


Fact Sheet
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**European Public
Procurement Landscape**
The case of Greece.




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In Greece, innovation procurement is at an early development stage and some essential elements to its further development are still pending. Public Procurement of Innovation has not been defined in the legal framework yet, but **LAWS 4412/2016** on “Public works, supplies and services contracts” (transposing Directives 2014/24/EU and 2014/25/EU) and **4413/2016** on “Award and execution of concessions” (transposing Directive 2014/23/EU) provide the legal basis to implement it. There also exists a technical guidance document published on 10th September 2018 by the **HELLENIC SINGLE PUBLIC PROCUREMENT AUTHORITY (HSPPA)** that provides both a definition of PPI and a description of its procedural framework¹. Owing to the recent introduction of the PPI concept and to a certain vagueness arising from its lack of concrete definition within the legal framework,



most procurers are either unaware of its existence or have a loose and unclear idea of what it truly means or how it could be practically and effectively applied.

Few of them and in specific sectors (i.e. defence, national security) have already implemented it and it is clear that its development and success require effort aimed at raising awareness among policy makers and the public sector in general, since the main stakeholders often miss to identify its scope and benefits.

1. <https://diavgeia.gov.gr/doc/7%CE%9D%CE%A10%CE%9F%CE%9E%CE%A4%CE%92-%CE%9C%CE%A1%CE%A8?inline=true>



The public procurement system in Greece is highly fragmented, with various Ministries and actors involved in the decision-making process, depending on the objective of the public procurement contract and the economic sector involved²:

1. **The Government Council for Economic Policy** that approves, monitors and evaluates the Action Plan for National Procurement Strategy and any possible revisions.
2. **The National Central Purchasing Bodies.**
3. **THE GENERAL DIRECTORATE OF PUBLIC PROCUREMENTS** (within the Ministry of Development and Innovation) that owns and coordinates the national e-procurement system and is responsible for public supplies and services, including a specific focus on green and innovation procurement.
4. **The General Secretariat of Infrastructure** (under the Ministry of Infrastructure and Transport), responsible for works procurement and public services contracts relating to public works.
5. **The National Central Authority for Procurements in Health "EKAPI"** (under the Ministry of Health), responsible for procurements in the health sector.
6. **THE HELLENIC SINGLE PUBLIC PROCUREMENT AUTHORITY (HSPPA)**, responsible for the development and promotion of the national strategy in the field of public procurements, the provision of policy advice to the legislature, the provision of guidance to awarding authorities on the application of procurement law and regulation, and authorisation of the use of special procedures, such as negotiated procedure without publication notice. The SPPA also plays a supervisory role by monitoring and evaluating awarding authorities' decisions.

2. Ibid. 8




At the beginning of the year, every public entity and regional/local authority is allocated an annual budget destined to cover the entirety of its needs, divided into several categories. **Neither innovation nor medium or long-term expenses are foreseen** and budget shifts are only allowed under certain circumstances, following a well-defined process. In case of unspent budget amounts, those cannot be transferred to the following year or used for innovation purposes instead.

Each department makes an informative list of its specific needs and their associated costs, trying to prioritise and shortlist them. Depending on the funding made available and following internal procedures according to their legal framework, decisions are made as to the needs to be covered.

The recent financial crisis and its corresponding constraints did little to help increase funds dedicated to public procurement, let alone give public procurers leeway to implement a medium or long-term plan. In some instances, procurers may have recourse to their own funds or seek financing at a national level and, sometimes, through international available funding sources (e.g. H2020, Structural Funds, etc.). This, however, necessitates time, planning in advance and staff. Taking into consideration that **many procurement departments are understaffed** –in some cases counting only one or at best three staff members at a local-authority level-, it is easy to comprehend that they

