



## Getting the most out of public money in support of Europe's recovery

### Joint statement on the European Council Conclusions on public procurement of 25 November 2020

As representatives of social, environmental, business and trade union organisations, we welcome last week's Conclusions<sup>1</sup> from the European Council on how efficient public procurement rules and practices, combined with increased public spending, can accelerate the economic recovery from the COVID-19 crisis and lead to a sustainable and more resilient EU economy.

To maximise the 'transformational power of public procurement' every public contract financed by EU and national recovery and resilience funds should indeed contribute to sustainability. This represents the most 'efficient' use of public money. The 2014 public procurement Directives were a step forward in anchoring social and environmental sustainability standards in public procurement, but implementation of the positive elements of the Directives has been slow, or piecemeal. Nonetheless, we have seen many positive initiatives being taken by public authorities, social partners and others that shows that ambition is possible.

The Council Conclusions are a timely reminder that public authorities need to take an ambitious and coherent approach to social and environmental sustainability in public procurement. Now is the time to develop binding sustainability targets and commitments on public procurement!

Today, in the midst of the COVID-19 crisis it is urgent that every public contract financed by EU<sup>2</sup> and national stimulus programmes is used as leverage to prevent abusive practices and to speed up a 'people's and planet recovery.' Public spending must give a coordinated boost to advancing common priorities, including the European Green Deal, the European Action Plan for the Social Economy, the European Pillar of Social Rights (EPSR), the upcoming European Disability Strategy, the Climate Paris Agreement and EU objective to be climate neutral by 2050, and the Sustainable Development Goals (SDGs).

We urge the EU, national and local governments to implement the Council Conclusions on public procurement of 25 November in an ambitious manner and to champion "buy

<sup>1</sup> For Council conclusion see [https://www.consilium.europa.eu/en/press/press-releases/2020/11/25/streamlining-public-procurement-within-the-eu-for-more-efficient-public-spending/?utm\\_source=dsms-auto&utm\\_medium=email&utm\\_campaign=Streamlining+public+procurement+within+the+EU+for+more+efficient+public+spending#](https://www.consilium.europa.eu/en/press/press-releases/2020/11/25/streamlining-public-procurement-within-the-eu-for-more-efficient-public-spending/?utm_source=dsms-auto&utm_medium=email&utm_campaign=Streamlining+public+procurement+within+the+EU+for+more+efficient+public+spending#)

<sup>2</sup> Including [Regulation establishing the Recovery and Resilience Facility](#), as well as on the Regulations establishing [InvestEU](#) and the [Technical Support Instrument](#).

sustainable” Action Plans setting out specific conditions that all bidders will have to meet if they are to be awarded a public contract and giving preference to contracts that are more sustainable. All relevant social and environmental organisations should be properly involved in defining contract requirements and in selecting suppliers, service-providers and contractors.

The Action Plans should contain:

- Provisions on transparency, oversight, and anti-corruption. These are vital to prevent public support for nepotism, criminal organisations, tax dodgers, letter-box companies, or companies not complying with environmental, human rights and social and labour standards throughout the whole sub-contracting and supply-chain.
- Restrictions on the use of confidentiality requirements. Speedy procurement procedures need more public scrutiny, not less, and details of all public contracts must be public.
- Provisions to ensure that services provided directly by public authorities are not put out to tender for the sole reason of reducing labour costs and avoiding social obligations.
- Rules to ensure that bids for contracts can only be considered from companies that:
  - respect social and labour law and collective agreements
  - comply with environmental standards
  - are honest in their tax and social security dealings and do not have subsidiaries in countries that are on the EU tax haven blacklist (or elsewhere if it is for the sole purpose to reduce the parent company’s tax bill),
  - have effective measures in place to prevent, mitigate and/or correct fraudulent practices throughout the whole sub-contracting and supply chain
  - do not display predatory market behaviour i.e., compete on an unfair and unethical basis to gain market dominance
- Provisions to only give preference to bids from companies that speed up social and ecological transition, i.e. companies that:
  - provide more second-hand or sustainably produced and fairly-traded food, goods and services,
  - set themselves environmental goals (e.g. become carbon neutral or becoming more circular)
  - publicly declare profit and tax payments,
  - (re)invest a bigger percentage of their profits,
  - are a member of an employers’ organisation
  - offer life-long learning opportunities to their workers,
  - offer quality apprenticeship schemes to young workers
  - have stable employment, favouring open-ended employment contracts
  - favour the inclusion of persons with disabilities and people at risk of social exclusion
  - take responsibility for any social and/or environmental infractions in the sub-contracting and supply chain
- Limits and clear requirements regarding sub-contracting and supply-chains, i.e., not only full transparency of subcontractors but possible restrictions in levels of sub-contracting, as well as clear due diligence and joint liability requirements.
- Clear provisions to monitor compliance with the social and environmental sustainability, as well as the results achieved. In some sectors it is particularly important to engage with supply-chains and seek incremental and continuous improvements from suppliers.
- Measures to strengthen capacity and resources for sustainable public procurement.

Public procurement does not take place in a vacuum. Decisions before public procurement takes place (why, what objective, what alternatives) and afterwards (what impact, what results) are equally important. The Action Plans should be integrated into an overall, joined-up policy to advance social and environmental sustainability. This demands first and foremost good governance, respect for fundamental rights and democratic and participative decision-making.

The Action Plan(s) should be monitored and evaluated and regularly published. The EU should establish a specific mechanism to do this, linked to the use of EU funds.

***Supporting organisations:***

- EASPD – European Association of Service Providers for Persons with Disabilities - <https://www.easpd.eu/>
- EFBWW – European Federation of Building and Woodworkers - <https://www.efbww.eu/>
- EPSU – European Federation of Public Service Unions - <https://www.epsu.org/>
- FTAO – Fair Trade Advocacy Office - <https://fairtrade-advocacy.org/>
- GMB – General, Municipal, and Boilermakers' Union - <https://www.gmb.org.uk/>
- HCWH – Health Care Without Harm - <https://noharm-europe.org/>
- RIPESS Europe – Intercontinental network for the promotion of social solidarity economy - <https://www.ripess.eu/>
- RREUSE – Reuse and Recycling European Union Social Enterprises - <https://www.rreuse.org/>
- SEE – Social Economy Europe - <https://www.socialeconomy.eu.org/>
- UNISON – the public service union - <https://www.unison.org.uk/>