

# The European Commission's use of consultants in preparing legislation

---





# The European Commission's use of consultants in preparing legislation

---

## **Abstract**

This study on the Commission's use of consultants in preparing legislation was produced for the Policy Department for Budgetary Affairs in 2022. It examines the European Commission's use of consultants, its evolution and extent, and considers the budgetary, legal and political implications.

In terms of scope, the study looks back over the past 10 years, providing an analysis of both the amounts spent on consultants and other issues including the types of activity that were contracted out, how many and which contractors were used, and which Commission DGs and avail themselves of the practice of using consultants. It also reviews the legal, ethical and political issues raised by current practices, including potential conflicts of interest, geographical diversity, and possible competition effects of procurement rules.

This document was requested by the European Parliament's European Parliament's Budgetary Control Committee.

## **AUTHORS**

A team from the Centre for Strategy & Evaluation Services LLP led by Jack Malan.

## **ADMINISTRATOR RESPONSIBLE**

Stefan SCHULZ

## **EDITORIAL ASSISTANT**

Adrienn BORKA

## **LINGUISTIC VERSIONS**

Original: EN

## **ABOUT THE EDITOR**

Policy departments provide in-house and external expertise to support EP committees and other parliamentary bodies in shaping legislation and exercising democratic scrutiny over EU internal policies.

To contact the Policy Department or to subscribe for updates, please write to:

Policy Department for Budgetary Affairs

European Parliament

B-1047 Brussels

Email: [Poldep-Budg@ep.europa.eu](mailto:Poldep-Budg@ep.europa.eu)

Manuscript completed in November 2022

© European Union, 2022

This document is available on the internet at:

<http://www.europarl.europa.eu/supporting-analyses>

## **DISCLAIMER AND COPYRIGHT**

The opinions expressed in this document are the sole responsibility of the authors and do not necessarily represent the official position of the European Parliament.

Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy.

© Cover image used under licence from Adobe Stock.

# CONTENTS

|  |           |
|--|-----------|
| <b>LIST OF ABBREVIATIONS</b>   | <b>5</b>  |
| <b>LIST OF BOXES</b>   | <b>6</b>  |
| <b>LIST OF FIGURES</b>   | <b>6</b>  |
| <b>LIST OF TABLES</b>  | <b>6</b>  |
| <b>EXECUTIVE SUMMARY</b>   | <b>7</b>  |
| Resume of Study Objectives   | 7         |
| Stocktaking – The Commission's use of Consultants                              | 7         |
| Comparisons with Experience in the Member States                               | 8         |
| Overall Conclusions and Recommendations  | 10        |
| <b>1 INTRODUCTION</b>  | <b>13</b> |
| 1.1 Resume of Study Objectives   | 13        |
| 1.2 Methodological Approach  | 13        |
| 1.3 Structure of the Study   | 14        |
| <b>2 BACKGROUND &amp; KEY QUESTIONS</b>  | <b>15</b> |
| 2.1 Background to the Study  | 15        |
| 2.2 Analytical Framework and Key Research Questions                            | 19        |
| <b>3 STOCKTAKING - THE COMMISSION'S USE OF CONSULTANTS</b>                     | <b>23</b> |
| 3.1 Overview   | 23        |
| 3.2 Value of Commission consultancy contracts                                  | 24        |
| 3.3 Main suppliers of consultancy services and the question of 'concentration' | 29        |
| 3.4 Conclusions – Commission's Use of Consultants                              | 33        |
| <b>4 MEMBER STATE COMPARISONS</b>  | <b>35</b> |
| 4.1 Overview   | 35        |
| 4.2 Procurement of Consultants by Member States                                | 35        |
| 4.3 Role of Consultants in Supporting Member States' Policymaking              | 38        |
| 4.4 Controversies in Member States over the Use of Consultants                 | 44        |
| 4.5 Conclusions – Member State Comparisons                                     | 47        |
| <b>5 ASSESSMENT OF KEY ISSUES</b>  | <b>49</b> |
| 5.1 Overview   | 49        |
| 5.2 European Commission Perspective  | 50        |
| 5.3 Consultancy Firms' Perspective   | 56        |

|          |  |           |
|----------|--|-----------|
| <b>6</b> | <b>CONCLUSIONS AND RECOMMENDATIONS</b>                                       | <b>60</b> |
| 6.1      | Stocktaking – the Commission’s Use of Consultants                            | 60        |
| 6.2      | Comparisons with Experience in the Member States                             | 61        |
| 6.3      | Overall Conclusions and Recommendations                                      | 62        |
|          | <b>APPENDIX A: BIBLIOGRAPHY</b>  | <b>65</b> |
|          | <b>APPENDIX B: PROVIDERS OF COMMISSION POLICYMAKING CONSULTANCY SERVICES</b> | <b>70</b> |

## LIST OF ABBREVIATIONS

|              |  |
|--------------|--|
| <b>DG</b>    | Directorate General  |
| <b>EC</b>    | European Commission  |
| <b>ECA</b>   | European Court of Auditors                                   |
| <b>EP</b>    | European Parliament  |
| <b>EU</b>    | European Union   |
| <b>FTS</b>   | Financial Transparency System                                |
| <b>FEACO</b> | European Federation of Management Consultancies Associations |
| <b>MS</b>    | Member State   |
| <b>NAO</b>   | National Audit Office  |
| <b>PPL</b>   | Public Procurement Law                                       |
| <b>TED</b>   | Tenders Electronic Daily                                     |

## LIST OF BOXES

|   |    |
|---|----|
| Box 1.1: Structure of the Study Study   | 14 |
| Box 2.1: List of Key Research Questions                                       | 22 |
| Box 3.1: Stocktaking - How much use does the Commission make of consultants?  | 23 |
| Box 5.1: Commission's use of Consultant - Ethical, Legal and Political Issues | 49 |
| Box 5.2: Examples of procedures and measures to avoid conflicts of interests  | 58 |

## LIST OF FIGURES

|   |    |
|---|----|
| Figure 2.1: Structure of the Word-wide Consulting Industry  | 16 |
| Figure 2.2: Conceptual Model – Use of Consultants for Policymaking  | 19 |
| Figure 3.1: Value of Commission service contracts (EUR million) 2014-21   | 24 |
| Figure 3.2: Value of consultancy services supporting policymaking (EUR million) 2014-21                           | 25 |
| Figure 3.3: Breakdown of spending by Commission DGs on consultancy services (EUR million) 2014-21                 | 28 |
| Figure 3.4: Source by Member State of policy-related consultancy services to the Commission (EUR million) 2014-21 | 33 |
| Figure 4.1: Main public policy consultancy firms - France   | 39 |
| Figure 4.2: Dutch government spending on consulting services between 2009-2018                                    | 42 |

## LIST OF TABLES

|   |    |
|---|----|
| Table 2.1: Examples - Contribution of consultants to policymaking                                     | 21 |
| Table 3.1: Spending on 'policymaking' consultancy services as a proportion of the EU's budget 2014-21 | 27 |
| Table 3.2: Main providers of Commission policymaking consultancy services 2014-21                     | 30 |
| Table 4.1: Main Challenges to Evidence Informed Policy Making as perceived by Lithuanian Ministries   | 41 |



## EXECUTIVE SUMMARY

This European Parliament study on the Commission's use of consultants in the preparation of legislation was carried out by the Centre for Strategy & Evaluation Services (CSES) in 2022. Below we provide a summary of the study objectives, key findings, conclusions and recommendations.

### Resume of Study Objectives

To summarise, the aim of this study was to evaluate the European Commission's use of consultants, its evolution and extent, as well as considering any budgetary, legal and political implications. The more specific objectives were to:

- Analyse the extent of the Commission's recourse to consultants in drafting policies and legislation.
- For comparative purposes, to examine similar practices in selected Member States and/or other countries.
- Beyond this stocktaking exercise, to review the legal, ethical and political issues raised by current practices, including, but not limited to, potential conflicts of interest, geographical diversity, language criteria, and possible competition effects of procurement rules.

In terms of scope, the study looked back over the past 10 years, providing an analysis of both the financial aspects, i.e. the amounts spent on consultancy contracts over the last 10 years, and more qualitative issues including the types of activity that are contracted out, how many and which contractors were (re) hired, and which Commission DGs avail themselves of the practice of using consultants.

A draft version of this study was presented to the European Parliament's Budgetary Control Committee on 14 July 2022. The submission of this draft coincided with the publication of the European Court of Auditor's Special Report on 'External consultants at the European Commission – Scope for reform' (30 June 2022). The two publications are complementary insofar as this study focuses specifically on the Commission's use of consultants in supporting the preparation of legislation and policies whereas the ECA covered a much broader field of consultancy activity. Also, this study includes a comparative dimension by examining experience in a sample of EU Member States, and we have obtained the contribution of consultants themselves as well as the Commission to the research.

The final version was completed after interviews were undertaken with the European Commission. These interviews were delayed at the request of the Commission until after publication of the ECA study. Below we summarise the key findings from the research in relation to the three main objectives of the study as outlined above. Where appropriate we comment on the ECA Special Report's findings in light of our own research.

### Stocktaking – The Commission's use of Consultants

**Reflecting wider trends in many of the Member States, the Commission's use of consultants to support policymaking has tended to increase over the years.** Based on an analysis of the Commission's Financial Transparency System (FTS) data, expenditure on consultants is estimated to have been EUR 6.4 billion during the years 2014-21 or 44% of all the service contracts awarded during this period. If EU policy advisory work is more narrowly defined as only involving the FTS categories of 'evaluation' (the type of consultancy which is most relevant to policy work along with studies for impact assessments) this reduces the Commission spending to EUR 378 million for the 2014-21 period, or 5.9% of the overall expenditure on consultants. If the definition of policy-related consultancy is broadened

to include the FTS category of 'studies', this increases the total to EUR 1.1 billion for the 2014-21 period or nearly 18% of the total spend on consultants. Not all studies are, however, relevant to the preparation of legislation and policymaking.

**Whilst the Commission's spending on consultants to support the preparation of legislation and policymaking has increased over the years it is important to note that it has remained quite constant as a proportion of the overall EU budget.** During the 2014-21 period, the percentage of the EU's adopted budget spent on the four FTS categories making up consultancy services never exceeded 0.6%. The proportion relating to 'evaluation' is much smaller.

**The number of consultancy firms providing policy-related advisory services to the European Commission is a quite small proportion of the sector as a whole but nevertheless very diverse.**

Our analysis suggests that there were 40 firms that were awarded at least EUR 1 million in contracts during the 2014-21 period for policy-related advisory services (defined as the FTS categories of 'evaluation' and 'studies'). Whilst the 40 companies largely dominate this market for Commission work in this field, taken as a whole the sector includes a large number of small consultancies and other types of operators. The types of firms supplying policy-related consultancy services to the Commission range from the 'Big Four' global accounting and consultancy firms to smaller companies that specialise in EU policy-related work, research institutes and universities, as well as individual experts.

**The 'Big Four' and other large consultancy firms do not dominate the market for EU policy advisory services.** Our analysis of FTS data suggests that the 'Big Four' generated a combined total of EUR 51 million from EU policy advisory work during the 2014-21 period which represents a 14.5% market share (if the market is defined as the earnings of the 'Top 40' contractors with revenues of at least EUR 1 million during the 2014-21 period from Commission policymaking advisory support). The firms that had the largest market shares are medium-sized businesses that have prioritised the EU institutions as a key client. In contrast, the 'Big Four' only generate a very small share of their overall global revenue from the EU Institutions and tend to concentrate on more lucrative public and private sector clients elsewhere. For similar reasons, the global strategy consultants (Bain, McKinsey, Roland Berger, etc.) do very little policy-related work for the Commission. In terms of locations where consultants are based, Belgium is top of the ranking because many of the consultancy firms providing services to the EU Institutions have offices in Brussels that are used to coordinate the marketing of their services and to contract with clients.

## Comparisons with Experience in the Member States

**There are very similar drivers at the EU and Member State levels that have led to an increasing use of consultants in the policymaking process over the years.** The main reason is to obtain specialist expertise and knowledge, complementing in-house know-how. External studies represent only one source of information for policy making. Nevertheless, several of those we consulted in the Commission and in the Member States value the independent perspective that external consultants can bring to a subject. Another driver is the optimization of human resources and budgetary management because the recruitment of specialists and experts who are needed only temporarily for particular assignments would lead over time to 'passive' resources which would not be cost-effective given the tight constraints on public spending. However, there are also differences in the use of consultants: in particular, while EU-level studies involve research across several if not all Member States, which is usually very demanding in terms of logistics and human resources, projects undertaken at the national level are typically limited to the one particular country concerned.

Trends in the Commission's use of consultants reflect wider trends in most EU Member States. Although difficult to quantify, there seems to have been a steady increase in most countries over the years in the use of consultants to support policymaking. After cutbacks in expenditure on consultants during the economic crisis of 2010-14, a previously well-established trend resumed with an even steeper upward trajectory during the COVID-19 pandemic. Only a small proportion of COVID-related consultancy can, however, be classified as policy-related as defined earlier.

**The procurement systems used by national authorities to obtain the services of consultants are mostly decentralised, if not fragmented, in the EU Member States covered by this study.**

Centralised coordination structures only exist in a few countries although the national authorities in some other countries are taking steps to increase centralisation. Uncoordinated procurement systems have drawbacks for both public authorities and consultants alike. While the Commission's procurement system is also decentralised in the sense that each Directorate-General is responsible for its own procurement, our research suggests that the system is considerably more transparent than the equivalent set-ups in most countries. The FTS and TED systems are important in promoting transparency and the tools available from national sources are not, in general, as easily accessible.

**Because it is difficult to estimate the extent to which Member States rely on consultants to support policymaking, comparisons with the Commission are not appropriate.**

One reason for this lies in the decentralised public procurement systems mentioned above and consequent lack of transparency. In relation to the 'Big Four' and other large firms, it seems from our research that in countries with relatively well developed and mature management consultancy sectors, the 'Big Four' domination of the market is less pronounced with a greater number and diversity of contractors available to governments. In other countries, especially in Central and Eastern Europe, the 'Big Four' and other large firms have a much stronger position, largely because they can leverage the expertise of their EU-wide networks which gives them a competitive advantage over local firms. However, strong local consultancy firms have developed over the past 2-3 decades and now not only operate in their national public policy consulting markets but also compete strongly for contracts at the EU level. The provision of consultancy services related to EU programmes has been an important stimulus in this respect in Central and Eastern Europe.

**Just as there are questions at the EU level regarding the influence of consultants on policymaking, so there are in many of the Member States covered by this study.**

As at the EU level, these questions relate to the concern that consultants have too much influence on policymaking with some firms being too dominant in the market, that they can face a conflict of interests and sometimes demonstrate poor value for money. In several Member States in our sample, the authorities have been criticised for poor public procurement practices (e.g. the appointment of consultants being influenced by political considerations or personal connections). Such concerns do not appear to be significant at the EU level.

**A further issue considered by the research is the extent to which political pressures can influence the work carried out by consultants to support policymaking.**

The evidence from the research in the sample of EU Member States in this respect is mixed. In some countries, it seems that there is a tendency for politicians not to challenge the evidence base of policymaking, thereby reducing the potential of consultants to feature strongly in the legislative process; while in other countries, the opposite situation exists and political pressure is regarded as a factor resulting in consultancy studies not challenging political agendas. Political parties that are in office generally have an interest in favourable results from the evaluation of their policies. Overall, there is a rather unclear picture with conflicting evidence. As far as we can tell, at the EU level, political considerations do not unduly influence the work carried out by consultants as an input to policymaking.

## Overall Conclusions and Recommendations

Overall, the systems developed by the Commission for using consultants to support policymaking seem to work well but there is scope for some aspects to be improved.

**Over the years the Commission has professionalised its procurement system but the extent of decentralisation has advantages and drawbacks.** As noted earlier, our assessment suggests that the Commission's procurement system is in many ways more transparent than the procedures adopted by Member States. The fact that each DG has responsibility for organising the appointment of consultants for their own purposes has advantages and probably reduces bureaucracy, but a (potential) drawback is that there can (as the ECA Special Report suggests) be a lack of broader oversight at the Commission level of the role being played by consultants, particularly with regard to possible conflicts of interest, potential over-dependence and upholding uniform quality standards. A fragmented system also means there is less scope for sharing information on the use of consultants.

The FTS provides a very useful and publicly- available source of procurement data but there is nevertheless scope for additional Commission-wide insights and information sharing on the performance of consultants. Likewise, this study suggests that more consistent use could be made by different Commission DGs of the DORIE inter-institutional database to share information on planned and completed studies.

**In the policy-related consultancy field, there is a strong framework of methodological guidance in place.** One of the ECA's conclusions was that the Commission's framework governing consultancy services has significant gaps. It does, however, concede that the role of external consultants and the extent to which tasks can be outsourced is better defined for evaluations and impact assessments (which have a key role in policy-related consultancy) than more widely and we share this view. At the heart of this framework are the 'Better Regulation Guidelines'. Although the guidelines are meant for Commission officials, consultants are also expected to follow them. An obvious question (albeit one that is not fully within the scope of this study) is whether this or a similar overall framework could be developed across the full breadth of the Commission work involving the use of external consultant. In our view such standardisation would be difficult to achieve given the diversity of subject matter and different types of consultancy services that are supplied across the Commission as a whole.

**Whilst there has been tendency towards 'concentration' in the Commissions' use of consultants, to some extent this is inevitable given the specialised nature of policy-related advice and we do not see a significant risk of over-dependence on a relatively small number of contractors.** It could be argued that the increased use of framework contracts has encouraged this tendency towards 'concentration'. However, framework contracts require the formation of consortia because of the large number of studies and potentially wide range of subject matter that are typically covered by such frameworks. Indeed, it would be difficult for a single contractor – even the largest firms of consultants – to fulfil all the financial and technical criteria on their own. As such, consortia generally allow smaller firms to participate in contracts alongside their larger counterparts in situations where it would be difficult if not impossible to win such contracts on their own. There is also an opportunity for new contractors to enter the market when framework contracts are periodically retendered.

**A potential alternative to using external consultants would be for the Commission to 'internalise' the type of work that is contracted out but there is very limited scope to do this, according to our study.** The use of consultants is generally not the first option that is considered by the Commission with several alternatives being considered before outsourcing. The Joint Research Centre is effectively the Commission's internal research department but it tends to focus on fundamental research whereas the DGs often require research that focuses more directly and

immediately on contributing to policymaking. The JRC itself also uses consultants to help with a lot of its research. The EU agencies also carry out research that is designed to inform policymakers and to provide the information that is required for evidence-based policy decisions. However, much of their research is also contracted out to external consultants. Another possibility is for the Commission to make greater use of its own staff but there is very little scope to do this because of constraints on human resources and a lack of specialised know-how. Moreover, many tasks contracted out to consultants, notably evaluations and impact assessments, benefit from being informed also by external studies because this helps to complete the evidence base.

**The competitive nature of Commission procurement procedures helps to ensure that consultants provide value for money.** A concern both at the EU level and some Member States is that consultants may not always deliver the best value for money. The publication of tenders in the Official Journal helps to open up competition although, in practice, because policy-related consultancy is a relatively specialised field, the pool of potential contractors is relatively small, as explained in this study. Commission DGs use the terms of reference and contracts for specific assignments to control consultants, to ensure that quality standards are met and value for money is demonstrated, and the possibility of price reductions seems to be an effective control in this respect. Beyond the specific contractual measures, the inter-service steering groups (in which relevant Commission services for an initiative participate) also have an important role as they are presented with and discuss all the deliverables under a contract.

At the tendering stage consideration could, however, be given to not publishing the budgets for certain assignments in the tender documentation to encourage more competitive pricing. There are, however, also potential drawbacks with this approach if no pricing guidance is provided and the scale of the research that is required for a study is unclear.

**Both the Commission and the consultancy firms themselves have rules and procedures in place that should, and as far as we can tell do, ensure that the risk of a conflict of interests is prevented or minimised and quality standards are maintained.** The Commission has a range of checks that are used to help ensure that this is the case including requirements set out in tender documentation with regard to declarations of interest, the Commission's corporate risk management framework, the Better Regulation and other guidelines, and contractual penalties that can be applied in case of unsatisfactory or poor performance of a contract. As Section 5 of this study shows, consultancy firms, and especially the larger ones, also have their own procedures for ensuring that assignments are carried out in a way that avoids any conflicts of interest and in accordance with appropriate quality standards. From our discussions with a number of consulting firms, these procedures seem to be strictly enforced with a 'zero tolerance' approach being adopted to possible infringements.

**We have not found evidence at the EU level of undue political influence on consultancies in the upstream stages of policymaking.** Whilst political parties in the Member States - especially if they are in power - and at the EU level have an interest in issues relating to EU legislation and policymaking, advocacy and the exercising of other forms of political influence is governed by codes of conduct in the EU institutions while consultancy firms have their own research ethics frameworks which apply to services they provide to the public sector. At the EU level, Members of the European Parliament have an opportunity to express their views on consultants' studies in committee sessions but we have no evidence of this, or other activities, unduly influencing the outcomes of such studies in a way that contradicts the evidence.

If evidence of undue political influence on consultancies in the upstream stages of policymaking became apparent, this might be a matter for the proposed EU ethics body to consider, assuming the

issue in question fell within its competence and had not already been dealt with before a referral to the ethic body was felt to be necessary.

**Overall, our research suggests that the Commission's systems, as applied to consultants who deliver services to support the preparation of legislation and policymaking, are satisfactory.** This is a more positive conclusion than the ECA's but the ECA Special Report examined a broader field of consultancy activities rather than just those focusing on support for legislation and policymaking where tighter controls and guidelines are in place (i.e. the Better Regulation Guidelines, role of the Regulatory Scrutiny Board).

The ECA's Special Report does not, it seems to us, question the fundamentals of the Commission's system for managing the use of consultants but rather suggests a number of incremental improvements. In its response, the Commission has accepted the ECA's four main recommendations and is, we understand, now implementing plans to address them. There is already a strong framework in place for the area of policy-related consultancy services but the ECA's recommendations should help to reinforce certain aspects of this. There are of course some aspects of consultancy work relating to legislation and policymaking that are not covered by the Better Regulation Guidelines (procurement rules, use of framework contracts, etc). Here, there are no differences with the Commission's procedures for consultants generally and we broadly agree with the ECA's conclusions and recommendations.



## 1 INTRODUCTION

**The research on 'The European Commission's use of Consultants in Preparing Legislation' was commissioned by the European Parliament's Budgetary Control Committee and carried out by the Centre for Strategy & Evaluation Services (CSES) in 2022. Preliminary findings were presented to the Committee on 14 July 2022.**

### 1.1 Resume of Study Objectives

To summarise, the aims of this study were to evaluate the European Commission's use of consultants, its evolution and extent, as well as considering any budgetary, legal and political implications. The more specific objectives were to:

- Analyse the extent of the Commission's recourse to consultants in drafting policies and legislation.
- For comparative purposes, examine similar practices in selected Member States and/or other countries.
- Beyond this stocktaking exercise, review the legal, ethical and political issues raised by current practices, including, but not limited to, potential conflicts of interest, geographical diversity, language criteria, and possible competition effects of procurement rules.

In terms of scope, the study looks back over the past 10 years, providing an analysis of both the financial aspects – the amounts spent on consultancy contracts over the last 10 years - and qualitatively (types of activity that are contracted out, how many and which contractors were (re) hired, how many Commission DGs and which ones avail themselves of the practice of using consultants).

A draft version of this study was presented to the European Parliament's Budgetary Control Committee on 14 July 2022. The submission of the draft coincided with the publication of the European Court of Auditor's Special Report on 'External Consultants at the European Commission – Scope for Reform'.<sup>1</sup> The final version of this study was completed after interviews were undertaken with the European Commission. These interviews were delayed at the request of the Commission until after publication of the ECA report.

The ECAs' remit was to examine the Commission's procurement rules and practices in general insofar as they apply to the hiring of consultants. This study focuses specifically of the role of consultants in policymaking. Other differences included the fact that this study has made some comparisons with experience in a sample of EU Member States and also examined key issues from not only the perspective of the European Commission but also the perspective of consultants. Complementarities therefore exist in relation to the subject matter and the scope of the research.

### 1.2 Methodological Approach

The methodological approach to the assignment involved a number of key elements, which were set out in the CSES tender and subsequently the inception paper:

- A stocktaking analysis involving desk research to examine data on the Commission and Member States' use of consultants.
- An interview programme with a sample of Commission DGs that make use of consultants for policymaking purposes.

---

<sup>1</sup> European Court of Auditors, Special Report 'External consultants at the European Commission – Scope for reform'. EN 2022, No. 17.

- An interview programme and other research with representatives of consultancy firms providing services to the Commission and national authorities.

The first of the above elements involved an analysis of data on contracts that is held in the **Tenders Electronic Daily (TED) system and the Commission's Financial Transparency System (FTS)**. The analysis of these data is provided in Section 3 of the study. We also examined media reports and other material.

With regard to the second element, the **sample of Commission DGs** comprised DGs COMP, EMPL, ENV, GROW, JUST, REGIO and SANTE. CSES also had a number of discussions with DG BUDG on key issues and to help coordinate the interview programme in the Commission. As part of the study we also sought to obtain the consultancy industry's perspective on key issues and to this end, carried out interviews with FEACO (European Federation of Management Consultancies Associations), specifically the association's Procurement Committee, and with individual consultancy firms including all the 'Big Four' companies.

Last but not least, a sample of **10 EU Member States** was selected for the research to provide a comparative dimension. The sample consisted of Belgium, France, Germany, Italy, Lithuania, Netherlands, Poland, Romania, Spain and Sweden. It was felt that this sample would be representative of the different types of governmental systems, traditions of using consultants to support policymaking, and the size and other features of consultancy sectors across the EU. The research in each country involved a combination of desk research and interviews.

### 1.3 Structure of the Study

The study is structured around the three main objectives as summarised earlier.

#### Box 1.1: Structure of the Study

- **Section 2: Background and Key Questions** – examine the background to the study and an overview of the consultancy sector. Section 2.2 sets out the analytical framework for the research and the list of key questions that have been investigated.
- **Section 3: Stocktaking of the Commission's use of consultants** – the first objective of this study was to undertake a 'stocktaking' of the Commission's use of consultants. In this section we therefore seek to answer the question: to what extent does the European Commission rely on consultants to help prepare legislation and policies, and who are the main providers of such services?
- **Section 4: Comparisons with Member State** – in this section we provide an assessment of the practices with regard to the use of consultants to advise on legislation and policymaking in a sample of EU member States (Belgium, France, Germany, Italy, Lithuania, Netherlands, Poland, Romania, Spain and Sweden). This corresponds with the second aim of the study.
- **Section 5: Assessment of Key Issues** – provides an assessment of the key research questions set out in the European Parliament's terms of reference and linked to the third aim of the study, i.e. legal, ethical and political issues raised by current practices, including, but not limited to, potential conflicts of interest, geographical diversity, language criteria, and possible competition effects of procurement rules. We examine these issues from the perspective of both the Commission and the consultancy firms that support policymaking.
- **Section 6: Overall Conclusions and Recommendations** – the final section presents the study's overall conclusions and recommendations.



## 2 BACKGROUND & KEY QUESTIONS

In this section we examine the background to the study. We also provide an overview of the EU consultancy sector that provides support to the European Commission and other clients in the policymaking field. Section 2.2 sets out the analytical framework for the research and the list of key questions that have been investigated.

### 2.1 Background to the Study

The background to this study was media coverage given to a case in 2021 highlighting a potential conflict of interests involving a contractor's work for the European Commission.

The particular case that caught the media's attention involved BlackRock, one of the world's largest asset management companies and a major investor in fossil fuels, which was contracted by the European Commission to provide advice on the EU Sustainable Finance Action Plan and, more specifically, on the integration of ESG (Environmental, social, and corporate governance) objectives into the EU banking prudential supervision framework, banks' business strategies and investment policies. **BlackRock's report, which was prepared by the firm's Financial Markets Advisory services, was published by the European Commission on 27 August 2021.**<sup>2</sup> The decision to select BlackRock was criticised by civil society groups and several European Parliament MEPs at the time on the grounds of a **possible conflict of interests**.<sup>3</sup> The report itself was subsequently criticised for similar reasons.<sup>4</sup>

A complaint was subsequently submitted by Change Finance to the European Ombudsman. In this the complainant argued that "it is hard to come by more glaring conflicts of interest in one go. By choosing BlackRock, the Commission basically handed 'Big Finance' the steering wheel for the implementation phase of its action plan on sustainable finance ... asking BlackRock to suggest the best rules for sustainable finance is like asking a nuclear power company for advice on a nuclear phase-out. It is a relief to hear the Ombudsman sides with us."

