

PROCUREMENT & PNRR

Progress of public tenders, the DNSH principle and social criteria: empirical evidence.

Veronica Vecchi, Niccolò Cusumano, Lorenzo Motta, Franco Zurlo

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THE CONTEXT: NRRP/PNC CALLS FOR TENDER, 2020-2023

NRRP/PNC calls for tender, 2020 – 2023 Overview

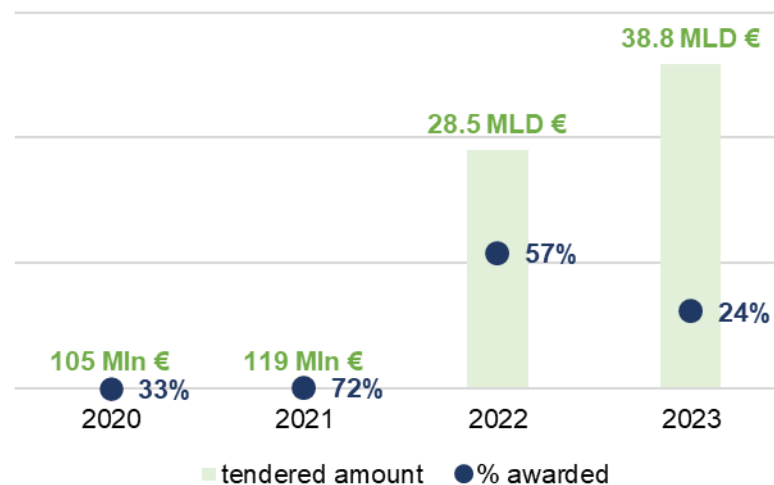
	2020	2021	2022	2023 (november)
Tendered amount (eur)	105 Mln €	119 Mln €	28 MLD €	39 MLD €
% awarded	33%	72%	57%	24%
Number of tenders	147	491	35 636	131 674
% awarded	65%	60%	54%	33%
Average tender value	717 K €	243 K €	799 K €	294 K €

Calls for tender (20-23): 3,5% annual GDP

38% social infrastructure
37% transportation
9% environment & water

Trend 2020 - 2023

Tendered (eur) and awarded (%) amount



Awarded contracts data may be influenced by delay in recording on ANAC platform

OBJECTIVES

The research seeks to:

1. Understand how the DSNH principle has been operationalized by the implementing bodies of the NRRP
2. Evaluate the effects that Public Administrations' sustainability-oriented decisions have had on the suppliers market.

DATA

	Number of projects	Value (mld €)
NRRP projects from Regis (CUP)	15 314	19,7
Non – NRR projects from Anac (CUP)	146 269	114,1
	Quantity	
CIG associated to NRRP projects validated by Regis		34 315
CIG associated to non-NRP projects		31 684

