to explore forming relationships with other SMEs or larger enterprises.

### **2.2.2. Framework agreements are used to drive efficiencies across the Irish public sector**

As a CPB, establishing and managing FAs is a key priority for the OGP. As of November 2021, OGP managed 92 FAs across six portfolios with a published value of EUR 6.8 billion. When annualised over the life of the contracts, these FAs have an annual value of EUR 1.1 billion.

The OGP monitors published tenders on the eTenders platform to determine if they could be procured through FAs and engages with clients to evaluate spend that could be under central management. The OGP reviews FAs when they expire, undertaking a cost-benefit and market analysis which relies on inputs such as aggregate spend, contract value (based on mini-competitions), direct drawdowns (based on data from suppliers), product usage, and the number of suppliers. To identify potential new FAs, the OGP reviews current expenditure patterns and requests from clients, as well as eTenders data. The OGP also ensures it has sufficient expertise and capacity to support the solution.

<sup>2</sup> The Irish SME Association, Chambers Ireland, Construction Industry Federation and Ibec.

**Table 2.6. Summary of OGP-managed framework agreements (2021)**

| Portfolio                                | No. of FAs | Published Value (EUR m) | Annualised Value (EUR m) |
|--|------------|-------------------------|--------------------------|
| Facilities management                    | 19         | 834                     | 205                      |
| Travel, HR and managed services          | 19         | 259                     | 64                       |
| Information and communication technology | 13         | 735                     | 184                      |
| Spot buy                                 | 4          | 10                      | 3                        |
| Marketing, office, vehicles and energy   | 24         | 4 104                   | 446                      |
| Professional services                    | 13         | 903                     | 226                      |
| Total                                    | 92         | 6 844                   | 1 127                    |

Source: Information provided by OGP

Contracting authorities access FAs through mini-competitions or direct drawdown arrangements. The choice between a mini-competition or direct drawdown is a key competition design consideration and is influenced by factors including the impact on the marketplace and its competitive dynamics. While the volume of mini-competitions has been trending downwards, this may reflect a move towards increased use of direct drawdown arrangements. In 2021, EUR 380 million was spent through OGP direct drawdown arrangements compared to EUR 542 million total contract award values through OGP mini-competitions (Interim Procurement Reform Board, 2022<sup>[33]</sup>). As of November 2021, 60 of 92 OGP-managed FAs contained direct drawdown facilities. OGP establishes direct drawdown solutions through a single supplier, cascade or rotation arrangement. The decision to establish a mini-competition or direct drawdown arrangement is influenced by factors including the impact on the marketplace and its competitive dynamics.

Electricity accounts for 50% of the overall spend under direct drawdown arrangements, with use by most public sector bodies. Together, the top six FAs (Electricity, Fleet, Bulk Liquid Fuels and Natural Gas Desktops/Laptops, Cleaning Supplies and Sanitary Hygiene Services) account for 82% of spend using direct drawdowns.

Data on the use of mini-competitions is available within OGP's business intelligence system. Data on direct drawdowns is obtained directly from suppliers and requires processing by OGP as it is provided in a variety of formats. It requires an internal process to convert it into a useable format. This exercise is currently undertaken on a quarterly basis and involves approximately 30,000 lines of data being reviewed, validated and allocated to each sector.

The OGP has begun implementing self-serve for mini-competitions under FAs, allowing contracting authorities to run their own mini-competitions. Self-serve is available on an optional basis and contracting authorities retain the option of the OGP fully supporting them in running mini-competitions. A self-serve tool kit, including a quick guide, how-to guide, and eTenders training manual have been developed to support contracting authorities' use of self-serve. OGP category teams continue to monitor the use of FAs by contracting authorities using self-serve. Through October 2022, 66 self-serve competitions had been completed, with a value of EUR 123 million. However, self-serve competitions are not yet implemented for all CPBs' arrangements.

**Table 2.7. 2021 contract value through OGP arrangements by sector and type (EUR millions)**

| Sector               | OGP-Conducted Mini-Competition | Self-Service Mini-Competition | Direct Drawdown | Sector Total | %   |
|----------------------|--------------------------------|-------------------------------|-----------------|--------------|-----|
| Central Government   | 323.6                          | 11.8                          | 101.1           | 436.5        | 48% |
| Education            | 69.5                           | 21.0                          | 82.1            | 172.6        | 19% |
| Health               | 96.6                           | 0.0                           | 80.3            | 203.5        | 22% |
| Local Government     | 17.9                           | 0.0                           | 80.3            | 98.2         | 11% |
| Defence              | 2.0                            | 0.0                           | N/A             | 2.0          | 0%  |
| Totals               | 509.6                          | 32.8                          | 370.4           | 912.8        |     |
| Not Allocated        |                                |                               | 9.1             | 9.1          |     |
| Total Spend Recorded |                                |                               |                 | 921.9        |     |

Note: Defence direct drawdown spend is included in Central Government amounts

Source: Information provided by OGP

To provide a consistent and practical methodology for calculating savings across the public sector, the OGP issued guidance in 2016 on measuring procurement savings. The methodology focuses on changes to price and demand that result from deliberate procurement intervention through cost reduction and cost avoidance:

- **Cost reduction:** costs decreasing below the baseline, for example through a decrease in price and/or volumes (due to a demand intervention) purchased.
- **Cost avoidance:** the mitigation of a cost increase that has been avoided or delayed due to deliberate procurement intervention.

The OGP and the sector CPBs calculate savings by creating estimates for baseline expenditure, pricing and volumes and for the timeline to transition to new arrangements. Baseline costs are calculated using historic cost information, adjusted to account for known factors outside procurement control. Forecast secured savings, the forecast average annual saving under the new arrangement assuming contracting authorities take advantage of it, are determined by estimating the new contract costs once the new FA has been finalised.

Only contracting authorities have the data required to directly measure cost savings. While the OGP and the sector CPBs can track and report on the use of FAs using proxy measures such as spend and supplier reports (suppliers are required to report on spend under FAs), contracting authorities are responsible for tracking actual savings realised under FAs within their organisation.

### **2.2.3. The OGP can steer digital reforms to maximise public procurement monitoring**

Efforts to manage and measure procurement activities can be greatly simplified by digital platforms covering the entire procurement cycle. They provide central authorities with information relating to the execution of purchase orders, therefore providing readily accessible insights of effective procurement operations. Integrated procure-to-pay systems provide greater visibility on the entire procurement cycle, from historical spending to the execution of purchases orders. They can also minimise suppliers' participation costs, since the administrative documents and certifications necessary for participation in public procurement are retrieved directly from the electronic systems of other public or private institutions (OECD, 2017<sup>[41]</sup>).

The OGP administers eTenders, the national electronic tendering platform. eTenders is used by the OGP and other CPBs, government departments and agencies, local government and health sector organisations, and by the wider public sector including semi-state organizations and voluntary and community groups that are funded by EU or government bodies. All Irish public sector procurement

opportunities currently being advertised in the Official Journal of the European Union (OJEU) are posted on eTenders, as well as other lower-value contracts uploaded to the site by contracting authorities. Approximately 6,850 tender notices with an estimated value of more than EUR 22.2 billion were published in 2020<sup>3</sup>. eTenders is free to use for both contracting authorities and suppliers.

eTenders supports the current types of procurement procedures, instruments and techniques set out in the EU Directives and national legislation. It also supports the publication of a range of procurement documents and notices including contract notices, contract award notices, requests for tenders, prior information notices, request for information, and voluntary ex ante transparency notices. As electronic submission is mandatory for all OJEU procurement competitions, eTenders provides the functionality required to enable the mandatory use of electronic communications between contracting authorities and economic operators. eTenders provides a detailed audit trail of the procurement process from contract notice to contract award notice, as required by the EU Directives.

eTenders provides a range of functionality the procurement cycle (see table below). Apart from those areas of functionality that the EU Directives and national legislation make obligatory, the extent to which other functionality is leveraged varies but is generally quite low. For example, the eAuctions, eEvaluation, and eContract Management functions are not widely used. eTenders offers some reporting capabilities for end-users based on a defined set of reports, but stakeholders generally do not find it not useful for their purposes. Increasing the use of the contract management functionalities may provide a step towards a more integrated system and a mechanism for collecting additional performance data. The OGP could seek to understand why the use of certain functionalities in eTenders, such as contract management, is limited and address those challenges.

**Table 2.8. eTenders Functionalities**

| Tender eNotification and Management     | Mini-Comp/Quick Quote (allows Contracting Authorities to search for appropriate suppliers using CPV codes which match their particular procurement needs) | e-Auctions      |
|---|---|-----------------|
| Dynamic Purchasing                      | Bill of Quantity pricing list request   | eSender to OJEU |
| eBusiness Alerts (e.g. CPV code alerts) | eClarification  | eSubmissions    |
| eQualification                          | eESPD (European Single Procurement Document)  | eEvaluation     |
| eAwarding                               | eContract Management  |                 |

Source: Information provided by OGP

While the obligation to publish a contract notice in the OJEU extends only to the award of the FA itself (and not to the award of specific contracts under the Framework), contracting authorities are required to publish all contract award notices over EUR 25 000 (exclusive of VAT) on eTenders. In the case of a DPS, a contract award notice is required to be published for each call-off contract. This is a separate step to publishing on the OJEU aimed at facilitating data collection and measurement of public procurement. However, in practice, the quality of data input by contracting authorities into eTenders is inconsistent and contract award notices are not always posted for mini-competitions and call-off contracts over EUR 25 000.

In order to tender for public procurement opportunities advertised on eTenders, suppliers must register on the platform. Suppliers are asked to provide a range of information related to their identity, location, scale

<sup>3</sup> The total estimated value of all tender notices published in 2020, irrespective of the stage in the procurement lifecycle that those tenders progressed to in that year.

and area of business. The system provides email alerts of procurement opportunities to registered suppliers in their respective areas of business.

In 2022, the OGP awarded a new contract for the provision of the eTenders platform to a new supplier from a market of commercially available solutions. The implementation of the new contract is an opportunity to expand the extent to which the national electronic tendering platform's capabilities are leveraged by end users throughout the end-to-end procurement lifecycle. It may also be an opportunity to explore areas such as interoperability with other related systems within the public procurement landscape in Ireland.

In addition to eTenders, the Local Government Operational Procurement Centre (LGOPC) operates an e-procurement platform, supplygov.ie, customised for the needs of their sector, which includes 31 local authorities and three regional assemblies. The FAs available on supplygov.ie have been established and are contained on eTenders, but contracting authorities are able to conduct mini-competitions under FAs directly through the LGOPC platform. The platform allows for rapid purchases and reflects the needs and work environment, in terms of documentation and process, of the sector.

#### **2.2.4. The OGP plays a leading role in capacity building and broader procurement support**

The OGP also plays a coordination and capacity-building role in the public procurement system. By engaging with clients and suppliers and giving guidance through training events and roadshows, the OGP and its sector partners seek to professionalise and raise standards in public procurement.

The OGP established the Commercial Skills Academy in 2019. Its primary objective is to provide the necessary supports to public servants tasked with the delivery of public capital investment projects such as those set out in the National Development Plan and Project Ireland 2040. The aim of this training is to provide an understanding of key issues, commercial skills, and best practice approaches for effective project delivery throughout the entire lifecycle of a public capital investment project. The training is free of charge to participants and currently has five offerings (see table below).

