

REPORT ON THE EVALUATION OF THE BENEFITS BROUGHT BY THE APPLICATION OF THE RULES ON RESPONSIBLE PUBLIC PROCUREMENT

On 24 July 2017, the government of the Czech Republic approved, by its Resolution No. 531 (hereinafter "Government Resolution No. 531/2017"), the Rules on Responsible Public Procurement and Purchases Made by the Public Administration and Local Authorities that were included in Section III of Document No.781/17 (hereinafter "Public Procurement Rules"). It thereby recommended that any government members, heads of other central public administration bodies, regional presidents, the mayor of Prague, mayors of statutory towns, and mayors of villages use within their organization a methodology for environmentally and socially responsible public procurement, and public administration and local authority purchases, that was prepared based on subparagraphs III/1a and III/2a of the resolution. Government Resolution No. 531/2017 Article III., Letter 1 cb) also imposes an obligation to prepare and submit this Report on the Evaluation of the Benefits Brought by the Application of the Rules on Responsible Public Procurement (hereinafter "Report") to the CR government by 31/12/ 2018.

This report aims to present a summary on the development of responsible public procurement (hereinafter "RPP") in the Czech Republic, and information on the process of gradual implementation, and the fulfilment of tasks following from Government Resolution No. 531.

MANAGERIAL SUMMARY

RPP was long construed narrowly and was associated with the use of the so-called 'employment condition' that mandates that 10% of the persons participating in every public contract come from the ranks of the long-term unemployed, eco-label products, and the requirement that contractors must have an environment management system in place. In practice, elements of RPP initially occurred rather rarely and haphazardly since they were used only by a few public contracting authorities. However, over time, the amount of practical use of various RPP aspects has increased on the societal, social, and environmental level. New points of focus have emerged, e.g., fair supplier relationships, support for decent working conditions, and support for SMEs and social enterprises. Contracting authorities have thus begun to contemplate the context of individual contracts they award and consequences these might have on the local economy, employment and/or employment conditions for persons participating in the production of goods or implementation of a particular service project, on the community at the place of performance, and on the health of people and the living environment as such. The final key milestone in the development of RPP came in the form of Government Resolution No. 531/2017, which expanded the definition of responsible public procurement and interconnected the economic, social, and environmental aspects.

Another major turning point in the perception of RPP was ISO 20400 for Sustainable Procurement that places emphasis on general principles behind public procurement: fair and equal opportunities, an analysis of the contracting authority's needs, an analysis of expected expenditures, maximum transparency, fair contractor relationships, professional contract management, etc. Therefore, it serves as a guide for strategic procurement.

Progress has also been made in the gradual implementation of RPP within organizations that leads to a system-wide application of the RPP Rules and interconnects priorities and objectives of a contracting authority with funds it spends on public procurement. The ongoing implementation of the RPP Rules within the Ministry of Transport may serve as an example of such a comprehensive approach.

Many contracting authorities, however, still feel uneasy about adopting new approaches to public procurement. The most frequently mentioned barriers include ambiguity and difficult-to-predict surveillance mechanisms, particularly for contracts co-financed by the EU. Contracting authorities emphasise the procedural precision at the expense of the strategic importance of their public procurement.

THE DEFINITION AND DEVELOPMENT OF RPP IN THE CR

Definition of Responsible Public Procurement

As part of legal and effective public procurement, contracting authorities may not only purchase the goods, services, or construction work necessary, but may also take the social context of the particular contract with its broad economic and environmental aspects into account. This allows contracting authorities to fulfil objectives that they would otherwise have to address under other policies using additional funds.

Given the fact that the total annual public procurement expenditures amount to more than CZK 500 billion, RPP has a great potential to support values perceived as socially significant.