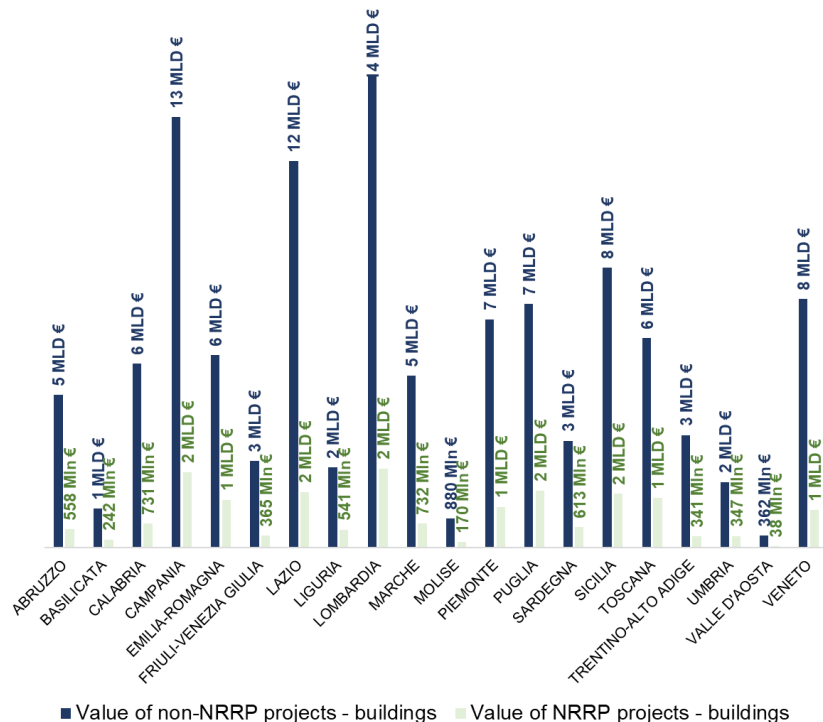
METHODS

To achieve these objectives, the research includes:

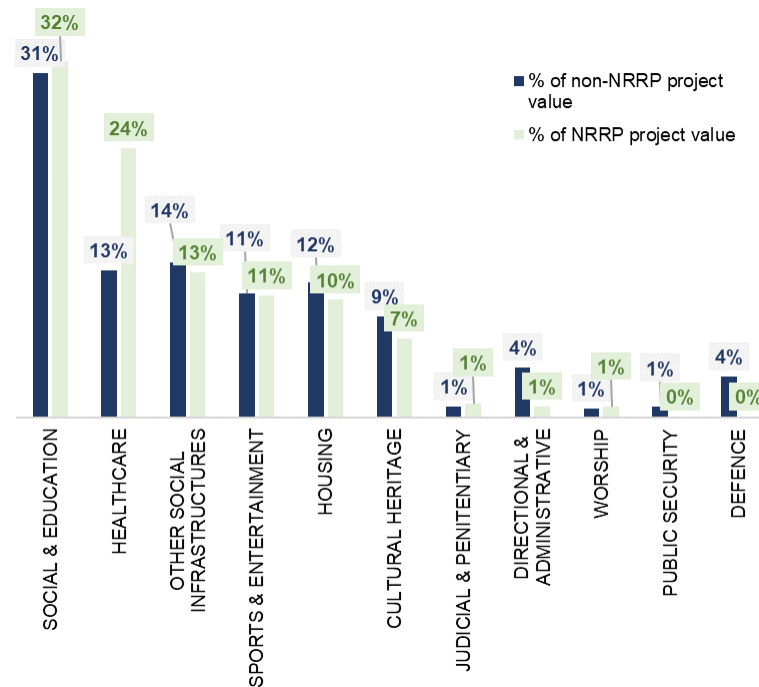
1. An analysis of public procurement data to determine: 1) changes in the approach adopted to award public contracts for NRRP projects and 2) changes in the outcomes of public tenders relative to projects not associated with the NRRP.
 - The analysis focuses exclusively on projects for building construction/renovation, due to the existence of Minimum Environmental Criteria (MEC) since 2017, thereby making it possible to create a reliable comparable to evaluate NRRP tenders; the analysis considers exclusively the tenders issued from 2021 to the first half of 2023.
2. Semi-structured interviews with project managers to understand the supporting organizational factors and the decisions made and to delve deeper into the differences between NRPP and non-NRRP projects (*in progress*).