The **European Ombudsman's 2021 Decision** ruled that the European Commission had not properly considered conflicts of interest when it granted the contract to BlackRock, urging the Commission to improve its rules regarding public spending to ensure that there are proper safeguards regarding conflicts of interest when procuring work from the private sector.<sup>5</sup> The Ombudsman also argued that the bidding price for the €280,000 contract that BlackRock was subsequently awarded was exceptionally low which could, it was suggested, be perceived as an attempt to assert influence over an investment area of relevance to its clients.

Concerns over the use of consultants have not been confined to the EU level. Indeed, given the increasing use of consultants by public authorities across the EU in most countries in recent years, questions have been asked more widely concerning undue influence, value for money and possible conflicts of interest. As such, the BlackRock case was only one of a number of media articles in several countries questioning the role played by consultants in providing support to public bodies on the preparation of legislation and policymaking generally. There is in fact a quite long history of adverse media coverage in this respect, as we explain later in this section.

<sup>2</sup> BlackRock Financial Markets Advisory 'Development of Tools and Mechanisms for the Integration of ESG Factors into the EU Banking Prudential Framework and into Banks' Business Strategies and Investment Policies', 2021. See <https://op.europa.eu/en/publication-detail/-/publication/ce43e64f-06e0-11ec-b5d3-01aa75ed71a1/language-en>

<sup>3</sup> It was, for example, pointed out that BlackRock is one of the biggest shareholders in 12 of the top 15 European banks most heavily invested in fossil fuels. It was also argued that the firm had been involved in an international lobbying campaign with other financial corporations to oppose new European rules, favouring instead voluntary measures by the financial industry.

<sup>4</sup> See for example Reclaim Finance <https://reclaimfinance.org/site/en/2021/08/30/blackrock-report-is-outright-dangerous-critics-say/>

<sup>5</sup> See <https://www.ombudsman.europa.eu/en/press-release/en/135414>

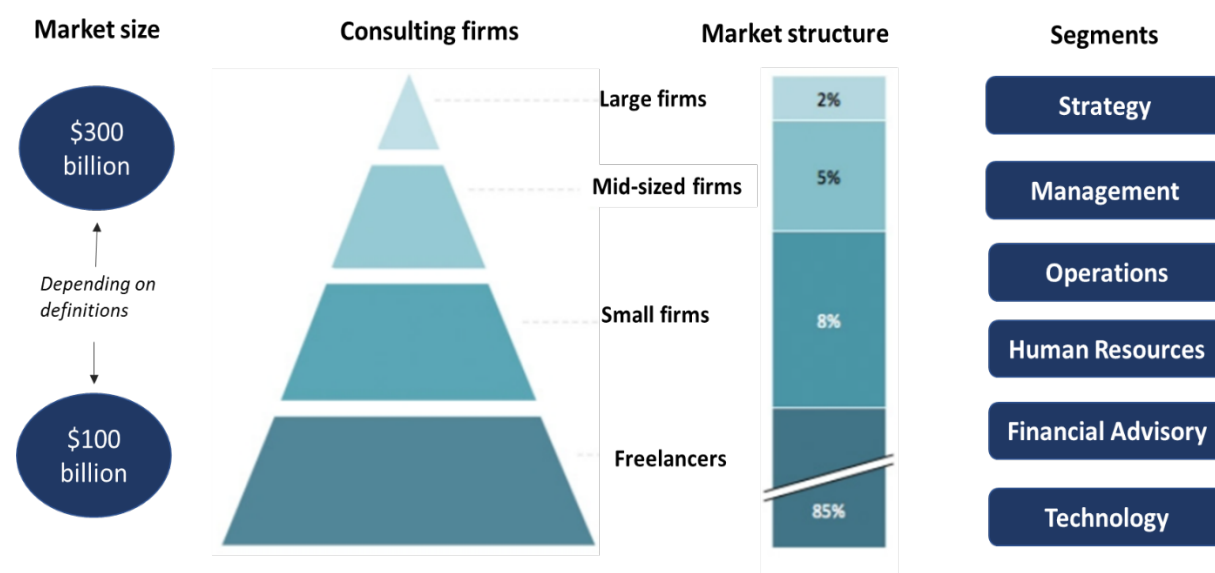
### 2.1.1 Overview of Europe's consultancy sector

It is helpful to put the Commission's use of consultants into a broader context. As noted earlier, over the years, there has been a **steady increase in the use of consultants by both businesses and governments throughout the western world.**

According to Consultancy.EU, from the turn of the twentieth century onwards, management consulting – which early on focused mainly on engineering and finance – increasingly gained ground in the business world, although it was not until the 1930s that consulting firms started to grow beyond a few founding partners and small teams. The industry developed initially in the United States with firms such as Arthur D. Little, A.T. Kearney, Booz Allen Hamilton and McKinsey & Co playing a frontrunner role. The consulting industry started to internationalise in the early 1960s, when the large American management consultancies expanded into Europe.

There was **particularly fast expansion in the 1980s and 1990s** with the revenues of the top ten worldwide management consultancies growing from around US\$200 million to some US\$50 billion during this period while the headcount of the thirty largest consultancy firms in the sector grew from about 20,000 in the early 1980s to approximately 430,000 in the early 2000s. The range of expertise offered by consultancies has also grown over the years to include strategy, operations, human resources, financial advisory and technology consulting, as well as management consultancy. At the same time, the structure of the industry has become much more diverse as the following chart highlights.

**Figure 2.1: Structure of the World-wide Consulting Industry**



Source: Consultancy UK (2022)

The **factors that help to explain the quite rapid growth of the consulting industry** in recent years include: the contracting out of public sector functions that can be more cost-effectively undertaken by consultants than permanent staff; the need to obtain expertise that does not exist in-house in public sector bodies; and the advantages of separating advisory support from decision-making.

There are a number of different ways of ranking the **consultancies in Europe that tend to dominate the market** but certain names tend to recur: BearingPoint, Booz & Company Europe, McKinsey & Company, Bain & Company, Roland Berger, Oliver Wyman, A.T. Kearney, OC&C Strategy Consultants, Arthur D. Little, as well as the 'Big Four' firms.<sup>6</sup> Some of these firms are more important than others as

<sup>6</sup> See, for example, Consultingfact, the Vault Ranking of the Best Consulting Firms to Work For in Europe or Consultancy EU's ranking of the top strategy consultants in Europe.

suppliers of consultancy services to the European Commission and, equally, there are other companies not on the above list that have a significant share of this particular market (we examine this question in Section 3).

As can be seen from the above chart, the largest consultancy firms in Europe account for a disproportionate share of the turnover of the industry. Perhaps not surprisingly, with the growth in the use of consultants by governments and other public authorities, questions have arisen about their **influence on policymaking**. A good summary of the issues is provided in a recent publication:

“Although on the face of it, it may seem reasonable that government should access specific expertise to improve its operations, critical commentators express a number of concerns. The concerns seem to fall into two areas. The first is that in the perception of the public and the media, government's spending on consultancy seems to be too high and has got out of control. The second centres on an uneasy feeling that consultants are not acting in the public interest and do not seem to be accountable. More generally there is a similarly vague suspicion that they have acquired a power and influence out of all proportion to the work that they do.”<sup>7</sup>

Although this comment is now over a decade old, the concerns that were highlighted remain to the present. Putting the Commission's use of consultants aside, this is demonstrated Section 4 where we examine the situation across a sample of EU Member States.

The consulting industry itself has taken steps over the years to address **issues relating to a possible conflict of interests**. This applies especially to the larger consultancies which provide a wide range of services to many different industry sectors and markets, and consequently where there is potentially more scope for a conflict of interests between different service offerings within the same organisations. More specifically, the 'Big Four' (Deloitte, Ernst Young, PricewaterhouseCoopers, and KPMG) have faced **pressure from regulators to separate their audit services and consulting services** amidst concerns that because of cross-selling opportunities, clients may not always receive objective and impartial advice. In the UK, the Financial Reporting Council (FRC) has ordered the 'Big Four' to put their UK auditing and consulting practices in separate business units by 2024 and EY became the first of the firms to recently announce steps to do this by separating these two aspects of their business completely and in separate companies that are to be floated on various stock exchanges.

### 2.1.2 Historical perspective - European Commission's use of consultants

Over the years - and reflecting wider trends - the European Commission has made increasing use of consultants (see Section 3). This trend was particularly pronounced Commission from the 1990s onwards, driven in part by major new policy initiatives (e.g. the Single Market) and a greater emphasis on evaluation, initially in the DGs responsible for implementing the Structural Funds and RTD programmes but later across most EU policy fields.

In the earlier years, it seems that the Commission tended to rely quite heavily - much more so than now - on the **'Big Four'** (or the 'Big Eight' as they were until the early 2000s) and a few other larger consulting firms.<sup>8</sup> The larger firms were not only in a position to undertake data collection and other research activities across the EU Member States using their networks of offices but also combined this with a wide range of expertise in a single organisation. There was also the attraction of having prestigious and well-known company names on the front cover of reports. The **Cecchini studies** in the late 1980s can

---

<sup>7</sup> Peter Graham, 'Consultants in Government: A Necessary Evil?' in 'Working for the State', pages 209-22, 2011.

<sup>8</sup> The Big Eight consisted of Arthur Andersen, Arthur Young, Coopers & Lybrand, Deloitte Haskins and Sells, Ernst & Whinney, Peat Marwick Mitchell, Price Waterhouse, and Touche Ross. The Big Eight gradually reduced due to mergers between these firms, as well as the 2002 collapse of Arthur Andersen, leaving four networks dominating the market at the turn of the 21st century.

be seen as a significant milestone in this respect because a considerable amount of the research was undertaken by smaller and more specialised consultancy firms, thereby establishing their credibility as providers of policy-related research and advisory services.<sup>9</sup>

In the earlier years, the Commission's procurement of consultancy services relied mainly on open tendering procedures. For some assignments, this could mean that a very large number of tenders were submitted (in some cases, around 80-100). In more recent years, the Commission has procured policy-related consultancy services mainly via framework contracts.

As the Commission's use of consultants has increased, so have the questions over their use, especially in policymaking field. As we shown in Section 4, such concerns are also evident in many countries. In the case of the Commission, the concerns over the use of consultants are slightly different to those that have led, for example, to regulators in certain countries to call for a separation of audit and consultancy services in the 'Big Four' firms. We examine these concerns in Section 3 and 5 of this report.

### 2.1.3 European Court of Auditors Special Report

At the time when this study was prepared, the European Court of Auditors (ECA) published its Special Report on the Commission's use of consultants. The report was made public on 30 June 2022.

The main conclusion of the ECA's Special Report was that **the way the European Commission hires and uses external consultants does not fully ensure that it maximises value for money or fully safeguards its interests**. It was argued that there are significant gaps in the framework governing the use of these services, with potential risks related to the concentration of service providers, overdependence and conflicts of interest which are not sufficiently monitored.

#### Main Conclusions of the European Court of Auditors Special Report

- The ECA's Special Report estimated that the Commission spends some EUR 1 billion per annum on consultants, mainly to help with the implementation of the EU's neighbourhood and enlargement policies, international partnerships, foreign policy instruments, and environmental and climate actions.
- Whilst the Commission followed the necessary procurement procedures and ensured that the consultants delivered the required services to an appropriate level of quality it does not have clear internal guidelines on the extent to which tasks can be outsourced, how external consultants' services are defined, which capabilities and capacities should be kept in-house, and the cost-effectiveness of different options.
- The ECA also pointed out weaknesses in how consultants' work and its added value are assessed. Moreover, it argued that the Commission's information system is unable to give a full picture of how the Commission uses external consultants.
- It was suggested that in some fields, there is the risk of supplier concentration and overdependence on a relatively small number of service providers that can become entrenched in certain DGs because the providers concerned can acquire knowledge that gives them a competitive advantage in bidding for future contacts.
- Last but not least, another key conclusion was that lessons-learned and ex-post cost-benefit assessments are only conducted by some Commission DGs. At the same time there is a lack of sharing across the Commission of assessments of contractors, thereby reducing the possibility to avoid using poorly performing consultants by different DGs.

<sup>9</sup> Cecchini et al., 1988, 'The Cost of non-Europe'. The Cecchini report was published in 1988 and provided an estimate of the potential economic gains from a Single Market which it argued would add about 5% to the European Community's GDP. The Cecchini study involved a number of different studies on the benefits of the Single Market to different sectors of the European economy.

The European Court of Auditors made four main **recommendations to address the shortcomings** it identified: the Commission should further develop its framework for the use of external consultants' services; improve its approach to monitoring and mitigating risks from using such services; identify and use the results of such services; and report regularly on its use of these services. These recommendations were accepted by the Commission in its response to the Special Report and we understand that plans are in place to address the various issues.

## 2.2 Analytical Framework and Key Research Questions

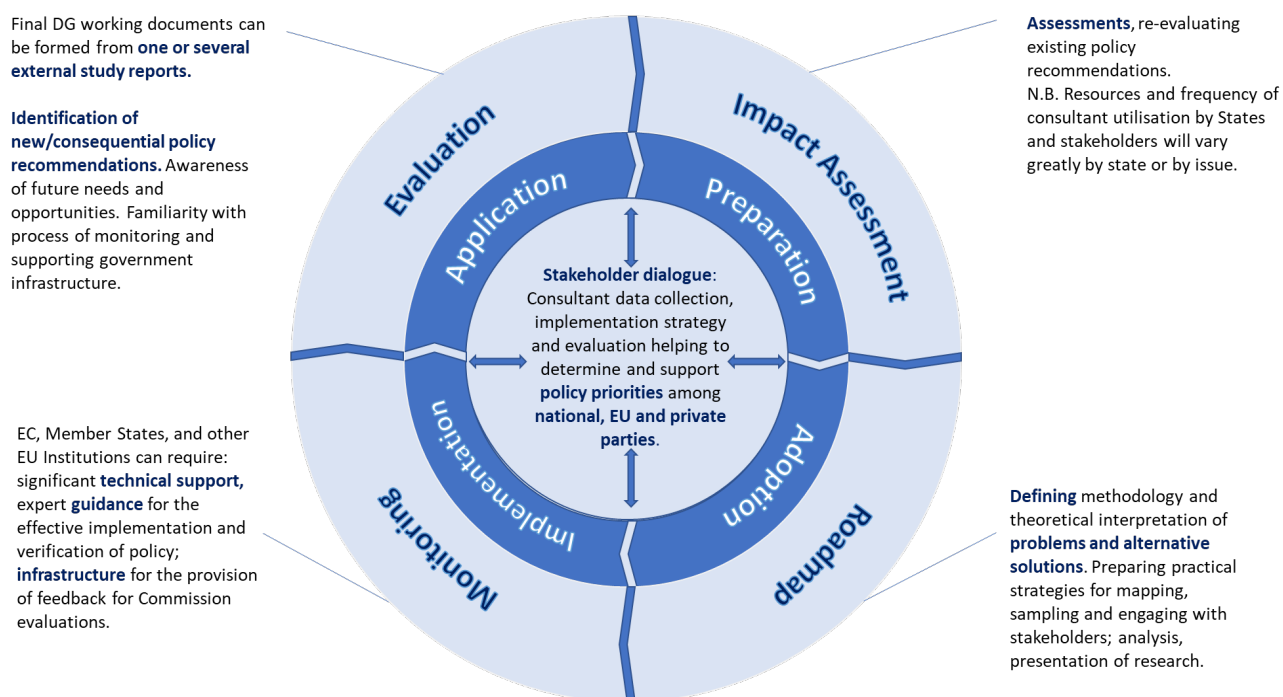
In this subsection we set out the analytical framework for the research and the key questions that have been investigated.

### 2.2.1 Analytical framework

This study focuses on what we have termed 'policy-related consultancy services.' This type of consultancy can be defined as involving research and advisory support to help develop, implement and subsequently to evaluate EU legislation, policies and programmes. As noted earlier in this section, there are many other types of consultancy activities but these do not, in general, raise the same types of questions as can arise in the policy-related consultancy field.

It is clearly important to understand the ways in which consultants can, in theory, contribute to policymaking so as to provide a conceptual framework for the assessment in this study. Figure 2.2 provides an overview of the policymaking and implementation cycle.

**Figure 2.2: Conceptual Model – Use of Consultants for Policymaking**



Source: CSES, adapted from European Commission 'Better Regulation – why and how'



The policymaking cycle shown in Figure 2.1 is conceptualised in four key stages of 'Preparation', 'Adoption', 'Implementation' and 'Application', as outlined by the Commission in its Better Regulation guidelines.<sup>10</sup> The role of consultants is similarly structured around this cycle, with the chart highlighting some (non-exhaustive) examples in which outsourced activities can influence policymaking.<sup>11</sup>

**Policy-related consultancy services** includes inter alia evaluations and evaluation-related services, impact assessments, feedback and monitoring services, regulatory fitness checks as well as exploratory studies and other research work. Looking at the overall trends, the policy-related consultancy support requested by the Commission has steadily increased over the years. We examine these trends in more detail in Section 3.

**EU policies and legislation can originate for a number of reasons and in a number of ways.** The European Commission continually works to identify where legislation or policy development may be needed, or where existing legislation may require amendment. At the same time, the Presidency of the Council rotates every six months and each country usually has priorities, which may require policy development. The 'Better Regulation' agenda is designed to ensure evidence-based and transparent EU law-making based on the views of those that may be affected. This is a key driver of consultancy inputs to the policymaking process.<sup>12</sup>

The **policymaking cycle** usually starts with the European Commission developing a proposal. It does this by inviting input from citizens, stakeholders and experts through consultations, expert committees and other mechanisms. Consultants can play an important role at this stage by carrying out research across EU Member States, and helping to undertake consultations, as an input to the Commission's thinking. If Commission policy proposal is likely to have 'considerable economic, social and environmental impacts', an **Impact Assessment (IA)** is required and here again consultants can have a role.<sup>13</sup> The IA requirement applies to both legislative and non-legislative initiatives as well as delegated acts and implementing measures, where the Commission can make more technical changes and amend non-essential aspects of legislation. In addition to an IA, consultants can also be used to advise or carry out research on the proposed policy or legislation itself.

The proposal then undergoes a process of scrutiny and consideration by the two co-legislators, the European Parliament and the European Council. EU policymaking typically takes place by 'ordinary legislative' procedure. As a co-legislator, the Council can choose to agree with the Parliament's position or suggest amendments which must then be discussed with the Parliament through further 'readings' of the text until an agreement is reached (the policy is adopted when Parliament and Council approve the text after a 'third reading', after which they cannot make any further textual changes). Once a piece of legislation or a policy is in place, it can be reviewed and adapted at certain times if necessary.

<sup>10</sup> European Commission, "Key Instruments of 'Better Regulation': Figure 1. The EU policymaking cycle", *Better Regulation Guidelines* (Staff Working Document: Brussels, November 2021).

<sup>11</sup> European Commission - European Commission. "How Priorities Are Set." Text. Accessed 6 April, 2022. [https://ec.europa.eu/info/strategy/priorities-and-goals/how-priorities-are-set\\_en](https://ec.europa.eu/info/strategy/priorities-and-goals/how-priorities-are-set_en). We have also used a Royal Society summary of the EU policymaking process in this section <https://royalsociety.org/topics-policy/projects/uk-research-and-european-union/role-of-EU-regulation>

<sup>12</sup> Better Regulation guidelines have recently been updated. Amongst the changes are: simplifying public consultations by introducing a single 'Call for Evidence' via the 'Have your Say' portal; introducing a 'one in, one out' approach, to minimise burdens for citizens and businesses by paying special attention to the implications and costs of applying legislation, especially for small and medium-sized enterprises; and improving the way in which Better Regulation addresses and supports sustainability goals and the digital transformation. Improving the way in which Better Regulation addresses and supports sustainability goals and the digital transformation

<sup>13</sup> IAs must verify the existence of a problem, identify its underlying causes, assess whether EU action is needed, and analyse, quantifying where possible, the advantages and disadvantages of different policy options, and the likely costs and benefits - including impacts - of the preferred option. Commission guidelines specify that IAs are usually not required when, 'there is little or no choice available for the Commission (for instance when the Commission is implementing previous policy decisions already subject to an IA); Impacts cannot be clearly identified (for instance, in the case of broad policy communications); or Impacts are small (for instance, the repeal of a redundant act)'.

In addition to the role of consultants in helping to develop legislation, they are also often used by the Commission at subsequent stages in the policymaking cycle to **monitor and evaluate the implementation of legislation or policies**.

The following table lists examples of the main types of inputs at the different stages of the policymaking cycle.

**Table 2.1: Examples - Contribution of consultants to policymaking**

| Types of inputs  | Role in policymaking   |
|--|--|
| <b>Exploratory studies and research</b>  | This can include the preparation of frameworks, roadmaps, indicators for policy/programme monitoring and implementation to provide a framework for policymaking.   |
| <b>Ex ante, interim, ex post evaluation, fitness checks and impact assessments</b> | Ex ante evaluations and impact assessments take place before legislation or a policy is introduced whilst interim and ex-post evaluations take place a later stage to check what has been achieved. Fitness checks involve a comprehensive policy evaluation to assess if a regulatory framework for a policy sector is fit for purpose. |
| <b>Monitoring and feedback services</b>  | Monitoring of programme implementation and audits in the case of EU funding; stakeholder surveys and other consultations to check progress towards objectives.   |
| <b>Good practice, case studies on implementation of policies</b>                   | Whilst case studies and good practice assessments often form part of an evaluation, such research can also be free-standing and be used to help improve the implementation of policies and legislation.  |
| <b>Other consultancy inputs</b>  | There are many other ways in which consultants can be used to help develop legislation and policies, e.g. expert opinions.   |

Evaluations, impact assessments and other evaluation-related research such as fitness tests are very much at the heart of public policy consulting with the most direct impact on policymaking. They are also highly knowledge-intensive, data-demanding, and can require quite complex techniques. For this reason it is a quite specialised field.

### 2.2.2 Key research questions

Below we list the key research questions that have been examined in this study. Some of these questions formed part of the Parliament's terms of reference whilst others were added by us at the beginning of the study project in the inception paper.

### Box 2.1: List of Key Research Questions

#### Part A: Stocktaking - How much use does the Commission make of consultants?

- What is the overall value of contracts awarded by the Commission to the 'Big Four' and other large consulting firms each year over the past 10 years? What proportion of these contracts involves support for the drafting of legislation?
- How does the share of Commission contracts awarded to the 'Big Four' compare with the total value of contracts awarded to consultants? Apart from EY, Deloitte, KPMG and PwC, are there any other firms (e.g. the 'Magic Circle' of international lawyers) that have a dominant market position?
- Which Commission DGs make the most use of consultants, what sort of activities are contracted out by them and for what purpose? Have there been significant changes in trends with regard to the use of consultants by different DGs and if so, why?
- How important are the Commission contracts to the consultancy firms (e.g. proportion of overall revenue, scope of the outsourced activities)?
- How does the Commission's use of the 'Big Four' and other consultants compare with national authorities' practices in the sample of EU Member States and international institutions?
- How are the results delivered by consultancies assessed, specifically in terms of their contribution to policymaking and legislation?

#### Part B: What are the ethical, legal and political issues and how can they be best addressed?

- What are the 'drivers' in the Commission of outsourcing activities related to legislation and policymaking to consultants (lack of in-house expertise, capacity constraints, etc)?
- From the point of view of the Commission, what are the advantages (and drawbacks) of using consultants? Could the Commission do the work it outsources to consultants itself and if so, how could this be done and at what cost (both financial and in terms of the opportunity cost)?
- To what extent is there a (risk of) conflict of interests and/or undue influence by using consultants in helping to prepare legislation and policies? What is being or can be done to minimise such risks by (a) the Commission and (b) the 'Big Four' and other consultants?
- Are there any other legal, ethical and political issues raised by the current practices (e.g. geographical diversity, language criteria, and possible competition effects of procurement rules)? How can they be best addressed?
- How does experience in relation to the Commission with regard to using consultants (Questions 6 to 9) compare with the practices in EU Member States? What can be learnt from wider experience?



### 3 STOCKTAKING - THE COMMISSION'S USE OF CONSULTANTS

**The first objective of this study was to undertake a 'stocktaking' of the Commission's use of consultants. In this section we therefore seek to answer the question: to what extent does the European Commission rely on consultants to help prepare legislation and policies, and who are the main providers of such services?**

#### 3.1 Overview

The European Parliament's terms of reference contained a number of 'stocktaking' questions for this study. These questions and others that were subsequently added are summarised in the following box:

##### **Box 3.1: Stocktaking - How much use does the Commission make of consultants?**

- What is the overall value of contracts awarded by the Commission to the 'Big Four' and other large consulting firms each year over the past 10 years? What proportion of these contracts involves support for the drafting of legislation?
- How does the share of Commission contracts awarded to the 'Big Four' compare with the total value of contracts awarded to consultants? Apart from EY, Deloitte, KPMG and PwC are there any other firms (e.g. the 'Magic Circle' of international lawyers) that have a strong or dominant market position?
- Which Commission DGs make the most use of consultants, what sort of activities are contracted out by them and for what purpose? Have there been significant changes in trends with regard to the use of consultants by different DGs and if so, why?
- How important are the Commission contracts to the consultancy firms (e.g. proportion of overall revenue, scope of the outsourced activities)?
- How does the Commission's use of the 'Big Four' and other consultants compare with national authorities' practices in the sample of EU Member States and international institutions?

It should be noted that there are several questions highlighted in Box 3.1 that we address later in this study. In particular, the question 'How does the Commission's use of the 'Big Four' and other consultants compare with national authorities' practices' is considered in Section 4 while the question 'How important are the Commission contracts to the consultancy firms (e.g. proportion of overall revenue, scope of the outsourced activities)?' is addressed in Section 5.

For the analysis in this section we have examined two main sources of data – the Commission's Financial Transparency System (FTS) and Tenders Electronic Daily (TED).

The **Financial Transparency System (FTS)** is operated by the Commission's DG Budget and provides information on funding from the EU budget implemented under 'direct management' or implemented indirectly by other international organisations or non-EU countries ('indirect management'). The FTS contains data on some 230,000 budgetary commitments involving 91,000 beneficiaries. At present the FTS has data for the period 2014 to 2021 although the information for the post-2017 period is the most complete. The system, which is publicly accessible, can be searched using a number of criteria (e.g. name and type of beneficiary, contracted and consumed amount of spending, country, type of programme, responsible EU entity and department). The analysis in this section focuses on four FTS categories of procurement contracts: consultancy (advisory services); evaluation; research, development and scientific activities; and studies. Although the category 'evaluation' (which includes impact assessments, fitness checks and some other related types of consultancy) is the most relevant

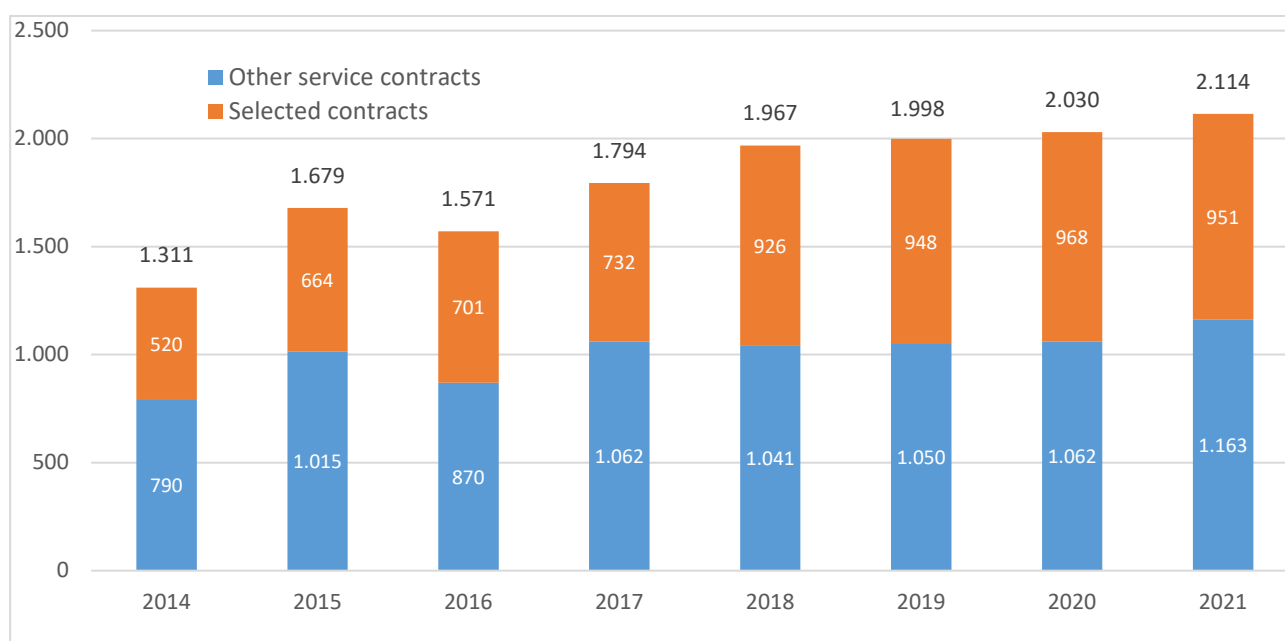
to the preparation of legislation and policymaking, we have extended the analysis in places to include the other three categories because these also contain elements that can be relevant to policymaking.

