
Public Procurement

Outcomes-Driven Public Procurement to
Achieve a Water-Smart Economy in a
Resilient Europe





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Public Procurement

OUTCOME-DRIVEN FOR A RESILIENT EUROPE

The EU stands at a critical juncture where water management and economic resilience must converge to address both environmental and societal challenges. Public procurement, accounting for nearly 14% of the EU's GDP and a significant channel for EU Structural & Investment Funds, is uniquely positioned to drive this transformation.

This policy paper puts forward practical recommendations to harness procurement as a catalyst for innovation, sustainability, and fair competition. By shifting to an outcomes-driven procurement process, the EU can enhance water services for society at large, capitalizing on opportunities to boost water efficiency, control pollution, and protect ecosystems while stimulating demand for advanced water solutions. Overcoming barriers such as administrative burdens, limited SME participation, and fragmented regulatory frameworks will be essential to align procurement strategies with the EU's water policy objectives and foster a competitive, innovative, and Water-Smart Society.



Introduction

Public procurement accounts for nearly 14% of the EU's GDP¹ and plays a crucial role in fostering economic growth, ensuring fair competition, and driving sustainability. This minimum set of rules aims to deliver a level playing field for businesses, enhance public authorities and operators' accountability, as well as providing valuable services for the benefit of our society.

Notably, around 48% of European Structural and Investment Funds are spent via public procurement which contribute to ensure access to water and sanitation for all while delivering strategic services and securing resource provision for our industry and agriculture. In this regard, the suggestion to adopt a strategic approach to “buy European” criteria should be approached with extreme caution.

As governments and public entities increasingly recognise their responsibility to drive sustainable development, procurement policies must go beyond mere cost considerations and be ambitious in their achievements. By integrating sustainability criteria — such as resource efficiency, circular economy principles, and climate resilience — into procurement processes, public authorities can stimulate market demand for water-smart and green solutions. This approach is particularly relevant in the implementation of the EU's water legislation, where sustainability-driven procurement can enhance water efficiency, pollution control, and ecosystem protection. Ensuring that procurement decisions align with these legislative goals will not only support compliance but also drive innovation and create lasting benefits for our society, economy, and environment.

In this regard, the suggestion to adopt a strategic approach to “buy European” criteria should be approached with extreme caution, ensuring access to global markets if the best available technology is not manufactured in Europe. Achieving a Water-Smart Society requires ambitious objectives and relevant drivers to get long-term benefits for our society.

The reports by Enrico Letta² and by Mario Draghi³ acknowledge public procurement as a key tool for achieving EU objectives but also recognise challenges that hinder the efficiency, transparency, and effectiveness of procurement processes. The following aspects should get relevant consideration in the recast of the public procurement legislative package:

- 1) The consideration of non-price criteria, the support to innovative bids, and the related risk-sharing
- 2) Excessive Administrative burden and limited SME Participation
- 3) Complex and Fragmented Regulatory Framework
- 4) Lack of Digitalisation and E-Procurement Adoption

As the recognised voice of the innovative Water sector of Europe, Water Europe do consider that public procurement should be *outcomes-driven*⁴ supported by a confident public administration envisioning themselves as a key contributor for achieving a Water-Smart Society. They should be paired with incentives for innovation and best available solutions.

¹https://single-market-economy.ec.europa.eu/single-market/public-procurement/studies-and-expert-groups_en

² Much more than a market – Speed, Security, Solidarity – Empowering the Single Market to deliver a sustainable future and prosperity for all EU Citizens

³ The future of European competitiveness

⁴ Mazzucato interview: VPRO Tegenlicht, *Hoe de consultant-industrie de overheid dom maakt*, <https://youtu.be/qNNqDq3zMLU?feature=shared>

Outcomes-driven Public Procurement for a Water-Smart Economy

Therefore, we propose the following recommendations to align the European public procurement framework with the needs of the water sector and to foster innovation. We aim to strike a balance between fostering innovation, ensuring fair competition, transparency, and simplifying processes, all while advancing the EU's water policy objectives – including its competitiveness – and supporting the growth of European-made water technology capabilities.

