

OECD Public Governance Reviews

Public Procurement in Lithuania

INCREASING EFFICIENCY THROUGH CENTRALISATION
AND PROFESSIONALISATION



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Foreword

In Lithuania, public procurement has a significant economic size and impact. For this reason, Lithuania recognises public procurement as a strategic tool to support broader policies and contribute to the country's economic growth and recovery. Used strategically, public procurement can contribute significantly to addressing EU priorities (green transition and innovation), achieving the 2030 Agenda for Sustainable Development (SDGs), and “building back better” after the COVID-19 pandemic crisis and recent geopolitical shocks.

Promoting the use of public procurement to address global challenges such as climate change and support innovation is a top priority in Lithuania. In the National Progress Plan (2021-2030) adopted in 2020, the government of Lithuania set an ambitious 20% target for innovation procurement by 2030, with the interim goal of 5% by 2025. Starting in 2023, the government of Lithuania also set up a 100% target for green public procurement.

A sound and well-functioning public procurement system is essential to further promote its strategic use. To this end, Lithuania has been working with the European Commission and the OECD since 2017 to increase the efficiency and efficacy of its public procurement system in line with the 2015 OECD Recommendation on Public Procurement and international good practices. Building on this successful partnership, Lithuania enhanced further the centralisation and professionalisation of its public procurement system through reforms, including laws and regulations based on recommendations from the EU-funded public procurement reform project “Improvement of the Lithuanian public procurement system through professionalization of the national workforce and streamlining of R&D tendering” (2018-2019). Indeed, Building on these successes, Lithuania has ambitions to implement further reforms to move to the frontline of public procurement practices in Europe and the OECD.

This report provides Lithuania with recommendations and suggested actions to improve its public procurement system and promote the uptake of strategic procurement through centralisation and professionalisation. It is part of the project “Increasing efficiency in public procurement system of Lithuania through the implementation of centralisation and professionalisation reforms,” which was funded by the European Union via the Technical Support Instrument and implemented by the OECD from September 2021 to September 2023, in co-operation with the Directorate-General for Structural Reform Support of the European Commission.

The report was approved for publication by the OECD Working Party of the Leading Practitioners on Public Procurement (LPP) on 12 March 2024 and prepared for publication by the Secretariat.

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Under the direction and oversight of Elsa Pilichowski, OECD Director for Public Governance; Janos Bertók, OECD Deputy Director for Public Governance; and Edwin Lau, Head of the Infrastructure and Public Procurement Division of the Directorate for Public Governance, this review was co-ordinated by Paulo Magina, Deputy Head of the Infrastructure and Public Procurement Division. The main author of this report is Masayuki Omote, Policy Analyst from the Infrastructure and Public Procurement Division. Laura Kuoraitė, seconded to the OECD from the Public Procurement Office of Lithuania, contributed inputs at the initial drafting stage. Justine Deziel provided editorial assistance.

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The engagement and consultation with key stakeholders of the public procurement system in Lithuania were critical for the successful completion of this review. The OECD would like to thank 99 public procurement officials in Lithuania that participated in the ProcurComp^{EU} self-assessment survey from 6 CPBs: CPO LT, Asset Management and Economy Department under the Ministry of Interior, Prison Department under the Ministry of Justice, Kaunas City municipality administration, Vilnius City municipality administration and the Defence Resources Agency under the Ministry of National Defence. The OECD would like also to express its gratitude to the three contracting authorities that participated in the pilot projects of strategic procurement: Defence Resources Agency under the Ministry of National Defence, CPO LT, and Republican Vilnius University Hospital (RVUL). Finally, the OECD would like to thank Ms. Neringa Virbickaitė, Mr. Andrius Malvicas, and Mr. Virginijus Virbickas, the OECD local experts and coordinator, who supported the implementation of the project and the pilots.

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Executive summary

In Lithuania, public procurement accounts for 9.4% of GDP and 25.1% of total general government expenditures in 2021, below the OECD average of 12.9% and 33.1%, respectively. Given its economic size and impact, Lithuania recognises public procurement as a strategic tool to support the government's broad strategic goals to contribute to the country's economic growth and recovery. Currently, Lithuania has an ambitious target of 100% for green public procurement since 2023 and 20% for innovation procurement by 2030.

Lithuania has been actively implementing public procurement reforms to increase the efficiency of its public procurement system through centralisation and professionalisation of public procurement function.

Key findings and policy recommendations

Centralisation reform

Lithuania started its unprecedented centralisation reform of public procurement to respond to the centralisation of public procurement function required by the Amendment to the Law of the Government of the Republic of Lithuania and the amendments to the Law on Public Procurement, which was adopted by the Parliament in October 2021 and entered into force in January 2023.

The amendments require contracting authorities to procure goods, service, and works via the e-catalogue of CPO LT, the largest national central purchasing body (CBP) in Lithuania, for procurements above EUR 15 000. In addition, starting from 2023, CPO LT has been gradually taking over the procurement of the health sector and some other contracting authorities at the central government level, based on the performance assessment of each contracting authority. As of June 2023, 79 CPBs exist in Lithuania. 74 of these 79 CPBs are regional CPBs, most of which were established after January 2023 in response to the requirement of public procurement centralisation at the regional level. During the second quarter of 2023, centralised public procurement accounted for 34.6% of the total procurement volume, marking a significant increase from 10.0% in 2020. It is expected that the share of centralised public procurement will increase further in the coming years.

The ongoing centralisation reform requires more capacity and capabilities from CPO LT, as it needs to take over procurement procedures from contracting authorities at central level and requires close co-ordination with the 74 regional CPBs. For this purpose, and in collaboration with the OECD, Lithuania prepared a measurement framework composed of 77 indicators for measuring the performance of CPBs; however, its implementation will require close monitoring.

To address the challenges of the centralisation reform, the report proposes several actions. Namely, Lithuania could benefit from:

- **Reinforcing CPO LT to respond better to the needs arising from centralisation reform by improving:**

- its capacity and the capabilities of its workforce related to the provision of (i) health sector procurement and/or recruiting category specialists of the health sector and (ii) high-quality *procurement agent services* of strategic procurement such as innovation procurement; and
- its organisational strategy to be more competitive in the labour market by (i) analysing the current uptake of its services by each client, (ii) considering increasing the number of the positions related to client relations, and (iii) considering improving its performance bonus system;
- **Ensuring the maximum benefits of centralisation at regional level by:**
 - continuing to regularly monitor the performance of 74 regional CPBs based on the scoreboard and the performance indicators of CPBs;
 - considering reinforcing a national CPB network to co-ordinate and exchange centralised purchasing practices;
- **Introducing the performance measurement framework of CPBs by:**
 - Improving the availability of data in digital format to calculate key performance indicators by prioritising data related to socially responsible public procurement (labour, gender consideration etc); and
 - Fine-tuning its methodology of calculating savings from centralised public procurement in collaboration with a knowledge centre.

Professionalisation reform

In recent years, the government of Lithuania has taken important steps to professionalise the public procurement workforce, through close co-operation between the Ministry of Economy and Innovation (MoEI) and the Public Procurement Office (PPO). Lithuania approved its action plan (2019-2022) to professionalise the public procurement workforce in March 2019 to implement the recommendations proposed by the OECD. By the end of 2022, Lithuania had already achieved several objectives of this action plan, including: (i) the establishment of its first-ever national certification framework in July 2022, (ii) the development of training materials, standard templates, and methodological tools, (iii) the establishment of the masters programme on public procurement through a collaborative approach with knowledge centres, and (iv) the establishment of excellence award scheme.

Building on its recent achievements, and to further strengthen the professionalisation reform, Lithuania could benefit from:

- Considering improving the certification system (e.g., improving the quality of exam questions, shortening validity term, setting additional certification level) based on the feedback received on the current model;
- Examining the benchmarking exercise results carried against the ProcurCompEU competency matrix and updating the corresponding competences (e.g., risk management including integrity aspect) on a regular basis;
- Updating the study guide for the certification framework “Checking the knowledge of procurement specialists” on a regular basis to reflect all existing lecture videos and guidelines.
- Reinforcing the capability-building initiatives for the areas such as innovation procurement, sustainable procurement, and risk management.
- Improving the quality of the guidelines for innovation procurement by: (i) enriching the case examples implemented inside and outside the country and (ii) accompanying the guidelines with the templates of tender documents of innovation procurement procedures such as innovation partnerships and pre-commercial procurement.
- Expanding outreach to young people to raise awareness of public procurement as a career option.

1 Centralisation

This chapter describes the current state of play of the ongoing centralisation reforms of the public procurement function in Lithuania. The chapter starts by recalling the theory related to centralisation of public procurement and the role of a central purchasing body (CPB). Then, it overviews its evolution in Lithuania until 2020 and the ongoing centralisation reform implemented since 2021. Then, the chapter examines how CPO LT, the largest CPB in Lithuania, can maximise the benefits and impacts of the ongoing reform to contribute further to improving the overall performance of the public procurement system in Lithuania through their centralised purchasing services. The chapter also shows key results and takeaways from the ProcurComp^{EU} survey which was carried out to six CPBs to identify competences that require more capability-building initiatives. Lastly, the chapter proposes a performance measurement framework tailored to CPBs in Lithuania and benchmarks methodologies of calculating savings from centralised purchasing.

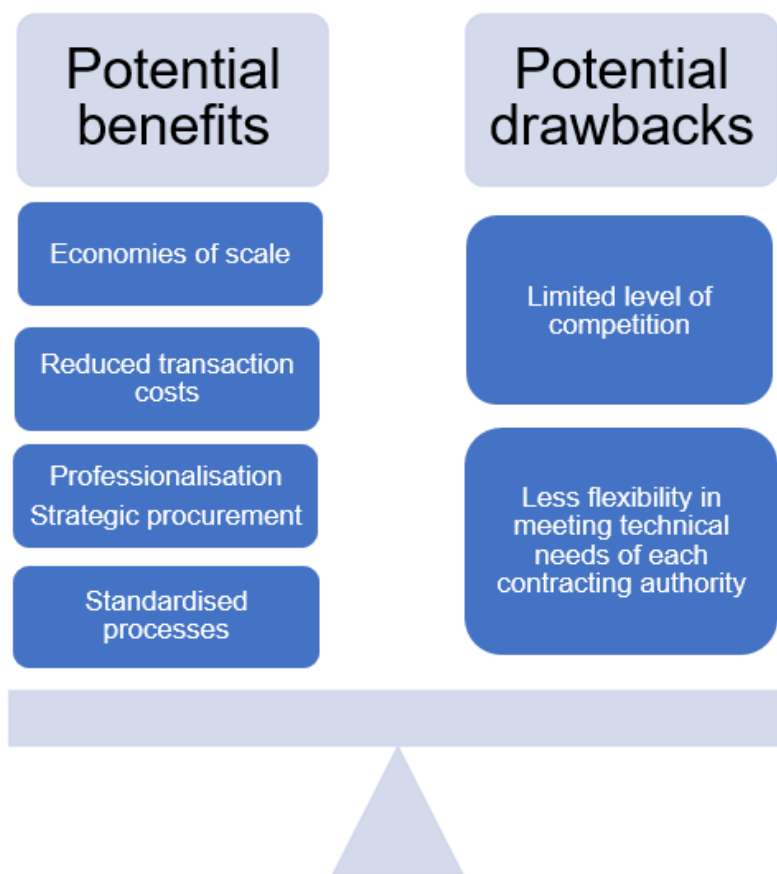
1.1. Centralisation of procurement and the role of a central purchasing body

Centralised public procurement and a central purchasing body (CPB) are usually key components of public procurement reforms. Recently, during the COVID-19 crisis, centralised public procurement played an important role in procuring medical products such as vaccine, medical equipment, and masks. (OECD, 2020^[1]) In Europe, central purchasing bodies are referred to since the EU Directive 2004/18/EC. However, this does not mean that CPBs did not exist in the EU Member States before 2004. In fact, they had already existed even before 2004 in many Member States such as Finland, Spain, Sweden, France and Denmark, and the European Commission has also recognised the existence of CPBs. (Hamer and Comba, 2021^[2])

Under the latest EU Directive on public procurement (2014/24/EU, hereinafter referred to as the Directive), already transposed to all EU member states, including Lithuania, a central purchasing body (CPB) is defined as *a contracting authority providing centralised purchasing activities and, possibly, ancillary purchasing activities* under the Article 2(16). Article 2(14) of the Directive defines centralised purchasing activities as *activities conducted on a permanent basis, in one of the following forms: (i) the acquisition of supplies and/or services intended for contracting authorities; and (ii) the award of public contracts or the conclusion of framework agreements for works, supplies or services intended for contracting authorities*. Article 2(15) defines ancillary purchasing activities as *activities consisting in the provision of support to purchasing activities, in particular in the following forms: (a) technical infrastructure enabling contracting authorities to award public contracts or to conclude framework agreements for works, supplies or services; (b) advice on the conduct or design of public procurement procedures; (c) preparation and management of procurement procedures on behalf and for the account of the contracting authority concerned*. Procurement techniques and electronic instruments used by CPBs include framework agreements (Article 33), dynamic purchasing systems (Article 34), electronic catalogues (Article 36) and electronic auctions (Article 35). Both procurement techniques and electronic instruments can increase competition, aggregation and digitalisation of procurement processes, and streamline public purchasing (European Commission, 2014^[3])

As some OECD studies and the Recital 59 of the EU Directive 2014/24/EU on public procurement point out, there are arguments in favour of and against centralised purchasing. Centralised public procurement brings economies of scale including lower prices and transaction costs, the higher level of professionalisation of the public procurement workforce, and increased administrative efficiency from standardisation through the aggregation of demand by public entities. On the other hand, the same Recital also recognises potential pitfalls which might arise from the aggregation of demand, such as excessive concentration of purchasing power which might affect the level of competition in the public procurement market such as market access opportunities for SMEs (European Commission, 2014^[3]).

Figure 1.1. Potential benefits and drawbacks of centralised public procurement



Source: Created by the author based on (OECD, 2011^[4])

It should be mentioned, however, that there is evidence that the aggregated demand through centralised purchasing did not necessarily harm SMEs' opportunities to win public contracts. For example, an OECD SIGMA paper found out that SMEs were generally well represented in the contracts awarded through the framework agreements of almost all CPBs analysed. (OECD, 2011^[4]) In Chile, small enterprises (except medium enterprises) accounted for 37% of the total contract amounts awarded through in 2022. In addition, the Directive foresees the measures to facilitate the SMEs participation in public procurement such as the division of contracts into lots (Article 46) and the limit (two times the estimated contract value) on the minimum yearly turnover that economic operators are required to have (Article 58). (European Commission, 2014^[3])

Regardless of some arguments raised against centralised public procurement, the fact that many countries established CPBs at different government level and/or different sectors affirms that centralised public procurement can be a key instrument for the budgetary-constrained public sector to seek efficiency through both economic and non-economic benefits.

Box 1.1. Arguments in favour of and against centralised public procurement

There are various arguments in favour of centralised public procurement:

- Economies of scale

Centralised public procurement that aggregates the demands of multiple contracting authorities leads to the larger procurement volume that brings the better price through economies of scale.

- Reduction of transaction costs

Under centralised public procurement, both contracting authorities and economic operators can benefit from a significant reduction of transaction costs (time and expenditures) spent on public procurement procedures. Contracting authorities do not need to spend substantial time and resources to organise public procurement procedures. Economies of scale and the reduction of transaction costs are attractive to economic operators, because they can deliver larger volume with less numbers of contracts and customers rather than they have a large number of contracts and customers with small contract volume.

- Other benefits

Centralised public procurement may also bring the following benefits that cannot be directly expressed in economic terms:

- Increased level of professionalisation: centralised public procurement fills in the gaps of the capacity and capability of the contracting authorities that do not have enough capacity and/or capability of carrying out public procurement procedures by themselves. Capable officials at central purchasing bodies can implement the procurement procedures on behalf of contracting authorities, and thus can reduce the risks that otherwise would have been borne by contracting authorities (e.g., risk of complaints, poor or insufficient quality of products, and inadequate tender conditions / contract terms)
- Standardised processes or increased administrative efficiency
- CPBs as instruments to drive the strategic use of public procurement such as promoting green procurement, innovation and SME participation.

There are, however, also arguments against centralised public procurement:

- Market concentration

One of the potential arguments has to do with the potential risk of market concentration arising from excessive concentration of purchasing power.

- Less flexibility in meeting the technical needs of each contracting authority

Another main argument raised against centralised public procurement is the difficulty in meeting the technical requirements of each contracting authority due to standardisation, because each contracting authority has specific preferences on the technical specifications and requirements of the goods/services/works to be procured. Therefore, sometime contracting authorities have to compromise and give up procuring the goods that meet their needs. This is particularly the case where products are not homogenous and where various substitutes exist in the market.

Source: (OECD, 2011^[4])

The next section describes the current state of play and reforms of centralised public procurement in Lithuania.

1.2. Evolution of centralisation in Lithuania

1.2.1. Centralised purchasing in Lithuania and its evolution until 2020 before the start of the ongoing centralisation reform (2021)

Lithuania has been implementing reforms to increase the centralisation of public procurement since the establishment of CPO LT in 2012 to provide centralised purchasing services such as framework agreements (FAs) and dynamic purchasing systems (DPS). Value of the centralised procurement increased from 4.1% in 2013 to 10.0% in 2020 as a share of the total procurement volume in the country.

CPO LT is the largest central purchasing body (CPB) in Lithuania. In 2020, CPO LT represented the majority of centralised procurement carried out in Lithuania: 91% in terms of the number of awarded contracts and 87% in terms of the value of awarded contracts. The rest of 10% was shared by other CPBs. (See Table 1.1)

Table 1.1. CPBs in Lithuania and its share in centralised purchasing (2020)

CPBs	Scope	Number of awarded contracts		Value of awarded contracts (EUR)		Average value of awarded contracts (EUR)
		Number	Share (%)	Number	Share (%)	
CPO LT	Largest CPBs in Lithuania, arranging FA and DPS for a wide range of services, goods, and works	18 158	90.8%	397 253 493.65	87.5%	21 877.60
Kaunas city municipality administration	Food, agricultural, oil products, transportation services, construction works (regional)	947	4.7%	18 506 507.38	4.08%	19 542.25
Asset Management and Economy Department under the Ministry of Interior	Various services, goods and works	617	3.1%	21 507 354.92	4.74%	34 857.95
Jonava district municipality administration	Food and agricultural products (regional)	27	0.1%	368 987.02	0.08%	13 666.19
Prison Department under the Ministry of Justice (*)	Services, goods and works for subordinate institutions	162	0.8%	15 821 196.80	3.48%	97 661.71
Police Department under the Ministry of Interior	Services (financial, insurance, etc.), goods (food, furniture) for subordinate institutions	34	0.2%	347 074.28	0.08%	10 208.07
SC "Kauno energija" (**)	Solar photovoltaic power plant projects (executes CPBs functions since 2021)		0%		0%	
Alytus city municipality administration	Meat products for kindergartens (regional)	45	0.2%	172 527.41	0.04%	3 833.94
Information Society Development Committee (***)	IT services	10	0.1%	28 454.36	0.01%	2 845.44
Subtotal of other CPBs (except CPO LT)		1842	9.2%	56 752 102.17	12.5%	30 810.04
TOTAL		20 000	100%	45 400 5595.8	100%	22 700.28

Note: The following CPBs do not operate anymore as a CPB: *Prison department was reorganised by merging all subordinated prisons/organisations. As of July 2023, it is called Prisons Office but it is not a CPB anymore because it purchases only for itself after merging all subordinated prisons, ** SC "Kauno energija": This was an ad-hoc CPB for one particular procurement procedure, and does not operate anymore. *** Information Society Development Committee does not carry out procurement procedures anymore as all the procedures are transferred to CPO LT

Source: Prepared based on the information provided by the government of Lithuania

CPO LT is a public institution which was established in 2012, with the purpose of increasing efficiency of public procurement through efficiency tools such as framework agreements (FAs) and dynamic purchasing systems (DPS).

The mission of CPO LT is to ensure centralised public procurement and the rational use of public funds, with the vision of being a public institution that offers the most professional centralised public procurement solutions in Lithuania.

Under the public procurement system in Lithuania, CPO LT focuses on the roles related to centralised purchasing activities (centralised purchasing and e-catalogue platform). The Ministry of Economy and Innovation (MoEI) functions as a policy maker of public procurement and the PPO implements its policy including monitoring and professionalisation functions.

Table 1.2. Functions of public procurement system in Lithuania

Functions	MoEI	PPO	CPO LT	Other institution
Primary policy and legislative functions (*)	✓			
Secondary policy and regulatory functions (**)		✓		
International co-ordination functions	✓	✓		
Monitoring and compliance assessment functions		✓		
- Preparation of an annual report on the functioning of the national public procurement system		✓		✓
- Collection of statistics on public procurement system		✓		
- Auditing, control, inspections, checking of legal compliance		✓		✓
- Authorisation by granting prior approval of procurement process				✓
Advisory and operations support functions		✓		
Professionalisation and capacity-strengthening functions		✓		
E-procurement platform		✓	✓	
Remedies mechanism				✓
Centralised purchasing (at national level)			✓	

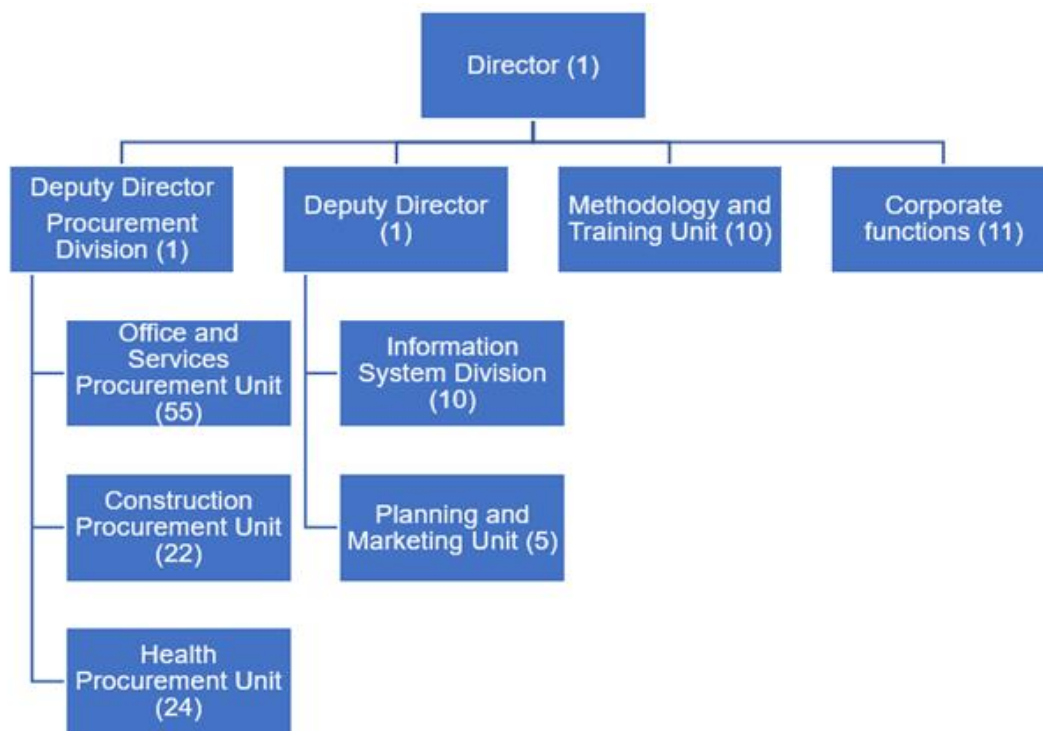
Note: (*) Primary policy and legislative functions refer to the development of procurement policies aimed at setting the overall legal framework of public procurement. Key functions include i) preparing and drafting the primary public procurement regulatory framework; ii) leading the working group in the drafting process; iii) organising the consultation process with the main stakeholders of the procurement system; and iv) taking part in other legislative activities. (**) Secondary policy and regulatory functions refer to the development of regulations to implement the primary law on public procurement in specific areas or to provide implementing tools (operational guidelines, standard documents/templates) in support of the application of the primary law.

Source: Created by the author

CPO LT has 140 positions assigned to each division/unit. (See Figure 1.2) CPO LT has the four units directly related to the operation of its centralised purchasing activities with the following mandates:

- Office and Service Procurement Unit: centralise the procurement of goods and services by developing and administering specific e-catalogue modules;
- Construction Procurement Unit: centralise the procurement of construction procurement by developing and administering specific e-catalogue modules;
- Health Procurement Unit: centralise procurement related to the health sector by developing and administering specific e-catalogue modules; and
- Methodology and Training Unit: providing various methodological assistance to other units, by advising on all public procurement issues, collecting CPO LT good practice, preparing standard procurement documents and standard contracts for FA and DPS used as a template for the development of a particular e-catalogue module.

Figure 1.2. Organisational structure of CPO LT



Note: The number within the parenthesis corresponds to the number of positions. Corporate functions include Finance Unit (2), HR Unit (6), Communication (1), Compliance (1) and Internal process (1)

Source: (CPO LT, n.d.^[5])

Currently, CPO LT offers the following schemes related to centralised procurement: (i) Framework agreement (FA), (ii) Dynamic purchasing system (DPS), (iii) Consolidated purchasing by aggregated demands of some CAs, (iv) Procurement agent services (implementing individual procurement processes on behalf of CAs), and (iv) Technical advice on specific aspects of individual procurement processes of CAs (such as providing advice on tender documents etc.).

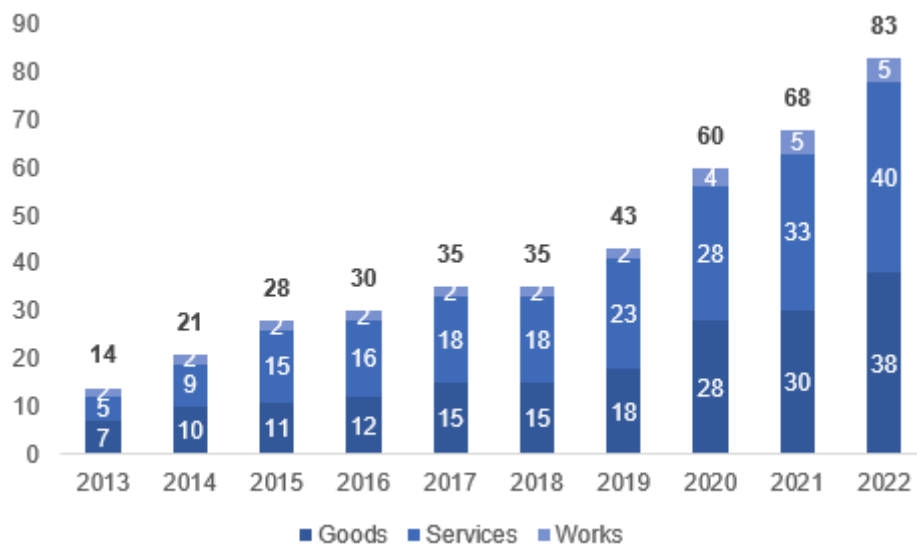
CPO LT provides FAs and DPS via e-catalogue which are available to all contracting authorities and contracting entities. They are requested to sign the agreement with CPO LT on using its e-catalogue services. The agreement specifies the rights and obligations of each party. As of 30 June 2023, 4 425 contracting authorities (CPO LT, n.d.^[6]) and 1 583 suppliers (CPO LT, n.d.^[7]) are registered in the CPO LT e-catalogue.

The number of categories available in its e-catalogue increased from 14 (Goods: 7, Services: 5, Works: 2) in 2013 to 83 (Goods: 38, Services: 40, Works: 5) in 2022 (see Figure 1.3). Recently, CPO LT started offering procurement agent services of individual procurement procedures on behalf of contracting authorities. In 2021, the Department of Prisons under the Ministry of Justices carried out a joint procurement with other 9 contracting authorities to procure 356 computers through CPO LT e-catalogue, which generated saving of EUR 16 000 compared with the planned budget (CPO LT, 2021^[8])

CPO LT also provides the electronic tool called "Electronic Procurement Centre" (EPC) Catalogue (CPO LT, n.d.^[9]). EPC is used for the purchase of renovation/modernisation works and services related to multi-apartment buildings by almost 500 users (communities of multi-apartment buildings and companies managing and maintaining multi-apartment buildings) whose procurement is financed by public funds such as the state budget. The EPC catalogue provides 9 modules related to the modernisation and renovation

of apartment buildings: public works, maintenance, solar panel plants and technical services (energy efficiency certificates, investment plans, designs, supervision of construction and building tightness measurements) (CPO LT, n.d.^[10])

Figure 1.3. Evolution of the number of categories available in CPO LT e-catalogue (2013-2022)



Source: Prepared by the author based on the information provided by CPO LT

CPO LT also provides consolidated purchasing by aggregating demands of contracting authorities. For example, in 2021, CPO LT has announced a tender to procure approximately 6.5 million pieces of disposable medial face masks by aggregating the demand 122 contracting authorities, which led to 2% saving. (CPO LT, 2021^[11]) CPO LT provides procurement agent services by implementing individual procurement processes on behalf of contracting authorities, for example, the procurement of the construction works for the Lithuanian Zoo.

Finance mechanism

Each CPB has its own finance model to administer its operations. (see Box 1.2) CPO LT is financed by two types of financial resources: (i) public funds including the state budget and European Union funds and co-financing, and (ii) revenues from centralised purchasing services including the fees from CPO LT electronic catalogue procurement modules and auxiliary services.

Box 1.2. Finance model among different CPBs

The financing model of CPBs is closely correlated with the status of each entity. In general, activities of CPBs with the status of public institution (e.g., Estonia, Ireland, and Norway) are financed by the state budget. This is the case for the Estonian Health Insurance Fund (EHIF), the Office of Government Procurement (OGP) in Ireland, and the Norwegian Agency for Public and Financial Management. In

Ireland, for example, the CPB service provided by the Irish OGP is free of charge even for the procurement agent services. On the other hand, activities of CPBs with the status of the limited company owned by the government are financed by mixed sources. FAs and DPS are financed mainly by user fees, while procurement agent services are paid by client contracting authorities. This is the case for CPO LT, Federal Austrian Procurement Agency (BBG) and Italy Consip. CPO LT receives the state budget as the public institution to finance its minimum administration such as carrying out procurement of all contracting authorities subordinated to the MoEI, centralised purchasing services provided by CPO LT are financed by economic operators or contracting authorities.