The other source used by us was **Tenders Electronic Daily (TED)** which is run by the Publications Office and is the online version of the EU's 'Supplement to the Official Journal.' Its primary purpose is to advertise tender notices so that public procurement is as transparent as possible and potential contractors across the Member States can compete for assignments. It is estimated that some 676,000 procurement notices are published on TED each year that are worth around EUR 670 billion. Whilst TED has a search engine enabling past contract award notices to be viewed, the publicly accessible version of the system is not as user-friendly as the FTS. However, TED contains more information on individual contracts than the FTS which groups contracts together in broader categories (e.g. evaluation, consultancy). For this reason, we have made use of both systems and, more particularly, compared TED and FTS data to double check estimates of the spending on consultancy that is relevant to policymaking. That said, of the two, the FTS tends to be more accurate as it contains the actual value of contracts that are awarded rather than, as with TED, the advertised value. Moreover TED only advertises contracts over EUR 15,000 in value as well as some information on contracts and beneficiaries in line with Article 38(3) of the Financial Regulation.

### 3.2 Value of Commission consultancy contracts

During the period 2014-21, service contracts with a total value of EUR 14.5 billion were awarded by the European Commission. It should be noted that this figure relates to all service contracts and not just those that are the focus on this study (see below). As can be seen from the following chart, this sum has risen steadily from EUR 1.3 billion in 2014 to EUR 2.1 billion in 2021.<sup>14</sup>

**Figure 3.1: Value of Commission service contracts (EUR million) 2014-21**



Source: CSES analysis of FTS data. Note: according to DG BUDG, the data between 2015 and 2017 may not be fully accurate.

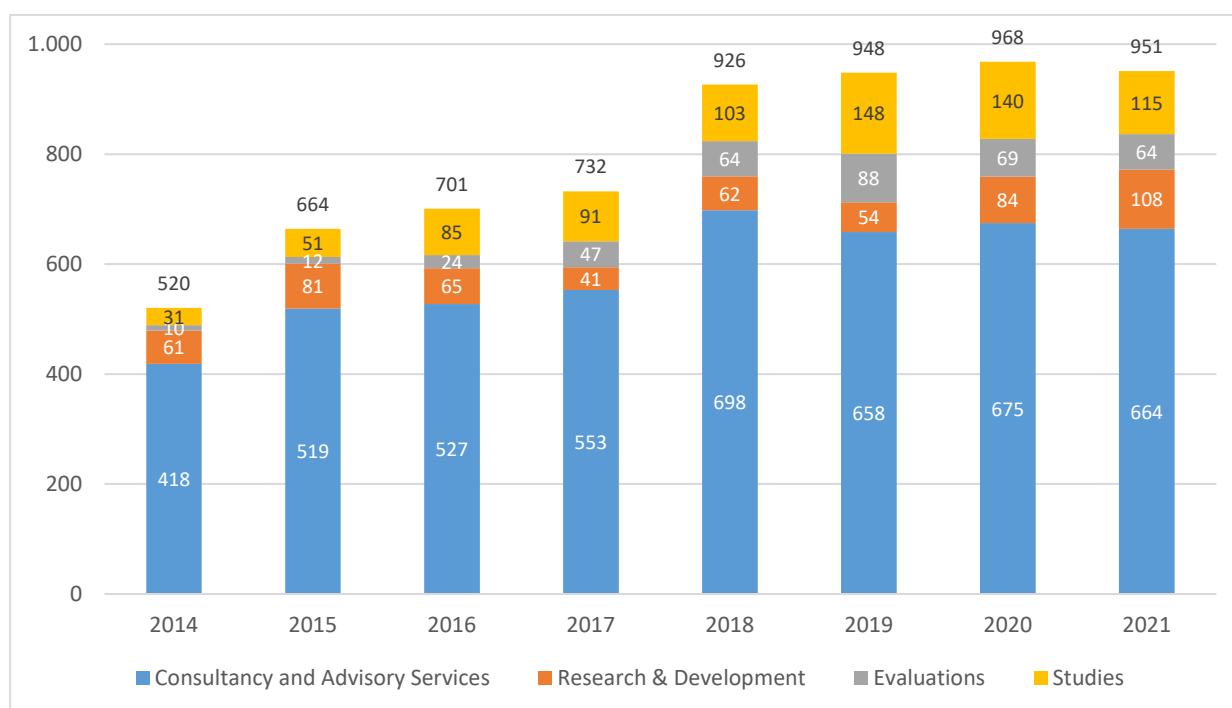
<sup>14</sup> The total amounts shown in Figure 3.1 match the information included in Figure 4.1 of the European Court of Auditors 2021 Special Report 'External consultants at the European Commission – Scope for Reform' (June 2021).

In the above chart, the 'selected contracts' shown (coloured orange at the top of each bar) are those corresponding with the four FTS categories of procurement contracts that the ECA used for its 2022 Special Report: consultancy (advisory services); evaluation; research, development and scientific activities; and studies. The 'other service contracts' in Figure 1 comprise all the other Commission procurement contracts for services.<sup>15</sup> Later in this section we narrow down the analysis to just two of the FTS categories used by the ECA in its Special Report, i.e. 'evaluation' and 'studies' which are the most relevant to policymaking and the preparation of legislation.

During the 2014-21 period, **a total of EUR 6.4 billion was committed by the Commission to consultancy services falling into the four FTS categories of particular interest to this study. Taken together, this expenditure accounted for 44.2% of all the Commission service contracts** awarded in the period (see Figure 3.1). As can be seen from Figure 3.2 below, the annual spending on consultants increased from EUR 520 million in 2014 to EUR 968 million in 2020, an increase of some 86%, and then declined slightly in 2021.

Although there are aspects of consultancy services making up each of the four FTS categories we have considered so far, as noted earlier the **FTS category of 'evaluation' is the most relevant to the preparation of legislation and policymaking** generally. This category includes not just evaluations but also impact assessments, fitness checks and the other types of consultancy services mentioned in the previous section as most relevant to the preparation of legislation and policymaking. As the following breakdown shows, the category 'evaluation' is a relatively small proportion of the broader range of consultancy services and this has not changed over the years.

**Figure 3.2: Value of consultancy services supporting policymaking (EUR million) 2014-21**



Source: CSES analysis of FTS data. The same FTS filters have been applied as in Figure 3.1.

<sup>15</sup> In Fig. 3.1, the category 'other services' comprises: Administrative, HR and Social Services; Audit Services; Banking, Financial and Insurance Services; IT Services and Telecommunications; Legal services; Other Services; Statistical Services; and Training Services. We have excluded: Action Grants; Building Contracts; Communications & Publications; Conferences, External Meetings; Operating Grants; Services linked to Building; Supply contracts; Supply of ICT Equipment; Translation and Interpretation; and Work Contracts. The other FTS filters applied were: 'direct management'; '2014-21'; and 'EU Budget'.

As can be seen from the above chart, the category 'consultancy and advisory services' accounts for by far the largest share of the four FTS categories (around 73.5% for the period 2014-21 as a whole) but in recent years, this share has levelled off and remained largely the same after 2018 whereas the share accounted for by the other categories continued to grow, albeit at a modest rate and with considerable fluctuations from one year to the next.

**Commission spending on the category 'evaluation' during the 2014-21 period amounted to EUR 378 million or just 5.9% of the total for the four consultancy categories.** The relatively small proportion of spending on consultants accounted for by 'evaluation' reinforces the point made earlier that EU public policy work is a quite specialised form of consultancy. Another observation that can be made is that spending on this type of consultancy work has tended to fluctuate quite markedly from one year to the next, underscoring another point made earlier concerning the cyclical nature of policymaking and consultancy services to support it. Many assignments in the FTS category of 'studies' are also relevant to policymaking and the preparation of legislation. As can be seen from Figure 3.2 spending on 'studies' increased in the earlier years but has levelled off more recently, albeit again with fluctuations from one year to the next.

As noted earlier, the FTS uses quite broad categories and as a double check we have also analysed TED data which provides detailed information on individual contracts awarded by the Commission. Because of the amount of TED data and the need to download and analyse each contract manually, our analysis was limited to the 2017-21 period and involved downloading details on 3,657 contracts.<sup>16</sup> Based on this analysis we estimated that some EUR 5.6 billion of the service contracts awarded in 2017-21 period can be considered relevant to legislation and policymaking. This is higher than the FTS-based estimate for the same 2017-21 period (EUR 4.5 billion – see Figure 3.2) for the broader categories of consultancy and advisory services, research and development, evaluations and studies. There is of course considerable scope for differing interpretations of which contracts awarded by the Commission are relevant to preparing legislation and policymaking, and which are not. In the case of the TED data, we made a judgement based on a manual analysis of the titles of the contracts in the TED award notices. However, the conclusion to be drawn is that the TED data broadly supports the FTS-based estimates.

**Whilst the Commission's spending on consultants to support the preparation of legislation and policymaking has increased over the years in absolute terms at a quite steady pace, it is important to note that it has remained quite constant as a proportion of the overall EU budget.** As can be seen from the following table, during the 2014-21 period, the percentage of the EU's adopted budget spent on the four FTS categories making up consultancy services never exceeded 0.6%. The proportion relating to 'evaluation' is much less.

It should be noted that external consultants can also be procured from external assigned revenue and therefore the table below also includes data on external assigned revenue. In 2021, data for NGEU is also presented, which explains the overall low percentage.

<sup>16</sup> A major consideration in analysing contracts award data is that many assignments - if not most - awarded to the 'Big Four' and other similar firms take place within framework contracts. TED will identify the various consortia contractors and partners but does not provide data on actual awards. This is a major shortcoming and means that any TED-based estimates of the 'Big Four' share of contracts based on publicly available TED data is likely to be an under-estimate.

**Table 3.1: Spending on 'policymaking' consultancy services as a proportion of the EU's budget 2014-21**

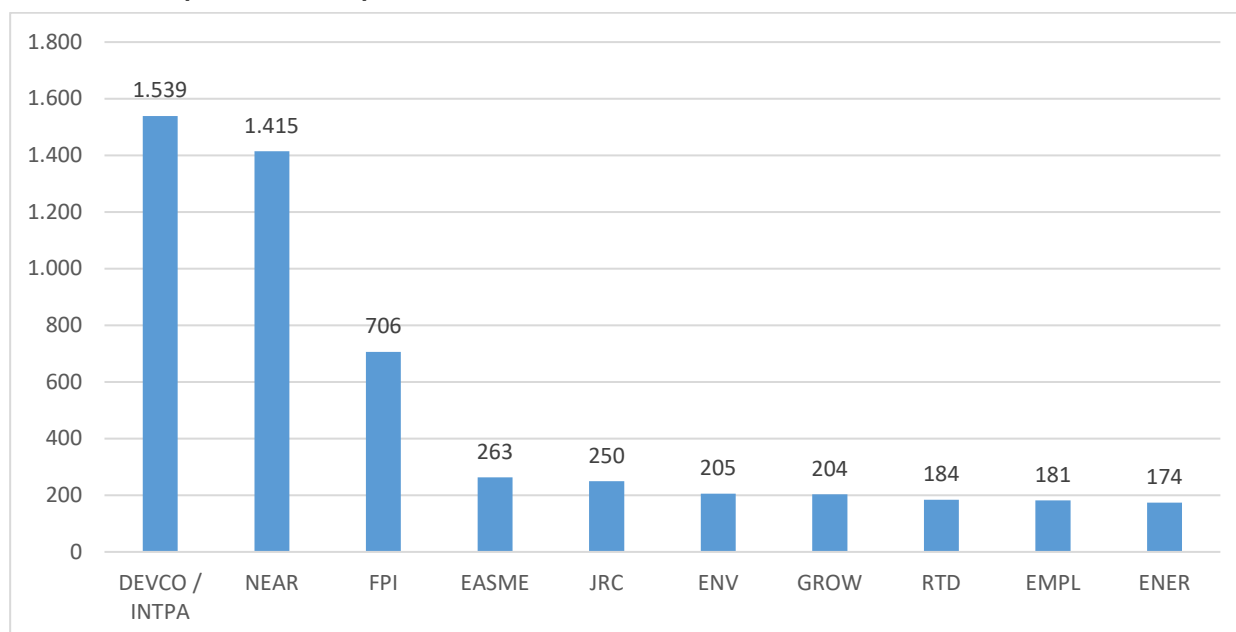
| Consultancy services/types:                    | 2014         | 2015         | 2016         | 2017           | 2018           | 2019           | 2020           | 2021           | Grand Total      |
|--|--------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Consultancy (Advisory services)                |              |              |              | 552.984.232,39 | 697.853.143,32 | 658.024.496,58 | 674.859.782,34 | 664.277.886,77 | 3.247.999.541,40 |
| Evaluation services                            |              |              |              | 47.017.589,86  | 64.091.877,44  | 88.489.169,58  | 68.737.988,27  | 64.115.316,13  | 332.451.941,28   |
| Research, development or scientific activities |              |              |              | 41.448.665,11  | 61.644.279,12  | 54.223.705,38  | 83.951.236,22  | 107.729.055,40 | 348.996.941,23   |
| Studies  |              |              |              | 91.033.503,96  | 102.882.800,29 | 147.628.101,35 | 140.490.275,46 | 951.280.281,95 | 4.526.641.128,62 |
| Grand Total*                                   | 518.652.229  | 645.731.201  | 691.730.619  | 732.483.991,32 | 926.472.100,17 | 948.365.472,89 | 968.039.282,29 | 951.280.281,95 | 4.526.641.128,62 |
| Total adopted EU budget, EUR million**         | 142.690      | 162.273      | 155.277      | 159.831        | 160.696        | 166.189        | 173.884        | 166.833        | 827.433          |
| <b>Share of total adopted budget</b>           | <b>0.36%</b> | <b>0.40%</b> | <b>0.45%</b> | <b>0.46%</b>   | <b>0.58%</b>   | <b>0.57%</b>   | <b>0.56%</b>   | <b>0.57%</b>   | <b>0.55%</b>     |
| Including assigned revenue (EFTA, NGEU etc.):  |              |              |              |                |                |                |                |                |                  |
| Total appropriations available, EUR million**  | 149.939      | 181.286      | 166.690      | 176.576        | 178.468        | 184.554        | 187.742        | 606.331        | 1.33.671         |
| <b>Share of total appropriations available</b> | <b>0.35%</b> | <b>0.36%</b> | <b>0.42%</b> | <b>0.42%</b>   | <b>0.52%</b>   | <b>0.51%</b>   | <b>0.52%</b>   | <b>0.16%</b>   | <b>0.34%</b>     |

\*Source: FTS

\*\*Source: Consolidated annual accounts

It is also helpful to consider which parts of the European Commission spend the most on consultancy services. An analysis below provides a breakdown of the 10 DGs that have used consultants the most (this analysis is based on the four FTS categories mentioned earlier).

**Figure 3.3: Breakdown of spending by Commission DGs on consultancy services (EUR million ) 2014-21**



Source: CSES analysis of FTS data

From the above chart, it can be seen that DG DEVCO and DG NEAR accounted for by far the most expenditure – 57.6% of the total – during the 2014-21 period. As mentioned earlier, we have not included these areas in our analysis because of the focus of this study on EU policymaking rather than on the types of consultancy services and technical assistance that are provided to support programmes outside the EU. The analysis of which Commission DGs that have made the most use of consultants in the policymaking field is supported by our assessment based on the TED data on contract award notices.

Overall, there are several conclusions to be drawn from the analysis of FTS and TED data on the European Commission's use of consultants.

Firstly, **spending on consultancy services has steadily increased in recent years, reflecting wider trends at the national level where governments have increasingly relied on consultants to provide support for key activities** (we examine this aspect further in Section 4). This applies even more to the narrower FTS category of 'evaluation' which is the most relevant to the preparation of legislation and policymaking. From year to year, there has been some variation in the amounts spent on consultants and there is a tendency for consultancy to support policymaking to increase at the beginning of a programming period to help prepare new measures and to evaluate past interventions. A second conclusion is that whilst spending on consultancy services specifically to support the preparation of legislation and policymaking still represents a quite small share of the total value of service contracts awarded by the Commission, this share has increased in recent years. However, **the proportion of the EU's budget spent on such consultancy services has remained quite constant and did not exceed 0.6% during the 2014-21 period.**

We now consider in more detail the types of consultancy firms that are used by the European Commission to carry out work in the policymaking field and the nature of the assignments that are undertaken.

### 3.3 Main suppliers of consultancy services and the question of 'concentration'

As was noted in Section 2.1, whilst certain large and well-known companies have continued to play a major role as providers of consultancy services to the EU's public sector in most countries, in recent years the supplier base has become much more diverse with a number of medium-sized and even smaller firms playing a significant role. This trend is also apparent in relation to the European Commission. This reflects considerations such as the need for more specialist expertise, often found in smaller firms, value for money (smaller firms generally have lower overheads) and the fact that networking between smaller consultancy firms can provide the same capacity as larger firms have in-house.

The following table provides a list for the 2014-21 period of the 40 consulting companies that were awarded the most contracts by value that are especially relevant to the preparation of legislation and policymaking more generally. The list has been arrived at by applying various filters to the FTS data, in particular limiting the search to two FSA categories (evaluation services, studies) and to 19 Commission DGs that are involved in policymaking as defined earlier (see Section 2).<sup>17</sup> There is of course scope to argue which DGs should or should not be included in the list as the distinction between those involved/not involved in policymaking is blurred. However, at the very minimum, the list provides a quite large sample of DGs and should therefore be reasonably representative. We have also limited the search to the category 'private companies' (e.g. excluding universities). Where appropriate, we have combined the revenue from Commission contracts for the same companies that sell services to the Commission through subsidiaries in a number of different EU Member States. The list is limited to firms that were awarded a total of at least EUR 1 million in contracts during the 2014-21 period.

The analysis in this section is especially relevant to the question of 'concentration', i.e. whether a small group of larger consultancy firms dominate the supply of services to the Commission and thereby (potentially) exercise an undue influence on policymaking.

<sup>17</sup> The search was limited to the following Commission DGs: COMP, EAC, ECFIN, EMPL, ENER, ENV, FISMA, GROW, HOME, JRC, JUST, MARE, MOVE, REGIO, RTD, SANTE, TAXUD, TRADE and REFORM. We also filtered the FTS data to only include payments from the EU budget and under direct management.

**Table 3.2: Main providers of Commission policymaking consultancy services 2014-21**

| Name of company  | EUR million  |
|--|--------------|
| 1. ECORYS  | 50.8         |
| 2. ICF   | 35.6         |
| 3. ERNST & YOUNG   | 22.4         |
| 4. COGEA   | 17.1         |
| 5. RICARDO   | 16.1         |
| 6. DELOITTE  | 16.0         |
| 7. TECHNOPOLIS   | 14.0         |
| 8. RAMBOLL   | 13.9         |
| 9. HUMAN EUROPEAN CONSULTANCY                                  | 12.8         |
| 10. MENDEL VERLAG  | 12.2         |
| 11. TRINOMICS  | 11.2         |
| 12. PRICEWATERHOUSECOOPERS                                     | 9.9          |
| 13. PPMI GROUP   | 9.0          |
| 14. MILIEU CONSULTING  | 9.0          |
| 15. PRAC SIS   | 8.1          |
| 16. COWI BELGIUM   | 7.2          |
| 17. VVA  | 6.7          |
| 18. CIVIC CONSULTING   | 5.9          |
| 19. NAVIGANT   | 5.7          |
| 20. FRAUNHOFER GESELLSCHAFT                                    | 4.8          |
| 21. SWECO INTERNATIONAL  | 4.5          |
| 22. RISK & POLICY ANALYSTS LIMITED                             | 4.1          |
| 23. INOVA+ - INNOVATION SERVICES                               | 4.0          |
| 24. STEER DAVIES & GLEAVE                                      | 3.8          |
| 25. LE EUROPE  | 3.8          |
| 26. FONDAZIONE GIACOMO BRODOLINI                               | 3.7          |
| 27. DEUTSCHE GESELLSCHAFT FUR INTERNATIONALE ZUSAMMENARBEIT    | 3.4          |
| 28. COFFEY INTERNATIONAL DEVELOPMENT                           | 3.3          |
| 29. CENTRE FOR EUROPEAN POLICY STUDIES                         | 3.2          |
| 30. SCIWAN CONSULT   | 3.2          |
| 31. IPSOS  | 3.1          |
| 32. PANTEIA  | 3.0          |
| 33. KPMG   | 2.9          |
| 34. CENTRE FOR STRATEGY & EVALUATION SERVICES                  | 2.9          |
| 35. TETRA TECH   | 2.8          |
| 36. STRATEC  | 2.7          |
| 37. CSIL - CENTRO STUDI INDUSTRIA LEGGERA SOCIETA' COOPERATIVA | 2.7          |
| 38. UMWELTBUNDESAMT GESELLSCHAFT MIT BESCHRANKTER HAFTUNG      | 2.6          |
| 39. GFK  | 2.5          |
| 40. RAND EUROPE  | 1.1          |
| <b>Total</b>   | <b>351.5</b> |

Source: CSES analysis of FTS data



The FTS database lists over 2,000 companies that were awarded consultancy contracts by the Commission during the 2014-21. The total value of contracts awarded for the two FTS categories of 'evaluation' and 'studies' during this period for was EUR 1.1 billion (see Figure 3.2) and so the 'top 40' listed above accounted for a significant proportion of the total (30.7%).

#### *Main suppliers of consultancy services to support policymaking*

As can be seen from the above table, although there are several 'Big Four' consultancy firms in the top quartile, it is medium-sized firms that are at the very top of the list and that also tend to dominate the list as a whole.

Taken together, the top five firms shown in the table have a combined share exceeding a quarter (19.4%) of the Commission policy-related consultancy market. This reflects the fact that these firms have prioritised the EU institutions as a client compared with most of the larger firms for whom the Commission is only one amongst many public sector clients. The following box provides a profile of the top 5 firms providing EU policy-related consultancy services.

#### **Top 5 Firms providing policy-related services to the Commission**

- **Ecorys** operates in a number of European countries with the Netherlands and UK being its strongest markets. The firm provides a broad range of consultancy services with a focus on public policy. In 2021 Ecorys' turnover was EUR 97 million.
- **ICF** was established in the UK in 1969 and provides a wide range of consulting services including evaluation, policy work, and ICT/technology-related assignments. The company has just over 200 employees and its turnover was some £30 million (EUR 35 million) in 2020.
- **Ernst & Young** is one of the largest professional services networks in the world. Along with Deloitte, KPMG and PricewaterhouseCoopers, it is considered one of the Big Four accounting firms. In 2021 its global revenues were US\$ 45 billion.
- **COGEA** was established in 1979 and over the years has gradually focused on issues related to the design and management of initiatives co-financed by the EU. The firm is based in Italy. It had a turnover of EUR 6 million in 2021.
- **Ricardo** is a UK-based global engineering, environmental and strategic consultancy, operating across a range of market sectors. It has some 3,000 employees and had a revenue of some EUR 400 million (GBP 354 million) in 2021.

#### *Extent of 'concentration'*

An important issue in this study is the question of whether or not there is an excessive degree of 'concentration' with a few larger consultancy firms providing a disproportionate share of the services to the Commission. There is a concern that if only a few firms dominate the market, they could wield undue influence on policymaking. Moreover, because they offer such a broad range of audit and consulting services, and the large customer base spanning many different sectors, it can be argued that there is greater scope for a conflict of interests than with smaller firms. Of particular relevance in this respect are larger consulting companies such as the 'Big Four' which offer many of the types of services required by the Commission in the policymaking field.

However, as Table 3.2 shows, the 'Big Four' firms are not the largest providers of policy-related consultancy services to the European Commission. Moreover, the 'Big Four' only generate a very small proportion of their overall turnover from the EU Institutions and have more lucrative public and private sector clients elsewhere. Furthermore, while two of the 'Big Four' firms (Ernst Young, Deloitte,) are

positioned in the group of 10 companies at the higher end of the rankings shown in Table 3.2, they do not dominate the market and the other two 'Big Four' firms (PricewaterhouseCoopers, KPMG) are lower down the list in (in positions 12 and 33 respectively).

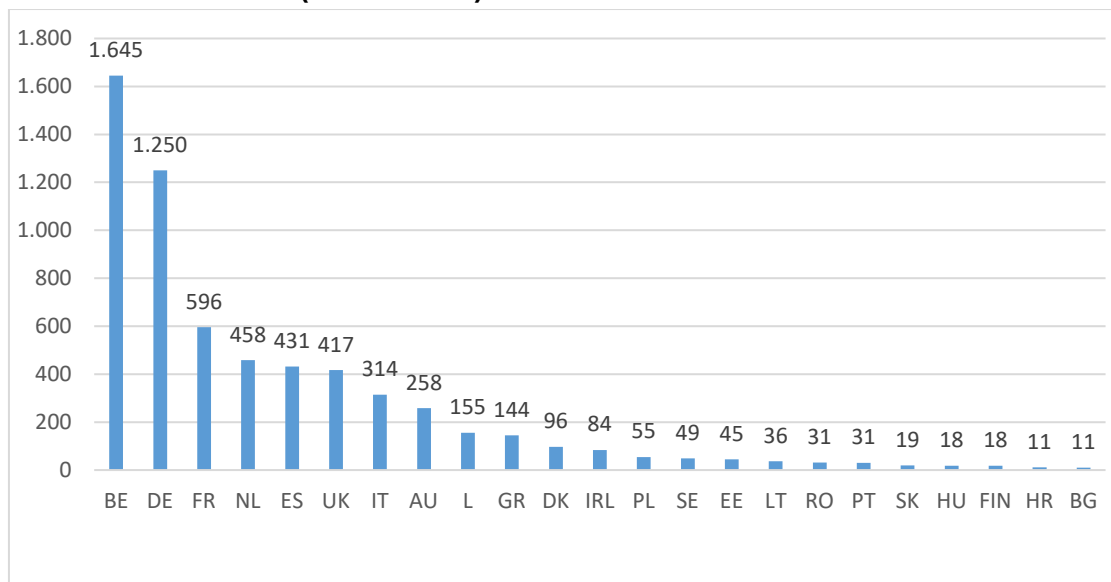
Taken together, the **'Big Four' have generated combined revenues of EUR 51 million from the 'policymaking' consultancy services they have delivered to the European Commission during the 2014-21 period, according to our analysis of FTS data. This amounts to a 14.5% share of the 'policymaking' market** (if defined as the revenues of the top 40 firms listed in Table 3.2).<sup>18</sup> The scale of the 'Big Four' revenues is also examined in recent media reports. Thus, according to one source, the Commission's spending on consultancy contracts with the 'Big Four' amounted to EUR 462 million in the period 2016-19, which is considerably higher than the FTS data suggests but takes into account all types of consultancy and not just what we have called support for 'policymaking' (i.e. the FTS categories of 'evaluation' and 'studies'). Another estimate suggested that the 'Big Four' were awarded EUR 156 million in contracts by the Commission in 2020 alone with a significant proportion on this being linked to the Structural Reform Support Programme (SRSP).<sup>19</sup> It should be noted that recourse to external consultants by Member States (via the Commission) is foreseen as a possible option under the Structural Reform Support Programme (SRSP). A high proportion of this overall turnover is likely to have been derived from services that are not relevant to the preparation of legislation and policymaking (for example, the 'Big Four' have contracts with the Commission that relate to IT consultancy and technical assistance programmes).

