

GPP Training toolkit

Module 6: Market Engagement

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| -- Participants’ Handout --This document is designed to accompany Module 6 of the European Commission’s Green Public Procurement (GPP) Training Toolkit on ***Market Engagement***. It provides additional notes, references and examples to the information presented in the Module. The complete toolkit can be found on the European Commission’s GPP website:<http://ec.europa.eu/environment/gpp/index_en.htm> |

Legal framework for market engagement

### Q: When can market engagement be carried out?

**A:** Market engagement may take place before, during and after a formal tender procedure. Prior to tendering, it is typically used to identify potential suppliers and relevant product/services, and to give suppliers an opportunity to prepare for the tender, for example by forming partnerships. During a tender, the contracting authority may meet with bidders– particularly in the competitive dialogue or competitive procedure with negotiation. Following a tender, debriefing may be offered to bidders.

### Q: Who should be involved in market engagement?

**A:** On the contracting authority side, market engagement should involve procurement staff and, where relevant end users. For GPP, it may also be advisable to involve environmental/sustainability staff. Suppliers should be encouraged to involve those staff who will actually be involved in delivering the contract, not just marketing or sales people. It is not normally required to involve lawyers.

### Q: Can we contact only certain suppliers during market engagement?

**A:** Where market engagement is carried out prior to a formal tender, it is permissible to only contact certain suppliers. However, you have to avoid any unfair advantage to these suppliers in the subsequent tender, meaning that all information provided by the contracting authority during the market engagement should be made available with the procurement documents. Alternatively, a PIN can be used to inform the wider market about the engagement.

### Q: Can we meet with suppliers individually or consult them by phone?

A: Individual meetings or phone calls may be held with suppliers. Where this is done, notes must be kept regarding the content of conversations. To ensure equal treatment, the same amount of time should be allowed for each supplier, and the information provided by the contracting authority must be the same.

### Q: Can we have a group information session?

**A:** Group information sessions can be an efficient way to organise market engagement, and can also help suppliers to form partnerships or consortia where this is necessary to respond to GPP requirements. However, they also create some risk of collusion or other restraints of competition. Suppliers should be asked to confirm as part of the tender that they have priced their bids independently and have not entered into any anti-competitive agreements with other suppliers.

How to engage the market - Examples of market engagement in action

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| Examples of market engagement |
| Advertising your intentions in the UK Eastern Shires Purchasing Organisation (ESPO) undertook a market engagement process for LED lighting. In order to gauge interest in a lighting project and to provide the project team with an understanding of the supply market of LED lighting technology, they placed a series of notices of their plans and published a PIN. Companies that responded were invited to tender, and took part in a supplier open day. Early market engagement provided a better knowledge for the procurement team of what is available on the market. This has helped them to quickly acquire a solution with reduced procurement timescales. [Read the full case study](http://www.sustainable-procurement.org/fileadmin/templates/sp_platform/lib/sp_platform_resources/tools/push_resource_file.php?uid=131f7a5f). |
| Informing the market: supplier/buyers seminar in Portugal In order to bring together suppliers and buyers, The Municipal Council of Cascais, the Cascais Energy Agency and the National Laboratory for Energy and Geology (LNEG) organised an energy efficient lighting seminar. The focus was on LED technology for public lighting, with an the to: * convey to potential suppliers information on purchasing intentions and the generic initial requirements; and
* increase buyer knowledge on energy-efficient lighting and LED public lighting through the various suppliers presenting their products, followed by a moderated debate.

The suppliers also displayed their products. [Read the full case study](http://www.sustainable-procurement.org/fileadmin/templates/sp_platform/lib/sp_platform_resources/tools/push_resource_file.php?uid=6d557c44). |
| Meet the buyer events in Scotland The Scottish Parliament has organised meet the buyer events and has developed a flexible presentation / workshop format that allows the Parliament Procurement Services to provide an informative, interactive experience to suppliers. This was accomplished after learning that previous one-to one meetings were too short and did not benefit the supplier or the purchaser in the way that was hoped for. [Read the full case study](http://www.procurement-forum.eu/resource/download/21/Scottish%2Bparliament%2Bearly%2Bmarket%2Bengagement%2B2009.pdf). |
| Réseau Grand Ouest network meets suppliers togetherThe public authorities that form the Réseau Grand Ouest (RGO) regional network meet suppliers together as part of specific working groups for different product and service sectors. These include energy, cleaning products and construction. Meeting the suppliers is an opportunity for RGO to show suppliers their interest in sustainable products and promote innovation. The suppliers that RGO meets then receive a questionnaire. The communication between both parties is a major factor for the success of the tenders. The suppliers meet individually with the RGO group for a conversation of around one hour. They introduce their company and answer questions from the public authorities. |
| Procurement of sustainable work wear in CataloniaThe aim of the market engagement process was the inclusion of social (Barcelona City Council) and environmental (Catalan Government) criteria in the tenders, and to see the market readiness. Market engagement was based on individual face-to-face meetings with potential suppliers. Given the specific structure of textile production, consultation rounds of the potential providers with their supply chain had to be included, as well as specific consultations with certifying institutions (like oeko-tex or others). [Read the full case study](http://www.sustainable-procurement.org/fileadmin/templates/sp_platform/lib/sp_platform_resources/tools/push_resource_file.php?uid=f7c8d0e0). |
| Meeting with groups of key suppliers in Portugal Before procuring cleaning services several actions were carried out with potential suppliers to inform them of LIPOR’s objectives and to assess their response capacity, namely via: * meetings to assess suppliers’ ability to fulfil sustainability criteria;
* communicating the benefits and implications of LIPOR’s sustainable public procurement (SPP) policy;
* developing a monitoring plan to assess contract execution; and
* deciding on how LIPOR would work with suppliers who did not initially respond to requirements.

