



University of Chemistry and Technology, Prague



The University of Chemistry and Technology in Prague (hereinafter referred to as the “**UCT Prague**”) is a public university-type school, which spends approximately CZK 500 million annually on purchasing supplies, services and public works through public procurement. This amount is negligible compared to the volume of funds spent annually on the entire public procurement market. Nevertheless, the UCT Prague gradually began to realise that its purchasing behaviour can, with a properly chosen purchasing strategy, have a significant impact on the supplier environment even with such a relatively small amount of expenditure. And it can also influence the demand for certain products or services. By properly defining the

demand, the UCT Prague can (in addition to satisfying its own needs) contribute to the fulfilment of society-wide goals, such as promoting environmentally friendly solutions, promoting decent working conditions, supporting small and medium-sized enterprises, supporting the long-term disadvantaged in the labour market, promoting ethical purchasing, etc.

A turning point for the UCT Prague was December 2017 when it entered into a Memorandum of Cooperation with the Ministry of Labour and Social Affairs of the Czech Republic concerning cooperation in the project titled “Support of the Implementation and Development of Socially Responsible Public Procurement”. It was the first step by which the UCT Prague voluntarily joined the concept of socially responsible (strategic or sustainable) public procurement in the Czech Republic.

In the following period, the UCT Prague began to focus intensely on **fair supply chain conditions** in relation to public works contracts. As part of this topic, it decided to concentrate on two of the above-mentioned societal goals - ensuring decent working conditions for those involved in public procurement as well as supporting small and medium-sized enterprises. These enterprises often act as employers of these persons and their involvement in public procurement is crucial for the construction industry. The UCT Prague considered promoting fair supply chain conditions as a great potential for actively influencing the supply chain functioning through appropriately selected terms of reference, and thus contributing to the prevention of risks that may arise in the public contract performance - e.g. due to failure to comply with legal conditions (in particular, **failure to comply with employment regulations**) or with the rules agreed upon (especially **payments to subcontractors for the deliverables provided**) within the supply chain.

The UCT Prague extended the terms of reference by a **Memorandum of Fair Supply Chain Conditions, A Declaration on Socially Responsible Public Contract Performance** and relevant provisions of tender specifications and draft business conditions, which illustrate the contracting authority's responsible approach. The above mentioned memorandum constitutes a key innovative element, which the UCT Prague expects to reinforce the protection of persons involved in the performance of public contracts under employment relationship as well as persons acting as subcontractors for the relevant contract. They also expect to increase possibilities for the UCT

Prague to monitor the compliance with the legal and contractual obligations of individual supply chain actors, in particular through a selected contractor on whom the public contract that relies on subcontractors imposes certain specific obligations beyond the usual requirements.

The topic of fair conditions in the supply chain was tested for the first time in practice during the award and subsequent implementation of a public contract the subject of which was the reconstruction of the historical facade of one of the buildings (B) of the UCT Prague. It was a below-threshold public works contract with an estimated value of CZK 90 million excluding VAT, awarded in an open procedure. In terms of the expected value, it was one of the largest and most significant public contracts implemented by the UCT Prague.

The answers on why the UCT Prague has chosen a public contract of such value and importance as a pilot contract for applying aspects of a socially responsible approach to public procurement and whether its expectations have been met in this specific case, can be found in the case study.¹

The pilot public contract was followed upon by the UCT Prague also in other public works contracts that are currently being implemented or are in the pipeline. The original requirements were partially modified based on the findings from the pilot public contract implementation stage so that they could be used in the best possible manner in the UCT Prague's practice.

Another topic that the UCT Prague focuses on in relation to its socially responsible approach is the **promotion of environment-friendly solutions**. The requirement for environment-friendly solutions has long been applied within the organisation in ICT equipment tenders whose terms of reference include requirements to meet the latest ENERGY STAR standards. The UCT Prague also applied the above-mentioned approach in the below-threshold public contract for the provision of services needed for ensuring the logistics of an international scientific conference. The terms of reference included the requirement that disposable plastic dishes (cutlery, cups, trays, stirrers, etc.) should not be used for catering purposes.

Since the socially responsible approach to public procurement has not yet been strategically embedded in the organisation, the UCT Prague relies on the above mentioned Memorandum of Cooperation entered into with the Ministry of Labour and Social Affairs of the Czech Republic when applying the socially responsible approach to purchasing. In the current situation, the meeting of obligations arising from the Memorandum consisting in seeking suitable opportunities for applying aspects of socially responsible public procurement and increasing awareness of this topic within and outside the organisation is the task for the Public Procurement Department, active at the start of cooperation with the CR Ministry of Labour and Social Affairs.

However, a significant progress is expected in this area in the upcoming period, as a **Sustainable Purchasing Strategy** is currently being approved. This strategy will be the key document for the implementation and development of a socially responsible purchasing approach across the organisation. The strategy defines long-term goals and specific measures that need to be implemented so that most UCT Prague's purchases be made in a socially responsible manner, i.e. with a maximum positive impact on society, economy and environment, while ensuring the best possible value for money ratio. The key to achieving this is to appropriately select quality criteria and apply them more extensively.²

The UCT Prague management is facing a rather difficult task in the upcoming period - to launch the process of the Sustainable Purchasing Strategy implementation within the organisation. We believe that this will be a success and that the UCT Prague will soon join other Czech and foreign public contracting authorities whose behaviour continuously contributes to the sustainable development of society.

¹ The case study will be published at: <http://sovz.cz/priklady-dobre-praxe>.

² In 2019, the UCT Prague assessed the bids' value for money in approximately 20% of implemented public contracts based on the most favourable bid price-quality ratio (data valid as of 1 September 2019).