

Finnwatch and Kepa ry:

Statement concerning the Government's document U 14/2012 to the Parliament

Public procurement plays an important role in shaping the markets. The annual value of public procurement in Finland exceeds 20 billion euros. Public procurement should help promote other policy fields such as advancing social sustainability and curbing international tax evasion.

The application of social criteria should be easy and flexible

The precursors of the revision of the public procurement Directive, the Commission's objectives of flexibility of procurement contracts and public procurement in support of other policy fields, such as social sustainability, are not brought out clearly enough in the proposal for a Directive presented by the Commission. The Commission narrows down the definition of accountability and does not offer significant reforms to make socially responsible procurement easier.

In an undesirable manner, the Commission subordinates environmental and social criteria to life-cycle costs. Finnwatch and Kepa share the Government's view expressed in the document U 14/2012 that ethical factors cannot be measured solely through economic indicators.

As part of the revision of the Directive, the Commission should clarify and extend the possibilities to set social criteria in tender documents. The Commission's previous outline about including social criteria only in the contract performance clauses reduces the possibilities of the purchaser to set social criteria and prevents a comparison of the tenders on ethical grounds.

In revising the Directive, the Commission should make clear that ecologically, socially and economically responsible procurement is always required of public procurers. Responsibility should not depend on voluntariness.

The Commission's initiative that the procurers should be able to explicitly require certain environmental or social labels is welcomed and makes the contracting authorities' practical work easier. The Commission should, however, make sure that the labels adapted are independent and that the civil society is sufficiently involved in setting their criteria.

Public procurement should curb international tax evasion

The fight against the shadow economy and the lack of financial transparency is one of the policy priorities of the European Union and Finland. Nevertheless, questions concerning international tax evasion are not mentioned in the Commission's revision of the Directive.

The present Finnish government programme requires of public purchasing that services purchased by public administration be carried out by companies that are managed in accordance with the legislation. Additionally, the government supports efforts to strengthen international norms and instructions on corporate responsibility and promotes better consideration of responsibility viewpoints in economic policy and public procurement. The government programme also prioritizes the fight against the shadow economy.

The Commission should include the prevention of economic wrongdoing and non-sustainable practices as an objective in the revision and make it possible to pay attention to the economic responsibility of the candidates in public procurement. It should be possible, for example, to add a precondition to the contract performance clauses, according to which the suppliers commit to not using tax havens in order to evade taxes. Practical experience of a similar arrangement has been

acquired in Sweden, where the suppliers of the municipality of Kalmar have to consent to letting the procurement units inspect their financial accounts and on request providing final accounts and reports on subsidiaries operating in secrecy jurisdictions.

The effects of this kind of economically responsible procurement should also be considered when assessing the economic effects of the Directive.