The law does not define Responsible Public Procurement but it is generally understood to mean a **process during which contracting authorities purchase products, services, and construction work they need while obtaining the maximum value/price ratio by creating benefits for the society and economy and by minimizing negative environmental impacts.**

Responsible public procurement is based on an effort to practically make use of the influence that contracting authorities, due to their market power, may have. Through clever purchasing, public contracting authorities may help resolve issues they are facing anyway without spending additional funds and get value for money. The definition grows out of responsibility held by public administration due to its basic nature and from its significant market power that the public administration is obligated to use effectively, efficiently, and economically to fulfil its needs (the so-called 3E principles). If public funds are spent strategically—not only emphasising the lowest bid price but also considering the total expenditures of the life cycle, and opportunities to support broader economic, social, and environmental aspects related to policies implemented by the public administration—there is a chance for the performance expenditures to be well thought through and sustainable. A responsible public administration should not close eyes to the impact made by the lowest bid price on workers that take part in implementing public contracts whether the work is carried out in the Czech Republic or in third countries where the subject of the performance is grown or manufactured. Taking the needs of disadvantaged persons in the labour market into account is another feature of a developed society. Public procurement certainly may and should be made use of to this end. In any event, contracting authorities are obligated to proceed transparently and support fair competition. In the framework of responsible public procurement, transparency is understood in the broad context of communication between the contracting authority and the supplier on obtaining value for money that should lead to the most economically, socially, and environmentally efficient spending of public funds. An important role is also played by fair contractor relationships: RPP principles may significantly influence the behaviour of companies that take part in public procurement. Furthermore, an integral part of the definition is the support for environmentally friendly solutions, i.e., minimizing the negative impact of public procurement on the environment. In terms of its content, the definition of RPP is therefore closely tied to principles of RPP that will be detailed in the section below.

Development of RPP in the Czech Republic

In 2016, the Ministry of Labour and Social Affairs (hereinafter "MoLSA") prepared a document entitled the Analysis of the Practical Use of Socially Responsible Public Procurement Principles in Public Procurement in the Czech Republic.

Data and information collected as part of the analysis confirm that in practice, the RPP elements had been used rather sporadically and by only a few public contracting authorities in the period of time "before the Government Resolution No. 531/2017". It holds that RPP was perceived by CR public

contracting authorities in the strict sense of the word. In the social area, they focused particularly on including a special condition in the tender documentation that mandated employment of a particular number of long-term unemployed persons.

However, when it came down to the application of the environmental requirements in public procurement, the situation was different. In 1993, five years after the establishment of the National Program for Labelling Environmentally Friendly Products and Services (hereinafter "EFP Programme"), the Ministry of the Environment decided to support an increase in the number of such products by purchasing them by preference. A ministerial order was issued that provided a formal framework for this approach. In 2000, the Government Resolution No. 720 was adopted that recommended that eco-labelled products be purchased by all ministries and public administration entities. The so-called green public procurement was thus closely related to the purchase of eco-labelled products for a long time. Environmental issues were greatly impacted by the CR's accession to the EU and therefore by the change of legislation that ensued. The new legislation allowed contracting authorities to consider the introduction of environment management systems and to take other impacts made by the commodities purchased into account but limited direct purchasing of the eco-labelled products. For this reason, the European Commission issued its EC Communication No. 400/2008 on public procurement that enhances the quality of the environment. Under this initiative, the EC published several methodologies that enabled support for eco-labelled product procurement by making it easier for contracting authorities to make use of the criteria necessary for an eco-label to be awarded by calling them "technical specifications". Building on the Communication, the Ministry of the Environment prepared an amendment to Government Resolution No. 720/2000 that was adopted by Government Resolution No. 465/2010. In addition to recommending purchases of eco-labelled products, the resolution established an obligation to follow approved methodologies for IT equipment and furniture purchases. The number of "green purchases", however, did not increase in these two areas despite the administratively highly demanding revision procedure.

Nevertheless, in both cases it holds true that so far, the public contracting authorities have not perceived RPP to be a strategic approach to public procurement that bridges real priorities and objectives of a specific contracting authority with the funds it invested, as is common in other developed countries of the EU. The public authorities possessed no experience with requesting value in other socially significant areas and emphasised the lack of methodological support and examples of good practice. Implementation of this approach continued to be held back by barriers that impacted the overall public procurement culture in the CR. Among other things, "green procurement" was negatively influenced by amendments to Act No. 137/2006 Coll., on Public Procurement dated 2010 and 2011 that limited opportunities to take environmental management systems or other environmental and qualitative requirements into account. Public contracting authorities also published most calls for bids with a single evaluation criterion—the lowest bid price—without any application of social aspects or environment-friendly solutions in their evaluation.