THE CONTEXT: INVESTMENT PROJECTS IN BUILDING CONSTRUCTION/RENOVATION

Value of construction/renovation projects for buildings 2021-2023

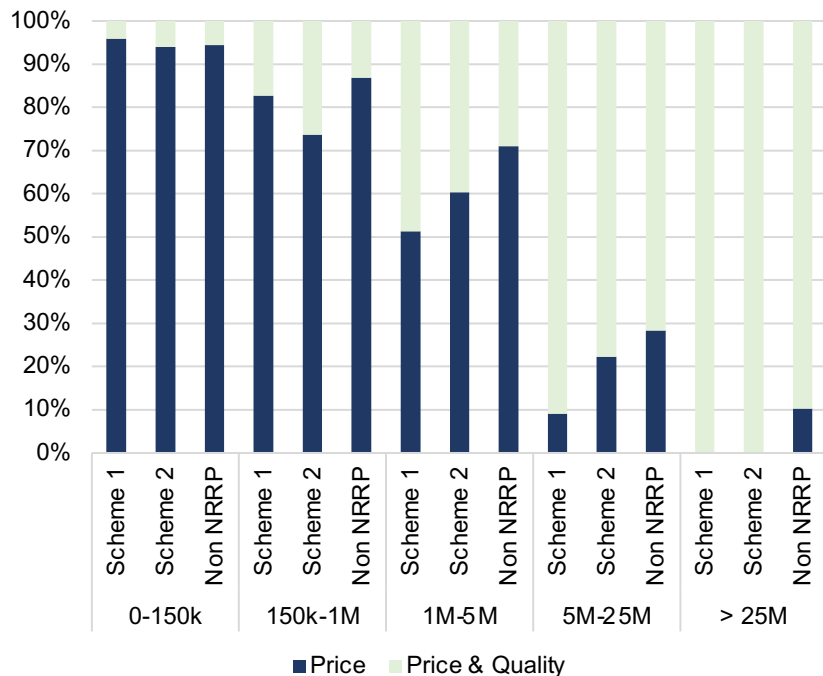


Buildings Types (sectors) % of total amount



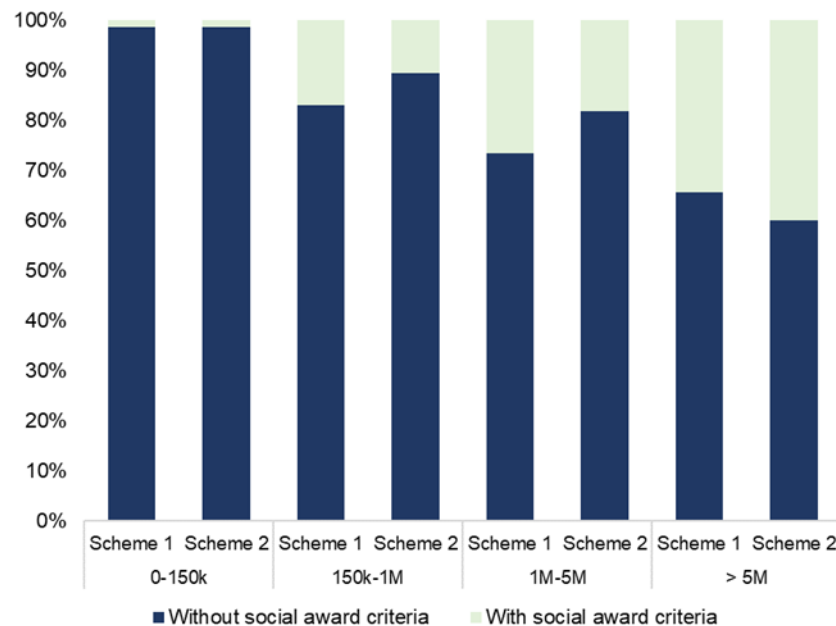
RESULTS: HAS THE TENDER STRATEGY CHANGED?

Use of the price-quality award approach By tendered amount range



Only 4.7% NRRP funded projects adopted social award criteria.

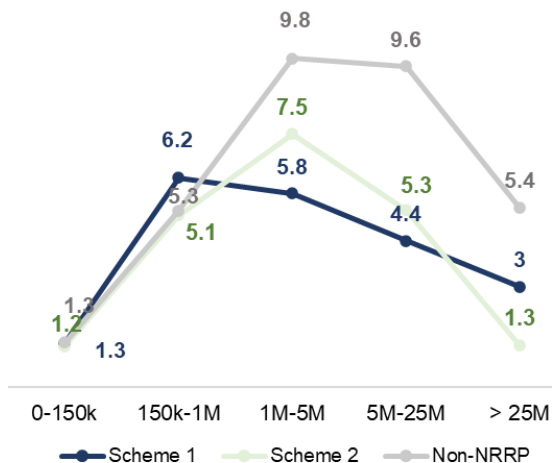
Adoption of social award criteria By tendered amount range