Share of European Structural and Investment Funds are spent via public procurement

48%

Embedding Innovation in Procurement

Integrate innovation considerations into existing procurement categories without creating new ones. In addition, the process should recognise and balance the risks taken by both awarding authorities and bidders to encourage the adoption of novel technologies and approaches.

It must be paired with:

- The implement a "challenge-based" procurement approach, allowing awarding authorities to present specific water-related challenges and invite innovative solutions.
- The creation of a pre-commercial procurement framework to engage innovative companies earlier in product development, fostering collaboration and mitigating risks.

Prioritisation of Non-Price Criteria

Europe should look at a qualitative approach rather than a quantitative one. Mandate that the majority of the total evaluation score in procurements be allocated to non-price criteria, and require a post-evaluation analysis to ensure that the spread of scores for non-price criteria matches their intended weight in the final decision (i.e. if the actual impact of non-price criteria falls below the mandated 50%, the evaluation process must be reviewed).

Moreover, public procurement should focus on factors such as water efficiency, environmental impact, social impact, and long-term sustainability. As an example, projected outcomes in infrastructure should be assessed/measured over its entire lifecycle (TOTEX), and not just in relation to initial cost (CAPEX). Lastly, the process should include requirement for tenders to explicitly specify which EU water policy objectives and compliance are targeted.

Public-Private Partnerships for Long-Term Innovation

Allow longer contract durations with periodic review clauses to enable Disruptive Partnerships in Water Management, and support the development and implementation of transformative water infrastructures through these partnerships; the concession possibility should be kept in the revision process.

Clarify the "Buy European" Criteria

Must be understood as products and services manufactured and provided in EU countries. Water investment requires long-term perspective that hence relies on access to the best available solutions including on the global market if Europe economic actors cannot deliver the same level of services by EU manufactured solution to citizens, environment and economic actors. Strategic autonomy objectives should not set a legal barrier to access valuable solutions for reaching our environmental and health objectives.

Simplify Market Access for SMEs

Europe should implement a "Procurement Readiness Rating" system for SMEs, providing a standardised assessment of their capability to deliver on public contracts. This system should be paired with helping buyers identify qualified smaller suppliers as well as a mentorship program pairing experienced companies with SMEs to enhance their ability to participate in complex water-related tenders.

Lastly, simplify documentation requirements for smaller contracts to reduce administrative burdens on SMEs. The European Union⁵ stressed that innovative micro-enterprises have a high success rate in public procurement compared to other SMEs which could ultimately reduce the *death valley* for EU Research & innovation and hence stimulate EU competitiveness.

Agile public procurement

The slowness of the procurement process in the water sector is recognised as a factor that limits competitiveness, hinders the development of private sector business, leads to inefficiency and, most importantly, makes the innovation and technological adaptation of the sector more difficult and slower.

There is a consensus that water supply and wastewater sanitations unique and has many interdependencies, including circularity of resources flows, with no boundaries between the two activities provided by utilities, so the legal regime that supports public procurement should also be transversal to the sector. To streamline public procurement in the sanitation activity, it is essential to ensure that this activity is included in the special sectors provided for in the current directive 2014/25/EU, as is the case with the supply sector.

WaterPiPP Project

This project explored new public innovation procurement implementation and testing it in the water sector. In March 2015, a set of [15 recommendations](#) were defined by the WaterPiPP consortium partners to address several bottlenecks affecting the Innovation Oriented Public Procurement on the water sector market. The key findings include”:

- **Enhanced Outcomes:** Outcomes-driven procurement leads to better water infrastructure performance by prioritizing factors like water efficiency, environmental impact, and long-term cost-effectiveness over simple upfront costs.
- **Innovation and Sustainability:** Embedding sustainability criteria into procurement decisions encourages the adoption of advanced water solutions and supports circular economy principles.
- **Challenges to Address:** The project identified significant barriers—including excessive administrative procedures, a fragmented regulatory landscape, and difficulties for SMEs in participating—which must be overcome to fully realise the benefits of an outcomes-focused approach.

⁵ European Commission, *SME needs analysis in public procurement*, Luxembourg, February 2021