So far, the contracting authorities failed to see responsible public procurement to be a comprehensive approach to public resource and investment management. There was an interest on their part to make use of RPP principles but also a prevailing fear of taking a new approach to public procurement or making use of opportunities that were not mass-scaled. The contracting authorities also lack methodological support for applying RPP.

The experience gained resulted in a change in the government's approach, formally confirmed by Government Resolution No. 513 dated 24 July 2017 on the 531 Rules on Responsible Public Procurement and Purchases Made by the Public Administration and Local Authorities. This resolution replaced the Government Resolution No. 465 dated 2010, on the Rules on Applying Environmental Requirements in Public Procurement and Public Administration and Local Authority Purchases that represented the first step in an exemplary approach the public administration took towards purchasing goods and services. Compared to the 2010 rules, there was a dramatic progress resulting in a comprehensive and partner-like approach to the impact made by public administration purchases. In

addition to environmental aspects, the presented rules on responsible approach to public procurement now include social or generally broad societal aspects.

The number of public authorities that act by these RPP principles has been rising. Some contracting authorities in the CR have been gaining awareness of the fact that RPP is about more than just public procurement. They have come to understand it is a conceptual strategic tool used to fulfil general societal goals set by the public administration or priorities of any particular contracting organization.

We have observed progress in the perception of responsible public procurement from the strict sense of the word towards a strategic approach that bridges true priorities and objectives of a specific contracting authority and the funds spent on public procurement. Strategic public procurement provides a number of opportunities to fulfil such specific socio-economic and socially beneficial objectives through funding available to public authorities. When spending public funds, contracting authorities started to consider the context of and impacts made by particular contracts in terms of local economy, employment conditions and/or working conditions of persons who participate in the production or implementation of services, or the impact on the community at the place of performance, the health of people and the environmental impact. The number of contracting authorities that include the principles of the RPP in their internal regulations has been on the rise. By doing so, they lay foundations for a systematic approach to the implementation of RPP within their internal public procurement system. If they communicate the requirement of responsible public procurement to their employees, in particular to public procurement administrators and organizers, then they may assign responsibilities for the implementation of this area, for the performance of RPP objectives, and for thinking through which evaluation tools should be used. As a result, RPP principles may be used for all contracts and the organizations would have taken a truly strategic approach to responsible public procurement. A major step in terms of its impact on the market was the comprehensive implementation process of the RPP Rules at the Ministry of Transport.

In April 2017, guidelines ISO 20400 for sustainable procurement were issued, which represented another milestone in the perception of responsible or sustainable approach to public procurement.

The ISO 20400 guidelines were prepared by representatives and experts from more than forty countries and guide contracting authorities through the strategic approach to procurement. They contain descriptions of the entire top-down management process, i.e., starting from creating a strategy up to specific steps that allow organizations to implement sustainable procurement. In addition, they provide comprehensive recommendations as to how to take a different approach to public procurement. Organizations may thus integrate sustainable procurement into their existing management processes. ISO 20400 enters the purchasing process, encourages contracting authorities to think through impacts of their public procurement, but first and foremost leads them through the strategic approach to procurement.

In addition, it offers Czech contracting authorities an approach to public procurement that is based on experience and best practices gained in developed countries. In addition, it clearly sets a high standard for the public procurement process. In the Czech Republic, the ISO 20400 standards are fully in line with both statutory regulations and the Government Resolution No. 531/2017.

