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Collaboration in federated procurement processes: the case of CLIMABOROUGH



BROKERING CROSS-BORDER
INNOVATION THROUGH CLUSTERS

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- The CLIMABOROUGH CfT rationale, approach & state of play
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Federated Vs joint public procurement

Federated

- A group of procurers maintaining their individual purchasing processes but aligning their strategies and maybe sharing contract templates or procurement frameworks.
- Example: CONSIP in Italy (*), NASPO in the US (**)
- Key feature: each procurer can make purchases independently, but they benefit from the collective bargaining power and shared knowledge within the network.

(*) https://www.consip.it/sites/consip.it/files/5789IV_2010_web_comp.pdf

(**) <https://naspo.valuepoint.org/supplier-portal/>

Joint

- A group of procurers coming together to make a single purchase or a series of purchases, to achieve economies of scale (better value for money) and/or efficiency in (resource pooling and/or streamlining) procurement processes.
- Example: the EC during Covid-19 (**)
- Key feature: procurers act as a single buyer, combining their purchasing power to negotiate better terms, prices, or quality from suppliers.

(**) https://food.ec.europa.eu/system/files/2017-11/ad_control-measures_hapai_preso7.pdf

Multi-country public procurement

When multiple countries are involved, either on the demand or the supply side (or both), typical challenges include:

- **Diversity of legal frameworks** (what is the applicable law? Is there a common denominator of purchase regulations? How can we assess the capacity to contract of foreign economic operators?)
- **Language and cultural barriers** (what is the language of the procedure? How can we reconcile used language with national law requirements? Who pays for / certifies the translations?)
- **Variety of needs and requirements** (due to the differences between national sites and contexts, it's not easy to formulate a common set of purchasing objectives)
- **Logistical complexities** (goods, services or works commissioned in one country may be shipped or executed in a different country, by economic operators residing in yet another country – with related VAT, customs clearance, insurance and transportation issues).

What we aim to do in CLIMABOROUGH

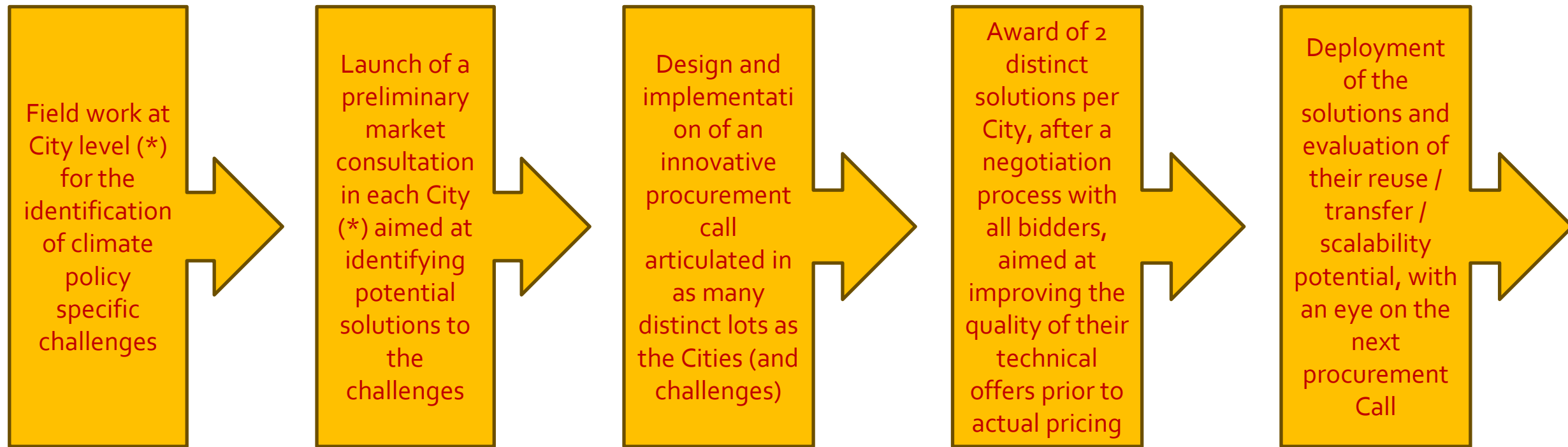
Design and implement **an innovative, mid-way-through-federated-and-joint public procurement mechanism**, promoting the emergence of truly pan-European solutions for climate change adaptation and mitigation in Cities.

The mechanism is articulated in two consecutive calls for tenders, launched and managed by ANCI Toscana on behalf of (globally) 12 European Cities (*), most of which belong to the EU Mission “100 climate neutral and smart cities by 2030”.

The chosen procurement instrument has been the **innovation partnership** (Article 31 of Directive 2014/24/EU).

