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THE NETWORK OF MAJOR EUROPEAN CITIES



Brussels October 2004

Making the most of public money

"Public procurement" is the term used when governments and public authorities purchase goods and services and commission works or utilities. A large amount of money is spent this way every year on a whole range of things - from school dinners to new motorways, and everything in between.

Across the EU, public procurement counts for a massive 16% of GDP, or 1,500 billion euros, every year!

Environmental, social and fair trade NGOs, trade unions, social enterprises, city networks, and many other organisations want social and environmental considerations to be taken into account in public procurement processes. That is why we joined forces at European level and campaigned to make sure that new EU rules on public procurement gave more freedom to governments and public authorities to include social, ethical and environmental considerations in public procurement processes.

Now we are continuing our campaign at Member State level to ensure that governments and public authorities make the most of this freedom....

The cheapest is not always best

Using public money in support of sustainable development is an important way to achieve environmental, social and ethical goals. The lowest price does not always represent best value - not when it comes to sustainable development.

When authorities buy renewable energy, energy-efficient computers or organic or fair-trade food for canteens and hospitals; when they insist that companies working for them respect workers' rights, labour standards and collective agreements; when they stimulate employment opportunities for people with disabilities or for the long-term unemployed; when they make sure that access for all is a requirement in the design and provision of works and services - it does make a difference.

Now is our opportunity...

National governments are now adapting rules to conform to the new EU public procurement legislation agreed in 2004. The EU legislation gives scope to governments and public authorities to promote sustainable public procurement, but it does not always make this a requirement.

So, governments have a choice - will they make the most of the possibilities to contribute to sustainable development and create rules that encourage authorities to buy sustainable goods and services? Or will they side-step their commitment to sustainable development and create rules that put obstacles in the path of public authorities that want to do so? We can help make sure make that governments make the right choice!

Practising what they preach

EU governments have repeatedly signed up to sustainable development goals:

- The EU has its own Sustainable Development Strategy which governments agreed to in 2001. This aims to ensure that economic development goes hand in hand with environmental protection, employment, social inclusion and social progress. It emphasises that policies in different areas should be mutually supportive and not contradict each other.
- The Constitutional Treaty agreed by governments in June 2004 (yet to be ratified by Member States) includes sustainable development as one of Europe's key objectives. It says, *"The Union shall work for sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and with a high level of protection and improvement of the quality of the environment."*
- The EU Charter of Fundamental Rights, agreed by governments in 2000 and now included in the Constitutional Treaty, sets out fundamental social and employment rights, including on non-discrimination, the right to "fair and just" working conditions, the right to join a trade union, and the right to collective bargaining and collective action.
- The EU Multistakeholder report on corporate social responsibility (CSR) adopted by employers, business organisations, NGOs and trade unions in June 2004 recognised the contribution that CSR can make to sustainable development. It recommends that public authorities support the development of environmentally and socially responsible products and services and that they evaluate how to use public funds in

the most responsible and effective manner, taking into account environmental and social, as well as economic considerations.

Furthermore, most EU member states also have their own national, regional and/or local Sustainable Development strategies. Maximising the potential for public procurement to support sustainable development should be a natural next-step.

What can we do?

Now is the time to put pressure on our national Governments to make public procurement rules work for the environment and for our society. Please write to the Minister responsible for developing public procurement rules. You can make use of the attached model letter and the above arguments linking public procurement and EU and national sustainable development strategies and goals. And why not join forces with the national members of the European organisations who are working together on this issue? You can find out who they are by looking up the membership lists on these websites:

- European Public Services Union (EPSU) www.epsu.org
- GMB www.gmb.org.uk
- ETUC www.etuc.org
- European Environmental Bureau (EEB) www.eeb.org
- Social Platform www.socialplatform.org
- European Disability Forum www.edf-feph.org
- Eurocities www.eurocities.org
- European Fair Trade Association www.eftafairtrade.org
- CECOP www.cecop.org
- ICLEI www.iclei-europe.org/procurement

For more information

We have also produced a "*Practical guide on implementing and contracting under the new revised EU public procurement Directives*". This can be downloaded from the above websites.

You can also find more information about public procurement and / or sustainable development at the following websites:

- European Commission page on public procurement:
http://europa.eu.int/comm/internal_market/publicprocurement/index_en.htm
- Trade union and NGO campaign on "*Investing for Sustainable Development*"
<http://www.socialplatform.org/module/FileLib/ManifestoforSustainableInvestmentEN.pdf>
- ICLEI's Sustainable Procurement Campaign Procura+ www.iclei-europe.org/procurement
- EU Multistakeholder Forum report on CSR
http://europa.eu.int/comm/employment_social/soc-dial/csr/csr_index.htm

Model letter to governments to make public procurement rules environmentally, socially and ethically sustainable

We, (organisation(s)), call on you to take full advantage of the opportunities created by the EU public procurement Directives and to transpose them into national law in a way which promotes sustainable development.