Responsible approach to public procurement must be considered in a much broader context, though. Experience from abroad shows that emphasising the general principles of public procurement is also very important. These are: fair opportunities for all, stress on analysing contracting authorities' needs and expected expenditures, maximum transparency, fair supplier relations, professional contract management, etc. In the framework of these principles, attention must be paid to the basic set of principles that form an inseparable part of each responsible order, e.g., the 3E principles, transparency, openness (towards stakeholders), participation, emphasis on fair working conditions and standards, and maintaining human rights (ethical purchasing or seeking environmentally friendly alternatives). In addition to these principles, organizations may also have a number of opportunities available, e.g., to support persons for whom it is more difficult to enter the labour market, small or social enterprises, and innovative green solutions. All these are based on the particular contracting authority's strategic objectives for its organization or the objectives of the contract in question. However, these must

always be communicated to all stakeholders so that all expected benefits are understood across the board. Concurrently, it is necessary to demonstrate the effects achieved.

Many contracting authorities, though, still feel uneasy about adopting new approaches to public procurement. They are frequently tied by the principle of cost-efficiency and given the lack of clarity in surveillance processes, apply the lowest bid price as the sole evaluation criterion while neglecting the principle of efficiency. Efficiency, however, is nothing else but fulfilling objectives set by an organization as part of its general strategy or a specific contract. Efficiency assessment must be understood to mean an assessment of whether the organization's objectives have been fulfilled economically, i.e., whether its operation has been efficient. Interpreting the principle of economy without considering any other principles undoubtedly has a negative impact on the quality of performance received. At the same time, public contracts are often perceived as a stand-alone tool to purchase specific goods or provision of services. Most contracting authorities still do not consider public procurement to be a strategic tool to fulfil general objectives set by the public administration or strategic goals of their organizations.

METHODOLOGICAL SUPPORT, CONSULTATIONS, AND TRAINING TARGETTING PUBLIC CONTRACTING AUTHORITIES FOCUSED ON RESPONSIBLE PUBLIC PROCUREMENT AND ITS APPLICATION BY THE PUBLIC ADMINISTRATION

Government Resolution No. 531/2017 obliges MoLSA¹ and the Ministry of the Environment to provide methodological support, consultations, and training intended for public contracting authorities.

Published Methodology

METHODOLOGY FOR RESPONSIBLE PUBLIC PROCUREMENT

Among tools to support and develop responsible public procurement is **Responsible Public Procurement Methodology**, a guide book prepared by the Ministry of Labour and Social Affairs in 2017.² Professionals and lay public alike may make use of comprehensive and practical information provided in it along with descriptions of individual areas of opportunities brought by public procurement, and instructions for practical applications.

The methodology first provides a detailed description of legal provisions and the decision-making practice that allow to take responsible public procurement into account. Next, it elaborates on areas that might be supported through public procurement:

- employment of persons disadvantaged on the labour market,
- decent working conditions,
- education, practice, and requalification,
- social enterprises,
- SMEs (frequently impacting the local level of employment),
- ethical purchasing,
- and environment-friendly solutions.

¹ MoLSA carries out these activities via its project entitled Supporting the the Implementation and Development of Socially Responsible Public Procurement.

² http://sovz.cz/wp-content/uploads/2017/05/sovz_metodika_text_web.pdf

The methodology offers practical opportunities as to how to apply responsible public procurement in individual areas. It concludes with specific steps organizations may take to pilot their first responsibly awarded public contracts, and with a description of how to make the responsible public procurement process an integral part of the organization. The Ministry of Labour and Social Affairs plans to update the methodology in the upcoming period (2019—2020).

MoLSA sent the Methodology for Responsible Public Procurement to all ministries, regional authorities, regional capitals and other significant CR public contracting authorities along with information on the fact the Government Resolution No. 531/2017 had been approved. The Methodology is also available at all educational and other events organized by the MoLSA where responsible approach to public procurement is presented. In addition, you can access it at www.sovz.cz.

Furthermore, MoLSA prepared a publication entitled **Social Responsibility and Public Procurement: ³ What does responsible public procurement mean and how it concerns social responsibility of companies**. It is designated for private companies that present their bids for public tenders. Another publication by MoLSA entitled **Support for Social Enterprises Through Public Procurement⁴** answers why public contracts should be awarded to social enterprises.