Table 1.3. Finance model among different CBPs

Services related to centralised procurement	State budget	User fees (from CA or supplier?)
FA	Austria (*) Estonia Italy Ireland Norway	Austria (*) Italy (**) Lithuania (paid by suppliers)
DPS	Austria (*) Italy Ireland Norway	Austria (*) Italy Lithuania (paid by suppliers)
Consolidated purchasing (aggregated demands of CAs)	Estonia Ireland	
Procurement agent for individual procurement processes (on behalf of CAs)		
(a) When public buyers are obliged to pass their individual procurement by law		Lithuania Italy
(b) When public buyers decide to do it by their own will	Ireland	Austria Italy Lithuania
Technical advice on specific aspects of individual procurement processes of CAs	Ireland Lithuania (***)	Austria Lithuania (***)

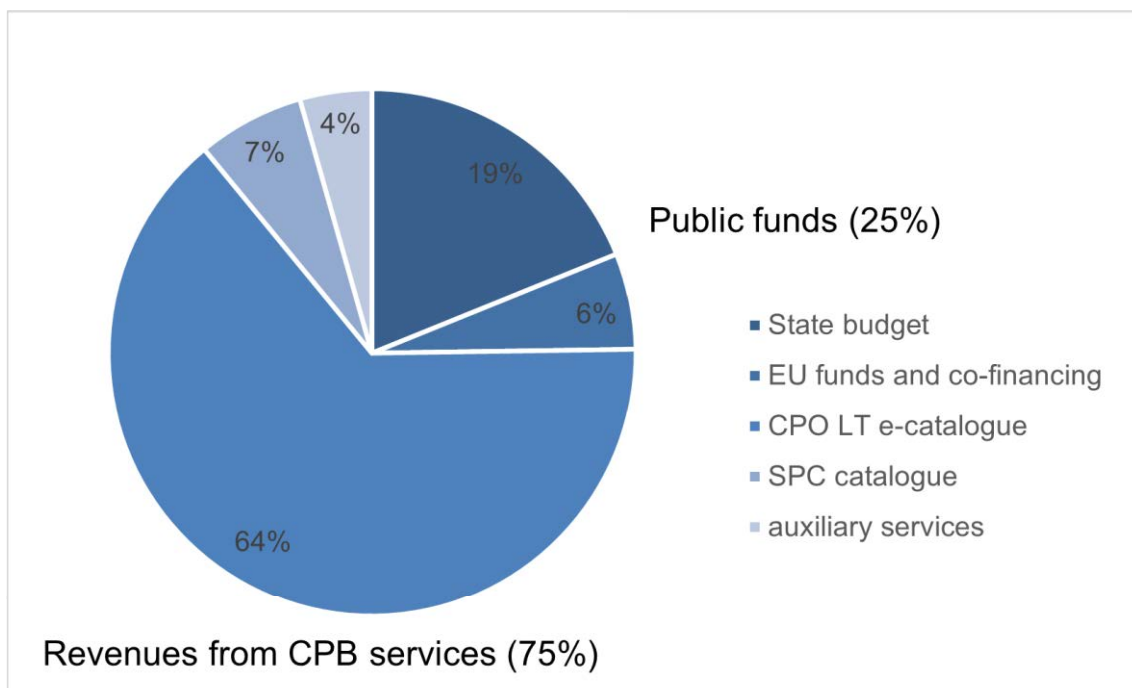
Note: The country name refers to one specific CPBs in each country: Lithuania (CPO LT), Austria (Austrian BBG), Estonia (Estonian Health Insurance Fund), Italy (Consip), Ireland (OGP), Norway (Norwegian Agency for Public and Financial Management)

(*) From non-mandatory CA and suppliers. The state budget covers only the losses of BBG, in case BBG does not collect sufficient fees to cover its operations. (**) Charged user fees go to the Ministry of Economy and Finance (MEF) first and then the MEF allocates the budget to Consip so that fees become part of the overall resources made available to Consip. (***) Technical advice for the Ministry of the Economy and Innovation and its subordinate bodies on specific aspects of individual public procurement processes is financed from the state budget. Other CAs will pay from their budget.

Source: Based on the answers to the questionnaire on good practices of CPBs carried out in 2022

In 2022, public funds accounted for 25% of its total revenues while revenues from its centralised purchasing services accounted for 75%. Fees from CPO LT electronic catalogue accounted for 64% of the total revenues (CPO LT, 2023_[12])

Figure 1.4. Revenue structure of CPO LT (2022)



Source: Prepared by the author based on (CPO LT, 2023^[12])

Fees related to e-catalogues (FAs and DPS) are paid by economic operators based on the fixed price per contract or the percentage of the contract amount when the contract is signed. The fees related to auxiliary services are paid by contracting authorities based on the hourly rate regulated by the Order of the Minister of Economy and Innovation and determined after the assessment of the actual costs of the procedures. (Ministry of Economy and Innovation of the Republic of Lithuania, 2023^[13])

1.2.2. Ongoing centralisation reform

In September 2021, the Amendment to the Law of the Government of the Republic of Lithuania was approved by the Parliament. Article 30 mentioned public procurement as one of the general functions of the public sector subject to the centralisation reform, in addition to other functions such as accounting, document management, personnel administration, and other auxiliary functions. (Parliament of the Republic of Lithuania, 2021^[14])

The amendments to the Law on Public Procurement, which were adopted by the Parliament in October 2021, entered into force in January 2023. (Parliament of the Republic of Lithuania, 2021^[15]) The E-catalogue provided by CPO LT remains a key centralisation tool. The amendments require contracting authorities to procure goods, service, and works provided by the e-catalogue of CPO LT for the procurement above EUR 15 000, which was above EUR 10 000 before the amendments. In addition to the requirement to use the CPO LT e-catalogue, procurement procedures above EUR 15 000 are subject to centralised procurement at municipal level from 2023. Options for municipalities are: (i) establish their own CPB, (ii) establish CPBs in cooperation among several municipalities or (iii) conclusion of a contract with an already existing CPB (such as CPO LT). On the other hand, this requirement is optional for the contracting authorities subordinate to the central government and state-owned enterprises. Table 1.4

summarises the main changes and differences in the public procurement centralisation between the previous LPP 2017 and the LPP 2021.

Table 1.4. Overview of centralisation requirements in LPP2017 and LPP2021

	LPP 2017	LPP 2021
Obligation to centralise the public procurement or buy through/from a CPB (specific conditions, type/level of CA(s) purchasing categories, etc.)	- general obligation to buy through the CPB(s) (Art. 82(2))	No changes
Exceptions for centralising the public procurement or buying through/from a CPB (specific conditions, type/level of CA(s) purchasing categories, etc.)	<ul style="list-style-type: none"> - diplomatic representations, representations at the international organisations, consulates and special missions - supplies, services or works that are offered by the CPB do not meet the needs of the public buyer and - the public buyer can purchase the relevant suppliers, services or works more effectively, rationally using its funds (Art. 82(2)) - procedure without prior publication for low value procurement contract under 10 000 (excl. VAT) (Art. 25(2)) 	Changes regarding the threshold for the procedure without prior publication for low value procurement contract – exception applies to contracts under 15 000 (excl. VAT) (Art. 8 (amends Art. 31(3)(4)))
Justification for using the exception(s)	Yes. Justification has to be published in the buyers profile (website), if such exists, and stored with other tender documentation as indicated by the LPP (Art. 82(2))	Yes. Justification must be provided in the tender documents (Art. 16 (amends Art. 82(2)))
Obligation to establish CPB(s), including specific level CPB(s) (mandatory/discretionary) and description of existing practices (number of CPBs, their level, other)	- discretionary (Art. 82(6))	<ul style="list-style-type: none"> - discretionary for the Government and institution(s) authorised by the Government (establishing a CPB that manages centralised e-catalogue and their CPBs) (Art. 17 (new Art.82'(1)(1))) - discretionary for the state-owned enterprises (establishing sectoral CPBs) (Art. 17 (new Art. 82'(1)(3))) - mandatory for municipalities. Options for municipalities: municipality level CPB, CPB established by several municipalities or Conclusion of a contract with already existing CPB (Art. 17 (new Art.82'(1)(2)))
Public bodies/entities that have the mandate to establish CPB(s)	<ul style="list-style-type: none"> - Government - institution(s) authorised by the Government - municipality councils (Art. 82(6)) 	<ul style="list-style-type: none"> - Government - institution(s) authorised by the Government (Art. 17 (new Art.82'(1)(1))) - municipality councils (Art. 17 (new Art.82'(1)(2))) - state owned enterprises (Art. 17 (new Art. 82'(1)(3)))
Ways of establishing CPB(s) are indicated in the law (if so, please, list them)	No	Yes, for municipalities, as indicated in the section on obligation to establish CPB(s)

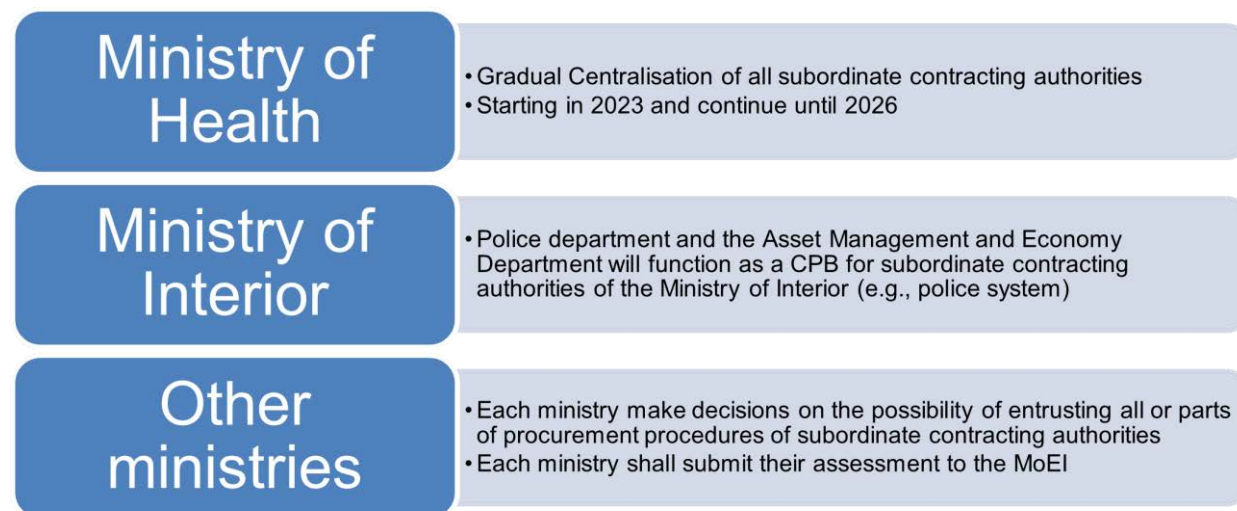
Source: Prepared by the author based on (Parliament of the Republic of Lithuania, 2021^[15])

The main objectives of the centralisation strategy of Lithuania are to: (i) increase the level of professionalisation, (ii) minimise the risk of corruption, (iii) gain benefits of consolidation where possible, and (iv) standardise the processes to make them more attractive to business.

The MoEI, as a policy maker of public procurement, was requested to propose the centralisation model of the contracting authorities affiliated with the central government by the end of March 2022. In November 2022, the government of Lithuania approved the Amendment No.1108 to the *Resolution No. 50 on the implementation of centralised public procurement* (January 19, 2007) to define the overall direction of centralisation over coming years at the level of central government.

Under this plan, starting from 2023, CPO LT will gradually take over the procurement of the health sector and some other contracting authorities at the central government level.

Figure 1.5. Overview of centralisation reform for contracting authorities at central level



Note: Other ministries refer to the following 12 ministries: Ministry of Justice, Ministry of Culture, Ministry of Energy, Ministry of Finance, Ministry of Foreign Affairs, Ministry of Education, Science and Sport, Ministry of Economy and Innovation, Ministry of Environment, Ministry of Transport and Communication, Ministry of Agriculture, Ministry of Social and Labour, and Ministry of Defence.

Source: Created by the author based on (The Government of the Republic of Lithuania, 2022^[16])

Amendment No.1108 authorised CPO LT to carry out procurement procedures on behalf of contracting authorities at the central government level, in addition to its traditional role to administer e-catalogue to be used for procurement above EUR 15 000 by all the contracting authorities. They also authorised the Asset Management and Economy Department and the Police Department under the Ministry of Interior to function as a CPB for the contracting authorities subordinate to the Ministry of Interior and the procurement related to the police system.

The health sector was chosen as the key sector subject to centralisation reform based on OECD recommendations and the good international practices of other OECD countries. In the health sector, the amendments mandated CPO LT to gradually take over all the public procurement procedures (except low-value procurement below EUR 70 000 excluding VAT for goods and services and EUR 174 000 excluding VAT for public works) of contracting authorities (e.g., hospitals) subordinate to the Ministry of Health. In December 2022, the Ministry of Health submitted to the MoEI the centralisation plan in the health sector with the list of contracting authorities that will entrust their procurement to CPO LT. (Ministry of Health of the Republic of Lithuania, 2022^[17]) This process started in January 2023 and will expand gradually through until 2026 through the four phases (see Table 1.5).

Table 1.5. Centralisation plan in the health sector (2023-2026)

No.	Phase I (2023)	Phase II (2024)	Phase III (2025)	Phase IV (2026)
1	Panevėžys Republican Hospital	Rokiškis Psychiatric Hospital	Lithuanian Health University of Health Sciences Hospital Kaunas Clinics (*)	State Patient Agency Health Insurance Fund of Healthcare Ministries
2	Republican Šiauliai Hospital	Vilnius Maternity Hospital Maternity Home	Vilnius University Hospital Santaros Klinikos (*)	National Cancer Institute
3	Marijampolė Hospital (*)	Alytus County Tuberculosis hospital	Kaunas Hospital of Lithuanian University of Health Sciences (*)	Institute of Hygiene
4	Regional Mažeikiai Hospital (*)	Palanga Children's Rehabilitation Sanatorium "Palangos Gintaras"	Vilnius University Hospital Žalgiris Clinic (*)	Republican Centre for Addiction Diseases
5	Utena Hospital (*)	National Forensic Science Service	Vilnius Psychiatric Hospital (*)	Radiation Protection Centre
6	Alytus County S. Kudirkos Hospital (*)	National Public Health Centre under the Ministry of Health	Vilnius University Hospital (*)	State Medicines Control Authority under the Ministry of Health
7	Ukmergė Hospital (*)	Ministry of Health Centre for Health Emergencies	Klaipėda University Hospital (**)	State Service for Accreditation of Health Care Activities under the Ministry of Health
8	Regional Telšiai Hospital (*)	Republican Klaipėda Hospital	Klaipėda Maritime Hospital (**)	State Forensic Psychiatry Service under the Ministry of Health
9	Tauragė Hospital (*)		Palanga Rehabilitation Hospital (**)	National Society Health Laboratory
10				Lithuanian Medical Library
11				National Transplantation Bureau under the Ministry of Health
12				Lithuanian Bioethics Committee
13				National Blood Centre

Note: * Subject to the approval of the institution's shareholders, ** Reorganisation by merger of the three institutions launched

Source: (Ministry of Health of the Republic of Lithuania, 2022^[17])

In June 2023, CPO LT analysed the result of a survey which was answered by 30 respondents of the seven hospitals that had entrusted their procurement procedures to CPO LT in January 2023. Main feedback is related to the duration of the procurement procedure and the reflection of their needs. Many contracting authorities pointed out that the procurement process takes time. The feedback from some contracting authorities imply that the task related to technical specifications takes time and is not tailored to their needs. For example, technical specifications and/or contract clauses are not tailored to the needs of hospitals. It should be noted, however, that these issues related to technical specifications are also affected by the draft technical specifications prepared by the contracting authorities. In addition, the feedback shows that each hospital has different perspectives on the involvement of their experts in the process, with some hospitals expressing a wish for a lower level of involvement. Under any scenario, the feedbacks from the health sector contracting authorities help CPO LT prepare better for gradually centralising public procurement in the health sector. Therefore, CPO LT could benefit from:

- comparing the actual duration of the procurement procedure of CPO LT and contracting authorities.
- including in the next survey a more specific question related to the quality and speed of its public procurement procedure for each activity (e.g., definition of technical specifications, tender evaluation, preparation of contract documents); and
- Strengthening further its capacity related to health sector procurement and/or recruiting category specialists of the health sector that can verify technical specifications of the health products/services.

For contracting authorities subordinate to other ministries, each ministry is authorised to assess and make decisions on the possibility of entrusting all or parts of their procurement procedures to CPO LT, in coordination with the MoEI. Each ministry is required to assess the performance of its subordinate contracting authorities based on the proposed criteria: scoreboard data (see section 1.5.2 for the methodology of the scoreboard, findings of supervising and auditing bodies, availability of human resources (e.g., the ratio of human resources to public procurements), the complexity of procurement procedures, and other criteria.

By 1 July 2023, the MoEI was required to submit the report on the progress and assessment of the centralisation and, if necessary, proposals for improving the process of centralisation. According to the progress report submitted by the MoEI in June 2023 (Ministry of Economy and Innovation of the Republic of Lithuania, 2023^[18]), during the second quarter of 2023, centralised public procurement accounted for 34.6% of the total procurement volume and 22.3% of the total number of procurement procedures, marking a significant increase from 10.0% in 2020 as a share of the total procurement volume in the country. It is expected that the share of centralised public procurement will increase further around the end of 2023, because this data is based on the awarded contracts as of June 2023 and does not include the ongoing centralised procurement procedures. CPO LT continues to be the largest CPB in the country, as the e-catalogue of CPO LT accounted for more than 70% of the total procurement volume of centralised public procurement during the same period.

In total 79 CPBs exist in Lithuania as of June 2023. 74 of these 79 CPBs are regional CPBs, most of which were established after January 2023 to respond to the requirement of public procurement centralisation at the regional level by the Amendments to the Law on Public Procurement which entered into force in January 2023. One typical approach taken by the municipalities was to establish one CPB that carry out procurement procedures of all the contracting authorities (except some sectors such as health) within a municipality and another one for the health sector. For example, the municipality of Prienai established three CPBs for the health sector, care home and the remaining other sectors. No municipalities have transferred all procurement procedures above EUR 15000 to CPO LT, although some individual procedures were transferred to CPO LT through its procurement agent service. (Ministry of Economy and Innovation of the Republic of Lithuania, 2023^[18]) As the June 2023 progress report pointed out, it is indispensable to ensure that these 74 regional CPBs function efficiently to comply with the objective of centralisation and the mandatory regulations of centralised public procurement above EUR 15 000. Therefore, Lithuania could continue to monitor the performance of these regional CPBs on a regular basis based on the scoreboard and the performance indicators of CPBs (see Section 1.5 for the performance measurement framework of centralised public procurement).

For the central government level, each ministry made final decisions on centralisation by September 1, 2023, in accordance with their analysis and the feedbacks from the MoEI through the June 2023 progress report. From 2024, each ministry is requested to make decisions and report them to the MoEI each year. Each ministry shall submit to the MoEI the assessment results on the possibility of entrusting all or parts of their procurement procedures to CPO LT by March 1 each year, and by September 1 make the final decisions on the centralisation of procurement by their subordinate contracting authorities for upcoming years.

Given the fact that the number of CPBs increased drastically in January 2023, Lithuania could consider the possibility of reinforcing a national CPB network to coordinate and exchange centralised purchasing practices. CPO LT established CPO LT Forum in July 2020 as a community of practice in which CPBs and CPO LT clients such as contracting authorities and economic operators can share experiences in using CPO LT services and ask questions. However, this platform has not been often used so far. Lithuania could not only promote the use of this platform but also establish a national CPB network to organise a regular conference to coordinate centralised purchasing and exchanges experiences among 79 CPBs. Countries like Italy and Ireland established a national CPB network to discuss common issues and share knowledge related to centralisation among CPBs. For example, the Procurement Executive of Ireland is a forum made up of the five CPBs (OGP, Education, Health, Local Government and Defence). Italy has a national CPB network to coordinate with regional CPBs.

1.3. How to strengthen CPO LT

1.3.1. SWOT analysis and growth strategy based on the organisational strategy

This section overviews how CPO LT can maximise the benefits and impacts of the ongoing centralisation of public procurement to contribute further to improving the overall performance of the public procurement system in Lithuania through their centralised purchasing services.

Since 2015, CPO LT has its three-year organisational strategy approved by the MoEI. The strategy defines its mission, vision, values and principles of operation, the strategic goals, the indicators for measuring their achievement, and the main actions to achieve them. The latest strategy is for the period 2021-2023. The three-year strategy is implemented through the annual activity plan developed for each year, the latest one being the activity plan of CPO LT for 2023. (Ministry of Economy and Innovation of the Republic of Lithuania, 2023^[19])

CPO's strategic goals are (i) to maximise the financial and social benefits that Lithuania can gain from the use of a central contracting authority for procurement and (ii) to promote the procurement of environmentally friendly goods, services or works. The organisational strategy specifies the key performance indicators (KPIs) to measure these strategic goals (see Table 1.6).

Table 1.6. Key performance indicators of CPO LT (2021-2023)

Indicators	Benchmark (2020)	Target by 2023
Saving from CPO LT centralised procurement (EUR million)	EUR 75 million	EUR 100 million
Number of suppliers in CPO LT e-catalogue	860	1 060
Share of green public procurement in CPO LT centralised procurement (value, %)	13.9%	25%
Share of socially responsible public procurement in CPO LT centralised procurement (value, %)	3.4%	10%
Procurement carried out through CPO LT e-catalogue, (EUR million)	EUR 395.4 million	EUR 506 million
Percentage of contracts awarded to SMEs in CPO LT e-catalogue (by value / by number of contracts, %)	32.7% / 47.9%	50% / 60%
Trust in CPO LT (percentage of people who believe that CPO LT's activities are transparent and reliable), %	95%	97%
Number of contracting authorities that have entrusted CPO LT to carry out part or all of their public procurement procedures	8	45

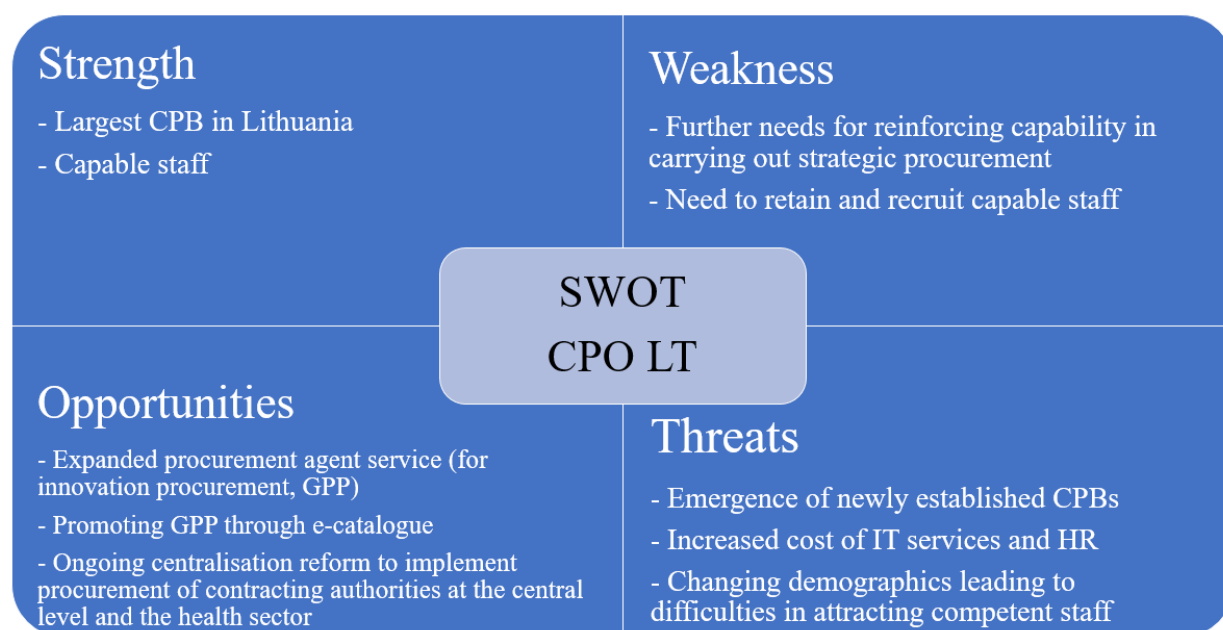
Source: (Ministry of Economy and Innovation of the Republic of Lithuania, 2021^[20])

In its operational strategy (2021-2023), CPO LT analysed the internal and external environments that will affect the operation of the organisation. CPO LT also identified many opportunities for CPO LT as a result

of this analysis. These opportunities include, but are not limited to, further integration of environmental, social and energy efficiency criteria as well as the Best Price Quality Ratio (BPQR) criteria into the CPO e-catalogue, attracting contracting authorities that entrust CPO LT to carry out some or all of their public procurement procedures through its procurement agent services, encouraging public entities to initiate innovative procurement through advice and training. (Ministry of Economy and Innovation of the Republic of Lithuania, 2021^[20])

Figure 1.6 shows the SWOT analysis of CPO LT which also considers the factors analysed in the operation strategy (2021-2023). SWOT (strengths, weaknesses, opportunities, and threats) analysis is a framework to assess the level of the competitive position of the organisation based on internal and external factors. Strength and weakness are based on internal factors which are within the control of the organisation, while opportunities and threats are external or given factors which are beyond the control of the organisation.

Figure 1.6. SWOT analysis of CPO LT



Note: Strength and weakness are based on the internal factor (within the control of the organisation), while opportunities and threats are external or given factors (beyond the control of the organisation).

Source: Prepared by the author

Strength refers to internal factors favorable to the organisation. CPT LT is the largest CPB in Lithuania that represented approximately 90% of centralised procurement carried out in Lithuania in 2020 (see Table 1.1) In addition, CPO LT has an adequate capability level. Opportunities refer to external factors favorable to the organisation, while threats refer to external factors which might not be favorable to the organisation. In the case of CPO LT, the ongoing centralisation reform of public procurement brings both opportunities and threats, with more weight being placed on opportunities. For example, the centralisation reform at the central level and the health sector will expand the portfolio of CPO LT. The targets set for innovation procurement (20%) and green public procurement (55%) in the National Progress Plan (2021-2030) will drive more demand for CPO LT services such as the procurement agent services of innovation procurement and the e-catalogue that integrates green criteria and/or life cycle cost (The Government of the Republic of Lithuania, 2020^[21]) It is worth mentioning that the Government of the Republic of Lithuania also adopted the Resolution No. 1133 on the determination and implementation of green public

procurement objective, and set up the target of 100% starting from 2023. (The Government of the Republic of Lithuania, 2021^[22])

The threat arising from the ongoing centralisation reform could be newly established CPBs. However, CPO LT will continue to keep its position as the largest CPB given the current high share of the total centralised purchasing in the country. Other threats are related to the macroeconomic factors which were identified in the operational strategy (2021-2023). These include the increased cost of IT services to develop e-catalogue, the increased human cost, and Lithuania's changing demographics that increase competition in the labour market and difficulties in attracting competent professionals.

To maximise the opportunities, CPO LT needs to address potential weaknesses, and internal factors which might not be favourable to the organisation. CPO LT should further reinforce the capability of its workforce to provide high-quality procurement agent services of strategic procurement such as innovation procurement. Indeed, the competence related to innovation procurement was identified as the weakest competence not only for the overall average of CPBs but also for CPO LT in the ProcurComp^{EU} survey carried out to 6 CPBs in Lithuania including CPO LT. (see Section 1.4.4 for more details on the result of the ProcurComp^{EU} survey) In addition, CPO LT needs to continue to retain and recruit capable officials to prepare for the expansion of the portfolio due to the centralisation reform at the central level and the health sector.

The SWOT analysis revealed that CPO LT, as the largest CPB in Lithuania, has a high potential to grow further to contribute to improving the overall performance of public procurement in Lithuania by expanding their operations, building upon the strength and opportunities identified in the SWOT analysis. Figure 1.7 shows the potential growth options of CPO LT that adapted the Ansoff matrix to identify the organisational growth strategy (see Box 1.3 or the Ansoff matrix).

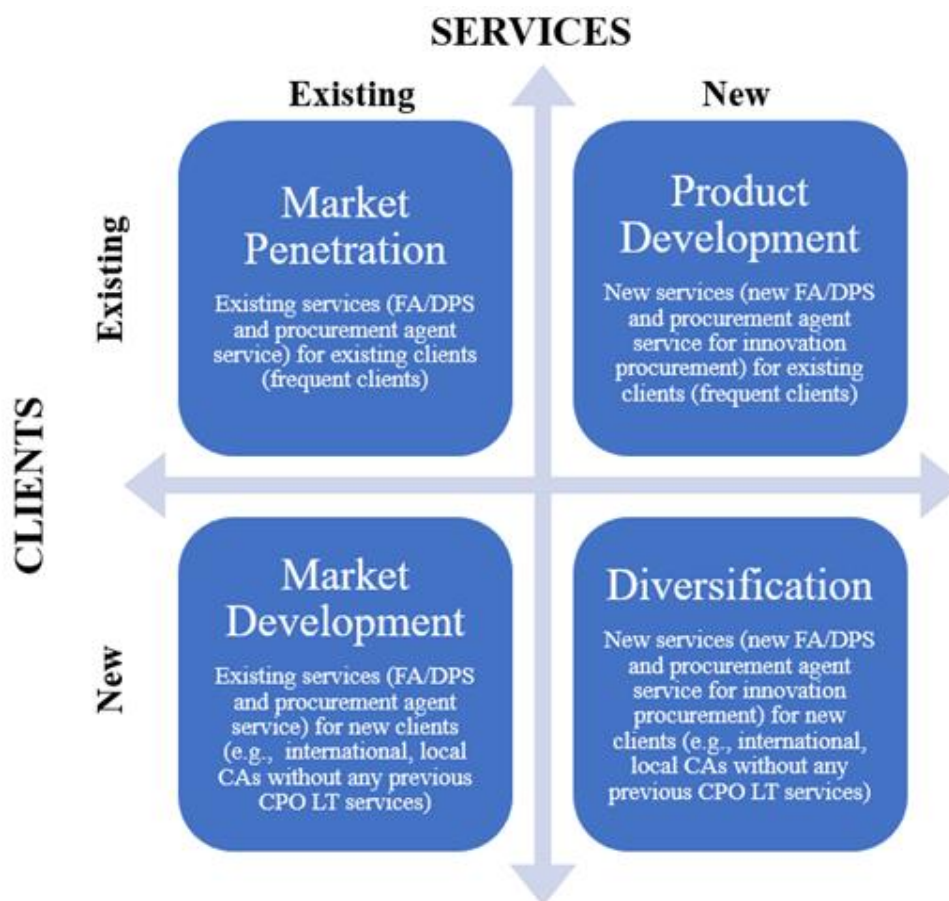
To apply this framework to the context of CPO LT, the two principal axes are used: clients (instead of "markets" in the original framework) and services (instead of "products" in the original framework). Each dimension of these two principal axes was divided into new (new client and new services) and existing (current client and current services) whose combination led to the four matrixes. For the purpose of this analysis, existing clients refer to existing clients of CPO LT that frequently use its services such as FA/DPS and procurement agent services, while new clients could be defined as local (or even international) clients who rarely or have never used CPO LT services. Existing services refer to the FA and DPS already available and the current procurement agent services, while new services refer to the new FA and DPS as well as the procurement agent services oriented to strategic procurement such as innovation procurement. It is worth mentioning that procurement agent services have high potential, because auxiliary services including procurement agent services accounted for only 4% of the total revenue of CPO LT in 2022 in comparison with 74% of the revenues from e-catalogue (see Figure 1.4). In particular, procurement agent services for innovation procurement are promising, as they have never been provided but can expect more demand due to the national target of 20%.

As of 2023, CPO LT provided 44 contracting authorities (expected 75 contracting authorities by the end of this year) with procurement service. This means that approximately 1% of the contracting authorities that use CPO LT services (44 out of 4 418 contracting authorities) have used procurement agent services of CPO LT. However, none of these 44 contracting authorities entrusted CPO LT to carry out innovation procurement procedures. On the other hand, Hansel, a central purchasing body of Finland, provided 79 different contracting authorities with 206 procurement agent services in 2022. In addition, almost 20% of these procurement services (41 out of 206) were related to innovative aspects. Therefore, there is still large room for CPO LT to promote its procurement agent services among its clients through innovation procurement aspects.

Under the market penetration strategy, CPO LT can promote existing services to existing clients. This could include, for example, promoting the uptake of relatively less used FA and DPS among existing clients. Under the market development strategy, CPO LT can promote existing services to new clients.

This could include, for example, promoting procurement agent services to the contracting authorities which have used many FA and DPS services but have not used procurement agent services, and vice versa, or promoting FA and DPS to international contracting authorities. Under the product development, CPO LT can promote new services to existing clients. This could include, for example, promoting procurement agent services of innovation procurement or FA/DPS with green criteria among the existing clients who are frequent users of CPO LT services and shows high-level of trust and satisfaction in the quality CPO LT services. Lastly, under the diversification strategy, which are the most challenging for the implementation, CPO LT can promote new services to new clients. For example, CPO LT can promote procurement agent services of innovation procurement to local or international contracting authorities that have never used CPO LT services. It should be mentioned, however, cultivating new clients with new services involve the highest level of complication, so this diversification strategy could be pursued after the successful implementation of the market development strategy (offering existing services to new clients to gain trust) and/or the product development strategy (assuring new services to existing clients). To define the growth strategy, CPO LT could analyse the current uptake of its services by each client to define the growth strategy.