We remind you that the lowest price is not always the best value. Award criteria that are not purely economic in nature can be just as important in deciding what represents value for money.

Provided that the criteria used are linked to the subject matter of the contract in question, they can be used to determine what is the most economically advantageous offer. This has to be made absolutely clear in national law.

It is important that public procurement rules allow public authorities to include social, environmental, and ethical criteria in public procurement processes and to demand compliance with social and environmental legislation and international agreements.

The rules should encourage public authorities to:

- include in the specifications and award criteria of public contracts social, environmental and ethical considerations meeting the needs of the public concerned by making sustainable development one of the objectives of the national law;
- accept fair trade labels and eco-labels as proof of compliance with criteria, particularly in those cases in which third-party certification is needed to make a credible claim on social or environmental performance, e.g. green electricity and sustainable forestry.
- ensure that tenderers fulfil their obligations relating to employment protection, working conditions and health and safety at work, in force through laws and collective agreements (and enshrined in the EU Charter of fundamental rights and ILO conventions);
- promote employment and training opportunities for long-term unemployed and disabled persons, including by reserving public contracts for sheltered workplaces employing people with disabilities;
- include mandatory accessibility criteria for disabled persons in the technical specifications of contract bids
- treat non-compliance with social, environmental and ethical obligations as grave misconduct and grounds for exclusion from a public contract.

Public procurement is a crucial tool with which governments and public authorities can support sustainable development.

This is your chance to make a difference - please don't throw it away!

Campaigning organisations

socialplatform

The **Social Platform** is an association of over 30 European non-governmental organisations, federations and networks that work in the social sector. The **Social Platform's** main objective is to build a Europe for all by advocating social inclusion and social justice, and fighting against all forms of discrimination.

Tel.: 32 2 511 37 14, Fax: 32 2 511 19 09, email: policy@socialplatform.org

www.socialplatform.org



The **European Disability Forum (EDF)** is the European umbrella organisation representing the interests of 50 million disabled citizens in Europe. The EDF's mission is to ensure disabled people full access to fundamental and human rights.

Tel. +32 2 2824600; Fax +32 2 2824609; email info@edf-feph.org

www.edf-feph.org



The **European Federation of Public Service Unions (EPSU)**, represents 180 public sector unions organising 8 million workers across Europe in national and European administrations, local and regional government, health and social services and public utilities (energy, waste, water). Tel: + 322 250 10 80; Fax: + 322 250 10 99; email epsu@epsu.org

www.epsu.org

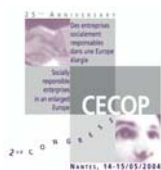


GMB is Britain's 4th largest trade union representing 650,000 members over 8 sectors: public services, commercial services, construction, engineering, food and Leisure, process, energy, textile and clothing. Tel: +322 230 56 75; Fax: +322 230.56.24

Email gmb-brussels@geo2.poptel.org.uk ; www.gmb.org

The **European Confederation of Workers' Co-operatives, Social Co-operatives and Participative Enterprises (CECOP)** is an international non profit association representing small and medium-sized worker-controlled enterprises across 42 member countries of the Council of Europe. tel : +32 2.543.10.33; fax +32.2.543.10.37 email cecop@cecop.coop

www.cecop.coop



The **ETUC** is a social partner speaking for workers and their organisations at EU level. It works for the development of a united Europe of peace and stability where workers can enjoy high living standards. The ETUC's membership numbers 77 national trade union confederations in 35 countries, and 11 European Industry Federations representing 60 million workers. Tel: 32-2-2240-411; Fax: 32-2-2240-454/55; email ETUC@ETUC.ORG

www.etuc.org



EUROCITIES is the network of European large cities, representing 120 cities from across Europe that are home to more than 100 million inhabitants. EUROCITIES works towards a common vision of a sustainable future in which all citizens can enjoy a good quality of life.

Tel: +32 2 552 08 88; Fax: +32 2 552 08 89; email info@eurocities.be

www.eurocities.org

ICLEI (Local Governments for Sustainability) is a world-wide association of 460 local governments and their associations dedicated to sustainable development. In 2004, the Procura+ Campaign was started seeking commitments from administrations all over Europe for implementing Sustainable Procurement.

Tel: 49-761-36892-0; fax +49-761-36892-49; email procurement@iclei-europe.org

www.iclei-europe.org/procurement



The **European Environmental Bureau (EEB)** is a federation of 143 non-governmental organisations in 31 countries. The EEB's mission is to promote environmental policies and sustainable policies on the European Union level

Tel : +32 2 289 1090 Fax : +32 2 289 10 99; email hontelez@eeb.org

www.eeb.org