METHODOLOGY FOR AN ENVIRONMENTALLY-FRIENDLY APPROACH TO PUBLIC PROCUREMENT AND PURCHASES MADE BY THE PUBLIC ADMINISTRATION AND LOCAL AUTHORITIES.

Methodology for an Environmentally-Friendly Approach to Public Procurement and Purchases Made by the Public Administration and Local Authorities (hereinafter "Methodology of the Ministry of the Environment") was prepared based on subparagraph III/1a of Government Resolution No. 531/2017 through which the government dictates the ⁵ deputy prime minister and the minister of the environment to prepare a methodology for an environmentally responsible approach to public procurement and purchases made by the public administration and local authorities. The Methodology of the Ministry of the Environment aims to support environmentally-friendly actions by the public administration that should be leading by example the private sphere and the general public to acquire approaches that are friendly to natural resources, allow for a reasonable use of energy and water, and prevent or minimize waste production. Such an approach leads to financial savings as well as direct (reduced amounts of energy, water, and fuel) and indirect (reduced costs on waste management and reduced amount of water, air, and soil pollutants) etc.

The Methodology of the Ministry of the Environment targets the so-called everyday operations of institutions, i.e., points out the environmental impact of regular products and services as well as opportunities to reduce it: seeking new solutions, changing traditional procedures (e.g., replacing the circulation of paper documents with electronic versions and thereby reducing costs for office supplies and paper), and applying environmental parameters to purchases of goods and services.

The Methodology is based on the definition of green procurement : "*...a procedure used by the public administration bodies to try to acquire goods, services, and work whose impact on the environment is lower throughout their lifetime than in case of products, services, and work whose initial function is identical but that would have been acquired otherwise.*"

Currently, the Methodology covers 10 areas for which 'product sheets' were prepared: They are:

- IT,
- office equipment,
- graphic paper,
- tissue paper,

³ http://sovz.cz/wp-content/uploads/2018/03/sovz_publikace_dodavatele_web.pdf

⁴ http://sovz.cz/wp-content/uploads/2018/09/sovz_publikace_socpodniky_web.pdf

⁵ https://www.mzp.cz/cz/setrna_verejna_sprava

- building operation,
- lighting,
- furniture,
- detergents and cleaning services,
- catering and refreshments,
- passenger vehicles and light commercial vehicles,
- products from recycled materials.

The number of these areas will grow over time, and the list of product sheets will be regularly updated so that they correspond to current regulations, norms, and the situation in the market. Concurrently with the methodologies indicated above, EC methodologies available at the website of the Ministry of the Environment may also be used.⁶ Given their complex nature, more planning time and preparations for each contract are necessary.

At the moment, the Ministry of the Environment is about to complete a publication that is part of a project on environmental education in the public administration. It focuses on the impact made by humans on the living environment, the condition of individual elements that make up the natural environment, i.e., air, water, forests and the countryside, and indicates what response or reaction of the human society could mitigate or eliminate such human impact on the environment. In the mid-term horizon, the Ministry of the Environment plans to turn this publication into an e-learning project or a combined training.

Education

MoLSA and the Ministry of the Environment provide methodological support, e.g., in the form of educational and other events to support information exchange and experience sharing. This concept has been presented at almost 60 events in which approximately 2000 people participated.

MoLSA, working in concert with the Ministry of Agriculture, annually organizes an international RPP conference that serves as a milestone in the development of how RPP is perceived in the Czech Republic. At the 2016 conference, the discussion revolved around the question whether RPP was actually legal in the CR while participants at the 2018 conference referred to RPP as to the strategic approach to public procurement management process. In addition, the Ministry of the Environment and MoLSA organize regular seminars as part of the Public Investment Academy with the aim to provide contracting authorities and other entities a basic but comprehensive insight into RPP.

Information may also be disseminated at several-day seminars aimed at creating a network of progressive public contracting authorities, offering opportunities for socially responsible and sustainable contracts, and providing a platform for discussions and sharing best practices. Among participants in these "RPP Schools" are contracting authorities at various levels of RPP application: either they have introduced a RPP strategy in their organizations or they have tried some RPP aspects as part of pilot public contracts, or those that are making up their mind to try RPP principles. Additionally, tailor-made employee training sessions are prepared for contracting authorities, to answer the needs of their specific contract types and the contracting authorities' strategic priorities and objectives.