**Table 2.9. Commercial Skills Academy offerings**

|                                |  |
|--------------------------------|--|
| <b>Tier Zero: Introductory</b> | <ul style="list-style-type: none"> <li>• Online self-directed training via dedicated Learning Management System providing an introduction to procurement regulations, Public Spending Code and Capital Works Management Framework</li> <li>• Available to public servants</li> <li>• Launched September 2021, with 804 enrolments, 330 full completions and 194 partial completions to June 2022</li> <li>• Development cost: EUR 30 000</li> </ul>  |
| <b>Tier One: Practitioner</b>  | <ul style="list-style-type: none"> <li>• Three two-day modules covering planning, procurement and delivery of works projects under the Capital Works Management Framework</li> <li>• Online classroom training via Webex and Moodle learning system</li> <li>• Maximum 30 students per iteration, available to public servants and employees of approved housing bodies</li> <li>• Launched November 2020, with 15 iterations and over 400 attendees by June 2022</li> <li>• Development cost: EUR 65 590, cost per iteration: EUR 15 150</li> </ul> |
| <b>Tier Two: Masterclasses</b> | <ul style="list-style-type: none"> <li>• Specialist training focusing key topics pertaining to the delivery of public capital works project under the Capital Works Management Framework</li> </ul>  |

|                                 |   |
|---------------------------------|---|
|                                 | <ul style="list-style-type: none"> <li>Delivered via Webex using industry practitioners from public and private sector, approximately two hours in duration. Recordings available on Learning Management System</li> <li>Available to public servants</li> <li>Launched October 2020, with 13 masterclass events with 3,400 attendees to June 2022</li> <li>Total expenditure to date: EUR 2 400 for two private industry speakers</li> </ul>   |
| <b>Tier Three: Conferences</b>  | <ul style="list-style-type: none"> <li>Conference style presentations on a specific theme, with a number of presenters from public and private industry. Recording available on Learning Management System</li> <li>To June 2022, 'Go Green' one-day online conference was held in February 2022 and provided an overview of green policy and green public procurement guidance at EU and national level and showcased best practices in green procurement</li> <li>Open to public sector attendees, with 1 054 registrations</li> <li>Estimated cost per conference (1-2 days): EUR 30 000-50 000</li> </ul> |
| <b>Senior Official Training</b> | <ul style="list-style-type: none"> <li>Virtual classroom training for senior decision makers delivering public funded projects</li> <li>Three half-day trainings covering governance and oversight, risk and cost control with a maximum of 30 students per iteration</li> <li>Open to public servants</li> <li>Launched in February 2022 with two iterations completed by June 2022 with Over 50 attendees</li> <li>Development cost: EUR 78 709, cost per iteration EUR 17 028</li> </ul>   |

Source: Information provided by OGP

The OGP hosts a regular Procurement Officer Forum to support the role of procurement officers in public bodies. The Forum provides an opportunity to build networks, form a community of practice, share examples of good practice and provide updates on current procurement arrangements and policy developments. Almost 100 public sector bodies were represented at Procurement Officer Forum events in 2020 with over 150 attendees at each (Interim Procurement Reform Board, 2021<sup>[36]</sup>).

Beginning in 2020, the Environmental Protection Agency has funded training on GPP to public sector contracting authorities. The initial training focused on reaching a broad range of organisations with the goal of widely diffusing awareness of GPP. Through 2020 and 2021, over 200 individuals from 100 public bodies attended a total of 12 instances of the course. In 2022, training focused on government departments, as they were newly required to report on GPP activity to the EPA. Through a combination of live virtual sessions and self-managed online learning modules, participants attain at least an intermediate level of competency in the environmental aspects of sustainable procurement, as defined by the ProcurComp<sup>EU</sup> Framework<sup>4</sup>. This means participants will be able to:

- Implement sustainable procurement aspects in technical specifications, selection and award criteria, contract clauses and key performance indicators;

<sup>4</sup> See here for further details on ProcurComp<sup>EU</sup>: [https://commission.europa.eu/funding-tenders/tools-public-buyers/professionalisation-public-buyers/procurcompeu-european-competency-framework-public-procurement-professionals\\_en](https://commission.europa.eu/funding-tenders/tools-public-buyers/professionalisation-public-buyers/procurcompeu-european-competency-framework-public-procurement-professionals_en)

- Use sustainable procurement tools and methods, such as standards, life-cycle costing and labels;
- Carry out research, analysis and networking activities that support sustainable procurement decisions;
- Monitor the sustainability impact and performance of the project, including commitments made by contractors and subcontractors.

The OGP has also established an Internal Training Academy, which supports the on-boarding of new staff, supports staff in combining theory and practice, as well as providing a range of masterclasses. OGP staff performance is reviewed yearly through a performance management system. Staff's performance management plans are linked to the annual business plans of business units, and business plans are linked to the OGP's overall strategy.

The OGP has a central HelpDesk facility to assist clients and suppliers with queries relating to complex policy matters escalated to the OGP's Policy Unit. The OGP's HelpDesk managed more than 11,000 queries from civil and public service bodies and suppliers in 2020. Of these, 94% were resolved within 24 hours of the query being raised. The OGP's 2020 client satisfaction survey indicated that overall satisfaction with the HelpDesk was high: 83% of respondents were satisfied with the speed of initial response, 82% were satisfied with the helpfulness of staff and 70% were satisfied with the clarity of the response received. The share of respondents who found that the overall service was good or very good was 76%, up slightly from 74% in the previous survey in 2018 (Office of Government Procurement, 2020<sup>[42]</sup>).

The OGP has also established the Tender Advisory Service (TAS), an informal outlet for businesses to raise concerns about a live tender process, in 2015. For a query to qualify for TAS it must be a live process, a supplier must have expressed an interest in the competition and have already asked the contracting authority the question.

# 3 Towards an evaluation of public procurement impacts

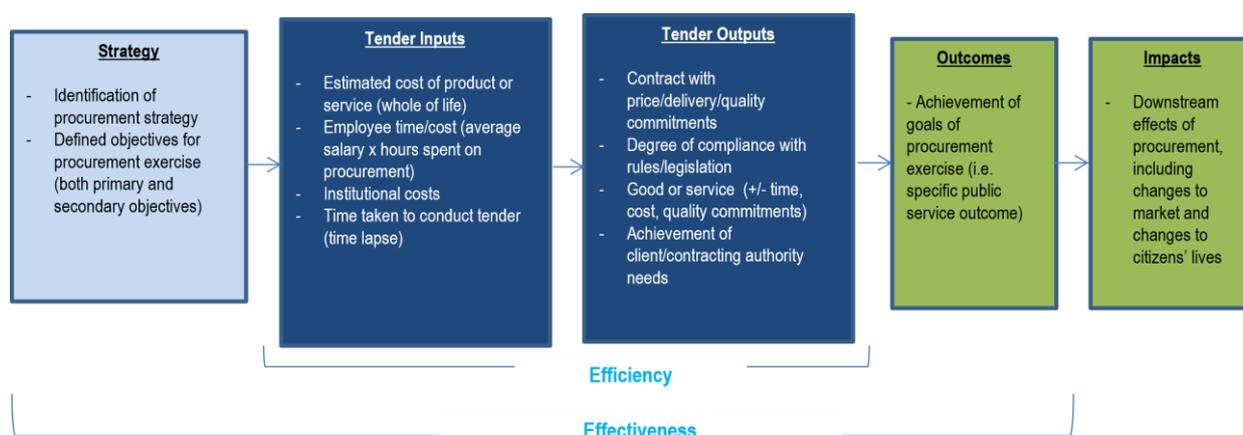
## 3.1. Evaluating the efficiency and effectiveness of procurement systems requires broader outcome and impact metrics

As explored in previous case studies on applying performance assessment frameworks to public procurement in Finland, Chile (OECD, 2019<sup>[6]</sup>) and New Zealand (OECD, 2022<sup>[7]</sup>), measuring the efficiency and effectiveness of procurement requires an understanding of the inputs, outputs, outcomes and impacts that together form the procurement system. These factors vary across countries, making it challenging to develop a standardised framework that works across national procurement contexts. Each country has its own institutional settings, policy objectives and legislative framework, meaning that any metrics developed to compare performance across countries require significant caveats. This case study applies and expands this performance assessment framework to the Irish context, and specifically to the activities of the OGP.

### 3.1.1. Measuring the efficiency and effectiveness of a procurement process

The OECD's framework for measuring productivity at a governmental level considers efficiency as the relationship between inputs and outputs, and effectiveness as the use of public funds for delivering outcomes. Figure 3.1, developed as part of the Finland case study, demonstrates how the framework can be applied to measure the efficiency and effectiveness of a single tender exercise.

**Figure 3.1. Illustrative structured performance assessment of a single tender exercise**



Source: (OECD, 2019<sup>[6]</sup>), based on productivity framework from (Phillips, 2018<sup>[43]</sup>)

Drawing from previous case studies examining New Zealand, Finland and Chile, the elements of the performance framework are as follows:

**Strategy** is the baseline from which efficiency and effectiveness should be measured. The objective of public procurement is the delivery of goods and services in the most economical, effective and efficient way possible.

**Inputs** are the resources used to deliver goods or services, including the cost of the goods or services being procured and the cost of undertaking procurement activities. A simple assessment of the success of a tender process measures the anticipated cost against the actual cost, while a more holistic assessment will measure the lifecycle cost of the good or service.

Input metrics can also include the broader costs of delivering the tender and the time required to deliver the government's needs. Procurement teams typically sit within a broader ministry, and are therefore supported by functions including IT, HR and finance services, which should be included in the input costs. Procurement activity should also be assessed based on how quickly it can deliver government's needs. This can be lowered with efficiency tools, such as FAs, dynamic purchasing systems and standardised tender documents.

**Outputs** are the direct goods and services that the public sector supplies through procurement. Following a tender process, outputs can be assessed based on the agreed delivery requirements for the goods or services to be delivered, and the associated cost. The good or service may also include some additional characteristics, such as being innovative or environmentally friendly, that can be measured against the original strategy.

Outputs can be further measured through the assessment of the goods or services as they are delivered, which may be under different terms than those agreed under the contract. There could be variances in the price that is finally paid, the quality of the good/service (or the extent to which they comply with the requirements), or the delivery time. This highlights the need for the measurement of procurement to incorporate the full lifecycle, including the supplier/contract management phase. Finally, it is possible to assess the extent to which the process complied with legislation and policy. This is important to measure, as variances from legislation or policy will impact the overall efficiency and effectiveness of the procurement system (OECD, 2019<sup>[6]</sup>).

**Outcomes** are the effect or consequence of the procurement beyond the delivery of the goods and services. For example, a procurement process to deliver pharmaceuticals for cancer treatment seeks to achieve an outcome of a reduced mortality rate from cancer. Financial savings for the government, or the reduction in costs relative to a baseline, could be another outcome metric.

As the procurement process is a necessary process for a large proportion of public spending, isolating the value that the procurement process adds to the services delivered to citizens can be challenging. Furthermore, the extent to which procurement can act as a value-adding function is dependent on factors such as the value placed on procurement by other departments, its position in the organisation's hierarchy, and its involvement in strategic planning (OECD, 2019<sup>[6]</sup>).

**Impacts** can be conceptualised as the longer-term or broader effects of an outcome. For example, a tender for prisoner education services may seek to deliver outcomes of improving the numeracy and literacy of a certain cohort of citizens, yet the impact may be reducing crime or returning individuals to the workforce. Similarly, a procurement output could be a contract with social criteria; the associated outcome an increase in the number of apprenticeships; and the final impact an increase in labour force participation over the longer term.

While metrics for impacts are readily available in many cases (e.g. education level of pupils, economy-wide CO<sub>2</sub> emissions), linking them to specific policy interventions can be challenging. Because data on performance does not always demonstrate causality between outputs, outcomes and impacts, contracting authorities and governments are often unable to definitively show how their activities contributed to improvements (OECD, 2019<sup>[6]</sup>).