A further observation that can be made about Table 3.2 is that **some of the largest consulting companies in Europe (see Section 2.1.2) and major providers of strategy and policy-related advice to the EU Member States generate even less revenues than the 'Big Four' from selling services to the EU Institutions.** These firms had a negligible or non-existent presence in the field of policymaking consultancy (i.e. the FTS categories of 'evaluation' and 'studies') and even if extended to the other two FTS categories (i.e. 'consultancy' and 'research'), their shares of the total spend on consultancy in the 2014-21 period was still modest. According to our analysis of FTS data, while Roland Berger (EUR 6.4m), McKinsey (EUR 3.6m) and Oliver Wyman (EUR 10.0) had relatively small revenues from Commission contracts during the 2014-21 period, other strategy consulting companies (BearingPoint, Booz & Company Europe, Bain & Company, A.T. Kearney, OC&C Strategy Consultants, Arthur D. Little) did not generate any revenue at all from this source. One reason for this is that the strategy consultants can charge much higher fees for the services they provide to the private sector than is possible with the EU institutions and other public sector clients. This is probably also the explanation for the large international law firms (the so-called 'Magic Circle', i.e. Allen & Overy, Clifford Chance, Freshfields Bruckhaus Deringer, Linklaters, and Slaughter and May) not being active in the market.

The chart below provides an analysis of the Member States where the consultancy firms providing policy-related consultancy services (i.e. those falling into the four categories mentioned earlier) to the Commission are registered.

<sup>18</sup> It should be noted that if all Commission consultancy contracts are taken into account (i.e. not just those in the FTS categories of consultancy services, evaluation, research and development, and studies), then the turnover of the 'Big Four' is much higher. An analysis of the FTS data suggests that 'Big Four' turnover from Commission contracts amounted to EUR 725 million for the 2014-20 period.

<sup>19</sup> Jorge Valero, "Commission Spending on Big Four Consultancy Firms Grows in 2020." *Euractiv*, June 29, 2021. Accessed 14 April 2022.

**Figure 3.4: Source by Member State of policy-related consultancy services to the Commission (EUR million) 2014-21**

Source: CSES analysis of FTS data.

The fact that Belgium is top of the ranking is because many of the consultancy firms providing services to the EU Institutions have offices in Brussels that are used to coordinate the marketing of their services and to contract with clients. Some also have staff based in Brussels that deliver services to the EU institutions. In most cases, however, the delivery of consultancy services usually involves personnel drawn from offices in countries across the EU. This also explains why Luxembourg is also high up the rankings as many of the consulting firms have offices there with staff specialising in services used by the EU institutions based there.

Otherwise, the beneficiaries are concentrated in the larger EU Member States (DE, FR, ES and IT) that tend to have relatively large and well-developed consultancy sectors. The Netherlands also features in this group because several of the main providers of services to the Commission (e.g. Ecorys) are headquartered there. The UK has the largest management consultancy sector in Europe with an annual turnover of some £12.5 billion (about EUR 19 billion) in 2021 and accounting for an estimated 60,000 jobs.<sup>20</sup> Prior to Brexit, the UK would probably have been at the top, or at least near the top, of the rankings shown in Figure 3.4 because many companies supplying consultancy services to the Commission, including the 'Big Four', did so mainly from their London offices. Although UK-based staff are still involved in carrying out Commission assignments, most firms have switched responsibility for leading such assignment to operations that are based in the EU.

### 3.4 Conclusions – Commission's Use of Consultants

**Reflecting wider trends in many of the Member States, the Commission's use of consultants to support policymaking has steadily increased over the years.** However, there has been no increase in the proportion of the EU's budget spent on consultants as this has remained below 0.6% throughout the period. According to an analysis of FTS data, during the period 2014-21, service contracts with a total value of EUR 14.5 billion were awarded by the European Commission. The value of such contracts has risen steadily from EUR 1.3 billion in 2014 to 2.1 billion in 2021. The sum spent on policy-related consultancy support (as defined earlier) is estimated to be EUR 6.4 billion for the 2014-21 period. Taken together the 'policymaking' categories accounted for approaching a half (44.2%) of all the service contracts awarded during the 2014-21 period.

<sup>20</sup> Management Consultancies Association (MCA). See <https://www.mca.org.uk/value-of-consulting/the-consulting-industry>

If only the FTS category of 'evaluation' is considered (the type of consultancy that is the most relevant to policy work) this reduces the Commission outlays to EUR 378 million for the 2014-21 period, or just 5.9% of the overall expenditure on the four FTS categories that are relevant to policy-related consultancy. Either way, EU public policy work is, as remarked earlier, a quite specialised form of consultancy. The parts of the European Commission that have spent the most on consultancy services covered by the four FTS categories that this study has examined are DG DEV and DG NEAR which accounted for almost 57% of the total during the 2014-21 period, followed by other DGs and agencies such as FPI, EASME, GROW and the Joint Research Centre.

**The consultancy sector providing policy-related consultancy services to the European Commission is quite small as a proportion of the industry as a whole but nevertheless very diverse.** Our analysis suggests that there were 639 firms that were awarded at least EUR 1 million in consultancy contracts during the 2014-21 period. There are 40 companies that largely dominate this sector but taken as a whole the sector includes a large number of small consultancy firms.<sup>21</sup> The types of firms supplying policy-related consultancy services to the Commission range from the 'Big Four' global accounting and consulting firms to specialist EU policy consultancy companies and universities, as well as individual experts.

**The 'Big Four' global firms and other large firms of consultants do not dominate the market for EU policy-related advisory services.** Our analysis of FTS data suggests that the 'Big Four' generated a combined total of EUR 51 million from policy-related consultancy during the 2014-21 period, which represents a 14.5% share of the above 'top 40' contractors. The firms that had the largest market shares are medium-sized but have prioritised the EU institutions as a client. In contrast, the 'Big Four' only generate a very small proportion of their overall turnover from the EU Institutions and have more lucrative public and private sector clients elsewhere. The global strategy consultants (McKinsey, Roland Berger, Bain, etc.) do very little work indeed for the Commission in the policymaking field.

In terms of locations, Belgium is top of the ranking because many of the consultancy firms providing services to the EU Institutions have offices in Brussels that are used to coordinate the marketing of their services and to maintain contact with clients. Some also have staff based in Brussels that deliver services to the EU institutions. Otherwise, the consultants tend to be concentrated in the larger EU Member States (DE, FR, ES and IT) that have large and well-developed consultancy sectors.

**The Commission's increasing use of framework contracts for consultants could be seen as encouraging 'concentration' in relation to the pool of service providers but this could well have happened anyway.** Even when there was a greater reliance on open procurement procedures, market entry was not straightforward given the quite specialist EU affairs know-how required and the time and cost required to produce tenders when the odds of being awarded the contract were low given the number of bids. Moreover, the Commission's use of framework contracts has increased the importance of consortia and this has made it easier in many ways for smaller consultancy firms to enter the market alongside larger firms that rely on them for specialist know-how. This combined with the quantitative analysis of the larger firms' market share of Commission policy-related consulting services, and the number of other providers, suggests that there is no over-concentration.

<sup>21</sup> Due to technical limitations in our accounting system and/or unavailability of the information at the time of publication, the FTS does not always provide the exact breakdown per beneficiary for multi-beneficiary contracts (consortia), 100% of the amount is displayed with the lead beneficiary, or in some cases a proportional repartition is done.

## 4 MEMBER STATE COMPARISONS

**In this section we provide an assessment of the practices with regard to the use of consultants to advise on legislation and policymaking in a sample of EU member States. This corresponds with the second aim of the study.**

### 4.1 Overview

The second aim of this study set out in the European Parliament's terms of reference was to compare the extent of the Commission's recourse to consultants in drafting policies and legislation (the first aim) with similar practices in a selection of EU Member States and/or other countries.

For this purpose, a sample of 10 Member States was selected that is broadly representative of the EU as a whole. These countries were: Belgium, France, Germany, Italy, Netherlands, Lithuania, Poland, Romania, Spain and Sweden. As explained in Section 1, it was felt that this would provide a sample of countries that was representative of the different types of governmental systems, the traditions of using consultants to support policymaking, and consultancy sectors in the EU. The research in each country involved a combination of desk research and interviews.

The assessment of practices in the sample of Member States focused on several key issues, starting with our observations on the procurement systems used by governments to obtain consultancy services and how much use is made of consultants, specifically to help prepare legislation and to advise on policymaking generally. We then examined who the main firms are that supply these services and highlight issues regarding their role. It should be noted that the availability of data on the use of consultants to help prepare policies by national authorities is quite patchy and certainly not as readily available as is the case at the EU level. Similarly, where data is available, there is generally no breakdown allowing public policy consulting to be separated from other types of consultancy services.

### 4.2 Procurement of Consultants by Member States

One of the aims of the comparison with EU Member States set out in the European Parliament's terms of reference was to compare the way in which the Commission appoints consultants with how this is done at a national level.

As explained in the previous section, the Commission has a quite decentralised system for making use of consultants with each DG having responsibility for the procurement process within an overall framework of rules (see Section 3). There is a rather mixed picture across EU Member States. While a few countries have centralized procurement system for consultants, most do not.

In **Belgium**, public procurement is decentralised with separate procedures for the central government and the three regions (Wallonia, Flanders, and the Brussels-Capital Region). Public procurement is regulated at the federal level by a procurement law, but each region has a certain level of flexibility in interpreting and implementing the national framework. Regional governments, which carry out roughly a third of all public procurement, are given substantial freedom to interpret this legislation and define their own implementation rules. At the federal level, however, the system is quite centralised with two main framework contracts (CSAF and CMS) for the tendering of services, of which only CSAF is relevant to the scope this study. CSAF ("*réseau de concertation stratégique des achats fédéraux*") was set up with the aim of developing a strategic approach to public procurement.<sup>22</sup> During the period 2017-20, three ministries issued the largest number of tenders under the CSAF framework contract (the

<sup>22</sup> <https://www.publicprocurement.be/fr/services-federaux/la-concertation-des-achats-federaux>

Ministry of Finance (58 requests), Ministry of Defence (18 requests) and Ministry of Interior (15 requests)).<sup>23</sup>

In contrast to many other countries, **France** has a relatively centralised system with consultancy services being procured mainly via a small number of framework contracts. There are three main central government framework contracts managed by the Inter-ministerial Directorate for Public Transformation (DITP), the Central Purchasing Body (UGAP), and the state purchasing department (DAE). Taken together, these framework contracts account for over 83% of the total French public policy consulting expenditure. In addition, there are also some decentralised procurement procedures operated by each government ministry for smaller contracts which however only represent a modest share of the overall market, i.e. around 16.2%.

In **Germany** - like most countries - the public procurement system is also decentralized, reflecting the German federal system. The federal government sets out the overarching legal framework, while municipalities and *Länder* (regions) transpose federal-level laws but can also create their own rules.<sup>24</sup> It is estimated that about 58% of all procurement activity is undertaken at the municipal level and 30% by the *Länder*, leaving slightly over 10% of procurement at the federal level.<sup>25</sup>

At the federal level, Germany has four central purchasing bodies. The most important one is the Central Purchasing Body of the Ministry of the Interior, which coordinates procurement for all federal agencies, manages the main e-procurement platform and carries out other related functions. The four central purchasing bodies make use of the main centralised e-procurement platform. Indeed, e-notification is mandatory at the federal level. Federal agencies are required to publish their calls for tenders on the federal portal.<sup>26</sup> This is also used by Central Purchasing Bodies at a regional level. Its use is mandatory in some *Länder* but it is also used by other regional and municipal authorities on a voluntary basis. A unique element of the German public procurement system are the public procurement committees. These bodies bring together stakeholders from the federal government, the *Länder* and the municipal authorities, the private sector and trades unions to contribute to the drafting of procurement legislation.<sup>27</sup>

The public sector procurement system in **Spain** (as in Belgium and Germany) reflects the country's decentralised political system and involves a range of institutions at the national, regional and local levels. While the legal framework is applicable nation-wide, public procurement is carried out at three levels - by the local ('Ayuntamiento'), regional ('Diputación Provincial' and 'Comunidad Autónoma') and national authorities ('Administración General del Estado').

**Italy** also has a decentralised public procurement management system with a wide range of public sector authorities, agencies and bodies involved at the central, regional and local levels. Despite its complexity, the system is transparent and all public administrations in Italy are required to publish on

<sup>23</sup> Conseil des ministres. Politique fédérale d'achats 2021-2023. Available at : <https://news.belgium.be/fr/politique-federale-dachats-2021-2023>

<sup>24</sup> Across Germany, 15 of the 16 states have their state-level procurement laws since North-Rhine Westphalia adopted the first one in 2001. Bavaria is the exception: it has opted for guidelines and statements instead to provide direction on ecological, social and sustainable considerations that are not regulated by federal law. See: <https://www.oecd-ilibrary.org/sites/154604df-en/index.html?itemId=/content/component/154604df-en>

<sup>25</sup> European Commission, 'Public procurement - Study on administrative capacity in the EU, German Country profile', available on [https://ec.europa.eu/regional\\_policy/sources/policy/how/improving-investment/public-procurement/study/country\\_profile/de.pdf](https://ec.europa.eu/regional_policy/sources/policy/how/improving-investment/public-procurement/study/country_profile/de.pdf)

<sup>26</sup> "Bund.de – Verwaltung Online" is the gateway to the services and online information of the German Federal Administration and other public agencies, and contains public procurement notices. There are several additional national internet portals, where public tenders are published, such as: [www.vergabe24.de](http://www.vergabe24.de); [www.evergabe-online.de](http://www.evergabe-online.de); [www.dtad.de](http://www.dtad.de); [www.dtv.de](http://www.dtv.de). The federal states publish public procurement notices on their own internet platforms.

<sup>27</sup> <https://www.oecd-ilibrary.org/sites/154604df-en/index.html?itemId=/content/component/154604df-en>



their website the list of external consultants and collaborators who are awarded a public contract.<sup>28</sup> This includes information on the type of contract, its duration, value and the fees that will be paid to external consultants or collaborators (this obligation also stands when the work is done *pro bono* or a variable fee is linked to the performance).<sup>29</sup>

Furthermore, the Ministry for Simplification and Public Administration has recently created a central database ('Anagrafe delle Prestazioni Unificata') which collects all data and information on the external consultants and collaborators hired by the public administrations. The National Anti-Corruption Authority (ANAC) is responsible for overseeing the respect of the rules on public procurement, awarding of public contracts and related transparency obligations by the public administrations. ANAC also manages the National Database of Public Contracts ('Banca Dati Nazionale dei Contratti Pubblici', BDNCP)<sup>30</sup>, a central register of more than 50 million public contracts and which has been set up to provide access to procurement data to all stakeholders. The BDNCP is considered one of the best public contracts registries across the EU especially, for its completeness, interoperability and accessibility.<sup>31</sup>

In **Lithuania**, too, there is a fairly decentralised structure for the procurement of consultancy services by the national authorities and agencies although steps are being taken to strengthen the central elements. There is a central procurement unit but this is predominantly responsible for the procurement of goods rather than services on behalf of different state or municipal institutions. The Strategic Government Centre for the Delivery of Policy Analysis and Advice (STRATA) established in 2019, is designed, in part, to address the lack of capacity for analytical services within government.

The establishment of the STRATA reflects a growing recognition of the need for evidence-based policymaking in Lithuania with the OECD amongst others stressing this.<sup>32</sup> At the national level there is an impact assessment system, split into two categories (basic and in-depth assessments). The basic assessment is usually carried out in-house by government departments with very limited analysis (often no more than one page), a shortcoming that the OECD recognised and suggested was often used to justify and 'rubber stamp' decisions already made. Consultants tend to be used for the in-depth impact assessments and evaluations. The STRATA has a role in overseeing this set-up.

In the **Netherlands**, a large segment of public procurement has been centralised. The National Programme for Sustainable Public Procurement (SPP) brings together the procurement activities of six large central government ministries (the Ministry of Infrastructure and Water Management, the Ministry of Economic Affairs and Climate Policy, the Ministry of Foreign Affairs, the Ministry of Social Affairs and Employment, the Ministry of the Interior and Kingdom Relations and the Ministry of Education, Culture and Science). In addition, more than half of all local and regional governments (175 in total) take part in the SPP.<sup>33</sup>

<sup>28</sup> This also includes consultants and collaborators hired without a public procurement procedure (through the so-called 'processi di affidamento').

<sup>29</sup> Article 15 of Legislative Decree 33/2013 subsequently modified by the Legislative Decree 97/2016.

<sup>30</sup> The database is accessible at: <https://dati.anticorruzione.it/superset/dashboard/appalti/>

<sup>31</sup> The ANAC was awarded the 2018 Award "Better Governance through Procurement Digitalisation" in the category of National Contract Registers as also reported in its website: <https://www.anticorruzione.it/-/banca-dati-nazionale-dei-contratti-pubblici-2>

<sup>32</sup> OECD. *Lithuania: Fostering Open and Inclusive Policy Making*. Paris: Organisation for Economic Co-operation and Development, 2015.

[https://www.oecd-ilibrary.org/governance/lithuania-fostering-open-and-inclusive-policy-making\\_9789264235762-en](https://www.oecd-ilibrary.org/governance/lithuania-fostering-open-and-inclusive-policy-making_9789264235762-en); OECD.

*Regulatory Policy in Lithuania: Focusing on the Delivery Side*. Paris: Organisation for Economic Co-operation and Development, 2015.

[https://www.oecd-ilibrary.org/governance/regulatory-policy-in-lithuania\\_9789264239340-en](https://www.oecd-ilibrary.org/governance/regulatory-policy-in-lithuania_9789264239340-en); OECD. "Lithuania Compared to OECD

Indicators of Regulatory Policy and Governance, 2018." Paris: Organisation for Economic Co-operation and Development, 2021.

[https://www.oecd-ilibrary.org/governance/lithuania-compared-to-oecd-indicators-of-regulatory-policy-and-governance-2018\\_bbd3acf8-en](https://www.oecd-ilibrary.org/governance/lithuania-compared-to-oecd-indicators-of-regulatory-policy-and-governance-2018_bbd3acf8-en).

<sup>33</sup> Dutch Ministry of Economic Affairs and Climate Policy (2021). Public procurement monitoring report of the Netherlands. Pp. 4. Available at: <https://ec.europa.eu/docsroom/documents/47780/attachments/1/translations/en/renditions/native>

As in most other countries, the procurement system in **Poland** is decentralised, with many public entities ranging from central government departments to local authorities able to publish calls for tenders.<sup>42</sup> Government procurement in Poland is regulated by the Public Procurement Law (PPL) which was implemented on 1 January 2021, replacing the previous 2004 rules. Currently, under the ESIF-supported Operational Programme 'Digital Poland 2014-2020', a unified, online system for public procurement (the 'e-Procurement Platform') is being developed.<sup>34</sup> The share of public tenders in Polish GDP totals at least 10%, which amounts to close to €43 billion, or PLN 200 billion.<sup>35</sup> According to the data for 2017, local government procurement constituted around 53% of public procurement generally in Poland<sup>36</sup>.

The procurement system in **Romania** is very decentralised with over 10,000 contracting authorities. Although Law no. 98/2016 introduced a degree of centralisation this mainly applies to goods purchased by the public authorities and there is still no coordination of the system for obtaining consultancy services. The lack of coordination of procurement by the national authorities and agencies means that there are cases when the ministries are publishing tenders for similar services almost at the same time, thereby 'stretching' the capacity of consultancy providers to prepare tenders, especially as different authorities often have different requirements.

In **Sweden** there are two main organisations that are responsible for public procurement - the Swedish Competition Authority (KKV) and the National Agency for Public Procurement (UHM). While the KKV focuses on ensuring efficiency and adherence to the laws, the UHM is responsible for operating support functions to public procurement. Furthermore, the National Audit Office (NAO) also has an oversight role related to supervising public spending in Sweden,<sup>37</sup> while the State Purchasing Centre (Statens inköpscentral) holds central responsibility for procuring framework agreements for goods and services for a range of government agencies.<sup>38</sup> Together, these organisations are responsible for implementing the 2017 National Public Procurement Strategy.<sup>39</sup>

#### *Conclusions – Member States' procurement systems for consultants*

In summary, with the exception of France, the Netherlands and Sweden, the other seven countries in our sample have decentralised systems for making use of consultants and in this respect the European Commission's approach reflects wider experience.

### **4.3 Role of Consultants in Supporting Member States' Policymaking**

A second question concerns the extent to which consultants are used to support policymaking. As Section 3 showed, in recent years the Commission has made increasing use of consultants, albeit that this trend was partially reversed in 2021. Also relevant is the degree of 'concentration', i.e. the extent to which there is a high degree of dependence on a relatively small group of contractors.

In most Member States there has been - as at the EU level - a steady increase in the use of consultants over the years. Overall, there is a diverse range of suppliers in most countries although this is less so in Central and Eastern Europe where the sector is less well developed.

<sup>34</sup> Urząd Zamówień Publicznych (2022). *Platforma e-Zamówienia*, online: <https://www.uzp.gov.pl/e-zamowienia2/informacje>, accessed: 15.06.2022.

<sup>35</sup> Gurcan Partners Law Firm. "Public Procurement Law in Poland," June 5, 2022. <https://gurcanpartners.com/en/public-procurement-law-in-poland/>.

<sup>36</sup> Stokłosa, P. (2019). *Jak wspierać konkurencyjność na rynku lokalnym w ramach zamówień publicznych udzielanych przez gminę?* [in:] (Lemonnier, M., Nowak, H., eds.) „Dziś i jutro w zamówieniach publicznych”, pp. 201-211, p. 204.

<sup>37</sup> European Commission, (2016), Public Procurement – Study on administrative capacity in the EU: [Sweden Country Profile](https://www.kammarkollegiet.se/om-oss/organisation/statens-inkopscentral). <https://www.kammarkollegiet.se/om-oss/organisation/statens-inkopscentral>

<sup>39</sup> Ministry of Finance, Government Offices of Sweden, (2017), [National Public Procurement Strategy](#).



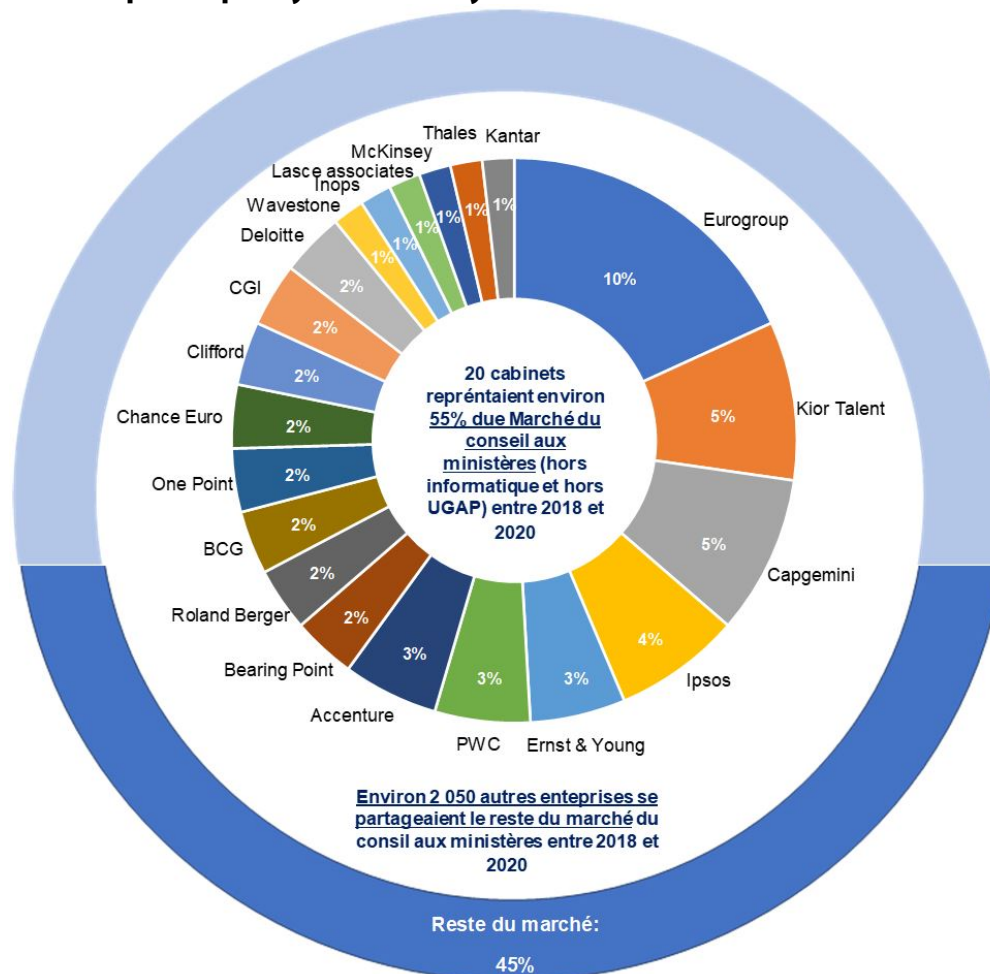
In **Belgium**, there has been a steady but not large increase in the number of public policy-related tenders in recent years. In 2021, according to data published by the public procurement department of the Prime Minister's Office, 19,980 contracts were awarded by the federal government. This represents an increase of 6.5% on the previous year (2020).<sup>40</sup>

Regulatory impact assessments are mandatory for all primary and for some secondary legislation and these are usually shared with social partners as a basis for consultation. In addition, periodic ex-post reviews of legislation are mandatory, at least in some policy areas. The Belgian Court of Audit carries out ad-hoc "in-depth" reviews in specific regulatory areas (e.g. agriculture, energy or youth). However, evaluation and other policy related services are also routinely outsourced to external consultants.

While it is not possible to provide precise estimates regarding the consulting firms with the largest market shares due to lack of data, according to a 2017 news article the 'Big Four' are the most-high profile and dominant firms in the Belgian market.<sup>41</sup> However, smaller consulting firms with sectoral expertise also play an important role in the market.

**France's** public policy consulting market has grown substantially in recent years. A 2022 Senate report revealed that in recent years, the size of the consulting market more than doubled from an estimated

**Figure 4.1: Main public policy consultancy firms - France**



Source: French Senate report 2022

<sup>40</sup> BOSA SPF. Annual Report. (2020). Available at: <https://bosa.belgium.be/fr/publications/rapport-annuel-bosa-2020-strategie-et-appui-en-chiffres>

<sup>41</sup> Arnaud Martin, « La consultance s'invite partout ». Le Soir. April 2017. Available at: <https://references.lesoir.be/article/la-consultance-s-invite-partout/>

EUR 152.5 billion in contracts in 2018 for consulting firms to provide ‘strategic advice’<sup>42</sup> to some EUR 445.6 billion in 2021. Turning to the question of which consultancy firms are used by the French authorities, *Le Monde* undertook an investigation, collating data from procurement databases and analysing 1,600 contracts. While it is difficult to provide accurate estimates due to the fragmentation of the data, the results of the analysis revealed that between 2018 and 2020, the French consulting firm Eurogroup dominated the French market, having been awarded 10% of all contracts, followed by Kior Talent (5%), Capgemini (5%), Ipsos (4%), EY (3%), PwC (3%) and Accenture (3%).

In **Germany**, the use of external consultancies by the Federal Government has also steadily increased in recent years. In 2020 alone, the federal ministries and other national authorities, including state-owned companies, spent over EUR 433 million on consulting services. This constituted a 46% increase compared with the previous year (EUR 300 million) and followed the trend experienced from 2018 to 2019 when there was a 60% increase in spending on consultants.<sup>43</sup>

The German Ministry of Interior spent the most money on external consultants in 2020 (EUR 204 million), with a large part of this going into inter-departmental projects such as ‘IT consolidation’, according to official data. This was followed by the Ministry of Transport (including Deutsche Bahn) with EUR 63 million, the Ministry of Finance (EUR 53 million) and the Ministry of Health (EUR 42 million)<sup>44</sup>. The Ministry of Defence was subject to particularly close scrutiny when it was reported to have spent EUR 155 million on consultants in a short time between January and June 2019.<sup>45</sup>

In contrast to many other countries, **Spain** provides an example where there is much less use of consultants in supporting the drafting of legislation and policymaking. This is explained by various factors, among which the role played by political parties has been highlighted by several of those we interviewed. The Spanish system gives political parties a central place in the legislative process, as the legislative initiative lies not only with the Government but also with the two chambers (*‘Congreso’* and *‘Senado’*), the regions and citizens. This creates scope for members of political parties to get closely involved in policymaking, thereby often reducing the involvement of consultants. In addition, it is argued that legislation in Spain tends to be less technical than in other countries, thereby reducing the need for inputs by specialists and consultants.

