



INTERNATIONAL CONTEXT OF SOCIALLY RESPONSIBLE PUBLIC PROCUREMENT – FROM OECD PERSPECTIVE

Erika Bozzay

Public Procurement Unit
Public Sector Integrity Division
Public Governance Directorate

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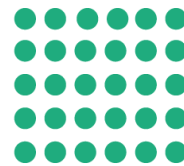
Public procurement matters: vital for effective public service delivery

Public procurement - a large share of the economy:

- **12% of GDP in OECD countries, 6.4 trillion €**
- **30% of general government expenditures**
- **63% spent at the sub-national level**

Public procurement impacts many areas of public service delivery:

Share of procurement spending³



30%

Health



17%

Economic affairs



12%

Education



10%

Defence



10%

Social protection



9%

General public services

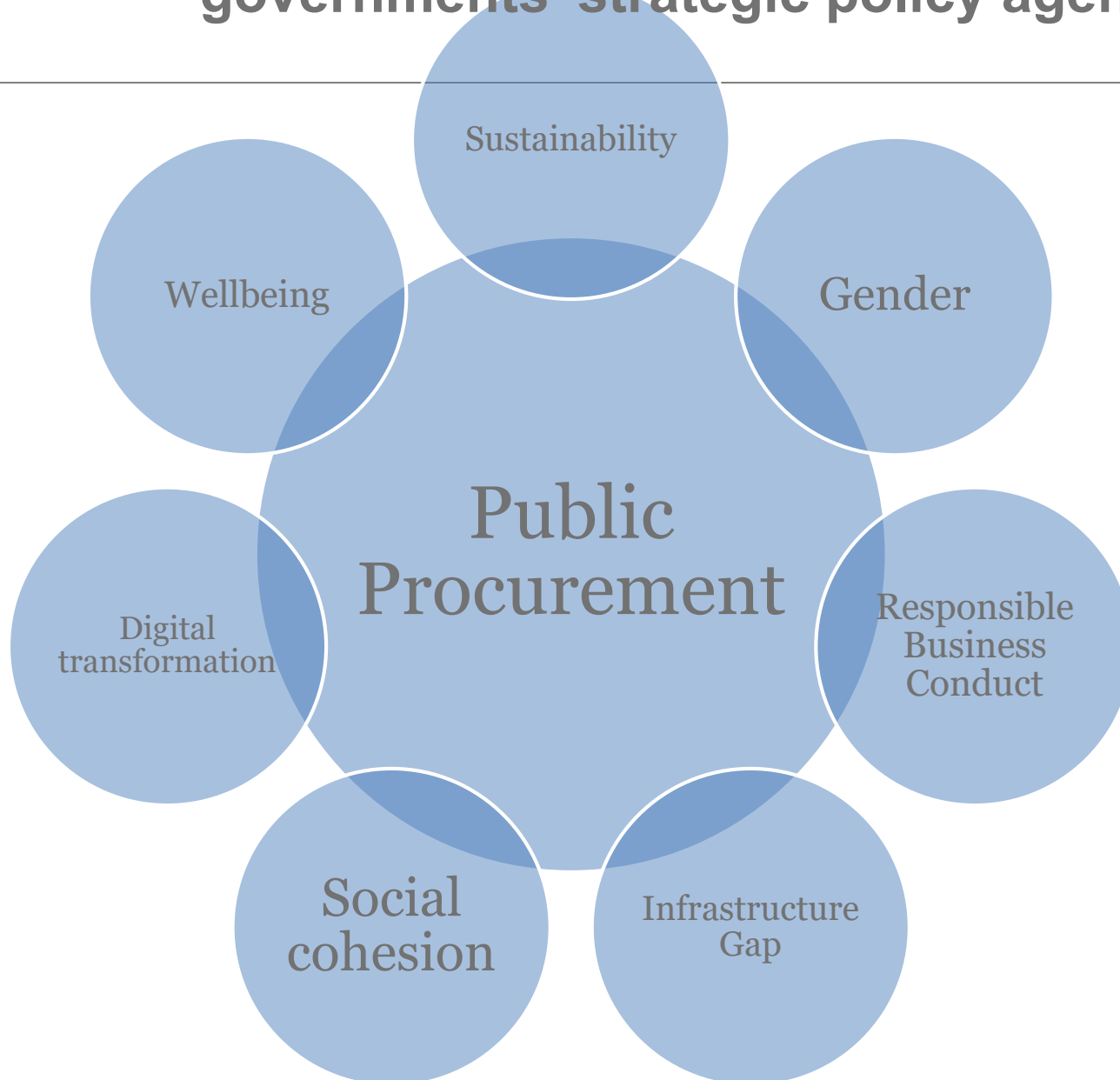


Public procurement matters...