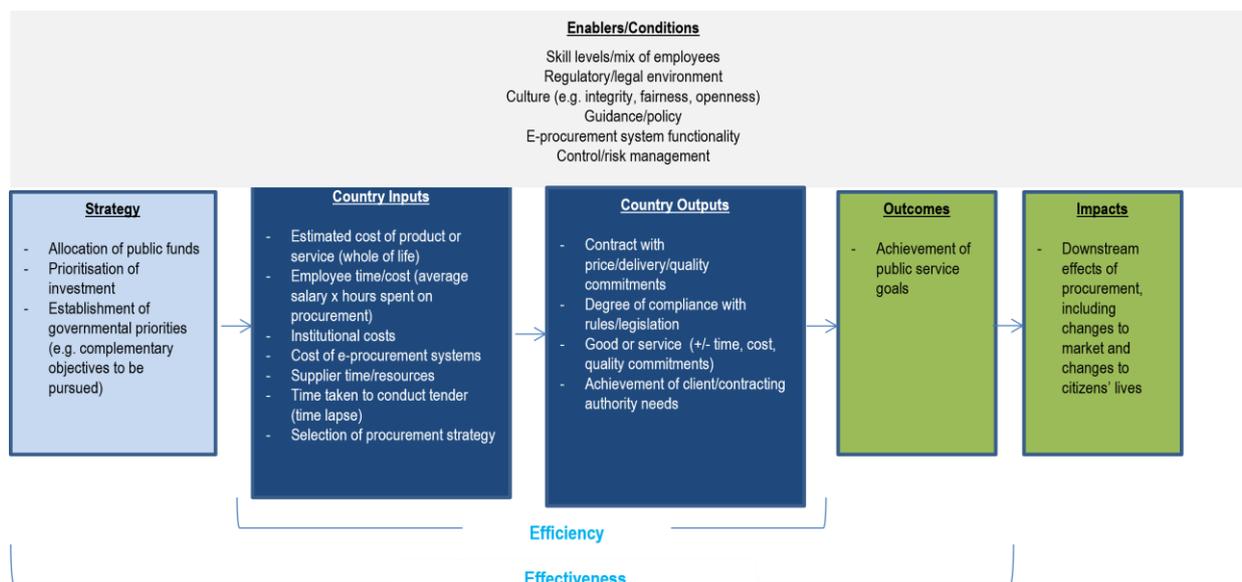
### 3.1.2. Measuring the efficiency and effectiveness of the public procurement system

Measuring the efficiency and effectiveness of an entire procurement system is more complex than measuring a single tender. Data availability and quality hinder the aggregated assessment required to measure efficiency at a national level. Measuring system efficiency and effectiveness is also more challenging in contexts with multiple CPBs, such as Ireland: data and expertise reside in more places, making it more challenging to measure inputs and outputs consistently and to collect information on outcomes.

There may also be factors which are relevant at the national level but not at the level of an individual procurement. For example, an individual procurement does not generally measure success based on costs incurred by suppliers. However, many national procurement systems try to create an environment where suppliers see government as an ideal customer, and where the cost of doing business with government is low (OECD, 2019<sup>[6]</sup>).

Not only do the scale of inputs and outputs grow exponentially, but a number of other factors must be taken into account which cannot strictly be classed as inputs or outputs. In Figure 3.2, these additional factors are labelled ‘**Enablers/Conditions**’. These are additional factors that determine how the system functions and represent the many factors that impact the performance of the procurement system. Some areas of activity, such as the development of procurement capability through training and other means can have a significant contribution towards improving procurement outcomes. However, examples of effective measurement of capability building are limited, other than counting training hours or qualifications. Similarly, the regulatory and legal environment can significantly impact both the tools available to pursue strategic procurement goals and culture can determine the willingness of contracting authorities to use those tools.

**Figure 3.2. Illustrative structured performance assessment of a national procurement system**



Source: (OECD, 2019<sup>[6]</sup>), based on productivity framework from (Phillips, 2018<sup>[43]</sup>)

### 3.2. Measuring outcomes and impacts allows for better evaluation of strategic procurement, including the relevant trade-offs

As advised by the OECD Recommendation on Public Procurement (see Box 3.1), the use of public procurement to support secondary policy objectives should be measured to provide policy makers with information regarding its benefits and costs.

#### Box 3.1. Balancing different objectives in public procurement

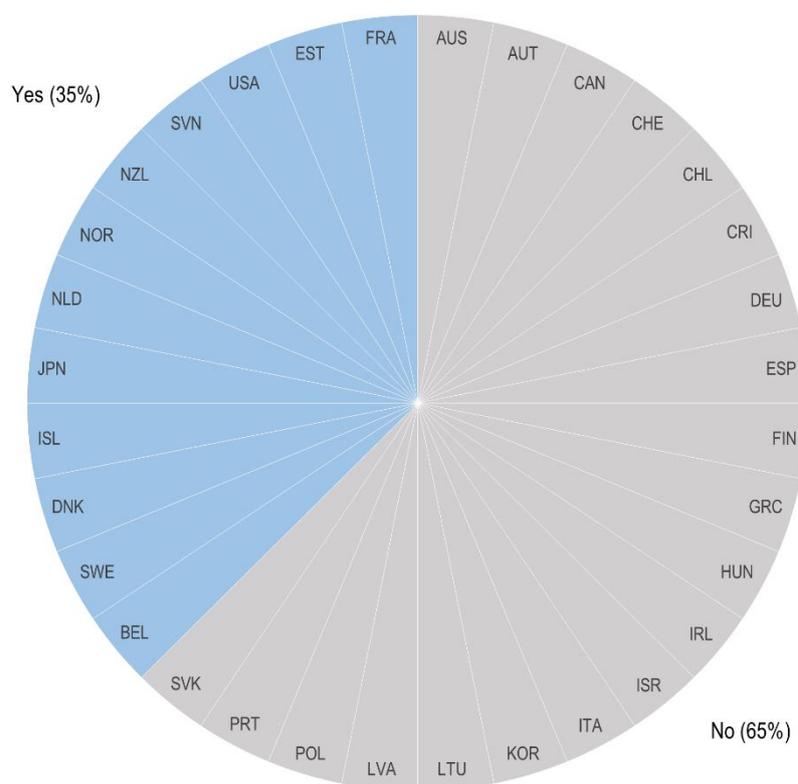
Any use of the public procurement system to pursue secondary policy objectives should be balanced against the primary procurement objective. To this end, the OECD Recommendation on Public Procurement advises that governments should:

- Evaluate the use of public procurement as one method of pursuing secondary policy objectives in accordance with clear national priorities, balancing the potential benefits against the need to achieve value for money. Both the capacity of the procurement workforce to support secondary policy objectives and the burden associated with monitoring progress in promoting such objectives should be considered.
- Develop an appropriate strategy for the integration of secondary policy objectives in public procurement systems. For secondary policy objectives that will be supported by public procurement, appropriate planning, baseline analysis, risk assessment and target outcomes should be established as the basis for the development of action plans or guidelines for implementation.
- Employ appropriate impact assessment methodology to measure the effectiveness of procurement in achieving secondary policy objectives. The results of any use of the public procurement system to support secondary policy objectives should be measured according to appropriate milestones to provide policy makers with necessary information regarding the benefits and costs of such use. Effectiveness should be measured both at the level of individual procurements, and against policy objective target outcomes. Additionally, the aggregate effect of pursuing secondary policy objectives on the public procurement system should be periodically assessed to address potential objective overload.

Source: OECD Recommendation on Public Procurement (OECD, 2015<sup>[5]</sup>)

Accurate measurement of strategic procurement can improve the targeting of policy measures and help ensure they are having the intended effect. Where those effects are positive, better measurement can build support for the use of public procurement as a policy tool. In the 2022 OECD survey on the use of GPP, 35% of respondents reported that they undertook an aggregated evaluation of the impacts of GPP, such as an annual report on CO<sub>2</sub> savings or waste reduction (see Figure 3.3). In Ireland, contracting authorities are responsible for procurement outcomes, and better measurement could raise the visibility of procurement as tool to achieve a broader set of strategic policy goals, from environmental protection to innovation. For example, measuring the impact of green public procurement on carbon reduction could help to quantitatively demonstrate how procurement can support Ireland's Climate Action Plan targets.

**Figure 3.3. Existence of an aggregated evaluation of the impact of GPP (e.g. annual report on CO2 savings or waste reduction)**



Source: (OECD, Forthcoming<sup>[10]</sup>)

Implementing strategic procurement can involve trade-offs, such as potentially restricting competition and increasing costs. In many cases, such as energy efficiency requirements, strategic public procurement can have financial as well as environmental or social benefits. However, there may be cases where the financial costs and benefits of using public procurement to advance policy goals are less clear. Stronger and more comprehensive measurement can allow for the more holistic evaluation of those costs and benefits and for comparison against the efficiency of other policy levers. Improved measurement also allows for the demonstration of outcomes and impacts that can help stakeholders, particularly public sector buyers, make well-informed decisions about the use of strategic procurement.

However, as the complexity of public procurement activity increases, so does the difficulty of measuring its impact. Linking outcome and impact measures to public procurement can be challenging. There are often significant time lags between the implementation of policy changes and the associated outcomes and impacts. Outcomes and impacts can also be influenced by a range of variables and policy interventions beyond the public procurement sphere, making it difficult to credibly draw causal links.

Data collection and aggregation is also a challenge. For example, in Ireland, reporting on strategic procurement is currently focused on inputs and outputs, such as the inclusion of green criteria in FAs. Contract performance data and outcome data more generally, is fragmented and held by a range of actors, when collected at all.

# 4 Strengthening public procurement data availability and quality in Ireland

Applying a comprehensive measurement framework such as the one depicted in the previous chapter requires a structured approach to data collection efforts, taking stock of available data points, mapping data needs and identifying possible proxies.

## 4.1. Procurement data is available, yet standardised formats exist only at the tendering stage

There are a number of areas where the OGP and the broader Irish procurement system have made significant progress in the collection and use of performance data. Efforts are underway to leverage available data and to collect additional data to support more sophisticated metrics and indicators. There is also strong mandate for the use of strategic procurement, and structures are in place to support coordination across sectors.

### 4.1.1. *The OGP collects a range of data points to support its operational activities, strategic planning, and reporting*

The OGP collects a broad range of information on procurement activity, primarily through eTenders, allowing for reporting on key metrics such as the number and value of tenders, the level of competition and SME access. Through a common savings methodology, the OGP and other CPBs are able to demonstrate the ongoing value of procurement centralisation.

The eTenders system is a critical source of data but is dependent on contracting authorities using eTenders to conduct procurements and on the accuracy and extent of the tender and award notice data they input into the system. For example, contracting authorities take different approaches to calculating the estimated value of procurements and do not always post contract award notices when a procurement process is complete. In addition, eTenders does not always have the same level of detail on FAs put in place by the various CPBs. For example, mini-competition data is more complete on eTenders, as mini-competitions for other CPBs' frameworks are not always run using eTenders. Through a working group on data utilisation, the OGP is working with the other CPBs to develop data sharing templates and processes for information not available in eTenders.

Information on subcontractors is collected from the European Single Procurement Document (ESPD). Where a tenderer is relying on other entities to fulfil a contract, it must ensure that these entities complete and submit separate ESPDs and, when requested by the contracting authority, submit proof that each subcontractor will place the necessary resources at the disposal of the tenderer.

The OGP has also undertaken surveys to measure awareness of and satisfaction with OGP services amongst its clients in central government, government agencies, local authorities and higher education institutions. The purpose of the most recent survey, undertaken in 2020, was to measure awareness and understanding of the OGP's role, identify drivers and barriers to usage of OGP services, explore current perceptions of the OGP and its services, and measure satisfaction levels with key touchpoints (e.g. website, HelpDesk, procurement services, template documents).