Figure 1.7. Growth options of CPO LT



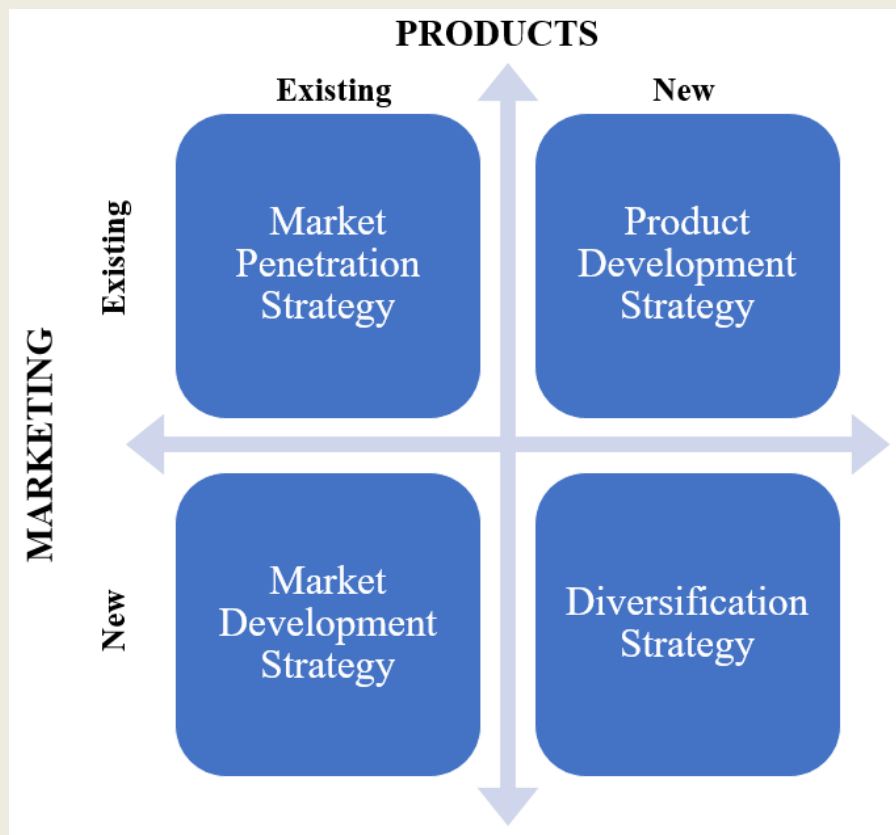
Source: Created by adapting (Igor Ansoff, 1957^[23])

Box 1.3. Ansoff matrix to identify growth strategy

Ansoff matrix was originally developed by Igor Ansoff as a useful framework that organisations can use to identify four possible growth options/strategies with the two main axis: market (existing or new markets) and products (existing or new products).

- Market penetration strategy is a strategy to grow by increasing businesses with its current customers or by finding new customers (with similar characteristics of the current customers within the existing markets), for example, through decreasing the price and expanding the share in the existing market.
- Market development strategy is a strategy to adapt its present product (generally with some modification in the product characteristics) to new types of customers, for example, through targeting international markets and new customer segments within the country.
- Product development strategy is a strategy to develop new products with different characteristics that will improve the performance of the current customers.
- Diversification strategy is the final and most challenging strategy in that it intends to develop new products with different characteristics that will improve the performance of the current customers, and to promote them not only to current customers but also to new customers.

Figure 1.8. Ansoff matrix



Source: (Igor Ansoff, 1957^[23])

In addition, CPO LT could consider the possibility of increasing the number of the position related to the marketing and customer relations or more broadly assigning marketing related functions to the existing staff. Like many other CPBs, CPO LT organise many events such as open days and webinars to raise awareness of CPO LT services among its clients (contracting authorities and economic operators). Given that CPO LT estimates to have more clients in the future, CPO LT could reinforce its customer relationship model. For example, Hansel, a Finnish national CPB, has a marketing team of five staff, and employs ten Key Account Managers who are in charge of strengthening the customer relationship by meeting with them regularly and/or by sending the automatic e-mail to raise awareness of its services among its 1 433 clients.

This section overviewed the current competitive position of CPO LT through the SWOT analysis and future growth options through the Ansoff matrix. However, these growth options will work only when CPO LT successfully addresses the weakness identified in the SWOT analysis.

The next section briefly overviews the two main factors that CPO LT should address to overcome its weaknesses: retain and recruit capable staff and reinforcing capabilities in carrying out strategic procurement.

1.3.2. Strengthening the capability and how to retain/attract capable staff

CPO LT recognises the relevance of increasing the capability of its procurement workforce, as it has the value “Competence and professionalism - promoting the continuous development of staff knowledge, skills and professional competence” as one of the five core organisational values. (Ministry of Economy and Innovation of the Republic of Lithuania, 2021^[20])

CPO LT needs to professionalise its public procurement workforce further to reap the maximum benefits from the identified opportunities such as the procurement agent services of innovation procurement, the e-catalogue that integrates green criteria and/or life cycle cost, and the increased portfolio arising from the ongoing centralisation reform at the central government level and the health sector.

In particular, the self-assessment result of the ProcurComp^{EU} survey identified competence related to innovation procurement as the one with the lowest average score of all the 30 competences. In general, it is expected that CPBs have good general procurement practices and be an example to all the contracting authorities. Therefore, CPO LT needs to reinforce its capacity related to innovation procurement to promote the uptake of innovation procurement in Lithuania through its procurement agent services. The capability-building initiative related to innovation professionals will be discussed in section 2.4. because reinforcing its capability is a common challenge across all the contracting authorities in the country. CPO LT should engage in cooperation with the PPO and Innovation Agency to get prepared to respond to innovation procurement needs from contracting authorities and contribute to promoting innovation procurement, while reinforcing its capability related to innovation procurement.

CPO LT could also consider the possibility of developing its own competency model. A competency model maps critical skills and their capability levels which are required for the overall strategic direction of an organisation. It allows procurement officials to identify their skill gaps and can be used for human resource management purposes: recruitment, promotion and training on the skills and competences. (OECD, 2023^[24]) It will contribute to building its image as a competent, credible and transparent institution and as an employer of choice in order to recruit competent professionals, which was targeted in its organisational strategy (2021-2023). (Ministry of Economy and Innovation of the Republic of Lithuania, 2021^[20]) CPO LT can develop its own competence matrix by adapting the ProcurComp^{EU} competency matrix into the context of CPO LT. For example, the Office of Government Procurement of Ireland is developing a competency model for its staff working on centralised procurement by adapting procurement specific competences of ProcurComp^{EU} to the specific needs related to centralised public procurement while aligning soft competences with the ones of the Civil Service Model. In 2021, the OECD collaborated with ChileCompra, a public procurement authority and central purchasing body of Chile, to renovate its national competency

matrix by adapting the ProcurComp^{EU} competency matrix into the context of Chile. The key steps undertaken were benchmarking exercise, adaptation of the competency matrix, design and launch of the survey, and the finalisation of the competency matrix (see Box 1.4).

Box 1.4. Experience of ChileCompra in revamping the national competency matrix

In 2021, ChileCompra decided to revamp the competency matrix of the public procurement workforce linked with its national certification framework to further modernise its public procurement system. To implement this reform, ChileCompra showed a strong interest in leveraging ProcurComp^{EU} under the pilot project of the OECD financed by the European Commission. The following steps were taken to implement this reform:

- Benchmarking exercise

Since Chile had its own competency matrix of the public procurement workforce, the benchmarking exercises aimed at adopting the elements of ProcurComp^{EU} (competency itself and proficiency description) which are relevant to the local context of Chile. At the beginning of this pilot implementation phase, ChileCompra carried out this benchmarking exercise by referring to the competency matrix used in the current version. As a result, ChileCompra identified 15 competences that are aligned with the ones of ProcurComp^{EU} and/or could be adapted to the local context of Chile. ChileCompra also streamlined the structure of the competency matrix, built upon the ProcurComp^{EU} competency matrix. Then, ChileCompra prepared the updated competency matrix with these 15 competences to share it with the OECD team in June 2021.

- Adaptation of the competency matrix

The OECD reviewed the updated competency matrix and suggested some improvements of the proficiency descriptions by adopting some descriptions of the ProcurComp^{EU} competency matrix. The OECD also proposed to include two new competencies on “Tender document” (including the elements of contract award criteria) and “Sustainable development”. The adoption of these two additional competences aims at further enhancing the implementation of sustainable procurement (green public procurement, SMEs development, social and inclusive procurement including gender), which ChileCompra has been pursuing for a long time but which were absent from the competences identified in the national certification scheme.

- Design of the survey in EUSurvey

ChileCompra selected 100 public procurement officials working in 15 different contracting authorities. These selected 15 contracting authorities consist of 12 large contracting authorities and 3 small ones. The survey was prepared in the EUSurvey platform. Questions were aligned with the tailored competency matrix. Additional questions were included notably on the identification of the contracting authority in which the respondent works, ProcurComp^{EU} competences that were not included in the selected 17 competences but which could be included in the future, and a free text entry to receive feedback from respondents on the competency matrix. The survey had first been tested with 5 officials of ChileCompra to ensure it would perform as intended

- Organising the webinar to launch the survey

ChileCompra and the OECD invited selected 100 public procurement officials of 15 contracting authorities to the webinar held on November 26, 2021 to launch the survey. During the webinar, ChileCompra and the OECD explained the ProcurComp^{EU} and the objective of this pilot project and survey. A demonstration of the survey was provided to participants in order to explain how it worked

and how to respond to the various questions. The survey was closed on December 31, 2021, with a response rate of 86%.

- Discussing the results

The OECD analysed responses to the survey by integrating them into the self-assessment calculation tool. The OECD organised a meeting with ChileCompra on January 12, 2022 in order to discuss main results, key findings and recommendations. The results helped ChileCompra and the OECD to slightly fine-tune the competency matrix.

ChileCompra benefited from revamping the competency matrix by adopting ProcurComp^{EU} competences to its local context and relevance. In addition, the result of the self-assessment survey achieved its two main objectives: (i) identifying priorities for the development and reinforcement of training courses of 17 competences linked with the certification framework and (ii) obtaining the feedbacks on the draft competency matrix including the new competences to be included in the future.

Source: (OECD, 2022^[25])

As a measure to attract and retain capable staff, CPO LT established an onboard programme for a newcomer which consists of the training programme and the mentoring system (see Box 1.5).

Box 1.5. CPO LT onboard programme for newcomers

CPO LT organises an onboard programme for newcomers that consists of the two elements: the introductory training programme and mentor programme.

The introductory training, with the duration of 4 hours, cover the basic topics such as (i) Law on Public Procurement, (ii) CPO LT website, (iii) CPO LT e-catalogue (functions and public procurement process), (iv) ISO standard, centralised public procurement schemes of CPO LT, and (vi) CPO LT document management system. CPO LT also prepared the document for newcomers "Newcomer ABC."

In the mentor programme, one mentor, who could be a line manager, is assigned to each newcomer for three months during the probationary period. The mentor helps a newcomer get familiar with the function of CPO LT and acquire the necessary knowledge and skills for the job. During this period, the mentor or the line manager (in case he or she is not a mentor) shall provide feedback at least once per week to the mentee by discussing and evaluating the performance of a newcomer. Around the end of the mentor programme, the line manager provides a newcomer with the final assessment through the CPO LT internal management system on the newcomer's ability to carry out the tasks of CPO LT and his/her readiness to work independently, with the following four levels:

- Very good: a newcomer has completed all tasks and is able to work independently;
- Good: a newcomer has completed substantially all the tasks and is able to perform at least two-thirds of the functions independently;
- Satisfactory: a newcomer has completed 50% of the tasks and is able to perform at least half of the assigned functions independently;
- Unsatisfactory if the staff member has not completed more than 50 % of the tasks. (in this case, the Director of CPO LT may take a decision to terminate the contract)

Source: Information provided by CPO LT

Currently, CPO LT applies remunerations based on performance (for example, up to 15% for extra tasks). To further motivate its procurement workforce, CPO LT could consider the possibility of improving its performance bonus system based on good international practice if the budget allows for it and the practice can be allowed from the public sector perspective. This will help CPO LT to be more competitive in the labour market to attract competent officials. Practices related to performance bonuses are still limited in the public sector. (OECD, 2023^[24]) Hansel, a central purchasing body of Finland, provides insights on a performance bonus mechanism, which consists of the performance bonus up to 15% of the annual salary and a one-off set bonus between EUR 300 and EUR 3000 for particularly good performance. (see Box 1.6)

Box 1.6. Performance-based bonus at Hansel in Finland

Hansel Ltd acts as a central purchasing body for central and local governments in Finland. It is a non-profit limited company which is owned by the State (65%) and the Association of Finnish Local and Regional Authorities (35%), and finances its operations through service fees of FA/DPS paid by the suppliers based on the value of purchases. Currently, the maximum service fee that can be charged is 1.5 % of the contract value with an average of 0.83% in 2022. In 2022, 1 433 contracting authorities and 981 economic suppliers used the services provided by Hansel. Hansel provides competitive salaries which are closer to the private sector.

Hansel has introduced the performance bonus mechanism to motivate its officials, which is a unique initiative in the public sector. There are two types of performance bonuses: performance bonus of up to 15% of the annual salary and a one-off set bonus between EUR 300 and EUR 3000 for particularly good performance. The performance bonus mechanism is mainly financed by the revenues from service fees (such as user fees from FA/DPS).

The performance bonus can be paid up to 15% of the annual salary of each staff. For members of the management team, the maximum bonus can be up to 30% of the annual salary, if the performance has been exceptionally good. Performance bonus assessments are based on contract usage, customer satisfaction and contribution to the organisational strategy. In 2022, EUR 905 000 were paid as the performance bonus with an average rate of 12.5% (against the possible maximum 15%).

In addition, Hansel employees may receive a one-off bonus between EUR 300 and EUR 3 000 for particularly good performance. The managing director decides on the award of a one-off bonus based on a proposal from the employee's supervisor. In 2022, the total EUR 8 600 of one-off bonus was awarded to 13 employees.

Source: (Hansel, 2023^[26]), (Hansel, n.d.^[27]) and the information provided by Hansel

1.4. Capability (ProcurComp^{EU} result): Key takeaways from ProcurComp^{EU} survey

This section presents the key takeaways and results of the survey of the European competency framework for public procurement professionals (ProcurComp^{EU}), which was carried out with 99 procurement officials of 6 CPBs in Lithuania in 2022: (i) CPO LT, (ii) the Asset Management and Economy Department under the Ministry of Interior, (iii) Prison Department under the Ministry of Justice, (iv) Kaunas City Municipality Administration, (v) Vilnius City Municipality Administration and (vi) Defence Material Agency under the Ministry of Defence.

1.4.1. *ProcurComp^{EU} as a tool to assess the capability level*

It is critical to identify and assess the gaps in capabilities and skills of the public procurement workforce to develop a better professionalisation strategy and a solid capacity-building system. ProcurComp^{EU} is a practical tool to facilitate these assessments. ProcurComp^{EU} was launched by the European Commission in December 2020, in order to support the professionalisation of public procurement. ProcurComp^{EU} provides practical tools to advance the professionalisation agenda such as the competency matrix including 30 key competences for public buyers, a self-assessment tool, and a generic training curriculum. (See Box 1.7)

Box 1.7. European competency framework for public procurement professionals (ProcurComp^{EU})

ProcurComp^{EU} is a tool designed by the European Commission to support the professionalisation of public procurement. ProcurComp^{EU} consists of three elements:

- Competency Matrix, which defines 30 procurement-related and soft competences along four proficiency levels;
- Self-Assessment Tool that allows users to set targets for the different competences and assess their proficiency levels against them and identify any gaps;
- Generic training curriculum which lists all learning outcomes that public procurement professionals should know and be able to demonstrate after having attended a training for a certain proficiency level.

The Competency Matrix describes 30 competences (knowledge, skills and attitudes) that public procurement professionals should demonstrate in order to perform their job effectively and efficiently and carry out public procurement procedures that bring value for money. The competences are grouped in two main categories: procurement specific competences, and soft competences. The categories are then divided into six clusters, three per category:

- Procurement-specific competences (19 competences):
 - Horizontal: 9 competences applicable to all stages of the public procurement lifecycle
 - Pre-award: 6 competences required to perform all the tasks and activities taking place before the award of a public contract
 - Post-award: 4 competences necessary for the contract management after the award of a public contract.
- Soft competences (11 competences):
 - Personal: 4 competences on behaviours, skills and attributes that public procurement professionals should possess, as well as the mind-set that they should display according to their job profile
 - People: 3 competences enabling public procurement professionals to interact and cooperate with other professionals, and to do so in the most professional manner
 - Performance: 4 competences public procurement professionals need to have in order to increase value for money in public procurement procedures

Each competence is described along four proficiency levels based on the breadth of knowledge and skills: Basic, Intermediate, Advanced, and Expert.

The ProcurComp^{EU} Self-Assessment Tool is composed of several key elements:

- A self-assessment questionnaire
- Templates for job profiles
- A calculation tool for computing individual and organisational assessment results.

The ProcurComp^{EU} Reference Training Curriculum lists all learning outcomes that public procurement professionals should know and be able to demonstrate after having attended a training for a certain proficiency level.

ProcurComp^{EU} is a quite flexible, voluntary and customisable tool. Getting value from ProcurComp^{EU} does not require using each and every component of the framework, nor does it require the use of each and every competence defined in the ProcurComp^{EU} Competency Matrix.

Source: (European Commission, 2020^[28])

1.4.2. ProcurComp^{EU} survey structure

The ProcurComp^{EU} survey was prepared in the EC digital platform (EUSurvey) by adapting the standardised survey questionnaire of ProcurComp^{EU} to the Lithuanian context. It was carried out to public procurement officials in 99 officials at 6 CPBs in Lithuania.

The survey aimed at helping each CPB to identify the current capability level of their workforce and competences that need more capacity building, by:

- Measuring the organisational maturity of participating CPBs by ranking each of the 30 competences as follow:
 - Calculating the average score of all the participants (all the participating 6 CPBs);
 - Calculating the average score of all the participants (each CPB);
 - Calculating the breakdown by each division; and
 - Collecting the feedbacks on capacity-building needs of the participants.

The survey consisted of four sections:

- Section I General questions: Information on the respondent such as the current position and experiences in public procurement;
- Section II Public procurement competences: self-assessment of the current level for the 19 procurement specific competences;
- Section III Soft competences: Assessment of the current level for the 11 soft competences; and
- Section IV Feedback on capacity-building needs: Selection of top 3 competences that need more capability-building activities in the opinion of the respondent.

In Section II and III, the participants were requested to self-assess their proficiency levels of knowledge and skills for 30 competences from the following levels that were converted to points (0 to 4):

- Less than basic: 0 point
- Basic: 1 point

- Intermediary: 2 points
- Advanced: 3 points
- Expert: 4 points

A webinar to launch the survey was organised by the OECD on April 13, 2022, in order to explain the purpose and structure of the exercise to the participants. The survey was closed on May 18, 2022.

1.4.3. Profiles of participants of ProcurComp^{EU} survey

This section shows the basic profiles of the 99 officials that participated in the ProcurComp^{EU} survey from the 6 CPBs. (See Table 1.7)

Table 1.7. Participants of the ProcurComp^{EU} survey

Name of entity / division	Participants
1. CPO LT	43
1.1. CPO LT - Construction procurement division	9
1.2. CPO LT - Methodology and training division	5
1.3. CPO LT - Health procurement division	9
1.4. CPO LT - Bureau and activity services procurement division	20
2. Asset Management and Economy Department under the Ministry of Interior	9
3. Prison Department under the Ministry of Justice	8
4. Kaunas city municipality administration	9
5. Vilnius city municipality administration	6
5.1. Vilnius CMA - Procurement procedures subdivision	1
5.2. Vilnius CMA - Public procurement division	2
5.3. Vilnius CMA - Document preparation subdivision	2
5.4. Vilnius CMA - Centralized procurement subdivision	1
6. Defence Material Agency under the Ministry of Defence	24
6.1. DMA - 1st procurement organization division	5
6.2. DMA - 2nd procurement organization division	6
6.3. DMA - 3rd procurement organization division	6
6.4. DMA - 4th procurement organization division	7
TOTAL	99

Source: ProcurComp^{EU} survey result for 6 CPBs in Lithuania (July 2022)

The followings are the snapshots of the 99 participants:

- 93.9% (93 out of 99 officials) work full-time on public procurement.
- Average experiences in the current position are 35.0 months
- Average experiences in public procurement are 104.6 months

1.4.4. ProcurComp^{EU} survey results

The OECD shared the key findings from the analysis of the aggregated self-assessment results of the 99 participants during a workshop held in Vilnius on May 27, 2022. Then, the survey results for each of the 6 CPBs were sent to each institution individually in July 2022, in order to maintain the confidentiality of their individual results. The OECD also organised a webinar for CPO LT, the CPBs with the largest pool of participation (43 officials), in order to explain the key findings. This section only shows the key findings of

the aggregated result of the 99 participants, which are still useful to meet the objective of identifying the competences that need more capacity building on a country-wide level.

The total average point of the 30 competences of all the 99 participants was 2.04. The total average point of procurement-specific competences (No. 1-19) amounted to 2.05, while the one for the soft competences (No. 20-30) was 2.02. Figure 1.9 shows that the capability level increases proportionally with more professional experiences in public procurement.

Figure 1.9. Total average point by PP experience and by job profile

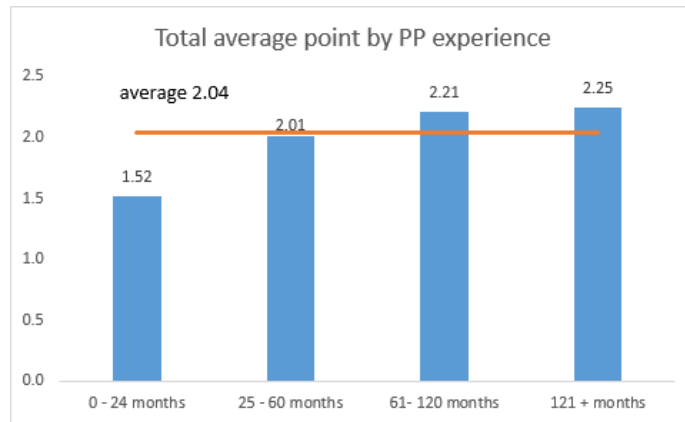
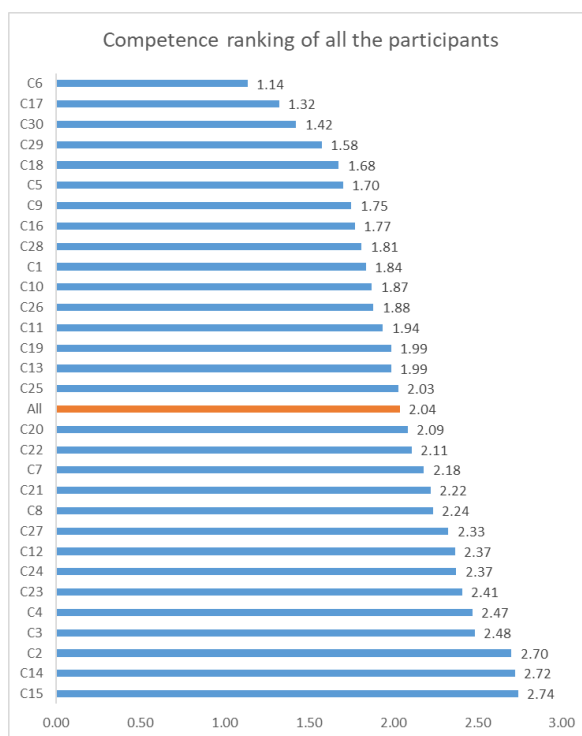


Figure 1.10 shows the average points of all the 99 participants by competence in ascending order. The self-assessment result identified C6 (Innovation Procurement) as the weakest competence of the participants with the lowest average point of 1.14, followed by C17 (Certification and payment) and C30 (Risk management and internal control).

Figure 1.10. Average points of all the participants by competence



Note: C1 Planning, C2 Lifecycle, C3 Legislation, C4 e-Procurement and other IT tools, C5 Sustainable procurement, C6 Innovation procurement, C7 Category specific, C8 Supplier management, C9 Negotiations, C10 Needs assessment, C11 Market analysis & engagement, C12 Procurement strategy, C13 Technical specifications, C14 Tender documentation, C15 Tender evaluation, C16 Contract management, C17 Certification and payment, C18 Reporting and evaluation, C19 Conflict resolution / mediation, C20 Adaptability and modernisation, C21 Analytical and critical thinking, C22 Communication, C23 Ethics and compliance, C24 Collaboration, C25 Stakeholder relationship management, C26 Team management and leadership, C27 Organisational awareness, C28 Project management, C29 Performance orientation, C30 Risk management and internal control

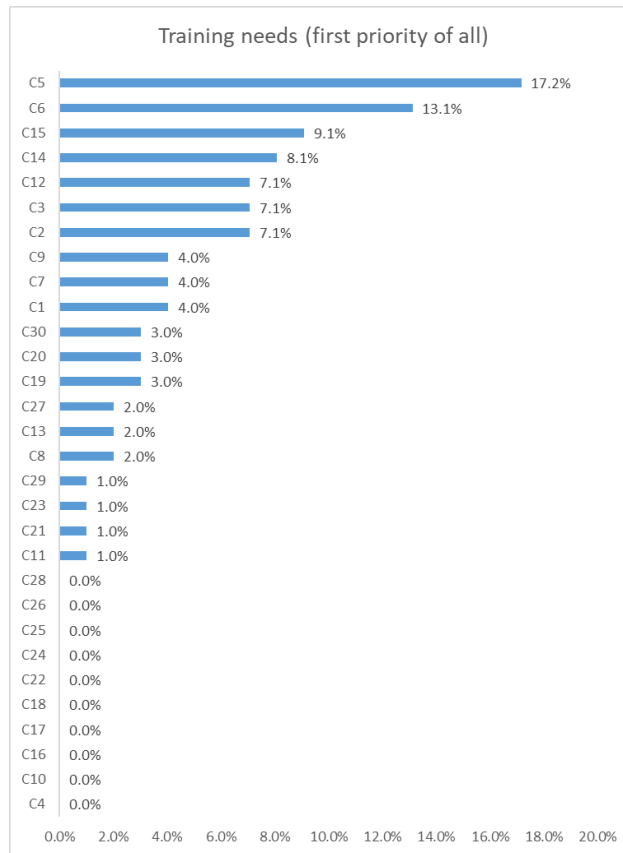
Source: ProcurComp^{EU} survey result for 6 CPBs in Lithuania (July 2022)

In 2020, the government of Lithuania published its National Progress Plan (2021 – 2030), which set the target that 20% of the value of all public procurement needs to go to innovation procurement by the year 2030. The country plans to achieve this by steadily increasing the share of procurement that is spent on public procurement of innovative solutions and on pre-commercial procurement. (The Government of the Republic of Lithuania, 2020^[21]) Therefore, it is necessary to increase the competence C6 (Innovation Procurement).

In addition to the self-assessment exercise, all the participants were requested to select three competences of his or her top three choices that require more methodological assistance (such as training, guidelines, manuals etc).

Figure 1.11 shows competences selected most as the 1st priority competence that requires more methodological assistance, in descending order.

Figure 1.11. Training needs (first priority of all the participants)

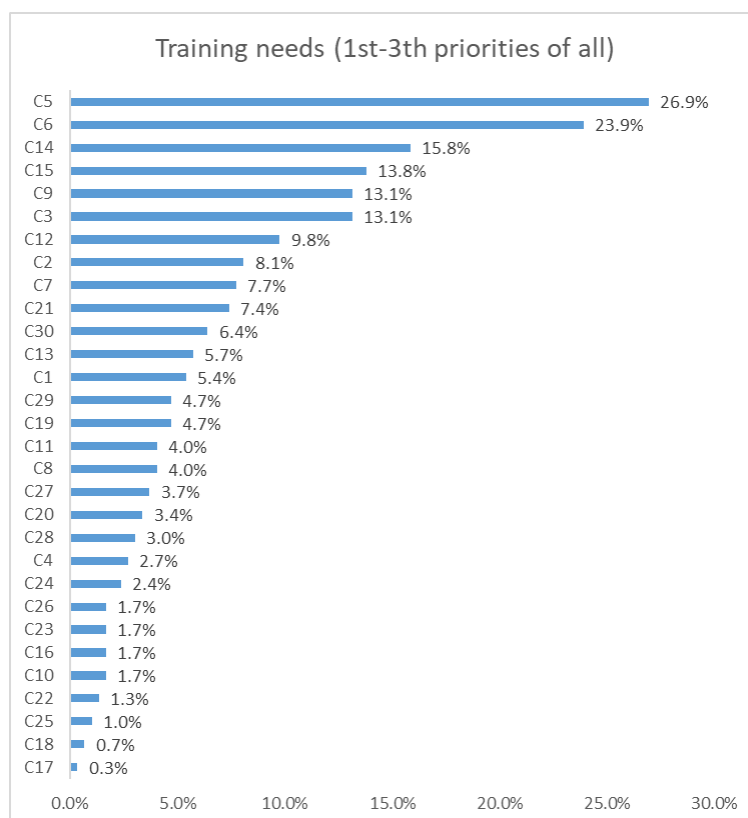


Note: % of the participants that selected each competence as the first priority competence that requires more methodological assistance. For example, 17 out of 99 participants (17.2%) selected C5 as the first priority competence that requires more methodological assistance
Source: ProcurComp^{EU} survey result for 6 CPBs in Lithuania (July 2022)

C5 (Sustainable procurement) is selected most as the 1st priority competence that requires more methodological assistance, followed by C6 (Innovation procurement), C15 (Tender evaluation) and C14 (Tender document). All of the top 10 competences are procurement specific.

Figure 1.12 shows competences identified most as the ones that require more methodological assistance, taking into account the 1st-3rd choices.

Figure 1.12. Training needs (1st – 3rd priorities of all the participants)



Note: Each participant was requested to select 1st to 3rd competence that requires more methodological assistance. Then, the result was summed up after the conversion in accordance with the following scoring rule: 1st priority = 3 points, 2nd priority = 2 points, 3rd priority = 1 point. Finally, the total score of each competence was divided by the potential maximum score (in this case, 297 points: 3 points X 99 participants). For example, the converted score of C5 was 80 points, which were divided by 297 points to obtain 26.9%.

Source: ProcurComp^{EU} survey result for 6 CPBs in Lithuania (July 2022)

The overall result is similar to the one of the 1st priority. C5 (Sustainable procurement) is identified most as the competence that requires more methodological assistance, followed by C6 (Innovation procurement) and C14 (Tender documentation). 9 out of the top 10 competences are procurement specific.

These results of the training needs survey imply that participants need more training and skills in using public procurement as a strategic tool to pursue different policy objectives such as environment and innovation.

Table 1.8 lists the five competences based on the self-assessment and the training needs.

