

# RE-THINKING PROCUREMENT AS A PUBLIC GOOD

## Key information

- Location: **Prague 9 district (Czech Republic)**
- Population: **55 000**
- Involved in URBACT network: **Procure**
- More information: <http://www.urbact.eu/procure>



In Czech Republic, municipal contracts are often associated with fraud and incompetence. Prague's district 9 is building a more transparent and effective procurement process using good practices from URBACT cities.

Prague 9 is an ex-industrial district in the north-east of the Czech capital. Positioned between the centre and suburbs with good transport links and ample green space, it has become a target zone for regeneration. While the neighbourhood is still characterised by abandoned factories, tenement buildings and other brownfield sites, change is underway. Parks are being revitalised, new public buildings opened and NGOs and private enterprises have started moving to the area.

For residents, though, the role of local government in all this is viewed with suspicion. "There's a mistrust around public contracts," says Pavel Pospíšek, EU Project manager for Prague 9 City Council. "Procurement is very suspicious to people, who often perceive it as a mysterious thing linked to fraud." In addition, "Often a candidate wins and isn't able to finish on budget," reports Mr Pospíšek. "Then they have to adjust the bid and the municipality ends up paying even more."

### Tracking spend

In 2016, new European legislation was introduced to loosen up the procurement criteria and provide new means for calculating the value of a proposed initiative. The idea was to provide a legal framework for evaluating environmental and social questions, as factors to be considered alongside price. It was also designed to improve the public perception of procurement more generally.

"We knew there was a possibility to innovate but we did not actually know what to do," recalls Mr Pospíšek. "That was one of the main reasons we turned to the Procure network." To start with, the city set up a group of local stakeholders, an URBACT Local Group, comprising members of the municipality, tendering organisations and small entrepreneurs, with the specific objective of implementing new policies, though at that point the district had no preliminary analyses in place. "This was an opportunity to exchange practical knowledge," says Zdeněk Davídek, a city councillor and coordinator of the local group. "I would never have guessed how advanced some other partners were in innovating with procurement."

One project that proved immediately useful was the URBACT Good Practice 'Progressing procurement practice through



A meeting of the Prague 9 URBACT Local Group



The Prague 9 team presentation to the network partners

spend analysis', originally pioneered in Preston (UK). The Prague team encountered it for the first time at a thematic meeting in Nagykovács (HU) when it was presented as a case study. "We weren't just inspired," says Mr Pospíšek, "we decided to do our own version." A full analysis takes five years, but after just two the benefits are already being felt. "The data isn't complete but it already gives a view of what's going on. We have a better picture of where funds are working and where they are being wasted," says Mr Pospíšek. Before joining URBACT, Prague 9 had no overall view of total procurement expenditure. Now they are able to map precisely where local funds end up geographically and what service providers use them most efficiently.

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*Pavel Pospíšek*

The most in-depth experiment to emerge from the URBACT Local Group, however, was an attempt to employ environmental criteria in the procurement process. "We learnt how to do this thanks to guidance from the URBACT Lead Expert,"

says Mr Pospíšek. After studying European legislation together with the Procure cities, the Prague 9 town hall produced a tender relating to the purchase of computing equipment for a school IT lab. The environmental criteria specified guidelines for the consumption of energy and lifespan of the delivered goods. "In the end the winning bid remained the lowest price bidder," reflects Mr Pospíšek. "The result wasn't what we hoped for, but the criteria was implemented. We learnt how to do it, tried it out and want to take it further."

### A new tendering process

In order to consolidate their experiences, the URBACT Local Group developed a handbook for people who work in procurement, drawing on their lessons from the URBACT Procure network and their specific experience of implementing new criteria. "We wanted to produce a step by step manual in Czech and in English," says Mr Pospíšek, "something for us to look back on but also to provide a guide for people who might want to do this in their own cities, in URBACT but also beyond."

As Prague 9 wait to evaluate the ongoing spend analysis, plans are in place to increase the number of tenders that include environmental and social criteria. The URBACT Local Group agrees that these first steps have already improved the quality of procurement. Councillor Zdeněk Davídek in particular is confident that benefits from the Procure network will become even more apparent in the coming years. "Generally, we face similar or even the same problems and issues as ever," he reflects, "but what we've now learnt is that there are many new ways we can handle them."



The Prague 9 Town Hall