Responsible Public Procurement

EUROPEAN PRACTICE
Responsible Public Procurement

EUROPEAN PRACTICE
Authors:
Anna Lupi, Leona Gergelová Šteigrová, Janka Valčuhová, Przemyslaw Piechocki, Tim Rudin, Malika Kessous, Miguel Benito, Maren Grevstad Pettersen, Anne Cathrine Jacobsen, Christine Kihl, Eva Chvalkovská

Book design by Zora Sokolová

© The Ministry of Labour and Social Affairs of the Czech Republic
Na Poříčním právu 1/376, 128 01 Praha 2

Prague 2019

Print edition printed in Czech Republic by ASTRON print, s.r.o.

Introduction

This publication titled “Responsible Public Procurement - European Practice” is issued with an intention to describe various approaches to responsible public procurement in several European countries. The naming of the approach, which is referred to as strategic, sustainable or socially responsible, already suggests that its practical set-up and actual use differ across various European countries. Nevertheless, there is a common idea behind this concept – to ensure maximum positive benefits for society, economy and natural environment in exchange for public money spent in public purchases.

The publication is issued within the Czech project titled “Support of the Implementation and Development of Socially Responsible Public Procurement”, during which its implementers had many opportunities to get inspiration from abroad. Therefore, a decision was made to ask several authors, experts on responsible public procurement from various European countries, to contribute to this compilation. The authors were asked to respond to questions about the foundations on which responsible public procurement is based in their respective countries, about practice in their own institution, what priorities they pursue, how they measure their outcomes and how they communicate, both internally and externally. The authors represent a variety of institutions; and there is also a contribution from the European Commission. The selection of the countries is not comprehensive, therefore this publication is not a comparative study but just a glimpse of miscellaneous practices, which can anyway bring mutual international inspiration.

This publication is printed in both Czech and English language and it is also available electronically at www.sovz.cz/en.

Eva Chvalkovská
eva.chvalkovska@mpsv.cz

„Support of the Implementation and Development of Socially Responsible Public Procurement“ Project
Ministry of Labour and Social Affairs, Czech Republic
The project titled “Support of the Implementation and Development of Socially Responsible Public Procurement” has been implemented by the Ministry of Labour and Social Affairs, Czech Republic since 2016. The project creates long term consultancy and expert platform for the developing of this concept and among others it offers: guidance, consultancy, best practice examples, templates, conferences, educational events, e-learning and website www.sovz.cz/en.
CONTENT

European Commission ................................................................. 7
Author: Anna Lupi, Legal and Policy Officer, DG Grow, European Commission

Czech Republic ............................................................................. 11
Author: Leona Gergelová Šteigrová, Head of the Public Procurement Unit,
Ministry of Labour and Social Affairs

Slovakia ....................................................................................... 17
Author: Janka Valčuhová, Head State Advisor, Department for Legislation and Law,
Office for Public Procurement

Poland ......................................................................................... 21
Author: Przemysław Piechocki, President of Association Board, Association for Social
Cooperatives

United Kingdom ............................................................................. 29
Author: Tim Rudin, Head of Central Responsible Procurement Team,
Transport for London

France ........................................................................................... 39
Author: Malika Kessous, Head of Responsible Procurement, Directorate of Public
Procurement, Ministry of Finance

Spain ............................................................................................. 49
Author: Miguel Benito, Director of Coordination of Public Procurement, Barcelona
City Council

Norway .......................................................................................... 57
Authors: Maren Grevstad Pettersen, Anne Cathrine Jacobsen and Christine Kihl,
The Agency For Public Management and eGovernment (Difi)

Supplement - Interviews ............................................................... 63
Interview with Matthieu Cahen, Senior Policy Analyst, Deputy Head of the Public
Procurement Unit, OECD
Interview with Shaun McCarthy OBE, Director, Action Sustainability
Strategic approach to public procurement in EU countries

The degree of uptake of strategic public procurement within the EU varies greatly. Some Member States devote great efforts to implementing different initiatives related to the use of public procurement as a strategic tool to achieve other policy objectives (environmental, social, innovation). The approaches taken are also diverse: They include legislative obligations in some cases or the development of soft law documents such as national/regional strategies on public procurement or even more practical supporting tools such as guidelines, trainings, sample criteria, etc. in others.