Table 1.8. Summary of the ProcurComp^{EU} survey result for all the participants

Ranking	Procurement specific competence	Soft competences
Average points		
1	C6 Innovation Procurement (1.14 point)	C30 Risk management and internal control (1.42)
2	C17 Certification and payment (1.32 point)	C29 Performance orientation (1.58 point)
3	C18 Reporting and evaluation (1.68 point)	C28 Project management (1.81 point)
4	C5 Sustainable procurement (1.70 point)	C26 Team management and leadership (1.88 point)
5	C9 Negotiations (1.75 point)	C25 Stakeholder relationship management (2.03 points)
Training needs survey (selected most as the first priority competence that requires more methodological assistance)		
1	C5 Sustainable procurement (17.2%)	C30 Risk management and internal control (3.0%)
2	C6 Innovation Procurement (13.1%)	C20 Adaptability and modernisation (3.0%)
3	C15 Tender evaluation (9.1%)	C27 Organisational awareness (2.0%)
4	C14 Tender documentation (8.1%)	C21 Analytical and critical thinking
5	C2 (Lifecycle), 3 (Legislation), C12 Procurement strategy (7.1%)	C23 Ethics and compliance C29 Performance orientation (1.0%)
Training needs survey (selected most as the 1st - 3rd priority competences that require more methodological assistance)		
1	C5 Sustainable procurement (26.9%)	C21 Analytical and critical thinking (7.4%)
2	C6 Innovation Procurement (23.9%)	C30 Risk management and internal control (6.4%)
3	C14 Tender documentation (15.8%)	C29 Performance orientation (4.7%)
4	C15 Tender evaluation (13.8%)	C27 Organisational awareness (3.7%)
5	C3 Legislation / C9 Negotiations (13.1%)	C20 Adaptability and modernisation (3.4%)

Source: ProcurComp^{EU} survey result for 6 CPBs in Lithuania (July 2022)

In accordance with the ProcurComp^{EU} self-assessment survey, Lithuania could benefit from considering the possibility of designing tailored trainings for the identified top-priority competences. Innovation procurement will be discussed further in the Professionalisation section.

1.5. Methodology to measure the efficiencies generated by the centralisation process (KPI)

1.5.1. KPI framework to measure the performance of public procurement

Performance measurement frameworks of public procurement contribute to i) assessing progress and achievements periodically and consistently and ii) identifying potential gaps against objectives and targets. This approach enables governments, contracting authorities and other key stakeholders to take relevant actions and/or to tailor specific strategies. The OECD Recommendation on Public Procurement highlights the need to drive performance improvements through evaluation of the effectiveness of the public procurement system, from individual procurements to the system as a whole, at all levels of government where feasible and appropriate (OECD, 2015_[29]) (see Box 1.8)

Box 1.8. The principle on Evaluation of the OECD Recommendation on Public Procurement

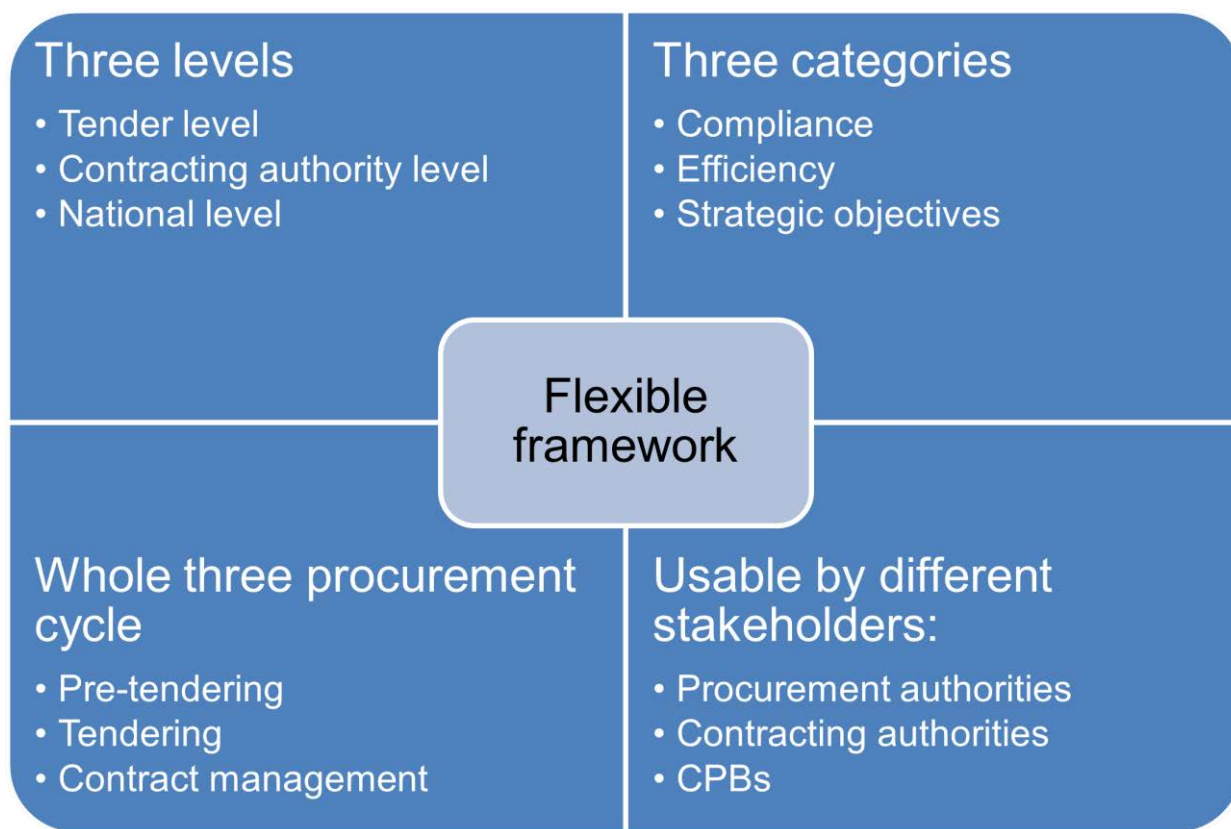
- I. Assess periodically and consistently the results of the procurement process. Public procurement systems should collect consistent, up-to-date and reliable information and use data on prior procurements, particularly regarding price and overall costs, in structuring new needs assessments, as they provide a valuable source of insight and could guide future procurement decisions.
- II. Develop indicators to measure performance, effectiveness and savings of the public procurement system for benchmarking and to support strategic policy making on public procurement.

Source: (OECD, 2015^[29])

The performance of public procurement is usually conducted by defining key performance indicators (KPIs) that are monitored over time. While the relevance of measuring performance is clearly recognised, practice is often lagging behind. Only 45% of OECD countries, including Lithuania, had established a formal performance measurement system of public procurement with KPIs (OECD, 2019^[30]).

Against this background and based on evidence and consultation with member countries, the OECD developed a comprehensive performance measurement framework that can be used for the assessment of procurement processes and support data-based decision making in the public procurement policy process. The OECD performance measurement framework consists of 259 KPIs which are highly flexible and adaptable to the individual needs of different stakeholders (a country, a contracting authority or a CPB). (OECD, 2023^[31])

Figure 1.13. Overview of the OECD performance measurement framework

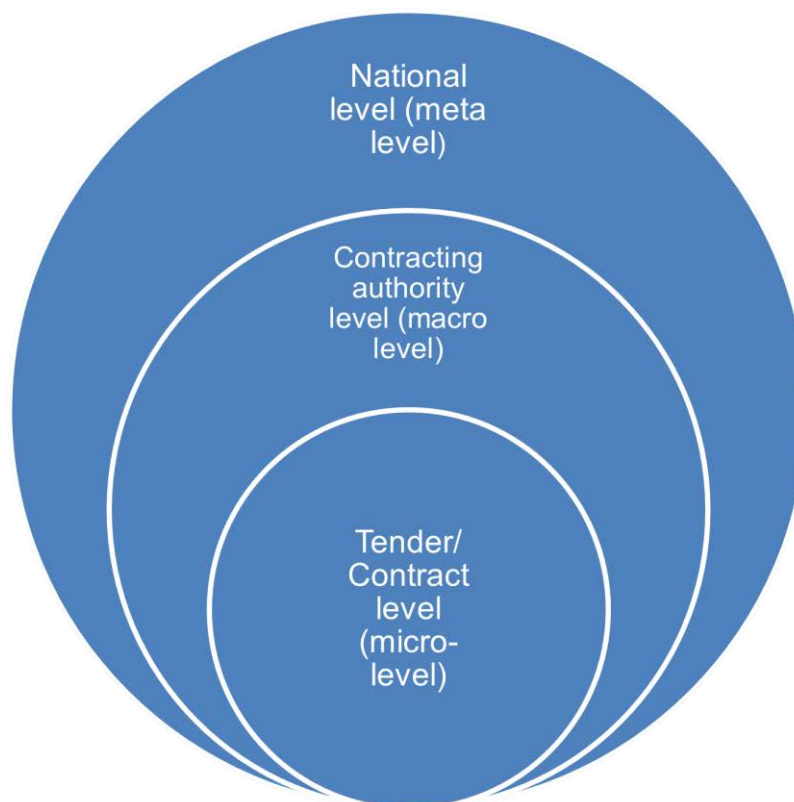


Source: prepared by the author based on (OECD, 2023^[31])

It considers different elements:

- Assesses the performance of public procurement at three levels (tender level, contracting authority level and national level) depending on the existence and possibility to aggregate data
 - There is clear linkage among the three levels as in many cases the lower-level feeds the upper one. However, some indicators might only exist for a certain level.

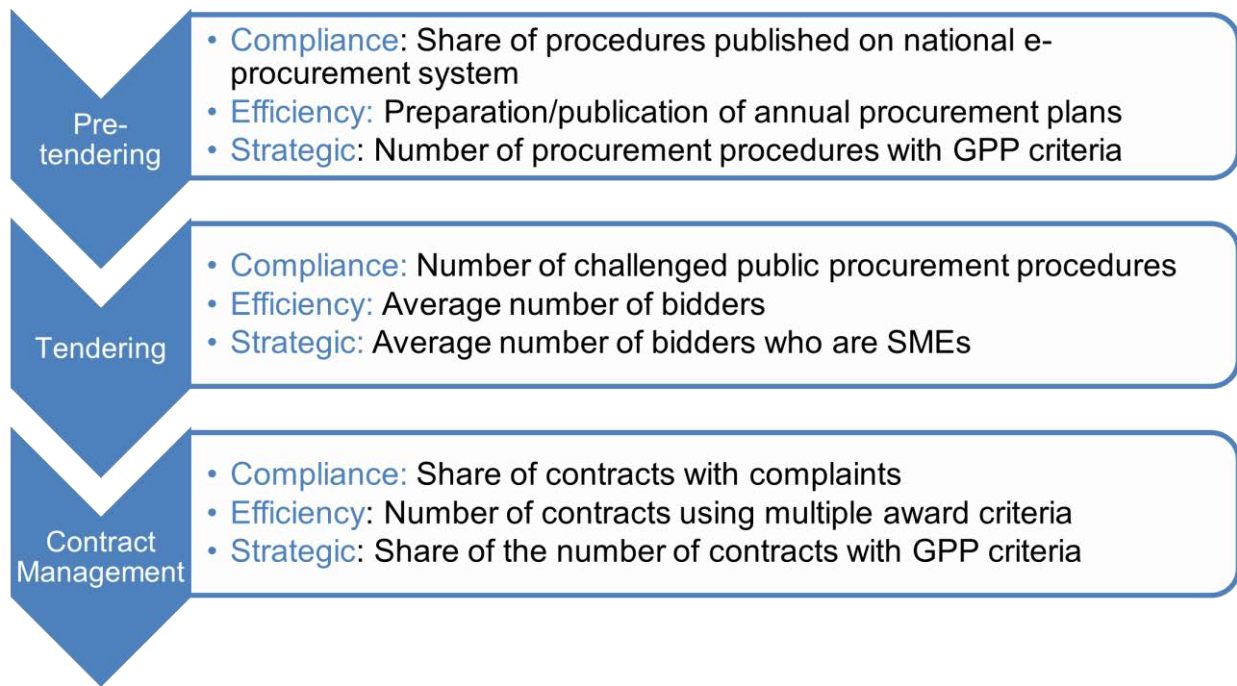
Figure 1.14. Three levels for assessing the performance of public procurement



Source: (OECD, 2023^[31])

- *Different categories of procurement performance indicators* identify three dimensions in line with compliance (68 indicators), efficiency (128 indicators) and strategic (63 indicators)
 - Compliance KPIs aim at assessing whether procurement processes and outcomes are in line with the national or any other applicable legislation. Indicators are related to publication/transparency requirements, ex-ante control / audit findings, sanctions, integrity matters, appeals/litigation, and compliance with payment delays.
 - Efficiency KPIs aim at assessing whether the procurement processes enable to achieve the best procurement outcomes and effectiveness and the best “value for money”. For instance, efficiency KPIs could cover savings (in monetary value and time), level of market participation in specific procedures, duration of procurement processes (including the tender evaluation phase), the planning of procurement activities, the implementation of different efficiency tools such as framework agreements or Dynamic Purchasing Systems (DPS), contract modification, professionalisation issues and payment.
 - Strategic KPIs aim at assessing how public procurement processes and outcomes contribute to achieving pressing policy goals such as fighting against climate change, promoting innovation, creating jobs, social inclusion (i.e., gender, vulnerable groups, etc.) and the development of small and medium enterprises. In this context, KPIs could include the share of sustainable goods and services, the share of procurement awarded to SMEs (in number and volume), and the share of procurement involving innovation features.
- *Indicators covering the whole procurement cycle* from planning to contract management (pre-tender, tender, contract management)

Figure 1.15. Examples of performance indicators (three dimensions and three procurement cycle)



Source: (OECD, 2023^[31])

The measurement framework can be used and adapted by different stakeholders such as contracting authorities, public procurement authorities, and CPBs. A public procurement authority typically seeks comprehensive information about the performance of the public procurement system as a whole, while a contracting authority is interested in understanding the performance of its own procurement activities. Although CPBs can carry out processes similar to contracting authorities, their aggregation role and the sheer volume of procurement lead to the need to develop additional indicators tailored to their mission.

Each KPI can be also classified into 'core' and 'aspirational' indicators by each user. Core indicators can be defined as the minimum indicators that should be tracked as part of the performance measurement. In contrast, aspirational indicators can be considered optional, or to be implemented at a later stage when the performance measurement is more mature.

1.5.2. Current initiatives to measure the performance of public procurement in Lithuania

Recognising the benefit of setting up KPIs to measure the performance of its public procurement system, Lithuania launched its ambitious initiative of setting KPIs for contracting authorities at the first half of 2021, when PPO launched a scoreboard with the performance of the public procurement system and contracting authorities during 2018-2020. The scoreboard calculated 7 indicators related to the uptake of green public procurement, BPQR, centralised purchasing, and the reserved contract. The PPO's scoreboard assesses each indicator at three levels with a colour coding system (green, yellow and red), which were defined in accordance with the performance at the country level and each contracting authorities against the national target values for the indicators. Green was assigned if the target value was reached or exceeded. Yellow was assigned if the indicator is below the target but scored at or above the average level. Finally, red indicates low indicator values that need to be improved (see Table 1.9).

Table 1.9. PPO scoreboard used to assess the performance for 2018-2020

Indicators	Actual performance at national level (2020)	Green	Yellow	Red
Share of GPP, value	5.0% (Red)	≥ 30%	20% ≤ ... < 30%	< 20%
Share of GPP, number	2.4% (Red)	≥ 30%	20% ≤ ... < 30%	< 20%
Share of BPQR, value	30.6% (Green)	≥ 30%	20% ≤ ... < 30%	< 20%
Share of BPQR, number	13.0% (Red)	≥ 30%	20% ≤ ... < 30%	< 20%
Share of centralised procurement, value	12.8% (Yellow)	≥ 15%	10% ≤ ... < 15%	< 10%
Share of centralised procurement, value	3.9% (Red)	≥ 15%	10% ≤ ... < 15%	< 10%
Share of reserved contract, value	0.5% (Red)	≥ 2%	1% ≤ ... < 2%	<1%

Source: (Public Procurement Office of the Republic of Lithuania, 2021^[32])

In the second half of 2021, PPO launched a lightboard that replaced the scoreboard. The lightboard is an updated version of the scoreboard in that it includes more KPIs (14 indicators) and allows for real-time calculation on a daily basis. Lightboard allows contracting authorities to assess their own procurement performance against a range of procurement evaluation criteria as well as to assess their contribution to the overall public procurement and national objectives. It also allows policymakers to develop data-driven policy making.

PPO specified the KPIs, their calculation method and data source (the procurement data published at the e-procurement system and the data provided by the CPO LT) by publishing the document: *Procurement map Lightboard: Methodology for calculating and assessing indicators*. (Public Procurement Office of the Republic of Lithuania, 2020^[33]) The colour coding (green, yellow and red) is assigned to the performance of each indicator with the same principles applied to the scoreboard. The grey colour is assigned when the indicator is not calculated due to the lack of data. The lightboard also calculates the score based on the performance by converting each colour into the score: 3 points for green, 2 points for yellow, 1 point for red, and 0 points (not counted) for grey. Then, it calculates the overall performance by summing up the scores of all the indicators by adjusting them with coefficients (weightings) specified for each indicator with a range of 0.2 – 4 (see Table 1.10).

Table 1.10. Indicators in the lightboard and their targets in 2023

	Coefficient	Green (3points)	Yellow (2 points)	Red (1 point)
Share of GPP, value	4	≥ 95%	60% ≤ ... < 95%	< 60%
Share of GPP, number	3	≥ 95%	50% ≤ ... < 95%	< 50%
Share of BPQR (at classical sector), value	4	≥ 50%	30% ≤ ... < 50%	< 30%
Share of BPQR (at utilities sector), value	4	≥ 30%	20% ≤ ... < 30%	< 20%
Share of BPQR, number	3	≥ 20%	10% ≤ ... < 20%	< 10%
Share of centralized procurement, value	3	≥ 20%	15% ≤ ... < 20%	< 15%
Share of centralized procurement, number	1	≥ 10%	5% ≤ ... < 10%	< 5%
Share of procurement with energy efficiency requirements, value	0.2	≥ 95%	75% ≤ ... < 95%	< 75%
Share of procurement with energy efficiency requirements, number	0.5	≥ 95%	75% ≤ ... < 95%	< 75%
Share of innovation procurement, value	0.5	≥ 1%	0.5% ≤ ... < 1%	< 0.5%
Share of procurement with a single bid, number	0 (*)	≤ 30%	1% ≥ ... > 30%	> 35%
Share of reserved contract, value	0.5	≥ 2%	0.5% ≤ ... < 2%	< 0.5%
Share of published contracts, number	1	≥ 90%	80% ≤ ... < 90%	< 80%
Share of unsuccessful procurement, number	3	≥ 22%	30% ≤ ... < 22%	< 30%

Note: Coefficient 0 means that this indicator is not evaluated to calculate the overall score of all the indicators

Source: (Public Procurement Office of the Republic of Lithuania, 2023_[34])

Separately, PPO also published the *guidelines on indicators for evaluating public procurement*, building upon the monitoring indicators required by the European Commission, as well as upon the OECD performance measurement framework. This guideline specifies more indicators than the ones calculated in the lightboard. It can be used as a reference by contracting authorities which are willing to reinforce a performance evaluation that adopts more variety of indicators. Indicators are categorised by assessment level (national, contracting authority and individual procurement) and assessment dimensions (e.g., efficiency, competition). These KPIs can be used to assess the performance of public procurement, motivate public procurement officials, and measure the results achieved. (Public Procurement Office of the Republic of Lithuania, 2020_[33])

Table 1.11. KPIs specified in the PPO guidelines on indicators for evaluating public procurement

Indicator No.	Indicator
1	Common indicators for assessing national procurement
1.1	Scope of public procurement
1.1.1	Total amount spent on procurement, EUR
1.1.2	Total number of public contracts
1.1.3	Share of public procurement value against the total government expenditures, %
1.1.4	Share of public procurement value against the total national budget expenditures, %
1.1.5	Share of public procurement value against the GDP, %
1.2	Efficiency of public procurement
1.2.1	Duration of procurement procedures, days
1.2.2	Share of e-procurement against the total number/value of procurement, %
1.2.3	Share of centralized purchasing against the total number/value of procurement, %
1.2.4	Share of joint procurement against the total number/value of procurement, %
1.2.5	Share of e-auction against the total number/value of procurement, %
1.2.6	Share of market consultation against the total number of procurement, %

1.2.7	Share of BPQR against the total number/value of procurement, %
1.3	Openness and transparency in public procurement
1.3.1	Share of the value of published competitive procurement procedures against the total value of procurement, %
1.3.2	Share of the number of published competitive procurement procedures against the total number of procurement, %
1.3.3	Number of the negotiated procedure without prior publication
1.4	Competitive environment
1.4.1	Average number of bids
1.4.2	Share of single bid
1.4.3	Share of contract awarded to SMEs (number/value), %
1.4.4	Share of contracts awarded to foreign bidders (number), %
1.5	Strategic procurement
1.5.1	Share of green public procurement (number/vale), %
1.5.2	Share of innovation procurement (number/value), %
1/5.3	Share of reserved contracts (value), %
2	Indicators for assessing the procurement performance of contracting authorities
2.1	Duration of procurement
2.1.1	Average duration of procurement procedures, days
2.1.1.1	Average duration from identification of the needs to the call for tender, days
2.1.1.2	Average duration from the call for tender to the contract award, days
2.1.1.2.1	Average deadline of bid submission, days
2.1.1.2.2	Average time taken to evaluate proposals, days
2.1.2	Average share of the work time of Public Procurement Commission against the total duration of procurement procedures, %
2.2	Competitive environment
2.2.1	Average number of bids
2.2.2	Average number of challenges received by contracting authorities against their total procurement procedures
2.2.3	Share of suppliers awarded a repeat contract for the same type of contract, %
2.2.4	Share of suppliers which were awarded a contract with conflict of interest with a contracting authority, %
2.3	Procurement efficiency
2.3.1	Saving, %
2.3.2	Average cost of procurement, EUR (share of procurement cost against the value of contracts awarded)
2.3.3	Share of the score of the procurement outcome, % (e.g., very good, good, average, unsatisfactory etc)
3	Indicators for assessing the performance of individual procurement procedures at contracting authorities
3.1	Duration of procurement
3.1.1.	Average duration of procurement procedures, days
3.1.1.1	Average duration from identification of the needs to the call for tender, days
3.1.1.2	Average duration from the call for tender to the contract award, days
3.1.1.2.1	Average deadline of bid submission, days
3.1.1.2.2	Average time taken to evaluate proposals, days
3.1.2	Average share of the work time of Public Procurement Commission against the total duration of procurement procedures, %
3.2	Competitive environment
3.2.1	Average number of bids
3.2.2	Average number of challenges received by contracting authorities against their total procurement procedures
3.3	Efficiency
3.3.1	Saving, %
3.3.2	Average cost of procurement, EUR (share of procurement cost against the value of contracts awarded)
3.3.3.	Share of the score of the procurement outcome, % (e.g., very good, good, average, unsatisfactory etc)

Note: In the guideline, there are also columns on the description, calculation and data source, and target value /trend (e.g., increase, decline) for each indication

Source: (Public Procurement Office of the Republic of Lithuania, 2020_[33])

Lithuania made great achievement in launching a lightboard to assess the performance of its public procurement system and contracting authorities. However, it has not set up the performance evaluation framework adapted to CPBs yet. The next section describes the performance measurement framework to measure the performance of CPBs in Lithuania, which was developed and built upon the OECD performance measure framework, discussed in Section 1.5.1.

1.5.3. CPB performance measurement framework in Lithuania

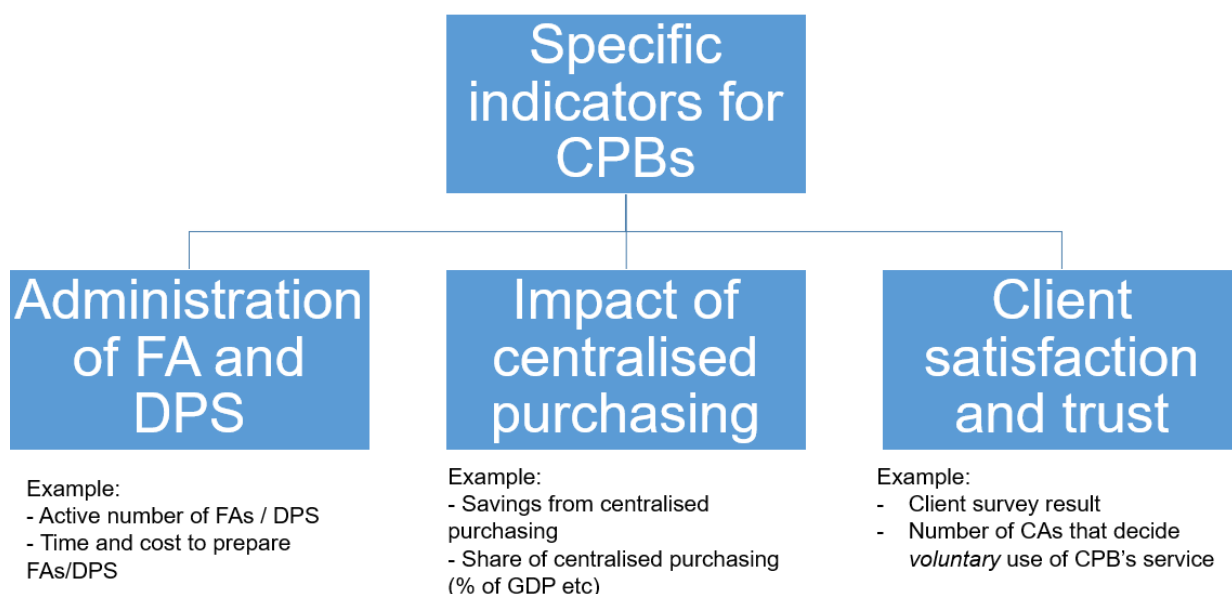
Setting up the KPIs to measure the performance of CPBs

As already discussed in section 1.2, Lithuania has been implementing a centralisation reform of public procurement. In particular, it is expected that CPO LT will play more role by taking over procurement procedures of some entities at central government as well as hospitals, and therefore will have a greater impact on the overall performance of public procurement in the country. In addition, new CPBs were established at the regional level. As discussed in the previous section, PPO not only launched a lightboard but also prepared the guidelines on indicators for evaluating public procurement which can be used by each contracting authority. The lightboard indicators were used by each ministry to evaluate the possibility and the extent of centralising their procurement procedures, in other words, of transferring procurement procedures to CPO LT (see Section 1.2.2). However, the indicators related to CPBs are not fully covered. Therefore, Lithuania needs to establish a framework to measure the performance of CPBs to monitor the effective implementation of its ongoing centralisation reform.

Currently, CPO LT has set up KPIs in its Operational Strategy (2021-2023) (see Table 1.6. Key performance indicators of CPO LT (2021-2023)). In fact, CPO LT set up many relevant KPIs related to its e-catalogue, saving, green public procurement, socially responsible public procurement, trust from clients, and procurement agent services entrusted by contracting authorities. However, even CPO LT could benefit from specifying more comprehensive KPIs.

As discussed in section 1.5.1, CPBs need specific indicators due to the varieties of their centralised purchasing schemes and services: framework agreements, dynamic purchasing system (DPS), consolidated procurement, and procurement agent service. Figure 1.16 shows examples of specific indicators for CPBs. These would be related to, but are not limited to, the administration of framework agreements and DPS (e.g., their active number, time and cost to arrange them), the impact of centralised purchasing (e.g., saving from centralised purchasing, share of centralised purchasing (e.g., % of GDP, share of each CPB against all the centralised purchasing) and the level of client satisfaction and trust (e.g., client survey result, number of CAs that decide voluntary use of CPB's service). (see Section 1.5.4 for the short analysis of the methodology of calculating saving from centralised purchasing)

Figure 1.16. Examples of specific indicators for CPBs



Source: Created by the author

The OECD worked with the MoEI, PPO and CPO LT to develop a performance measurement framework tailored to CPBs by adapting the generic OECD performance measurement framework to the context of Lithuania.

A series of discussions led to defining 77 indicators to measure the performance of CPBs. These 77 indicators consist of 11 sub-indicators specific to CPBs, 27 efficiency indicators, 31 strategic indicators, and 8 compliance indicators. Among those 77 indicators, 47 indicators were classified as core (or relevant) indicators, while the rest of 37 indicators were classified as aspirational (potentially relevant in the future) ones. This implies that 47 indicators are the minimum indicators that should be tracked as part of the performance measurement, while measuring 37 indicators will be implemented at a later stage when the performance measurement becomes more mature.

These 77 indicators consist of 93 sub-indicators: 17 sub-indicators specific to CPBs, 27 efficiency indicators, 31 strategic indicators, and 18 compliance indicators (see Table 1.12). For example, one indicator on the average time for decision of challenges is divided into two sub-indicators (at the first stage against contracting authorities and the first instance against the court). The list of all the indicators is available in Table 3.1.

Table 1.12. KPIs to measure the performance of CPBs in Lithuania

Indicator category	No. of Indicator (a+b)	Core indicators (a)	Aspirational indicators (b)	No. of sub-indicators (c+d)	Core sub-indicators (c)	Aspirational sub-indicators (d)
CPBs	11	4	7	17	4	13
Efficiency	27	7	20	27	7	20
Strategic	31	29	2	31	29	2
Compliance	8	7	1	18	16	2
TOTAL	77	46	31	93	56	37

Source: Created by the author

Ensuring the availability and access of relevant quality data to assess the performance of procurement processes

There are many challenges in measuring public procurement systems such as the lack of available, accessible, usable, quality data. (OECD, 2019^[30]) The lack of data often represents a bottleneck to the implementation of performance measurement frameworks. For a comprehensive performance measurement system, three pre-conditions regarding data need to be fulfilled: data availability, data access and data quality. Data availability refers to whether the data is available or not to calculate a specific indicator. Data access refers to how the data can be collected (e.g., manually or digitally) if the data is available. Data quality refers to the data accuracy (data is correct?) and comprehensiveness (data covers all the elements related to the matter of the specific indicator?).

It is necessary to map the availability of the data to calculate each indicator. This enables policy makers to identify how many indicators can be calculated under the current state of play, and address the data gaps by identifying the missing data necessary to calculate selected indicators. This also entails mapping relevant data sources (i.e. identifying the data owner for each indicator), clarifying the format of data and assessing the data quality. The use of e-procurement systems is a prerequisite for effective measurement. Table 1.13 shows the number of indicators calculable in a certain way (manually and/or digitally).

Table 1.13. Indicators calculable in a certain way (manually and/or digitally)

Calculation	Total	Share	Core	Share	Aspirational	Share
Yes	86	92.5%	50	89.3%	36	97.3%
No	1	1.1%	0	0%	1	2.7%
Partially	6	6.5%	6	10.7%	0	0%
NA	0	0%	0	0%	0	0%
TOTAL	93	100%	56	100%	37	100%

Note: Yes: Indicator is calculable at least manually (even if it takes time to collect the data), Partially: Not all elements of the indicator are calculable even manually, No: Indicator is not calculable even manually (no way to calculate the indicator due to the lack of information)

Source: Created by the author

Lithuania is ready for launching the performance measurement framework, because almost all core indicators are immediately calculable (see Table 3.1. for the data availability for each indicator). Overall, 92.5% (86 out of 93 indicators) can be calculated in a certain way (manually and/or digitally). 6.5% (6 out of 93 indicators) can be partially calculated. “Partially” means that there is a restriction on the data quality or coverage, and indicators cover only partial elements but not all. For example, all these 6 indicators are related to the indicators on socially responsible public procurement (SRPP). Currently, the e-procurement system of Lithuania only collects information related to the reserved contract. However, the reserved contract is only one aspect of SRPP, because SRPP also covers various social dimensions such as human rights and labour. Currently, no system can capture whether each procurement procedure integrated these social dimensions and criteria. Only 1 indicator is not calculable at this moment. That indicator is the share of procurement procedures including gender considerations, which is not calculable due to the lack of information on the number of procurement procedures with gender considerations. However, this indicator is aspirational, which will be adopted much later as the performance measurement framework becomes more mature. All the core indicators are calculable except the 6 partially calculable indicators in a certain way (manually and/or digitally).