Continued digitalisation of the procurement process has the potential to further improve data availability and quality. A significant step is planned for October 2023, when, as mandated by European legislation, Ireland will introduce standard forms (eForms) for the publication of public procurement notices at the European level. Through the use of a common standard and terminology, eForms are expected to improve measurement of procurement by providing higher quality, more structured data. While public procurement notices have been published digitally for over a decade, eForms are being designed with a digital first approach (e.g. with the goal of allowing notices to be largely completed without error-inducing manual entry) (European Commission, 2020<sup>[44]</sup>).

eForms are not an off-the-shelf EU legislative standard for procurement data but are rather meant to be tailored to specific needs of policy makers in Member States. If implemented consistently, initiatives like eForms have the potential to drastically increase procurement data availability and thereby increase government's ability to measure its activities and make data-driven decisions about public spending.

#### **4.1.2. The OGP is leveraging available data on the Irish procurement system**

The OGP publishes an annual Public Service Spend and Tendering Analysis Report that analyses procurement expenditure and tendering activity by public service bodies (i.e. excluding commercial semi-state bodies and grant funded voluntary and community groups). Using available data, it provides an overview of procurement activity from both spend and tendering perspectives. The analysis highlights key trends such as the share of procurement spend with SMEs, trends in total contract values and average contract values, and sectoral analysis. For example, the 2019 report analyses spend data totalling EUR 4.955 billion collected from 61 public service bodies (Office of Government Procurement, 2022<sup>[37]</sup>).

The Interim Procurement Reform Board's work on measurement is focused on developing key indicators and metrics to provide a high-level strategic view of policy alignment and performance. It looks beyond OGP activities to measure the procurement system at the national level, with the aim of providing insights into the strategic performance of procurement; assist in monitoring the implementation of the government's procurement reform programme; and provide a basis for assessing progress towards commitments from the Programme for Government. The OGP, in partnership with sector partner CBPs, is developing a draft report monitoring sixteen proposed metrics across its six strategic objectives (see table below).

**Table 4.1. Interim Procurement Reform Board indicators and metrics**

| Strategic Objectives   | Indicators   | Availability |
|--|--|--------------|
| Transparency   | <b>Number and value of tenders published on eTenders:</b> based on estimated values input into eTenders by contracting authorities at the invitation to tender phase.  | ✓            |
|  | <b>Contracts awarded without a call for bids (above EU threshold):</b> based on the publication of voluntary ex ante transparency (VEAT) notices to alert the market of the intention to award a contract without prior publication.   | ✓            |
|  | <b>Value of procurement as a proportion of national GDP:</b> based on the value of tenders advertised on Tenders Electronic Daily, the European public procurement journal.  | ✓            |
| Effectiveness of centralisation reform                             | <b>Enabled savings:</b> CPBs provide data to the OGP quarterly on the level of forecast secured savings (see section for 2.2.2 for details).   | ✓            |
|  | <b>Take up of central arrangements by sector:</b> the value of OGP mini-competitions by client sector.   | ✓            |
|  | <b>Actual spend through central arrangements:</b> Limited data is currently available at a central level for this indicator.   | ✓            |
| Competition  | <b>Bids per tender:</b> based on data from eTenders.   | ✓            |
|  | <b>Unsuccessful competitions (competitions with no bidders):</b> based on data from eTenders, defined as competitions with no bid submitted after the response (submission) deadline.  | ✓            |
|  | <b>Proportion of contracts with single bidder:</b> based on data from eTenders.  | ✓            |
| Strategic public procurement (environment / social considerations) | <b>Proportion of tenders using social criteria:</b> There is currently no standardised electronic tendering form, at either European or national level, with fields to capture data related to the use of this specific criteria (the introduction of eForms should provide this functionality at the European level).   | ✗            |
|  | <b>Proportion of tenders using green/environmental criteria:</b> Use of GPP by government departments is collected through annual reporting to the EPA. There is currently no standardised electronic tendering form, at either European or national level, with fields to capture data related to the use of this specific criteria (the introduction of eForms should provide this functionality at the European level). | ✓            |
|  | <b>Progress against Programme for Government commitment to update all FAs with GPP:</b> The Programme for Government committed to updating all procurement frameworks in line with green procurement practice.   | ✓            |

|  |   |   |
|--|---|---|
| <b>SME participation</b>                   | <b>Contracts awarded to SMEs by number, value and category:</b> based on data from eTenders. SME determination relies on the European single procurement document (ESPD), award notices for above EU threshold tenders and self-declaration on creation of eTenders profile. Data on the value of contracts awarded to SMEs is only available for above EU threshold tenders and no data is currently available for category. | ✓ |
|  | <b>Proportion of bids from SMEs:</b> based on data from eTenders. SME determination relies on the European single procurement document (ESPD), award notices for above EU threshold tenders and self-declaration on creation of eTenders profile.   | ✓ |
| <b>Spend with Irish economic operators</b> | <b>Contracts awarded to Irish companies by number and value:</b> based on data from eTenders. Data on the value of contracts awarded to Irish companies is determined by the address entered by the economic operator on eTenders.  | ✓ |
|  | <b>Contracts awarded to Irish SMEs:</b> based on data from eTenders. Note that a large proportion of below threshold competitions are not completed on eTenders and therefore not captured. SME determination relies on the European single procurement document (ESPD), award notices for above EU threshold tenders and self-declaration on creation of eTenders profile.   | ✓ |

Source: Information provided by OGP

Note: At the time of publication of this report, these metrics and indicators were still under development. The feasibility of capturing this data across the entire procurement system had yet to be determined and therefore the metrics and indicators listed are considered draft and subject to change.

As demonstrated by the above table, data availability and consistency are critical to assess the impact of procurement activities on Ireland's priorities. In fact, greater granularity in procurement data helps to understand its contribution to the quality of public services. It allows governments to monitor service efficiency for example by ensuring that public institutions across the country benefit from the same contractual conditions through centralised FAs. It provides evidence on the alignment between governments' commitments on sustainability and their own procurement practices by measuring the use of environmental or social considerations in public tenders. It eventually helps demonstrating the impact of spending to the public. Timely, high quality, standardised data makes it possible to measure the impacts of policy and spending decisions on a range of outcomes, from carbon emissions to labour force participation. High quality data is also a necessary building block for the application of new tools such as advanced data analytics and artificial intelligence, which governments are increasingly applying to improve processes and guide policy-making (European Commission, 2020<sup>[45]</sup>).

## 4.2. Mapping data availability for the measurement of efficiency and effectiveness

Measuring efficiency and effectiveness requires defining outcomes and impacts in detail. Taking the OECD performance measurement framework and the previous case studies of Finland, Chile and New Zealand as starting points, the table below maps inputs, outputs, outcomes and impacts to evaluate the efficiency and effectiveness of the OGP and the Irish national procurement system. In particular, it focuses on elements required to evaluate the efficiency and effectiveness of the use of strategic procurement. These metrics are then assessed against the Irish public procurement system's current ability to meet the underlying data requirements.

Table 4.2. Applicability of the framework to the Irish public procurement system

|   | Objective   | Data requirements   |   | Applicability in Ireland   |
|---|---|---|---|--|
| <b>Measuring OGP Performance</b>              |   |   |   |  |
| Inputs  | <b>Inputs – General</b>   |   |   |  |
|   | Overall inputs required of CPB  | Staffing levels; cost of running CPB; breakdown of time spent on different activities   | ✓   | Internal data on staffing can be used to establish overall OGP inputs, and division of inputs by activity.   |
|   | E-procurement inputs  | Direct costs for purchasing, upgrading or maintaining e-procurement system; personnel costs associated with system management and maintenance | ✓   | Information is available on costs of the eTenders systems and personnel costs associated with system management and maintenance  |
|   | Existence of methodologies to engage with the market and evaluate needs                               | Assessment of whether methodologies exist to conduct market analysis and engagement and to conduct needs analysis                             | ✓   | Implementation of methodologies can be assessed.   |
|   | <b>Inputs – Framework Agreements (FAs)</b>  |   |   |  |
|   | Cost of establishing FAs  | Cost and time of staff (inside and outside of CPB) spent on establishing and managing FA contracts  | ✗   | Estimated direct costs and employee time spent by OGP staff establishing and managing FA contracts can be established from internal data on staffing. However, indirect OGP costs and direct costs and employee time spent by staff in contracting authorities using FA contracts is not captured. |
|   | Increased competition in FAs  | Numbers of bids submitted for different stages of each FA contract (including call-offs)  | ✓   | Data on bids received for the award of FA contracts and OGP mini-competitions is available through eTenders.   |
|   | SME participation in FA tenders   | Number of bids submitted for different stages of each FA contract by businesses categorised as SMEs   | ✓   | Data on bids received for the award of FA contracts and mini-competitions is available through eTenders. However, identifying as an SME is optional for tenderers, which may impact data quality.  |
|   | Irish business participation in FA tenders  | Number of bids submitted for different stages of FA by Irish businesses   | ✓   | Data on bids received for the award of FA contracts and mini-competitions is available through eTenders for businesses with an address in Ireland.   |
|   | <b>Inputs – Capability building and consulting services</b>   |   |   |  |
| Spend/time on advisory services and resources | Staffing levels related to advisory services; additional costs for providing such resources and tools | ✓   | Estimated costs and employee time spent delivering consulting/advisory services can be established from existing data                         |  |
| Training spend                                | Cost of providing training courses, and amount of employee time consumed in delivering training       | ✓   | Data on direct costs of delivering training to public bodies is available. However, data on indirect costs and employee time is not captured. |  |
| Outputs                                       | <b>Outputs – General</b>  |   |   |  |
|   | Share of total procurement conducted by CPB   | Assessment of the share of public procurement value conducted by CPB out of total public procurement value                                    | ✓   | Total OGP activity is available, but total procurement spend is currently based on a 2014 baseline value.  |
|   | Share of procurement procedures conducted by CPB  | Assessment of the share of procurement procedures conducted by CPB out of total public procurement procedures                                 | ✓   | Data on the number of OGP procurement procedures is available, as is the total number of procurements conducted through eTenders.  |
|   | Share of public procurement by CPB out of GDP   | Assessment of the share of the public procurement by CPB out of GDP   | ✓   | Data on the total value of OGP procurements and of GDP is available. Note that headline GDP figures are less relevant in Ireland and a GNI measure is often used.  |