Public procurement is a key enabler for a governments' strategic policy agenda





Leveraging on this economic and political dimensions required a new strategic approach

In 2015, the OECD Council adopted the **Recommendation on Public Procurement** which is built upon 12 integrated principles:





An OECD view on strategic public procurement

“Broader policy objectives should be balanced against the primary procurement objective.”

OECD Recommendation, principle V

Guiding principles to achieve this balance:

1. Evaluate whether public procurement is the best option to pursue this particular goal (e.g. sustainability)!
2. Develop a strategy!
3. Assess the impact – measure the results!



Talking about social: part of a broader concept of Sustainability in Public Procurement

- Sustainable Public Procurement: a strategic approach that promotes the integration of the three pillars of sustainable development, i.e. **economic development**, **social development** and **environmental protection**, in the procurement function.
- It is fully aligned with the UN 2015 SDGs (*Sustainable Development Goals*)!



Possible dimensions of sustainability in PP

... so... what is sustainability in public procurement?

Economic

- Life cycle costs
- Innovation
- Growth
- Employment

Social

- Basic rights
- Fair wages
- Accessibility
- Social inclusion

Environmental

- Climate change
- Water use
- Energy Waste



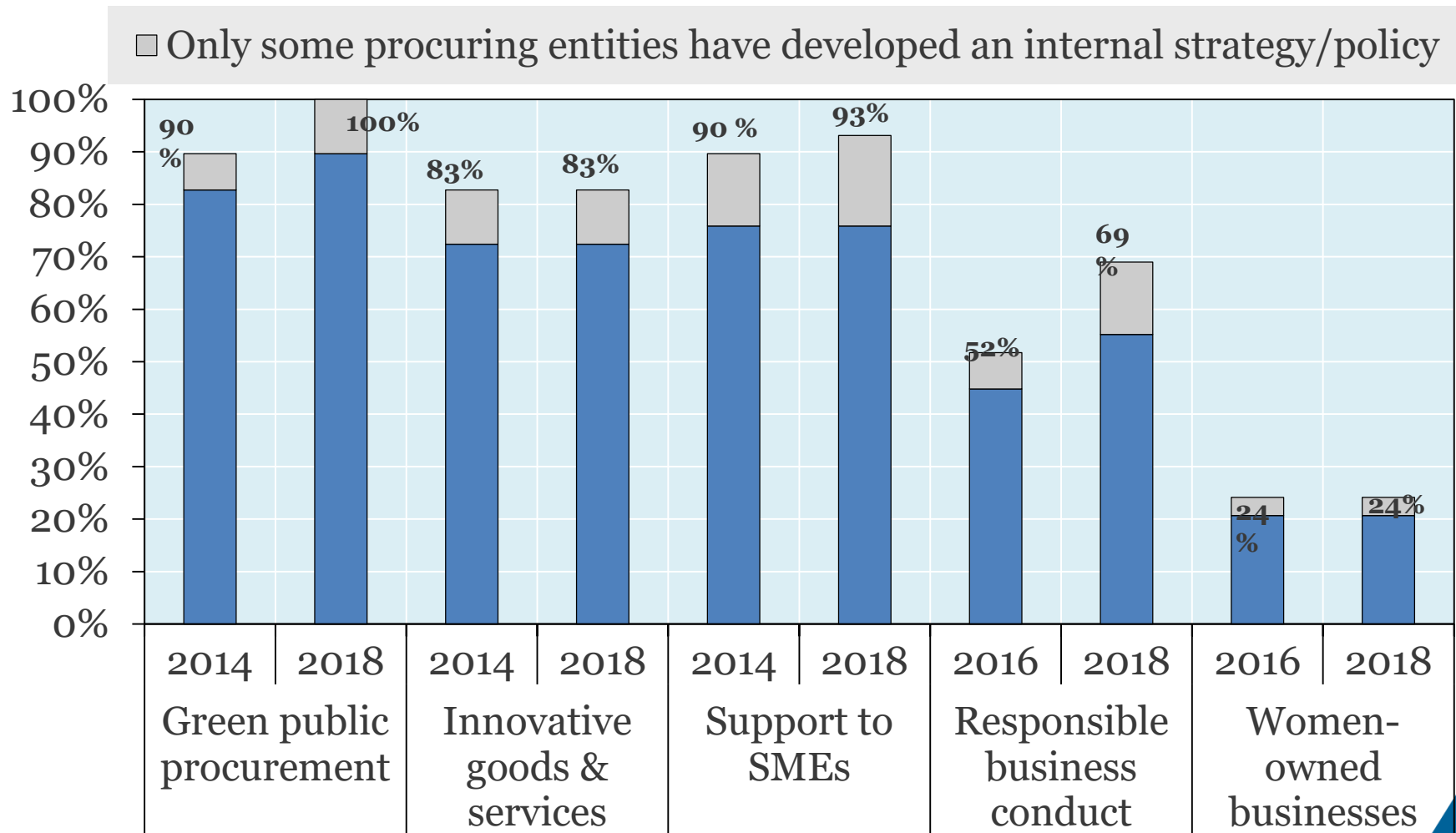
Progress report on the implementation of the 2015 OECD Recommendation on Public Procurement

