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**PROPOSAL**

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| From: | Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director |
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| To: | Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union |
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Delegations will find attached document SWD(2026) 592 final.

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EUROPEAN
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Brussels, 9.9.2026
SWD(2026) 592 final

# COMMISSION STAFF WORKING DOCUMENT

# EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT

*Accompanying the document*

**Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on public contracts and concessions, repealing Directives 2014/23/EU, 2014/24/EU and 2014/25/EU, and amending Regulations (EC) No 1370/2007, (EU) 2023/1542, (EU) 2024/1157, (EU) 2024/1252, (EU) 2024/1735, (EU) 2024/1781, (EU) 2024/2847, (EU) 2024/3110 and (EU) 2025/40, and Directives 2008/98/EC, (EU) 2019/882, (EU) 2022/2381, (EU) 2023/1791 and (EU) 2024/1760 (Public Procurement Act)**

{COM(2026) 590 final} - {SEC(2026) 590 final} - {SWD(2026) 590 final} - {SWD(2026) 591 final}

| Executive Summary Sheet |
|---|
| **Impact assessment on the Public Procurement Act** |
| **A. Need for actions** |
| **Why? What is the problem being addressed?** |
| Public authorities in the EU spend around €2.5 trillion (15% of GDP) a year on public procurement. This makes public procurement rules key for ensuring public funds are invested efficiently and effectively while preventing irregular practices, as well as making procurement an instrument to support the Unions wider policy objectives.<br><br>Three public procurement directives currently form the core of European public procurement legislation, one general directive (Directive 2014/24/EU) and two specific directives, one for the procurement by entities operating in specific sectors (Directive 2014/25) and one for the award of concessions (Directive 2014/23/EU). The European Commission's in-depth evaluation[1] of the 2014 Directives found that public buyers face high administrative burden and legal uncertainty, favouring the least risky choices when running public procurement. Similarly, EU business, including SMEs, face high administrative burden and struggle to participate in public procurement, also cross-border. Finally, fragmented eProcurement systems prevent proper transparency and efficient monitoring and oversight.<br><br>The revision of the Public Procurement Directives was announced in the Political Guidelines for the European Commission 2024–2029. |
| **What is this initiative expected to achieve?** |
| This EU intervention aims to transform public procurement into a more efficient public investment tool that advances the Union's strategic policy objectives including single market integration, economic autonomy, social and ecological sustainability and innovation, yielding best value for money. For public buyers, it seeks to simplify procurement processes and facilitate the pursuit of strategic goals. For economic operators, it aims to improve access to procurement opportunities including cross-border in the single market and for SMEs. For both, it strives to reduce administrative burden while enhancing transparency to prevent, detect and address irregular practices.<br><br>To achieve this, the intervention pursues four specific objectives (SO): to simplify and promote flexibility in procurement procedures and increase legal clarity and coherence of applicable rules, so as to facilitate public procurement processes and access to them for economic operators across the single market, including for SMEs (SO1); to increase the uptake of environmental, social and innovation public procurement in support of strategic policy objectives of the Union and provide a more coherent legal framework in this regard (SO2); to improve EU economic security and strategic autonomy in public procurement, promoting a coherent legal framework in this regard (SO3); and to facilitate access to public procurement information, data and IT solutions so as to reduce administrative burden and increase transparency and monitoring, thereby preventing and reducing irregular practices and enabling policy-making choices (SO4). |

[1] Commission Staff Working document, Evaluation of Directive 2014/23/EU on Concessions, Directive 2014/24/EU on Public Procurement and Directive 2014/25/EU on Utilities, SWD/2025/0332 final, Brussels 14.10.2025 (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52025SC0332)

**Why should EU act? What is the value added of action at the EU level?**

The initiative revises the existing EU Directives on public procurement to meet the objectives set out above and leverage public procurement as a driver for efficient and effective public investment supporting EU policy objectives. The initiative revising existing EU legislation and regulating the EU-wide procurement market could not be accomplished at Member State level, not least considering the need for ensuring a harmonised approach across the single market.

**B. Solutions**

**What legislative and non-legislative options have been considered? Is there a preferred choice or not? Why?**

The policy options (PO) are organised in four main sets of policy measures, with each measure corresponding to a specific objective and all measures supporting a more coherent public procurement framework. The options to introduce simplifications and flexibility (FLX) address SO1, the options on green, social, and innovation procurement (ESI) address SO2, the options on European preference (BEU) address SO3, and the options on the digital marketplace (MPL) address SO4.

**FLX** proposes, under FLX.1, a targeted amendment of the current three public procurement directives to allow negotiations, easier modifications (corrections during procurement procedures e.g. in case of errors) as well as engagement with the market. This option would cross-reference all exclusion grounds from existing sectoral legislation, introduce clearer rules for crisis procurement, and establish a dynamic risk-governance model for concessions. For a more coherent system, FLX.2 merges the three directives into a single legal instrument, reducing the number of procedures to two main procedures (an open procedure with optional negotiation and a dynamic procedure) with additionally a new, more operational innovation procedure and an exceptional procedure with only ex-post publication, including for emergency situations. It also integrates exclusion grounds from existing sectorial acts and where possible delete them from the sectoral acts. **ESI** introduces, under ESI.1, the Best Price-Quality Ratio as standard award method with a "comply or explain" mechanism. This option clarifies the definition of social, environmental and innovation procurement, the use of the EU Ecolabel and the link to the subject matter notably in relation to workers' rights. It bans the possibility to subcontract the entirety of a contract and establishes a new innovation procurement procedure where IP rights remain with suppliers unless otherwise justified. ESI.2 incorporates and builds upon ESI.1 by integrating horizontal public procurement provisions on green and social procurement included in sectorial acts. Lastly, ESI.3 mandates the Best Price-Quality Ratio, establishes mandatory targets and the compulsory use of EU Ecolabel criteria; subcontracting beyond the second tier is banned, and bans the transfer of IPR unless justified to deliver public services. ESI.3 also integrates sector-specific "what to buy" requirements.