| Objective  | Data requirements  | Applicability in Ireland   |
|--|--|--|
| <b>Outputs – FAs</b>   |  |  |
| Take-up of FAs by contracting authorities                    | Share of procurement procedures and procurement spend conducted through FAs out of total public procurement  | ✓ The OGP tracks the number and value of OGP mini-competitions by client sector.   |
| Customer satisfaction with FAs                               | Survey results from users of FAs from within contracting authorities (CAs)   | ✓ Customer satisfaction surveys on the use of FAs are in place.  |
| SME success in FAs   | Ratio of SMEs that are successful in FA tenders. For multi-stage FAs, assessment of success at 1) initial tender stage and 2) call-off stages (and number and value of contracts awarded to SMEs)                        | ✓ Can be established through eTenders for OGP FAs and mini-competitions, but not direct drawdowns or mini-competitions run by CAs that do not use eTenders   |
| Irish business access to government procurement              | Ratio of Irish businesses that are successful in FA tenders. For multi-stage FAs, assessment of success at 1) initial tender stage and 2) call-off stage (and number and value of contracts awarded to Irish businesses) | ✓ Can be established through eTenders for OGP FAs and mini-competitions for businesses with an address in Ireland, but not direct drawdowns  |
| Efficiency in second-stage FA processes – businesses         | Assessment of time taken for businesses to compete in initial and call-off stages of tender with and without efficiency tools such as DPS  | ✗ Data is not currently held on the time taken by businesses to respond to FA tenders or in using efficiency tools such as DPS   |
| Efficiency in second-stage FA processes – CAs                | Assessment of time taken for contracting authorities to compete in initial and call-off stages of tender with and without efficiency tools such as DPS   | ✗ Data is not currently held on the time taken by contracting authorities to purchase from FAs using efficiency tools such as DPS  |
| <b>Outputs – Strategic procurement</b>                       |  |  |
| Use of social criteria in FA contracts                       | Ratio of FAs with social criteria  | ✗ Although CPBs are advised to consider strategic considerations which align with broader governmental policy, there is currently no government-wide target for or measurement of the use of social criteria   |
| Use of environmental criteria in FA contracts*               | Ratio of FAs with environmental criteria   | ✓ Tracked as part of Programme for Government commitment   |
| Use of reserved contracts                                    | Number or ratio of reserved contracts in CPB procedures or under FAs   | ✓ While OGP currently has no reserved contracts, it is able to track the use of reserve contracts for above threshold procurements.  |
| Innovative procurement in CPB contracts                      | Ratio of goods and services purchased that meet innovation criteria (e.g. purchased through PCP, first introduction into domestic market)  | ✗ Although CPBs are advised to consider strategic considerations which align with broader governmental policy, there is currently no government-wide target for the procurement of innovation or measurement of how much procurement is targeting innovative solutions |
| Stakeholder perception and involvement                       | Survey responses from different segments of society (e.g. businesses, civil society, NGOs) related to FA contracts performance   | ✗ Surveys were issued in 2018 and 2020 to OGP clients (e.g. government departments and agencies, local authorities) to understand their level of satisfaction in using FA contracts, but did not consult businesses or civil society.                                  |
| <b>Outputs – Capability building and consulting services</b> |  |  |
| Spend under advisory services                                | Information on contracting agency projects (e.g. type of procurement, spend level) that have received support from CPB   | ✓ The OGP tracks the number and value of strategically important and/or high-value individual sourcing projects it undertakes for clients.   |

|                                   | Objective   | Data requirements  |   | Applicability in Ireland   |
|-----------------------------------|---|--|---|--|
|                                   | Satisfaction with advisory services   | Survey response from relevant contracting authorities  | ✓   | Surveys were issued in 2018 and 2020 to OGP clients (e.g. government departments and agencies, local authorities) to understand their level of satisfaction in using bespoke competition services and Helpdesk |
|                                   | Qualified/certified personnel   | Levels of certification in procurement professionalisation of workforce versus overall workforce numbers   | ✓   | No register of qualifications or certification for procurement personnel; however, OGP tracks number of completions for the trainings it offers.   |
| Outcomes                          | <b>Outcomes – Economic/General</b>  |  |   |  |
|                                   | Hard savings from FAs   | Cost of goods and services agreed in FA contracts (or cost paid by contracting authorities in second stage) versus market rate or centrally agreed rate, depending on methodology          | ✓   | The OGP and other CPBs have a methodology in place for estimating savings enabled by FAs.  |
|                                   | Time savings from FAs   | Average time spent by contracting authorities' personnel to run a tender and establish a contract for the relevant good or service   | ✗   | There is currently no estimate of average time spent by contracting authorities to conduct and run mini-competitions and establish a contract  |
|                                   | <b>Outcomes – Social</b>  |  |   |  |
|                                   | Opportunities for skills/jobs creation  | Number of apprenticeships/training courses/qualifications generated through FAs (note: specifically generated through contract clauses)  | ✗   | Currently there is no government-wide target for or measurement of outcomes related to social criteria at a central level.   |
|                                   | Improved labour market opportunities for disadvantaged groups, including people with disabilities   | Number of jobs/training courses/qualifications for disadvantaged groups, including people with disabilities, generated through FAs (note: specifically generated through contract clauses) | ✗   | Currently there is no government-wide target for or measurement of outcomes related to social criteria at a central level.   |
|                                   | Open and inclusive procurement*   | Proportion of FAs (and second-stage processes) that use open procedures as opposed to restricted or closed tenders   | ✓   | Can be established through eTenders for OGP FAs and mini-competitions but not mini-competitions run by CAs that do not use eTenders  |
|                                   | Transparency in use of FA contracts   | Existence of procurement data for FAs in open data format  | ✓   | Contract award data is available through the OGP website for competitions conducted through eTenders, or where information has been entered into eTenders (including direct drawdowns)                         |
|                                   | <b>Outcomes – Environmental</b>   |  |   |  |
|                                   | Improved air/water quality  | Comparison between impacts on air/water quality of historical goods and services bought by government through FAs and new goods and services selected using emissions as criteria          | ✗   | Data on impacts on air/water quality of historical/new goods and services is not currently collected.  |
| Reduced energy consumption        | Comparison between energy consumption of historical goods and services from FAs and new goods and services selected using energy consumption as criteria  | ✗  | Data on impacts on energy consumption of historical/new goods and services is not currently collected.        |  |
| Reduced CO <sub>2</sub> emissions | Comparison between CO <sub>2</sub> emissions from historical goods and services from designated contracts areas under FAs (light vehicles, office supplies, stationary heating and new buildings) and new goods and services selected using emissions as criteria | ✗  | Data on impacts on CO <sub>2</sub> emissions of historical/new goods and services is not currently collected. |  |

|         | Objective  | Data requirements  | Applicability in Ireland |   |
|---------|--|--|--------------------------|---|
| Impacts | <b>Impacts – Strategic procurement</b>                   |  |                          |   |
|         | Reduced economy-wide CO <sub>2</sub> emissions           | Economy-wide reduction of CO <sub>2</sub> emissions  | ✓                        | Data on broader societal and economy-wide metrics is available through government departments, the Central Statistics Office, Eurostat, international organisations, etc. |
|         | Improved air/water quality                               | General improvements to air/water quality, such as reduced population exposure to PM2.5    | ✓                        | Data on broader societal and economy-wide metrics is available through government departments, the Central Statistics Office, Eurostat, international organisations, etc. |
|         | Skills/jobs creation                                     | Labour underutilisation rate; percentage of firms providing continuing vocational training | ✓                        | Data on broader societal and economy-wide metrics is available through government departments, the Central Statistics Office, Eurostat, international organisations, etc. |
|         | Improved labour market outcomes for disadvantaged groups | Employment gap for disadvantaged groups, such as people with disabilities                  | ✓                        | Data on broader societal and economy-wide metrics is available through government departments, the Central Statistics Office, Eurostat, international organisations, etc. |

|   | Objective  | Data requirements  | Applicability in Ireland |   |
|---|--|--|--------------------------|---|
| <b>Measuring National Procurement System Performance in Ireland</b> |  |  |                          |   |
| Inputs  | Cost and time of procurement processes                                       | Time taken (and any associated overt costs, not including employee salaries) by government personnel, including non-procurement roles, to undertake procurement activity | ✗                        | Data not currently available on cost and time for conducting tenders beyond OGP activity; measuring total inputs will require an estimation of total cost and time across the system. |
|   | SME participation  | Number of bids submitted for government tenders by businesses categorised as SMEs  | ✓                        | Data is available from eTenders.  |
|   | Business perceptions on cost and time of participating in government tenders | Survey responses, including quantitative results, on time taken (and resources engaged) in responding to government tenders  | ✗                        | There is no data available on the time taken by businesses to respond to government tenders.  |
|   | Overall inputs of national procurement system                                | Data/estimates on number and cost of personnel in each agency engaged in procurement activity  | ✗                        | There is no data available on the number or spend on procurement activity in each contracting authority   |
|   | Business participation and competition                                       | Average number of bidders per tender; ratio of tenders that are open procedures versus limited tenders and direct awards   | ✓                        | Data is available from eTenders.  |
|   | E-procurement inputs   | Direct costs for purchasing, upgrading or maintaining e-procurement system; personnel costs associated with system management and maintenance                            | ✗                        | Data on the costs of systems used to manage procurement, including personnel costs, is not collected across all organisations.  |
| Outputs   | Use of social criteria in contracts  | Ratio of public procurement contracts with social criteria   | ✗                        | Currently there is no government-wide target for or measurement of the use of social criteria   |
|   | Use of environmental criteria in contracts                                   | Ratio of public procurement contracts environmental criteria   | ✓                        | Tracked as part of Programme for Government commitment  |
|   | Use of reserved contracts  | Number or ratio of reserved contracts  | ✓                        | The use of reserve contracts can be tracked for above threshold procurements.   |

|          | Objective   | Data requirements   | Applicability in Ireland |  |
|----------|---|---|--------------------------|--|
|          | Innovative procurement  | Ratio of goods and services purchased that meet innovation criteria (e.g. purchased through PCP, first introduction into domestic market)   | ✘                        | Currently there is no government-wide target for the procurement of innovation or measurement of how much procurement is targeting innovative solutions  |
|          | Use of whole of life costing  | Ratio, value and number of contracts awarded following a procedure containing life-cycle costing award criteria   | ✘                        | There is no data available on the use of procedures containing life-cycle costing award criteria on a system-wide basis.   |
|          | Cost and time reduction resulting from process simplification                                     | Measurement of time taken by government and business personnel to complete tender procedures both before and after efforts to improve or simplify processes (e.g. use of model contracts)                               | ✘                        | Model tender documents and model contracts are available to contracting authorities to standardise and simplify procurement processes, but no information is collected on the time saved from their usage.   |
| Outcomes | Opportunities for skills/jobs creation  | Number of apprenticeships/training courses/qualifications generated through public procurement (note: specifically generated through contract clauses)  | ✘                        | Currently there is no government-wide target for or measurement of outcomes related to social criteria at a central level.   |
|          | Improved labour market opportunities for disadvantaged groups, including people with disabilities | Number of jobs/training courses/qualifications for disadvantaged groups, including people with disabilities, generated through FAs (note: specifically generated through contract clauses)                              | ✘                        | Currently there is no government-wide target for or measurement of outcomes related to social criteria at a central level. The Department of Justice's Social Enterprise and Employment Strategy includes a target to include social considerations in 10% of all criminal justice sector contracts for the provision of goods and services by 2023. |
|          | Improved air/water quality  | Comparison between impacts on air/water quality of historical goods and services bought by government through public procurement and new goods and services selected using emissions as criteria                        | ✘                        | Data on impacts on air/water quality of historical/new goods and services is not currently collected.  |
|          | Reduced energy consumption  | Comparison between energy consumption of historical goods and services and new goods and services selected using energy consumption as criteria   | ✘                        | Data on impacts on energy consumption of historical/new goods and services is not currently collected  |
|          | Reduced CO <sub>2</sub> emissions   | Comparison between CO <sub>2</sub> emissions from historical goods and services (light vehicles, office supplies, stationary heating and new buildings) and new goods and services selected using emissions as criteria | ✘                        | Data on impacts on CO <sub>2</sub> emissions of historical/new goods and services is not currently collected   |
| Impacts  | Reduced economy-wide CO <sub>2</sub> emissions  | Economy-wide reduction of CO <sub>2</sub> emissions   | ✓                        | Data on broader societal and economy-wide metrics is available through government departments, the Central Statistics Office, Eurostat, international organisations, etc.  |
|          | Improved air/water quality  | General improvements to air/water quality, such as reduced population exposure to PM2.5   | ✓                        | Data on broader societal and economy-wide metrics is available through government departments, the Central Statistics Office, Eurostat, international organisations, etc.  |
|          | Skills/jobs creation  | Labour underutilisation rate; percentage of firms providing continuing vocational training  | ✓                        | Data on broader societal and economy-wide metrics is available through government departments, the Central Statistics Office, Eurostat, international organisations, etc.  |
|          | Improved labour market outcomes for people with disabilities                                      | Employment gap for people with disabilities   | ✓                        | Data on broader societal and economy-wide metrics is available through government departments, the Central Statistics Office, Eurostat, international organisations, etc.  |

Note: Indicators included in OECD public procurement performance measurement framework are shaded

### 4.3. Applying the productivity framework to the OGP reveals areas of strength and weakness

#### 4.3.1. *The OGP has the data capabilities to measure its internal efficiency*

The OGP has data on its own inputs and outputs to measure internal efficiency, including the use of its own resources and its own FA processes. Using business process tools, the OGP is able to track the time to complete competitions, though it is not possible to differentiate between active time (e.g. in the marketplace, in evaluation) and inactive time (e.g. time for clients to approve documentation). Output data such as the amounts transacted through OGP solutions (both mini-competitions and direct drawdown), are available or estimated, as is data on the number of mini-competitions using OGP FAs (both self-service and run by the OGP). Efforts are underway to leverage available data and to collect additional data to support more sophisticated metrics and indicators. There are some opportunities for improvement, such as more systematically measuring the cost of indirect inputs (such as the cost of training and other enables) and linking them to the OGP's procurement outputs.