It will be ideal if the indicators can be calculated easily in the digital format without any manual task. Table 1.14 shows how many indicators can be calculated in the digital format without relying on time-consuming manual tasks.

Table 1.14. Indicators calculable in the digital format

Calculation	Total	Share	Core	Share	Aspirational	Share
Yes	63	67.7%	44	78.6%	19	51.4%
No	4	4.3%	0	0.0%	4	10.8%
Partially	18	19.4%	11	19.6%	7	18.9%
NA	8	8.6%	1	1.8%	7	18.9%
TOTAL	93	100%	56	100%	37	100%

Note: Yes: Indicator is calculable in the digital format, Partially: Not all elements of the indicator are calculable in the digital format, No: Indicator is not calculable in the digital format (no way to calculate the indicator in the digital format), NA: Not applicable, the characteristics of indicators do not require the calculation in the digital format

Source: Created by the author

Overall, 67.7% (63 out of 93 indicators) can be calculated in the digital format. 19.4% (18 out of 93 indicators) can be partially calculated in the digital format. 11 indicators out of these 18 indicators are core indicators, while 7 indicators are aspirational. 6 out of those 11 core indicators are related to SRPP already mentioned. The remaining 5 core indicators are related to the number and value of financial sanctions (e.g., fines) applied to the contracting authority. However, it is expected that the absence of the digital format will not have a large impact on these indicators, as there are few cases of fines application and therefore it will not take time to collect the data even manually. 7 aspirational indicators are related to the average time and cost of preparing FA, DPS and e-auction, and the share of contracts with declared SME subcontractors. For example, the information on the cost of preparing FA, which is necessary to calculate the average cost of preparing FA, is not available digitally for all the FAs. There are 4 indicators which can not be calculated in the digital format, but all of them are aspirational indicators. 1 out of these aspirational indicators is the share of procurement procedures including gender considerations, which is not calculable even manually due to the lack of information on the number of procurement procedures with gender considerations. The rest of 3 aspirational indicators are related to the share of CAs using CPB services without obligation (at central authorities, at local authorities, and at other authorities). However, these indicators can be easily calculable manually based on the information that each CPB has.

NA means that the characteristics of indicators do not require the calculation in the digital format. Most of these indicators are related to organisational indicators such as the existence of methodologies and/or policies (e.g., the existence of methodologies to conduct market analysis, the existence of a strategic framework on professionalisation) rather than the indicators related to each individual procurement procedure.

Lithuania will benefit from collecting the necessary information in the digital format to calculate core indicators, and then aspirational indicators. Lithuania could put the top priority on collecting the information of SRPP (labour, gender consideration etc) by adding to the check box functions to select social dimension such as labour and gender consideration in the e-procurement system, as these indicators are identified as core indicators. Gender consideration is considered as aspirational, but this check option can be added easily together with other social dimensions. Then, in the long term, Lithuania could establish system to collect the information necessary to calculate aspirational indicators which cannot be calculated in the digital format, such as the indicators on the time and cost of preparing CPB schemes (FA, DPS, e-auction) for all the FA, DPS, and e-auction.

The next section will briefly discuss how to implement this performance measurement framework of CPBs.

Implementing KPI framework to measure the performance of CPBs

It is essential to implement the performance measurement framework of CPBs. This section briefly discusses different elements to be considered for the smooth implementation of the framework such as defining a leading entity and the implementation period and measures.

Given its role in leading the centralisation reform of public procurement, MoEI will be in the best position to lead the implementation of the performance measurement framework of CPBs. MoEI will need to coordinate with other key stakeholders of the public procurement system in Lithuania such as PPO and CBPs. PPO is a key actor as it is mandated to monitor the overall performance of public procurement and administer the e-procurement and the lightboard. The coordination with CPBs such as CPO LT will be indispensable, because they are responsible for reporting their KPIs and therefore are in the best position to provide feedback on the actual implementation of the framework.

The transition period should be considered to test the measurement framework through the pilot as well as to raise awareness of the framework among CPBs. The pilot could be implemented with one or more CPBs. CPO LT will be considered as the best partner of the pilot, because it is the largest CPBs in the country and has a culture of the performance measurement with their own KPIs. During the pilot, MoEI can collaborate with pilot CPBs on various aspects of the framework. These include, but are not limited to, testing the relevance of each indicator, identifying potentially relevant indicators, checking the complexity to collect the necessary data to calculate each data, and setting up the target of each indicator. Then, MoEI can start to organise workshops to raise awareness of the performance measurement framework among the CPBs in the country.

Ideally, the performance measurement framework could be officially launched at the latest from the beginning of 2027, given the fact that the current centralisation reform will evolve dynamically by the end of 2026 when the centralisation of the health sector is completed.

Lastly, Lithuania could consider the possibility of maximising the synergy effect between the CPB performance measurement framework and the lightboard administered by the PPO that aims at measuring the performance of the overall public procurement system and contracting authorities, while taking into account the implementation process of eForms. The synergy can be sought in various aspects such as the target setting, data availability, and the technical specifications of the digital platform. In case the target is set for each indicator of the CPB performance measurement framework, it can be aligned with the methodology of the lightboard such as the colour classification (green, yellow, red, and grey). Improving the data availability discussed in this section will have a positive impact on the lightboard. For example, the lightboard set up the target related to the reserved procurement but does not include the indicator related to other social dimensions. Therefore, both the CPB performance measurement framework and the lightboard will benefit from improving the data availability related to social dimensions. In case the digital platform is established for the CPB performance measurement framework, it can build upon the technical specifications of the lightboard platform or even integrate it as one module of the lightboard, if technically feasible.

1.5.4. Practices on how to calculate savings from centralised activities

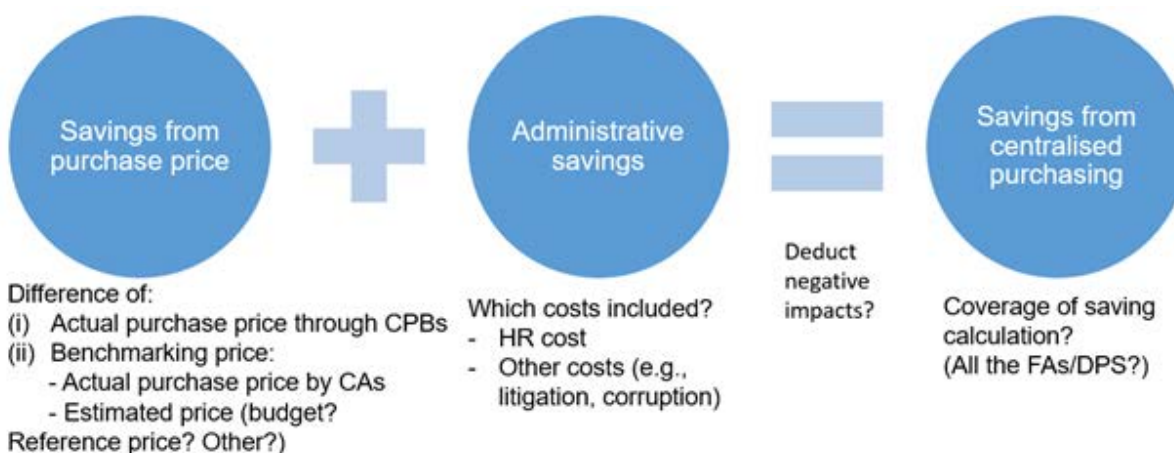
The CPB performance measurement framework specified saving from centralised purchasing as one of the 77 indicators. As discussed in Section 1.1, financial benefits or saving arising from the increased purchasing power and economy of scale are one of the most typical logics behind the centralisation reform of public procurement. Therefore, it is indispensable to establish the methodology to calculate saving from centralised procurement as accurately as possible, in order to evaluate the performance of CPBs as well as of the overall centralisation process. Although this indicator is one of the most relevant indicators related to CPBs, it can be considered as one of the most complex indicators to be calculated due to its variety of methodologies and the difficulty of collecting the data. This section overviews the typical methodology of

calculating savings from centralised purchasing, the methodology of CPO LT, and benchmarking against other CPBs.

Typical methodology of calculating savings from centralised purchasing

Saving from centralised purchasing can be calculated in theory by considering the two main saving categories: saving from the purchase price and administrative saving (see Figure 1.17).

Figure 1.17. Typical methodology of measuring savings from centralised purchasing



Source: Prepared by the author

Savings from purchase price is the most common element to be considered for measuring savings from centralised purchasing. In practice, only the savings from the purchase price is considered due to more complexity in calculating administrative savings.

Savings from the purchase price is the difference between (i) the actual purchase price through CPBs and (ii) the benchmarking price. There are variations in the benchmarking price among CPBs and categories of goods and services within a CPB, which is subject to the data availability. These include, but might not be limited to, the actual purchase price as a result of the procurement procedures carried out by contracting authorities without CPBs and the estimated price such as the budget, the reference price, and/or the maximum price that each CA is willing to pay. One of the biggest challenges to calculate savings from the purchase price is to mitigate the heterogeneity effect arising from different technical specifications and characteristics of the same product. In other words, it is indispensable to ensure the comparison of the price for the same product by controlling different technical characteristics. For example, the laptop category might include laptops with different technical characteristics such as CPU and size. Food could be organic or non-organic. Therefore, it is necessary to calculate the difference between the actual purchase price through CPBs and the benchmarking price by comparing the products with the same or similar technical characteristics as much as possible.

Administrative savings is another saving factor which is often discussed when it comes to measuring savings from centralised purchasing. Administrative saving is saving which can arise from the reduction of the costs related to the administration of public procurement procedures. These costs can include, but are not limited to, human resources, litigation, and even corruption. Centralised purchasing brings the reduction of transaction cost, because CPBs carry out public procurement procedures on behalf of contracting authorities that otherwise would have to carry out the procedures themselves. This will reduce the costs related to human resources incurred by contracting authorities. It will be likely that the procurement procedures carried out by capable CPBs officials might reduce the possibility of delayed

procurement procedures (which will be reflected in the reduction of human resources cost), litigation risks and integrity risks.

In practice, however, it is difficult to quantify administrative savings, although centralised purchasing may generate them (Oriana Bandiera, Andrea Prat and Tommaso Valletti, 2009^[35]). For example, in order to calculate administrative savings from the reduction of human resources costs, it is necessary to have the data on the human resources cost of procurement procedures incurred at CPBs, as well as on the human cost of procurement procedures, which might have been incurred at contracting authorities if they carried out procedures by themselves. Some CPBs such as Consip have data on the human resources cost if its staff for each procurement procedure, but it is unlikely that the same accurate data is available at the level of contracting authorities. This makes it almost unfeasible to calculate administrative savings from the human cost reduction in an accurate way, unless the rough estimation approach is taken. The reduction of the transaction cost can be also considered not only for contracting authorities but also for economic operators. However, there are no studies on this aspect as it involves complications in calculating the reduction of human cost at the level of economic operators.

Both savings from the purchase price and administrative savings are related to the potential benefits of centralised purchasing already discussed in Section 1.1. In theory, negative costs arising from the arguments against centralised purchasing can be also considered and deducted from these savings to calculate more accurate total savings from centralised purchasing.

It can be concluded, therefore, that direct savings from the purchase price is the main saving factor considered in practice to calculate savings from centralised purchasing.

The coverage of the centralised purchasing services subject to saving calculation can be another aspect which might affect the comprehensive picture of the centralised purchasing effect, in addition to the types of savings to be considered to measure savings from centralised purchasing. This coverage consists of two levels: (i) centralised purchasing services subject to saving calculation (e.g., FA, DPS, procurement agent services, and (ii) the number of product categories for each centralised purchasing services (e.g., all or part of the product categories available in FA are subject to saving calculation). In particular, the product categories subject to saving calculation might vary each year due to the lack of data which allows for accurate comparison.

The next sections overview the methodology of CPO LT, benchmarking it against the methodologies of other CPBs, based on the typical approach of measuring savings from centralised purchasing that was discussed in this section.

Methodology of CPO LT to measure savings from centralised purchasing

In 2015, the MoEI set up the methodology for calculating savings from carrying out public procurement procedures through the electronic catalogue of CPO LT (see Box 1.9). In a nutshell,

- All the CPO LT e-catalogue modules under FA and DPD are subject to saving calculation (savings from individual consolidated purchasing and procurement agent service is not calculated)
- Savings from purchase price is calculated as the difference between the actual contract amount and the maximum contract amount that contracting authorities specified and were willing to pay
- In practice, administrative savings are not calculated although it is recognised in the methodology. This aspect needs updating in the future

Box 1.9. Methodology for calculating savings from centralised purchasing of CPO LT

The Ministry of Economy and Innovation set up the methodology for calculating savings from carrying out public procurement procedures through the electronic catalogue of CPO LT as follow:

SK = $\sum \mathbf{SM}$, where:

SK – total savings from the use of the CPO LT electronic catalogue (EUR); and

$\sum \mathbf{SM}$ – savings from the use of the CPO LT electronic catalogue from each CPO LT electronic catalogue (EUR)

SM (savings from the use of the CPO LT electronic catalogue) is calculated by the following formula:

SM = **SA** + $\sum \mathbf{SV}$, where:

$\sum \mathbf{SV}$ – difference between the maximum value of the orders specified by the customers and the actual value concluded in a specific procurement module of the CPO LT electronic catalogue (EUR)

SA – administrative savings resulting from carrying out public procurement through a specific procurement module of the CPO LT electronic catalogue (EUR), calculated by **SA** = **(KVP x N) – KCENTR**, where:

KVP – average cost per procurement (EUR), calculated by dividing the cost of the public procurements carried out by clients under CPO LT electronic catalogue

N – the number of main contracts concluded in a particular CPO LT electronic catalogue purchasing module during the period;

KCENTR – CPO LT's costs, in EUR, related to the conclusion of a specific framework agreement, programming and administration of the CPO LT electronic catalogue purchasing module in the CPO LT electronic catalogue

Source: (Ministry of Economy and Innovation of the Republic of Lithuania, 2015^[36])

Table 1.15 benchmarks the saving calculation methodology of CPO LT against the ones of other CPBs, based on the typical methodology of measuring savings from centralised purchasing which was discussed in this section.

Table 1.15. Benchmarking of saving calculation among different CPBs

Parameters considered to calculate saving from centralised purchasing	CPO LT (Lithuania)	BBG (Austria)	ChileCompra (Chile)	Consip (Italy)	DFØ (Norway)	Hansel (Finland)	OGP (Ireland)
1 Saving from the purchase price	✓	✓	✓	✓	✓	✓	✓
1.1. Actual purchase price through CPBs used?	✓	✓	✓	✓	✓	✓	✓
1.2 Which benchmarking price is used?							
1.2.1 Actual purchase price of the procurement procedure carried out by CAs				✓	✓		✓ (***)
1.2.2 Actual purchase price through CPBs in the previous year		✓ (*)				✓ (*)	
1.2.3 Market price of a similar product		✓ (*)	✓ (**)			✓ (*)	
1.2.4 Budget / Maximum contract amount that contracting authorities specified and were willing to pay	✓		✓ (**)				
2 Administrative saving					✓		
2.1 Human resource (HR) cost					✓		
2.2 Non-HR cost							

Note: (*) Actual purchase price through CPBs in the previous year is used when the FAs were arranged in the previous year. Otherwise, the market price of a similar product will be used when available. (**) In general, ChileCompra uses the procurement budget and market prices as the benchmark price, whose final decision depends on the data availability. The market price is used in case of FAs, while the information on the budget is always used for consolidated purchasing if the market price is not available (***) The guideline published by the OGP mentions the use of the actual purchase price of the procurement procedure carried out by CAs, but also provide the guidance on using other prices as the benchmarking price under various scenarios.

Source: Prepared based on (Ministry of Economy and Innovation of the Republic of Lithuania, 2015^[36]), (Office of Government Procurement, 2016^[37]), (The Norwegian Agency for Public and Financial Management (DFØ), 2018^[38]), and the information provided by BBG, Consip, and Hansel

All the seven CPBs calculate saving from the purchase price by comparing the actual purchase price through CPBs used against the benchmarking price. While all the CPBs use the actual purchase price through CPBs, each CPB uses different benchmarking prices.

Figure 1.18. Simplified calculation formula of saving from purchase price



Source: Prepared by the author

Consip, DFØ, and the OGP use the actual purchase price of the procurement procedure carried out by contracting authorities. BBG and Hansel use the actual purchase price through CPBs in the previous year when framework agreements were available in the previous year, while they use the market price of a similar product for newly established FAs as long as the data is available. ChileCompra uses the procurement budget and/or market prices as the benchmark price, which depends on the data availability. The market price is used in case of FAs, while the information on the budget is always used for consolidated purchasing if the market price is not available. CPO LT uses the maximum amount that contracting authorities specified and are willing to pay. This benchmarking price used by CPO LT is simplified and might be considered subjective in that the benchmarking price is determined by the declaration by contracting authorities. However, since it is relatively easy to collect the data, this approach addresses the restrictions caused by the data availability which will be a challenge when CPBs try to use the actual purchase price of the procurement procedure carried out by contracting authorities, the actual purchase price through CPBs in the previous year when framework agreements, and/or the market price. Thus, this approach enables CPO LT to calculate saving of all the product categories of FAs and DPSs. There will be no doubt, however, that it is worth considering the possibility of using the actual purchase price of the procurement procedure carried out by contracting authorities or the previous framework agreements as the benchmarking price as much as possible. The guideline published by the Irish Office of Government Procurement provides insights on the selection of the benchmarking price under various scenarios (see Box 1.10).

Box 1.10. Estimating the benchmarking price in Ireland

Office of Government Procurement (OGP) in Ireland developed a Guidance on Procurement Savings Measurement in the Irish Public Sector, in collaboration with the and the four CPBs (Health, Education, Local Government and Defence).

The purpose of the guide is to provide a consistent, reasonable and practical methodology for calculating the procurement savings enabled by deliberate procurement interventions and actions. Among others features the document provides guidance on how to estimate the baseline cost (benchmarking price). The baseline is defined as the amount in Euro spent in the previous year, or that would have been incurred, had a deliberate procurement intervention (in this context, centralised purchasing) not taken place. In general, the baseline cost is calculated using the historic price and volume including all costs paid to suppliers, net of rebates, discounts and any other contractual elements (e.g. shipping and handling costs) to allow a comparable “like for like” comparison. The baseline cost could be adjusted by taking into account the impact of currency, inflation or other market effects, when feasible.

In cases where the baseline volume is not expected to match historic volume, the baseline calculation should include a clear explanation of all assumptions that have been used to estimate the new forecast volume along with any relevant supporting information.

Identifying which price to choose when calculating the baseline cost depends upon a number of factors including:

- Have the products or services been purchased before?
- Is there an existing contract?
- Have all the discounts, rebates, and invoice prices been considered?
- Did a competitive bid take place?

The following table describes the standard approaches that should be followed when calculating the baseline price:

Table 1.16. Baseline price under various scenarios

Scenario	Which baseline price to choose
Product/service purchased before and contract exists	If the product or service has been purchased before and a valid contract exists (i.e. contract has not expired) then the “previously contracted” price should be used.
Product/service purchased before; no contract but historic data available	If there is no “previously contracted” price, there are multiple contracts or contract(s) have expired then the “historic price” should be used. This historic price is calculated using the average price for the previous twelve months or, if the average price is unavailable or not easily calculated, the last price paid may be used. If the historic data set is incomplete and there is sufficient sample size then a weighted historic cost may be extrapolated using a market basket of representative spend from across the contracting authorities.
Product/service purchased before; historic data and index	For a small number of categories, prices may be impacted by exchange rate fluctuations or market effects outside the management control of sourcing organisations

available	In these cases the baseline should be “normalised” so that we can compare the true impact of a procurement initiative. The baseline price should be set at the weighted average price and average index for the prior year.
Product/service purchased before; neither contract nor historic data available	If neither “previously contracted” nor “historic price” data is available then an “imputed historic price” may be used. This should be calculated using one of the following options: <ul style="list-style-type: none"> - Market Index: A market-based index may be used to set the baseline price if the products or services can be reasonably assessed against a representative, independently published market index; - Average of Opening Offers: The average of the approved initial “like-for-like” offers (i.e. first RFP, Auction round).
Product/service not purchased before	Where the product or service has not been purchased before then one of the following methods should be used to estimate an appropriate baseline price: <ul style="list-style-type: none"> - Estimate Target Pricing: Partition the product/service being purchased into comparable components where the price is known and then use this information to construct an estimated “target price”; - Average of Opening Offers: Use the average of the approved initial “like-for-like” offers (i.e. first RFP, Auction round); - Budgeted Spend: Use the budgeted cost breakdown for once-off purchases / capital projects.

Source: (Office of Government Procurement, 2016^[37])

It should be noted, however, that the data availability and the heterogeneity effect arising from different technical specifications and characteristics of the same product continue to be the challenges in calculating saving from the purchase price.

Although administrative saving is recognised as one of the potential saving categories from centralised purchasing, it is not calculated in practice except in the case of Norway. When it comes to the calculation of administrative savings from the reduction of human resources costs, it is necessary to have the data on the human resources cost of procurement procedures incurred at CPBs as well as on the human cost of procurement procedures which might have been incurred at contracting authorities if they carried out procedures by themselves. In particular, it is difficult to obtain data of the accurate human cost of each individual procurement procedure at contracting authorities.

The Norwegian Agency for Public and Financial Management (DFØ, Difi at the moment of 2018) proposed a model to estimate the administrative cost (human resource cost) by using one fixed estimated hours spent on procurement procedures and hourly rate, rather than obtaining the actual human cost of each individual procurement procedure at contracting authorities. (see Box 1.11)

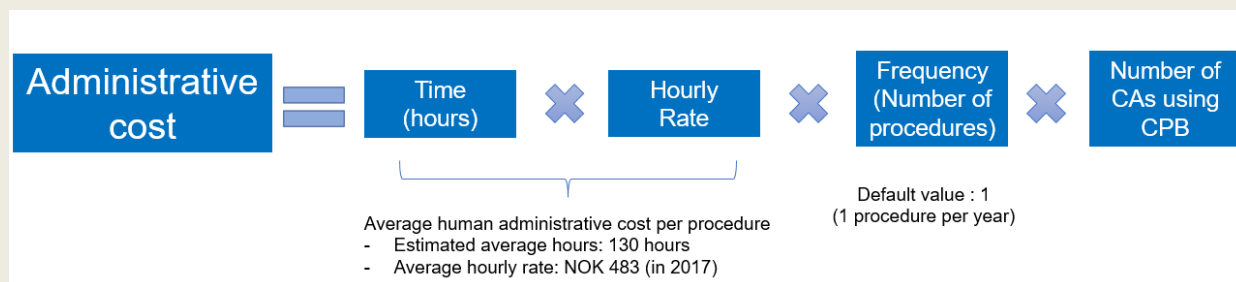
Box 1.11. Calculation of savings from centralised purchasing in Norway

In 2018, the Norwegian Agency for Public and Financial Management (DFØ, Difi at the moment of 2018), proposed a model for calculating benefits from centralised purchasing. The model was designed so that it can be used over time, even if not all the necessary factual basis (e.g., data availability) is available from the beginning. It considers not only price savings but also administrative savings from the reduced transaction costs of human resources.

The model for calculating gains from lower prices, or price saving, is based on simple and uncontroversial principles. These principles involve comparing the prices that contracting authorities paid for products before they were covered by centralised purchasing, potentially adjusted for general price inflation, with the prices that they paid for similar products after they are covered by centralised purchasing.

Norway also considers the calculation of administrative saving from reduced transaction cost of human resources. It recognised that the administrative costs of carrying out a procurement procedure at contracting authorities need to be estimated, and proposed the standard calculation model.

Figure 1.19. Calculation model of administrative cost proposed by DFØ



This model calculates process costs (administrative costs) based on the time (hours) used to carry out procurements, multiplied by the average hourly wage for the person(s) carrying out the activities. This is then multiplied by the frequency of the procurement, i.e. the number per year and the number of contracting authorities that used CPB services.

- Time

Each individual procurement process varies in time based on complexity, size and available resources. A standardized time estimate for carrying out a procurement procedure is therefore virtually impossible to calculate. 130 hours were estimated as the average hours spent by contracting authorities to procure similar objects offered by CPBs.

- Hourly rate:

Norway used Statistics Norway's calculations of the average monthly salary (NOK 48 300 in 2017) for a public buyer who works in the central government. Then, the hourly wage was estimated at NOK 322, assuming 150 working hours per month, and then at NOK 483 by multiplying (NOK 322 * 1.5)

- Frequency:

It refers to the number of procedures carried out per year. It is estimated at 1 by default.

- Number of contracting authorities using CPBs

This refers to all contracting authorities that are covered by the agreements by centralised purchasing (approximately 200 as of 2017)

However, the accuracy of the calculations made with the model depends highly on the quality of the data available when the model is implemented. The gap in the data availability will be a challenge, and it is necessary to prioritise goods/services subject to saving calculation where the potential gains from centralised purchasing are greatest, rather than to calculate saving for all the products.

Source: (The Norwegian Agency for Public and Financial Management (DFØ), 2018^[38])

None of the benchmarked CPBs have calculated other administrative saving such as litigation and corruption, due to the complexity to quantify these effects in monetary value.

As a result of this benchmarking exercise, the methodology of CPO LT is unique in that it uses, unlike other benchmarked CPBs, the maximum contract amount that contracting authorities specified and were willing to pay as the benchmarking price to calculate saving from purchase price. This approach has advantages to address the challenge related to the data availability which might be faced in other benchmarking prices. The CPO LT methodology does not calculate administrative saving like other CPBs except the Norwegian DFØ. Developing a quantitative model to calculate saving from centralised purchasing requires intensive research approach. Therefore, Lithuania could benefit from collaborating with a knowledge centre (research-oriented universities, think-tanks) to develop a price saving model or study the administrative saving. In addition, Lithuania could benefit from promoting the discussion of saving calculation methodology to exchange countries' practices in the international conference such as the European CPBs networks.

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2 Professionalisation

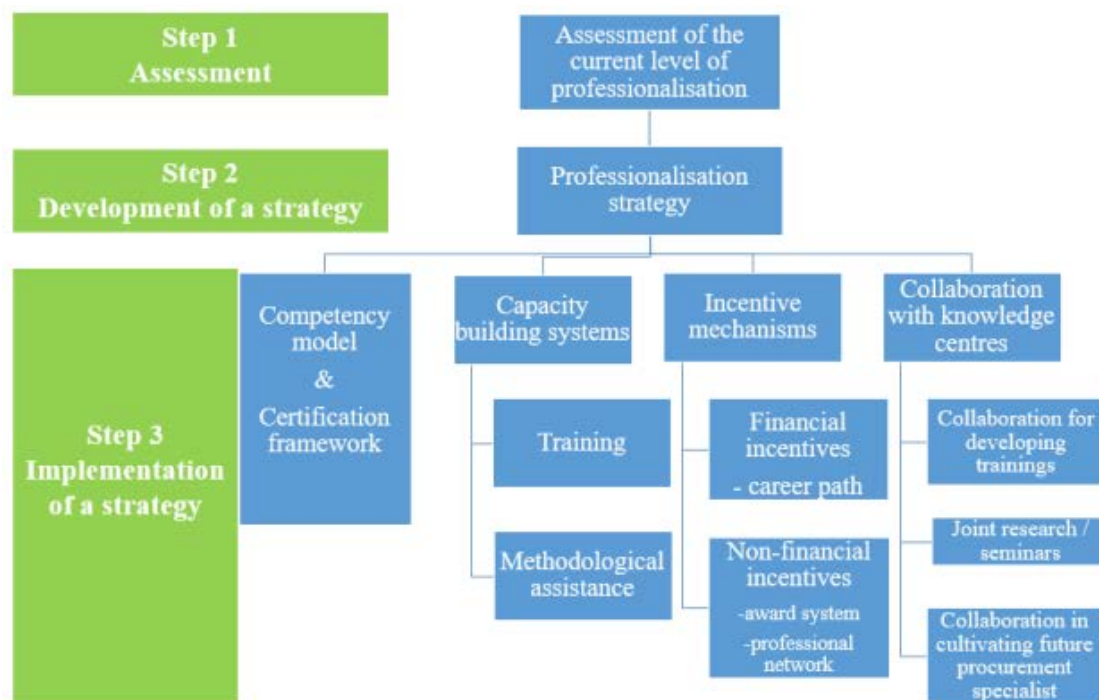
This chapter describes the current state of play of the ongoing professionalisation reforms of the public procurement function in Lithuania. The chapter starts by overviewing an action plan to professionalise the public procurement workforce (2019-2022), which was adopted by the Government of Lithuania in March 2019, building upon the recommendations provided by the OECD under the EU-funded project (2018-2019). Then, the chapter evaluates the main achievements of the action plan and discusses way forward to reinforce the professionalisation of the public procurement workforce in Lithuania. In particular, the chapter focused on the certification framework and competency model, capability-building systems, reinforcing the uptake of innovation procurement, and the collaboration with knowledge centres.

During 2018 and 2019, the government of Lithuania closely worked with the OECD under the EU-funded project Support for the Improvement of the Lithuanian Public Procurement System through professionalisation of the national workforce and streamlining of R&D tendering (see Box 2.1). Building upon this project, the government of Lithuania has taken strong initiatives to professionalise the public procurement workforce through the close collaboration between the MoEI and the PPO.

Lithuania approved its action plan to professionalise the public procurement workforce in March 2019 to implement the recommendations proposed by the OECD. (Ministry of Economy and Innovation of the Government of Lithuania, 2019^[1]) For example, in July 2022, Lithuania launched its first-ever national certification framework for the public procurement workforce. Lithuania enhanced its collaborative approach with knowledge centres to launch its first master's program on public procurement law in the country. Currently, Lithuania provides the world with good practices to professionalise the public procurement workforce.

This chapter overviews the current state of play of professionalisation in Lithuania in accordance with the approved action plan and identified key elements to professionalise the public procurement workforce. (OECD, 2023^[2]) In particular, the chapter focuses on the professionalisation action plan, competency model, certification framework, capability-building mechanisms, and collaboration with knowledge centres.

Figure 2.1. Key elements to professionalise the public procurement workforce



Source: (OECD, 2023^[2])

Box 2.1. EU-funded project Support for the Improvement of the Lithuanian Public Procurement System through professionalisation of the national workforce and streamlining of R&D tendering

The OECD worked with the government of Lithuania under the Structural Reform and Support Services (SRSS) from the European Commission. In this project, the OECD proposed a detailed outline of the

certification framework and professionalisation strategy tools, built upon a comprehensive assessment of the challenges with the key stakeholders and close discussion with the Ministry of the Economy and Innovation (MoEI) and the Public Procurement Office (PPO) of Lithuania.

The proposed certification framework consisted of two levels: basic and advanced. It was proposed that candidates would be required to complete in total of 60-hour courses (42 hours and 18 hours for each level) on 19 procurement topics such as public procurement law, market analysis, technical specifications, award criteria, integrity in public procurement and strategic procurement (green public procurement, SMEs, innovation, and socially responsible public procurement). The OECD also proposed tools to promote the professionalisation strategy. These tools include e-learning, degree programmes, self-support tools (manuals, guidelines and standardised templates), a one-stop shop procurement portal for the community of practice, an award system exclusively for public procurement professionals and practical training (On-the-job training, job-swapping, mentorship and internship programmes).

As part of the key delivery of this project, the OECD provided two one-week Training of Trainers (ToT) programmes to build capabilities for the future trainers who will provide the training sessions required under the proposed certification framework. To deliver the ToT programmes, the OECD developed training materials that cover 11 procurement courses out of the total 19 courses required in the proposed certification framework. This corresponds to 31 hours, which accounts for approximately half of the total 60 hours required to complete both levels.