Based on data from the BDNCP, in **Italy** the central and decentralised public administration and bodies launched more than 21,000 public procurement procedures for consultancy services in 2021 with a total value of approximately EUR 300 million. This represents a slight increase compared to the years 2019 and 2020. This figure includes any type of consultancy services ranging from those supporting infrastructure works to those focusing on studies and policy research.

The Italian authorities have recognised the need to limit the use of consultants. The 2008 Finance Act (*‘Legge Finanziaria’*, Law n. 244/2007) limited the scope for the public procurement of services by stipulating that the public administration could hire external collaborators or consultants only to address ‘exceptional needs’ i.e. needs that cannot be addressed with in-house resources. To this end, the Act introduced a specific ceiling to the financial value of the public contracts and their duration.<sup>46</sup> It also ruled that the contracted assignments should be temporary and non-renewable and that the selected experts should be highly specialised and qualified. A series of measures have been more

<sup>42</sup> These types of services include but are not limited to: management consulting, human resources, communication, legal services and evaluations

<sup>43</sup> Tillmann Neuscheler, “Bundesregierung: 433 Millionen Euro für externe Berater.” FAZ.NET. Accessed April 14, 2022.

<sup>44</sup> The Ministry of Health was recently criticized for the large consulting contracts granted during the COVID-19 pandemic to the company EY; Marcus Jung and Tillmann Neuscheler, “Unterstützung in der Pandemie: Bund zahlt 100 Millionen Euro an Behörden-Helfer.” FAZ.NET. Accessed April 14, 2022.

<sup>45</sup> “German Defense Ministry Admits Huge Spending on Consultants | DW | 08.08.2019.” DW.COM. Accessed April 14, 2022. <https://www.dw.com/en/german-defense-ministry-admits-huge-spending-on-consultants/a-49939236>

<sup>46</sup> In line with Legislative Decree no 165 of 2021 setting general rules on the organization of work employed by public administrations.

recently adopted in Italy to limit the use made by the central and the decentralised public administrations of external consultants to meet recurring or permanent needs or request non-specialised activities that could be undertaken internally. Despite this approach in the legislation, the use of consultants in the public administration has increased over the years.

In **Lithuania** the government makes quite limited use of consultants to help with policymaking despite a lack of capacity within the various institutions. For evidence-based analysis and expert opinions, the authorities also draw on working groups of experts from academic institutes. In fact, Lithuania has a quite well-developed consultancy sector. There is a 'Big Four' presence in the country, and there are several other locally-based firms with expertise in public policy consultancy. The 'Big Four' are dominant in some areas of work for the Lithuanian Government (e.g. large-scale technical assistance projects) but the market for policymaking consultancy is much more diverse. Firms such as the Public Policy Management Institute (PPMI) and Visionary Analytics are also important providers of policymaking consultancy although the bulk of their turnover comes now from contracts with the European Commission rather than with the Lithuanian Government. The authorities also turn to international organisations such as the OECD and World Bank for policy advice.

There is nonetheless a major mismatch between the need for analysis in the policymaking process and the ability of the Lithuanian government to generate such policy documents in-house. One such example relates to health reforms. In this case, the Lithuanian Government sought to restructure the network of individual healthcare institutions, and the Government submitted its proposals for this reform to the Parliament, but the Parliament was unhappy with the lack of any impact assessment or analysis of evidence to underpin the proposals (this was especially so in relation to the proposal's impact on regions because of the suggestion to amalgamate or close some regional services). The Government, with limited resources and time, was unable to provide further evidence for its proposals in the form of a full impact assessment, or any real consideration of the alternatives or an assessment of the costs involved. As shown in Table 4.1, the lack of evidence to inform policymaking in Lithuania is predominantly viewed by ministries as justifying greater reliance on in-house human resources.

**Table 4.1: Main Challenges to Evidence Informed Policy Making as perceived by Lithuanian Ministries**

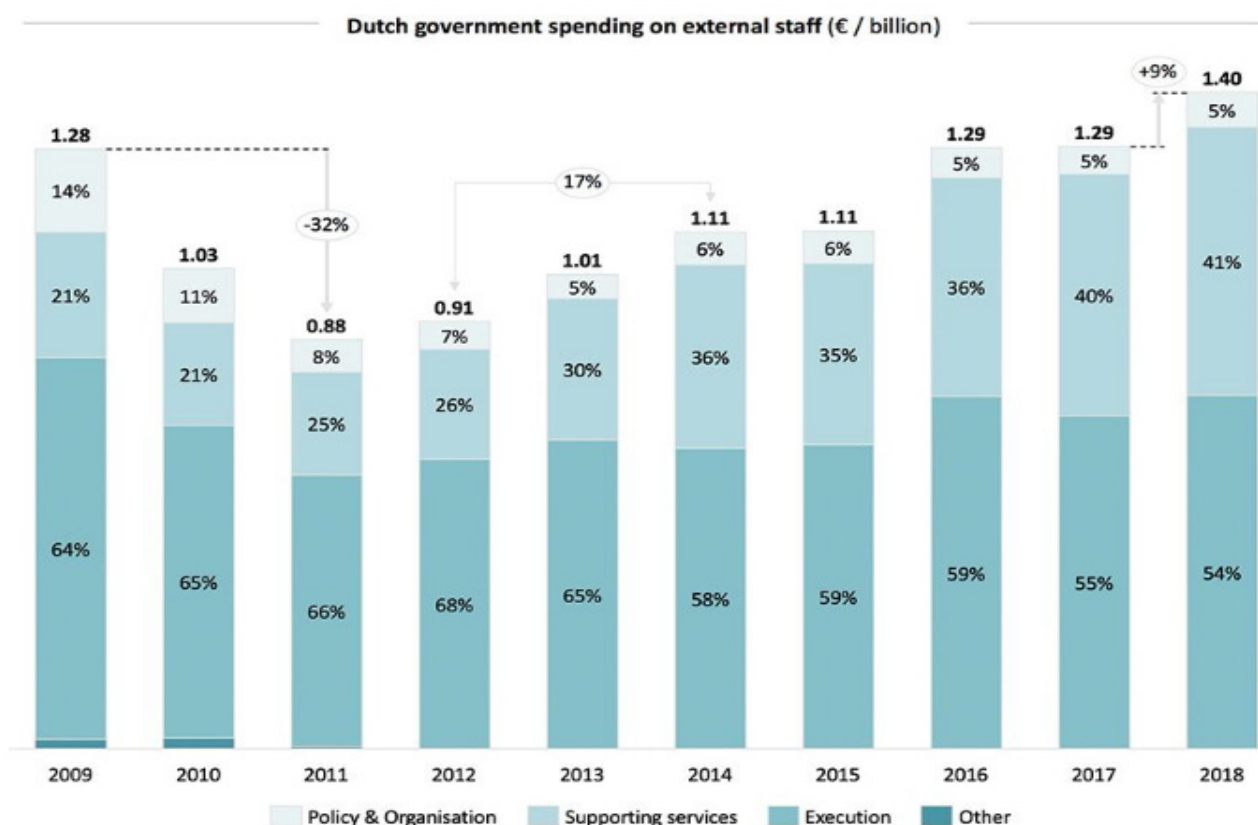
|   | Lack of human resources and skills | Lack of suitable data | Lack of financing (to contract institutes and universities and attract staff with relevant skills) | Lack of political demand and lack of understanding of the importance of evidence |
|---|------------------------------------|-----------------------|--|--|
| Office of the Government                  | •                                  | •                     |  | •  |
| Ministry of Interior                      | •                                  | •                     |  |  |
| Ministry of Finance                       |                                    | •                     |  |  |
| Ministry of Education, Sciences and Sport | •                                  |                       | •  | •  |
| Ministry of Environment                   |                                    |                       |  |  |
| Ministry of Agriculture                   | •                                  | •                     |  | •  |
| Ministry of Social Security and Labour    | •                                  | •                     |  |  |
| Ministry of Economy and Innovation        | •                                  |                       |  | •  |
| Ministry of Health                        | •                                  |                       | •  |  |
| Ministry of Justice                       | •                                  |                       | •  | •  |
| <b>Total of 10 institutions</b>           | <b>8</b>                           | <b>5</b>              | <b>4</b>   | <b>5</b>   |

Note: The ten responding institutions include 9 line ministries and the Office of the Government.

Source: OECD (2020), OECD Questionnaire on 'Evidence Informed Policy Making and Policy Evaluation at the Centre of Government in Lithuania'.

The central government in the **Netherlands** spent around EUR 70m on policy consulting in 2018. It was reported in the press that the 'Big Four' as well as McKinsey, the Boston Consulting Group and PA Consulting Group were awarded a high proportion of the contracts.<sup>47</sup> More generally, data from consultancy.eu<sup>48</sup> shows that between 2009-18, some EUR 70 million was spent on strategic advisory services including work to help develop new policies and programmes. This represented 13% of the total spending on consultants in that period. It is thought that strategy consulting firms have seen their fee income jump by 32% in recent years.

**Figure 4.2: Dutch government spending on consulting services between 2009-2018**



Source: Consultancy.eu analysis, Consultancy.nl data

Overall, the use of consultants is fairly widespread in the Netherlands. Indeed, a 2021 report published by the Dutch Ministry of Economic Affairs and Climate Policy noted that “public procurement is increasingly used by contracting authorities in the Netherlands as a strategic tool to achieve policy goals such as environmental, social or employment-related impact”.<sup>49</sup> While for the national government and larger local governments the debate remains as to whether hiring consultants increases the burden on public spending, there is some evidence to suggest that there may be cost savings on the part of smaller regional and local authorities, particularly when needing limited ad-hoc support.

In 2018, the market value for consulting services in **Poland** was estimated to be over EUR 400 million, equivalent to about 40% of Central and Eastern Europe’s overall consultancy business turnover.<sup>50</sup> The

<sup>47</sup> <https://www.consultancy.uk/news/12132/dutch-government-spends-11-billion-on-external-consultants-and-temps>

<sup>48</sup> <https://www.consultancy.eu/news/3378/dutch-government-spending-on-external-staff-to-record-high>

<sup>49</sup> Dutch Ministry of Economic Affairs and Climate Policy (2021). Public procurement monitoring report of the Netherlands. Pp. 4. Available at: <https://ec.europa.eu/docsroom/documents/47780/attachments/1/translations/en/renditions/native>

<sup>50</sup> Consultancy.eu (2018). *Eastern European Consulting Industry Grows 7%, Market Worth €1.4 Billion*, online: <https://www.consultancy.eu/news/1731/eastern-european-consulting-industry-grows-7-market-worth-14-billion>, accessed: 20.06.2022.

amount dedicated to consulting related to policy-related advice and the drafting of legislation is unclear. As for the role and dominance of specific players, those we interviewed were of the view that the sector covering research and evaluation, public policy analysis and the development of policy strategies is quite diverse. This contrasts, for example, with auditing and IT-related services, a sector strongly dominated by the 'Big Four'.

Smaller consultants have a strong position in Poland in the more specialised areas of public policy consultancy. According to one of the interviewees, the big consultancies usually compete for contracts competition if worth of at least PLN 3 million (approximately EUR 360,000), and frequently do so as part of consortia. One of the contacts we spoke to, however, pointed out that in the past there have been attempts by the largest, global consultancies to enter the more specialised part of the market as well but without much success. Medium-sized consulting firms have also sought to enter the markets and to develop their public policy consultancy and legal services in the country.<sup>51</sup>

At the national level, the Ministry of Development and Regional Policy is known to be particularly active in relying on external service providers. Specifically linked to policymaking is the use made of consultants in relation to innovation and R&D, namely in the development of the regional innovation strategies and the foresight analyses concerning smart specialisations strategies. COVID-19 saw some instances of consultancies being commissioned to carry out ad hoc studies on measures to combat the pandemic. For example, several large consultancies were contracted by the authorities to help develop the strategy for vaccinating the population.

In 2020 the consultancy market in **Romania** was estimated to be EUR 600 million in a study of the Romanian Association of Management Consultants, with the Big Four dominating the market. Other companies providing policy-related services include Romanian firms such as TEAMPRO Strategy Consulting, CCAT Solutions Group, RomActiv Business Consulting, ACZ Consulting, SYNESIS Partners, Unique Solutions. International companies including Ramboll, Civitta, Archidata and Avenza are also present but they have a limited share of the market. Another important provider of consultancy services in Romania, especially for the ministries and the large cities, is the World Bank. Since 2010, the World Bank's advisory service programme in Romania assisted almost 20 public institutions and has helped the country to lay the foundations for a modern public administration. Overall, the market is fairly diverse and large.

The Romanian public administration is affected by capacity challenges and consultancy services are an important way to compensate for the lack of internal capacity. Most public procurement contracts, including most consultancy contracts, are issued by Government ministries managing EU funds (especially the Ministry of European Investments and Projects and the Ministry of Development, Public Works and Public Administration). These ministries signed about 45% of the consultancy contracts registered by Romanian ministries in the last five years (2017-2021). Similarly, most consultancy contracts are in connection with the management, use, monitoring, and evaluation of EU funds.

The use of consultants for policy support by the Government of **Sweden** has been growing in recent years. As highlighted in the National Audit Office's most recent Audit Plan 2021-22, one of the main reasons for this trend is that, as public agencies are declining in terms of the number of employees, public procurement offers a solution by making it possible to use other resources.<sup>52</sup> While the use of consultants is increasing across many government authorities, there are areas where the Swedish Government still prefers to rely on its in-house research institutes. This is true, for example, in the area of labour market research.

<sup>51</sup> [Regulatory confusion favors advisors - Puls Biznesu - pb.pl](#); [Advisors want to become lawyers - Puls Biznesu - pb.pl](#)

<sup>52</sup> Swedish National Audit Office, (2021), [Audit Plan 2021/22](#).



The most recent estimate for total public procurement in Sweden indicated an outlay of almost SEK 800 billion a year (around EUR 75 billion).<sup>53</sup> This figure covers all public procurement and there is no official breakdown by type of procurement. However, an estimate based on a Digiwhist Horizon 2020 project suggests that the category 'Research and development services and related consultancy services' (CPV 73) amounted to EUR 934 million in 2019, dropping to EUR 702 million in 2021. The 'Big Four' feature prominently on the list of main suppliers, with KPMG AB (166 contracts), Öhrlings PricewaterhouseCoopers AB (153) and Ernst & Young Aktiebolag (136) the top three suppliers during the years 2009-21. When looking at specific sub-codes of greater relevance, the prominence of 'Big Four' companies also reduces. For instance, within the sub-category 'Evaluation consultancy services' (CPV 79419), only McKinsey features in the list of main suppliers. Moreover, the 'Big Four' are not considered to be heavily involved in consultancy work related to policymaking.

In conclusion, the use of consultants by national authorities has steadily increased in recent years in all countries making up our sample. It is difficult to identify trends specifically with regard to policy-related consultancy services and COVID-19 partly accounts for the recent upward trend generally. In most countries there is a quite diverse consultancy sector supplying services to the national authorities. This is less true in Central and Eastern Europe where the 'Big Four' have a strong market position in most countries because of their capacity to leverage expertise and resources from across their networks which gives them a competitive advantage compared with purely national firms.

#### 4.4 Controversies in Member States over the Use of Consultants

In recent years, there has been a debate in many countries over the use of consultants by governments. This debate largely centres on concerns over an over-reliance on consultants and questionable value for money, the same questions that have been raised at the EU level. That said, in around half the countries in our sample, there has been very little media coverage of this issue.

There has not been much media interest in **Belgium** regarding the use of consultants by the federal government other than in relation to COVID-19. During the COVID-19 crisis, four firms were given key roles in the management of measures to combat the health crisis (Deloitte, McKinsey, Roland Berger and Ernst Young). Taken together, these four firms were paid over EUR 10 million during the 2020-21 period.<sup>54</sup> A significant proportion of this funding was used to obtain external support on critical aspects of the policy response to the crisis. More generally, the extent of dependence on consultants was highlighted by the local newspaper *Le Soir* in late 2021.<sup>55</sup> Its revelations sparked concerns linked to a potential conflict of interests, particularly in terms of a revolving door practice as several federal officials previously held positions in the consultancy firms that were awarded contracts.

BOSA SPF (the public body in charge of overseeing public procurement at the federal level) published a manual setting out the ethical framework for federal officials in 2007 and this includes aspects relating to the use of consultants.<sup>56</sup> The manual draws on the framework formalised in the 'federal integrity policy' that was approved by the Council of Ministers in 2006.<sup>57</sup> The manual includes rules on conflicts of interest amongst its provisions.

In **France**, although 'Big Four' firms and others such as McKinsey & Co were awarded only a relatively modest share of the overall expenditure on consults, they dominated the delivery of COVID-19 related services and related policy advice. This led the media to describe the use of consultants by the French

<sup>53</sup> <https://www.government.se/articles/2022/02/the-swedish-government-leads-the-way-on-climate-smart-circular-procurement/>

<sup>54</sup> "Coronavirus en Belgique: plus de 10 millions dépensés dans les cabinets de consultance pour gérer la crise sanitaire." RTBF.be, accessed April 14, 2022

<sup>55</sup> "Plus de 10 millions versés aux cabinets de consultance pour gérer la crise covid," *Le Soir*. November 4, 2021.

<sup>56</sup> <https://bosa.belgium.be/fr/publications/cadre-deontologique-pour-les-agents-de-la-fonction-publique-administrative-federale>

<sup>57</sup> <https://news.belgium.be/fr/politique-dintegrite-des-fonctionnaires>

government as the 'McKinsey Gate' (during the pandemic, McKinsey was paid over EUR 12 million, followed by Citiwell (EUR 6.8 million) and Accenture (EUR 5.3 million). Other large firms such as Roland Berger were also awarded sizable contracts.

In 2022, as a result of 'McKinsey Gate' and other controversies, the French Senate drafted the report on the use of consultants, concluding that the increasing and widespread use of consultants by the central government raised a number of ethical and other concerns. First, conflict of interest concerns were raised. This was in part due to the fact that consulting firms have both public and private sector clients. Conflict of interest concerns were also highlighted in the media because of the involvement of McKinsey & Co in helping to prepare President Macron's manifesto in the 2017 presidential campaign. Second, concerns were also raised over the so-called 'foot-in-the-door' issue with consulting firms providing pro bono services (pro bono services are not regulated by French law and no contract is required for consulting firms to engage in these types of activities. This has raised concerns over the transparency of these services). Third, 'revolving door' concerns were also highlighted by the French media and by the Senate Committee report, i.e. the movement of senior officials from public-sector positions to private sector jobs and vice versa. In response to these concerns, the French authorities pointed out that expenditure on consultants was forty times higher in the United Kingdom.<sup>58</sup>

In **Germany**, media coverage has focused on the Ministry of Defence's use of consultants following leaks from Germany's Federal Audit Office in 2018 which led to an investigation by a committee of the German Parliament.<sup>59</sup> The German watchdog identified irregularities in the hiring of consultants, resulting in what media reports claimed was 'a more significant role than the ministry had publicly claimed'.<sup>60</sup> The irregularities involved contracts being awarded without proper scrutiny with procedures not following the normal rules for awarding contracts in more than a third of cases in 2015 and 2016. Also, the amount of spending disclosed by the ministry on consultants did not match the estimates produced by auditors.<sup>61</sup> In addition, the role played by personal connections in the award of contracts was criticised and the role this played in landing contracts with individual firms.<sup>62</sup>

More generally, the Federal Court of Auditors has long criticised the extent of dependence on consultants and stressed the need for the Federal Government to rely more on its own staff to carry out key tasks such as drafting laws.<sup>63,64</sup> The lack of in-house expertise, some opposition politicians argued, should be remedied and not be the reason for what they considered an 'excessive' use of consultants.<sup>65</sup> Such practices, critics argue, not only constitute a high cost for taxpayers but also compromise the independence of government decisions. In that regard, in 2022 the Bundestag's Budget Committee

<sup>58</sup> UK public sector spending on consultants has increased in recent years, partly because of the need for support in developing new policies during the COVID-19 pandemic (in relation to the latter, consultants have been extensively used for test-and-trace implementation, PPE and vaccine procurement, and the government's contact tracing system). In 2020-21, the 'Big Four' were awarded contracts in the UK worth GBP 1.2 billion. Although the UK Government claimed this estimate of expenditure on consultants was 'inaccurate and misleading', officials in the Cabinet Office were reported to have claimed that the civil service had been 'infantilised' by a reliance on consultants, whilst the UK Government's own figures for 2019-21 still pointed to a doubling of expenditure on consultants.

<sup>59</sup> "Wehrressort zahlte bis zu 150 Millionen Euro jährlich an Berater", Spiegel, 15 September 2022, available on <https://www.spiegel.de/politik/deutschland/ursula-von-der-leyen-wehrressort-zahlte-bis-zu-150-millionen-euro-jaehrlich-an-berater-a-1229849.html>

<sup>60</sup> Ibid.

<sup>61</sup> In 2015, EUR 2.2 million was officially declared but auditors estimated the total amount to be closer to EUR 100 million; in 2016, the ministry declared EUR 2.9 million in contracts with consultants but it was estimated to have spent up to EUR 150 million on advisers. See "The scandal hanging over Ursula von der Leyen", Politico, 15 July 2019, available on <https://www.politico.eu/article/the-scandal-hanging-over-ursula-von-der-leyen/>

<sup>62</sup> "Von der Leyen admits 'mistakes' in contracting scandal but stands her ground", Politico, 13 February 2020, available on <https://www.politico.eu/article/von-der-leyen-admits-mistakes-in-contracting-scandal-but-stands-her-ground/>

<sup>63</sup> "Bundesregierung - Ausgaben für externe Berater drastisch gestiegen." *Deutschlandfunk*. Accessed April 14, 2022.

<sup>64</sup> Dieter Engels, "Einsatz externer Berater in der Bundesverwaltung." *W. Kohlhammer*. January 11, 2006.

<sup>65</sup> Neuscheler, "Bundesregierung: 433 Millionen Euro für externe Berater"

issued a binding order for federal ministries to ‘substantially reduce’ the use of consultants and support staff in the ministries.<sup>66</sup> Whether this materializes in practice has yet to be seen.

In contrast to many other countries, there has been only limited media coverage in **Spain** concerning the government’s use of consultants. This is partly because there is less use of consultants in Spain than elsewhere. That said, there was some unfavourable media coverage given to the decision of the National Commission on Markets and Competition (*Comisión Nacional de los Mercados y la Competencia*, CNMC), the Spanish independent competition regulator, to fine 22 consulting firms and several of their senior personnel a total of over EUR 6 million for anti-competitive practices.<sup>67</sup> The findings of the investigation concluded that the firms operated in several networks or ‘cartels’ that had manipulated public tenders for at least 10 years (2008 to 2018), negatively affecting the quality and increasing the price of services contracted by public authorities. It was suggested that these networks took advantage of ‘cover offers’, contracts negotiated without publicity in which the administration invited a small number of companies to present their competing offers, by agreeing among themselves who would bid for which one or even who should decline the invitation to tender for the other firm to be awarded the contract. The firms that were fined included Deloitte, PwC, KPMG and Indra.

In **Lithuania**, the media, as in many other countries, has criticised the government for the lack of evidence-based policy making, whilst other media conversely argued that the Government should reduce expenditure on consultants. In fact, there are now tighter restrictions on government budgets for consultancy, which in turn has contributed to a reduced supply side interest in bidding for national contracts in comparison to the opportunities at EU level.

There is little controversy in **Poland** about the role of consultants in policymaking. Only one instance has been identified by us in which journalists from the *Polityka* (“Politics”) magazine discussed the use of external consultancies by public sector authorities, concluding that there had never been real scrutiny nor a critical approach to the role of the consulting industry in Poland.<sup>68</sup> The journalists pointed to ‘revolving door issues’ and instances in which consultancies are granted lucrative contracts with ministries which may have been influenced by such factors as the political party in power and personal connections. According to the interview feedback public authorities in Poland tend to consult on areas considered as ‘safe’ and ‘non-controversial’, such as evaluating the use and implementation of EU funds, in which conclusions are less likely to go against the Government’s agenda. Political pressure from clients at the national and more so at the local level was mentioned as a factor resulting in studies often not challenging political agendas.

The Office of Competition and Consumer Protection in Poland has observed (albeit in 2015) that the ‘Big Four’ had a dominant position in government consulting work, accounting for approximately 75% of the overall expenditure.<sup>69</sup> Within this context, a 2017 investigation by the Central Anticorruption

<sup>66</sup> Anette Dowideit, “Teure Geschäfte: Berater kosten Bundesregierung 344,3 Millionen Euro.” *DIE WELT*, January 30, 2021; Tillmann Neuscheler, “Haushaltsausschuss: Regierung soll an Beratern sparen.” *FAZ.NET*. Accessed April 14, 2022.

<sup>67</sup> The companies exchanged sensitive commercial information and used common strategies to avoid competing for the same services requested by different public administrations. the country CNMC, ‘La CNMC multa con un total de 6,3 millones de euros a 22 firmas de consultoría y a varios de sus directivos’, 12 May 2021, available on <https://www.cnmc.es/prensa/sancionador-consultoras-cnmc-20210512>

<sup>68</sup> Woś, R. (2017). *Firmy consultingowe: ile zarabiają i za co?*, Polityka, online: <https://www.polityka.pl/tygodnikpolityka/rynek/1699978,1,firmy-konsultingowe-ile-zarabiaja-i-za-co.read>, accessed: 20.06.2022.

<sup>69</sup> Office of Competition and Consumer Protection (2015). (in Polish) The Results of the Study on the National Market of Financial Audit Services, Consulting, and Consulting Services, online: <https://uokik.gov.pl/download.php?plik=16372>; B. Szafranski (2015), The Big Four is Ruling (in Polish: Króluje wielka czwórka). ‘Bank’, vol. 7-8, pp. 34-38, online: <https://docplayer.pl/47757331-Kroluje-wielka-czworka.html>.



Bureau raised concerns over the process for awarding contracts by the National Centre for Research and Development, a state agency, citing a “lack of impartiality and avoidance of conflicts of interest.”<sup>70</sup>

In **Sweden** there have been critical observations regarding the quality of policy-making support provided by external consultants. For instance, in 2018, the Swedish NAO published a report on ‘The State as Procurer of Consultancy Services’<sup>71</sup> which examined whether the Government’s use of consultancy services represented an efficient use of resources. While highlighting good practices implemented by government agencies, the audit found that the “use of consultancy services in general is not well founded and that the agencies’ control over consultant use is inadequate” resulting in ineffective and inefficient use of state resources. Within this context, the NAO noted that agencies needed to improve: (i) how they analyse their need for consultants; (ii) the coordination of procurement and purchasing activities; (iii) their ability to get the most out of consultants; (iv) the evaluation of the work of consultants; and (v) their overview of usage and procurement.

While this Swedish NAO report related primarily to the procurement work of the agencies, another NAO audit in 2020 focused on the management of policy evaluations by government and the results achieved.<sup>72</sup> In this instance, focusing specifically on industrial policy evaluations carried out by the agencies during the period 2015-18, the NAO found that only two of 37 agencies met the three basic requirements for credible policy evaluations.

## 4.5 Conclusions – Member State Comparisons

There are a number of conclusions that can be drawn from the EU Member State comparisons presented in this section.

**Firstly, there has been a steady increase over the years in the use of consultants to support policymaking in most EU Member States** (there are a few exceptions in our sample, for example Spain). The trend of making greater use of consultants by Governments and the wider public sector is not of course a new phenomenon. Public sector reforms across EU Member States, the need to use resources more efficiently by outsourcing some functions, and the need to access specialised know-how are the drivers that help to explain the increasing use of consultants.

More recently, after cutbacks in expenditure on consultants during the economic crisis of 2010-14, a previously well-established trend resumed with an even steeper upward trajectory during the COVID-19 pandemic, albeit that not all of this expenditure was policy-related. This trend across Member States, and the underlying drivers, also feature in the Commission’s use of consultants which, as examined in Section 3, has also steadily increased over the years although this has not been driven to the same extent by COVID in the most immediate past. In several countries in our sample (e.g. Germany, Italy) there is pressure to reduce the extent to which the Governments make use of consultants with the criteria for doing so having been tightened up.

**Secondly, the procurement systems used by national authorities to obtain the services of consultants are mostly decentralised, if not fragmented, at least in the EU Member States covered by this research.** Although most contracts have to be advertised in the Official Journal, centralised coordination structures only exist in some countries (e.g. DE, FR, IT) although the national authorities in some other countries are taking steps to increase centralisation (e.g. Romania).