These training sessions have been organized for a number of contracting authorities, e.g., for the Supreme Audit Office, Regional Authority of the South-Moravian Region, Lesy ČR (CR Forests), and Prague 8 Municipal Authority.

The responsible approach is also presented at various events organized, e.g., by the Union of Towns and Municipalities of the Czech Republic, Asociace krajů ČR (Association of CR Regions), Czech Green Building Council, etc.

⁶ http://mzp.cz/cz/setrna_verejna_sprava

An e-learning socially responsible public procurement course⁷ is in place that allows contracting authorities to acquire a comprehensive insight as to how apply RPP principles in individual social areas and what tools to use.

Other Tools to Disseminate RPP

To disseminate information, share examples of good practice, including sample texts, MoLSA administers www.sovz.cz. Similarly, the Ministry of the Environment shares opportunities for the application of environmental requirements on its website.⁸

MoLSA regularly contributes to professional journals. In addition, updated information on individual RPP areas, notifications of upcoming events, and documentaries on past events, along with interviews with experts and examples of practices applied in the CR and abroad, are monthly summarized in its newsletter and on Facebook under the Responsible Public Procurement section.⁹

Both MoLSA and the Ministry of the Environment provide consultations to contracting authorities that need advice on specific ways to apply RPP, tender documentation, the RPP strategy, etc.

INTER-MINISTERIAL WORKING GROUP FOR THE APPLICATION OF RESPONSIBLE APPROACH TO PUBLIC PROCUREMENT AND PURCHASES MADE BY THE PUBLIC ADMINISTRATION AND LOCAL AUTHORITIES

Based on Government Resolution No. 531/2017, MoLSA and the Ministry of the Environment established an inter-ministerial working group (hereinafter “IMWG for RPP”) for the application of responsible approach to public procurement and purchases made by the public administration and local authorities. The IMWG for RPP’s work is governed by its Statutes and Rules of Procedure.

The working group is composed of representatives of individual ministries, the Office of the Government, Supreme Audit Office, Union of Towns and Municipalities of the Czech Republic, the Association of CR Regions, i.e., stakeholders that influence the policy, system, and method of public procurement linked to responsible public procurement. The group invites experts whose professional experience may contribute to meaningful and efficient implementation of RPP in the CR. Specifically, the IMWG for RPP:

- proposes and discusses steps aimed at supporting the integration of responsible approach during public procurement and purchases made by the public administration and local authorities in the CR in everyday practice in keeping with the Rules for the Implementation of Responsible Public Procurement and Purchases made by the Public Administration and Local Authorities,
- follows progress in the implementation of the Rules for Responsible Public Procurement and Purchases Made by the Public Administration and Local Authorities,

⁷ <http://sovz.cz/vzdelavani/>

⁸ http://mzp.cz/cz/setrna_verejna_sprava

⁹ <http://sovz.cz/newsletter/>

- discusses and—within the limits of its remit—provides for background materials to assess the benefits of using the Rules for Responsible Public Procurement and Purchases Made by the Public Administration and Local Authorities,
- discusses methodologies on responsible public procurement and purchases made by the public administration and local authorities.

Figure 1 – Meeting of the IMWG for RPP

Date	Agenda
14/11/2017	<ul style="list-style-type: none"> • Approving the statutes of the IMWG • Presenting the Rules based on Government Resolution No. 531/2017. • Concepts of the socially and environmentally responsible public procurement • Opportunities for implementing RPP within organizations • Development of RPP in the EU and in the CR
20/3/ 2018	<ul style="list-style-type: none"> • Methodology for environmentally responsible public procurement and purchases made by the public administration and local authorities (ME) • Various approaches to the implementation of RPP in organizations
1/8/2018	<ul style="list-style-type: none"> • Introducing new regulations in support of RPP in Slovakia
16/10/2018	<ul style="list-style-type: none"> • Conclusions of the international conference of 20 September 2018: Responsible Public Procurement 2018 – Social Responsibility and Quality in Public Procurement. • Barriers – challenges in implementing RPP • Setting goals for 2019–2020 to implement the RPP Rules and steps aimed at supporting integration of responsible approach to public procurement and purchases made by the public administration and local authorities in the CR in everyday practice