Priorities for successful responsible public procurement

Responsible and sustainable public procurement requires strategic thinking and planning from the relevant public authorities, as well as involvement of different public and private actors at various stages, including the contract management phase. In order to be able to perform these tasks effectively, contracting authorities need to have the proper professional skills, which go well beyond a thorough knowledge of procurement rules and principles, and should also include, among others, commercial skills and awareness of sustainability and social responsibility objectives they can pursue through public procurement. They also need to receive the proper type of technical support from their own or other public authorities, in the preparation of the tender procedure, and sometimes in its management and during the execution of the contract. Finally, in order for these elements to fall into place and to allow contracting authorities to pursue sustainability or social responsibility objectives through public procurement, support and engagement from politicians is crucial.

Benefits of responsible public procurement

Public authorities are major consumers in Europe: They spend approximately 1.8 trillion euros annually, which accounts for around 14% of the EU's gross domestic product, and therefore their decisions on how to spend these funds can have a considerable impact at different levels.

In particular, the benefits associated with sustainable and responsible procurement can include anything from reduced environmental impact, to social, health and economic benefits. Green public procurement allows public authorities to achieve environmental targets and be instrumental in addressing a number of environmental problems (such as deforestation, greenhouse gas emissions, water use, energy efficiency and resource use, air, water and soil pollution, waste and sustainable agriculture). Similarly, socially responsible PP allows public authorities to achieve a positive social impact and address a number of social and ethical issues (integration of disadvantaged and disabled persons, social care and support, transparency and human rights, due diligence in global supply chains, facilitating access to procurement opportunities for social economy enterprises). Using green or socially responsible purchasing also means setting an example for the general public and the private sector, and influencing the marketplace. Additionally, it can encourage private sector organisations to use green and social criteria for their own procurement.

Sustainable procurement can furthermore act as a useful channel for raising environmental, social and ethical awareness by identifying the environmental and social impacts of a particular product/service throughout its life-cycle and providing information on the benefits of greener or more ethical alternatives.
Finally, while sustainable procurement may in certain cases require more substantial investments at present, it may very well save money and resources in a long-term perspective, particularly when it comes to life-cycle costs.

**Single EU approach vs. various national approaches**

There is no single approach recommended by the Commission, as we are well aware of the differing situations in the public procurement field in the Member States. Furthermore, different levels of government may have different competences, priorities and different availability when it comes to financial and human resources. As announced in the 2017 Communication, the Commission sees its role as a partner for the Member States in their endeavours to improve their public procurement systems, including in the area of strategic public procurement. As the national context is very important, the Member States themselves are best placed to define their needs whereas the Commission is ready to offer support within its capabilities.

**Using responsible public procurement for projects financed from the European Structural and Investment Funds (ESIF)**

While there are no rules making its use compulsory for projects funded through ESIF, the Commission services support the widest uptake of socially responsible and sustainable public procurement for these projects. In this context, DG REGIO has launched a project in collaboration with the OECD to provide technical support to five pilot ESIF-funded projects in the EU with the objective of helping the contracting authorities involved to take a strategic approach to their procurements.