<sup>70</sup> Reuters. “Once the Face of Poland’s COVID-19 Fight, Ex-Minister Tests Positive: Website,” September 28, 2020, sec. Healthcare & Pharma. <https://www.reuters.com/article/us-health-coronavirus-poland-szumowski-idUSKBN26J23Y>; Poland’s health minister denies accusations of helping his brother receive public grants | Notes From Poland

<sup>71</sup> Swedish National Audit Office, (2018), [The State as procurer of consultancy services – think first, then act](#). RIR 2018:20.

<sup>72</sup> Swedish National Audit Office, (2020), [Industrial policy outcome evaluation – poor reliability](#).

There are several consequences of this situation. For national authorities this can reduce the likelihood of achieving the most cost-effective outcomes with regard to procurement of consulting service, partly because of reduced transparency in advertising tenders and partly because competition amongst suppliers can be reduced. From the point of view of consultants, fragmented systems also have drawbacks as was shown earlier, particularly if tenders being issued by different authorities are uncoordinated and publicised at the same time. While the Commission's procurement system is also decentralised in the sense that each Directorate-General is responsible for its own procurement, the system is considerably more transparent than the systems in most countries covered by our research.

**Thirdly, it is difficult to estimate the extent to which Governments rely on consultants to help with policymaking.** One reason for this lies in the decentralised public procurement systems mentioned above and the fact that there are few countries where comprehensive information on contracts issued by Governments is available. Similarly it is very difficult to estimate the proportion of national contracts relating specifically to policymaking. Again, the systems available at an EU level, in particular the Financial Transparency System (FTS) operated by the Commission's DG BUDG seem to us to be very useful in this respect. National traditions are also important in explaining differences between different countries in the use of consultants. Thus, Germany and the UK have been using consultants in the policymaking process for much longer than most other countries, whereas Spain – to take one example – does not have this tradition.

**The degree of 'concentration' varies considerably across EU Member States with large and diverse consultancy sectors supplying national authorities in some countries but quite pronounced 'Big Four' domination in others.** It seems from our research that in countries with relatively well developed and mature management consultancy industries, 'Big Four' domination of the market is less pronounced with a greater number and diversity of contractors available to governments. In other countries, especially Member States in Central and Eastern Europe, the 'Big Four' and other large firms have a much stronger position, largely because they can leverage the expertise of their EU-wide networks which gives them a competitive advantage over local firms.

That said, some of these countries have seen the development of strong local consultancy firms over the past 2-3 decades that not only operate in their public policy consulting markets at home but also compete strongly (and successfully) for contract at the EU level. Much of this growth in the consultancy sector was in Central and Eastern Europe and was driven, originally at least, by EU funding and the need for support with designing and implementing programmes, as well as the requirement to evaluate them. Whilst this factor remains important, the firms concerned now provide consulting services across a much broader range of subject matter.

**The question of whether consultants exercise too much influence on policymaking features in the media in a number of the Member States.** As this section has shown, concerns have been raised in a number of countries that consultants have too much influence with some firms being too dominant in the market, that there can be a conflict of interests, or that poor value for money is demonstrated, etc. In several Member States in our sample, the authorities have been criticised for poor public procurement practices (e.g. the appointment of consultants being influenced by personal connections, 'revolving door' practices, etc) whereas such concerns do not appear to be significant at the EU level.

**A further issue highlighted by the research is the extent to which political considerations influence the work carried out by consultants as an input to policymaking.** The evidence in this respect is mixed. Thus, in some countries (e.g. Spain), the constitution allows members of political parties to get closely involved in policymaking, thereby potentially reducing the involvement of consultants; elsewhere (Lithuania is highlighted as an example in Section 4) the tendency for politicians

not to challenge the evidence base of policymaking is seen as reducing the potential of consultants to feature strongly in the legislative process; while in several other cases (e.g. Poland), the opposite situation exists and political pressure is regarded as a factor resulting in studies often not challenging political agendas. Political parties that are in office also clearly have an interest in favourable results from the evaluation of their policies. Overall, it can be said that the role of consultants in the policymaking process can be influenced by political parties and there is some evidence (albeit it not always very clear) of this in several countries.

All the Member States covered by our research have codes of ethics and public bodies such as national audit offices and in some cases ethics bodies that can intervene if undue political influence on the work undertaken by consultants to support policymaking is suspected. Quite surprisingly in some ways, we did not, however, find examples of such bodies having significant controls such as responsibility for signing off studies or other powers to help avoid situations where research ethics are (potentially) jeopardised, for example if consultants were to be put under pressure by officials to give a particular interpretation to their findings in order to conclude a contract and get paid. As far as we can tell, this type of set-up does not exist at an EU level either.

## 5 ASSESSMENT OF KEY ISSUES

**This section assesses various questions from the European Parliament's terms of reference relating to the third objective of the study, i.e. legal, ethical and political issues raised by current practices, including potential conflicts of interest, geographical diversity, language criteria, and possible competition effects of procurement rules.**

### 5.1 Overview

The box below sets out the questions from the Parliament's terms of reference, as further developed by us, relating to the third study objective.

#### **Box 5.1: Commission's use of Consultant - Ethical, Legal and Political Issues**

- What are the 'drivers' in the Commission of outsourcing activities related to legislation and policymaking to consultants (lack of in-house expertise, capacity constraints, etc)?
- From the point of view of the Commission, what are the advantages (and drawbacks) of using consultants? Could the Commission do the work it outsources to consultants itself and if so, how could this be done and at what cost (both financial and in terms of the opportunity cost)?
- To what extent is there a (risk of) conflict of interests and/or undue influence by using consultants in helping to prepare legislation and policies? What is being or can be done to minimise such risks by (a) the Commission and (b) consultants?
- Are there any other legal, ethical and political issues raised by the current practices (e.g. geographical diversity, language criteria, and possible competition effects of procurement rules)? Please provide specific examples. How can they be best addressed?
- How does experience in relation to the Commission with regard to using consultants compare with the practices in EU Member States? What can be learnt from wider experience?

It should be noted that some elements of the last two questions listed above have been addressed in previous sections. Below, we examine these issues from the perspective of both the European Commission (Section 5.2) and the consultancy firms that supply services to the Commission (Section 5.3).

## 5.2 European Commission Perspective

Following publication of the ECA's Special Report at the end of June 2022, interviews were carried out by us with the Commission. It was agreed that this aspect of the research would be delayed until then to avoid any duplication with the ECA's Special Report. CSES's research focused on a sample of Commission DGs that have a role in the preparation of legislation and policymaking (i.e. DGs COMP, EMPL, ENV, GROW and JUST). We also had several meetings with DG BUDG to discuss the research and specific issues relating to the FTS data. The Commission interviews took place in September 2022. The views expressed on key issues by the different DGs in our sample were very similar.

### 5.2.1 Drivers in the Commission's outsourcing activities

The Commission procures external consultancy services for a number of reasons.

The main reason given by the DGs we consulted is to obtain **specialist expertise and knowledge, complementing in house know-how**. External consultants can be asked to produce studies and evaluations to support the design and implementation of programmes by the Commission, or to provide an independent and external expert view on EU policy areas or programmes for which strategic decisions are to be taken by the Commission. Often, we were told, external experts have more specialised expertise and knowledge on a subject than the Commission. In the area of policymaking, it would be difficult for impact assessments and evaluations to be undertaken in-house because of the resources and specialised expertise that are needed and the fact that an independent assessment is sometimes desirable.

Another driver, according to the interviews, for procuring consultancy services is the **optimization of human resources and budgetary management** because the recruitment of specialists and experts needed only temporarily for particular assignments would lead over time to 'passive' resources which would not be cost-effective given the tight constraints on the Commission's administrative budget. Related to this, several DGs stated that consultants are also used to overcome particular temporary needs for specialists and experts. For example, although certain work to check compliance by national authorities with EU regulations in different countries (e.g. in relation to environmental directives) or sectors (e.g. with regard to competition rules) could be carried out by the Commission itself, a lack of available human resources and in some cases specialised expertise makes this difficult and consultants are therefore used to support the work of Commission staff. Several DGs mentioned that there are also increasing difficulties in recruiting staff with specialised expertise in a very competitive job market. Moreover, even if Commission staff were to be used for such tasks, it would mean diverting them from other responsibilities. Another example given to us is where consultants are used to process and analyse the results of large-scale surveys. This again could only be done in-house by Commission staff if they were to be withdrawn from other tasks.

As Section 2 and 4 have shown, these are the same or at least very **similar drivers that lead Member States to make use of consultants** to support policymaking. However, there are also differences. A consideration that was highlighted by several DGs in the interviews is that Commission studies often involve research across some if not all EU Member States, which can be very demanding in terms of resources, and this is different to projects undertaken at the national level which are typically limited to the one particular country concerned.

In all the interviews, it was emphasised that the role of consultants is limited to providing the evidence and other information required by decision-makers and that it is the Commission that is solely responsible for policymaking. This position is reflected by the fact that the **work undertaken by consultants contributes to staff working papers that are written by the Commission**. Staff working

papers are generally the outcome of a number of different preparatory activities, of which input by consultants is just one, in the policymaking process.

### 5.2.2 Commission's framework for the use of consultants

The basic procedures used across different Commission DGs to appoint consultants are the same and set out in a common overall regulatory framework (i.e. **the Financial Regulation, Vademecum on public procurement, and for some assignments, the Better Regulation Guidelines and toolbox**).

According to those we interviewed, before deciding to use consultants, Commission DGs first check that there are no **alternative existing sources of the required information** (e.g. previous studies). The Financial Regulation includes the requirement to do this, but the level of formalisation differs (e.g. in one DG covered by our research the procedure is formalised with a Director being required to sign a statement indicating that existing sources of information have been checked before a new study can be authorised).

Due to the Commission's decentralized model of financial accountability, the decision to use consultants is made by each DG and service individually, based on an assessment of needs, risks and available resources. Within the overall regulatory framework, each DG is responsible for preparing the **terms of reference and tender documentation** for specific assignments and these specify the requirements that consultants must fulfil to avoid conflicts of interest and other potential problems that might affect the satisfactory completion of assignments. There are also other controls such as the possible non-payment of fees that can be applied towards the end of the process (see below).

One of the questions in the European Parliament's terms of reference related to legal, ethical and political issues raised by the current practices including geographical diversity, language criteria, and possible competition effects of procurement rules. For any type of procurement (not only consultancy services) the Commission seeks to maintain objective criteria in its procurement procedures with no limitations being accepted (e.g. for geographical, language reasons). The basic rule underlying public procurement is to ensure competition between economic operators. Cases where a contracting authority can approach an operator of its choice without launching a competitive procedure are the exception and are reserved for specific, clearly defined situations.

As noted earlier, one of the ECA Special Report's main conclusions is that "the Commission's framework governing the use of these [consultancy] services has significant gaps. While the forms of support that can be provided by external consultants and the extent to which tasks can be outsourced is defined for studies and evaluations, this is not the case for other services provided by external consultants." We share the ECA's view here that compared with other areas, in the case of evaluations, impact assessments and other studies that have an especially important role in supporting the policymaking process, there is a much stronger and more coherent framework in place to define the use of consultants than is the case more widely.

At the heart of this framework are the '**Better Regulation Guidelines**'. These guidelines, which were first introduced in 2015 and have subsequently been revised several times (the last revision being in 2021), set out in some detail the methodology and procedures that should be adopted for evaluations and impact assessments when preparing new initiatives and proposals or managing and evaluating existing legislation and policies. The guidelines apply to each phase of the law-making cycle. A further consideration is that with each revision of the Guidelines, some aspects of the data required for evaluations and impacts assessments have tended to increase (e.g. the data requirements for calls for evidence and increased use of surveys) which, in turn, can reduce the scope for some tasks to be undertaken by the Commission itself. In addition to the general guidelines, there are a number of



‘toolboxes’ that provide specific guidance for different policy areas (e.g. competition, environment, the internal market).<sup>73</sup>

The Better Regulation Guidelines are meant for Commission services and specifically for staff who are responsible for overseeing evaluations and impact assessments. However, consultants are also expected to follow the guidance, as is often made clear in the terms of reference for assignments. This is to make sure that the work undertaken by consultant is of the desired quality and can be used for the staff working documents. By encapsulating good practices in carrying out studies, the ‘Better Regulation Guideline’ provide a reference point for ensuring that consultants perform in line with expectations. Feedback from both the sample of Commission DGs and consultants themselves (see Section 5.3) confirms that the Guidelines are strictly applied and compliance with the various requirements has to be detailed in the tenders that are submitted for assignments.

Although beyond the remit of this study, an obvious question is **whether this or a similar overall framework could be developed across the full breadth of the Commission work involving the use of external consultant** and not just for studies to support policymaking (e.g. where work is undertaken that involves large-scale surveys or to address specific technical issues). In our view such standardisation would be very difficult given the diversity of subject matter and types of consultancy services across the Commission as a whole. That said, some elements of the Better Regulation Guidelines are currently being applied more widely, including the toolboxes that are specific to different types of intervention.

### 5.2.3 Tendency towards ‘concentration’?

An important issue is whether there is a tendency towards ‘concentration’ in the Commissions’ use of consultants and a risk of over-dependence on a relatively small number of contractors.

It could be argued that the increased use of **framework contracts** has encouraged this tendency towards ‘concentration’ (the use of framework contracts applies of course not just to consultancy work to support policymaking but also more widely to other types of consultancy services). Over the years the Commission has relied increasingly on framework contracts as a way of procuring consultancy inputs. We were told that open tendering occurs less frequently now than a few years ago and is mainly used for new types of projects or services that are not covered by an existing framework contract (e.g. a study on new methodological tools).

Framework contracts typically involve 5-6 contractors being selected after an open invitation to tender requesting interested organisations to submit a bid to be included in the framework. We were told by several DGs that in recent years they had increased the number of contractors in their framework contracts to open them up more and to maximise competition. The methods used to then put specific contracts out to tender within the framework contracts vary, ranging from cascade procedures on the one hand to all contractors being invited to submit specific tenders (the latter, framework contracts with reopening of competition, is by far the most commonly used procedure). Framework contracts are typically retendered every 4-5 years with bids for inclusion in new frameworks being invited through an open procurement exercise. The extent to which there is a turnover of contractors from one framework contract to another over time is not clear although the information exists in each DG.

The counter argument is that **framework contracts require the formation of consortia because of the large number of studies and potentially wide range of subject matter that are typically covered by such frameworks**. It would otherwise be difficult for a single contractor – even the largest firms of consultants – to fulfil all the financial and technical criteria on their own. The feedback we

<sup>73</sup> European Commission, ‘Better Regulation Guidelines’, 2021.

obtained from the Commission DGs and consultants themselves indicates that consortia generally allow smaller firms to participate in contracts alongside their larger counterparts in situations where it would be difficult if not impossible to win such contracts on their own. Smaller firms often have specialised expertise that is needed to provide support for policymaking, thereby complementing the financial and technical capacity that larger firms can provide (e.g. for data collection across a large number of Member States).

It is therefore unlikely in our view that the increased use of framework contracts by the Commission, insofar as this leads to a limited number of contractors being invited to submit bids for an assignment, has led to greater 'concentration'. Several DGs pointed out that even when they use open tendering procedures, there is a tendency for the same contractors to bid for contracts as are present in the framework contracts. In our view, this underlines a conclusion based on the analysis of FTS data in Section 3, namely that there is only a relatively small pool of consultants (estimated by us to number around 40 based on FTS data for firms with a turnover of over of at least EUR 1 million for the 2014-21 period – see Table 3.1 and supporting text) that are able to undertake the type of work required to support policymaking and that a degree of 'concentration' is therefore inevitable. This pool is nevertheless large enough to ensure a reasonable degree of competition. There has also been a turnover in the composition of the pool over the years as framework contracts are retendered and new contractors enter the market.

#### 5.2.4 'Internalisation' and other alternatives to the use of consultants

An obvious potential alternative to using external consultants would be for the Commission to 'internalise' the type of work that is contracted out.

In our discussions with the sample of Commission DGs it was made clear that the use of consultants is generally not the first option that is considered with alternatives being considered before outsourcing. Thus, previous studies that are carried out for the Commission are usually reviewed to see if additional research is needed. There are several Commission databases that allow DGs to search for relevant material beyond their own policy areas (apart from the FTS the main one is DORIE<sup>74</sup>). Commission DGs also have access to the **Joint Research Centre (JRC)**, in effect the Commission's internal research department. From the interviews we understand that there is considerable competition for JRC resources and in ensuring that the priorities of particular DGs are reflected in the JRC's annual work plans. Furthermore, the JRC tends to focus on fundamental research (e.g. behavioural insights) whereas the DGs often require research that focuses more directly and immediately on contributing to policymaking. A further consideration is that the JRC itself also uses consultants to help with a lot of its research. For these and other reasons, the JRC is seldom a viable alternative for the Commission to using consultants for policy-related research that has to be completed in tight timescales.

Commission DGs also have access to the resources of the **EU's decentralised agencies** which have a major role in data collection from EU Member States across a range of policy fields. The agencies also carry out research that is designed to inform policymakers and to provide the information that is required for evidence-based policy decisions. However, like the Commission itself, much of this research is contracted out by the agencies to external consultants because the agencies themselves have only limited resources to carry out their own research.

As suggested earlier (Section 5.2.1), a further option is **for Commission DGs to use their own personnel**. Feedback from the interviews with the sample of Commission DGs suggests, however, that

<sup>74</sup> DORIE (DOcumentation et Recherche sur les questions Institutionnelles Européennes) is an inter-institutional database of studies and evaluations that is available internally to Commission services. In addition the database contains legal instruments adopted by the EU Institutions, minutes of meetings, press releases, newspaper articles, speeches by European leaders and internal Commission notes.

it would be difficult, if not impossible, to use internal Commission resources to carry out the type of work undertaken by external consultants. Firstly, many Commission studies, especially in the policymaking field, involve data collection from a wide range of EU Member States (if not all of them). Extensive country coverage and consultations may be needed to help ensure that new policies, or changes to existing ones, have credibility through the widest possible 'buy-in'. Such research is very resource-intensive and requires country-specific knowledge, in both cases this being difficult for DGs to obtain internally according to the interview feedback.

Another consideration that was emphasised in the interviews with Commission DGs regarding the use of their own staff is the requirement for EU policies and programmes to be periodically evaluated, or for impact assessments to be carried out to help develop new initiatives. In these cases, we were told that the Commission often does not have the required technical expertise in-house (e.g. specialised economic know-how such as econometric modelling). Moreover, it is argued by some of those we consulted in the Commission and sample of Member States that to enhance credibility, evaluations and impact assessments should be carried out independently of the Commission services, i.e. by external experts. We share this view although it is important to acknowledge that there are differing opinions on this question and that the credibility of the research underpinning evaluations is subject to a rigorous system of checks and evidence triangulation within the Commission (see Section 3.1 and below). Moreover, the Commission has other sources of information and so the credibility of evaluations and impact assessments does not depend solely on the work of external consultants.

Overall, our assessment is that it would be difficult if not impossible for the Commission to adopt an alternative approach of 'internalising' the policy-related research and other inputs provided by consultants. 'Internalising' consultancy work would be theoretically possible if the Commission and/or the JRC and EU agencies recruited additional staff but the drawbacks would include higher costs and, perhaps more significantly, the loss of an external and 'objective' input to the policymaking process. Moreover, the Commission would lose the flexibility to use researchers as and when needed, potentially incurring substantial additional overhead costs.

### 5.2.5 Ensuring value for money and sharing of consultancy outcomes

Given the considerable resources spent on consultants, it is clearly important that the Commission does everything possible to maximise value for money. In its Special Report, the ECA suggested that more could be done in this respect.

The **competitive nature of Commission procurement procedures** does, of course, help to ensure that there is pressure on consultants to keep their prices down. Similarly, contractors are usually required to provide quite detailed information in their bids which typically includes the daily rates for proposed staff and a breakdown of their planned inputs to different aspects of an assignment. This should, it is argued, enable the Commission to at least make an ex-ante assessment of value for money. Against this, the fact that the budget the Commission is prepared to devote to an assignment is usually made known in a tender can be seen as reducing the pressure on consultants to offer the best prices.

As noted earlier (Section 5.2.2), ultimately it is the **terms of reference and contracts for specific assignments** that are used by the Commission to control consultants, to ensure that quality standards are met and value for money is demonstrated. Most DGs have developed their own evaluation grids to assess whether the work carried out by consultants meets the quality and other standards. The Commission can withhold payments to consultants or seek to negotiate price reductions if it considers that the required deliverables, as defined in the terms of reference for an assignment, have not been produced and/or value for money has not been demonstrated. There is no information publicly available on how often this control is exercised but it is the threat of the sanction being used, rather



than the sanction as such, that probably has the greatest effect in ensuring that consultants produce the required results.

Beyond the specific contractual measures and other controls exercised by individual DGs, the **Regulatory Scrutiny Board** (RSB) also has an important role. The RSB is an independent body within the Commission that advises the College of Commissioners.<sup>75</sup> It provides central quality control and support for impact assessments, fitness checks and evaluations at early stages of the legislative process (impact assessments) and also when existing legislation needs to be reviewed (evaluations). The RSB's opinions contain recommendations for Commission services on how to improve draft reports. Over the years the RSB workload has steadily increased with negative first opinions averaging around 40% for impact assessments and 33% for evaluations.<sup>76</sup> This suggests that the RSB provides an effective (indirect) control on the quality of the work done by consultants on evaluations and impact assessments although its remit does not extend to examining value for money. The RSB's control is indirect insofar as it scrutinises the documents produced by the Commission services which, in turn, use the consultants' work. In addition to the staff working papers, the package of documents submitted to the RSB does, however, also include copies of the studies produced by consultants so these can also be examined if necessary.

More generally, the Commission has indicated that potential risks related to the use of external consultancy services are covered and would be detected by the **corporate risk management framework**. Risks which are considered to be critical, after taking into account mitigating measures by the DGs, have to be reported as such to the Corporate Management Board. Such risks related to external consultants could be, for example, the risk of excessive dependency on subcontractors.

The ECA's Special Report argued that more could be done to ensure that **the results of consultancy assignments are shared more effectively across the Commission**, both with regard to the knowledge that is generated but also with respect to the performance of consultants. Taking the first of these points, as far as we can see a lot is already being done to share the results of consultancy studies, at least in the policymaking field. In many if not most cases the DG responsible for an assignment is supported by an inter-service steering group that brings together officials from other DGs with an interest in the subject. Secondly (and as noted earlier), the Commission uses the DORIE inter-institutional database to share information on both planned and completed studies. In the interviews, it was mentioned, however, that practices differ across Commission DGs with some using the database extensively to share information while others do not. There is clearly scope here to ensure more consistent practices. Last but not least, most studies are published on the internet which means that the results of consultancy assignments are available not only within the Commission but more widely. On the second point, **sharing information across the Commission on the performance of consultants**, this is an area where more could be done in our view to improve the system. At the moment, information seems quite compartmentalised in different DGs.

## 5.2.6 Conclusions – The Commission Perspective

Overall, our research suggests that the Commission's system, as it applies to consultants who deliver services to support the preparation of legislation and policymaking generally, is satisfactory. This is a more positive conclusion than the ECA's but the ECA Special Report examined a broader field of consultancy activities rather than just those focusing on support for legislation and policymaking

<sup>75</sup> The Board consists of 7 members - a Commission Director-General who chairs the Board, 3 high-level Commission officials and 3 experts recruited from outside the Commission. All members work for the Board full-time, with no other policy responsibilities, for a non-renewable term of three years, which can be extended by up to one year under exceptional circumstances. In 2021, the latest year for which data is publicly available, the Board examined a total of 98 impact assessments and evaluations.

<sup>76</sup> Regulatory Scrutiny Board annual report for 2021. See [https://ec.europa.eu/info/sites/default/files/rsb\\_report\\_2021\\_en.pdf](https://ec.europa.eu/info/sites/default/files/rsb_report_2021_en.pdf)

where tighter controls are in place (i.e. the Better Regulation Guidelines, role of the RSB). There are of course some aspects of consultancy work relating to legislation and policymaking that are not covered by the Better Regulation Guidelines (procurement rules, use of framework contracts, etc). Here, there are no differences with the Commission's procedures for consultants generally.

### 5.3 Consultancy Firms' Perspective

This sub-section assesses key issues from the perspective of consultants (including the 'Big Four') that provide services to the European Commission in the field of better regulation and policymaking. The assessment is based on interviews with the 'Big Four', a number of other consulting firms and the European Association of Management Consultants, as well as desk research.

#### 5.3.1 Nature of the policy-related consultancy market

Overall we found that there was common ground between the Commission DGs we interviewed and consultants in their perception of the EU-level market for policy-related research and the nature of the firms supplying such services.

As shown in the analysis of FTS data in Section 3, **large consulting firms are not the only players in the EU market, nor do they have a dominant position in the provision of consulting services to the Commission.** The interviews with the 'Big Four' indicated that the overall value of the contracts awarded by the Commission - including technical assistance, IT, policy advisory services and others - is a very small proportion of their global revenue. Within the 'Big Four' and other larger consulting companies, the number of personnel specialising in EU policy work is often quite modest, typically 10-20 staff, which is considerably less than much smaller firms that specialise in this area of consultancy work and have a strong position in the market (see Section 3). Where the 'Big Four' and other larger firms have an advantage is in having international network of offices that can be mobilised to support data collection across EU Member States and to provide country-specific expertise. Their capabilities with regard to specialised know-how, for example evaluation work, is however generally quite limited. As Section 3 showed, other firms have important shares of this market. This is particularly the case with policy advisory services where academics, research institutes and sector-specific firms are highly competitive.

Overall, there is a general agreement among interviewees that **the Commission's public procurement rules help to ensure fair competition and the selection of the best and highest quality offers.** The consultants we spoke to argued that over the years, the Commission's procurement rules and procedures had been professionalised and are now in many respects more transparent than those to be found in many EU Member States. This reflects our own assessment (see Section 4). In particular, the Commission's selection and award criteria have been refined over time to ensure that potential providers offer the highest quality standards and the best 'value for money'. In the view of the consultancy firms we spoke to, the Commission's procurement rules do not distort the market, nor create concentration in the hands of a few operators.

On the contrary, and as argued by the Commission DGs we interviewed (see Section 5.2.1), collaborative and inclusive approaches among different entities are now required given that a high proportion of tenders are issued via framework contracts. This means that large consulting firms frequently collaborate with a range of other partners as part of consortia, in part because the 'Big Four' and other similar firms do not have the full range of public policy consulting expertise in-house and need to work with smaller and more specialised operators (for the smaller operators, collaboration with larger firms in framework contracts can help to open up markets). Collaboration between different entities within a consortium is also seen as a way to ensure greater quality and a higher level of

independence in service delivery. What the larger firms can do is to provide the expertise and resources that are required to manage consortia efficiently and effectively (see Section 5.3.3).

### 5.3.2 Consultancy services to support Commission policymaking

According to the consultancy firms we interviewed, the **scope of the policy advisory support requested by the Commission has increased over the years**. While past contracts focused on specific directives or regulations, now external consultants are asked to examine an entire body of laws in a certain policy area. This has also led to the development of a wider range of policy-related advisory services including evaluations and evaluation-related research, impact assessments, feedback and monitoring services, regulatory fitness checks as well as exploratory studies and other research work. At the same time, it was argued by several of those we spoke to that the value and duration of contracts have not been adjusted to reflect the increasingly complex nature of EU policy-related work. This makes it challenging for many firms to operate in this market.

**That said, supporting EU policymakers is an important area of work for consultancy firms for commercial and other market positioning reasons.** Indeed, assisting the Commission in achieving its policy objectives is deemed a key priority by all the consultancy firms consulted for this study. All interviewees agreed on the fact that the large firms have a responsibility to demonstrate their commitment to the public interest and better policymaking. In addition, the knowledge gained by carrying out EU-level research can be leveraged at the national level to provide advisory services to clients (e.g. advice on regulatory issues) as well as helping to raise the profile of companies as international players with an interest in European if not global public affairs. This can be important in winning assignments from national authorities who often place a premium on wider experience and knowledge.

Last but not least, all representatives of large firms consulted for this study argued that **the policy advisory work carried out for the Commission does not unduly influence legislation or policies**. It was argued that consultants provide evidence, data and insights to contribute to better regulation and policymaking but that the Commission has full discretion over the use of this information and the uptake of any recommendations that might be made. The legislator also retains ultimate responsibility for the drafting or recast of directives, regulations and the preparation of policies, programmes and other measures. From this perspective, the risk of undue influence is seen as limited.