THE IMPLEMENTATION PROCESS FOR THE RULES ON RESPONSIBLE PUBLIC PROCUREMENT AND PURCHASES MADE BY THE PUBLIC ADMINISTRATION AND LOCAL AUTHORITIES WITHIN ORGANIZATIONS AND RELATED ISSUES

This report is based on an interview survey taken within the IMWG for RPP in which emphasis was placed on the implementation process for Rules of the RPP within organizations, including training of key persons authorized to award public contracts.

Implementing the RPP Rules

Within the IMWG for RPP, progress made in implementing the RPP Rules in member organization have been monitored on an on-going basis, along with the progress attained at regional authorities, universities, and other contracting authorities.

Organizations take various approaches to implementation and carry it out on various levels. The process of implementing the Rules into organizations’ internal management acts has been gradual and has taken place on the level of individual ministries and all their subordinate organizations or state-owned companies. In determining priorities and objectives of the RPP Rules, organizations

reflect competencies, strategic and political objectives of contracting authorities that are based on their needs.

To attain effective implementation, this information and objective must be reflected in the operation of the entire organization in question. Intensive education of persons key in the public procurement process across individual units that are tasked with it, carried out in tandem with the implementation of new binding regulation, proved especially beneficial.

Information collected by the IMWG for RPP on 11 September 2018 showed that some organizations avowed responsible approach to public procurement even prior to the adoption of Government Resolution No. 531/2017. Some organizations have been implementing the RPP Rules on a gradual basis (Ministry of Transport, Ministry of Industry and Trade) or the implementation process preparations are under way (Ministry of Health).

For instance, the Ministry of Labour and Social Affairs has avowed responsible public procurement since 2014. In 2015, MoLSA approved its internal Strategy for Responsible Public Procurement which defines its strategic priorities in this area. Furthermore, the practical application of RPP principles has been governed by the Ministerial Decree for MoLSA Public Procurement, which places RPP among key principles for awarding public contracts. MoLSA also organizes a project in support of RPP implementation and development and has collaborated with a number of contracting authorities.

As noted above, the Ministry of Environment as a body authorised to oversee the Environmentally-Friendly Program, formalized support for environmentally-friendly products by giving them preference in its purchases as early as in 1998 as a result of a decree issued by the minister of the environment. Further internal regulations followed suit, among them an internal directive governing the public procurement procedure that reflects Government Resolution No. 531/2017 in the context of the Ministry of the Environment. Responsible approach that places special emphasis on environmental themes has thus been gradually implemented at the Ministry of the Environment since 1998. The Ministry of Agriculture is another pioneer in RPP. The principle of responsible public procurement was implemented into an internal directive that governs the public procurement procedure at the ministry. In addition, RPP ranks among strategic objectives set as part of the Strategy of the Ministry of Agriculture for 2030. Following this document—Strategy of CR Ministry of Agriculture Strategy for 2030—individual ministerial sub-bodies were obligated to include the SRPP principles in their internal regulations governing public procurement.

The Office of the Government of the CR is another contracting authority that has implemented the RPP Rules within its organization, and at the Ministry of Industry and Trade, a binding Public Procurement Methodology was approved as part of the process of implementing the RPP Rules.

The Ministry of Transport took a comprehensive approach to implementing the RPP Rules and the implementation process is currently under way. It is noteworthy because it incorporates elements of a comprehensive approach to public procurement management, including an evaluation of the use of the RPP Rules and their benefits. Given the purchase power of the Ministry of Transportation, a markedly positive influence on the market in the Czech Republic may be expected if this implementation is successful.

