

Public Procurement in the Czech Republic in 2017

This article deals with public procurement in the Czech Republic in 2017. As described in detail below, 2017 brought an increase in awarded public procurements by 43.9% in comparison to the same period of the previous year. On the other hand, the number of announced public procurements dropped by 46.4% in comparison to the same period in 2016. However, when looking at 2015 we cannot take this decrease in announced public procurements in 2017 as a trend.

Awarded public procurement contracts

5042 public procurement contracts with a total value of 4379.9 million Euro were awarded in the first eleven months of 2017. Thereof, 4 193 were new contracts with a total volume of 4264 million Euro. In addition to the new ones, 849 announcements of changes (of already awarded public procurement contracts) with a total volume of 115.9 million Euro were published. In 2017 the total value of awarded public procurements increased by 43.9% in comparison to the same period of the previous year. The December 2017 numbers were missing when this article was published but it can be seen that the first eleven months have already overcome the whole year 2016. However, we have to wait for the December figures to see, if 2017 outperformed also the years 2015 and 2014. At the moment it does not seem to be the case. It is worth mentioning that the years 2015 and 2014 were positively affected by the drawing from the EU-funds before the end of the program period (e.g. the project financing of the Czech railways constructions took place in 2008–2015 and in 2015 SŽDC – the company responsible for Czech railways, drew investment funds with a volume of approximately 703 million Euro. This corresponds with the sum of all SŽDC's investments in the previous four years).

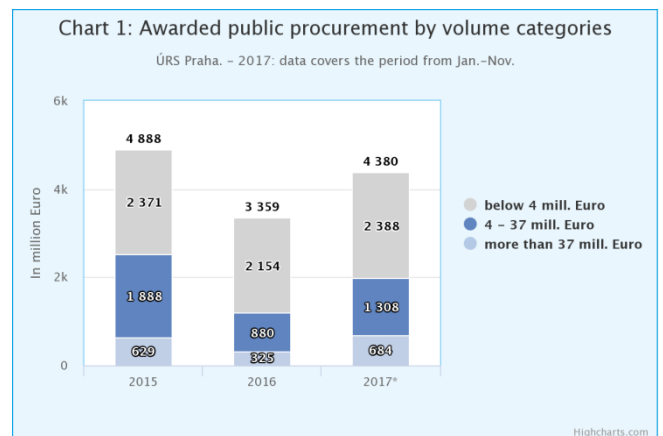
In 2017, the accelerating effect on awarding could be connected with the parliamentary elections that took place in autumn 2017 along with a better draw of the EU funds in the new wave 2014–2020. The cumulated volume of awarded public procurement contracts, which were co-financed or planned to be co-financed by EU funds, reached in November 2017 a volume of 1680.1 million Euro or 38.5% of the total volume of awarded public procurements.

It is also worth mentioning that the average value of a procurement contract amounted to 0.87 million Euro within the period Jan–Nov 2017. This was 124% of the average procurement

contract volume compared to same period in 2016 and even 128.7% of the average of the whole year 2016.

A detailed view on the total procurement volumes of awarded contracts split into three groups are shown in a three year comparison in chart 1.

Chart 1: Awarded public procurement by volume categories in the period 2015–2017



Source: ÚRS Praha. – 2017 covers data for months January to November.

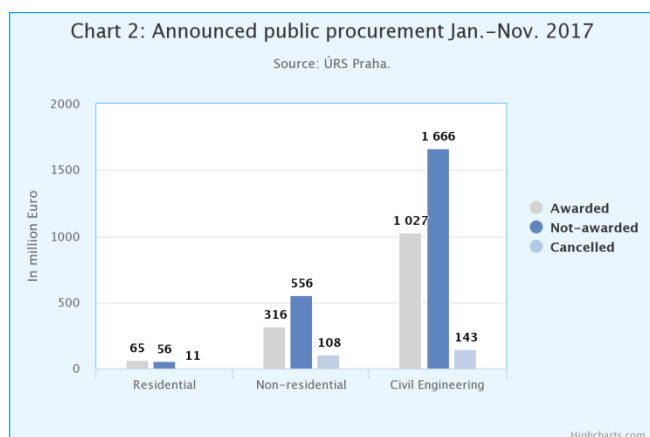
When looking at the breakdown by type of construction, the biggest part covers civil engineering, followed by non-residential and residential construction being the smallest one. In absolute terms, civil engineering contracts reached a number of 3322 with a volume of 3099.8 million Euro (70.8% of the total awarded volume) in November 2017. In the non-residential area 1436 contracts and 1112.9 million Euro (25.4%) were awarded. In residential construction 248 contracts with a value of 167 million Euro (3.4%) were recorded. The shares between these three categories stay more or less stable over the years.

Public procurement contracting authorities are located on different levels in Czech Republic. 1320 authorities exist in total of which 10.5% were governmental, 74% on municipality level and 15.5% were others. Government authorities awarded 1398 contracts with a value of 1915.9 million Euro, municipalities 3262 with a volume of 2131 million Euro and 382 others had a value of 355 million Euro. The volumes of each contracting authority group increased in the analyzed period in 2017 in comparison to the same period of the previous year. The biggest governmental contracting authority was the office of maintenance of roads and motorways (Ředitelství silnic a dálnic). On municipality level it was the town Brno - the centre of Moravia region, and from the others ČEZ Distribuce – energetic distribution company.

The cumulated number of company tenderers amounted to 1297 until November 2017. Individual tenderers had a share of 61.6% of the total public procurement value. Associations obtained 38.4% of the volume.

Announced public procurements

1539 public procurement contracts have been opened since the beginning of 2017, of which 94% were public prices that summed up to 3947.8 million Euro. Most of the public procurement was opened for projects in civil engineering (2836 million Euro), followed by non-residential construction projects (980 million Euro) and residential construction (132 million Euro). The comparison of opened, cancelled and so far not awarded procurements can be seen in the Chart 2 – Announced public procurement by type of construction and status. This chart does not include the contracts that did not have public prices.



Competition prices were in total 18% lower than assumed prices of opened public procurement.

When looking at the same period of the previous year we can see a decrease in numbers (- 44.6%) as well as in volume (- 46.4%) of opened public procurement. It can be anticipated that the December will not reverse the results for the whole year 2017. It has to be mentioned that on 1st October 2016 a new law on public procurement announcements entered into force and there had been an effort to open as much as possible public procurement contracts before this new legislation.

Conclusions

To sum up, 2017 was a very successful year regarding the awarded public procurement contracts. Nevertheless, the numbers of announced public procurement dropped in comparison to the previous year.

Note: The data in this report represent cumulated amounts and volumes from January till November 2017 and the comparative base are the sums from January till November 2016, if not mentioned differently. For currency conversion the same exchange rate (27.033 CZK/EUR) was used as in the 84th EUROCONSTRUCT report released at the Munich conference in November 2017.

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