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| creating a good local economy through procurement |
| Case Study 4 – Satu Mare, Albacete and Preston prepared by |
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| Presented to |
| Procure network partners and URBACT |



# case study 4 – engaging and raising awareness with local businesses and smes – SAtu mare, albacete and preston

## Introduction

The fourth transnational meeting of the Procure network took place in [Koprivnica, Croatia](https://en.wikipedia.org/wiki/Koprivnica)[[1]](#footnote-1) on Tuesday 21st and Wednesday 22nd March 2017. The focus was on the thematic area of engaging and raising awareness with local businesses and SMEs. It was framed around addressing seven key questions (these have been previously identified by the partners as part of the baseline study):

* What problems and barriers are there around local business and SME engagement?
* What barriers do local businesses and SMEs face in tendering?
* What legal methods and tools can be used to raise awareness?
* How can local businesses and SMEs be involved in the pre-procurement phases?
* What capacity do SMEs need and how can this be provided?
* How can the potential of local businesses and SMEs be realised?
* How can procurement opportunities be promoted at the local level?

The findings of this have been written up into a post meeting briefing note. To supplement the briefing note, this case study looks specifically at the examples of Satu Mare (Romania), Albacete (Spain), and Preston (United Kingdom) and how they are engaging and raising awareness with local businesses and SMEs. These examples were discussed during a ‘walk and talk’ session at the transnational meeting.

## A reminder about innovation in procurement and social criteria

There are ten key means of overcoming barriers to engaging local businesses and SMEs in procurement – these were also provided in the pre-meeting and post-meeting briefing notes but are worth reiterating here. They are as follows:

* **Mean 1 – supplier database** - contracting authorities could overcome the barrier around lack of knowledge of local businesses and SMEs by developing a database of potential suppliers. This could be linked to spend analysis and particularly the goods and services leaking out of the local economy. The database could be used to make local businesses and SMEs aware of upcoming opportunities.
* **Mean 2 – streamline documentation** - Contracting authorities could overcome the barrier around the bureaucracy facing local businesses and SMEs by streamlining the tender process so that less questions are asked and less complex questions are asked.
* **Mean 3 – pre-procurement engagement** – Contracting authorities could overcome the barrier around engagement with local businesses and SMEs by involving them in the design of goods and services and holding ‘meet the buyer’ events before the start of a formal procurement exercise.
* **Mean 4 – use social and environmental criteria** – Contracting authorities could overcome the barrier around the overemphasis upon cost in procurement by embedding social and environmental criteria into the process and additionally considerations around quality.
* **Mean 5 – provide training** – Contracting authorities could overcome the barrier around capacity and capability to bid for procurement opportunities by providing specific training in coordination with other partners for SMEs and local businesses.
* **Mean 6 – give greater weighting** – Contracting authorities could overcome the barrier around the inability of SMEs and local businesses to properly demonstrate social value by applying greater weighting to it in the procurement process.
* **Mean 7 – lotting** – Contracting authorities could overcome the barrier around SMEs and local businesses not being able to access procurement opportunities as a result of their scale by breaking contracts down into smaller lots.
* **Mean 8 – local portals** – Contracting authorities could overcome the barrier around advertising being cross-Europe by developing their own local portals with opportunities advertised specifically in the local market.
* **Mean 9 – more flexibility** – Contracting authorities could overcome the barriers around requirements of SMEs in particular by reducing the amount of documentation and supporting evidence they need to provide.
* **Mean 10 – require local and SME tenders below threshold** – Contracting authorities can overcome the barrier around the time procurement exercises take, by adopting different processes for below threshold opportunities. This could include requiring a certain number of local businesses or SMEs to bid.