The use of the eTenders platform provides a continuing opportunity to collect more and better data. The OGP collects a broad range of information on procurement activity, allowing for reporting on key metrics such as the number and value of tenders, the level of competition and SME access. Through a common savings methodology, the OGP and other CPBs are able to demonstrate the ongoing value of procurement centralisation.

#### 4.3.2. *Assessing the efficiency of the Irish public procurement system would require improvement in both the breadth and quality of procurement data*

The OGP has limited visibility into the inputs and outputs of the Irish public procurement system as a whole. It collects data on competitions run through eTenders and, while there is no direct link between procurement and actual spend, the OGP collects expenditure data from public sector bodies across the central government, education, health, justice and local government sectors. The data is based on payments transaction data provided by public sector bodies from a range of financial systems. It is not comprehensive; for example, it does not include data from primary and secondary schools or voluntary agencies in the health sector. While the OGP has made progress in streamlining and automating a number of steps in the process to collect expenditure data from all of these entities, it remains a complex activity requiring significant time and effort to complete on an annual basis. However, insights are often available to the OGP through other organisations' reporting, and there is generally a cooperative relationship with other bodies and departments with direct policy responsibility.

Measurement of public procurement inputs, such as administrative costs for contracting authorities, is limited. Assessing this aspect of efficiency requires information about direct procurement process costs (i.e. procurement officials salaries and standardised timeframes by type of procurement procedures), as well as a harmonised mapping exercise of roles and responsibilities within contracting authorities to ensure that indirect costs, such as hierarchical approvals or budgetary validations, are also taken into account (OECD, 2017<sup>[41]</sup>).

There is limited line of sight into activities underway outside eTenders, and data quality can be an issue. Some efforts, such as self-serve in mini-competitions, have the potential to increase the efficiency of the procurement system but may negatively impact data availability if they are not paired with improved data collection processes and compliance. There may be an opportunity to measure efficiency gains from the use of direct drawdowns by comparing the OGP and contracting authority resources (i.e. staff time and associated costs) required to run mini-competitions with the resources required to access direct drawdown arrangements.

Improving data aggregation between CPBs is underway but will require significant change management, as well as addressing resourcing requirements and inconsistent terminology. The level of public procurement expenditure under FAs for each specific product category could provide an initial indication of the extent of response to user needs, while further analysis of procurement expenditure by voluntary users under FAs could give additional insights into whether FAs are globally appealing.

The implementation of the new eTenders system is an opportunity to improve data collection and analysis. For example, the new eTenders system is intended to have a functionality that would allow CPBs to complete a FA or DPS and then make it securely available to all eligible contracting authorities. This functionality will provide CPBs with greater visibility on the uptake of their centralised arrangements by monitoring total contract values and usage and would allow eligible contracting authorities to utilise compliant drawdown mechanisms such as mini-competition, cascade, rotation or direct drawdown.

The implementation of new sector specific shared services systems for financial management is also an opportunity to standardise and simplify data collection. Currently, the OGP follows a multi-step process that varies by contracting authority to collect spend data. Contracting authorities generate spend data from different financial management systems, and the OGP provides assistance where necessary to extract data and convert it to the required format. The OGP validates that it is in the correct format and loads into the OGP business intelligence platform. Chart of account codes contained in the spend data are then mapped to the OGP's procurement categories based on a reference table that requires ongoing manual matching of individual contracting authority chart of account codes and procurement categories. The frequency of this process is dependent on the procedures of the source contracting authority. Sector-level standardised or centralised financial management systems across the public service should allow for greater automation of this process and more frequent data transfers, at least from those government bodies adopting the new systems.

The rollout of the new eTenders and associated training can also be an opportunity to reinforce the importance of data accuracy with contracting authorities. The OGP could consider developing training to address challenges in reporting. A course on good practices in reporting and analysis could be a means of improving the quality and consistency of data. This would also address a number of ProcurComp<sup>EU</sup> competencies, including Sustainable Procurement (“gather data to monitor the performance of sustainable procurement projects”), Reporting and Evaluation (“collect relevant data that helps address national and organisational reporting obligations”), and Analytical and Critical Thinking (“gather and analyse relevant data while applying existing qualitative and quantitative approaches in a consistent way”) (Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, 2020<sup>[46]</sup>).

### ***4.3.3. Measuring the effectiveness of OGP and the whole procurement system require missing data on outcomes***

The Programme for Government and other policy documents provide a strong mandate for the use of strategic procurement and demonstrate a willingness to use public procurement to advance key policy goals. This mandate is supported by structures, such as the Procurement Executive and the Strategic Procurement Advisory Group, to support the coordination of strategic procurement across the Irish procurement system. Coordination with the EPA on GPP, including the development of guidance and accompanying criteria, and the subsequent data collection on the use of GPP, provide example of the potential benefits of increased collaboration. The overall awareness and understanding of the OGP and its services among contracting authorities is high, with nearly all respondents in a 2020 survey of clients able to explain some elements of the role of the OGP (95%). The OGP's templates were also very positively rated, particularly amongst more engaged users. This suggests there may be opportunities for the OGP to use its position to take a leading role in disseminating strategic procurement good practices.

In the OECD's 2022 survey on Green Public Procurement, 87% of respondent countries with a national policy or strategy GPP framework linked that policy or framework to national commitments on climate

action (OECD, Forthcoming<sup>[10]</sup>). Ireland could use the implementation of strategic procurement to help achieve the ambitious commitments in the Programme for Government and the Climate Action Plan 2021; however, tracking that implementation and ensuring its efficiency and effectiveness will require greater focus on data collection and measurement. Isolating the impact of public procurement on emissions is critical to understanding the contributions of public procurement strategies towards achieving climate goals. For example, the Norwegian Public Road Administration set the goal of reducing CO<sub>2</sub> by 50% in asphalt contracts from 2017 levels by 2030. To document emissions, the Public Road Administration uses Environmental Product Declarations, which must include all emissions from the production of asphalt until it is laid out (OECD, 2022<sup>[47]</sup>). Box 4.1 provides an example of the aggregate measurement of GPP at the national level from the Republic of Korea, including its efficient and comprehensive data collection.

#### Box 4.1. Measuring green public procurement outcomes in the Republic of Korea

The Republic of Korea is a frontrunner in the early use of electronic procurement systems and platforms for GPP implementation and monitoring. The early implementation of eProcurement and procurement data systems enable GPP data to be automatically collected and reported for all government levels, making the Republic of Korea's GPP monitoring system a world-leading example. For example, beginning in 2017, the purchase records of central governments, local governments, and education authorities are provided annually through their online accounting platforms.

To assess the implementation of GPP, both the number of public authorities developing GPP implementation plans and the level of actual purchase of green products are measured. Sustainability impacts, including the **reduction of CO<sub>2</sub> equivalent emissions** and the **economic benefits achieved through the reduction of environmental impacts**, are calculated based on the data on the purchase of green products.

- **The reduction of CO<sub>2</sub> equivalent emissions** is calculated by comparing eco-labelled products with conventional products using life-cycle assessment data. As of 2019, the impact reduction was calculated for 134 product categories. The indicator is expressed as absolute annual CO<sub>2</sub> equivalent emission reduction.
- **The reduction of environmental impacts** is calculated by comparing proxy eco-labelled products with proxy conventional products. Ten environmental impacts are considered based on data availability: reduction of toxic substances, recycling of resources, energy saving, low noise, ecodesign, reduction of ecosystem toxicity, resource saving, reduction of indoor air pollutants, reduction of outdoor air pollutants and reduction of human toxicity. These are then converted to **economic benefits** based on the costs of resource saving, energy saving and/or the reduction of air pollutants for quantifiable environmental parameters.

Source: (United Nations Environment Programme, 2019<sup>[48]</sup>)

A focus on measurement would also align with Ireland's ongoing efforts to take into consideration environmental and climate change aspects in the decision-making process on public investments. The Department of Public Expenditure, NDP Delivery and Reform is working with the OECD to review Ireland's Public Spending Code to identify options for accounting for climate risk and uncertainty, and options for measuring the environmental impact of public infrastructure investment within the appraisal process (European Commission, n.d.<sup>[49]</sup>). Improving the measurement of environmental impacts through the procurement process would provide complementary data on outcomes. It can be challenging to isolate the impacts of strategic procurement from broader government initiatives because procurement strategies are often developed and implemented in alignment with overarching policies and goals. Additionally,

procurement decisions and impacts can be influenced by factors such as economic conditions and market trends, making it difficult to measure the specific impact of procurement on outcomes.

There are a number of areas where the OGP, and the Irish public procurement system more broadly, have made significant progress in the collection and use of performance data. However, in the area of strategic procurement, translating high-level principles into on the ground procurement practices can be difficult, and risk aversion and a lack of familiarity among buyers and suppliers means strategic procurement is not widely applied. Where it does take place, measurement is focused on outputs such as the use of green or social criteria, rather than outcomes such as CO<sub>2</sub> reductions. Broad, economy-wide level measures of impact are available, but it is challenging to link changes in economy-wide measures to procurement activity without reliable data collection on outputs and outcomes. This limits the ability to articulate the costs and benefits of strategic procurement and poses difficulties in measuring efficiency and effectiveness.

Responsibilities for bringing together more advanced data and metrics that would allow for improved analysis of effectiveness and efficiency are not always clear. Information about performance (contract variations, adherence to terms and conditions, etc.) that would be critical to measuring the effectiveness of procurement activities is the responsibility of contracting authorities and not collected by the OGP. GPP policy development is led by the Department of the Environment, Climate and Communications (DECC). Proposals on the implementation of GPP are the responsibility of DECC and the OGP who support other departments in the implementation of GPP. Aggregated annual reporting on GPP by government departments is carried out by the Environmental Protection Agency, an agency of DECC, but relies heavily on de-centralised tracking by departments (Climate Action Plan 2023 commits to identifying reporting structures and developing reporting guidelines on GPP for public bodies in 2023-2024). On social procurement responsibility is more diffuse, without a government-wide approach to monitoring and reporting.

Improving the measurement of procurement effectiveness could initially focus on OGP-managed categories and FAs, including seeking opportunities to monitor activity and increase visibility in second stage competitions, the use of DPS and contract performance.

The implementation of new EU standard eForms by October 2023 also presents a near-term opportunity for additional data collection. eForms will improve the accuracy of information by defining the meaning of each field and helping improve governance by including a number of policy relevant fields, including on green and social procurement. Classifying green and social procurements in eForms may be challenging for contracting authorities and will rely on self-evaluation. To improve measurement of the use and impacts of GPP, further attention could be placed on the standardisation of information that is to be collected, which could be widely communicated to ensure data quality and comparability across sub-national contracting authorities, or the availability of a correlation table (OECD, 2017<sup>[41]</sup>). Ireland could consider developing and disseminating concrete, accessible guidance specific to the Irish context in advance of the implementation of eForms focused on improving data quality and ensuring a standardised approach.

