



Finanšu ministrija



Iepirkumu uzraudzības
birojs

Public procurement SYSTEM REFORM

Less bureaucracy

Maximum value for every euro invested¹

17.09.2025.



Public procurement is a significant part of public funding

In Latvia – in 2024 **13.6%** of GDP invested through the public procurement system.



€15.1 billion

Consolidated state
budget expenditure

€5.5 billion + **€3.7 billion** = **€9.2 billion**

Contract amount

Rail Baltica main line
construction works in Latvia

total contract
value



Public procurement should be carried out as efficiently as possible,
thereby achieving the greatest return on public funds.

**Objective –increase the value of the investment,
or "value for money"**

System improvements yield significant results for economic growth.

The procurement system must be brought back to its fundamental objectives



Over time, the following have emerged:

Secondary objectives

National layers

**Sectoral objectives of
European Union
regulations**

**Excessive bureaucratic regulation, loss of focus on *value for money*.
As a result, cost efficiency is lost in pursuit of various other objectives.**

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Following the reform of the public procurement system, there should be a return to:



- openness and transparency of procurement;
- free competition among suppliers, as well as equal and fair treatment of them;
- effective use of the contracting authority's resources, with an emphasis on the sustainability of procurement.

Procurement Reform Working Group – *representatives from policymakers, supervisory authorities, contracting authorities, and suppliers*

Policymakers and supervisory authorities



Finanšu ministrija



Iepirkumu uzraudzības birojs



Centrālā finanšu un līgumu aģentūra



Konkurences padome



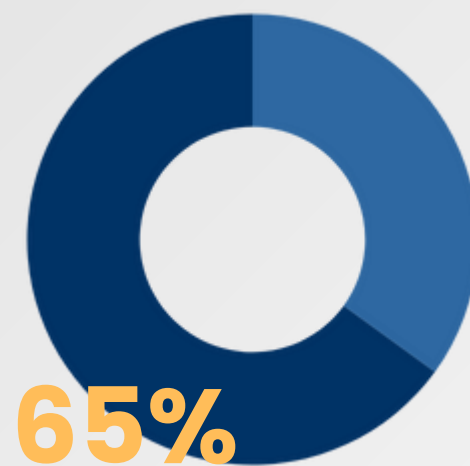
KNAB
GODS PAR VĀRU



Latvijas Republikas
Valsts kontrole

**Procurement
volume
represented
in the working
group**

Purchase amounts



Contracting authorities



RĪGAS DOME

Liepāja



RĪGAS TEHNISKĀ
UNIVERSITĀTE



LATVIJAS VALSTS MEŽI



**Bērnu klīniskā
universitātes
slimnīca**



Latvenergo



**LATVIJAS
VALSTS CEĻI**



ST



VALSTS NEKUSTAMIE
ĪPAŠUMI



**Latvijas Pašvaldību
savienība**



Iekšlietu ministrija



Aizsardzības ministrija



Valsts digitālās
attīstības aģentūra

Organizations representing suppliers



LTRK



LATVIJAS BRĪVO
ARODBIEDRĪBU
SAVIENĪBA

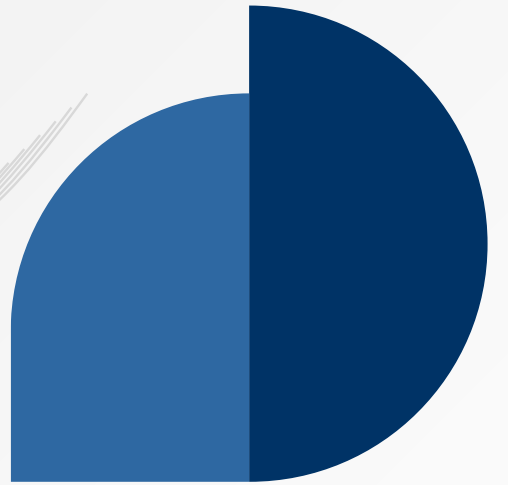


FOREIGN INVESTORS
COUNCIL IN LATVIA



LATVIJAS DARBA DEVĒJU KONFEDERĀCIJA

How to ensure «value for money» in public procurement: *working group analysis and courses of action*



Objectives:

1. Exchange and compilation of good practices in public procurement

Identify examples of good practice for the effective organization of the procurement process and obstacles to achieving higher levels of efficiency

➤ **Proposals for increasing the efficiency of the procurement process**

2. Public procurement results and financial efficiency

Assess the results and financial efficiency of procurement, or "*value for money*"

➤ **Examples of good practice for effective procurement organization**

3. Opportunities for improving the public procurement process

Assess opportunities for improving the public procurement process

➤ **Proposals for amendments to legal framework**

6 working group meetings:



- how to increase *value for money*;
- ensuring competition;
- planning of expenditure (procurement);
- centralization opportunities;
- technological solutions.