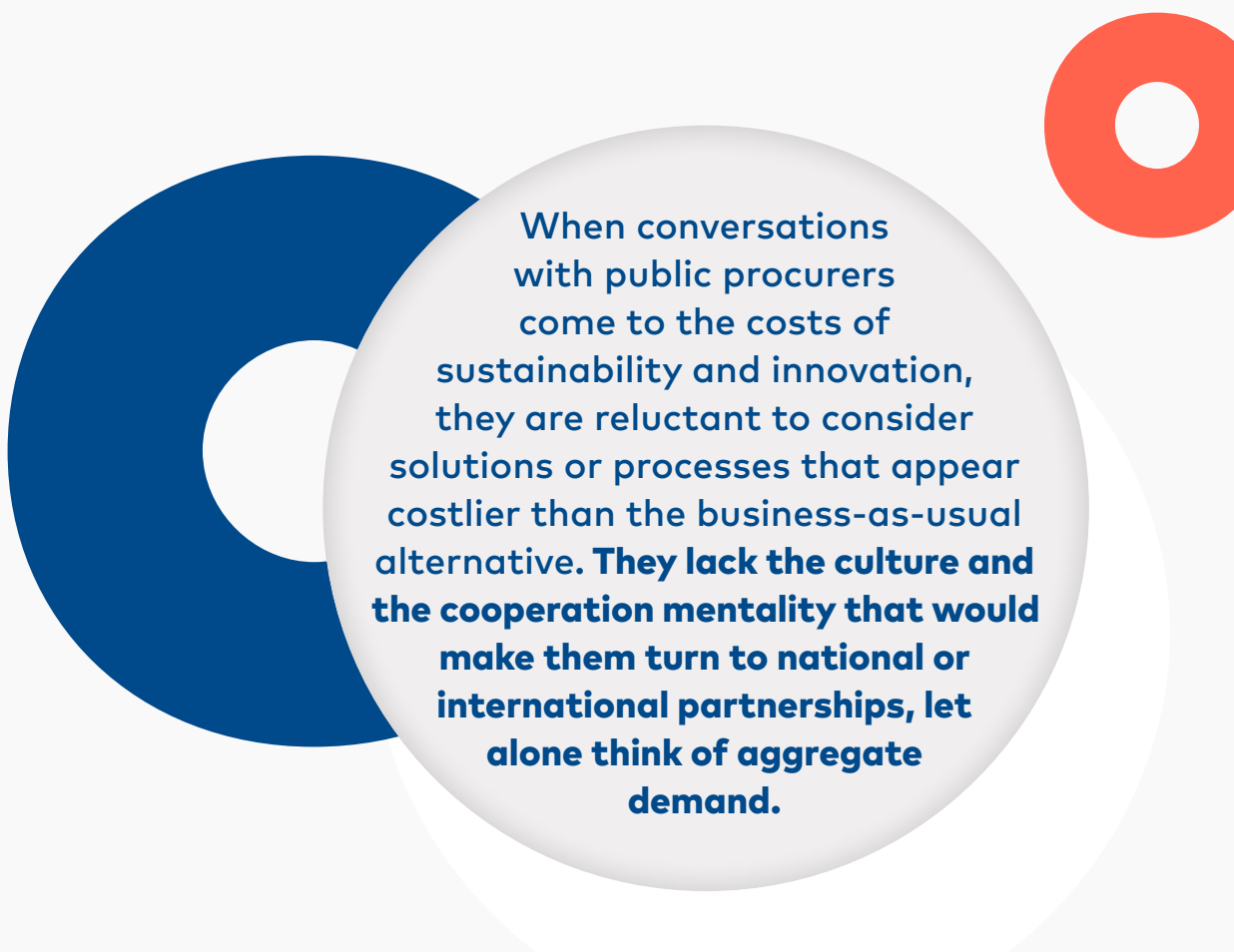
**lack the means,
the volition
and time to go
into a tender
that includes
additional
innovation
parameters
and criteria.**





The traditionally rigid, complicated and inexperienced public departments have to shortlist their needs, identify appropriate solutions and organise a tender. The process in itself requires more than enough planning and is already time-consuming; being short on capacity, information and expertise, it is no wonder that they are unwilling to even attempt to engage in a different and more complex procedure.

Procurers at all levels maintain close relations with local and national market stakeholders, which allow them to carry through market research to a certain degree. Nevertheless, facing the above-mentioned time and money restraints, **they are not up-to-date with the latest evolutions** and find themselves not acquiring the optimal solutions. Most of them also display a cautious attitude when innovation is associated to procurement, **due to the perception that it will end up in a more costly solution.**



When conversations with public procurers come to the costs of sustainability and innovation, they are reluctant to consider solutions or processes that appear costlier than the business-as-usual alternative. **They lack the culture and the cooperation mentality that would make them turn to national or international partnerships, let alone think of aggregate demand.**

They are used to working in a certain way and are unwilling to change well-established habits. In this given situation, the fact that innovation procurement seems to have mainly developed in certain sectors means that they fail to see how it could fit in their own specific case.