#### ***4.3.4. A greater demonstration of public procurement impacts could support the uptake of strategic public procurement***

Given the OGP's role in implementing the government-wide procurement reform programme, in the longer term the OGP could work with its partners to improve the measurement of the effectiveness of the procurement system as a whole. This can include continuing efforts such as the OGP's development of a data dictionary to promote shared terminology, but could also include more comprehensive efforts such as the development of an integrated measurement framework capturing OGP's full range of strategic objectives. While this would allow for better prioritisation and insight into areas of strength of weakness, collaboration with other stakeholders will be critical to minimise the risk of increasing the administrative

burden on CPBs, contracting authorities and suppliers, particularly when measuring procurement's contributions to strategic goals.

Strategic procurement requires coordination and commitment from stakeholders across the public sector, including those outside what would traditionally be considered the procurement system. A more sophisticated approach to the implementation and measurement of strategic procurement will require greater coordination between procurement specialists and those with technical expertise.

The successful implementation of a common methodology for the measurement of savings demonstrates the value of a standardised approach. Developing and implementing common methodologies for calculating the outcomes of strategic procurement could be similarly useful. Similar to the procurement savings methodology, these outcome measurements could be estimates calculated using representative historical data and forecast use, allow for estimates of the outcomes of procurement activity while leaving individual contracting authorities responsible for detailed tracking and reporting based on their organisation's activities. For example, New Zealand's Carbon Neutral Government Programme (CNGP) aims to make organisations within the public sector carbon neutral from 2025. As part of the CNGP, the government set a goal that, where practicable, its fleet should be emission free by 2025/2026. New Zealand Government Procurement and Property collects sales data on the government's fleet purchased through an all-of-government contract (the New Zealand version of an FA). It uses estimates of carbon dioxide emissions provided by the New Zealand Transport Agency to estimate the government's fleet total emissions and assess progress towards meeting the 2025/2026 target (OECD, 2022<sup>[7]</sup>).

To advance the use of social procurement, Ireland could consider initially focusing on a specific high-priority social policy area, for example, labour market participation and outcomes for persons with disabilities. The OGP could then work with specific partners and stakeholders, including relevant departments, agencies and social enterprise organisations, to support the development of guidance and criteria for social procurement, as well as a plan for measuring its use and impact. The OGP's involvement could help to ensure that measurement frameworks are aligned with procurement processes and tools and appropriately balance the benefits of additional reporting with operational realities. Reporting on outputs such as the number of contracts with social criteria in a specific area of social policy could be a starting point to a progressively more developed and standardised approach to measurement. Box 4.2 provides an illustrative example of how the effectiveness and efficiency of social procurement could eventually be measured.

#### **Box 4.2. Measuring the impact of social procurement on employment: an illustrative example**

One widely used example of social procurement is the inclusion of contract clauses to create employment opportunities for people who face barriers to employment, such as disabilities, lower levels of education or skill, or long-term unemployment. Some employment clauses also specify the terms on which recruited employees or apprentices should be able to progress during the contract or set specific training requirements (European Commission, 2020<sup>[50]</sup>).

Measuring the efficiency and effectiveness of these types of clauses allows for evaluations of both the procurement system and of their usefulness as policy levers. It can involve the following steps, taking a contract including a requirement to deliver apprenticeships as an example:

##### ***Efficiency***

Measuring efficiency requires comparing inputs, the resources to develop and deliver the procurement, with outputs, the final contract which includes a clause requiring the supplier to provide apprenticeships.

In this case, inputs include direct staff costs for the contracting authority as well as a CPB (if involved), but should also include the costs of the supporting infrastructure, such as those related to the e-procurement system, human resources and financial functions, etc. This requires an understanding and accurate accounting of how resources are used to deliver procurement. Measuring this type of output requires systematic reporting and tracking of the use of these types of clauses by contracting authorities, including shared definitions and standards.

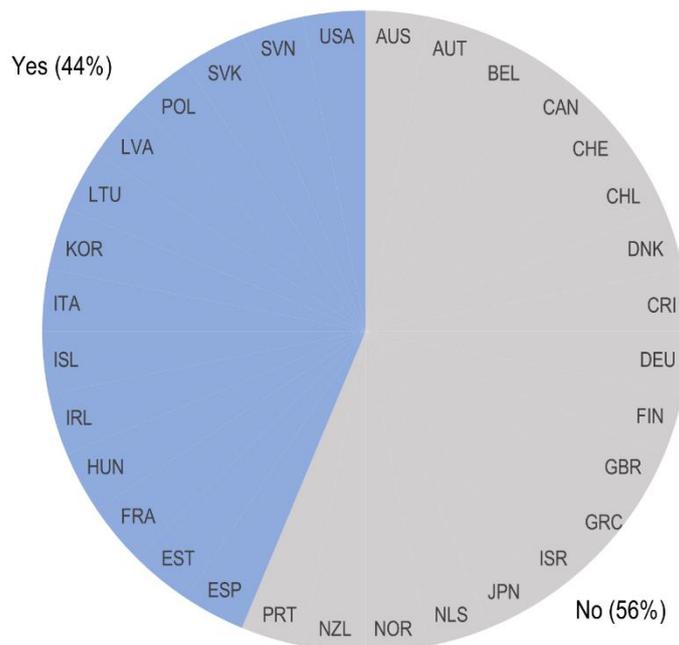
**Effectiveness**

Measuring effectiveness requires comparing inputs, sometimes defined more broadly to include strategic and enabling factors, with the wider outcomes and impacts of the use of social clauses.

Outcomes and impacts could include, for example, the number of apprenticeships created, measured in number of positions and total number of hours. This type of measurement requires ongoing performance reporting from suppliers and contracting authorities. They could also include the wider impacts on the overall provision of workplace training, the long-term unemployment rate, etc. While these economy-wide measures are generally available from national statistical agencies, such as the Central Statistics Office in the case of Ireland, impacts take time to appear, and it can be challenging to draw causal connections to procurement activity.

If improved reporting and common measurement frameworks can allow for the credible demonstration of benefits towards achieving goals like CO<sub>2</sub> reduction, increased data collection may be an opportunity to further demonstrate the benefits of FAs and drive more use by contracting authorities. In many cases suppliers are already reporting on performance and results, including environmental outcomes, to contracting authorities. It may be possible to standardise and aggregate this information without burdening suppliers, especially SMEs, with excessive reporting requirements. However, while almost half of OECD countries reported tracking GPP (see Figure 4.1), a standardised methodology for measuring outcomes and impacts is much less common (OECD, Forthcoming<sup>[10]</sup>).

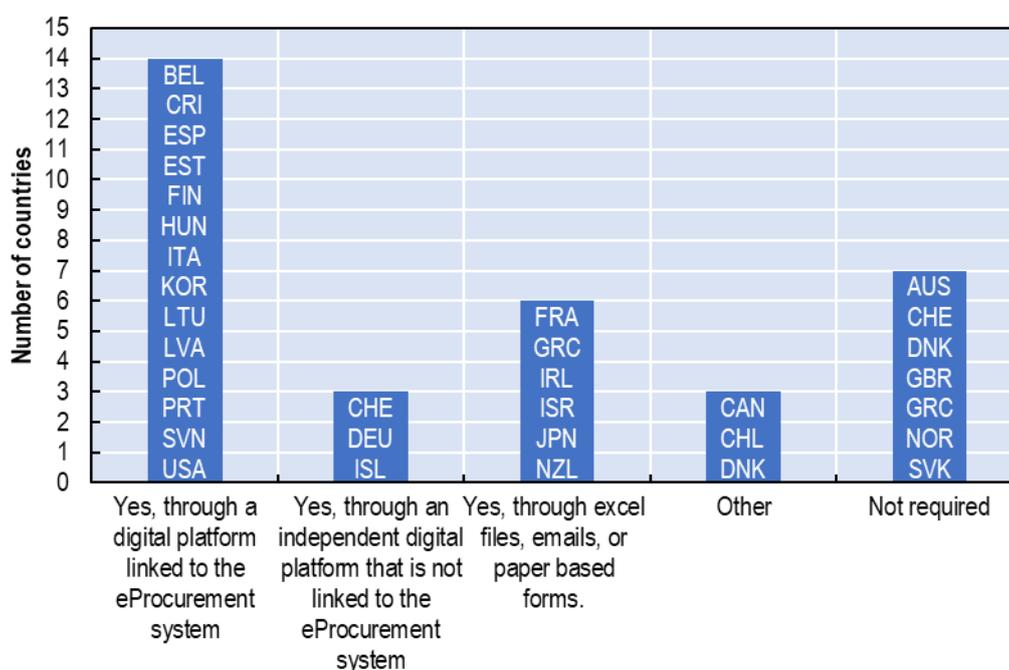
**Figure 4.1. Availability of data on GPP spending in OECD countries**



Source: (OECD, Forthcoming<sup>[10]</sup>)

In the longer term, the OGP could seek to leverage eTenders to better measure procurement outcomes. E-procurement systems that function largely as portals for posting and responding to tenders can be used to measure efficiency, but more information on the overall functioning of the procurement system is required to use procurement more strategically. In the 2022 survey on GPP, 14 countries indicated that there is a requirement for public institutions to report on GPP spending or the use of GPP criteria through their e-procurement system (see Figure 4.2). Further automating data collection may be possible through a more active use of eTenders by contracting authorities through all phases of the procurement cycle. This could begin with greater use of these functionalities within OGP, providing a test case and setting an example for the rest of the procurement system. Over time, data collection could be expanded to include information on direct drawdowns, which is currently only available from suppliers, to better distinguish between contract award value and actual spend.

**Figure 4.2. Requirement for public institutions to report on GPP spending or number of tenders including GPP criteria**



Notes: Multiple responses were permitted

Source: (OECD, Forthcoming<sup>[10]</sup>)

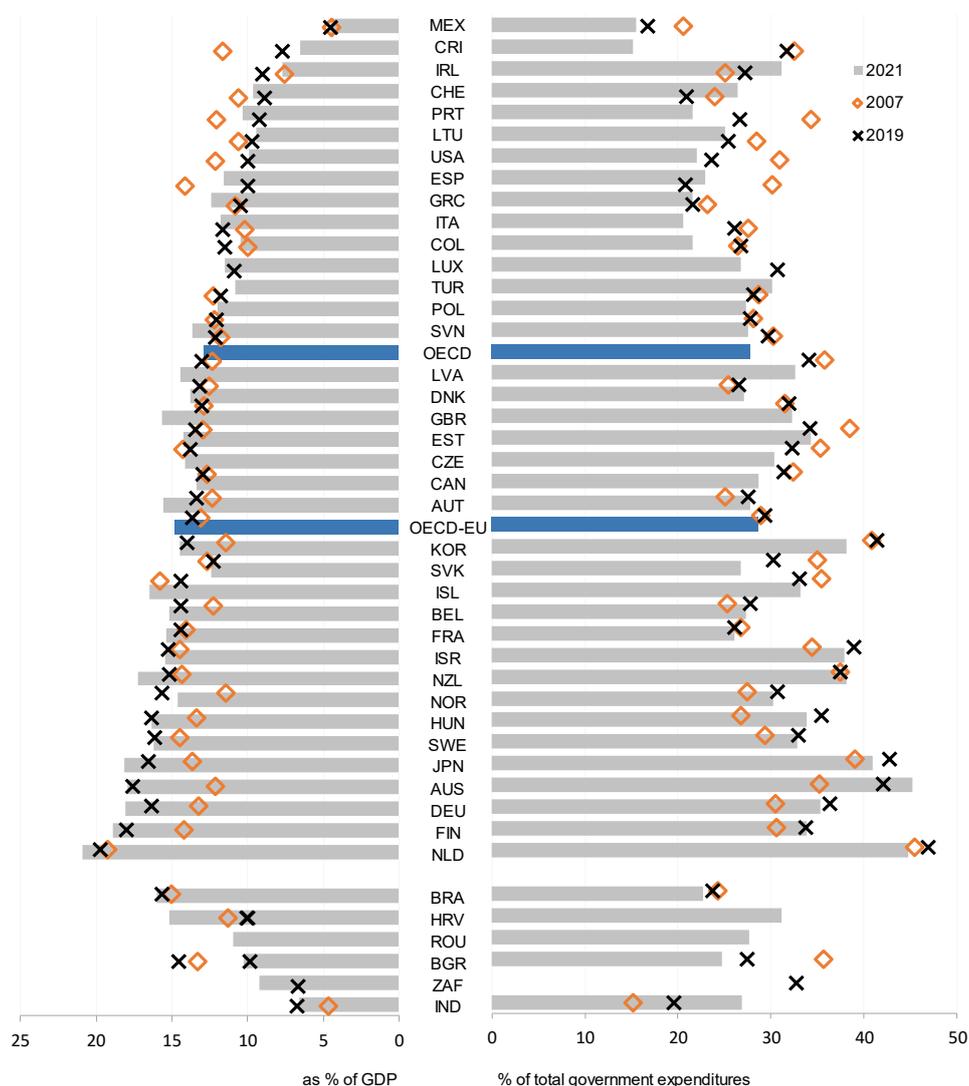
# 5 A cross-country approach to measurement frameworks

