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Public Procurement in Finland

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FLANDERS INVESTMENT & TRADE

General overview

Tendering process executed by public authority is subject to the strict requirements of the public procurement legislation derived from EU directives. Calls for bids are published in either the Finnish government's procurement database [HILMA](#) or in the EU's [TED](#) database in case the contracts exceed a certain sector-based threshold. Examples of these thresholds are explained later in this brief review.

Also, foreign businesses are allowed to take part in the calls for bids on HILMA but the calls for bids are mostly published only in Finnish or Swedish, the two official languages of Finland. However there are companies that monitor the calls for bids, for example [Credita](#), [HankintaSampo](#) and [Merzell Finland](#).

In Finland about 18% of GDP (34 billion euro) is spent by the government, municipalities and congregations on the procurement of goods, services and public works, according to statistics of the European Commission. The regulation of public procurement aims at a more efficient use of public funds in order to ensure value for money on public procurement, financed out of general taxation. A further aim of the regulation on public procurement is to enhance the competitiveness of national and European enterprises. (Direct quote from Hankinnat.fi)

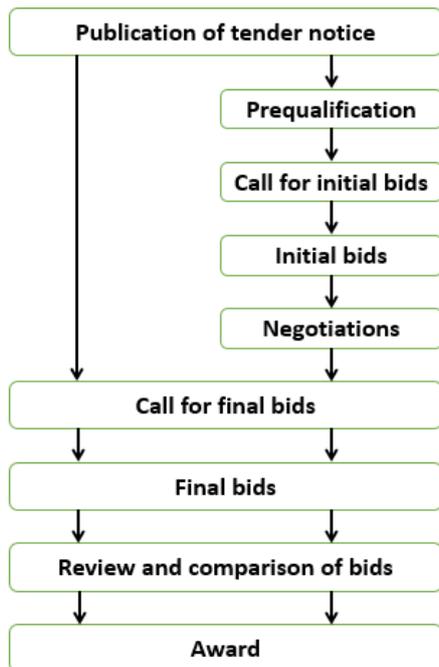
Currently, there are several big construction and infrastructure projects (worth millions of euro) ongoing or planned in Finland. Calls for bids will be published in English at the TED database. Many of these projects are introduced at e.g. our market study on the infrastructure sector or you can read about them on the *News* section on our [website](#).

A qualifying bidder has:

Technical capacity:	Financial standing:	Awareness of "local data":
<ul style="list-style-type: none">• evidence of qualified staff• evidence of pertinent reference projects• requirements for evidence are usually specified in the call for tender	<ul style="list-style-type: none">• sufficient company size for managing the project risk• if necessary, with consortial partners• provision of collateral	<ul style="list-style-type: none">• local employment law• tax obligations• pertinent codes and standards• readiness to use the Finnish language

Source: Bergmann – Tendering in Finland 2015

The regular procurement negotiation process is visible in the following chart. In the case of the public sector, the economically most advantageous bid is awarded with the contract. This is not a simple comparison of the prices. This means the cheapest price does not automatically win, also other factors are considered. It takes into account a variety of different economic factors - more detailed evaluation criteria are listed in the call for bids.



Source: Bergmann – Infrastructure Finland Opportunities 2016/17

Small Procurements

Procurement legislation does not apply to so called small procurements falling under the national thresholds.

Therefore, following contracts can be awarded without formal bidding:

- Supply and service contracts with a value smaller than 60,000 EUR
- Concessions/services with a value smaller than 500,000 EUR
- Health care and social services contracts with a value smaller than 400,000 EUR
- Public works contracts with a value smaller than 150,000 EUR
- Concessions with a value smaller than 500,000 EUR
- Contracts awarded as a result of design contest with a value smaller than 60,000 EUR
- Other special service contracts with a value smaller than 300,000 EUR

However, the contracting authorities must act in a way that is: fair, non-discriminatory, transparent, and enhances good administrative practice.

Public procurement law reform

The new [procurement legislation](#), Acts 1397/2016 on Public Procurement and Service Concessions and 1398/2016 on Public Procurement and Service Concessions in the sector of Water and Energy, Transport and Postal Services entered into force on 01/01/2017. These acts form the core of the public procurement legislation reform, which simplifies bureaucracy of procurements and allows the authorities to take more often quality into account in purchasing. It also emphasizes e.g. innovativeness, responsibility and sustainability of contracts. The reform enhances the chances of small and medium-sized enterprises in competitive bidding.

The reform is based on three following EU procurement directives:

- Directive 2014/24/EU on public procurement
- Directive 2014/25/EU on procurement by entities operating in the water, energy, transport and postal services sectors
- Directive 2014/23/EU on the award of concession contracts

According to the new public procurement law (Finnish Act on Public Contracts and Concession 1397/2016), the service or goods procurement must be acquired through competitive bidding if the tax-free value of the procurement is over € 60,000. The national threshold for construction procurement is € 15, 000. [Other thresholds](#) have also increased as a result of the new legislation. The national procurements are also required to be executed more transparently and equally than before. The [Finnish Competition and Consumer Authority](#) is responsible for supervising public procurements.

The current EU thresholds for public procurements for the construction contracts is € 5,225,000. This means that if the EU threshold is exceeded in the expected value of the contract, stricter EU rules are applied.

More information can be found at

Procurement information website: www.hankinnat.fi/en/frontpage

HILMA Database: www.hankintailmoitukset.fi/fi/

TED Database: <http://ted.europa.eu/TED/main/HomePage.do>

Ministry of economic affairs and employment: <http://tem.fi/en/public-procurement>

Sources

Bergmann Attorneys at Law - Finland Infrastructure Opportunities 2016/17

Bergmann Attorneys at Law - Tendering in Finland 2015 (shorter online version available [here](#))

Hankinnat.fi - www.hankinnat.fi/en/frontpage

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