**Compulsory sustainable public procurement for tenders within ESIF projects?**

The Public Procurement Directives constitute the legal framework under which all contracting authorities should operate when carrying out public procurement, regardless of the nature of the public money they use. They provide for the possibility to use sustainability considerations in procurement, but they do not compel contracting authorities to introduce them in their tenders. Furthermore, it is important to stress that public procurement rules apply to a wide variety of purchases with different characteristics, and that procurement is used in situations that may greatly vary from a budgetary, societal and political point of view. Making the use of sustainable procurement for ESIF-funded projects compulsory may therefore entail defining, with a certain degree of precision, the “minimum sustainability” to be integrated in the public tender. This would be at odds with the principles and the voluntary approach set forth in the Public Procurement Directives, and it would also be extremely challenging from a technical and legislative point of view, considering the vast range of projects which may be financed through ESIF.

**Monitoring outcomes and measuring the impact**

Monitoring and measuring the impact of responsible public procurement is challenging for both the Commission and the Member States. In the context of the Member States’ reporting obligations under Article 83 of Directive 2014/24, the Commission provided the Member States with a voluntary
template, which included sections on the use of strategic public procurement, to facilitate the collection of data and information on this topic. A preliminary assessment of the submitted reports indicates that the available qualitative and quantitative data on the use of strategic procurement in the Member States is very variable. However, some Member States have already been able to provide substantial information. It should be noted that the Commission is currently collaborating with the Member States in order to improve data collection and analysis of public procurement data across the board, which should also be positively reflected on the monitoring of activities linked to sustainable procurement. Furthermore, we are also revising standard forms for TED publications at EU level, which should allow contracting authorities to determine whether the tender includes strategic elements.

Tools, links and communication

The link below contains a brochure on Strategic Public Procurement published by the Commission. The last page includes a list of useful links: http://ec.europa.eu/DocsRoom/documents/25984.

Regarding communication platforms on the EU level, there is no such platform on sustainable and responsible public procurement. However, the Commission has created an “e-competence centre” to allow public authorities across the EU to have a single gateway to the Commission’s tools and materials on public procurement. It includes sections on green, social and public procurement of innovation: https://ec.europa.eu/info/policies/public-procurement/support-tools-public-buyers_en.
CZECH REPUBLIC

Author:
Leona Gergelová Šteigrová
Head of the Public Procurement Unit, Ministry of Labour and Social Affairs
Responsible Public Procurement in the Czech Republic

Responsible public procurement in the Czech Republic was long construed narrowly, as it was mainly associated with the use of the so-called “employment condition” that mandates that 10% of the persons participating in every public contract come from the ranks of the long-term unemployed, and with eco-label products; or with the requirement that contractors must have an environment management system in place. In practice, elements of responsible public procurement initially occurred rather rarely and haphazardly since they were used only by a few public contracting authorities. However, over time, the amount of practical use of various responsible public procurement aspects has increased on the societal, social, and environmental (“green”) level. New points of focus have emerged such as fair supplier relationships, support for decent working conditions and occupational safety, and support for small and social enterprises. Contracting authorities have thus begun to contemplate the impact and context of individual contracts they award and consequences these might have on the local economy, employment and/or employment conditions for persons participating in the production of goods or implementation of a particular service project, as well as the impact on the community at the place of performance, on the health of people and the living environment as such.

The final key milestone in the development of responsible public procurement came in the form of Government Resolution No. 531/2017, which expanded the definition of responsible public procurement and interconnected the economic, social and environmental aspects (introduction of responsible public procurement Rules). Another major turning point in the perception of responsible public procurement was ISO 20400 for Sustainable Procurement that places emphasis also on rather general principles behind public procurement: fair and equal opportunities, analysis of the contracting authority’s needs, analysis of expected expenditures, maximum transparency, fair contractor relationships, professional contract management, etc. and it serves contracting authorities as a guide to strategic procurement. Progress has also been made in the gradual implementation of responsible public procurement within organisations that leads to a system-wide application of the responsible public procurement Rules and interconnects priorities and objectives of a contracting authority with funds it spends on public procurement. The ongoing implementation of the responsible public procurement Rules within the Ministry of Transport may serve as an example of such a comprehensive approach. Many contracting authorities, however, still feel uneasy about adopting new approaches to public procurement. The most frequently mentioned barriers include ambiguity and difficult-to-predict surveillance mechanisms, particularly for contracts co-financed by the EU. Contracting authorities emphasise the procedural precision at the expense of the strategic importance of their public procurement. There is still a long way to go for the Czech Republic to implement strategic public procurement.