Source: (OECD, 2019^[3])

2.1. Action plan

It is essential to develop a professionalisation strategy and/or action plan to define activities and their targets within a specific timeline. In March 2019, MoEI prepared an action plan to professionalise the public procurement workforce (2019-2022) in close collaboration with the Public Procurement Office, to implement the professionalisation reforms and the recommendations provided by the OECD under the EU-funded project (Ministry of Economy and Innovation of the Government of Lithuania, 2019^[1]). The action plan aimed at developing training programmes for the public procurement workforce, methodological tools, and solutions to motivate contracting authorities and procurement specialists to conduct procurement more efficiently. This action plan was prepared in the table format that lists measures/activities, responsible institutions, implementation deadline (by December 2022), and result (progress) for the five key areas, as shown in Table 2.1. Summary of the evaluation of the professionalisation action plan (2019-2022)

The professionalisation action plan covers five key areas:

- Strengthen the capacities of the public procurement workforce (closely linked with the establishment of the certification framework);
- Develop methodological and support tools to reduce the administrative burden of public procurement or facilitate the sharing of good practices;
- Improve the motivation system for contracting authorities and procurement specialists;
- Raise awareness of other agents/entities participating in procurement; and
- Evaluate the effectiveness of the implementation of the public procurement professionalisation plan

Each of these five key areas has a set of measures and activities with concrete deadlines for implementation and entities responsible for the implementation of a particular measure listed. The overall implementation deadline was set for December 2022. MoEI updated the implementation progress of each measure on its website. As shown in Table 2.1. Summary of the evaluation of the professionalisation action plan (2019-2022), all the activities and measures were completed within the implementation deadline (December 2022).

Table 2.1. Summary of the evaluation of the professionalisation action plan (2019-2022)

	Measures / activities	Responsible authorities	Implementation deadline	Results / Progress
I. Strengthen the capacities of the public procurement workforce (Preparation of certification framework)				
1	Develop and publish recommended training programs for procurement specialists in line with the recommendations of the OECD	PPO, MoEI, MoE (*)	December 31, 2022	In 2021, PPO, in cooperation with MoEI and MoE, prepared and published the requirements for the certification framework (CF) and the training programme, which are divided into separate 20 modules. All the specified information is published on the website of the PPO (January 3, 2022). CF was launched on 1 July 2022.
2	Prepare and publish training materials for procurement specialists	PPO, MoEI, MoE	December 31, 2022	
3	Develop distance learning training modules according to procurement training programs	PPO	December 31, 2022	
II. Develop methodological and support tools to reduce the administrative burden of public procurement or facilitate the sharing of good practices				
1	Publish examples of price or cost/quality criteria to be used	PPO	December 31, 2019	All the methodological documents and tools have been prepared with slight delays for the No. 3, 5,7, and 8.
2	Provide regional contracting authorities with opportunities to centralise public procurement more widely	MoEI, CPO LT	December 31, 2019	
3	Develop model of life-cycle cost spreadsheets	PPO	June 30, 2020	
4	Establish and administer a Community of Practice for procurement professionals	CPO LT	June 30, 2020	
5	Prepare standard contract documents for open procedure and negotiated procedure	PPO	December 31, 2020	
6	Prepare a commentary on the legal frameworks of public procurement	PPO	December 31, 2020	
7	Develop guidelines for the evaluation of proposals	PPO	June 30, 2021	
8	Develop a template for checking the progress of the procurement process	PPO	June 30, 2021	
9	Prepare summaries of the most common procurement errors	PPO	June 30, 2021	
III. Improve the motivation system for contracting authorities and procurement specialists				
1	Set targets for measuring the effectiveness of the public procurement system	MoEI, PPO	December 31, 2019	The government adopted the National Progress Plan 2021-2030 in which the targets were set for green public procurement and innovation procurement
2	Develop a methodological tool to help contracting authorities assess the effectiveness of their public procurement	PPO	December 31, 2019	PPO developed Guidelines on indicators for the Evaluation of Public Procurement
3	Develop an electronic tool to	PPO	June 30, 2022	PPO developed a scoreboard to show how

	reflect the effectiveness of public procurement by contracting authorities			contracting authorities performed in real time.
4	Determine whether there is a need for a ranking system for contracting authorities and procurement professionals to reward the most efficient contracting authorities and procurement professionals	MoEI, PPO	June 30, 2022	In addition, MoEI launched excellence award system for contracting authorities, in collaboration with the PPO.
IV. Raise awareness of other agents/entities participating in procurement				
1	Improve the skills of auditors auditing public procurement procedures by providing annual training on public procurement control	PPO	Started since January 2020	These training have been organised since 2020.
2	Training suppliers on public procurement topics	PPO, CPO LT	Started since January 2020	
3	Organise training for municipalities on the award of concessions and the implementation of concession contracts	Central Project Management Agency	Started since January 2020	
4	Discuss with higher education institutions the possibility of including public procurement topics in higher education programmes or establishing specialised study programmes on public procurement processes	MoEI, PPO	December 31, 2020	After a series of discussion with MoEI, PPO, and CPO LT, Mykolas Romeris University developed the LL.M. Public Procurement Law Programme in September 2021. CPO LT award scholarships to students of this programme.
V. Evaluate the effectiveness of the implementation of the public procurement professionalisation plan				

Note: PPO: Public Procurement Office, MoEI: Ministry of Innovation and Economy, MoE: Ministry of Environment

Source: (Ministry of Economy and Innovation of the Government of Lithuania, 2019^[1])

In particular, the followings are the main achievements of the action plan of professionalisation (2019-2022):

- Establishment of the national certification framework (see section 2.2)
- Development of training materials, standard templates, and methodological tools (see section 2.3)
- Establishment of the master programme on public procurement through a collaborative approach (see section 2.4)
- Excellence award system: Since 2021, to further motivate contracting authorities, the MoEI has organised the Most Effective Public Procurement Awards in collaboration with the PPO for three years in a row (2020, 2021 and 2022). This excellence award system rewards contracting authorities in four categories: the most sustainable, the most innovative, the smartest, and the best procurement governance/processes. (Ministry of Economy and Innovation of the Republic of Lithuania, n.d.^[4])

The next sections overview the main achievements of the action plan and discusses way forward to reinforce the professionalisation of the public procurement workforce in Lithuania.

2.2. Certification framework and competency model

A competency model maps critical skills and their capability levels, which are required for the overall strategic direction of an organisation. A certification framework certifies the level of skills and competences acquired by public procurement officials. Therefore, both mechanisms are closely linked to each other. These mechanisms allow procurement officials to identify their skill gaps and can be used for human resource management purposes: recruitment, promotion and training on the skills and competences. (OECD, 2023^[2])

Recently, countries have been increasingly introducing these mechanisms for the public procurement workforce, but with limited progress. As of 2020, 41% of OECD countries had introduced a competency model for the public procurement workforce, compared to 30% in 2018. (OECD, 2021^[5]) Lithuania is one of the OECD countries that have introduced these mechanisms.

Indeed, one of the biggest achievements of the professionalisation action plan was the establishment of the certification framework. On 1 July 2022, Lithuania launched its first-ever national certification framework for the public procurement workforce. Recommendations proposed by the OECD under the EU-funded project (2018-2019) have emphasised the relevance of establishing a certification framework as a critical element in professionalising the public procurement workforce, and even proposed its essential parameters such as the curriculum and specific implementation model.

It can be considered that Lithuania also has a national competency model, although Lithuania does not have a document named “competency model.” The document on the certification framework describes the knowledge and skills that procurement officials need to demonstrate for twenty topics (e.g., legislation, market research and needs analysis, green public procurement) to obtain a certificate. These twenty topics or modules can be considered as competences in a broad sense.

This section overviews a certification framework and a competency model of Lithuania.

2.2.1. Certification framework

On 1 July 2022, the Order on the Approval of the Procedure for the Knowledge Test of the Procurement Specialists entered into force to launch a national certification framework for the public procurement workforce. (Public Procurement Office of the Republic of Lithuania, 2022^[6]) PPO organised a series of workshops to present the certification framework system from June 2022.

Article 19 (3) of the amendments to the Law on Public Procurement, which were adopted by the Parliament in October 2021 and entered into force in January 2023, requires that contracting authorities shall include at least one certified public procurement official in the public procurement commission which shall be set up to carry out a procurement procedure except for some procedures (e.g., low-value procurement procedure). (Parliament of the Republic of Lithuania, 2021^[7])

The MoEI and the PPO worked together to design a certification framework, building upon the OECD's proposal in 2019 under the EU-funded project *Support for the Improvement of the Lithuanian Public Procurement System through professionalisation of the national workforce and streamlining of R&D tendering* (OECD, 2019^[8]) (see Box 2.2).

Box 2.2. Proposal on establishing a certification framework and training programmes in Lithuania under the EU-funded project (2018-2019)

The OECD worked with the government of Lithuania under the SRSS from the European Commission. In this project, the OECD proposed a detailed outline of the certification framework.

The proposed certification framework consisted of two levels: basic and advanced.

Table 2.2. Overview of certificate levels

Level	Basic	Advanced
Competency	Being able to implement basic and standard tasks of whole the procurement procedures	-Being able to implement complex procurement procedures -Being able to provide colleagues with advice on every aspect of public procurement -Being able to propose issues to be improved in their daily work
Course Requirements	Completion of 42-hour courses	Completion of 18-hour courses
Examination	Multiple choice questions	Multiple choice questions and open questions
Validity of Certificates	3 years	3 years

Source: (OECD, 2019^[8])

Candidates will be required to complete in total 60-hour courses (42 hours and 18 hours for each level) on 19 procurement topics such as the public procurement law, market analysis, technical specifications, award criteria, integrity in public procurement and strategic procurement (green public procurement, SMEs, innovation, and socially responsible public procurement).

Table 2.3. Course requirements for each certificate level

Course	Duration (hours)		
	Basic	Advanced	TOTAL
Public Procurement Law	2		2
Introduction to Public Procurement	3		3
Market Analysis	3		3
Calculation of Estimated Procurement Value	3		3
Selection criteria (Pre-qualification criteria)	2	1	3
Technical Specification	2.5	2.5	5
Award Criteria	2.5	3	5.5
Tender Evaluation & Contract Awarding	2		2
Contract Management	4		4
Ex ante & Post Control	2		2
Integrity in Public Procurement Conflict of Interest	3.5		3.5
E-Procurement	2	1	3
Centralised Procurement	2	2	4
Introduction to Strategic Procurement	2		2
Strategic Public Procurement / Green Public Procurement	2.5	1.5	4
Strategic Public Procurement / SMEs	2.5		2.5
Strategic Public Procurement / Innovation		3	3
Socially Responsible Public Procurement		2.5	2.5
Negotiation methods and tactics	1.5	1.5	3
TOTAL	42	18	60

Source: (OECD, 2019^[8])

There are various elements to be considered when designing the institutional structure of the certification framework. They include, but are not limited to, the number of levels; the exam structure; the pre-requirements to take the exam (e.g., completion of trainings, academic and/or professional experiences); validity of certificate; renewal conditions, use of the certificate to carry out tasks related to public procurement; and the ownership. (OECD, 2023^[2])

Table 2.4 shows the summary of the certification framework in Lithuania.

Table 2.4. Overview of the certification framework in Lithuania

Parameters	Certification framework of Lithuania
Owner	Public Procurement Office (PPO) of Lithuania
Start year	July 1, 2022
Level	1 level
Examination to obtain certification	Yes
Mandatory completion of training	No
Necessary to work on public procurement	Not necessary to all procurement officials. Contacting authorities shall include at least one person holding a certificate in the public procurement commission
Content of exam	50 close-ended (single or multiple-choice) questions (120 minutes)
Exam coverage (topics)	20 modules
Conditions for certification	Minimum 80% (40 out of 50 questions)
Assistance to exam preparation	PPO provides a list of modules (20) on the PPO website (*)
Validity of certificate	5 years
Renewal conditions	Pass the exam again
To whom is it open	Anyone interested
Digitalisation of the procedure	Yes (all the procedures including the application and taking the exam)

Note: (*) Each of these modules are accompanied by supporting material, freely accessible on the PPOs website (legislation, training and methodological material (guidelines, recordings of training, etc.)

Source: (Public Procurement Office of the Republic of Lithuania, 2022^[6])

In accordance with Article 95 (4), the Public Procurement Office of Lithuania (PPO), as the main body that provides public procurement officials with training and implements the public procurement policies, is responsible for administering the certification framework and adopting its regulations (Parliament of the Republic of Lithuania, 2021^[7]). In July 2022, the PPO launched a national certification framework by issuing the Order on the Approval of the Procedure for the Knowledge Test of the Procurement Specialists that set up its procedure (Public Procurement Office of the Republic of Lithuania, 2022^[6]). PPO implements the following functions:

- Establishes the requirements for the examination content;
- Establishes the rules for the examination, the issuance of the certificate and its renewal;
- Prepares and administers the examination for obtaining the certificate; and
- Issues and renews the certificate.

Lithuania decided to set up only one level in the certification framework instead of the two levels proposed by the OECD. However, Lithuania integrated the elements of the proposed two levels into one level.

Candidates need to pass the exam to obtain a certificate. It is not mandatory to complete training to take the exam, while the OECD proposed the completion of 60-hour training (42-hour courses for the basic level and 18 hours for the advanced level) like the case of countries such as Chile and Croatia. Lithuania made this decision to provide each candidate with the flexibility and discretion on how to gain the relevant knowledge indicated in each of the 20 modules, and prepare for the exam (e.g., attend the training

organised by training providers such as the PPO and private companies, learn individually with the materials provided by the PPO, etc.). The exam is closed-booked with 50 single or multiple-choice questions to be answered within 120 minutes. Each candidate needs to mark at least 80% (40 out of 50 questions) to pass the exam. The exam fee is EUR 19. (The Government of the Republic of Lithuania, 2023^[9])

In January 2022 ahead of July 2022, the PPO issued a document “Checking the knowledge of procurement specialists” to specify knowledge and skills level for 20 topics which shall be demonstrated by a candidate to obtain a certificate. (Public Procurement Office of the Republic of Lithuania, 2022^[10]) These 20 topics are aligned with the competences originally proposed by the OECD in 2019. Some competences proposed by the OECD in 2019 such as *Negotiation methods and tactics* and *Ex ante & Post Control* were not included, considering that these topics are very difficult to be evaluated in the written exam (See Table 2.5. 20 topics (modules) specified in the certification framework). However, PPO uploaded lecture video on negotiations in their website, based on the training workshop organised by the OECD in May 2022 under the EU-funded project (2021-2023).

Table 2.5. 20 topics (modules) specified in the certification framework

Modules specified in the certification framework (2022)	Competences proposed by the OECD in 2019
Module I. Legislation governing procurement	Proposed
Module II. Introduction to public procurement	Proposed
Module III. Market research and needs analysis	Proposed
Module IV. Calculation of the estimated value of the public contract	Proposed
Module V. Procurement documents and their content	Proposed under various competences
Module VI. Qualification requirements and grounds for exclusion	Proposed
Module VII. Technical specification	Proposed
Module VIII. Criteria for evaluating proposals	Proposed
Module IX. Modifying a procurement contract	Proposed as a contract management
Module X. Evaluation of tenders and award of contract	Proposed
Module XI. Green procurement	Proposed
Module XII. Socially Responsible Purchasing	Proposed
Module XIII. Innovative procurement	Proposed
Module XIV. Promoting small and medium-sized enterprises	Proposed
Module XV. Framework agreements	Proposed as part of centralised public procurement
Module XVI. Dynamic purchasing system	Proposed as part of centralised public procurement
Module XVII. E-procurement	Proposed
Module XVIII. Centralised procurement	Proposed
Module XIX. Publicity and reporting	Not proposed
Module XX. Dispute resolution	Proposed as part of Integrity in Public Procurement / Conflict of Interest
-	Negotiation methods and tactics
-	Ex ante & Post Control

Source: (OECD, 2019^[3]) and (Public Procurement Office of the Republic of Lithuania, 2022^[10])

It is worth mentioning that the PPO digitalised all the processes of the certification framework. Candidates can apply and pay for the exam and take it anytime online through the virtual attestation system. Candidates are not required to submit any paper documents to apply for the exam nor go to the venue of

the PPO to take the exam. PPO introduced artificial intelligence (AI) solutions to identify possible misconduct during the exam. This digitalisation provides each candidate with the maximum flexibility, as the system allows them to take the exam anytime online. However, PPO also allows candidates to take the certification exam at the venue of the PPO since November 2022. Each candidate can know their result immediately after finishing the online exam. If the candidate fails to pass the exam (at least marking 80%), he or she has the right to challenge its result against the PPO, and/or can take the exam again in two weeks.

The certificate will be valid for 5 years after its issuance. To renew the certificate, it is necessary to pass the exam again before the issued certificate gets expired. This validity of 5 years is set longer than 3 years proposed by the OECD in 2019. Some international practices shows that the validity is shorter than 5 years in some countries that have a similar scheme (3 years for Chile and Croatia and 2 years for Peru). Lithuania could consider the possibility of shortening the current validity period of five years, as the trend of public procurement evolves rapidly, such as the amendments to the legal framework and more use of strategic procurement. Another possibility would be to introduce the requirement to complete the specified training on the important topics (such as the amendments to the legal framework) within a specified time, as conditions to keep the validity of the certificate.

One year has passed since Lithuania successfully launched its first-ever national certification framework. As of May 2023, 820 candidates were certified with the successful rate of 65% (against 1 247 candidates). Initial feedback from candidates show that it is more difficult to pass the exam than expected although it is feasible to pass it after proper preparation. Lithuania could benefit from analysing the quality of the exam by analysing the accuracy rate of each question and module. In addition, Lithuania could benefit from carrying out a survey to receive feedbacks on the current certification framework from procurement professionals who have taken the exam (see Box 2.3).

Box 2.3. Potential survey question for the feedbacks on the certification framework

- About the candidate
 - How long (months) do you have professional experiences in public procurement?
 - Have you ever taken the exam for the certificate?
 - When did you obtain a certificate?
 - How many times did you take the exam?
 - How many hours did you spend to prepare for the exam?
 - How did you prepare for the exam? (e.g., took the training course, used the training materials provided by the PPO in the study guide)
- About the exam
 - How would you rate the difficulty of the exam?
 - How would you rate the quality of the exam questions (in addition, open comment to specific questions/examples)
 - Did you use the materials provided by the PPO in the study guide?
 - (If yes) do you think that the materials are aligned with the difficulty of the exam?
 - Please choose the five modules which were the most difficult for you
 - Do you have any suggestions to improve the quality of the exam?
- Feedbacks on the certification framework
 - Do you think that the level of the certification framework is aligned with its objective of certifying a member of public procurement commission?
 - Do you think that the current level of the certification framework allows a certificate holder to perform well for complex procurement procedures (such as green public procurement and innovation procurement)?
 - Do you think that Lithuania needs more than one level of certificate? (or certificate for specific topics such as green public procurement and innovation procurement)
 - Do you have any suggestion to improve the certification framework?

Source: prepared by the author

Lithuania could also consider the possibility of setting up more than one level, based on the survey result. Currently, Article 19 (3) of the amendments to the Law on Public Procurement requires one certified public procurement official in the public procurement commission for procurement procedures including complex ones such as innovation procurement. Therefore, as one potential option, the advanced level or the thematic certificate could be required for at least one member of the public procurement commission for more complex public procurement procedures such as large infrastructure projects and innovation procurement, while the basic level can be required to at least one member of public procurement commission for less complex procurement procedures. Setting up these certificates will help recognise the skills of the public procurement workforce as part of the capability-building initiatives, even if these are not required for the member of the public procurement commission.

Lithuania could consider a higher-level certificate (e.g., advanced) as the OECD proposed in 2019 or a thematic certificate (e.g., innovation procurement, green public procurement). Reinforcing further the elements of innovation procurement and green public procurement could be a priority, as the National Progress Plan (2021-2030) adopted in 2020 set an ambitious target of 20% for innovation procurement and 55% for green public procurement by 2030. (see Table 2.6) (The Government of the Republic of Lithuania, 2020^[11]) For green public procurement, starting from 2023, the Government of the Republic of Lithuania updated the target from 55% of the National Progress Plan (2021-2030) to 100%, by adopting the Resolution No. 1133 on the determination and implementation of green public procurement objective. (The Government of the Republic of Lithuania, 2021^[12])

Table 2.6. Target of innovation procurement and green public procurement

Item	Interim by 2025	By 2030	Benchmark (2019)
Innovation procurement	5%	20%	0.02%
Green public procurement	100% (starting from 2023)		3.3%

Note: Share as a percentage of total procurement value in EUR

Source: (The Government of the Republic of Lithuania, 2020^[11]), (The Government of the Republic of Lithuania, 2021^[12])

For example, Norway has two types of certificates: Basic (introduction to public procurement) and sustainable public procurement (see Box 2.4). It should be noted that the purpose of the certificate in Norway is to acknowledge the skill level of the public procurement workforce, and there is no requirement to carry out procurement procedures (e.g., being a member of the tender committee).

Box 2.4. Certification framework in Norway

The Norwegian Government Agency for Public and Financial Management (DFØ) established a national certification scheme for public procurement (SOA). The certification framework under SOA consists of two types of certificates: SOA Basic and SOA Sustainability.

SOA Basic, which started in 2019, functions as a basic-level certificate. It covers five main topics: introduction to public procurement, procurement planning, market competition, contract management, and public procurement legal framework.

SOA Sustainable public procurement, which started in 2021, focuses on green public procurement and socially responsible public procurement by covering the same five topics as the SOA Basic. Weighting of the exam is climate change (35%), worker's right (30%), human rights (30%) and other social aspects (5%). There are 40 questions to be answered for 60 minutes.

DFØ is responsible for administering the exam to obtain a certificate as the owner of SOA, while private companies (currently 6 companies for SOA Basic and 4 for SOA Sustainability) are in charge of providing training although completing a course is not mandatory to take the exam.

Source: ((DFØ), 2023^[13])

2.2.2. Competency model

Lithuania does not have what is so-called a national competency model for the public procurement workforce. However, the certification framework guidelines show the knowledge to be demonstrated by a candidate for each of the 20 modules (see an example in Box 2.5). These modules can be considered as a competence in a broader sense. Therefore, it can be mentioned that Lithuania has a *de facto* one-level competency model for the public procurement workforce, which is linked with its national certification framework.

Box 2.5. Example of module (competence) description: XI Module Green procurement

The Procurement Officer must:

- 1) know the basic concepts;
- 2) knowledge of the principles of the circular economy;
- 3) be able to apply the requirements of environmental management standards;
- 4) knowledge of environmental principles that can be used independently setting environmental criteria;
- 5) be familiar with the life-cycle costing approach;
- 6) be familiar with the application of energy efficiency and environmental protection requirements to purchase vehicles;
- 7) be familiar with energy consumption legislation on energy efficiency;
- 8) be able to apply environmental criteria;
- 9) be familiar with the legal framework governing green procurement

Source: (Public Procurement Office of the Republic of Lithuania, 2022^[10])

Table 2.7 benchmarks Lithuanian competencies linked with the certification framework against 30 competences of the ProcurComp^{EU} competency matrix.

Table 2.7. Benchmarking of Lithuanian competences against the ProcurComp^{EU} matrix

ProcurComp ^{EU}		Lithuania	Observations
C1	Planning	Module III. Market research and needs analysis	
C2	Lifecycle	Module II. Introduction to public procurement	
C3	Legislation	Module I. Legislation governing procurement	
C4	e-Procurement and other IT tools	Module XVII. E-procurement	C4 covers more details of e-procurement
C5	Sustainable procurement	Module XI. Green procurement Module XII. Socially Responsible Purchasing Module XIV. Promoting small and medium-sized enterprises	Each of three modules cover more details than those of C5
C6	Innovation procurement	Module XIII. Innovative procurement	
C7	Category specific	-	
C8	Supplier management	Module III. Market research and needs analysis	
C9	Negotiations	-	
C10	Needs assessment	Module III. Market research and needs analysis	
C11	Market analysis & engagement	Module III. Market research and needs analysis	
C12	Procurement strategy	Module II. Introduction to public procurement Module XV. Framework agreements Module XVI. Dynamic purchasing system Module XVIII. Centralised procurement	LT covers more details of centralised purchasing schemes
C13	Technical specifications	Module VI. Qualification requirements and grounds for exclusion Module VII. Technical specification Module VIII. Criteria for evaluating proposals	LT covers more details of each of three modules
C14	Tender documentation	Module V. Procurement documents and their content	
C15	Tender evaluation	Module X. Evaluation of tenders and award of contract	
C16	Contract management	Module IX. Modifying a procurement contract	LT focuses on modifications, while C16 refers to the overall contract management
C17	Certification and payment	-	
C18	Reporting and evaluation	Module XIX. Publicity and reporting	C18 covers more details
C19	Conflict resolution / mediation	Module XX. Dispute resolution	C19 covers more details
C20	Adaptability and modernisation	-	
C21	Analytical and critical thinking	-	
C22	Communication	-	
C23	Ethics and compliance	Module II. Introduction to public procurement	
C24	Collaboration	-	
C25	Stakeholder relationship management	-	
C26	Team management and leadership	-	
C27	Organisational awareness	-	
C28	Project management	-	
C29	Performance orientation	-	
C30	Risk management and internal control	-	
-	-	Module IV. Calculation of the estimated value of the public contract	Related to C11 market analysis, but not covered explicitly

Source: Prepared by the author based on (European Commission, 2020_[14]) and (Public Procurement Office of the Republic of Lithuania, 2022_[10])

The result of benchmarking exercises shows that all the 19 procurement specific competences are covered by Lithuania except the three competences: C7 (category specific), C9 (negotiations) and C17 (certification and payment). Some competences of Lithuania cover more details than the equivalent ProcurComp^{EU} competences, in accordance with the OECD proposal under the EU-funded project (2018-2019). For example, C5 (sustainable procurement) is divided into three competences with more details: green public procurement, socially responsible public procurement, and SMEs. C13 (technical specifications) is divided into three competences in Lithuania: grounds for exclusion and selection criteria, technical specifications, and contract award criteria. On the other hand, only one soft competence (C23 ethics and compliance) is included in the Lithuania competence model, although this competence is slightly covered as part of *Module II. Introduction to public procurement*. Soft competences of the ProcurComp^{EU} matrix are not included, because soft competences are difficult to be evaluated in the written examination under the certification framework. C7 (category specific) are not included, because it is very difficult to be evaluated in the exam and this could be covered by other members of the public procurement commission, who may be not certified, however, have the required knowledge on the specific category related to the subject matter of contract. Lithuania could benefit from examining benchmarking exercise result and updating competences on a regular basis. For example, the competence related to risk management (including integrity aspect) will be worth considering, as PPO published updated guidelines related to this topic in 2023 (Guideline for ethical conduct in public procurement and Confidentiality in public procurement).

It does not mean, however, that Lithuania underestimate uncovered competences. Indeed, PPO provides training stuff such as lecture video and materials for competences such as negotiations, communication, stakeholder relationship management and project management. These training materials were provided for the training workshop organised by the OECD in May 2022 (Public Procurement Office of the Republic of Lithuania, 2023_[15]).

2.3. Capability-building systems

Lithuania reinforced its capability-building system of the public procurement workforce by aligning it with the certification framework and competency model. In particular, the document “Checking the knowledge of procurement specialist” issued by the Methodological Assistance Division of the PPO functions as a very useful study guide to prepare for the exam under the certification framework, and even as a self-study guide to anyone who would like to improve their skillsets related to public procurement. It includes the link to lecture videos, guidelines/manuals, relevant articles of the Law on Public Procurement, and relevant case laws for each of the 20 modules.

In addition to training materials for 20 modules, as already mentioned earlier, PPO also provides training materials for the competences which are not included in the current certification framework such as negotiation, communication, stakeholder engagement and project management. These training materials were provided for the training workshop organised by the OECD in May 2022. All the materials are available on the website of the PPO (Public Procurement Office of the Republic of Lithuania, 2023_[15]).

While the Methodological Assistance Division is mainly responsible for providing training, other divisions of the PPO also provide training on topics related to their specialisation. For example, the E-procurement Division delivers training on e-procurement, the Sustainable Public Procurement Unit delivers training on sustainable public procurement and the Supervision Division delivers training on the most common infringements in public procurement, etc. In addition, other public institutions are invited by the PPO to deliver training. For example, CPO LT provides training on centralised procurement. The training provided by the PPO is free of charge. Training is organised online and/or on the face-to-face basis. In particular, the practical workshops such as the use of formulas and calculations to apply the BPQR criteria are delivered on the face-to-face basis.

Lithuania developed many guidelines and standard documents / templates, as one of the key five areas of the professionalisation action plan II. *Develop methodological and support tools to reduce the administrative burden of public procurement or facilitate the sharing of good practices* and its continuous effort.

Methodological assistance constitutes a key pillar to strengthen the capacity-building systems of the public procurement workforce. It includes tools such as manuals and guidelines, standardised templates, and help desks. It is a useful tool to support public procurement officials to undertake their daily tasks effectively, and complements training courses. (OECD, 2023^[2])

Guidelines and manuals provide practical information on specific procedures and topics. PPO prepared and/or updated many methodological guidelines on various topics. These include, but are not limited to, selection / qualification criteria, contract award criteria, specific procurement categories, integrity in public procurement, market consultation, centralised purchasing and promotion of SMEs (see Table 2.8). For example, in December 2023, PPO updated the *Guidelines for Selecting the Most Economically Advantageous Bid*, which describes the principles for determining the most economically advantageous bid and discusses different formula to be used.

Table 2.8. Guidelines available for contracting authorities at the PPO website

Name of guidelines	Publication year (latest version)
Guidelines related to specific procurement category	
Guidelines for the procurement of cleaning services	2021.4.21
Guidelines for the procurement of publicity services	2023.3.22
Guidelines for the procurement of design services	2023.2.14
Guidelines for the procurement of construction works	2023.2.3
Guidelines for the procurement of cars	2022.9.16
Guidelines for the procurement of solar equipment, design and installation works (*)	2022.11.28
Guidelines for food procurement	2019.9.11
On the purchase of property valuation services	2020.8.26
Guidelines for the procurement of fuel at gas stations	2019.6.6
Guidelines related to selection criteria, contract award criteria and tender evaluation	
Manual of procedures for assessing the grounds for exclusion of a supplier, qualification, quality management system and environmental management system standards.	2021.3.5
Guidelines for the establishment of qualification requirements in the procurement of information systems	2023.1.17
Guidelines for assessing an abnormally low price	2021.11.19
Guidelines for selecting the Most Economically Advantageous Bid	2021.12.13
Guidelines for the evaluation of proposals	2023.3.28
Recommended criteria for assessing value for money in cleaning services procurement	2019.12.18
Guidelines related to integrity in public procurement	
Guidelines for Ethical Behavior in Public Procurement	2023.2.13
Confidentiality in public procurement	2023.4.5
Guidelines related to miscellaneous topics	
Guidelines for centralised purchasing (**)	2023.4.7
Guidelines for the promotion of small and medium-sized businesses	2022.12.30
Innovation procurement (***)	2023.3.2
Guidelines for the establishment and organisation of the Commission	2023.2.23
Guideline for market consultation guideline	2021.11.19
Contract modifications	2019.4.25
Guidelines for the organisation of procurement and internal control	2020.3.3

Guidelines on how to recognise falsified CE certificates	2020.7.30
Guidelines for the procurement of building construction works technical supervision services	2018.9.19

Note: (*) prepared in collaboration with the Environmental Projects Management Agency of the Ministry of Environment, (**) prepared in collaboration with CPO LT, (***) prepared in collaboration with Lithuania Innovation Centre (LIC). In addition, LIC and MoEI also prepared similar guidelines on innovation procurement

Source: (Public Procurement Office of the Republic of Lithuania, 2023^[16])

Standardised templates are ready-to-use forms that contracting authorities can use to facilitate their work. Such templates usually include, but are not limited to, tender notices, tender documents, contract documents and tender evaluation formats. They help contracting authorities save time and avoid errors. They also contribute to assuring the quality of procurement procedures and decrease the administrative burdens of economic operators who prepare bid proposals. (OECD, 2023^[21])

PPO developed many standardised templates, building upon the OECD's recommendations in 2019 under the EU-funded project *Support for the Improvement of the Lithuanian Public Procurement System through professionalisation of the national workforce and streamlining of R&D tendering*. These include tender documents, contract documents, and check list for the progress of public procurement (see Table 2.9).

