

Public Procurement Performance Management: Measuring Efficiency, Compliance and Targets

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- Importance of measurement and evaluation, recommended KPIs
- Balanced Scorecard, Capability Maturity Models, OECD Indicators
- Weaknesses in PP in Europe (European Court of Auditors)

Luigi Einaudi (1955): President of Italian Republic and Economist



First acquire knowledge, then discuss, and finally decide

- **Knowledge** is the foundation of freedom and democracy.
- Only those who understand reality can **discuss** it with reason and **decide** with responsibility.
- Einaudi reminds us that good governance arises from knowledge, dialogue, and reflection before action.

Why talk about performance in public procurement

- From compliance to public value
- Growing focus on efficiency, transparency, and sustainability
- Increasing demand for accountability and measurable and comparable results

The three dimensions of performance

- Efficiency: time, cost, quality of the tendering process
- Compliance: regularity, transparency, anti-corruption
- Planned objectives: alignment with strategies goals and sustainability (strategic procurement)

From control to performance management

- Shift from 'ex post administrative verification' to 'continuous management' and 'strategic lever'
- Using **data** for evidence-based decisions
- **Digitalization** as a lever for efficiency

Measuring efficiency

- **KPIs**: average procurement time, savings, administrative costs
- Digitalization rate and centralization degree
- Tools: dashboards, reporting, benchmarking

Compliance and integrity

- Compliance as a component of performance that creates public value, not only as a normative duty
- Indicators: regularity, transparency, audits, risk prevention
- Collaborative control and integrity culture

From administrative performance to public value

- Integration of ESG KPIs and SDG objectives
- Measuring environmental, social, and economic impacts
- Evaluating procurement as a driver of sustainable development

Governance and performance culture

- Roles: procurement managers, directors, central purchasing bodies, audit institutions
- Training and analytical and digital skills
- Incentives and accountability as drivers of improvement

The Balanced Scorecard (BSC) Approach

- Developed by Kaplan & Norton to align operations with strategic objectives
- Integrates financial and non-financial performance measures
- Key dimensions: Financial, Customer, Internal Processes, Learning & Growth

Applying the Balanced Scorecard to Public Procurement

- Financial: cost savings, budget efficiency
- Customer: satisfaction of internal users and citizens
- Internal processes: tender cycle time, compliance rate
- Learning & growth: staff competencies, digital skills

Example: Balanced Scorecard for Public Procurement

<u>Perspective</u>	<u>Strategic Objective</u>	<u>KPI</u>	<u>Target</u>
Financial	Achieve cost efficiency and budget savings	% cost savings vs baseline	≥ 5% annually
Customer	Increase satisfaction of users and suppliers	Satisfaction index	≥ 80%
Internal Processes	Improve process speed and quality	Average tender cycle; % tenders with >3 bids	< 120 days; ≥ 75%
Learning & Growth	Strengthen staff skills and digitalization	% of staff trained in e-procurement	90% annually

Procurement Capability Maturity Models (CMM)

- Originated in software engineering, now applied to organizational performance
- Defines levels of process maturity: Initial, Managed, Defined, Quantitatively Managed, Optimizing
- Helps identify strengths and areas for improvement

Applying CMM to Public Procurement

- Level 1 – Ad hoc: limited structure, reactive processes (instead of proactive/strategic)
- Level 2 – Managed: basic processes, partial consistency
- Level 3 – Defined: standardized procedures and policies
- Level 4 – Quantitatively managed: data-driven decisions
- Level 5 – Optimizing: strategic and sustainable procurement

Example: Procurement Capability Maturity Model (CMM)

<u>Level</u>	<u>Description</u>	<u>Example Indicators</u>
1 – Ad hoc	Fragmented, reactive processes	No performance data; manual records
2 – Managed	Basic structure, limited monitoring	Standard templates, partial reports
3 – Defined	Clear organization-wide procedures	Procurement manual, training programs
4 – Quantitatively Managed	Data-driven decision-making	Dashboards, KPIs, audits
5 – Optimizing	Strategic and innovative procurement	Continuous improvement, ESG KPIs

OECD Indicators for Public Procurement

- Framework covers efficiency, transparency, accountability, access, and e-procurement
- Supports international benchmarking among OECD countries
- Based on principles of good governance and value for money

<u>Dimension</u>	<u>Indicator Example</u>	<u>What It Measures</u>	<u>Typical Data Source</u>
Efficiency	<i>Average procurement lead time</i>	How quickly contracts are awarded after notice publication	E-procurement platform data
Transparency	<i>% of contracts published online</i>	Openness and accessibility of procurement data	Public procurement portals
Integrity	<i>Share of contracts with single bidder</i>	Level of competition and risk of collusion	E-tendering statistics
Access & Competition	<i>Share of SMEs participating in tenders</i>	Inclusion of small and medium enterprises	Supplier registries
E-Procurement	<i>% of tenders fully digital</i>	Digital transformation of procurement process	Central procurement databases
Sustainability	<i>Share of green/social contracts</i>	Integration of environmental and social criteria	Procurement reports and ESG data
Capacity	<i>Training hours per procurement officer</i>	Professionalization and skill development	HR and training records