RPP Barriers and Challenges

Contracting authorities have been gradually implementing elements of a responsible approach to public procurement, however, these were mostly uncomplicated solutions used for pilot contracts. Their interest in applying the RPP principles was confirmed but there has been a prevailing **fear of the ambiguous and complicated nature of surveillance mechanism** predictability, especially for contracts co-funded by EU. The table below shows that contracting authorities perceive the ambiguous nature of surveillance mechanisms as a significant risk. This is especially true for contracts subsidised by the EU that because they are subject to inspections by various bodies that do not share a single definition of responsible public procurement.

Among barriers that make an efficient application of responsible public procurement difficult is the **lack of understanding, low motivation, and ambiguous degree of responsibility held by key persons tasked with public procurement within an organization.** Individual key units within an organization

that participate in preparing tenders frequently do not share a single approach to public procurement. Elimination of these barriers might be facilitated if an implementation process is used that includes training provided to such persons aimed at building HR capacity, and if comprehensive information on the concept of RPP is provided to inspection authorities.

Regarding motivation on the part of contracting authorities, the interview survey revealed that some people call for a "statutory obligation" mandating the application of the RPP principles since, e.g., Slovakia decided to require quotas in the form of an obligation on the part of its public contracting authorities to enforce the social provisions in 6% of their contracts. The question is to what degree have these social aspects been applied and what impact they have made. A public discussion on this topic might be insightful.

Interview surveys carried out at educational and other events related to RPP and discussions at IMWG for RPP meetings repeatedly show the need for sharing best practices. It was confirmed that experience sharing removes the barrier of uncertainty that public contracting authorities continue to feel towards new approaches to public procurement, and simultaneously save time when making use of the well tried and tested approaches. **There continues to be a lack of examples of best practice.**

Concerning the lack of methodological support provided to contracting authorities—this barrier has been gradually losing its strength.

Table 2—Barriers preventing the use of RPP in the CR

Description	Strength
Contracting authorities' fear to change anything—emphasis placed on price	4
EU fund risk - ambiguous surveillance mechanisms	3.8
Low awareness and understanding of RPP	3.5
Low responsibility, low motivation	3.3
Inadequate methodological support	2.9
Access to resources, data, education	2.6

Note: The information was obtained from interview surveys carried out at RPP conferences and at the Public Investment Academy (scale 1=weakest up to 5=strongest).

PROPOSED MEASURES FOR WIDER USE OF THE RULES ON RESPONSIBLE PUBLIC PROCUREMENT AND PURCHASES MADE BY THE PUBLIC ADMINISTRATION AND LOCAL AUTHORITIES

The IMWG for RPP include mostly the central public administration authorities. Compared to small-scale public contracting authorities—and given the volume of public purchases they make—these have an enormous impact on the market, working conditions of people participating in the awarded contracts, the environment, supplier behaviour, and thereby on local economy.

These organizations aim at fulfilling Rule No. 3 approved by Government Resolution No. 531/2017 that dictates that: "The public administration and local authorities must purchase goods and services in an efficient and transparent and thereby serve as an example for other institutions operating in the public and private sectors" and to this end formulate measures allowing for a wider application of the Rules. **The Ministry of Labour and Social Affairs and the Ministry of the Environment working in concert with other ministries participating in the IMWG for RPP set the following objectives for the upcoming 2019–2020 period:**

- 1) To raise awareness, participate in RPP-themed discussions and serve as a mediator for training provided to key persons tasked with public procurement, with the aim to expand the responsible and strategic approach to public procurement.
- 2) To support implementation of the RPP Rules in public purchasing, including centralized purchasing, in accordance with Government Resolution No.531/2017 and in keeping with the key principles of ISO 20400—Sustainable Purchasing.
- 3) To determine whether surveillance bodies have been informed of RPP principles, i.e., the RPP Rules, in the context of Government Resolution No. 531/2017 (including ISO 20400—Sustainable Purchasing).
- 4) To prepare examples of best applications of the RPP basic principles in selected types of performance purchased through public procurement procedures.
- 5) To ensure that best practices examples be shared by contracting authorities.