The Progress Report highlights that

- public procurement is at the heart of achieving the strategic policy agenda of governments
- promoting sustainable public procurement is an integral part of the Sustainable Development Goals
- public procurement regulatory frameworks are themselves being implemented in more strategic ways
- new public procurement methods are being tested
- there is increasing use of digital technologies throughout the public procurement life cycle



State of play: Public procurement is increasingly used to pursue broader policy objectives



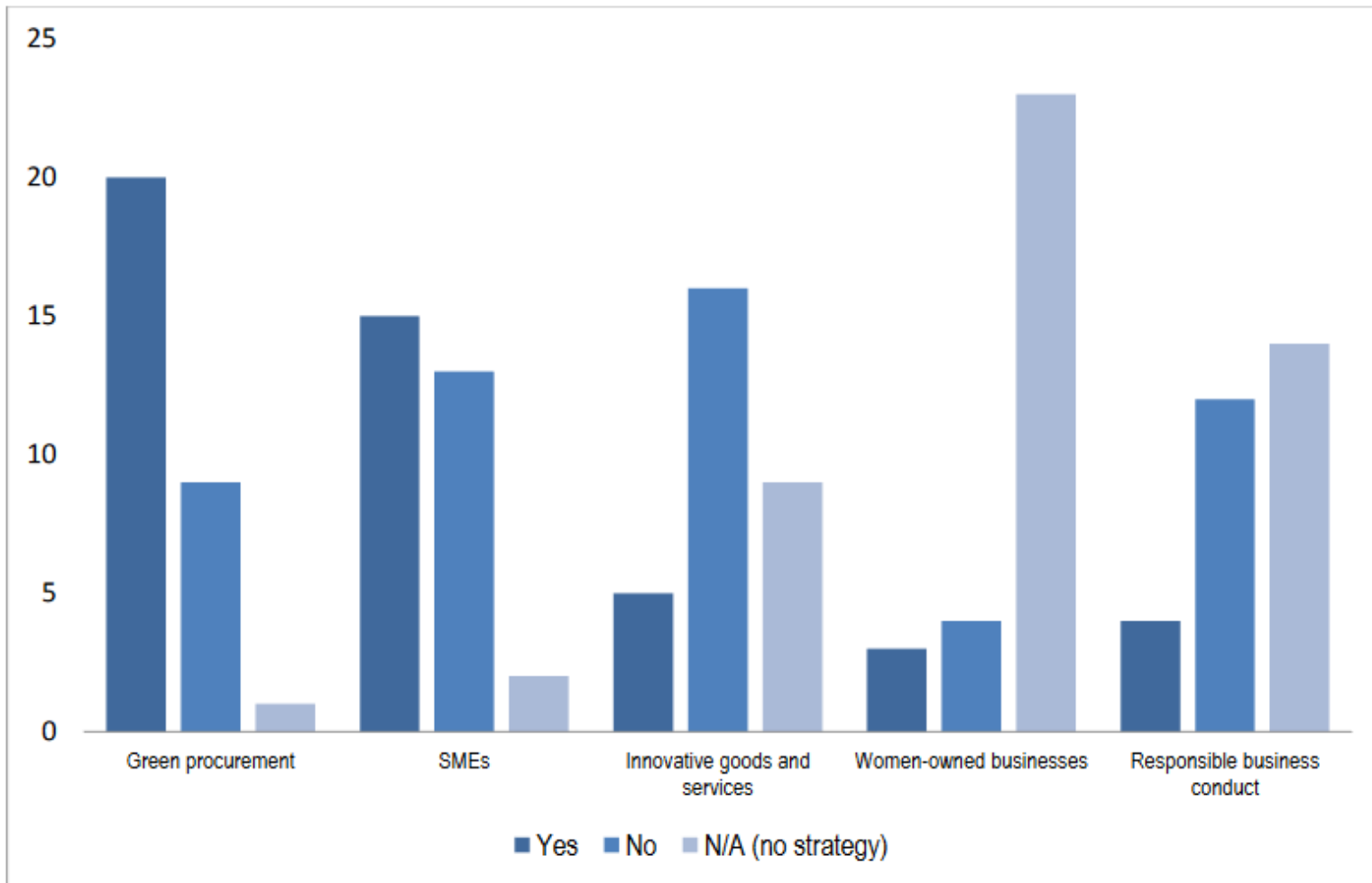


The challenges of implementing strategic public procurement