OECD Indicators – Weaknesses and Challenges

- Limited focus on sustainability and innovation aspects
- Variability in data availability and quality
- Difficulty in comparing heterogeneous procurement systems
- Limited link to outcome-based performance (public value)

European Court of Auditors (ECA) Report on Public Procurement

ECA dashboard to Special Report 28/2023

„Public Procurement in EU - less competition
in awarding contracts for works, goods and
services in the ten years up to 2021“



EUROPEAN
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OF AUDITORS



ECA highlights persistent weaknesses:

- Fragmented markets and limited competition
- Limited share of cross-border procurement
- High share of single bidding and direct awards
- Weak strategic planning and needs assessment
- Limited professionalization of procurement staff
- Data limitation and weak monitoring

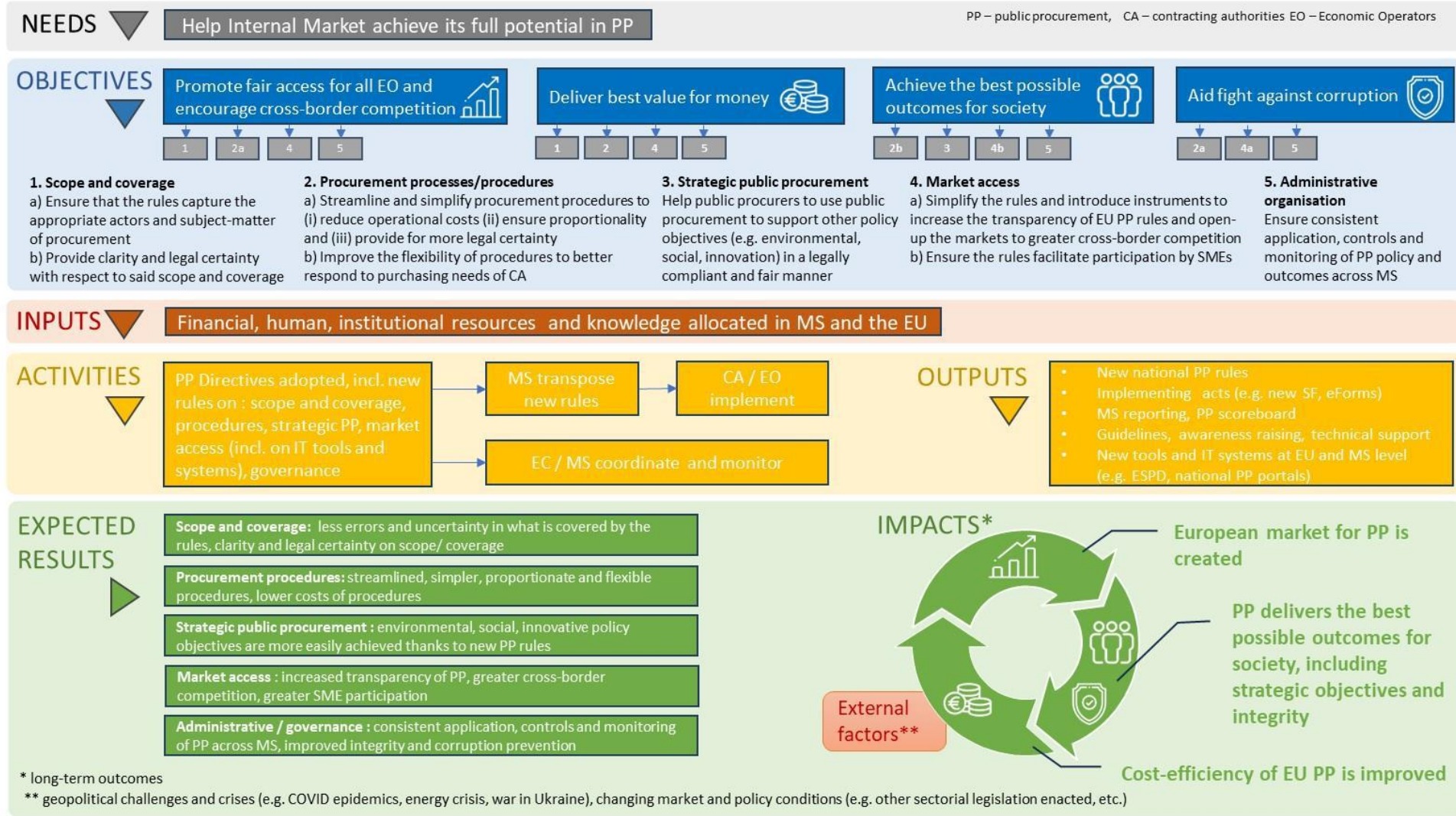
Recommendations for better monitoring and capacity building