**Insufficient competition,
low flexibility, and
underdeveloped IT
solutions –
*the main challenges
hindering the efficiency of
the procurement system***

- **Lack of competition** – high barriers to entry for participation in public procurement.
- **Complexity of regulations** – no flexibility + insufficient competence of procurement officers.
- Separately managed and incompatible IT systems – **administrative burden.**

Changes to the procurement system are needed to:

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- ensure a more flexible, faster procurement process;
 - increase the efficiency of procurement (purchase the most economically advantageous goods, services or construction works and achieve a more efficient use of budget expenditure);
 - promote competition among suppliers in procurement;
 - maintain/ensure transparency;
 - strengthen the competence of contracting authorities.

The challenge of centralization and efficiency -

large number of contracting authorities, but only a few form the core of the procurement system

Number of contracting authorities and total contract value

(2024 data)



*Derived legal entities, associations, foundations



~ **609** contracting authorities



of the total contract value is provided by

80 contracting authorities



half of the contracting authorities per year

<20 contracts

€ 1 million total contract value

Most financially significant procurements – above threshold*, greatest administrative burden – below threshold** procedures



Largest procurement volume in 2024 – EU procedures were applied
Largest number of procurements announced – low threshold or within the framework of national regulations



Total contract value according to contract price threshold



***Above-threshold procurement (EU level)** – from €143,000 (goods, services), from €5,538,000 (construction works)

****Below-threshold procurements (national level)** – from €10,000 (goods, services), from €20,000 (construction works) up to the EU level



Every fourth procurement – with one tenderer, every fifth – suspended/terminated

(2024 data)

Indicators that require action

- **25.2% of procurements – only one tenderer**
- **4321 – number of unique winners of procurement contracts**

Number of active companies as of 25.07.2025 – **182,213**⁹

- **19.8% of procurements – suspended/terminated**

* Suspended/terminated procurements as a percentage of the total number of procurements with results announced



The reform benefits **all** stakeholders:

Discretion and flexibility for contracting authorities, new opportunities for entrepreneurs, transparency for the public

Less bureaucracy

- **2** mandatory exclusion grounds (previously 12)

Acceleration of the process

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- Approximately **25%** faster procurement process

Potential savings in public procurement expenditure

- ~**7%** in OECD practice, national savings of **2%** to **4%**





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THANK YOU

FOR YOUR ATTENTION

17.09.2025.



Application of procurement procedures in accordance with common EU rules

System changes:



Less bureaucracy – only EU regulations will apply

Goods, services: **from €10,000**
Construction works: **from €20,000**

Data from procurement notices

PIL: €10,000 (goods, services),
€20,000 (construction works)
SPSIL: €443,000 (goods, services),
€5,538,000 (construction works)



Goods, services: **from €143,000**
Construction works: **from €5,538,000**

Acquisition of data on procurements from €0:

- procurement plans
- information on concluded contracts
- information on actual performance

The IUB determines and monitors overall system indicators/data

- + ensuring data availability**
- + reference prices**

Flexible rules

System changes:



Revised exclusion grounds

Mandatory grounds for exclusion, including exclusion for unfulfilled tax obligations **≥ €150**.

Subcontractor verification if the value of the construction work or services to be provided **is ≥ €10,000**.



Greater flexibility in the application of exclusion grounds (some of the grounds for exclusion may be applied at the discretion of the contracting authority).

Possibility to settle outstanding tax liabilities.

Possibility to check all subcontractors (no longer mandatory).

Application of the "A rating" system



Implementation of sustainability principles (including green public procurement, socially responsible procurement, innovative procurement)

Cabinet of Ministers regulations on compliance with green public procurement requirements for goods, services and construction works.



Implementation of sustainable procurement is defined at the regulatory level.

The Cabinet of Ministers may designate centers of excellence to implement sustainability principles and develop standardization and centralization of procurement in certain areas.

More efficient procurement system

System changes:



Changes to the institutional architecture of procurement system

PMB – Publication management system
SDDA – Electronic procurement system



PMB maintains and develops both systems (in the long term – one system)



Centralization of procurement

Groups of goods and services to be procured centrally, as determined by the Cabinet of Ministers¹⁴





Local governments centrally manage their procurement system, including preparing procurement plans and providing information on procurements.

The Cabinet of Ministers determines the groups of goods and services to be procured centrally (additional considerations – insurance, transport, mobile communications)
+ assess the possibility of setting a fee for procurement services provided by a capital company.

Monitoring will be strengthened by using key performance indicators (KPIs)

After the amendments to the law come into force, the PMB will create/maintain:

- more comprehensive data analytics;
- annual reports to the Cabinet of Ministers on activities in the field of public procurement;
- a database with reference prices.



The practices of contracting authorities will be monitored, taking into account efficiency indicators of contracting authorities (using EU indicators):

- level of competition in procurement;
- speed of decision-making;
- procurement efficiency.