- risk aversion
- setting up new forms of co-ordination and collaboration
- lack of skills and capacity
- fear/reluctance(?) on the side of the procurement officials to dialogue with suppliers
- lack of data and appropriate methodologies (sometimes lack of financial resources) to measure the impact of the strategic use of procurement
- insufficient incentives



Many strategic goals... ...but less follow-up



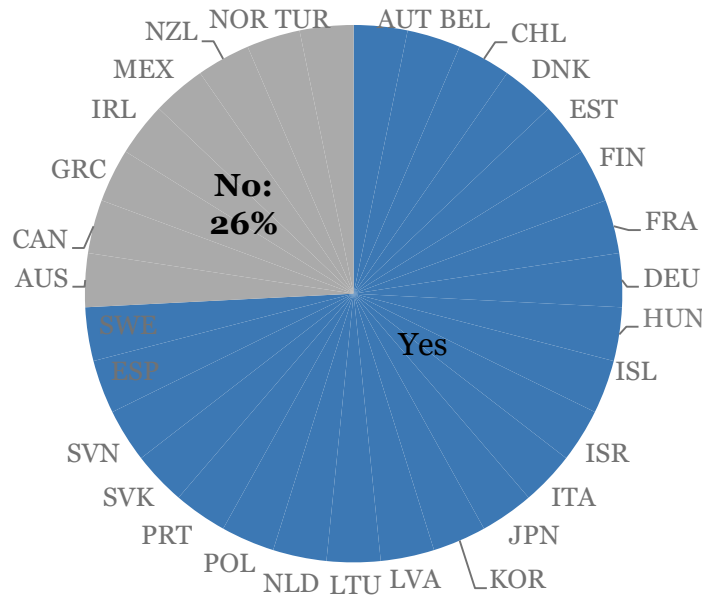
Source: (OECD, 2017^[16]).



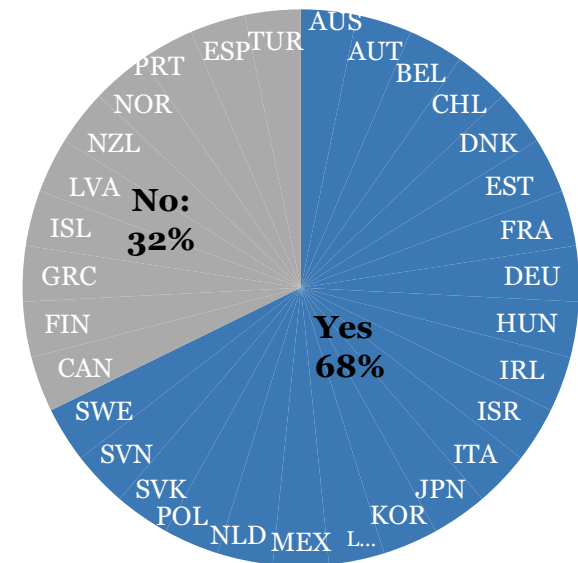
Follow-up and monitoring: measuring results against strategic goals

Countries that measure the results of their public procurement to boost...