### 5.3.3 Governance, quality standards and ethics frameworks

In addition to the Commission's procedures and rules, most consultancy firms – and certainly the larger ones – have their own **governance frameworks and rules for the provision of advisory services** to the Commission and public sector clients more broadly. These frameworks consist of dedicated organisational structures, internal policies and procedures, measures and rules to ensure compliance with the highest standards of transparency, independence, public accountability and quality. Some measures have also been specifically designed to prevent conflicts of interest in public sector engagements.

The first component the governance framework are the organisational structures established by firms to ensure service delivery and independence meets their quality standards. **The larger firms often have dedicated 'EU policy advisory teams' consisting of professional staff who specialize in carrying out policy advisory work** for the EU institutions and agencies. In the case of the 'Big Four' and other large consulting firms, these team are usually based in Brussels and/or Luxembourg and have multiple functions – marketing services to the EU institutions, coordinating teams from across their networks to work on assignments, and providing specific policy or methodological expertise. Whilst

the Brussels-based teams often have some capacity to deliver consultancy services, they usually work together with networks of individual experts from across different sectors or countries who can provide independent advice on specific policy measures or issues and be deployed as needed by project teams. Clearly, there are some differences among the consultancy firms as regard the size, specific organisation and composition of the policy advisory teams working on Commission's contracts.

There are a number of **safeguards in place to help ensure a high level of independence in the work carried out by consultancy firms**. This includes: 'client-facing' and regulatory teams being functionally separated; staff members directly engaging with EU policymakers and being registered in the EU transparency register committing themselves to related codes of conduct and rules;<sup>77</sup> continuous monitoring by internal risk management functions to avoid any overlap between client-policy advisory and firm-advocacy work; and specific rules to prevent these teams from working on the same policy issues.<sup>78</sup> In addition to these specific arrangements, other internal policies, rules and procedures apply. In particular, most consultancy firms have adopted procedures, policies and measures to avoid any conflict of interest and other risks in the provision of policy-advisory services. Most of these arrangements apply network-wide to all public sector clients including the Commission. The box below provides some examples of the rules, specifically in relation to avoiding conflicts of interest.

#### Box 5.2: Examples of procedures and measures to avoid conflicts of interests

- **Procedures for engagement and client acceptance** – these define the criteria according to which consulting firms can accept business from a new client, carry out an assignment or continue to serve an existing client. The rules typically require identifying and managing potential conflicts of interest to ensure compliance with the firms' risk management policies.
- **Conflict of interest policy** - these policies include safeguards to manage conflict situations and the applicable rules. Conflicts can be personal, relational, linked to a service or a competitive situation. These are usually in line with the IESBA (International Ethics Standards Board for Accountants).
- **Risk management policies and structures** – consultancy firms have rules to avoid and mitigate any risk when operating in the public sector, e.g. risk panels have been established to discuss all the work and decide on any 'red flag' and mitigation action.
- **Codes of conduct** - these rules regulate the conduct of staff – from junior to senior levels – and provide an ethical framework to help make the right decisions. These rules usually apply network-wide in the large firms and cover standards on teamwork and client management, professional integrity, objectivity and independence, data protection and confidentiality rules amongst other things.
- **Independence and anti-corruption policy** - the aim is to avoid any conflict situations, deal with suspected cases of corruption and preserve the independence and integrity of a firms' professionals.

From the interviews we understand that most consulting firms include components addressing ethics issues in the induction courses they run for new staff and this is also the case with ongoing professional development training. The interview programme included several with the senior personnel of

<sup>77</sup> [https://ec.europa.eu/info/about-european-commission/service-standards-and-principles/transparency/transparency-register\\_en](https://ec.europa.eu/info/about-european-commission/service-standards-and-principles/transparency/transparency-register_en)

<sup>78</sup> For instance, the R&PP team should refrain from responding to EC public consultations on policy issues where the advisory team is currently working as part of an active advisory contract or intends to submit a technical offer to any EU institution.

consulting companies, usually at the partner/director level, who have responsibility for **enforcing the rules on professional conduct**. These individuals usually have direct access to other senior colleagues if there is concern that taking on new business or an existing contract could lead to a risk of ethics rules being breached.

It is difficult to assess how effectively these and other ethics frameworks are in practice or how often cases of non-compliance occur. This sort of information is generally not made public by consulting companies and there is no obligation on them to reveal it. However, the feedback from the interviews suggested that the rules are being effectively enforced.

As part of the research we also had several contacts with the **European Federation of Management Consultants (FEACO)**<sup>79</sup> and this too has a code of ethics for consulting assignments carried out for public sector clients including the EU Institutions. This code, like those of individual firms, includes provisions relating to research ethics, transparency, confidentiality, quality and other issues. The federation's EU working group is responsible for overseeing its relationship with the Commission and one of its committees is specifically tasked with doing so in relation to public procurement procedures and rules.<sup>80</sup> In addition to the Commission, its remit covers a number of international financial institutions operating in Europe.

#### 5.3.4 Conclusions – Consultancy Firms' Perspective

Overall it can be said that in addition to the Commission's procedures and rules, the suppliers of consulting services also have their own quite extensive ethics codes and other internal arrangements to uphold good advisory work practices and to protect their professional reputations. Whilst it is difficult to assess how effectively these codes and other arrangements are enforced, it is clear that they are taken very seriously and that there is a strong incentive to ensure professional standards are maintained, in the EU policy-related consultancy field as well as more generally.

---

<sup>79</sup> Established in 1960, the Federation counts 15 national member associations. The general purpose of FEACO is described as being to assist in the promotion and development of the profession of Management Consultancy in Europe by providing support to its constituent National Association membership in those areas where a collective voice is stronger than the sum of its individual members.

<sup>80</sup> See FEACO Procurement Committee description - <https://feaco.org/feacoeugroups/eugroups/feacoecic>

## 6 CONCLUSIONS AND RECOMMENDATIONS

**In this final section we summarise the key research findings in relation to the main study objectives and then present overall conclusions and recommendations.**

Below we summarise the key findings from the research in relation to the three main objectives of the study. Where appropriate we comment on the ECA Special Report's findings in light of our own research.

### 6.1 Stocktaking – the Commission's Use of Consultants

**Reflecting wider trends in many of the Member States, the Commission's use of consultants to support policymaking has tended to increase over the years.** Based on an analysis of the Commission's Financial Transparency System (FTS) data, expenditure on consultants is estimated to have been EUR 6.4 billion during the years 2014-21 or 44% of all the service contracts awarded during this period. If EU policy advisory work is more narrowly defined as only involving the FTS categories of 'evaluation' (the type of consultancy which is most relevant to policy work along with studies for impact assessments) this reduces the Commission spending to EUR 378 million for the 2014-21 period, or 5.9% of the overall expenditure on consultants. If the definition of policy-related consultancy is broadened to include the FTS category of 'studies', this increases the total to EUR 1.1 billion for the 2014-21 period or nearly 18% of the total spend on consultants. Not all studies are, however, relevant to the preparation of legislation and policymaking.

**Whilst the Commission's spending on consultants to support the preparation of legislation and policymaking has increased over the years it is important to note that it has remained quite constant as a proportion of the overall EU budget.** During the 2014-21 period, the percentage of the EU's adopted budget spent on the four FTS categories making up consultancy services never exceeded 0.6%. The proportion relating to 'evaluation' is much smaller.

**The number of consultancy firms providing policy-related advisory services to the European Commission is a quite small proportion of the sector as a whole but nevertheless very diverse.** Our analysis suggests that there were 40 firms that were awarded at least EUR 1 million in contracts during the 2014-21 period for policy-related advisory services (defined as the FTS categories of 'evaluation' and 'studies'). Whilst the 40 companies largely dominate this market for Commission work in this field, taken as a whole the sector includes a large number of small consultancies and other types of operators. The types of firms supplying policy-related consultancy services to the Commission range from the 'Big Four' global accounting and consultancy firms to smaller companies that specialise in EU policy-related work, research institutes and universities, as well as individual experts.

**The 'Big Four' and other large consultancy firms do not dominate the market for EU policy advisory services.** Our analysis of FTS data suggests that the 'Big Four' generated a combined total of EUR 51 million from EU policy advisory work during the 2014-21 period which represents a 14.5% market share (if the market is defined as the earnings of the 'Top 40' contractors with revenues of at least EUR 1 million during the 2014-21 period from Commission policymaking advisory support). The firms that had the largest market shares are medium-sized businesses that have prioritised the EU institutions as a key client. In contrast, the 'Big Four' only generate a very small share of their overall global revenue from the EU Institutions and tend to concentrate on more lucrative public and private sector clients elsewhere. For similar reasons, the global strategy consultants (Bain, McKinsey, Roland Berger, etc) do very little policy-related work for the Commission. In terms of locations where consultants are based, Belgium is top of the ranking because many of the consultancy firms providing



services to the EU Institutions have offices in Brussels that are used to coordinate the marketing of their services and to contract with clients.

## 6.2 Comparisons with Experience in the Member States

**There are very similar drivers at the EU and Member State levels that have led to an increasing use of consultants in the policymaking process over the years.** The main reason is to obtain specialist expertise and knowledge, complementing in house know-how. External studies represent only one source of information for policy making. Nevertheless, several of those we consulted in the Commission and in the Member States said they value the independent perspective that external consultants can bring to a subject. Another driver is the optimization of human resources and budgetary management because the recruitment of specialists and experts who are needed only temporarily for particular assignments would lead over time to 'passive' resources which would not be cost-effective given the tight constraints on public spending. However, there are also differences in the use of consultants: in particular, while EU-level studies involve research across several if not all Member States, which is usually very demanding in terms of logistics and human resources, projects undertaken at the national level are typically limited to the one particular country concerned.

Trends in the Commission's use of consultants reflects wider trends in most EU Member States. Although difficult to quantify, there seems to have been a steady increase in most countries over the years in the use of consultants to support policymaking. After cutbacks in expenditure on consultants during the economic crisis of 2010-14, a previously well-established trend resumed with an even steeper upward trajectory during the COVID-19 pandemic. Only a small proportion of COVID-related consultancy can, however, be classified as policy-related as defined earlier.

**The procurement systems used by national authorities to obtain the services of consultants are mostly decentralised, if not fragmented, in the EU Member States covered by this study.** Centralised coordination structures only exist in a few countries although the national authorities in some other countries are taking steps to increase centralisation. Uncoordinated procurement systems have drawbacks for both public authorities and consultants alike. While the Commission's procurement system is also decentralised in the sense that each Directorate-General is responsible for its own procurement, our research suggests that the system is considerably more transparent than the equivalent set-ups in most countries. The FTS and TED systems are important in promoting transparency and the tools available from national sources are not, in general, as easily accessible.

**Because it is difficult to estimate the extent to which Member States rely on consultants to support policymaking, comparisons with the Commission are not appropriate.** One reason for this lies in the decentralised public procurement systems mentioned above and consequent lack of transparency. In relation to the 'Big Four' and other large firms, it seems from our research that in countries with relatively well developed and mature management consultancy sectors, the 'Big Four' domination of the market is less pronounced with a greater number and diversity of contractors available to governments. In other countries, especially in Central and Eastern Europe, the 'Big Four' and other large firms have a much stronger position, largely because they can leverage the expertise of their EU-wide networks which gives them a competitive advantage over local firms. However, strong local consultancy firms have developed over the past 2-3 decades and now not only operate in their national public policy consulting markets but also compete strongly for contracts at the EU level. The provision of consultancy services related to EU programmes has been an important stimulus in this respect in Central and Eastern Europe.



**Just as there are questions at the EU level regarding the influence of consultants on policymaking, so there are in many of the Member States covered by this study.** As at the EU level, these questions relate to the concern that consultants have too much influence on policymaking with some firms being too dominant in the market, that they can face a conflict of interests and sometimes demonstrate poor value for money. In several Member States in our sample, the authorities have been criticised for poor public procurement practices (e.g. the appointment of consultants being influenced by political considerations or personal connections). Such concerns do not appear to be significant at the EU level.

**A further issue considered by the research is the extent to which political pressures can influence the work carried out by consultants to support policymaking.** The evidence from the research in the sample of EU Member States in this respect is mixed. In some countries, it seems that there is a tendency for politicians not to challenge the evidence base of policymaking, thereby reducing the potential of consultants to feature strongly in the legislative process; while in other countries, the opposite situation exists and political pressure is regarded as a factor resulting in consultancy studies not challenging political agendas. Political parties that are in office generally have an interest in favourable results from the evaluation of their policies. Overall, there is a rather unclear picture with conflicting evidence. As far as we can tell, at the EU level, political considerations do not unduly influence the work carried out by consultants as an input to policymaking.

### 6.3 Overall Conclusions and Recommendations

Overall, the systems developed by the Commission for using consultants to support policymaking seem to work well but there is scope for some aspects to be improved.

**Over the years the Commission has professionalised its procurement system but the extent of decentralisation has advantages and drawbacks.** As noted earlier, our assessment suggests that the Commission's procurement system is in many ways more transparent than the procedures adopted by Member States. The fact that each DG has responsibility for organising the appointment of consultants for their own purposes has advantages and probably reduces bureaucracy, but a (potential) drawback is that there can (as the ECA Special Report suggests) be a lack of broader oversight at the Commission level of the role being played by consultants, particularly with regard to possible conflicts of interest, potential over-dependence and upholding uniform quality standards. A fragmented system also means there is less scope for sharing information on the use of consultants.

The FTS provides a very useful and publicly- available source of procurement data but there is nevertheless scope for additional Commission-wide insights and information sharing on the performance of consultants. Likewise, this study suggests that more consistent use could be made by different Commission DGs of the DORIE inter-institutional database to share information on planned and completed studies.

**In the policy-related consultancy field, there is a strong framework of methodological guidance in place.** One of the ECA's conclusions was that the Commission's framework governing consultancy services has significant gaps. It does, however, concede that the role of external consultants and the extent to which tasks can be outsourced is better defined for evaluations and impact assessments (which have a key role in policy-related consultancy) than more widely and we share this view. At the heart of this framework are the 'Better Regulation Guidelines'. Although the guidelines are meant for Commission officials, consultants are also expected to follow them. An obvious question (albeit one that is not fully within the scope of this study) is whether this or a similar overall framework could be developed across the full breadth of the Commission work involving the use of external consultant. In

our view such standardisation would be difficult to achieve given the diversity of subject matter and different types of consultancy services that are supplied across the Commission as a whole.

**Whilst there has been tendency towards 'concentration' in the Commissions' use of consultants, to some extent this is inevitable given the specialised nature of policy-related advice and we do not see a significant risk of over-dependence on a relatively small number of contractors.** It could be argued that the increased use of framework contracts has encouraged this tendency towards 'concentration'. However, framework contracts require the formation of consortia because of the large number of studies and potentially wide range of subject matter that are typically covered by such frameworks. Indeed, it would be difficult for a single contractor – even the largest firms of consultants – to fulfil all the financial and technical criteria on their own. As such, consortia generally allow smaller firms to participate in contracts alongside their larger counterparts in situations where it would be difficult if not impossible to win such contracts on their own. There is also an opportunity for new contractors to enter the market when framework contracts are periodically retendered.

**A potential alternative to using external consultants would be for the Commission to 'internalise' the type of work that is contracted out but there is very limited scope to do this, according to our study.** The use of consultants is generally not the first option that is considered by the Commission with several alternatives being considered before outsourcing. The Joint Research Centre is effectively the Commission's internal research department but it tends to focus on fundamental research whereas the DGs often require research that focuses more directly and immediately on contributing to policymaking. The JRC itself also uses consultants to help with a lot of its research. The EU agencies also carry out research that is designed to inform policymakers and to provide the information that is required for evidence-based policy decisions. However, much of their research is also contracted out to external consultants. Another possibility is for the Commission to make greater use of its own staff but there is very little scope to do this because of constraints on human resources and a lack of specialised know-how that is needed for some types of studies. Moreover, many tasks contracted out to consultants, notably evaluations and impact assessments, benefit from being informed by external studies because this helps to complete the evidence base. Some of those we spoke to in the Commission and sample of Member States also valued the independent perspective that external consultants can bring to a subject.

**The competitive nature of Commission procurement procedures helps to ensure that consultants provide value for money.** A concern both at the EU level and some Member States is that consultants do not always deliver the best value for money. The publication of tenders in the Official Journal helps to open up competition although, in practice, because policy-related consultancy is a relatively specialised field, the pool of potential contractors is relatively small, as explained in this study. Commission DGs use the terms of reference and contracts for specific assignments to control consultants, to ensure that quality standards are met and value for money is demonstrated, and the possibility of price reductions seems to be an effective control in this respect. Beyond the specific contractual measures, the inter-service steering groups (in which relevant Commission services for an initiative participate) also have an important role as they are presented with and discusses all the deliverables under a contract.

At the tendering stage consideration could, however, be given to not publishing the budgets for certain assignments in the tender documentation to encourage more competitive pricing. There are, however, also potential drawbacks with this approach if no pricing guidance is provided and the scale of the research that is required for a study is unclear.

**Both the Commission and the consultancy firms themselves have rules and procedures in place that should, and as far as we can tell do, ensure that the risk of a conflict of interests is prevented or minimised and quality standards are maintained.** The Commission has a range of checks that are used to help ensure that this is the case including requirements set out in tender documentation with regard to declarations of interest, the Commission's corporate risk management framework, the Better Regulation and other guidelines, and contractual penalties that can be applied in case of unsatisfactory or poor performance of a contract. As Section 5 showed, consultancy firms, and especially the larger ones, also have their own procedures for ensuring that assignments are carried out in a way that avoids any conflicts of interest and in accordance with appropriate quality standards. From our discussions with a number of consulting firms, these procedures seem to be strictly enforced with a 'zero tolerance' approach being adopted to possible infringements.

**We have not found evidence at the EU level of undue political influence on consultancies in the upstream stages of policymaking.** Whilst political parties in the Member States - especially if they are in power – and at the EU level have an interest in issues relating to EU legislation and policymaking, advocacy and the exercising of other forms of political influence is governed by codes of conduct in the EU institutions while consultancy firms have their own research ethics frameworks which apply to services they provide to the public sector. At the EU level, Members of the European Parliament have an opportunity to express their views on consultants' studies in committee sessions but we have no evidence of this, or other activities, unduly influencing the outcomes of such studies in a way that contradicts the evidence.

If evidence of undue political influence on consultancies in the upstream stages of policymaking became apparent, this might be a matter for the proposed EU ethics body to consider, assuming the issue in question fell within its competence and had not already been dealt with before a referral to the ethic body was felt to be necessary.

**Overall, our research suggests that the Commission's systems, as applied to consultants who deliver services to support the preparation of legislation and policymaking, are satisfactory.** This is a more positive conclusion than the ECA's but the ECA Special Report examined a broader field of consultancy activities rather than just those focusing on support for legislation and policymaking where tighter controls and guidelines are in place (i.e. the Better Regulation Guidelines, role of the Regulatory Scrutiny Board).

The ECA's Special Report does not, it seems to us, question the fundamentals of the Commission's system for managing the use of consultants but rather suggests a number of incremental improvements. In its response, the Commission has accepted the ECA's four main recommendations and is, we understand, now implementing plans to address them. There is already a strong framework in place for the area of policy-related consultancy services but the ECA's recommendations should help to reinforce certain aspects of this. There are of course some aspects of consultancy work relating to legislation and policymaking that are not covered by the Better Regulation Guidelines (procurement rules, use of framework contracts, etc). Here, there are no differences with the Commission's procedures for consultants generally and we broadly agree with the ECA's conclusions and recommendations.

## APPENDIX A: BIBLIOGRAPHY

Below is a list of the secondary sources used in this study for the sample of EU Member States covered by the research.

### Belgium

Arnaud Martin, « La consultance s'invite partout ». Le Soir. April 2017. [Accessed 30 June 2022]. Available at: <https://references.lesoir.be/article/la-consultance-s-invite-partout/>

Belgian federal government. Conseil des ministres. Politique fédérale d'achats 2021-2023. Available at : <https://news.belgium.be/fr/politique-federale-dachats-2021-2023>

Belgian federal government. Politique d'intégrité des fonctionnaires. Published June 2006. [Accessed 30 June 2022]. Available at: <https://news.belgium.be/fr/politique-dintegrite-des-fonctionnaires>

BOSA SPF. 'La concertation des achats fédéraux'. [Accessed 30 June 2022]. Available at: <https://www.publicprocurement.be/fr/services-federaux/la-concertation-des-achats-federaux>.

BOSA SPF. Annual Report 2020. Available at : <https://bosa.belgium.be/fr/publications/rapport-annuel-bosa-2020-strategie-et-appui-en-chiffres>

BOSA SPF. Cadre déontologique pour les agents de la fonction publique administrative fédérale. Published 2007. Available at : <https://bosa.belgium.be/fr/publications/cadre-deontologique-pour-les-agents-de-la-fonction-publique-administrative-federale>

Counasse Xavier and Bierme Maxime. 'Plus de 10 millions versés aux cabinets de consultance pour gérer la crise covid'. Le Soir. November 2021. [Accessed 30 June 2022]. Available at: <https://www.lesoir.be/404373/article/2021-11-04/plus-de-10-millions-verses-aux-cabinets-de-consultance-pour-gerer-la-crise-covid>

RTBF. 'Coronavirus en Belgique: plus de 10 millions dépensés dans les cabinets de consultance pour gérer la crise sanitaire.' RTBF.be. November 2021. [Accessed 30 June 2022]. Available at: <https://www.rtbf.be/article/coronavirus-en-belgique-plus-de-10-millions-depenses-dans-les-cabinets-de-consultance-pour-gerer-la-crise-sanitaire-10872685>

### France

Braun Elisa. 'French financial prosecutor opens probe linked to 'McKinseygate' '. Politico. April 2022. [Accessed 30 June 2022]. Available at: <https://www.politico.eu/article/france-financial-prosecutor-investigation-mckinsey-consultancy/>

French Ministry for the Reform of the Civil Service. Le cadre d'intervention de la DITP. [Accessed 30 June 2022]. Available at : <https://www.modernisation.gouv.fr/loffre-daccompagnement-de-la-ditp/le-cadre-dintervention-de-la-ditp>

French Ministry of Economy, Finance and Digitalisation. 'Direction des Achats de l'État' (DAE). [Accessed 30 June 2022]. Available at : <https://www.economie.gouv.fr/dae/presentation>

French Senate 'Un phénomène tentaculaire : l'influence croissante des cabinets de conseil sur les politiques publiques – Rapport'. Report no 578. Published March 2022. Available at: <https://www.senat.fr/rap/r21-578-1/r21-578-1.html>

Roman Manon et al. 'Explorez les 1 600 missions des cabinets de conseil pour l'Etat recensées par « Le Monde »'. Le Monde. March 2022. [Accessed 30 June 2022]. Available at: [https://www.lemonde.fr/les-decodeurs/article/2022/03/17/explorez-les-1-600-missions-des-cabinets-de-conseil-pour-l-etat-recensees-par-le-monde\\_6118001\\_4355770.html](https://www.lemonde.fr/les-decodeurs/article/2022/03/17/explorez-les-1-600-missions-des-cabinets-de-conseil-pour-l-etat-recensees-par-le-monde_6118001_4355770.html)

## Germany

Delcker, Janosch, 'The scandal hanging over Ursula von der Leyen', Politico, 15 July 2019, available on <<https://www.politico.eu/article/the-scandal-hanging-over-ursula-von-der-leyen/>>

Dowideit, Anette, 'Teure Geschäfte: Berater kosten Bundesregierung 344,3 Millionen Euro', DIE WELT, January 30, 2021

Engels, Dieter, 'Einsatz externer Berater in der Bundesverwaltung', Bundesrechnungshof. January 11, 2006. Available on <<https://www.bundesrechnungshof.de/de/veroeffentlichungen/produkte/gutachten-berichte-bwv/gutachten-bwv-schriftenreihe/sammlung/2006-bwv-band-14-einsatz-externer-berater-in-der-bundesverwaltung-1>>

European Commission, 'Public procurement - Study on administrative capacity in the EU, German Country profile', available on <[https://ec.europa.eu/regional\\_policy/sources/policy/how/improving-investment/public-procurement/study/country\\_profile/de.pdf](https://ec.europa.eu/regional_policy/sources/policy/how/improving-investment/public-procurement/study/country_profile/de.pdf)>

Gebauer, Matthias, 'Wehrressort zahlte bis zu 150 Millionen Euro jährlich an Berater', Spiegel, 15 September 2022, available on <<https://www.spiegel.de/politik/deutschland/ursula-von-der-leyen-wehrressort-zahlte-bis-zu-150-millionen-euro-jaehrlich-an-berater-a-1229849.html>>

Jeske, Ann-Kathrin, 'Bundesregierung - Ausgaben für externe Berater drastisch gestiegen', Deutschlandfunk. Accessed April 14, 2022. <<https://www.deutschlandfunk.de/bundesregierung-ausgaben-fuer-externe-berater-drastisch-100.html>>

Mischke, Judith, 'Von der Leyen admits 'mistakes' in contracting scandal but stands her ground', Politico, 13 February 2020, available on <<https://www.politico.eu/article/von-der-leyen-admits-mistakes-in-contracting-scandal-but-stands-her-ground/>>

Neuscheler, Tillmann, 'Haushaltsausschuss: Regierung soll an Beratern sparen', FAZ.NET. Accessed April 14, 2022.

Neuscheler, Tillmann, 'Bundesregierung: 433 Millionen Euro für externe Berater', FAZ.NET. Accessed April 14, 2022.

Neuscheler, Tillmann; Jung, Marcus, 'Unterstützung in der Pandemie: Bund zahlt 100 Millionen Euro an Behörden-Helfer', FAZ.NET. Accessed April 14, 2022.

OECD, 'Public Governance Reviews, Public Procurement in Germany', available on <<https://www.oecd-ilibrary.org/sites/154604df-en/index.html?itemId=/content/component/154604df-en>>

'German Defense Ministry Admits Huge Spending on Consultants', DW.COM, 8 August 2022. Accessed April 14, 2022 <<https://www.dw.com/en/german-defense-ministry-admits-huge-spending-on-consultants/a-49939236>>

## Italy

'Constitution of the Italian Republic', Article 117, 1947

'Italian Administrative Procedure Act', Legislative Decree, 7 August 1990, no. 241,

'General provisions concerning employment at public entities', Legislative Decree, 30 March 2001, no. 165

'Transparency Decree', Legislative Decree, 14 March 2013, no. 33

'Review and Simplification of Provisions on the prevention of Corruption and Promotion of Transparency', Legislative Decree, 25 March 2016, no. 97, available on <https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:decreto.legislativo:2016-05-25;97>

'Code of public contracts', Legislative Decree, 18 April 2016, no. 50, available on <https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:decreto.legislativo:2016-04-18;50!vig>

Fraschilla, 'Recovery, così gli uomini delle grandi società di consulenza indirizzeranno la spessa dello Stato', L'Espresso, April 5, 2021, available on [https://espresso.repubblica.it/attualita/2021/04/05/news/recovery\\_consulenza\\_spesa\\_dello\\_stato-295142281/](https://espresso.repubblica.it/attualita/2021/04/05/news/recovery_consulenza_spesa_dello_stato-295142281/)

'National Recovery and Resilience Plan', Legislative Decree, 31 May 2021, no. 77, available on <https://www.gazzettaufficiale.it/eli/gu/2021/05/31/129/sg/pdf>

Autorità Nazionale Anticorruzione, '2020 Relazione Annuale', available on <http://www.ppneurope.org/portal/public/classic/Attivitadocumentazione/AttivitaEuropea/Whistleblowing>

'Banca Dati Nazionale dei Contratti Pubblici', available on <https://www.anticorruzione.it/-/banca-dati-nazionale-dei-contratti-pubblici-2>

Dipartimento della Funzione Pubblica, 'Anagrafe delle Prestazioni Unificata', available on <https://www.perlapa.gov.it/adempimenti/anagrafe-delle-prestazioni-unificata.html#:~:text=Anagrafe%20delle%20Prestazioni%20Unificata%20%C3%A8,o%20conferiti%20ai%20propri%20dipendenti.>

## Lithuania

OECD. "Lithuania Compared to OECD Indicators of Regulatory Policy and Governance, 2018." Paris: Organisation for Economic Co-operation and Development, 2021. [https://www.oecd-ilibrary.org/governance/lithuania-compared-to-oecd-indicators-of-regulatory-policy-and-governance-2018\\_bbd3acf8-en](https://www.oecd-ilibrary.org/governance/lithuania-compared-to-oecd-indicators-of-regulatory-policy-and-governance-2018_bbd3acf8-en).