Lessons Learned from ECA Findings

- Importance of professional procurement units
- Need for better data analytics and KPIs
- Integration of procurement into performance management cycles
- Collaboration between EU and national authorities

EVALUATION of Directive 2014/23/EU on Concessions, Directive 2014/24/EU on Public Procurement and Directive 2014/25/EU on Utilities- European Commission (14/10/2025)

Logic of the 2014 Directives



Conclusion

- **Scope:** The 2014 Directives did not achieve their objective of providing legal certainty and clarity with regard to the actors subject to public procurement rules.
- **Procedural aspects:** The Directives were only partially effective in meeting the objectives to simplify and make public procurement procedures more flexible.
- **Market access:** The 2014 Directives have been partially effective in maintaining competition in EU public procurement markets.
- **Strategic Procurement:** The 2014 Directives marked a step forward in promoting green, social and innovation procurement.
- **Administrative/Governance:** The extent to which the 2014 Directives improved the transparency, integrity and professionalisation of the procurement system, remains uneven and difficult to measure, as the effective governance of public procurement depends heavily on the availability of **reliable and comparable data**.

Da Rosa, I., Tátrai, T., Tresó, D. (2025). *Evaluation of Transparency and Integrity, 2014 PP Directives*

Variation in 2013-2024

Positive	Negative	Neutral	Not defined
Missing duration of contract	Missing awarding criteria	Missing procedure type	Non-award LOTs
Missing value of framework agreement	Missing MEAT awarding criteria, price weight	Missing contract type	Framework agreements with single bidder by CPB
Number of procedures	Direct award with single bid	Missing contract price	Contract modification activity
Number of dynamic purchasing systems	Single bid + direct award with single bid	Missing date of award	Average contract modification
Number of framework agreements	Accelerated procedures		
Languages	Framework agreements with single bidder		
CAN-CN connect	Duration of framework agreements		
Direct award value	Small value contract price		

From Analysis to Action

- Combine frameworks (BSC + CMM + OECD indicators) for a holistic approach
- Balanced Scorecard provides structure
- Capability Maturity Models offer progression paths
- OECD and ECA frameworks enable benchmarking

BSC vs CMM: Strategy and Capability Integration

BSC → Focus: ***What to achieve*** (strategic objectives and KPIs)

- Links procurement to policy goals
- Measures outcomes (results)

CMM → Focus: ***How to achieve it*** (organizational capability)

- Assesses processes, governance, skills
- Measures maturity (capacity for improvement)

→ Combined use ensures both strategic alignment and operational excellence.

Example: A procurement agency may use the BSC to define performance targets and CMM to measure readiness to reach them.

BSC–CMM Integration Matrix

↑ Strategic
Alignment (BSC)

High BSC • Low CMM → Good vision, weak capacity	High BSC • High CMM → Strategic Excellence
Low BSC • Low CMM → "Reactive" management	Low BSC • High CMM → Strong capability, unclear strategy

Capability Maturity (CMM) →

Operational Suggestions for Improvement

1. Establish clear procurement performance objectives
2. Develop an integrated KPI dashboard
3. Strengthen staff training and analytical capacity
4. Foster data collection, data sharing and transparency, and data analysis
5. Link performance evaluation to strategic planning

Promising news...

The new PPDS



The Public Procurement Data Space (PPDS)

Every year in the EU, over 250 000 public authorities spend around €2 trillion (around 13.6% of GDP) on the purchase of services, works and supplies. EU directives govern procurement contracts above certain thresholds to ensure the transparency of the procedures.

Notices of such contracts must be published on the European [Tenders Electronic Daily \(TED\)](#) portal. Notices of contracts below the EU thresholds are spread across the national or regional level in different formats, which makes them difficult or impossible to re-use. In other words, public procurement is rich in data but poor in making it work for taxpayers, policy makers and public buyers.

The Commission underlined the need to unlock this wealth of EU public procurement data in the [European strategy for data](#), published in February 2020.



The use of emerging technologies
(Machine Learning,
AI, Natural Language
Processing)

A concrete example of the use of data and analytics to fight collusion and fraud has been deployed by a European-funded project ('TheyBuyForYou'). Slovenian public procurement data was processed via machine learning techniques (supervised, unsupervised and statistical) to identify potential fraud patterns. The project demonstrated the effectiveness and efficiency of leveraging data in this way. Exploiting such a large volume of data manually is virtually impossible.

Questions for the roundtable

- Which performance indicators are most meaningful today?
- How to balance savings and public value for citizens?
- Can compliance be measured as value?
- How to link performance with ESG goals?
- What competence and **which tools** are needed to make the system work efficiently?