...Green Objectives



...SMEs



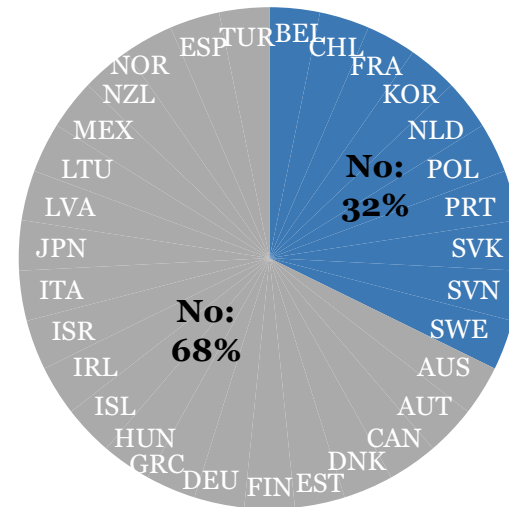
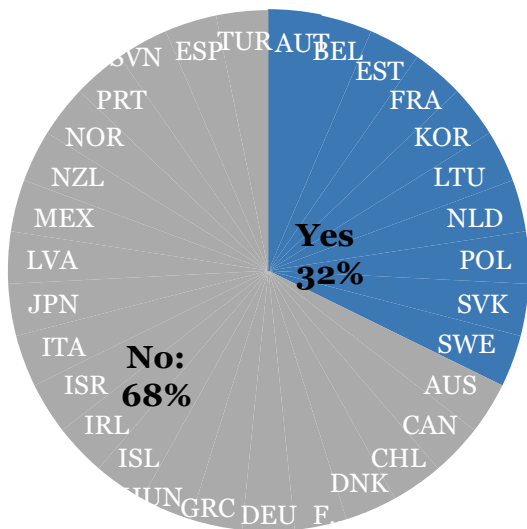


Follow-up and monitoring: measuring results against strategic goals (Innovation, RBC)

Countries that measure the results of their public procurement to boost...

...Innovative Goods & Services

...Responsible business conduct (RBC)