Previous case studies examining the efficiency of centralised public procurement in Chile, Finland and New Zealand revealed that frameworks need to be able to adapt to different institutional settings and procurement systems. Different contexts influence the objectives and scope of measurement initiatives and the way they are carried out, but valuable insights can still be drawn from a comparative perspective.

Finland, Chile, New Zealand and Ireland all provide different institutional settings and procurement systems pursuing policy objectives by leveraging public procurement. In the Finnish and Chilean procurement systems, for example, contracting authorities' use of FAs developed by the central CPB is mandatory (in at least some circumstances) (OECD, 2019<sup>[6]</sup>). This is not the case in New Zealand, which has a significantly different procurement environment. In the New Zealand procurement system, individual government agencies conduct their own procurement for their own needs, except for some limited categories of goods and services that are procured centrally. The CPB, New Zealand Government Procurement and Property (NZGPP), the central purchasing body, is more of an influencer than an enforcer with responsibilities which include collaborative purchasing, leading policy development, providing advisory services and supporting the development of capability across government (OECD, 2022<sup>[7]</sup>). The Irish system, by contrast, is unique among the systems examined to date in the number of sectoral CPBs. The OGP is responsible for developing the overall procurement policy framework and for providing support to the public sector and suppliers (e.g. HelpDesk, Tender Advisory Service, meet the buyer events) as well as putting in place central arrangements from which publicly funded bodies are expected to purchase. However, unlike CPBs in Finland, Chile and New Zealand, the OGP works with sector-specific CPBs on procurement delivery and the implementation of the government's procurement reform programme. Each sector is accountable for its major spending and for implementing government policy in areas including green and social procurement, while institutions such as the Interim Procurement Reform Board and the Procurement Executive support collaboration and coordination (Office of Government Procurement, 2022<sup>[1]</sup>).

The size of public procurement spend across New Zealand, Ireland and Finland is relatively similar, from 38.1% of general government expenditures in New Zealand to 31.1% of general government expenditures in Ireland. Public procurement's share of GDP in Ireland in 2021 was 7.7%, significantly lower than the share in Finland (18.9%) and New Zealand (17.2%) (OECD, 2021<sup>[5]</sup>). Note, however, that Ireland's GDP figures are distorted upward by the activities of multinational enterprises, artificially lowering public procurement's share of GDP (OECD, 2020<sup>[15]</sup>).

**Figure 5.1. General government procurement spending as a percentage of GDP and total government expenditures, 2007, 2019 and 2021**



Source: (OECD, 2023<sup>[52]</sup>)

Note: Data for Chile are not available. Data for Türkiye are not included in the OECD average. A large share of general government procurement in the Netherlands is spent on social transfers in kind via market producers, scholastic grants and mandatory health insurance systems. Data for Türkiye, Brazil and Indonesia are for 2020 rather than 2021.

The amount of concentrated spend in collaborative procurement instruments, traditionally the main tool to influence the way national procurement systems contribute to broader outcomes, also varies across countries. Public agencies in Finland spent 0.95 billion euros under FAs in 2019, in New Zealand 2019 spend under All-of-Government contracts amounted to 1.44 billion euros, and in Chile public expenditures channelled through Convenios Marco reached USD 2.59 billion in 2019 (OECD, 2022<sup>[7]</sup>). In Ireland, data is not currently available for actual spend through central arrangements.

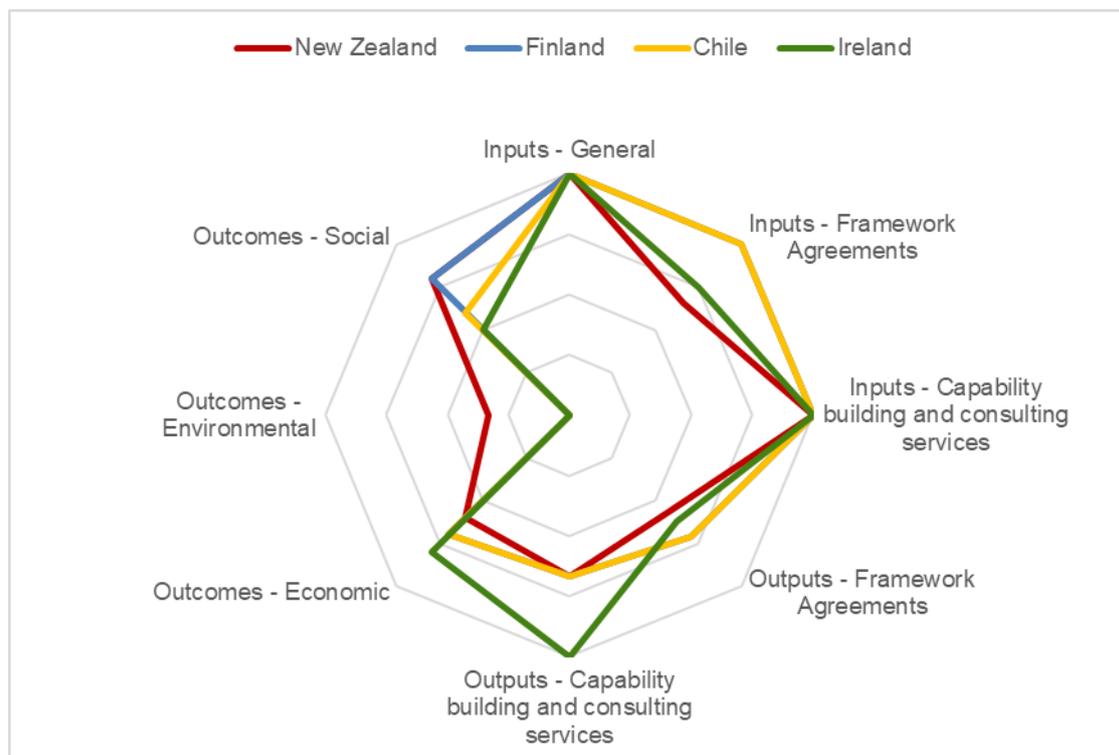
CPBs in the four countries have different structures and serve different client bases. Despite being one of a number of CPBs in Ireland, the OGP has significantly more employees and serves a greater number of contracting authorities and suppliers.

**Table 5.1. Key statistics for CPBs in Finland, Chile, New Zealand and Ireland (2020)**

|  | Hansel (Finland) | ChileCompra | New Zealand Government Procurement and Property | Office of Government Procurement |
|--|------------------|-------------|---|----------------------------------|
| No. of employees                       | 113              | 137         | 129   | Approx. 240                      |
| No. of contracting authority customers | 2 400            | 906         | Approx. 3 000                                   | Approx. 7 000                    |
| No. of suppliers                       | 640              | 9 628       | 1 893   | 735                              |

Source: OGP and (OECD, 2022<sup>[7]</sup>)

Applying the productivity framework in these different contexts allows for the identification of common themes and disparities in terms of data collection ability and measurement. The below figure represents the general extent to which CPBs in New Zealand, Finland, Chile and Ireland are able to collect evidence on the different dimensions of the public procurement productivity framework. Given the differences between systems, approaches and policy goals these results are indicative; nevertheless, they provide areas for further cross-country study and learning.

**Figure 5.2. Ability to measure CPB performance against the productivity framework in Ireland, New Zealand, Finland and Chile**

Note: To facilitate comparison across countries and ensure alignment between case studies, the categorisation of measurement indicators used in Figure 5.2 differs from that in Table 4.2.

Source: (OECD, 2019<sup>[6]</sup>), (OECD, 2022<sup>[7]</sup>)

CPB performance measurement capabilities among the four countries are relatively aligned. All four CPBs are generally able to measure inputs and outputs, providing a strong basis for evaluating the efficiency of

procurement activities. The four CPBs have a similarly strong capability to measure general inputs, such as CPB staffing levels and e-procurement system costs, and inputs related to capacity building and consulting services, such as the costs of providing training services. Capabilities related to the measurement of FA inputs are also relatively strong across countries; in the case of Ireland, the OGP is able to evaluate or estimate the direct costs of establishing FAs and metrics such as SME participation, but is less able to measure indirect costs and the costs incurred by contracting authorities in accessing FAs.

The OGP can estimate or measure a number of FA output indicators, such as take-up by contracting authorities, SME success and hard savings. Like CPBs in Finland and New Zealand, it is less strong in terms of measuring the amount of staff time saved by contracting authorities in using FAs, including the time savings from efficiency tools such as DPS. All four CPBs are strong in the area of measuring outputs related to capacity building and consulting services, which in the case of the OGP is achieved through client satisfaction surveys and tracking the outcomes of various trainings.

However, capabilities related to the measurement of outcomes are more limited. While CPBs have made progress in specific instances, the ability to measure environmental impacts, such as reductions in energy consumption or improvements in air or water quality, is limited. These types of measurement would require a greater understanding of impacts of currently or previously purchases goods and services, as well as the impact of goods and services being purchased under new arrangements. While CPBs scored higher on their ability to measure social impacts, this was largely the result of strong performance related to transparency and open procurement, rather than in areas related to the outcomes from social procurement. Again, New Zealand has made progress in this area with the implementation of a broader outcomes reporting framework, which sets out how the government will monitor and report on procurement activity and outcomes across the system. Data is primarily collected using current information, or information that can be collected automatically through current systems and agencies are required to report to the CPB every six months on select indicators, including increases in employment opportunities for targeted groups and reductions in emissions from government buildings and fleet (OECD, 2022<sup>[7]</sup>).

The relative alignment of measurement capabilities across CPBs suggests there may be value in collective efforts to better understand public procurement's impact on outcomes, and opportunities for more structured and comprehensive approaches. As public procurement's role as a tool for achieving strategic policy goals continues to grow, the development of a common approach and framework for measuring its impacts becomes increasingly important. Despite varying institutional contexts and country specific factors, a common measurement framework tailored to broader procurement outcomes can help to assess progress and achievements periodically and consistently as well as identify potential gaps against objectives and targets. This will enable governments, contracting authorities and other key stakeholders to take relevant actions and develop tailored strategies (OECD, Forthcoming<sup>[8]</sup>).

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