Table 2.9. Standardised templates available for contracting authorities at the PPO website

Name of guidelines	Publication year (latest version)
Tender documents	
Open tender (general conditions and special conditions)	2023.4.5
Competitive procedure with negotiation (general conditions and special conditions)	2021.1.7
Standard contract for construction works (general conditions and special conditions)	2022.2.4
Terms and conditions to create and use a DPS	2021.11.25
Declaration of impartiality	2022.12.31
Declaration of confidentiality	-
Standard contract for goods	
Check list on the process of public procurement	2021.7.22
Calculators	
BPQR calculator and user guide	2021.2.19
Life cycle cost calculators	2020.11.24

Source: Prepared by the author based on (Public Procurement Office of the Republic of Lithuania, 2023^[17]) and (Public Procurement Office of the Republic of Lithuania, 2020^[18])

PPO also published EXCEL spread sheet calculators for BPQR (Public Procurement Office of the Republic of Lithuania, 2021^[19]) and life cycle cost for nine product categories (Public Procurement Office of the Republic of Lithuania, 2023^[20]). For example, the spreadsheet on the formulas for the evaluation of the price/quality ratio for the selection of the most economically advantageous tender was designed to help contracting authorities to carry out a simulation during the tender preparation phase to see how the chosen formula, the quality criteria and the weightings assigned to each of them can influence the selection of the most economically advantageous tender. The manual on how to use this spreadsheet was also developed.

In addition to these standard templates and methodological tools, PPO publishes frequently asked questions (Public Procurement Office of the Republic of Lithuania, 2023^[21]) and documents related to the most common mistakes made in public procurement such as the publication of the call for tender (Public Procurement Office of the Republic of Lithuania, 2020^[22]).

Lithuania could continue updating the document “Checking the knowledge of procurement specialist” on a regular basis by reflecting all the lecture videos and guidelines.

It is also worth mentioning that since January 2020 Lithuania has been providing methodological assistance to key stakeholders of public procurement such as the auditors and the economic operators. In 2020, 2021, and 2022, PPO provided 279 auditors online and face-to-face training on how to audit procurement procedures to help them audit public procurement in a systematic way not only on the legally proper execution of procurement procedures but also on its outcome. (Ministry of Economy and Innovation of the Government of Lithuania, 2019^[1]) PPO also provide economic operators with training, open event and guidelines to facilitate their participation in public procurement opportunity. The developed guidelines and tool include ABC of public procurement for economic operators (7 April 2020) (Public Procurement Office of the Republic of Lithuania, 2020^[23]), *How to succeed in public procurement* (23 October 2020) that summarises the most common mistakes made by economic operators that lead to the rejection of their bid proposals (Public Procurement Office of the Republic of Lithuania, 2020^[24]) and a video on how to fill in the European Single Procurement Document (ESPD) (30 June 2020). (Public Procurement Office of the Republic of Lithuania, 2020^[25])

Although Lithuania reinforced its capability-building system, the country could take further initiatives to improve the current system by enriching the capability-building opportunity. The result of ProcurComp^{EU} survey carried out to 119 participants from 6 CPBs in Lithuania provides some insights to determine priority topics (see Section 1.4.4). The self-assessment survey result identified C6 (Innovation Procurement) as the weakest competence of the participants with the lowest average point of 1.14, followed by C17 (Certification and payment) and C30 (Risk management and internal control) (see Figure 1.11). It is worth mentioning that C17 (Certification and payment) marked the second lowest average point because it is not their daily task of most participants. C5 (Sustainable procurement) and C6 (Innovation Procurement) were selected as the two 1st-priority competences that require more methodological assistance (see Figure 1.12). Therefore, Lithuania could benefit from reinforcing the capability-building initiatives for the topics such as innovation procurement, sustainable procurement, and risk management.

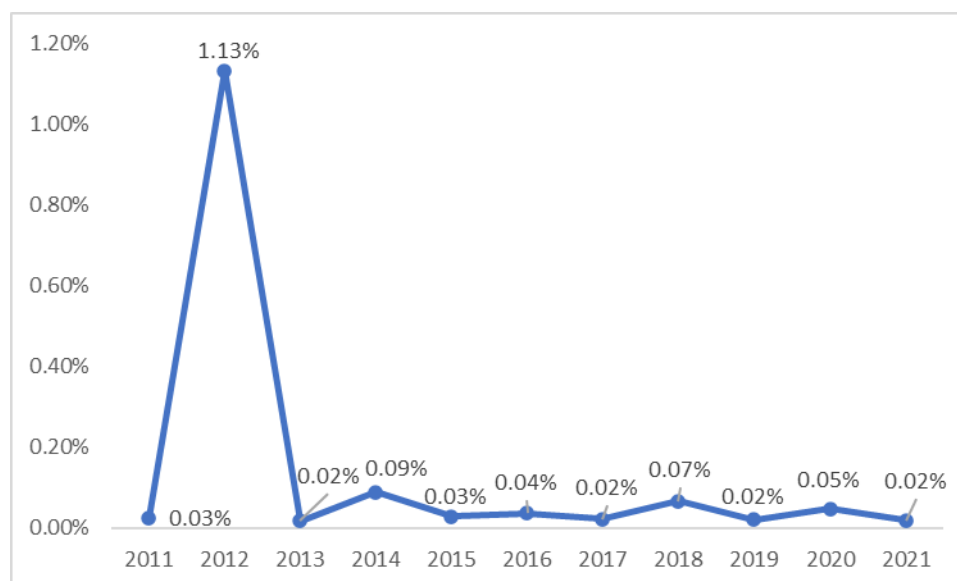
The next section focuses on reinforcing the capability of the public procurement workforce to implement innovation procurement to meet its ambitious target set by the government.

2.4. Reinforcing the uptake of innovation procurement

Countries have been taking initiatives to spur innovation through public procurement, as innovation is key to the green and digital transformation, to sustainable healthcare systems and to reducing public sector costs in the long term. (European Commission, 2021^[26])

Lithuania, like many other EU countries, is still at early stages of promoting the uptake of innovation public procurement, mostly due to the lack of capability of public procurement officials as innovation demanders. (Lithuanian Innovation Centre, 2020^[27]) This is evidenced by the ProcurComp^{EU} survey result in which innovation procurement marked the lowest average score in the self-assessment and was identified as one of the 1st-priority competences that require more methodological assistance.

Promoting innovation procurement is a top priority agenda in Lithuania. In the National Progress Plan (2021-2030) adopted in 2020, the government of Lithuania set 20% target for innovation procurement by 2030, in terms of the share of the total procurement value, with the interim goal of 5% by 2025. (The Government of the Republic of Lithuania, 2020^[11]) This target is considered as very ambitious, considering the benchmarking data of 0.02% as of 2019 (see Figure 2.2) and 0.02% as the average during the decade (2011 - 2021) (Public Procurement Office of the Republic of Lithuania, 2022^[28]). It is worth mentioning that green public procurement, which is also linked with innovation procurement, has the target of 100% starting from 2023. (The Government of the Republic of Lithuania, 2021^[12])

Figure 2.2. Evolution of share of innovation procurement in Lithuania (2011-2021), value

Note: The relatively high share recorded in 2012 is attributable to the procurement of design, construction works for the "Establishment of the National Centre for Physical Sciences and Technology with the amount of EUR156.6 million, which accounted for 97.4% of the total amount of innovation procurement in this year (EUR 160.8 million)

Source: Prepared by the author based on the statistics published at (Public Procurement Office of the Republic of Lithuania, 2022^[28])

A number of concrete actions are planned to achieve this goal (Parliament of the Republic of Lithuania, 2018^[29]) (Ministry of Economy and Innovation of the Republic of Lithuania, 2022^[30]):

- Establishment of a national Lithuanian Innovation procurement competence centre within the Innovation Agency
- Financial support for innovation procurement for contracting authorities
- More staff working at the Innovation Agency that work on innovation procurement
- New guidelines and templates for public procurements for stakeholders

Lithuania has some training materials on innovation procurement, as it is one of the twenty competences specified under the national certification framework. For example, Lithuania published the following three guidelines / manuals on innovation procurement.

Table 2.10. Guidelines and manuals of innovation procurement in Lithuania

Name of the document	Publication month	Publisher
Guidelines for implementing innovative public procurement	September 2020	Lithuanian Innovation Centre (LIC)
Guidelines for innovation public procurement	January 2023	MoEI (in collaboration with PPO and LIC)
Innovation procurement	1 st January 2022 2 nd March 2023	PPO in collaboration with LIC

Source: (Lithuanian Innovation Centre, 2020^[31]) and (Public Procurement Office of the Republic of Lithuania, 2023^[32])

These three guidelines are well drafted and useful to procurement practitioners. They provide essential concepts of innovation procurement and good examples from Lithuania and other countries. These guidelines cover similar elements, as these documents are prepared in close collaboration among the MoEI, PPO, and Lithuanian Innovation Centre (LIC) (see Box 2.6). For example, the guideline drafted by

PPO aims at helping procurement professionals prepare for the innovation procurement module of the certification exam, but it has similar contents with other guidelines as it was prepared in collaboration with Lithuanian Innovation Centre (LIC), which contributed to the preparation of all the three documents. It is worth mentioning that these guidelines may be built upon the manuals of innovation procurement prepared by the European Assistance for Innovation Procurement (EAFIP). (European Assistance for Innovation Procurement (eafip), n.d.^[33]).

Box 2.6. Elements covered in the three guidelines of innovation procurement

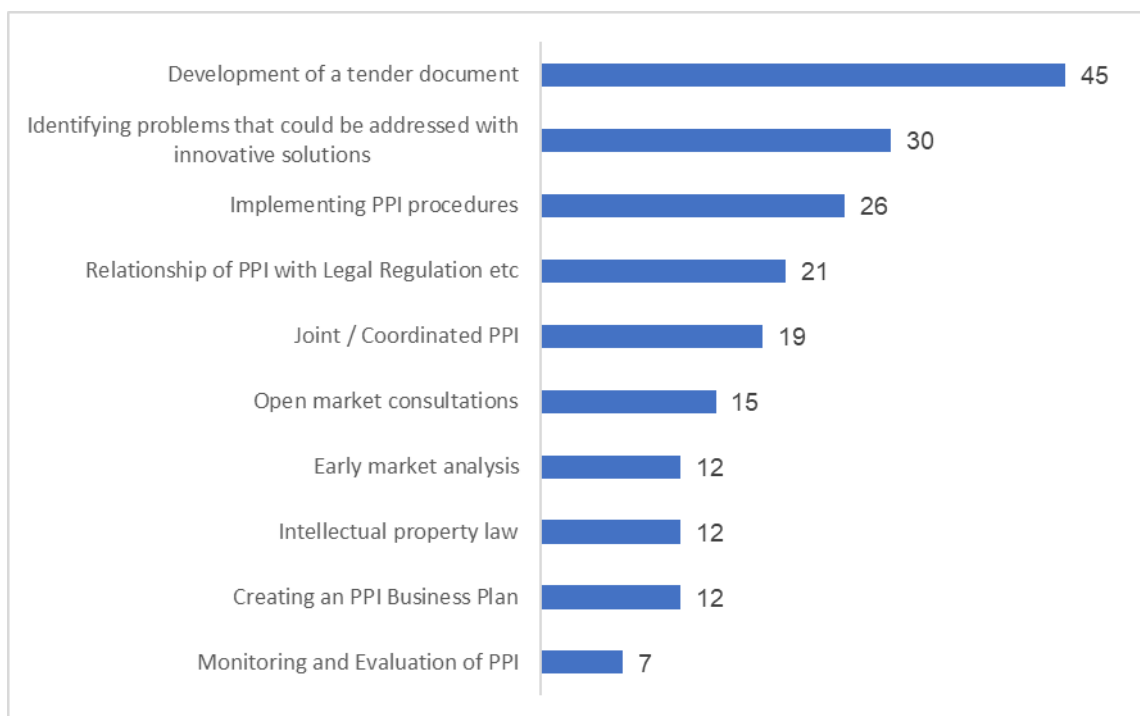
- What is innovation?
- What is innovation procurement? (how is it different from other procurement?)
- Why it is important?
- Preconditions for successful innovation procurement (culture of innovation, procurement strategy, stakeholder engagement, and capabilities)
- How to carry out innovation procurement with basic description of each step
 - Needs assessment
 - Market analysis
 - Choice of procedure from legal perspectives
 - Prepare tender document (the subject matter of contract and technical specifications, exclusion, selection, evaluation, quality management system and environmental management system standards, options for variants, value engineering, intellectual property)
- Tender procedure
- Contract management
- Cases / examples from countries

Source: Created based on (Lithuanian Innovation Centre, 2020^[31]) and (Public Procurement Office of the Republic of Lithuania, 2023^[32])

However, there is some room for improving the quality further. First, the guidelines could benefit from including more detailed description for all the steps from the actual innovation procurement procedures. Documents have boxes or sections of case studies, but they are more narrative and descriptive in a few pages, rather than showing actual examples of all the steps specified in the documents (from needs assessment to contract management) based on actual innovation procurement procedures. This point was mentioned by the policy document published by Lithuania Innovation Centre *Innovation public procurement in Lithuania: how to move forward? – 10 steps guide*. (Lithuanian Innovation Centre, 2020^[27]) It emphasises the needs to provide “showcase examples” of innovation public procurement, in order to share their first-hand experience and provide practical lessons and tips for public procurers. The document also pointed out the lack of Lithuanian examples, although the guidelines include some reference to the case of Bank of Lithuania and Lithuanian Airports. There are several cases of ongoing pre-commercial procurement (PCP) projects, but none of the public procurement of innovative solutions (PPI) case is available to share. Thus, Lithuanian procurers “have a feeling” that innovations are procured in other countries which are more advanced regarding the innovation development. (Lithuanian Innovation Centre, 2020^[27]) Therefore, it is indispensable to enrich the case examples by showing step-by-step examples of various innovation procurement procedures (e.g., competitive dialogue, competitive procedure with negotiation, PCP, PPI, Innovation Partnerships) actually implemented inside and outside Lithuania. In addition, some links within the guidelines are not valid anymore. In addition, it will be more useful if the guidelines are accompanied

with the templates of tender documents of innovation procurement procedures such as innovation partnerships and pre-commercial procurement. Indeed, a survey carried out by the Lithuanian Innovation Centre (LIC) identified the development of tender documents as the biggest challenge related to innovation procurement. The Norwegian Agency for Public and Financial Management (DFØ) developed a template for competition rules for pre-commercial procurement of research and development. (The Norwegian Agency for Public and Financial Management (DFØ), 2019^[34])

Figure 2.3. Challenges related to innovation procurement



Note: The survey was conducted by Lithuanian Innovation Centre (LIC). The survey was answered by 62 individuals (procurement specialists, lawyers, heads of institutions, innovation department specialists) who were requested to choose the three most important topics out of ten.

Source: prepared by the author based on (Lithuanian Innovation Centre, 2020^[27])

Lithuania could reinforce training related to innovation procurement. Currently, PPO makes available a 90-minute video on innovation procurement to help candidates prepare for the national certification framework. Procurement professionals keen on carrying out innovation procurement will benefit from more detailed online or face-to-face training on innovation procurement, based on the enriched guidelines on innovation procurement. For example, the national competence centre on innovation procurement in Austria organised training related to innovation procurement. (see Box 2.7)

Box 2.7. Innovation procurement training in Austria

The national competence centre on innovation procurement (IÖB Service Centre) was established within the Austrian Federal Procurement Agency (BBG) in 2013 with the financial contribution by the Federal Ministry for Digital and Economic Affairs and the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology. It serves as the single point of contact for pre-commercial procurement and innovation procurement issues in Austria. For example, IÖB provides

the pilot projects to support contracting authorities in finding and initiating innovation-promoting procurement projects by accompanying them from the pre-project phase through the entire procurement process.

In 2022, IÖB provided public officials with a series of free training courses on innovation procurement in cooperation with the Federal Academy of Public Administration:

- Introduction to innovation procurement (March 2022)
 - Unit 1: IÖB and innovation procurement (90 minutes)
 - Unit 2: IÖB services for contracting authorities and innovation in the public sector (90 minutes)
 - Unit 3: Innovation in Public Procurement Law (90 minutes)
- The levers for procuring innovations in public procurement law (May/June 2022)
 - Unit 1: Introduction to innovation procurement
 - Unit 2: Market research, process and partner selection (90 minutes)
 - Unit 3: Technical specifications (90 minutes)
 - Unit 4: Special instruction: Innovation Partnership (90 minutes)
 - Bonus unit: Questions, final discussion and support offer (45 minutes)
- Practical tools for procuring innovations (October 2022)

Deepen knowledge of practical and applicable methods and instruments for innovation procurement through a short webinar (90 minutes) and seminar (8 hours)

 - Procurement as an instrument of innovation management
 - Observation of trends and markets
 - Discovering and prioritising innovation potential
 - Strategic market exploration for innovative solutions
 - Designing procurement procedures to be innovation-friendly
 - Experiences from innovative procurement projects and tips from project managers.

Courses were organised using different forms: lectures, face-to-face workshops, webinars, practical exercises.

Source: (National competence centre on innovation procurement (IÖB), 2022^[35])

2.5. Collaboration with knowledge centres

Recently, an increasing number of countries have recognised the role that knowledge centres such as universities, think tanks or policy centres can play in promoting the professionalisation. The OECD Recommendation of the Council on Public Procurement recognises the importance of these interactions, calling upon countries to promote collaborative approaches with knowledge centres to improve skills and competences (OECD, 2015^[36]). In 2020, 79% of OECD countries had adopted a certain collaborative approach with knowledge centres, compared with 74% in 2018. (OECD, 2023^[21])

Lithuania implemented many recommendations on promoting collaboration with knowledge centres from the previous DG REFORM project, such as the establishment of the master programme in public procurement.

Developing courses and degree programmes at university are increasingly recognised practices of collaboration with knowledge centres. Its availability not only cultivates young generations who are interested in working in the field of public procurement, but also contributes to enhancing the sense of professionalism among the public procurement community.

MoEI and the PPO collaborated with Mykolas Romeris University to launch its first-ever master's programme in public procurement, the Master of Law (LL.M.) in Public Procurement Law in September 2021. (Mykolas Romeris University, n.d.^[37]) They provided advice on the curriculum. CPO LT, the largest central purchasing body in Lithuania, grants scholarships to some of the students enrolled in this master's programme (5 students in 2022 and 10 students in 2021).

This master's programme is designed to prepare highly qualified specialists in public procurement law who are able to:

- provide legal advice in this field;
- explain the latest issues and development trends in public procurement law;
- organise public procurement;
- analyse and evaluate complex legal contexts related to public procurement;
- promptly and efficiently resolve public procurement relations arising legal disputes;
- represent contracting authorities or economic operators in the courts; and
- submit proposals to the legislator regarding the improvement of the legal framework of public procurement.

The duration of the programme is 1 year. This is considered as a professional school that focuses more on the practical aspects than on academic ones. To complete the programme, candidates are required to obtain 60 credits including passing the final examination. However, a master's thesis is not required. The modality is presential in general. Courses are provided on weekdays from 6 p.m. until 9 p.m. (no more than 3 working days per week) and on Saturdays from 9 a.m. to 4 p.m. (no more than 2 Saturdays per month). Tuitions are €1,610 per semester (2023).

Table 2.11. Curriculum of the LL.M. in public procurement law at Mykolas Romeris University

Coursework	Credit
1st semester	30
Legal framework and practice of public procurement	7
Control and management of public procurement	6
Economics of public procurement	5
Strategic public procurements	6
Creation and implementation of an anti-corruption environment	6
2nd semester	30
Project management	5
Implementing public procurement procedures (practical workshop)	7
Public Procurement Law	6
Dispute resolution	6
Final exam	6
TOTAL	60

Source: (Mykolas Romeris University, n.d.^[37])

This initiative will contribute to increasing professionalism as well as raising awareness of public procurement as a future career option among younger generation. Lithuania could also benefit from

expanding this outreach toward younger generation. For example, Scotland established the Procurement People of Tomorrow programme (PPoT) cultivate future procurement professionals through providing the information on career in public procurement and communicating the mission and impact of public procurement in the society (see Box 2.8).

Box 2.8. Procurement People of Tomorrow programme (PPoT) in Scotland

Procurement People of Tomorrow programme (PPoT) is a Scottish Government and Academia-led initiative to build and sustain public procurement talent pool, supported by the Chartered Institute of Purchasing and Supply and public and private sectors. It focuses on engaging with young people to build their skills and promote procurement as a career choice for young people.

- Procurement Modern Apprenticeship: A Modern Apprenticeship is a job which lets people aged over 16 earn a wage and gain an industry-recognised qualification. Procurement is one of over 80 modern apprenticeship frameworks. Procurement Modern Apprenticeship aims at raising awareness of procurement as a viable career option
- Procurement People of Tomorrow charter: Organisations can sign the agreement document to signal their commitment towards new entrants in procurement. There were PPoT twelve commitment menu such as hiring a Procurement Modern Apprentice, providing a paid internship and participating in career or awareness-raising events at schools.
- Guidance documents on public procurement career for young people: The following guidance documents were prepared to inform young people of the impact of public procurement and career in public procurement:
 - Procurement schools pack (2019): designed for secondary school students
 - Procurement Higher and Further Education pack (2020): designed for graduates with an interest in entering the procurement profession. Information includes what procurement is, the power of procurement, relationship of procurement with daily life, procurement job titles, roles and estimated salary ranges, necessary skills, and training courses
 - Procurement career case studies (2016): Case studies telling the stories of new entrants to procurement in the public sector. Students can find more about public procurement and its career opportunities. Career advisors or teachers can use these guidance documents to highlight public procurement as a career choice.
- Awareness-raising video
The following videos are uploaded in the programme website to raise awareness of public procurement as a career option.
 - Make an impact. Build a career in procurement
 - Looking for a career? – Modern Apprenticeship in Procurement: Why procurement as a career choice?, What do you enjoy about procurement (social, environmental, economic changes), Skills learnt through the programme, What advice would you give to young people considering a career in procurement?

Young procurement staff that completed the Modern Apprenticeship in Procurement and currently continues their career of procurement talks about the impact that people can make through public procurement and what a career in procurement would be like. They communicate that the impact made in procurement is much more wide ranging now in the agenda such as climate change and human rights.

Source: (Scottish Procurement and Property Directorate, 2018^[38])

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[34]

3 **Moving forward: Implementing the centralisation and professionalisation reform**

This chapter provides the government of Lithuania with recommendations and ways forward through the action plan to reinforce further the centralisation and professionalisation to increase efficiency in public procurement system of Lithuania. The chapter presents an action plan table which describes the context, responsible authority(ies) and the estimated timeframe for each recommendation proposed in Chapter 1 and Chapter 2.

This chapter presents an action plan table to implement the recommendations related to the ongoing centralisation and professionalisation reforms. It describes the context, responsible authority(ies) and the estimated timeframe (short, intermediate, long) for each recommendation proposed in the Chapter 1 and 2.

Table 3.1. Action plan for implementing the recommendations of centralisation and professionalisation

Rec No.	Reform area C / P (*)	Initiative	Context	Recommendation	Responsible authority(ies)	Estimated timeframe (**)
1	C	Implementation of centralisation reform	CPO LT received positive and negative feedbacks from the hospitals that entrusted their procurement procedures to CPO LT in January 2023. For example, the feedback shows that the task related to technical specifications takes time and is not tailored to their needs.	In order to implement the centralisation reform of the health sector, CPO LT could benefit from: <ul style="list-style-type: none"> • comparing the actual duration of the procurement procedure of CPO LT and contracting authorities. • including in the next survey a more specific question related to the quality and speed of its public procurement procedure for each activity (e.g., definition of technical specifications, tender evaluation, preparation of contract documents); and • Strengthening further its capacity related to health sector procurement and/or recruiting category specialists of the health sector that can verify technical specifications of the health products/services. 	CPO LT	Short
2	C	Implementation of centralisation reform	It is indispensable to ensure that 74 regional CPBs function efficiently to comply with the objective	Lithuania could continue to monitor the performance of these regional CPBs on a regular basis based on the	MoEI / PPO	Short

Rec No.	Reform area C / P (*)	Initiative	Context	Recommendation	Responsible authority(ies)	Estimated timeframe (**)
			of centralisation and the mandatory regulations of centralised public procurement above EUR 15 000.	scoreboard and the performance indicators of CPBs		
3	C / P	Capability	The number of CPBs increased drastically to 79 as of January 2023.	Lithuania could consider the possibility of reinforcing a national CPB network to coordinate and exchange centralised purchasing practices.	MoEI / CPO LT	Medium
4	C / P	Capability	To maximise the opportunities, CPO LT needs to address potential weaknesses, and internal factors which might not be favourable to the organisation. In particular, the competence related to innovation procurement was identified as the weakest competence not only for the overall average of CPBs but also for CPO LT in the ProcurComp ^{EU} survey carried out to 6 CPBs in	CPO LT should further reinforce the capability of its workforce to provide high-quality procurement agent services of strategic procurement such as innovation procurement.	CPO LT	Long

Rec No.	Reform area C / P (*)	Initiative	Context	Recommendation	Responsible authority(ies)	Estimated timeframe (**)
			Lithuania including CPO LT.			
5	C	Strategy of CPO LT	CPO LT can maximise the benefits and impacts of the ongoing centralisation of public procurement to contribute further to improving the overall performance of the public procurement system in Lithuania through their centralised purchasing services.	CPO LT could analyse the current uptake of its services by each client to define its growth strategy.	CPO LT	Short
6	C	Strategy of CPO LT		CPO LT could consider the possibility of increasing the number of the position related to the marketing and customer relations or more broadly assigning marketing related functions to the existing staff.	CPO LT	Long
7	C	Strategy of CPO LT	CPO LT needs to continue to retain and recruit capable officials to prepare for the expansion of the portfolio due to the centralisation reform at the central level and the health sector.	CPO LT could consider the possibility of improving its performance bonus system based on good international practice, if the budget allows for it and the practice can be allowed from the public sector perspective.	CPO LT	Medium

Rec No.	Reform area C / P (*)	Initiative	Context	Recommendation	Responsible authority(ies)	Estimated timeframe (**)
8	C	Strategy of CPO LT	National Progress Plan (2021-2030) sets the target of 20% for innovation procurement by 2030	CPO LT should engage in cooperation with the PPO and Innovation Agency to get prepared to respond to innovation procurement needs from contracting authorities and contribute to promoting innovation procurement, while reinforcing its capability related to innovation procurement.	CPO LT / PPO/ Innovation Agency	Medium
9	C	KPI	67.7% of the indicators (63 out of 93 indicators) adopted in the performance measurement framework of CPBs can be calculated in the digital format. 19.4% (18 out of 93 indicators) can be partially calculated in the digital format. 11 indicators out of these 18 indicators are core indicators, while 7 indicators are aspirational	Lithuania will benefit from collecting the necessary information in the digital format to calculate core indicators, and then aspirational indicators. Lithuania could put the top priority on collecting the information of SRPP (labour, gender consideration etc) by adding to the check box functions to select social dimension such as labour and gender consideration in the e-procurement system	MoEI / PPO	Long
10	C	KPI	Lithuania needs to implement the performance	The transition period should be considered to test the measurement framework through the pilot as well as	MoEI / CPO LT	Long

Rec No.	Reform area C / P (*)	Initiative	Context	Recommendation	Responsible authority(ies)	Estimated timeframe (**)
			measurement framework of CPBs	to raise awareness of the framework among CPBs.		
11	C	KPI		Lithuania could consider the possibility of maximising the synergy effect between the CPB performance measurement framework and the lightboard	MoEI / PPO	Long
12	C	KPI	The methodology of CPO LT is unique in that it uses, unlike other benchmarked CPBs, the maximum contract amount that contracting authorities specified and were willing to pay as the benchmarking price to calculate saving from purchase price. This approach has advantages to address the challenge related to the data availability which might be faced in other benchmarking prices. The CPO LT methodology	Lithuania could benefit from collaborating with a knowledge centre (research-oriented universities, think-tanks) to develop a price saving model or study the administrative saving,	MoEI / CPO LT	Long
13	C	KPI		Lithuania could benefit from promoting the discussion of saving calculation methodology to exchange countries' practices in the international conference	MoEI / CPO LT	Medium

Rec No.	Reform area C / P (*)	Initiative	Context	Recommendation	Responsible authority(ies)	Estimated timeframe (**)
			does not calculate administrative saving like other CPBs except the Norwegian DFØ. Developing a quantitative model to calculate saving from centralised purchasing requires intensive research approach.			
14	P	Certification framework	The certificate will be valid for 5 years after its issuance. This validity is longer than the ones of other countries. The trend of public procurement evolves rapidly, such as the amendments to the public procurement legal framework and more use of strategic procurement.	Lithuania could consider the possibility of improving certification system (including shortening validity term, setting additional certification level, etc), after receiving a feedback on current certification system.	MoEI / PPO	Long

Rec No.	Reform area C / P (*)	Initiative	Context	Recommendation	Responsible authority(ies)	Estimated timeframe (**)
15	P	Certification framework	One year has passed since Lithuania successfully launched its first-ever national certification framework. Initial feedbacks from candidates show that it is more difficult to pass the exam than expected although it is feasible to pass it after proper preparation.	Lithuania could benefit from analysing the quality of the exam by analysing the accuracy rate of each question and module. In addition, Lithuania could benefit from carrying out a survey to receive feedbacks on the current certification framework from procurement professionals who have taken the exam	MoEI / PPO	Short
16	P	Competency matrix	The result of benchmarking exercises of the competences of Lithuania against 30 competences of the ProcurComp ^{EU} competency matrix shows that all the 19 procurement specific competences are covered by Lithuania except the three competences: C7 (category specific), C9 (negotiations) and C17	Lithuania could benefit from examining benchmarking exercise result and updating competences on a regular basis. For example, the competence related to risk management (including integrity aspect) will be worth considering.	PPO	Long

Rec No.	Reform area C / P (*)	Initiative	Context	Recommendation	Responsible authority(ies)	Estimated timeframe (**)
			(certification and payment). Only one soft competence (C23 ethics and compliance) is included in the Lithuania competence model.			
17	P	Capability-building systems	Lithuania provides varieties of capability-building tools such as training, guidelines, and standardised templates.	Lithuania could continue updating the document "Checking the knowledge of procurement specialist" on a regular basis by reflecting all the lecture videos and guidelines.	PPO	Medium
18	P	Capability-building systems	The self-assessment survey result identified C6 (Innovation Procurement) as the weakest competence of the participants with the lowest average point of 1.14, followed by C17 (Certification and payment) and C30 (Risk management and internal control). C5 (Sustainable procurement) and C6	Lithuania could benefit from reinforcing the capability-building initiatives for the topics such as innovation procurement, sustainable procurement, and risk management.	PPO	Medium

Rec No.	Reform area C / P (*)	Initiative	Context	Recommendation	Responsible authority(ies)	Estimated timeframe (**)
			(Innovation Procurement) were selected as the two 1st-priority competences that require more methodological assistance.			
19	P	Innovation procurement	Lithuania published the three guidelines of innovation procurement, but there is some room for improving their quality further.	Lithuania could improve the quality of the guidelines of innovation procurement by: <ul style="list-style-type: none"> • enriching the case examples of innovation public procurement implemented inside and outside Lithuania • accompanying the guidelines with the templates of tender documents of innovation procurement procedures such as innovation partnerships and pre-commercial procurement 	MoEI / PPO	Long

Rec No.	Reform area C / P (*)	Initiative	Context	Recommendation	Responsible authority(ies)	Estimated timeframe (**)
20	P	Collaboration with knowledge centres	Lithuania promoted collaboration with knowledge centres such as the establishment of the master programme in public procurement.	Lithuania could also benefit from expanding the outreach toward younger generation to raise awareness of public procurement as a future career option.	MoEI / PPO	Long

Note: (*) C: centralisation / P: professionalisation, (**) Short term: recommendations could be implemented within the next 12 months, Medium term: recommendations could be implemented between 1 to 3 years, Long term: recommendations could be implemented in more than 3 years.