## Case Study 1 – Satu Mare (engagement with SMEs)

The County of Satu Mare’s core mechanism of engaging with businesses based in the locality is through the Chamber of Commerce, Industry and Agriculture Satu Mare (CCIA SM). The organisation is autonomous of government and has a mission to enable ‘the development of trade, industry, agriculture and services both on national and international level, according to the market economy principles’. CCIA SM also seeks to represent Satu Mare based businesses with the national, regional and local state. In relation to procurement, CCIA SM’s core activity is to promote the capabilities and skills of their members through a dialogue based approach. Particular activities include:

* Establishing and maintaining direct dialogue with the companies to identify the problems they are dealing with and in establishing solutions;
* Representing the interests of local decision makers in front of local decision makers and others;
* The organisation of local fairs and exhibitions;
* Consultancy and assistance services.

The whole focus of CCIA SM is upon stimulating business to enable the economic and social development of Satu Mare County based businesses. This comes through EU, cross-border, national and local level projects. For example, CCIA is leading on a cross border Romania-Hungary cooperation project which is seeking to expand and upgrade the existing local supply of tourism services. Specific activities include:

* Establishment of a micro-regional business centre;
* Training in project management for SMEs within the cross-border area;
* Development of Spa and Wellness tourism;
* Analysis of the opportunities associated with geothermal energy.

One of the key roles of CCIA SM in relation to procurement is that they produce an annual top companies in Satu Mare catalogue. This makes procurers aware of who County of Satu Mare businesses are and what types of products and services they can potentially provide. This resource is helpful, but remains restrained by procurement policy in Romania.

## Case Study 2 – Albacete (pre-procurement engagement)

CEEI Albacete are representing the City of Albacete in the URBACT Programme and the Procure Network. In relation to business engagement through procurement, the whole remit of CEEI Albacete is to ‘boost the creation of new business, especially those which are innovative or diverse, fostering new lines of activity in already existent businesses and helping entrepreneurs in the process of starting their projects’.

Through the concept of innovation, CEEI Albacete seek to work with business to develop new and novel products and provide linkages into local and national governments, business associations and others. CEEI Albacete engages with around 275 SMEs each year and has supported the incubation of some 20 SMEs.

CEEI Albacete provides three core services to SMEs. First, they provide a range of start-up services around feasibility studies; business planning; and business incubation. Second, they provide a range of management innovation services around promoting innovation; financial support around research and development; and a Business Angels Network. Third, they provide coaching services around predominantly business creation, personal and professional development, and marketing.

The activities of CEEI Albacete link to procurement because they are effectively supporting SMEs to innovate and create new products and services which may well fill gaps in the market. They are also linking SMEs up with potential investors; and encouraging entrepreneurship amongst university students. All this work around innovation is important in relation to procurement, given the increasing emphasis being placed on pre-commercial procurement and public procurement of innovation both directly in localities and through EU funded programmes such as Horizon 2020 and COSME.

## Case Study 3 – Preston (supplier database)

Preston City Council and other anchor institutions have been undertaking spend analysis since 2013. In this, they have sought to understand the extent to which procurement spend is with suppliers based in the Preston and Lancashire boundaries, the extent to which it is with suppliers in particular industrial sectors, and the extent to which it is with SMEs. Importantly, this also enables leakage out of the local economy to be identified with the baseline position across all the anchor institutions in 2013 revealing that 61% of all spend leaks out of Lancashire.

This evidence is important as it enabled municipalities and other anchor institutions to think about their supply chains and the extent to which they can potentially influence spend so that local businesses and SMEs develop their capacity and capability to bid for procurement opportunities.

Preston City Council has specifically used the analysis of their spend to identify the sectors where there is the greatest amount of leakage out of Lancashire, and which of this spend is potentially ‘influenceable’. By this they mean spend which is not tied up in national frameworks or unavailable in the Preston economy. As a result of their spend analysis, they identified around 3 million euros of spend across sectors such as consultants, communications, and construction which was potentially influenceable. This in turn has led to Preston City Council developing a database of organisations based in Preston who could potentially deliver those goods and services in the future.

The database is then utilised prior to procurement exercises to raise awareness amongst the local business base of opportunities which are potentially relevant to them and to scope their capacity, skills and capability to bid for opportunities. Preston City Council’s spend in the local economy has increased as a result of this and other initiatives.

1. <https://en.wikipedia.org/wiki/Koprivnica> [↑](#footnote-ref-1)