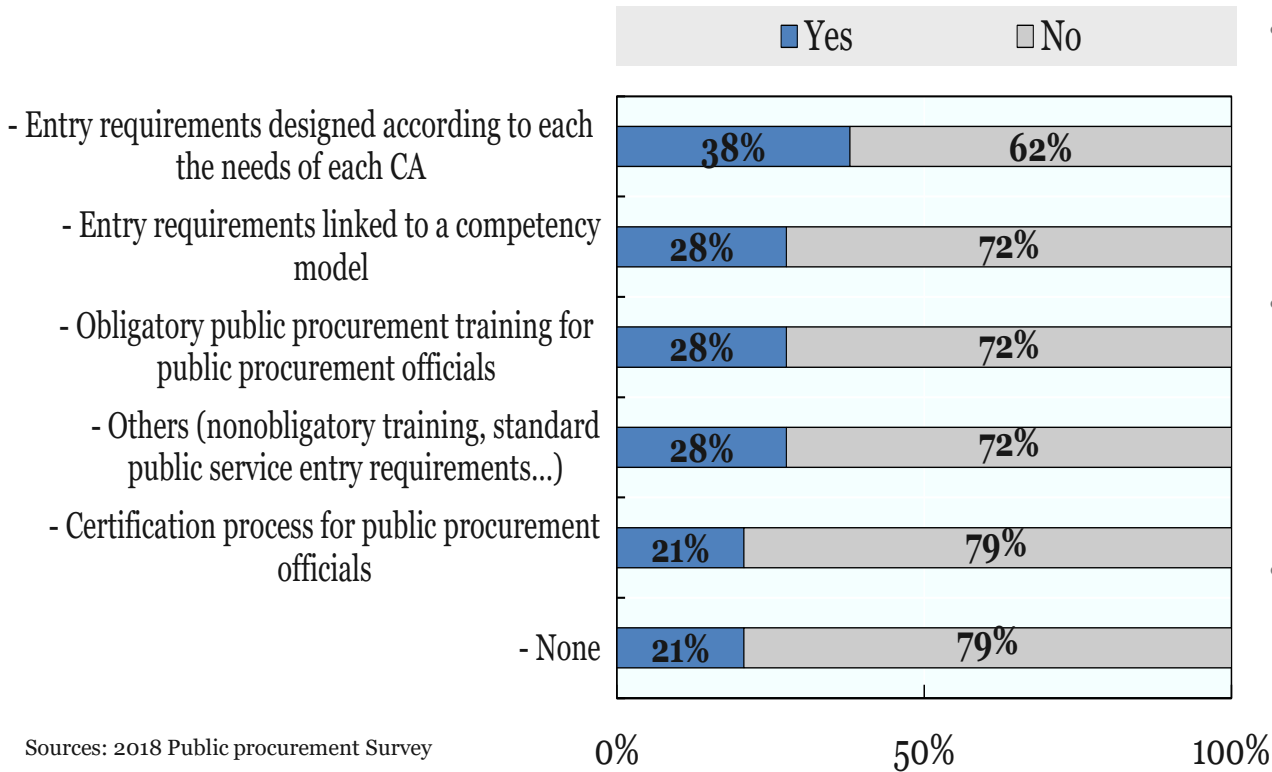


Sources: 2018 Public procurement Survey



Increasing complexity & expectations require workforce with adequate capabilities & skills

Measures in place to ensure adequate capacity of procurement workforce:

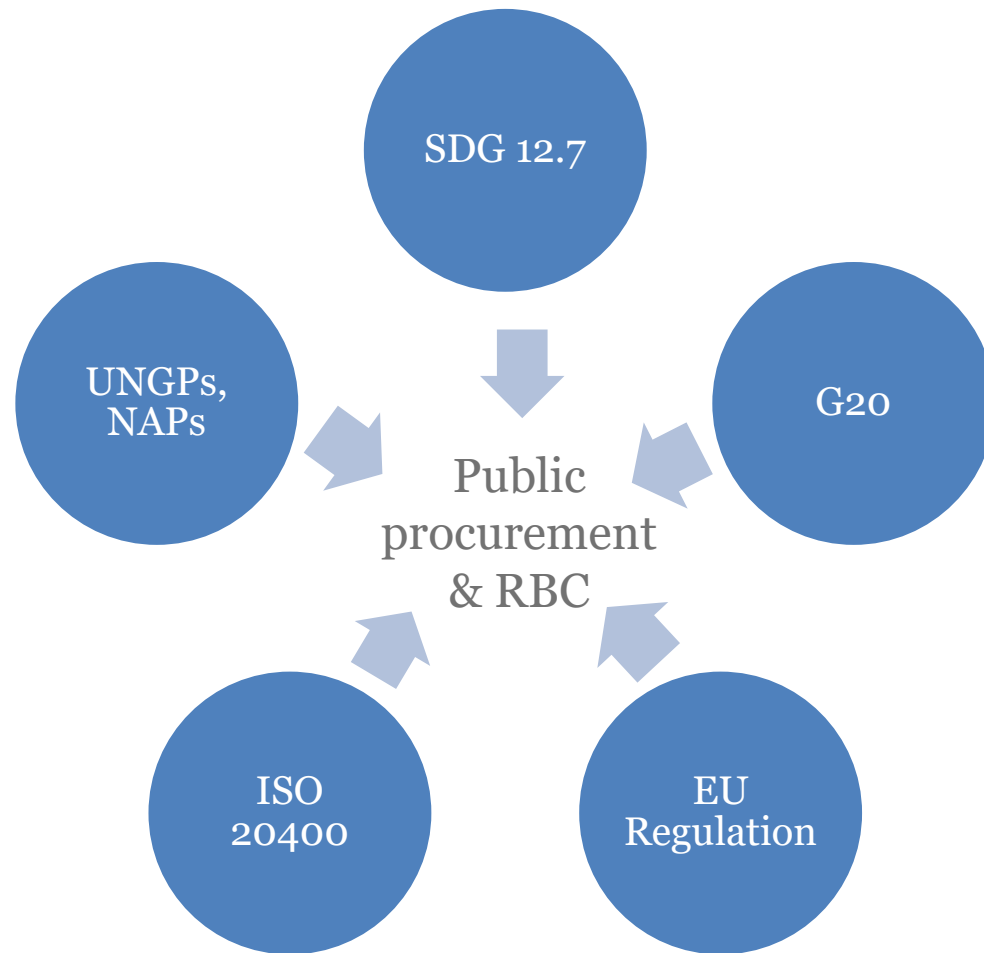


- Many procurement professionals work in strategic roles that demand high-level strategic, tactical as well as operational skills.
- There are not many entry requirements into PP. Some of the existing ones are linked to a competency model or certification frameworks.
- Countries are investing to bridge this gap in many cases with collaborative initiatives