Source: Created by the author

Annex A. List of KPIs to measure the performance of CPBs

Category	Indicator (Name)	Applicable CPB activities	Sub-indicator (if applicable)	Core Vs Aspirational indicator	Data entry points	Indicators calculable now?	Indicators calculable now?	Available data (Yes/No/Partially)	Data source	Digital format of the data (Yes/ No/ Partially)
						(Yes / No / Partially)	(Yes/No / Partially)			
						Only manually	Digital format			
CPBs	Share of procurement conducted by CPB out of total public procurement (volume)	All		Core	total volume procurement procedures conducted by CPB	Yes	Yes	Yes	e-procurement system PPO scoreboard	Yes
					total volume of public procurement				Yes	
CPBs	Share of procurement procedures conducted by CPB out of total public procurement procedures (number)	All		Core	total number of public procurement procedures conducted by CPB	Yes	Yes	Yes	e-procurement system PPO scoreboard	Yes
					total number of public procurement procedures				Yes	
CPBs	Share of procurement actual spent through CPB out of total CPB public procurement (volume)	All	by Central Authorities	Aspirational	total volume of actual spent through CPB by central authorities	Yes	Yes	Yes	e-procurement system PPO scoreboard	Yes
					total volume of procurement by CPB				Yes	
		All	by Local Authorities	total volume of actual spent through CPB by local authorities	Yes	Yes	Yes	e-procurement system PPO scoreboard	Yes	

					total volume of procurement by CPB			Yes	e-procurement system PPO scoreboard	Yes	
		All	by Other Authorities		total volume of actual spent through CPB by other authorities	Yes	Yes	Yes	e-procurement system PPO scoreboard	Yes	
					total volume of procurement by CPB			Yes	e-procurement system PPO scoreboard	Yes	
CPBs	Share of procurement procedures conducted through CPB out of total CPB public procurement procedures (number)	All	by Central Authorities	Aspirational	total number of procurement procedures conducted through CPB by central authorities	Yes	Yes	Yes	e-procurement system PPO scoreboard	Yes	
					total number of procurement procedures by CPB						Yes
		All	by Local Authorities		total number of procurement procedures conducted through CPB by local authorities	Yes	Yes	Yes	Yes	e-procurement system PPO scoreboard	Yes
					total number of procurement procedures by CPB						
		All	by Other Authorities		total number of procurement procedures conducted through CPB by other authorities	Yes	Yes	Yes	Yes	e-procurement system PPO scoreboard	Yes
					total number of procurement procedures by CPB						
CPBs	Share of CAs using CPB services without obligation	All	Central Authorities	Aspirational	total number of central authorities using CPB services without obligation	Yes	No	Yes	CPB	No	

					total number of central authorities that are not obliged to use CPB services			Yes	CPB	No
		All	Local Authorities		total number of local authorities using CPB services without obligation	Yes	No	Yes	CPB	No
					total number of local authorities that are not obliged to use CPB services			Yes	CPB	No
		All	Other Authorities		total number of other authorities using CPB services without obligation	Yes	No	Yes	CPB	No
					total number of other authorities that are not obliged to use CPB services			Yes	CPB	No
CPBs	Number of suppliers in electronic systems of each CPBs	FA and DPS		Core	number of suppliers in electronic systems of each CPBs	Yes	Yes	Yes	CPB	Yes
CPBs	Trust in a CPB (percentage of those who believe that CPB's activities are transparent and reliable), %	All		Core	total number of suppliers who believe that CPB's activities are transparent and reliable	Yes	Yes	Yes	CPB	Yes
					total number of suppliers that responded to the survey			Yes	CPB	Yes
CPBs	Number of purchase orders (by CA as clients of CPB) per framework agreement	FA		Aspirational	number of purchase orders per framework agreement	Yes	Yes	Yes	CPB	Yes
CPBs	Existence of methodologies to conduct market analysis	All		Aspirational	n/a	Yes	NA	Yes	CPB	NA

CPBs	Existence of methodologies to conduct market engagement	All		Aspirational	n/a	Yes	NA	Yes	CPB	NA
CPBs	Existence of methodologies to conduct needs analysis	All		Aspirational	n/a	Yes	NA	Yes	CPB	NA
Efficiency	Existence of Risk Management approach applied to procurement procedures	All		Aspirational	#REF!	Yes	NA	Yes	CPB	NA
Efficiency	Number of procedures with a formal Risk Management approach	All		Aspirational	number of procedures with a formal RM approach	Yes	Yes	Yes	CPB	Yes
Efficiency	Share of procedures with a formal Risk Management approach	All		Aspirational	number of procedures with a formal RM approach	Yes	Yes	Yes	CPB	Yes
					total procurement procedures			Yes	e-procurement system PPO scoreboard	Yes
Efficiency	Number of procurement procedures using multiple award criteria	All		Core	number of procurement procedures using multiple award criteria	Yes	Yes	Yes	e-procurement system	Yes
Efficiency	Share of procurement procedures using multiple award criteria	All		Core	number of procurement procedures using multiple award criteria	Yes	Yes	Yes	e-procurement system	Yes
					total number of procedures			Yes	e-procurement system PPO scoreboard	Yes
Efficiency	Average Number of bidders	All		Core	total number of bidders in competitive procedures	Yes	Yes	Yes	e-procurement system	Yes

					number of competitive procedures			Yes	e-procurement system	Yes
Efficiency	Share of competitive procedures with a single bid (in number)	All		Core	number of procedures with single bids in competitive procedures	Yes	Yes	Yes	e-procurement system	Yes
					number of competitive procedures			Yes	e-procurement system	Yes
Efficiency	Share of competitive procedures with a single bid (in volume)	All		Core	volume of competitive procedures with single bids	Yes	Yes	Yes	e-procurement system	Yes
					volume of competitive procedures			Yes	e-procurement system	Yes
Efficiency	Total Savings (if a methodology exists)	All		Core	total saving for each procurement procedure	Yes	NA	Yes	CPB	NA
Efficiency	Average time between the deadline for receiving offers and the date the contract is awarded	Consolidated purchasing and procurement agent		Core	number of days between the deadline for receiving offers and the date the award of the contract	Yes	Partially	Yes	CPB	Partially
					number of competitive procedures			Yes	e-procurement system	Yes
Efficiency	Average cost of preparing a FA	FA		Aspirational	costs of preparing a FA	Yes	Partially	Yes	CPB	Partially
					number of FAs			Yes	e-procurement system	Yes
Efficiency	Average cost of preparing a DPS	DPS		Aspirational	costs of preparing a DPS	Yes	Partially	Yes	CPB	Partially
					number of DPSs			Yes	e-procurement system	Yes
Efficiency	Average cost for preparing an e-auction	E-auction		Aspirational	costs of preparing an e-auction	Yes	Partially	Yes	CPB	Partially
					number of e-auctions			Yes	e-procurement system	Yes
Efficiency	Average time of preparing a FA (from approval to publication)	FA		Aspirational	time of preparing an FA	Yes	Partially	Yes	CPB	Partially
					number of FAs			Yes	e-procurement system	Yes

Efficiency	Average time of preparing a DPS (from approval to publication)	DPS		Aspirational	time of preparing a DPS	Yes	Partially	Yes	CPB	Partially
					number of DPSs			Yes	e-procurement system	Yes
Efficiency	Average time of preparing an e-auction	E-auction		Aspirational	time of preparing an e-auction	Yes	Partially	Yes	CPB	Partially
					number of e-auctions			Yes	e-procurement system	Yes
Efficiency	Estimated value of efficiency tools	FA and DPS		Aspirational	estimated value of efficiency tools	Yes	Yes	Yes	e-procurement system	Yes
					number of efficiency tools			Yes	e-procurement system	Yes
Efficiency	Share of procurement volume spent through efficiency tools	FA and DPS		Aspirational	procurement volume spent through efficacy tools	Yes	Yes	Yes	e-procurement system	Yes
					total procurement volume spent			Yes	e-procurement system PPO scoreboard	Yes
Efficiency	Number of active FA	FA		Aspirational	number of active FA	Yes	Yes	Yes	CPB	Yes
Efficiency	Number of active DPS	DPS		Aspirational	number of active DPS	Yes	Yes	Yes	CPB	Yes
Efficiency	Number of contracts derived from FAs	FA		Aspirational	number of contracts derived from FAs	Yes	Yes	Yes	e-procurement system PPO scoreboard	Yes
Efficiency	Number of contracts derived from DPSs	DPS		Aspirational	number of contracts derived from DPS	Yes	Yes	Yes	e-procurement system PPO scoreboard	Yes
Efficiency	Share of procurement spent on FA	FA		Aspirational	procurement spent on FA	Yes	Yes	Yes	e-procurement system	Yes
					total procurement spent			Yes	e-procurement system PPO scoreboard	Yes
Efficiency	Share procurement spent on DPS	DPS		Aspirational	procurement spent on DPS	Yes	Yes	Yes	e-procurement system	Yes
					total procurement spent			Yes	e-procurement system	Yes

									PPO scoreboard	
Efficiency	Existence of strategic framework on professionalization	All		Aspirational	#REF!	Yes	NA	Yes	CPB	NA
Efficiency	Existence of a competency model	All		Aspirational	#REF!	Yes	NA	Yes	CPB	NA
Efficiency	Share of certified procurement staff (out of total public procurement staff)	All		Aspirational	number of certified procurement staff	Yes	Yes	Yes	CPB	Yes
					total number of procurement professionals			Yes	CPB	Yes
Strategic	Share of procurement procedures with GPP criteria	All		Core	total number of procurement procedures with GPP criteria	Yes	Yes	Yes	e-procurement system	Yes
					total number of procurement procedures			Yes	e-procurement system PPO scoreboard	Yes
Strategic	Share of procurement volume with GPP criteria	All		Core	total procurement volume	Yes	Yes	Yes	e-procurement system PPO scoreboard	Yes
					total procurement volume with GPP criteria			Yes	e-procurement system	Yes
Strategic	Number of procurement procedures using LCC	All		Core	number of procurement procedures using LCC	Yes	Yes	Yes	e-procurement system	Yes
Strategic	Share of procurement procedures using LCC	All		Core	number of procedures using LCC	Yes	Yes	Yes	e-procurement system	Yes
					total number of procurement procedures			Yes	e-procurement system PPO scoreboard	Yes
Strategic	Share of the number of contracts with GPP	All		Core	number of contracts with GPP criteria	Yes	Yes	Yes	e-procurement system	Yes

	criteria				total number of contracts			Yes	e-procurement system PPO scoreboard	Yes
Strategic	Share of procurement volume (contracts) with GPP criteria	All		Core	total contracted procurement volume with GPP criteria	Yes	Yes	Yes	e-procurement system PPO scoreboard	Yes
					total contracted procurement volume			Yes	e-procurement system PPO scoreboard	Yes
Strategic	Share of procurement procedures with social criteria	All		Core	total number of procurement procedures with social criteria	Partially	Partially	Partially	e-procurement system	Partially
					total number of procurement procedures			Yes	e-procurement system PPO scoreboard	Yes
Strategic	Procurement volume with social criteria	All		Core	total volume of procurement procedures with social criteria	Partially	Partially	Partially	e-procurement system	Partially
Strategic	Share of procurement volume with social criteria	All		Core	total procurement volume with social criteria	Partially	Partially	Partially	e-procurement system	Partially
					total procurement volume			Yes	e-procurement system PPO scoreboard	Yes
Strategic	Share of procurement procedures including gender considerations	All		Aspirational	number of procurement procedures with gender considerations	No	No	No	e-procurement system	No
					total number of procurement procedures			Yes	e-procurement system PPO scoreboard	Yes
Strategic	Share of contracts with social criteria	All		Core	number of contracts with social criteria	Partially	Partially	Partially	e-procurement system	Partially
					total number of contracts			Yes	e-procurement system	Yes

									PPO scoreboard	
Strategic	Procurement volume (from contracts) with social criteria	All		Core	contracted procurement volume with social criteria	Partially	Partially	Partially	e-procurement system	Partially
Strategic	Share of procurement volume (from contracts) with social criteria	All		Core	Contracted procurement volume with social criteria	Partially	Partially	Partially	e-procurement system	Partially
					total contracted procurement volume				Yes	e-procurement system PPO scoreboard
Strategic	Average number of bidders who are SMEs	All		Core	total number of SMEs bidders	Yes	Yes	Yes	e-procurement system	Yes
					total number of procurement procedures				Yes	e-procurement system PPO scoreboard
Strategic	Average number of SMEs participating in above the threshold procurement procedures	All		Core	total number of SMEs bidders	Yes	Yes	Yes	e-procurement system	Yes
					total number of above threshold procedures				Yes	e-procurement system
Strategic	Share of SMEs participating in above the threshold procurement procedures	All		Core	number of SME bidders participating in above threshold tenders	Yes	Yes	Yes	e-procurement system	Yes
					total number of bidders in above threshold tenders				Yes	e-procurement system
Strategic	Share of contracts awarded to SMEs	All		Core	number of contracts awarded to SMEs	Yes	Yes	Yes	e-procurement system PPO scoreboard	Yes
					total number of contracts				Yes	e-procurement system PPO scoreboard
Strategic	Volume of contracts awarded to SMEs	All		Core	volume of procurement contracts awarded to SMEs	Yes	Yes	Yes	e-procurement system PPO scoreboard	Yes

Strategic	Share of procurement volume of contracts awarded to SMEs	All		Core	procurement volume (from contracts) awarded to SMEs	Yes	Yes	Yes	e-procurement system PPO scoreboard	Yes
					total contracted procurement volume				Yes	e-procurement system PPO scoreboard
Strategic	Share of contracts above the threshold awarded to SMEs (in numbers)	All		Core	number of contracts above threshold awarded to SMEs	Yes	Yes	Yes	e-procurement system	Yes
					total number of contracts above threshold				Yes	e-procurement system
Strategic	Share of contracts above the threshold awarded to SMEs (in procurement volume)	All		Core	procurement volume of contracts above threshold awarded to SMEs	Yes	Yes	Yes	e-procurement system	Yes
					total procurement volume above threshold				Yes	e-procurement system
Strategic	Procurement volume of above the threshold contracts awarded to SMEs	All		Core	procurement volume of contracts above threshold awarded to SMEs	Yes	Yes	Yes	e-procurement system	Yes
Strategic	Share of contracts with declared SME subcontractors	All		Aspirational	number of contracts with declared subcontractors	Yes	Partially	Yes	e-procurement system	Partially
					total number of contracts				Yes	e-procurement system PPO scoreboard
Strategic	Number of procurement procedures aimed at innovation (based on the national framework)	Procurement agent		Core	Number procurement procedures aimed at innovation	Yes	Yes	Yes	e-procurement system	Yes
Strategic	Share of procurement procedures aimed at innovation (based on	Procurement agent		Core	number of procurement procedure aimed at innovation	Yes	Yes	Yes	e-procurement system	Yes

	the national framework)				total number of procurement procedures			Yes	e-procurement system PPO scoreboard	Yes
Strategic	Procurement volume of procurement procedures aimed at innovation (based on the national framework)	Procurement agent		Core	procurement volume of procurement procedures aimed at innovation	Yes	Yes	Yes	e-procurement system	Yes
Strategic	Share of procurement volume of procurement procedures aimed at innovation(based on the national framework)	Procurement agent		Core	procurement volume of procurement procedures aimed at innovation	Yes	Yes	Yes	e-procurement system	Yes
					total procurement volume			Yes	e-procurement system PPO scoreboard	Yes
Strategic	Number of contracts aimed at innovation	Procurement agent		Core	number of contracts aimed at innovation	Yes	Yes	Yes	e-procurement system	Yes
Strategic	Share of contracts aimed at innovation	Procurement agent		Core	number of contracts aimed at innovation	Yes	Yes	Yes	e-procurement system	Yes
					total number of contracts			Yes	e-procurement system PPO scoreboard	Yes
Strategic	Procurement volume of contracts aimed at innovation	Procurement agent		Core	procurement volume of contracts aimed at innovation	Yes	Yes	Yes	e-procurement system	Yes
Strategic	Share of procurement volume of contracts aimed at innovation	Procurement agent		Core	procurement volume of contracts aimed at innovation	Yes	Yes	Yes	e-procurement system	Yes
					total procurement volume from contracts			Yes	e-procurement system PPO scoreboard	Yes
Compliance	Existence of procurement data in open data format	All		Aspirational	#REF!	Yes	NA	Yes	e-procurement system	NA

Compliance	Number of financial sanctions applied to the contracting authority	Procurement agent	Corrections	Core	number of financial corrections applied to the contracting authority	Yes	Yes	Yes	Implementing bodies of external funds	Yes
		Procurement agent	Fines		number of fines applied to the contracting authority	Yes	Partially	Yes	Competent authority to impose fines	Partially
		Procurement agent	Other (depending on regulations)		number of other financial sanctions applied to the contracting authority	Yes	Partially	Yes	Competent authority to impose fines	Partially
Compliance	Value of financial sanctions applied to the contracting authority	Procurement agent	Corrections	Core	value of corrections applied to the contracting authority	Yes	Yes	Yes	Implementing bodies of external funds	Yes
		Procurement agent	Fines		value of fines applied to the contracting authority	Yes	Partially	Yes	Competent authority to impose fines	Partially
		Procurement agent	Other (depending on regulations)		value of other financial sanctions applied to the contracting authority	Yes	Partially	Yes	Competent authority to impose fines	Partially
Compliance	Number of other (non-financial) sanctions applied	Procurement agent	Number of procedures terminated by competent bodies due to breaches to the regulatory framework	Core	number of procedures terminated by competent bodies due to breaches to the regulatory framework	Yes	Yes	Yes	PPO	Yes

		Procurement agent	Number of procurement officials sanctioned by competent bodies due to breaches to the regulatory framework		number of procurement officials sanctioned by competent bodies due to breaches to the regulatory framework	Yes	Yes	Yes	PPO	Yes
		Procurement agent	Number of criminal proceedings initiated due to breaches to the regulatory framework		number of criminal proceedings initiated due to the breaches to the regulatory framework	Yes	Yes	Yes	Prosecutors Office	Yes
		Procurement agent	Head of contracting authority sanctioned		number of sanctions to the head of the contracting authority	Yes	Yes	Yes	PPO	Yes
Compliance	Share of public procurement irregularities	Procurement agent		Aspirational	- number of procurement procedures with irregularities	Yes	Yes	Yes	NAO	Yes
					total number of audited procurement procedures				Yes	NAO
Compliance	Share of challenged public procurement procedures	Procurement agent	First stage (against contracting authority)	Core	number of challenged procurement procedures in the first stage	Yes	Yes	Yes	e-procurement system	Yes
					total number of procurement procedures				Yes	e-procurement system PPO scoreboard

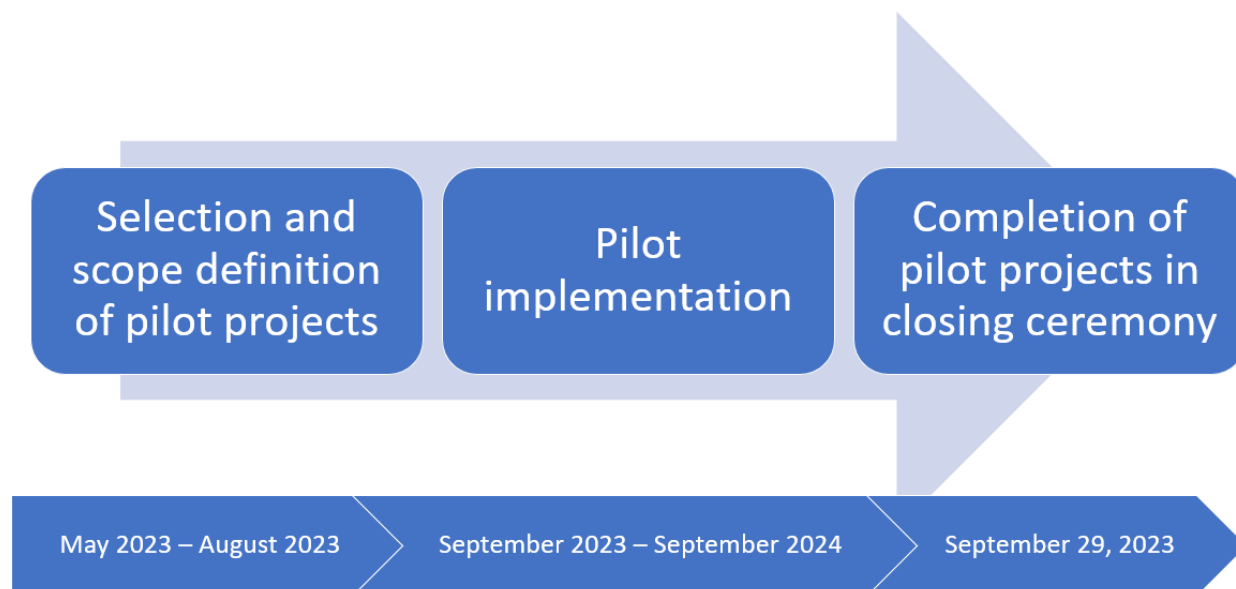
			First instance (against the court)		number of challenged procurement procedures in the first instance stage	Yes	Yes	Yes	e-procurement system	Yes
					total number of challenged procurement procedures			Yes	e-procurement system	Yes
Compliance	Share of successful decisions (in favour of CA)	Procurement agent	First stage (against contracting authority)	Core	number of decision in favour of the CA in the first stage	Yes	Yes	Yes	NCA	Yes
					total number of procedures challenged				Yes	
		First instance (against the court)		number of decisions in favour of the CA in the first instance stage	Yes	Yes	Yes	NCA	Yes	
				total number of procedures challenged				Yes		e-procurement system
Compliance	Average time for decisions	Procurement agent	First stage (against contracting authority)	Core	number of days for a decision at first stage	Yes	Yes	Yes	CPB	Yes
					total number of procedures challenged				Yes	
		Procurement agent	First instance (against the court)		number of days for a decision at first stage	Yes	Yes	Yes	NCA	Yes
					total number of procedures challenged				Yes	

Annex B. Lessons learnt from the implementation of the pilot projects of strategic procurement

The Ministry of Economy and Innovation of Lithuania and the European Commission have called upon the OECD to support the Lithuanian authorities in promoting efficiency in public procurement while supporting its use for achieving broader policy objectives. Against this background, the OECD implemented the project funded by the European Union through DG REFORM Technical Support Instrument *Increasing efficiency in public procurement system of Lithuania through the implementation of centralisation and professionalisation reforms*, in collaboration with the Ministry of Economy and Innovation (MoEI), the Public Procurement Office (PPO) and CPO LT (the national central purchasing body). The implementation of the project started in September 2021 and was completed in November 2023.

One of the key outputs of this project was to provide practical support to selected contracting authorities in carrying out strategic (sustainable) public procurement in pilot projects. This annex summarises the salient points and lessons learnt from the implementation of the pilots with three relevant contracting authorities on strategic procurement.

Figure A B.1. Overall schedule of pilot projects



Source: Prepared by the author

Selection of pilot CAs and definition of scope for practical support

In May 2022, the MoEI and the OECD initiated the process to identify and select contracting authorities that would obtain practical support on implementing strategic procurement in pilot projects. By the end of August 2022, based on the alignment of priorities and strategic objectives and the willingness of three contracting authorities (Defence Resources Agency under the Ministry of National Defence, CPO LT and Republican Vilnius University Hospital), the MoEI and the OECD agreed on their participation in the pilot, including the objective and scope of the pilots, and the practical support to be provided during the pilot implementation period, taking into account their expectations and the overall duration of the project. The scopes of these pilots consisted of 1) integrating green criteria into military uniforms, 2) applying life cycle costing (LCC) onto functional beds for hospitals, and 3) seeking an innovative solution to develop an IT application to address bedsores issues (see Table A B.1).

Table A B.1. Overview of the selected pilot projects

Pilot organization	Subject matter of contract	Objective / Scope	Support provided
Defence Resources Agency under the Ministry of National Defence	Military uniforms: -Winter clothes -Camouflage clothes	Integrating green criteria	-Review of tender documents / conditions -Integrating green criteria
CPO LT	Functional beds (e-catalogue) -purchase module -rental module	Applying life cycle costing (LCC) as contract award criteria	-Technical expertise to define technical parameters and LCC model
Republican Vilnius University Hospital (RVUL)	Development of IT application for bedsores issue	Seeking innovative solution	-Technical expertise to identify / define needs -Proposal for the guidance of the market research

Source: Prepared by the author

Implementation of pilot projects

The implementation of the three pilot projects officially started in September 2022. Teams and timelines were agreed. On 4 May 2023, the OECD, together with the MoEI and PPO, organised a workshop in Vilnius to discuss the pilot implementation progress and exchange lessons learnt up until then from implementing the pilot projects with the three participants. From September 2022 until its completion, several technical and project meetings were held for each project. The pilot projects were formally completed on September 29, 2023, on occasion of the closing event for the entire project, by holding a panel discussion with pilot participants, as part of the programme for the conference.

Key lessons learnt from pilot projects

The implementation of these pilot projects drove and reconfirmed the following lessons and challenges related to the implementation of strategic procurement:

- Relevance of early market consultation and engagement to test the market readiness and refine procurement conditions;
- Strong appetite for paradigm shift to apply new procurement practices such as green criteria, LCC and innovative solutions;
- Necessity of appropriate human and financial resources to carry out strategic procurement; and

- Relevance of setting up a project team including the key stakeholders within the interested contracting authority including procurement specialists, market and category specialists and the end-user (technical departments)

The details of these lessons are described below for each pilot project.

Defence Resources Agency under the Ministry of National Defence

General information on the pilot

- Subject matter of contract: Military uniforms (Winter clothes and Camouflage clothes)
- Objective / Scope: Integrating green criteria
- Support provided:
 - Review of tender documents / conditions
 - Suggestion on integrating green criteria

Implementation progress

Activity / Milestone	The month of the implementation period														
	2022						2023								
	Jul 1	Aug 2	Sep 3	Oct 4	Nov 4	Dec 5	Jan 6	Feb 7	Mar 8	Apr 9	May 10	Jun 11	Jul 12	Aug 13	Sep 14
Agreement on the pilot scope															
Receipt of draft tender documents															
Review of draft T/D															
Update of draft T/D (integration of GPP criteria)															
Market consultation															
Call for tender															
Bid submission															
Tender evaluation / Contract award															

Key activities and lessons learnt

- **Quality of tender documents**

Some corrections were made on tender clauses and conditions after the review of draft tender documents by the OECD experts. For example, the review found that some points were given as contract award criteria for meeting the minimum requirements in the technical specifications, which is not allowed.

- **Integrating green criteria**

Defence Resources Agency integrated the following green criteria into technical specifications and/or contract award criteria:

- set mandatory requirement for QR code for the manual;
- set mandatory requirement that products must be delivered in recycled packaging (plastic bags not allowed);
- use contract award criteria (5 points) if the recycled fibers are used for winter clothes.

- **Relevance of early market engagement**

The market consultation carried out in February 2023 revealed that the market was not fully prepared for manufacturing military uniforms with recycled fabrics and that it would take time to conduct the research, considering that military uniforms have to be highly durable and have certain higher technical characteristics such as fabric strength, tear, and abrasion resistance. This feedback from the market made it difficult to incorporate contract award criteria to apply recycled materials in the uniforms under this pilot. This example shows the relevance of the early market consultation as well as the strong drive the public sector can have in changing the market behaviour from the demand side.

CPO LT

General information on the pilot

- Subject matter of contract: Functional beds (for health sector) in CPO LT e-catalogue (purchase and rental module)
- Objective / Scope: Applying life cycle costing (LCC) as contract award criteria
- Support provided:
 - Technical expertise to define technical parameters and LCC model

Implementation progress

Activity / Milestone	The month of the implementation period														
	2022						2023								
	Jul 1	Aug 2	Sep 3	Oct 4	Nov 4	Dec 5	Jan 6	Feb 7	Mar 8	Apr 9	May 10	Jun 11	Jul 12	Aug 13	Sep 14
Agreement on the pilot scope															
Selection of the technical expert															
Review of the information															
Preparation of tender conditions and technical parameters for LCC															
Preparation of award criteria															
Market consultation															
Final agreement on the LCC conditions															

Key activities and lessons learnt

- **Appetite for new paradigm**

This is the first time CPO LT introduced life cycle costing (LCC) as contract award criteria in the goods provided through its e-catalogue. CPO LT showed strong willingness and appetite for this new paradigm to make its centralised procurement services more sustainable and greener.

- **Needs for a technical expert**

Defining technical parameters for LCC requires a capable technical expert who is familiar with the technical expertise of the subject matter of contract as well as the LCC calculation methodology. This pilot project successfully provided CPO LT with this technical expertise through the OECD expert.

- **Relevance of market consultation**

CPO LT launched market consultation in March 2023. The market was asked to express their views on technical parameters and tender conditions as well as to indicate the estimated cost for technical parameters. This active approach of market consultation allowed for positive feedbacks from the market and refined the technical parameters and tender conditions such as the contract award criteria, warranty period, and maintenance conditions.

Republican Vilnius University Hospital (RVUL)

General information on the pilot

- Subject matter of contract: Development of IT application for bedsore issues
- Objective / Scope: Seeking innovative solution
- Support provided:
 - Technical expertise to identify / define needs
 - Proposal for the guidance of the market research

Implementation progress

Activity / Milestone	The month of the implementation period														
	2022						2023								
	Jul 1	Aug 2	Sep 3	Oct 4	Nov 4	Dec 5	Jan 6	Feb 7	Mar 8	Apr 9	May 10	Jun 11	Jul 12	Aug 13	Sep 14
Agreement on the pilot scope															
Selection of the technical expert															
Conceptualisation of the current processes and possible solution															
Market consultation															

Key activities and lessons learnt

- **Innovation procurement requires proper resources**

Carrying out innovation procurement requires adequate resources, including human (capabilities and time) and financial resources. It takes time to identify and define a problem as well as properly describe the objectives to be achieved and the processes to be followed. Proper financial resources are necessary to prepare an innovation procurement procedure through solid market research and consultation. The case of the Republican Vilnius University Hospital reinstated it, by working intensively almost for one year to define and describe the problem that the hospital desired to solve, and finally launch a market consultation on September 20, 2023. The hospital is planning to define the technical parameters as a result of this market consultation and launch the corresponding innovation procurement procedure in 2024.

- **Relevance of setting up a team of innovation project**

Innovation procurement is not only a procurement procedure but also should be considered as an innovation project. Therefore, it is indispensable to set up a team for the innovation project within a contracting authority, which includes the key stakeholders of the project such as procurement specialists, market and category specialists and the end-user (technical departments). The process shall be consulted with and reported to the senior management to obtain their buy-in.

OECD Public Governance Reviews

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