**BEU** codifies, under BEU.1, case law setting a voluntary framework so that public buyers can restrict the participation in public procurement of economic operators or products from third countries with no agreement containing commitments covering the relevant procurement. Additionally, BEU.2 would provide a coherent framework for the future development of European preference provisions in sector-specific EU acts, establishing mechanisms for how to procure 'Made in Europe' where provided for in sector-specific acts and supporting their implementation by public buyers. Under BEU.3 a public buyer would be mandated to restrict the participation to EU and covered countries only.

**MPL** mandates, under MPL.1, the interconnection of Member States' eProcurement systems into one integrated EU public procurement marketplace for the publication of tenders, submission of bids, award of contracts and subsequent implementation monitoring. This option also establishes a data network linking national and EU-level public procurement data. Alternatively, MPL.2 would establish one single centralised EU eProcurement marketplace replacing Member States' eProcurement systems.

**Is there a preferred choice or not? Why?**

The Impact Assessment identifies the combination of **FLX.2**, **ESI.2**, **BEU.2**, and **MPL.1** as the preferred combination of policy options.

**C. Impacts of the preferred option**

**What are the benefits of the preferred option (if any, otherwise main ones)?**

In essence, the preferred option reduces the administrative burden for both public buyers and economic operators through simpler and more flexible procedures. Facilitated market consultations, negotiations, and corrections are expected to make tendering easier and reduce early terminations due to errors, which some estimates suggest affect up to 25% of contracts[2]. Moreover, it will increase the clarity and coherence of new rules, as well as sectoral rules with public procurement provisions (FLX.2/ESI.2).

Innovation procurement should become easier due to the new innovation procedure. The preferred option will also foster competition based on quality, making green and social procurement easier and facilitating the use of standards and ecolabels (ESI.2). It provides legal clarity and coherence, along with tools to enable the efficient application of European preference to improve economic security and strategic autonomy (BEU.2).

The new digital marketplace will cover all stages of new procedures, from announcement to the final e-invoice. Digitisation, including the once-only principle for document submission, will be the biggest contributor to cost reduction but should also aid in monitoring and fraud prevention (MPL.1).

While it was not always possible to quantify all the benefits with the available data, where quantification was feasible, the estimated savings amount to EUR 1 billion annually for economic operators and EUR 220 million for public buyers, assuming all other factors remain constant[3]. Note: these figures do not include costs - see the following box.

When taking costs into account, the average public buyer saves approximately 4.4% per-procedure, while the average economic operator saves around 8.9%. The total savings per procedure involving 3.3 bidders amount to around EUR 2 100, equivalent to a 4.9% cost reduction.

**What are the costs of the preferred option (if any, otherwise main ones)?**

The main costs stem from **ESI.2**, with the total additional cost for public buyers amounting to EUR 55 million annually as a result of applying the Best Price-Quality Ratio and EU Ecolabel. **FLX.2** could generate around EUR 78 million in additional costs for public buyers if the use of negotiations increases. **MPL.1** would incur costs of EUR 18 million annually for the Commission and EUR 18 million for Member States over the next seven years. Finally, the total additional cost of adopting European Preference is estimated at EUR 15 million, shared equally between public buyers and economic

[2] A study by the Danish Competition and Consumer Authority's suggests that more than 25% of all contracts is cancelled due to the inability to proceed with lawful modifications. Konkurrence og forbrugerstyrelsen(2022), Status for offentlig konkurrence 2022 (https://kfst.dk/media/jtvdhxbu/status-for-offentlig-konkurrence-2022.pdf).

[3] Present value of annual savings over a seven-year application period, applying a 3% discount rate.

operators. As with benefits, not all costs were possible to quantify, and for those that were, additional assumptions were necessary (see the impact assessment).

**How will businesses, SMEs and micro-enterprises be affected?**

With an estimated 71% of public procurement contracts won by SMEs, they are expected to be significant beneficiaries of the preferred policy option. Simplified procedures are likely to lower the time and cost needed for administrative formalities and compliance obligations. The digital marketplace would facilitate SME access to public procurement including cross-border and reduce administrative burden (e.g. once-only principle).

**Will there be significant impacts on national budgets and administrations?**

The preferred option is expected to result in annual costs of EUR 18 million for all EU Member States related to IT systems (**MPL.1**). Additionally, it is expected to increase annual costs for around 46 600 contracting authorities by EUR 141 million (**FLX.2, ESI.2**, and **BEU.2**). Nevertheless, contracting authorities are expected to save approximately EUR 220 million annually due to **MPL.1**, resulting in net EU-wide savings of EUR 79 million.

**Will there be other significant impacts?**

The initiative would imply positive impacts regarding the progress towards SDGs 8, 9 and 12.

**D. Follow up**

**When the policy will be revised?**

An evaluation should be carried out every seven years, taking into account a set of predefined monitoring indicators. The input data for the monitoring activities foreseen (i.e. the listed indicators) is either already available or will be available as a result of the introduction of new IT tools and systems foreseen under the combination of preferred policy options. To limit administrative burden for public buyers and economic operators this data will be collected automatically while processing public procurement transactions. Data curation and dissemination will also form part of the marketplace, including via dashboards and structured datasets available for download by the general public. This would also strengthen transparency and oversight, ensuring accountability and helping to prevent and detect irregularities.