Sources: 2018 Public procurement Survey



Calls to link Responsible Business Conduct (RBC) and public procurement

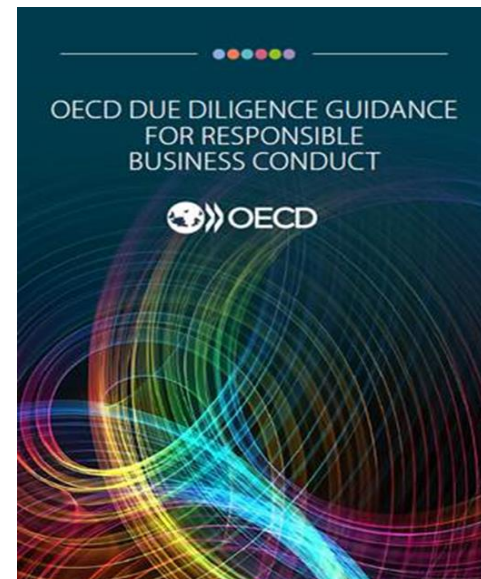




OECD Guidelines for Multinational Enterprises

Disclosure	Human Rights	Employment & Industrial Relations
Environment	Consumer interests	Science & Technology
Combating Bribery, Bribe Solicitation and Extortion	Taxation	Competition

- Most comprehensive international standard on responsible business conduct
- Recommendations from governments to businesses
- Incorporate expectation of supply chain due diligence
- 2018: global common understanding on due diligence relevant for business but also government (economic actor)



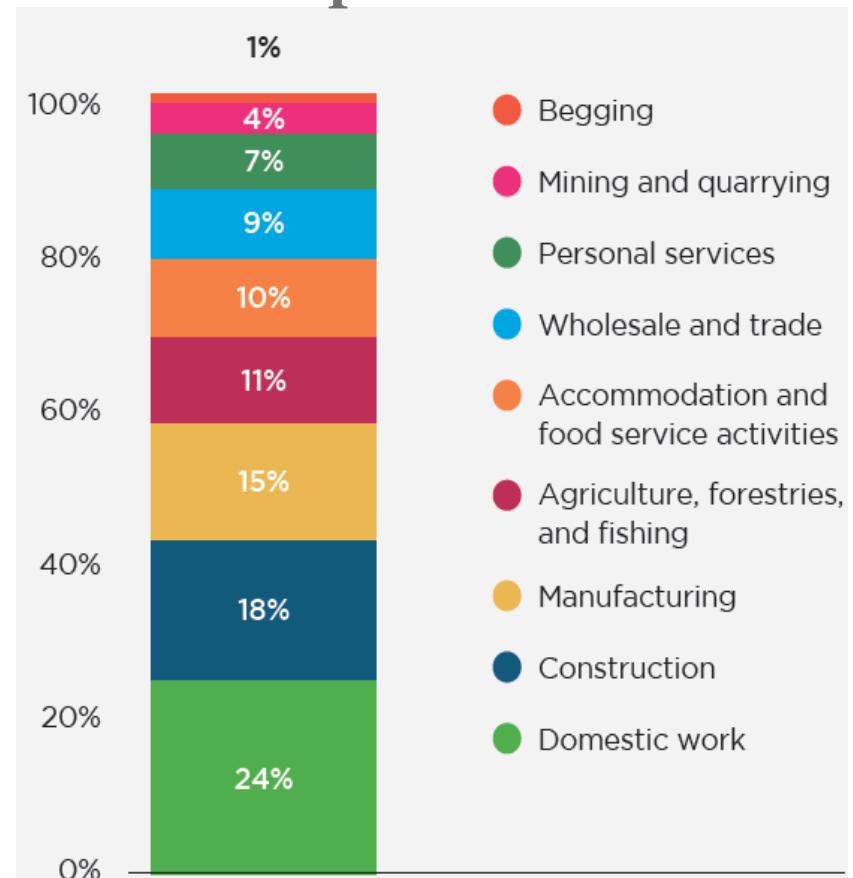


Why RBC in public procurement?

The moral argument

The **moral** argument: combatting modern slavery and child labour, respecting human rights and preventing long-term damage in supply chains.

