

College read-out: Commission initiative to carry out public procurement more efficiently and in a sustainable manner

Vice-President for Jobs, Growth, Investment and Competitiveness Jyrki Katainen

Today we have adopted an important initiative on public procurement.

Public procurement may sound bureaucratic, but it is an issue of utmost importance.

Because every year, your public administrations spend €2 trillion yearly in buying public services and goods. €2 trillion! That is the equivalent of 14% of GDP of the EU28!

We are talking about an issue which either has or hasn't a big impact on growth perspectives.

These €2 trillion is your taxpayer money. And it's the public services you enjoy on a daily basis: the bus you take to work, your child's school, your electricity supply, your local swimming pool, the cleaning or catering at university...

It is very important to make public procurement function properly, efficiently and innovatively.

For instance innovation could be included much better in public procurement than we do at the moment. And the circular economy should be taken into account when doing a public tender.

One example of an innovative way to promote circular economy can be found in The Netherlands. The military had a tender on clothing. One of the preconditions was that clothes should be made of recycled material.

I would like to highlight two important dimensions of today's initiative:

1) Investment

When we talk about €2 trillion per year spent on public procurement, everybody can understand that this has a big impact of on the quality of public investment. Everything depends on how the money is used and how public procurement is run. Public investment can make a change; can make a difference, if the tender and public procurement is run well and innovatively.

2) International dimension

When we negotiate a trade agreement, we always want to talk about access to public procurement – and reciprocity is a key element for our trade and investment negotiations. In some areas, for instance in the trade agreement with Canada (CETA), we got a very good and far reaching result on this.

Commissioner for Internal Market, Industry, Entrepreneurship and SMEs
Elżbieta Bieńkowska

We already have solid legislation in the EU on public procurement.

These rules were further simplified in 2014. But what we have found and we have been working on this with Jyrki [Katainen] the last several months also using our previous experience, especially my previous experience: We found out that public authorities are not making enough use of the new opportunities that were established in 2014.

So to use public procurement in a more strategic way, especially in these times of technological change to use them to reach environmental, societal, technological objectives when buying goods and services.

Sometimes we notice the rules might be new, not known, challenging or difficult. So there is a quite big fear against potential irregularities and we come back to the known old comfort zones and established practices.

Public procurement constitutes of 14% of GDP. We cannot afford not to have a coordinated renewed focus and political ownership in this area.

This is why we have been working on this package. This package is of course not a legislative package, but I am quite sure as it was warmly welcomed and appreciated by all of the Member States, that this package will help the public authorities to use public procurement – this huge amount of money – strategically as a tool to obtain better value for taxpayers money and to contribute to a more innovative, resource-efficient, inclusive and competitive economy.

The initiative has four main strands:

1. We have defined priority areas for Member States to improve: We encourage Member States to develop a strategic approach to procurement policies, focusing on six priorities:

- o Make greater use of innovative, green and social criteria in awarding public contracts;
- o Make sure that public buyers have all the necessary professional skills;
- o Improve access for SMEs to procurement markets in the EU, to stimulate cross-border procurement, and for EU companies in third countries;
- o Increase the transparency, integrity and quality of procurement data;
- o Fully use digital technologies;

o Increase cooperation among public buyers across the EU.

2. Voluntary ex-ante assessment of large infrastructure projects:

o Large infrastructure projects are important and complex, they are often affected by delays and budget overruns. We are setting up a voluntary mechanism to help national authorities with a proper application of public procurement laws

o We will advise on smaller questions on an early stage of the process and create a so-called help-desk. This will save time, avoid potentially costly mistakes, and ultimately help stimulate investments in infrastructure projects

o The mechanism is voluntary, the Commission's advice is non-binding, and information will be subject to strict confidentiality requirements

3. Recommendation on professionalisation of public buyers, the skills

4. Consultation on stimulating innovation through public procurement: Today we are also launching a consultation to collect feedback on how to stimulate innovation through the procurement of goods and services.

It is important to underline that each element of the package is accompanied by immediate support from the Commission.

How will the package benefit citizens?

Public procurements are all around: public transport, roads, conference centres, city squares, schools, hospitals ...

Our goal is it that before launching a call for infrastructure works – before taking out of the drawer old dusted former called tenders, before relying on the “lowest price”-selection-criteria (which is in the majority of the Member States the number one criteria) – before all of this: the authorities should ask themselves a number of questions, for example:

- Can I reserve a part of the execution of the contract to disadvantaged workers?
- Can I build a special access facility for disabled people?
- Can I condition the performance of the contract on the use of environmentally friendly materials?

We try to answer these questions together with Member States and stakeholders. Hopefully there will be a real culture shift. No more exclusive lowest-price-criterion, but a much bigger emphasis on the overall society benefit objective.