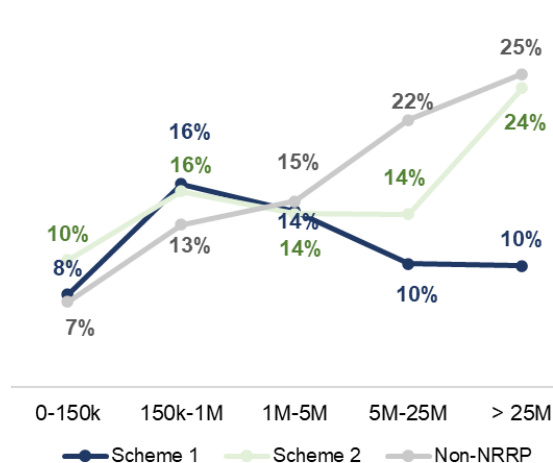
RESULTS: WERE THERE ANY EFFECTS ON THE OUTCOMES OF THE TENDER PROCEDURES?

Comparison between NRRP Scheme 1, PNRR Scheme 2 and non-NRRP tenders

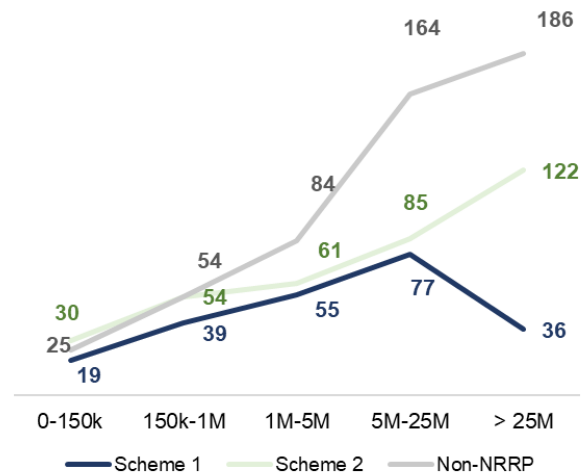
Number of bids received



Average discount

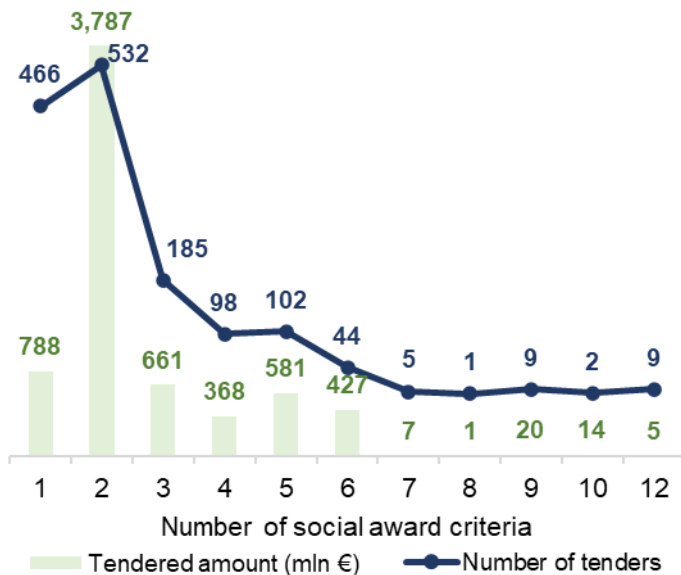


Average duration of tender procedures

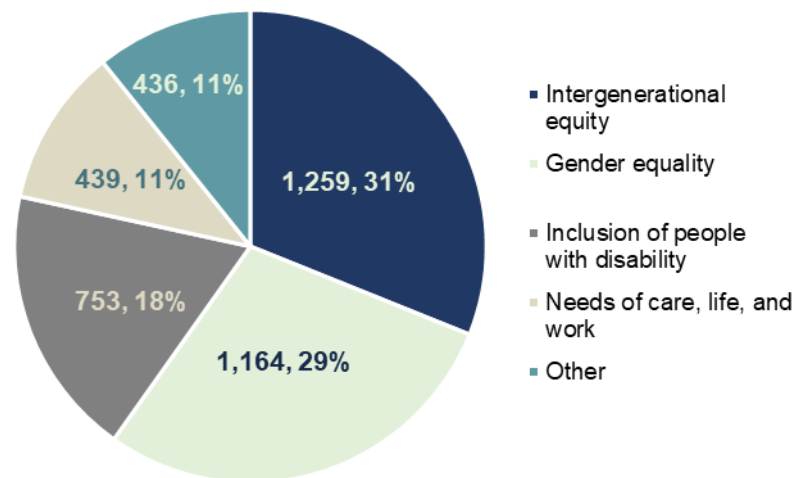


WHAT ARE THE MOST COMMON AWARD CRITERIA?

