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Public-public/in-house procurement - Promoting the principles of market openness, transparency as well as competitiveness

Issue

Public authorities have the discretion to provide in-house engineering services to satisfy their proper needs.

However, private firms report that public in-house engineering departments engage in commercial activities and bypass public procurement provisions through the use of public-public and in-house exemptions, and exclusive rights.

In addition, public sector companies often benefit from unfair competitive advantages and thus restrict proper access to the market (in particular for SMEs). They do not fall under usual insolvency or bankruptcy procedures. This improves their financial position to reduce charges which would normally feature in their budgets, such as VAT.

The 2014 Public Procurement Directives bear the risk of closing off an increasingly large number of markets to private firms, and a significant potential for a greater use of public-public exemptions.

Cost-effective quality work performance and efficient use of tax payers money should be the goal of all involved. In the case of engineering services, the private sector has broad and unique experiences, a range of tools dealing with technical innovation, risk management and whole-life costing, and the multidisciplinary teams who are focused on the successful delivery of objectives, especially of important, high-risk projects, with restricted schedules and budgets.

EFCA Position

EFCA believes that excessive use of public-public (including in-house) exemptions is damaging market openness and transparency as well as the competitiveness of the European industry.

EFCA continues to advocate that the expertise and innovation of private sector firms ensure the delivery of quality, on-time services to public clients. The European taxpayer benefits from higher quality services at a lower price that are realized when public authorities contract out planning, engineering, design and related professional services.

EFCA also emphasises that the implementation and use of public-public (including in-house) exemptions are optional and not obligatory.