Involving and establishing a dialogue with suppliers right from the start was considered extremely important, not only to know to what extent suppliers are prepared to respond and compete for increasingly demanding and complex procedures, but also to find out about the availability of alternative solutions on the market. |
| Using market engagement to support demand driven innovation The [HAPPI project](http://www.happi-project.eu/) took a very different approach to market engagement. Rather than starting with a specification, a variety of innovative solutions were considered on the condition that they assisted in healthy ageing. Over 500 people participated in market information days, with 150 innovative solutions submitted to an online platform across a four month period (September 2013 to end January 2014). These submissions were central to deciding on the procurement route, structure, Lots and specifications. |
| Competitive dialogue for an electric ferry in Norway The Norwegian Directorate of Public Roads wished to procure a new ferry that was 15 - 20% more energy efficient than the one in operation. As part of a two-stage procurement procedure the Directorate entered into a competitive dialogue to explore innovative solutions for energy efficient ferries. The winning tender, produced in partnership with ferry operators, engineering firms and building yards, was an electrically powered ferry that brought a 70% reduction in fuel costs and 89% reduction in CO2 emissions per year. [Read the full case study](http://ec.europa.eu/environment/gpp/pdf/news_alert/Issue42_Case_Study88_Norway_Ferry.pdf). |
| Region of Southern Denmark: engaging suppliers during and after the tender processThe Region of Southern Denmark has formulated a strategy for procurement process: dialogue and supply wheels. Market Dialogue is included in all phases of the wheel, because it offers the opportunity to gain a deeper insight into market opportunities and limitations. Through supplier briefings, and question and answer sessions, the focus is on writing tenders that are sharp and relevant. This ensures ongoing good relations with the market, while procurement practitioners become better equipped to write future offers. [Read the full case study](https://di.dk/SiteCollectionDocuments/Milj%C3%B8/Nyheder/Asker%20-%20Nyheder/Markedsdialog.pdf). |

All case studies sourced from the SPP Regions project Market Engagement Best Practice Report, available at <http://sppregions.eu/resources/publications/>.

Further market engagement guidance

The following guidance can help for deciding when to engage the market and if the use of resources is appropriate for the specific procurement (from Cornwall Council, UK).

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| RationalePublic Authorities are large and complex organisations which award a huge range of contracts across sectors as broad as construction, social care and transportation. These contracts vary significantly in complexity, value and potential for innovation; to name a few things. Although it is recognised that engaging with the market is vital in many cases to achieve effective procurement, it is also felt that this is not always the case and that market research can sometimes be sufficient. Additionally, the different methods of supplier engagement which can be used before, during and after a procurement process, will not be applicable to every type of contract or market.ApproachThe list of criteria below seeks to summarise the variables which impact on the types of market engagement which might be appropriate. Paired with a complete list of potential market engagement activities it is hoped a model can be designed to proactively guide procurement leads towards appropriate market engagement strategies for each of their contracts.Criteria for Market EngagementHow complex is the product/service?Where the requirements of the contract are complex this can be difficult to articulate to the market in written procurement documentation. Consequently, explaining the requirements in a face to face environment can be highly beneficial, encouraging compliance with the specification, innovation and competition.How complex is the market?Is there a monopoly, perfect competition or something in between? This can have an impact on the value of 1-2-many engagement and a bearing on which styles of engagement might be most effective.How mature is the market?If many of the suppliers in a particular market are not used to tendering for contracts with the public sector it can have a significant impact on competition if they are not offered sufficient support. SME’s in particular, who can struggle to resource responses to public contract opportunities, may need bespoke support both prior to and during the procurement process.What is the scope for innovation?Where a contract is seeking to be innovative in any way market engagement is essential. Two way communications with the market will enable the procurement lead to assess the risks and opportunities associated with the level of innovation expected. Robust pre-procurement market engagement can be used, in many cases, to avoid the use of time consuming and resource intensive procurement processes such as the competitive procedure with negotiation or competitive dialogue; although these are occasionally still likely to be required.What is the scope for delivering policy through procurement objectives? E.g. Social ValueLinked to innovation, if there are new or stretching requirements on a policy through procurement objective such as social value it is vital this is properly communicated with the market and support given where appropriate.What is the value of the contract?Certain types of market engagement can be time and resource intensive. Ensuring that resource allocation is justifiable is vital to the long term success of a market engagement approach.What is balance of knowledge between buyer and supplier?Where the buyer is highly knowledgeable about the goods/service to be delivered there may only be requirement for one way communication. However, where suppliers and the wider market are more knowledgeable about the goods/service two way communications are more likely to be necessary. |

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