Value and number of tender procedure By number of social award criteria adopted



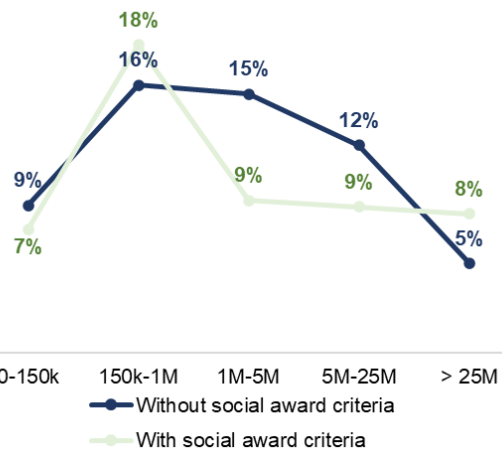
What were the social award criteria adopted?



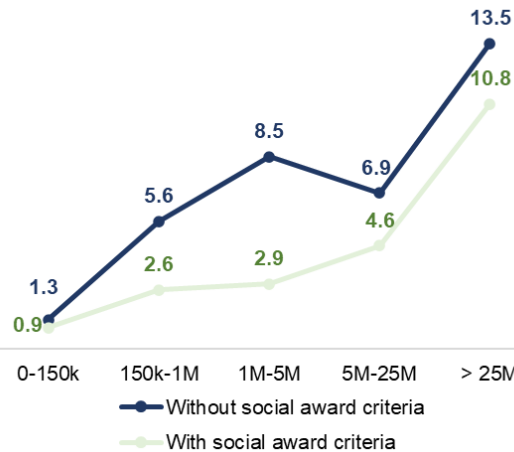
RESULTS: WERE THERE ANY EFFECTS ON THE OUTCOMES OF THE TENDER PROCEDURES?

Comparison between NRRP tenders with and without social award criteria

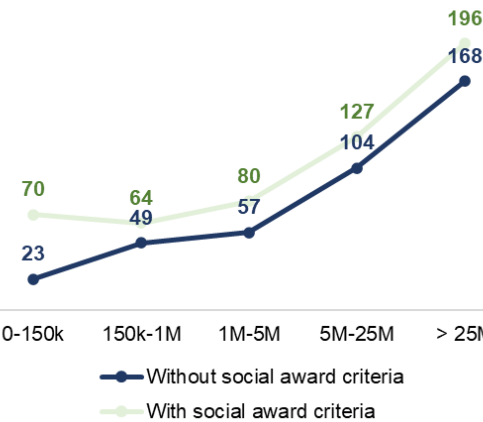
Average discount



Number of bids received



Average duration of tender procedures



The application of the DNSH principle in NRRP initiatives, as compared to non-NRRP initiatives, appears to have a significant effect on tender strategy and outcomes for investments under scheme 1, where the technical standards to be met are higher.

The adoption of the Minimum Environmental Criteria for construction in 2017 seems to have partly "accustomed" public organizations and the market to adopt environmental sustainability practices, so the introduction of the DNSH principle has not been disruptive.

The presence of social criteria – mainly through awarding criteria (which are additional to the DNSH principle) further strengthens the observed effects in terms of market participation and price reduction. The award timelines in this case are likely to be extended due to the need to verify the claims made in the tender offer.

The length of procedures in the NRRP decreases compared to non-NRRP tenders, suggesting that the effects related to simplification measures introduced by the law are relevant, **probably due to the presence of stringent time constraints.**