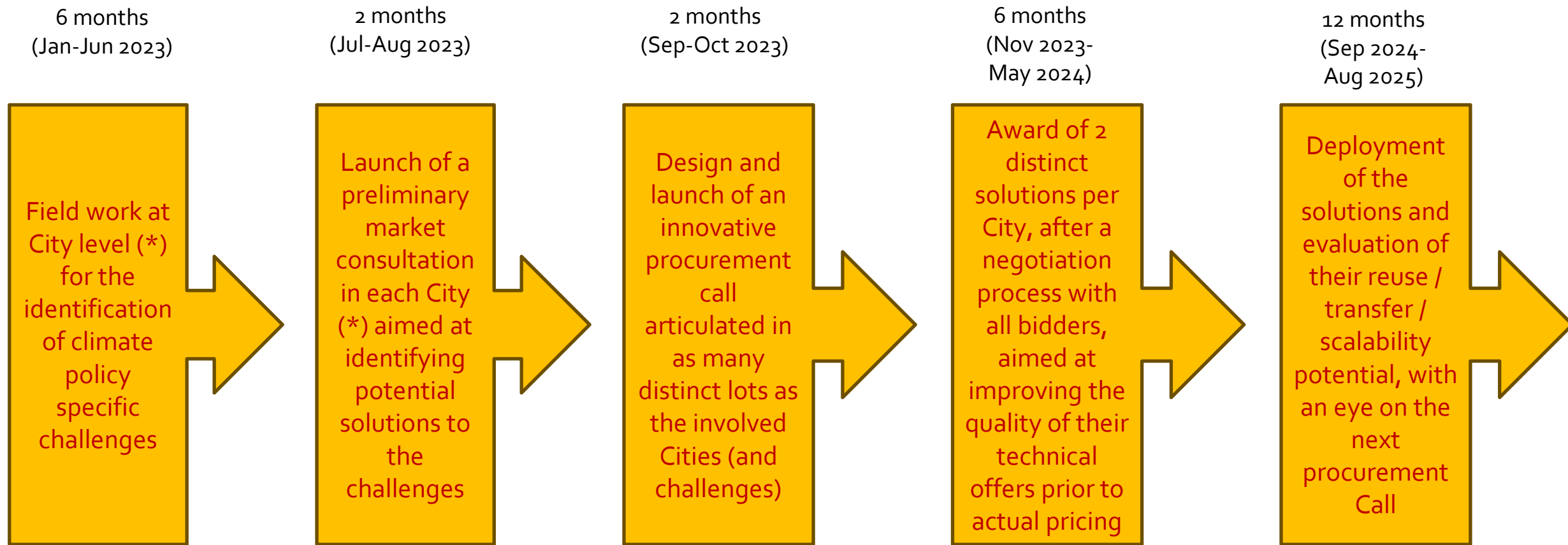
(*) In **bold** those involved in the first call: **Athens, Cascais, Differdange, Grenoble-Alpes, Ioannina, Katowice, Krk, Maribor, Pilsen, Prijedor, Sofia, Turin**. Another call will be launched by mid 2025.

How does the mechanism work



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Timewise



(*) In **bold** those involved in the first call: **Athens, Cascais, Differdange, Grenoble-Alpes, Ioannina, Katowice, Krk, Maribor, Pilsen, Prijedor, Sofia, Turin.** Another call will be launched by mid 2025.

The Phases of Competition - # participants

Phase 1 of competition 30.11.2023	The candidature phase, during which any economic operator (single or associate) can ask the Contractor to be invited to submit a Technical Offer, and to this purpose, provides a set of documents to qualify.	64
Phase 2 of competition 16.02.2024	The negotiation phase, during which selected Candidates are invited to submit a Technical Offer only, which will be discussed bilaterally with representatives of the Contractor and the Host City.	44 38
Phase 3 of competition 18.04.2024	The proper tendering phase, during which Candidates are invited to submit a revised Technical Offer accompanied by a Financial Offer, which the Contractor will evaluate in the next phase of competition.	31
Phase 4 of competition 17.05.2024	The award phase, at the end of which 2 Solution proposals per Host City, showing the highest quality vs price ratios, will be awarded by the Contractor and the Tenderers will be invited to sign a Partnership Agreement.	15
Phase 5 of competition 30.06.2025	The Solution deployment phase in the Host City environment, initiated by an advance payment paid by the Contractor and globally lasting no longer than 12 months, without the possibility of an extension.	

Where do we stand now

	Athens	Cascais	Differdange	Grenoble	Ioannina	Maribor	Sofia	Turin
Bulgaria		Supplier #1					Supplier 2	
France				Supplier #3 Supplier #4				
Germany						Supplier #5		
Greece	Supplier #6 Supplier #7	Supplier #8			Supplier #9 Supplier #10		Supplier #11	
Italy			Supplier #12					Supplier #13 Supplier #14
United Kingdom			Supplier #15					

Note: awards are still provisional, legal and administrative checks and audits are ongoing

How did we handle...

...the following challenges:

- **Diversity of legal frameworks** → Applicable law the EU one, followed by the Italian (where ANCI resides). Simplified procedures for appeal, based on arbitration clauses.
- **Language and cultural barriers** → English as the official language of the procedure. Certified or even uncertified translations asked for key procedural documents.
- **Variety of needs and requirements** → Maintained at City/Lot level, under the common header of “socio technical solutions to climate change related issues”.
- **Logistical complexities** → No particular action, but probably mitigated because of the European nature of the Call (procurement not covered by the GPA agreements).

Lessons learned so far

Goods

- A single, centralised procurer like ANCI Toscana instead of several joint or federated procurers (from which the hybrid nature of the model).
- The challenge identification mechanism couple with preliminary market consultations.
- The initial offers negotiation, followed by a second opportunity to submit a revised technical offer, accompanied by the financial one.
- The award of 2 distinct suppliers per Lot.
- The alignment of deployment times.

Bads

- A time consuming and challenging (sometimes exhausting process) for the procuring station.
- There is no antecedent to learn from (e.g. in the design and implementation of evaluation criteria).
- Significant efforts to be dedicated to the coordination of City teams at the various stages of the procedure.
- Complexity of the multi-country processes of administrative and legal checking and auditing.

Conclusions and outlook

More evidence and information will be available after the deployment of the solutions, in about one year from now.

Aspects we are focusing on include:

- **Procuring rather than financing innovation** → Does it lead to better / more fit to the purpose / more sustainable solutions?
- **Multi-country procurement** → Does it bring better quality / more value for money of purchased goods / services / works? Are we underscoring the implementation risks and challenges, e.g. language divides & logistical complexities?
- **Impact measurement** → How can we assess the benefits (for urban climate) above and beyond the immediate KPI of deployed solutions?
- **Scalability and replication** → What special provisions work better, within- and between- Cities?



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