NETWORK FOR SUSTAINABLE DEVELOPMENT IN PUBLIC PROCUREMENT DRAFT POSITION AND ASKS



















Background information

The **Network for Sustainable Development in Public Procurement (NSDPP)** is a group of social and environmental NGOs and trade union organizations (individual, confederal and EU federal) united by their joint aim to achieve progress in sustainable development through enabling EU public procurement legislation and policies. Its composition and work makes us a relevant stakeholder at the EU level for the <u>Commission evaluation feedback</u> of Directive 2014/24/EU on public procurement and all other Directives linked to the process of revision

In July 2024 President von der Leyen announced a revision of the Directives on public procurement in her <u>political guidelines</u> for the Commission 2024-2029. The <u>evaluation</u> of the PP Directives has officially started, with expected adoption of the revision in Q3 2025.

II. Common asks

1. Make the Most Economically Advantageous Tender (MEAT) the default standard instead of the "lowest price option" and exclude abnormally low tenders from the bidding process

Prioritize value over cost by making the MEAT the default standard. To truly promote quality, social, and environmental goals, this criterion shall not be only primarily assessed on price. Apply mandatory strict criteria to identify and exclude abnormally low tenders, including those based on social considerations.

2. Social criteria should be legally sound and readily included in public contracts

The horizontal social clause in Art. 18(2) Directive 2014/24/EU is considered mandatory, but issues in its implementation stem from unclear interpretations in some national transpositions. Social criteria should remain mandatory and not be seen as discriminatory against economic operators, provided

accommodations are made to ensure SMEs' participation. Added emphasis on the importance of linking social clauses directly to the subject matter of the contract shall provide robust legal justification for their application. Similarly, investment in the professionalization of procurers would help to minimize administrative complexity and support more socially, sustainable and environmentally responsible tender design.

3. Enhance social economy access to public procurement

Enhance social economy actors' access to public procurement, for instance, by making provisions for market reservations and smaller lots mandatory. Support actors like cooperatives and social enterprises prioritising social, environmental, and cultural impact over profit by further leveraging the Social Economy Action Plan (SEAP) and the 2023 Council Recommendation's public procurement dispositions is crucial for promoting these models.

4. Mandatory social criteria should include collective bargaining and align with ILO standards

Social objectives should be promoted through the inclusion of tender requirements, e.g., criteria and contract performance clauses (per Article 70). Strengthen tender requirements to address noncompliance with labour laws, ILO Core Labour Standards, collective agreements and ILO Convention No. 94. In this line, reinforce provisions on limiting the subcontracting of labour by contractors awarded public contracts. Works and services should, as a default, be performed by the awarded contractor, who is responsible for conducting human rights and environmental due diligence in the value chain, according to their leverage and ensuring compliance of its subcontractors with labour laws and collective agreements. Full joint and several liability, including dissuasive and effective sanctions, shall apply across the entire chain of activities to protect workers' rights and provide those who experience harm with access to effective remedy. Finally, the Directive must not be seen as a promoter of market only solutions. It needs to avoid any compulsory competitive tendering and keep the principle that public authorities are the best placed to decide if a service has to be put into the market or not. Services inhouse or insourcing should not be endangered by any revision.

5. Enhanced enforcement of reserved contracts (Article 20)

Improve the implementation of reserved markets to benefit the work integration of disadvantaged groups, including persons with disabilities. Offer technical assistance to contracting authorities, expand social economy knowledge, and introduce social value criteria in public procurement evaluations.

6. Policy coherence

Integrate an explicit link with existing soft (EU green public procurement criteria, 2023 Council Recommendation on the Social Economy, European Pillar of Social Rights) and hard provisions (Deforestation Regulation, Circular Economy Act, EU Climate goals on CO2 the Corporate Sustainable Due Diligence Directive, Minimum Wage Directive, Posting of Workers Directive). This leverages voluntary

instruments to improve the environmental and social sustainability of public procurement while aligning with international laws (e.g., UN Convention on the Rights of Persons with Disabilities). Human rights and environmental due diligence requirements should be aligned with established international guidelines¹. Public procurement should also support the fight against tax avoidance and evasion, with greater transparency and enforcement of just taxation standards.

7. Mandatory assessment of the impact of the thresholds

Introduce a legal obligation to evaluate the effects of the existing thresholds (e.g., 5,186,000 € for public works contracts or 750,000 € for public service contracts for social and other specific services listed in Annex XIV) on internal trade, in line with recital 134. Assess the relevance and success rates of cross border procurement procedures, including in the social service sectors.

8. Certifications and enforcement of contracts

To ensure credible monitoring of social and environmental requirements, public tenders should require suppliers to demonstrate their compliance with clear and robust minimum standards for compliance, including social audits, labels and certifications inspectorate capacity (tax inspectors, labour inspectors, environmental inspectors, etc..). Additionally, public authorities should be required to disqualify bidders, contractors, and subcontractors involved in social dumping or abusive practices. Focus on clear methodologies and enforceable targets to ensure compliance with social and environmental obligations, promoting transparency and accountability. Methodologies used to monitor and verify compliance with social obligations and the effectiveness of due diligence should meaningfully engage stakeholders, including rights holders and their representatives (e.g., trade unions). In this line, public tenders should adopt environmental and social labelling, enabling contracting authorities to require third-party certified labels instead of just technical compliance evidence; which is in line with the Empowering Consumers and Green Claims Directives. Finally, encourage suppliers to adopt sustainable policies including by putting in place human rights and environmental due diligence.

9. Strengthen Member States' and local authorities' monitoring schemes

To strengthen monitoring and accountability, it is essential to mandate the collection of Sustainable Public Procurement (SPP) data at the national level. This can be achieved by mandating self-reporting and the collection of Sustainable Public Procurement (SPP) data for contracting authorities through eForms and the European Single Procurement Document (ESPD), while ensuring they are fit-for-purpose and account of social economy actors and other SMEs' limited capacity.

¹ UN Guiding Principles on Business and Human Rights; OECD Guidelines for Multinational Enterprises; ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

List of organisations signing this joint statement:

- 1. EASPD (European Association of Service Providers for Persons with Disabilities)
- 2. Electronics Watch
- 3. ENSIE (European Network of Social Integration Enterprises)
- 4. EPSU (European Public Service Union)
- 5. FTAO (Fair Trade Advocacy Office)
- 6. RREUSE
- 7. Social Platform
- 8. Social Services Europe
- 9. Swedwatch

For further information, you can contact Pablo Sanchez Centellas (psanchez@epsu.org) or Paola Plaku (plaku@fairtrade-advocacy.org).