———. Lithuania: Fostering Open and Inclusive Policy Making. Paris: Organisation for Economic Co-operation and Development, 2015. [https://www.oecd-ilibrary.org/governance/lithuania-fostering-open-and-inclusive-policy-making\\_9789264235762-en](https://www.oecd-ilibrary.org/governance/lithuania-fostering-open-and-inclusive-policy-making_9789264235762-en).

———. Regulatory Policy in Lithuania: Focusing on the Delivery Side. Paris: Organisation for Economic Co-operation and Development, 2015. [https://www.oecd-ilibrary.org/governance/regulatory-policy-in-lithuania\\_9789264239340-en](https://www.oecd-ilibrary.org/governance/regulatory-policy-in-lithuania_9789264239340-en).

## Netherlands

Aanbestedingswet 2012. Procurement Act (2012). Netherlands. Available at: <https://wetten.overheid.nl/BWBR0032203/2022-03-02/0>

Consultancy.eu. 'Dutch government spending on external staff to record high'. Consultancy.eu. October 2019. [Accessed 30 June 2022]. Available at: <https://www.consultancy.eu/news/3378/dutch-government-spending-on-external-staff-to-record-high>

Consultancy.uk. 'Dutch government spends €1.1 billion on external consultants and temps', Consultancy.uk. June 2016 [Accessed 30 June 2022]. Available at: <https://www.consultancy.uk/news/12132/dutch-government-spends-11-billion-on-external-consultants-and-temps>



Dutch Ministry of Economic Affairs and Climate Policy (2021). Public procurement monitoring report of the Netherlands. Available at: <https://ec.europa.eu/docsroom/documents/47780/attachments/1/translations/en/renditions/native>

## Poland

Consultancy.eu, 'Eastern European Consulting Industry Grows 7%, Market Worth €1.4 Billion', available <https://www.consultancy.eu/news/1731/eastern-european-consulting-industry-grows-7-market-worth-14-billion>, Accessed 20 June, 2022.

Gurcan Partners Law Firm. 'Public Procurement Law in Poland', available on <https://gurcanpartners.com/en/public-procurement-law-in-poland/>, Accessed June 5, 2022.

Office of Competition and Consumer Protection (2015). (in Polish) 'The Results of the Study on the National Market of Financial Audit Services', Consulting, and Consulting Services, available on <https://uokik.gov.pl/download.php?plik=16372>, Accessed 28 June 2022.

Puls Biznesu – pb.pl, 'Advisors want to become lawyers', available <https://www.pb.pl/doradcy-chca-zostac-prawnikami-1138222>, Accessed 28 June, 2022.

Puls Biznesu - pb.pl, 'Regulatory confusion favors advisors', available <https://www.pb.pl/regulacyjne-zamieszanie-sprzyja-doradcom-1124699>, Accessed 28 June, 2022.

Reuters. "Once the Face of Poland's COVID-19 Fight, Ex-Minister Tests Positive: Website," September 28, 2020, sec. Healthcare & Pharma, available on <https://www.reuters.com/article/us-health-coronavirus-poland-szumowski-idUSKBN26J23Y>; Poland's health minister denies accusations of helping his brother receive public grants | Notes From Poland, Accessed 28 June, 2022.

Stokłosa, P. (2019). 'Jak wspierać konkurencyjność na rynku lokalnym w ramach zamówień publicznych udzielanych przez gminę?' [in:] (Lemonnier, M., Nowak, H., eds.) „Dziś i jutro w zamówieniach publicznych”, Urząd Zamówień Publicznych, pp. 201-211, available on [https://www.uzp.gov.pl/\\_data/assets/pdf\\_file/0015/42144/Dzis-i-jutro-w-zamowieniach-publicznych.pdf](https://www.uzp.gov.pl/_data/assets/pdf_file/0015/42144/Dzis-i-jutro-w-zamowieniach-publicznych.pdf), Accessed 28 June, 2022, p. 204.

Szafrański, B. (2015). (in Polish) 'The Big Four is Ruling', Bank, vol. 7-8, pp. 34-38, available <https://docplayer.pl/47757331-Kroluje-wielka-czworka.html>, Accessed 28 June 2022.

Urząd Zamówień Publicznych (2022). 'Platforma e-Zamówienia', available on <https://www.uzp.gov.pl/e-zamowienia2/informacje>, Accessed June 06, 2022.

Woś, R. (2017). 'Firmy consultingowe: ile zarabiają i za co?', Polityka, available on <https://www.polityka.pl/tygodnikpolityka/rynek/1699978,1,firmy-konsultingowe-ile-zarabiaja-i-za-co.read>, Accessed 20 June, 2022.

## Romania

Romanian Association of Management Consultants, 2020, 'The Romanian Management Consultancy Market 2019-2020' (Piața de Consultanță în Management din România 2019-2020), available on [https://amcor.ro/wp-content/uploads/2020/08/Studiu\\_piata\\_2020\\_draft\\_v6.pdf](https://amcor.ro/wp-content/uploads/2020/08/Studiu_piata_2020_draft_v6.pdf).

National Agency for Public Procurement, 2018, 'Analysis of the opportunity and feasibility of centralizing public procurement at regional level by establishing associations of contracting authorities or setting up centralized procurement units' (Analiza oportunității și fezabilității centralizării achizițiilor publice la nivel regional prin stabilirea unor asocieri de autorități contractante sau înființarea unor unități de achiziție centralizată), available on <http://anap.gov.ro/web/wp-content/uploads/2019/02/Analiza-oportunitatii-si-fezabilitatii-centralizarii-achizitiilor-publice-la-nivel-regional.pdf>.



Aly Abdou, Ágnes Czibik, Mihály Fazekas, Bence Tóth, 2021, 'Public Procurement in Emergencies in the Context COVID-19 in Romania: Risks of Corruption and Market Behavior' (Achizițiile publice în situații de urgență în contextual COVID-19 în Romania: Riscurile de corupție și comportamentul de piață)

European Commission, DG REGIO, 2016, Stock-Taking of Administrative Capacity, Systems and Practices across the EU to Ensure the Compliance and Quality of Public Procurement Involving European Structural and Investment (ESI) Funds: Final Report. LU: Publications Office. available on <https://data.europa.eu/doi/10.2776/311087>.

## Spain

Comisión Nacional de los Mercados y la Competencia (CNMC), 'La CNMC multa con un total de 6,3 millones de euros a 22 firmas de consultoría y a varios de sus directivos', 12 May 2021, available on <<https://www.cnmc.es/prensa/sancionador-consultoras-cnmc-20210512> >

Gobierno, 'Estudio Anual - Contratación Pública en España 2021'. Available on <<https://www.gobierno.es/estudios/estudio-anual-de-contratacion-publica-en-espana-2021> >

Independent Office for Procurement Regulation and Oversight (OIReScon), 'Spain's 2020 Annual public Procurement Oversight Report', available on <<https://www.hacienda.gob.es/RSC/OIReScon/informe-anual-supervision-2020/ias-2020-resumen-ejecutivo-en.pdf> >

Tenderio, 'Guide to country specific elements on public procurement: Spain', 10 September 2017, Accessed 30 May 2022 on <<https://www.koda.ee/sites/default/files/content-type/content/2019-06/Spain.pdf> >

## APPENDIX B: PROVIDERS OF COMMISSION POLICYMAKING CONSULTANCY SERVICES

Source: Financial Transparency System, DG BUDG

Note: Based on the same FTS filters as Table 3.2 in Section 3. It should be noted that unlike Table 3.2 we have not combined the data for branches/subsidiaries of the same companies and therefore in the following list several companies appear more than once which also changes the order of the contractors.

|    | <b>Name of Company</b>   | <b>EUR m</b> |
|----|--|--------------|
| 1  | ICF SA   | 29.71        |
| 2  | ECORYS EUROPE EEIG - GEIE  | 24.04        |
| 3  | PRICEWATERHOUSECOOPERS EU SERVICESEESV*PWC EU SERVICES   | 22.50        |
| 4  | COGEA CONSULENTI PER LA GESTIONE AZIENDALE SRL   | 22.32        |
| 5  | AGRINATURA EEIG*THE EUROPEAN ALLIANCE AGRICULTURAL KNOWLEDGE DEVELOPMENT ALLIANCE EUROPEENNE DOMAINE CONNAISSANCE AGRICOLE DEVELOPPEMENT | 22.00        |
| 6  | NEEMO EWIV*  | 20.16        |
| 7  | ECORYS NEDERLAND BV*   | 19.62        |
| 8  | STANTEC  | 15.45        |
| 9  | DEUTSCHE GESELLSCHAFT FUR INTERNATIONALE ZUSAMMENARBEIT (GIZ) GMBH*  | 14.35        |
| 10 | ECONOMISTI ASSOCIATI SRL   | 13.44        |
| 11 | HUMAN EUROPEAN CONSULTANCY BV*   | 12.81        |
| 12 | RICARDO NEDERLAND BV   | 12.40        |
| 13 | CAPGEMINI NEDERLAND BV*  | 12.05        |
| 14 | ECORYS BRUSSELS NV*  | 11.58        |
| 15 | PARTICIP GMBH  | 11.58        |
| 16 | TRINOMICS BV   | 11.43        |
| 17 | AIDE A LA DECISION ECONOMIQUE SA*  | 11.42        |
| 18 | IPSOS NV*  | 11.34        |
| 19 | AIRBUS DEFENCE AND SPACE SAS   | 10.55        |
| 20 | RAMBOLL MANAGEMENT CONSULTING AS*  | 10.44        |
| 21 | ICF CONSULTING SERVICES LIMITED*   | 9.64         |
| 22 | PPMI GROUP UAB*  | 9.64         |
| 23 | TECHNOPOLIS CONSULTING GROUP BELGIUM   | 9.09         |
| 24 | ERNST & YOUNG CONSULTING   | 9.03         |
| 25 | VVA BRUSSELS   | 8.83         |
| 26 | EPRD- BIURO POLITYKI GOSPODARCZEJ IROZWOJU REGIONALNEGO SP(ZOO)*EPRD OFFICE FOR ECONOMIC POLICY AND REGIONAL DEVELOPMENT                 | 8.61         |
| 27 | APPLICA SPRL*  | 8.61         |
| 28 | JOHANNITER-UNFALL-HILFE EV*  | 8.55         |
| 29 | EUN PARTNERSHIP AISBL*   | 8.30         |
| 30 | DELOITTE CONSULTING & ADVISORY   | 7.80         |
| 31 | MENDEL VERLAG GMBH & CO.KG   | 7.52         |
| 32 | RISKAUDIT IRSN-GRS INTERNATIONAL GEIE*   | 7.46         |
| 33 | ERNST & YOUNG SPECIAL BUSINESS SERVICES  | 7.09         |
| 34 | DELOITTE BELASTINGCONSULENTEN / CONSEILS FISCAUX CVBA*   | 7.01         |

|    |  |      |
|----|--|------|
| 35 | APPLICATION EUROPEENNE DE TECHNOLOGIES ET DE SERVICES  | 6.70 |
| 36 | LANDELL MILLS LIMITED*   | 6.61 |
| 37 | CIVIC CONSULTING GMBH  | 6.40 |
| 38 | FUNDACION PUBLICA ANDALUZA PROGRESO Y SALUD  | 6.11 |
| 39 | COWI AS*KAMPSAX GEODAN GEOPLUS KAMPSAX DATA GEOPLAN GEOMASTERS GEODATA AGRINOVA INTERNATIONAL KAMPSAX INTERNATIONAL KAMPSAX TEKNIK   | 5.98 |
| 40 | GFA CONSULTING GROUP GMBH*   | 5.76 |
| 41 | NAVIGANT NETHERLANDS BV  | 5.66 |
| 42 | RAMBOLL DANMARK AS*  | 5.35 |
| 43 | TIPIK COMMUNICATION AGENCY SA*   | 5.18 |
| 44 | FRAUNHOFER GESELLSCHAFT ZUR FORDERUNG DER ANGEWANDTEN FORSCHUNG EV*FHG   | 5.05 |
| 45 | PRICEWATERHOUSECOOPERS EU SERVICES   | 5.05 |
| 46 | ASOCIACION OBSERVATORIO DE LAS RELACIONES UNION EUROPEA AMERICA LATINA (UE/AL)*OBREAL  | 5.00 |
| 47 | MILIEU CONSULTING  | 4.88 |
| 48 | SWECO INTERNATIONAL AB*  | 4.88 |
| 49 | PRACSIS SPRL*  | 4.85 |
| 50 | STICHTING WAGENINGEN RESEARCH  | 4.84 |
| 51 | ENCONET CONSULTING GMBH*   | 4.84 |
| 52 | MENDEL VERLAG GMBH & CO KG*  | 4.70 |
| 53 | CENTRE FOR STRATEGY & EVALUATION SERVICES LLP*CSES   | 4.47 |
| 54 | MRAG EUROPE LIMITED  | 4.32 |
| 55 | TECHNOPOLIS CONSULTING GROUP SPRL*   | 4.24 |
| 56 | LE EUROPE LIMITED  | 4.15 |
| 57 | RICARDO-AEA LTD*   | 4.04 |
| 58 | VUEZ AS*   | 4.00 |
| 59 | IBF INTERNATIONAL CONSULTING   | 4.00 |
| 60 | FUNDACION AZTI - AZTI FUNDAZIOA  | 4.00 |
| 61 | INOVA+ - INNOVATION SERVICES, SA   | 3.97 |
| 62 | RISK & POLICY ANALYSTS LIMITED*RPA   | 3.95 |
| 63 | ICF CONSULTING SERVICES LIMITED  | 3.90 |
| 64 | METIS GMBH   | 3.85 |
| 65 | GOPA-GESELLSCHAFT FUR ORGANISATIONPLANUNG UND AUSBILDUNG MBH*LIMITEDLIABILITY OF ORGANISATION, PLANNINGAND TRAINING GOPA CONSULTANTS | 3.82 |
| 66 | DEUTSCHES FORSCHUNGSZENTRUM FUR KUNSTLICHE INTELLIGENZ GMBH  | 3.73 |
| 67 | E40 EUROPE KFT   | 3.50 |
| 68 | CESO CI INTERNACIONAL SA*  | 3.46 |
| 69 | MILIEU LIMITED   | 3.44 |
| 70 | PARTICIP GMBH CONSULTANTS FUR ENTWICKLUNG UND UMWELT*  | 3.40 |
| 71 | DELOITTE CONSULTING BV   | 3.34 |
| 72 | STEER DAVIES & GLEAVE LIMITED  | 3.34 |
| 73 | FUNDATIA CENTRUL NATIONAL APELL PENTRU MANAGEMENTUL DEZASTRELOR*APELLNATIONAL CENTER FOR DISASTER MANAGEMENT FOUNDATION              | 3.33 |
| 74 | PRACSIS  | 3.30 |
| 75 | VLAAMS INSTITUUT VOOR DE ZEE*FLANDERS MARINE INSTITUTE INSTITUT FLAMAND DE LA MER  | 3.27 |

|     |  |      |
|-----|--|------|
| 76  | AG INSURANCE NV*   | 3.27 |
| 77  | TNS OPINION SA*  | 3.26 |
| 78  | CENTRE FOR EUROPEAN POLICY STUDIES*  | 3.24 |
| 79  | TETRA TECH INTERNATIONAL DEVELOPMENT SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA   | 3.11 |
| 80  | LANDELL MILLS INTERNATIONAL LIMITED  | 3.00 |
| 81  | INSTITUTE FOR SECURITY STUDIES TRUST*ISS   | 2.99 |
| 82  | PANTEIA BV*  | 2.99 |
| 83  | VLAAMSE INSTELLING VOOR TECHNOLOGISCH ONDERZOEK NV*VITO  | 2.98 |
| 84  | SPACETEC CAPITAL GMBH  | 2.89 |
| 85  | SEASCAPE BELGIUM   | 2.88 |
| 86  | ALLIANCE ENVIRONNEMENT   | 2.88 |
| 87  | UMWELTBUNDESAMT GESELLSCHAFT MIT BESCHRANKTER HAFTUNG (UBA GMBH)   | 2.80 |
| 88  | COWI BELGIUM SPRL  | 2.79 |
| 89  | OKO-INSTITUT. INSTITUT FUR ANGEWANDTE OKOLOGIE EV*INSTITUTE OF APPLIED ECOLOGY   | 2.79 |
| 90  | E40 GROUP EUROPAI GAZDASAGI EGYESULES*E40 GROUP EUROPEAN ECONOMIC INTEREST GROUPING  | 2.76 |
| 91  | STRATEC  | 2.72 |
| 92  | CSIL - CENTRO STUDI INDUSTRIA LEGGERA SOCIETA' COOPERATIVA   | 2.71 |
| 93  | FRESH-THOUGHTS CONSULTING GMBH*FT  | 2.71 |
| 94  | STICHTING NEDERLANDS INSTITUUT VOORONDERZOEK VAN DE GEZONDHEITZORG*NETHERLANDS INSTITUTE FOR HEALTHSERVICES RESEARCH NIVEL | 2.68 |
| 95  | THE JOINT INSTITUTE FOR INNOVATIONPOLICY AISBL*JIIP  | 2.61 |
| 96  | HTSPE LIMITED*   | 2.60 |
| 97  | AGROSYNERGIE GEIE*   | 2.60 |
| 98  | EUROFINS ANALYTICS FRANCE SAS*   | 2.57 |
| 99  | E3-MODELLING AE  | 2.53 |
| 100 | IC CONSULENTEN ZIVILTECHNIKER GMBH*  | 2.51 |
| 101 | DEUTSCHE TELEKOM GLOBAL BUSINESS SOLUTIONS BELGIUM   | 2.50 |
| 102 | GFK BELGIUM*   | 2.48 |
| 103 | FONDAZIONE GIACOMO BRODOLINI   | 2.44 |
| 104 | COFFEY INTERNATIONAL DEVELOPMENT LIMITED*CIDL  | 2.41 |
| 105 | GDSI LIMITED*  | 2.39 |
| 106 | DT GLOBAL IDEV EUROPE S.L  | 2.35 |
| 107 | INSTITUT FUR HOHERE STUDIEN*INSTITUTE FOR ADVANCED STUDIES   | 2.33 |
| 108 | LONDON SCHOOL OF ECONOMICS & POLITICAL SCIENCE LBG*LSE   | 2.31 |
| 109 | JOUE   | 2.22 |
| 110 | E.CA ECONOMICS GMBH  | 2.17 |
| 111 | RAMBOLL DEUTSCHLAND GMBH   | 2.17 |
| 112 | COFFEY INTERNATIONAL DEVELOPMENT SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA   | 2.12 |
| 113 | SCIWAN CONSULT SARL  | 2.05 |
| 114 | MATRIX INSIGHT LIMITED*  | 2.01 |
| 115 | VALDANI VICARI & ASSOCIATI SRL*VVA   | 2.00 |
| 116 | ETT SPA*   | 2.00 |
| 117 | FUNDACIO PRIVADA CLINIC PER A LA RECERCA BIOMEDICA*  | 2.00 |
| 118 | BKP ECONOMIC ADVISORS GMBH   | 1.99 |

|     |  |      |
|-----|--|------|
| 119 | WIK-CONSULT GMBH   | 1.99 |
| 120 | *****  | 1.98 |
| 121 | TRL LIMITED*   | 1.97 |
| 122 | TAUW BV*   | 1.96 |
| 123 | LSE ENTERPRISE LIMITED*  | 1.96 |
| 124 | WOOD ENVIRONMENT & INFRASTRUCTURE SOLUTIONS UK LIMITED   | 1.96 |
| 125 | KANTAR BELGIUM   | 1.95 |
| 126 | STICHTING DLO*STICHTING DIENST LANDBOUWKUNDIG ONDERZOEK  | 1.92 |
| 127 | WOOD E&IS GMBH   | 1.91 |
| 128 | VISIONARY ANALYTICS UAB  | 1.90 |
| 129 | INTRASOFT INTERNATIONAL SA*  | 1.89 |
| 130 | ICF CONSULTING LTD*  | 1.88 |
| 131 | ARETE SRL*   | 1.87 |
| 132 | ADELPHI CONSULT GMBH   | 1.86 |
| 133 | ALTAIR ASESORES SL   | 1.83 |
| 134 | ARCADIS BELGIUM NV*  | 1.82 |
| 135 | BUSINESS AND STRATEGIES IN EUROPE*   | 1.80 |
| 136 | SPEA INGEGNERIA EUROPEA SPA*   | 1.80 |
| 137 | DELOITTE REVISEURS D ENTREPRISES SC SCRL*DELOITTE BEDRIJFSREVISOREN  | 1.80 |
| 138 | NUCADVISOR   | 1.77 |
| 139 | DAI GLOBAL BELGIUM   | 1.76 |
| 140 | T33 SRL  | 1.75 |
| 141 | CE - ONDERZOEK, ADVIES ENCONSULTANCY VOOR DUURZAAMHEID BV*   | 1.74 |
| 142 | AECOM INOCSA SLU*  | 1.70 |
| 143 | PROGNOS AG   | 1.69 |
| 144 | INTERNATIONAL CONSULTING EXPERTISEGEIE*ICE   | 1.67 |
| 145 | DNV GL AS*   | 1.63 |
| 146 | UICN, BUREAU DE REPRESENTATION AUPRES DE L'UNION EUROPEENNE AISBL*IUCN<br>EUROPEAN UNION REPRESENTATIVE OFFICE | 1.62 |
| 147 | FORUM EUROPEEN DES PATIENTS (FPE)*EUROPEAN PATIENTS FORUM (EPF)  | 1.61 |
| 148 | ECOFYS NETHERLANDS BV*   | 1.61 |
| 149 | AGRICONSULTING EUROPE SA*AESA  | 1.59 |
| 150 | TECHNOPOLIS LTD*   | 1.58 |
| 151 | OBSERVATOIRE ENERGIE RENOUVELABLESASSOCIATION*OBVERV ER  | 1.56 |
| 152 | TEKNOLOGISK INSTITUT*DANISH TECHNOLOGICAL INSTITUTE  | 1.56 |
| 153 | SPARK LEGAL NETWORK (EU) BVBA  | 1.56 |
| 154 | EUNOMIA RESEARCH & CONSULTING LIMITED*   | 1.53 |
| 155 | FUNDACION PUBLICA ANDALUZA PROGRESO Y SALUD*FPS  | 1.53 |
| 156 | DADA6  | 1.50 |
| 157 | KONRAD-ADENAUER-STIFTUNG EV*KAS  | 1.49 |
| 158 | AON BELGIUM  | 1.48 |
| 159 | EMPIRICA GESELLSCHAFT FUR KOMMUNIKATIONS UND TECHNOLOGIEFORSCHUNGMBH*  | 1.48 |
| 160 | SEASCAPE CONSULTANTS LTD*  | 1.48 |
| 161 | GALLUP GMBH  | 1.48 |
| 162 | BIO INNOVATION SERVICE SAS   | 1.47 |

|     |  |      |
|-----|--|------|
| 163 | UK HEALTH FORUM LBG*   | 1.47 |
| 164 | ERNST & YOUNG SPECIAL BUSINESS SERVICES CVBA*ERNST & YOUNG SBS   | 1.46 |
| 165 | TARIC SA*  | 1.42 |
| 166 | TECHNOPOLIS BV*  | 1.40 |
| 167 | DEVELOPMENT SOLUTIONS EUROPE LTD*  | 1.39 |
| 168 | SPATIAL FORESIGHT GMBH*  | 1.39 |
| 169 | OPEN EVIDENCE SL*OE  | 1.39 |
| 170 | HUDSON BELGIUM NV  | 1.38 |
| 171 | JNCC SUPPORT CO LBG*JOINT NATURE CONSERVATION COMMITTEE  | 1.37 |
| 172 | WCMC LBG*  | 1.32 |
| 173 | INTERNATIONALES INSTITUT FUR ANGEWANDTE SYSTEMANALYSE*INTERNATIONAL INSTITUTE FOR APPLIED SYSTEMS ANALYSIS | 1.31 |
| 174 | AMEC FOSTER WHEELER E & I GMBH   | 1.31 |
| 175 | RPA EUROPE SRL   | 1.31 |
| 176 | INTERNATIONAL INDEMAR FISHERIES SL*  | 1.30 |
| 177 | CENTRE D'ETUDE DE L'ENERGIE NUCLEAIRE FONDATION D'UTILITE PUBLIQUE*STUDIECENTRUM VOOR KERNENERGIE          | 1.29 |
| 178 | FONDAZIONE GIACOMO BRODOLINI SRL SB  | 1.29 |
| 179 | PROJECT PLANNING & MANAGEMENT OOD  | 1.29 |
| 180 | BKP DEVELOPMENT RESEARCH & CONSULTING GMBH*  | 1.28 |
| 181 | KPMG AG WIRTSCHAFTSPRUFUNGSGESELLSCHAFT*KPMG AG  | 1.28 |
| 182 | ECLAREON GMBH  | 1.27 |
| 183 | TILDE SIA*   | 1.27 |
| 184 | DELOITTE TAX & CONSULTING  | 1.27 |
| 185 | TRANSPORT & INFRASTRUCTURE EXPERTISE GROUP -TIEG EZHZ*   | 1.26 |
| 186 | NIRAS AS   | 1.26 |
| 187 | SAFEGE   | 1.22 |
| 188 | MILIEU CONSULTING SPRL   | 1.22 |
| 189 | GLOBAL E-SUSTAINABILITY INITIATIVEAISBL* GESI  | 1.20 |
| 190 | VAN HOLSTEIJN EN KEMNA BV*   | 1.20 |
| 191 | DNV AS   | 1.20 |
| 192 | IBF INTERNATIONAL CONSULTING SA*   | 1.19 |
| 193 | AND INTERNATIONAL SARL*  | 1.18 |
| 194 | GUIDEHOUSE NETHERLANDS BV  | 1.16 |
| 195 | S.PRO - SUSTAINABLE PROJECTS GMBH  | 1.15 |
| 196 | INSTITUTE FOR EUROPEAN ENVIRONMENTAL POLICY, LONDON LBG*IEEP   | 1.13 |
| 197 | IDIADA AUTOMOTIVE TECHNOLOGY SA*   | 1.13 |
| 198 | VATTENFALL EUROPE POWERCONSULT GMBH*VPC  | 1.13 |
| 199 | SCIWAN CONSULT SARL*SC   | 1.12 |
| 200 | FONDAZIONE CENTRO EURO-MEDITERRANEO SUI CAMBIAMENTI CLIMATICI  | 1.10 |
| 201 | MOSTRA SA*   | 1.10 |
| 202 | LDK FOR MANAGEMENT CONSULTING  | 1.09 |
| 203 | PROMAN SA*   | 1.07 |
| 204 | AENOR INTERNACIONAL SA*  | 1.06 |
| 205 | COPENHAGEN ECONOMICS AS*   | 1.05 |

|     |  |      |
|-----|--|------|
| 206 | EUROCITIES ASBL*   | 1.05 |
| 207 | F&S  | 1.03 |
| 208 | ARS PROGETTI SPA - AMBIENTE RISORSE E SVILUPPO   | 1.03 |
| 209 | OPERA SRL*   | 1.01 |
| 210 | INOVAMAIS-SERVICOS DE CONSULTADORIA EM INOVACAO TECNOLOGICA SA*                        | 1.01 |
| 211 | IDEA STRATEGISCHE ECONOMISCHE CONSULTING NV*   | 1.01 |
| 212 | CIRCLE SPA   | 1.01 |
| 213 | CESO CI INTERNACIONAL SA   | 1.00 |
| 214 | MARIENE INFORMATIE SERVICE MARIS BV  | 1.00 |
| 215 | INTERNATIONAL ASSOCIATION OF INTERNET HOTLINES - INHOPE                                | 1.00 |
| 216 | CONSORZIO NAZIONALE INTERUNIVERSITARIO PER LE SCIENZE DEL MARE<br>ASSOCIAZIONE*CONISMA | 1.00 |
| 217 | THALES SIX GTS FRANCE SAS  | 1.00 |
| 218 | ERNST & YOUNG LLP  | 1.00 |
| 219 | KIC INNOENERGY SE  | 1.00 |







---

This study on the Commission's use of consultants in preparing legislation was produced for the Policy Department for Budgetary Affairs in 2022. It examines the European Commission's use of consultants, its evolution and extent, and considers the budgetary, legal and political implications.

In terms of scope, the study looks back over the past 10 years, providing an analysis of both the amounts spent on consultants and other issues including the types of activity that were contracted out, how many and which contractors were used, and which Commission DGs and avail themselves of the practice of using consultants. It also reviews the legal, ethical and political issues raised by current practices, including potential conflicts of interest, geographical diversity, and possible competition effects of procurement rules.

---