A complete lack of expertise on behalf of the purchasing agency or an inefficient technical, risk and relationship procurement management can lead to unsuccessful procurement procedures.

Thus, it is quite common for procurers to exhibit a natural risk-aversion and avoid engaging in new procedures out of fear that they could potentially face allegations of corruption. Most tenders take a long time to complete because they often face court appeals at all stages of the tendering process. The existing framework is very discouraging both for public organisations and for private-sector participants and quite often leads to fast contract award. This is especially the case in tenders of high estimated value.

Motivation is similarly a decisive fact when it comes to PPI. Unfortunately, **there are no financial or other types of incentives to encourage public buyers to undertake more innovation procurements** (e.g. be eligible for additional grants in either EU co-financed programmes or in nationally financed ones, prizes aimed at rewarding top performances among public-sector contracting authorities, etc.). Furthermore, few projects involving innovation procurement have been up to now nationally funded or ERDF co-funded. Nevertheless, their conclusion within the last three years might account for the high concentration of the Horizon 2020 funding source.

The course of interviews revealed the extent to which the level of immaturity in this field also plays a significant role.

Procurers expressed their interest in new, innovative approaches but equally affirmed their preference for well-established and clear procedures.





It became apparent that major public procurers, representing significant budgets, have a considerably deeper understanding of the market, as suppliers tend to engage with them in a transparent, open dialogue. They do not wish to stray off the beaten track though, fearing all kinds of court appeals, loss of time and, ultimately, spending more than they initially intended.

What they really need is a **clearly-defined framework**

that would guarantee a straightforward procedure, steering away from allegations and missteps of any kind. Moreover, considering that they are traditionally more used to the administrative part of their jobs, **guidance and training need to be provided to "skill-up" their profile.**

Greece has an **ACTION PLAN FOR NATIONAL PROCUREMENT STRATEGY (2017)** that identifies a list of actions to promote innovation procurement in the country, including:



Conducting
a **special study**
to promote
innovation in
the sectors of
health, energy,
environment
and transport;



Building
knowledge for
the public sector
and for economic
operators
regarding the
new legislative
framework
for promoting
innovation
procurement ;



Developing
support actions
and promoting
clusters in the
relevant field.





The imminent creation of a **Competence Centre**,

as pledged by the Greek government, will definitely constitute a step to the right direction. It will serve as a focal point, **improving coordination** of the currently fragmented support, **facilitating access of public procurers** to know-how on innovation procurement and **providing them with tailored assistance** to implement specific innovation procurement projects. It could lead to capacity building through a series of assistance measures, which might include:

Setting up a central website providing all relevant information - Explaining

- the policy and legal frameworks, presenting an overview of policy initiatives to help mainstream innovation procurement, featuring national and key European initiatives, etc;
- **Organising trainings and workshops;**
- **Preparing handbooks and guidelines;**
- **Implementing networking activities**, and so on.

Undertaking such an enterprise will clearly assist in cultivating the mentality and the much-needed frame of mind that will make all stakeholders (public authorities and procurers, research institutions, and companies) realise the necessity of new and innovative ways to move ahead, collaboration as a way to deal with challenges more effectively and gain in visibility,

development of a forward-looking spirit of **openness.**



The case of Greece.



This analysis is based on PRONTO partners' expertise and previous experience, the review of relevant documents (laws, guidelines, presentations, articles, studies, etc.) and interviews with key actors trying to cover all aspects of public procurement, namely representatives of:

. **The 'demand' side**, i.e. individual public entities (e.g. public hospitals, research institutions, universities, technical centres, regional development agencies, municipalities, etc.), central/regional purchasing bodies (e.g. ministries, regional development agencies, etc.).

. **The 'supply' side**, i.e. private companies that constitute potential suppliers of innovative solutions.

. **The 'support' side**, i.e. policy makers (e.g. ministries), national/regional entities supporting public entities, experts/advisors, etc.



Interviews conducted.

Country	Demand	Supply	Support	Total
Greece	2 Universities 1 Public Hospital 4 Municipalities 1 Regional Waste Management Agency	2	3 State Support Entities 2 Consultants	15

Important note: The aim of PRONTO is not to perform an exhaustive and thorough analysis of the national PPI landscape but rather to collect the insights on the challenges for the design and implementation of PPI procedures to properly adjust the upcoming PRONTO services and address the actual support needs of the public buyers. Therefore, the foreseen number of interviews was not envisioned to be large.



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