Sectors of forced labour exploitation



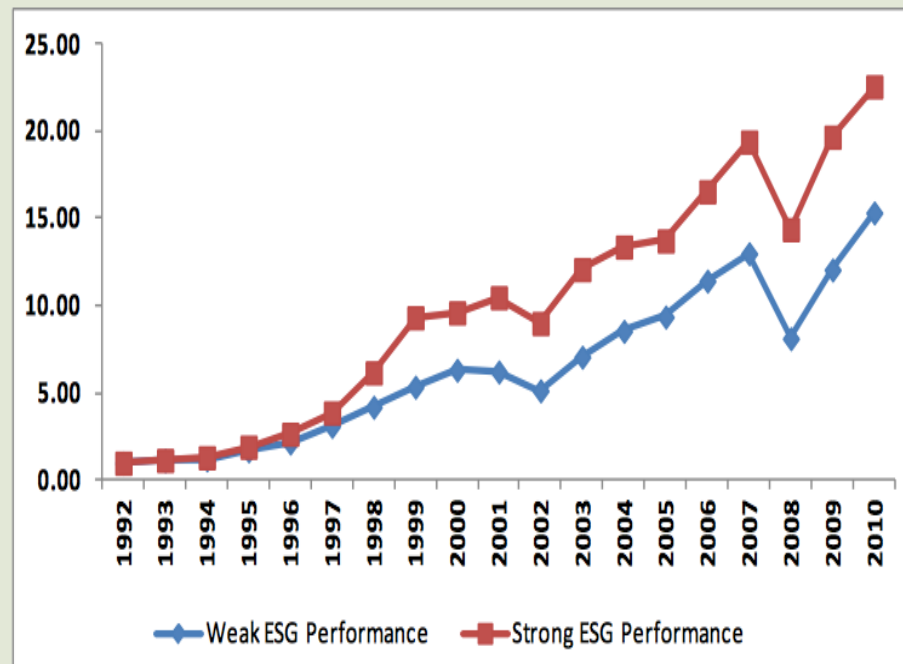
Source: ILO



Why RBC in public procurement?

The economic argument: Long term gains

FINANCIAL PERFORMANCE OF COMPANIES WITH WEAK VS. STRONG ESG PERFORMANCE



Source: Eccles G.R., Ioannou I., Serafeim G. "The Impact of a Corporate Culture of Sustainability on Corporate Behavior and Performance," Harvard Business School, November, 2011.

ESG: Environmental, social, and governance (ESG) investing—also referred to as sustainable investing



Why RBC in public procurement?

The policy coherence argument

The **policy coherence** argument:

- Governments to lead by example, creating an enabling environment for RBC
- Regulatory requirements for companies to incorporate rights due diligence in global supply chain management
 - Modern Slavery Acts in the UK & Australia
 - Devoir de Vigilance Act in France
 - Transparency in Supply Chains Act in California



How to include RBC in public procurement?





Evolution of RBC in public procurement

- Many governments have already adopted procurement rules and guidelines that include RBC considerations
 - Green procurement, social procurement, sustainable procurement, contribution to SDGs, etc.
 - Often approach is fragmented, or only covers direct suppliers
- Growing concern regarding **social considerations** in supply chains in different sectors, products and services including: labour rights violations and human rights.



Way forward: strengthening policy coherence

OECD Programme:

Leveraging public procurement for RBC

- **Policy:** take stock on what OECD countries are doing on RBC and procurement
- **Practitioners:** Need for sharing learnings and good practice, exchanging information on risks
- **Tools:** Increasing number of RBC tools and RBC related data are emerging
- **Platform:** OECD can convene policy-makers, practitioners, business and civil society and facilitate exchanges



LINKS TO OECD WORK ON PP

WWW.OECD.ORG/GOV/ETHICS/PUBLIC-PROCUREMENT.HTM

Instruments

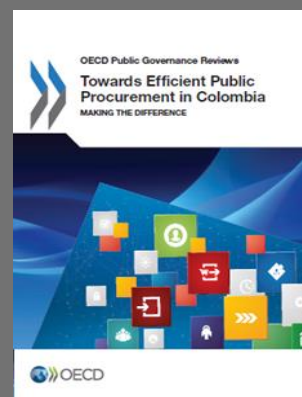


Tools



PUBLIC PROCUREMENT TOOLBOX

Reviews





Thank you for your attention!
Questions or comments?



Erika.Bozzay@oecd.org