The Practice of Responsible Public Procurement at the Ministry of Labour and Social Affairs

In 2015, the top management of the Ministry of Labour and Social Affairs (hereinafter the “MoLSA”) adopted the Strategy for Responsible Public Procurement of the Ministry of Labour and Social Affairs which defined the priorities of the MoLSA in this area. Its main purpose was to set the vision and/or the direction the MoLSA, as the contracting authority for public procurement, wants to take, what type of a contracting authority it wants to be and how it wants to influence the market.

Strategic public procurement priorities were thus adopted at the highest level, which on the one hand served as a common framework for contracting authorities at the Ministry of Labour and Social Affairs, and on the other allowed these priorities to be communicated openly to external parties -
potential bidders. The support for the individual priorities of the Responsible Public Procurement Strategy was provided in the relevant Directive 2014/24/EU on public procurement, as well as in the 2010 Strategic Framework for Sustainable Development of the Czech Republic, which explicitly mentioned the “responsible” approach to public procurement. With this document, the Ministry of Labour and Social Affairs subscribed to the concept of responsible public procurement (hereinafter referred to as “RPP”) in the entire scope of its definition, and set priorities for its purchases. These include:

1. Supply chain diversification:
   promoting competition, openness towards suppliers (in particular, towards social enterprises, small enterprises or employers of people with disabilities) and increasing supply chain diversity.

2. Promoting and developing socially responsible public procurement:
   taking into account social aspects of public procurement, both with regard to social inclusion and support for employment of disadvantaged people, while emphasising compliance with labour and employment law conditions and occupational safety.

3. Taking into account overall sustainability and environmental impacts:
   seeking eco-friendly solutions that are in balance with the emphasis on economic profitability and the current economic situation.

Responsibility for the implementation of the strategy lies with the department in charge of public procurement, where the day-to-day administration of public procurement and the implementation of responsible elements in public procurement have thus been interlinked. We got a great deal of inspiration from abroad - we used checklists, examples of good practice, etc.

In July 2019, the implementation of the responsible public procurement strategy was evaluated and updated so that the implementation of RPP could be taken a step further in line with international trends (including ISO 20400) and would be better reflected in public procurement across the sector, not only at the Ministry itself. (Note: All branches of Labour Offices, Social Security Administration and Labour Inspectorates fall, among others, within the competence of the Ministry of Labour and Social Affairs).

Link to Strategy and Support from the Management

The Ministry of Labour and Social Affairs, as a ministry that has social responsibility already in its name, is naturally interested in social aspects of public procurement; and the impacts of socially responsible procurement are broadly promoted in strategic documents of the Ministry (support for employment, social inclusion, etc.). The RPP strategy is therefore a logical outcome of the MoLSA’s competences and goals. As such it is also seen by the management - as an unquestionable direction of public procurement. The fact that the strategy has been broadly discussed and approved at the highest level is important as a support for its implementation.
Benefits of Responsible Public Procurement

The main reasons for responsible public procurement could be summarised into the following four benefits:

1. Responsible - or, if you wish, “sustainable” or “strategic” - public procurement is a huge opportunity for contracting authorities to obtain the best value for money, and to be truly effective. It is an opportunity for turning the money spent on public procurement into an opportunity to meet other objectives and priorities of the contracting authority - to promote employment, the local economy and fair supplier relationships, safe and decent working conditions for people, environment and public health.

2. The fact that sustainability goes hand in hand with quality is also important and is mentioned by many experts. In other words, responsible procurement is about quality - a better quality that the contracting authorities get.

3. Responsible procurement is also about improving relationships between contracting authorities and suppliers - so that good-quality and responsible companies would get the opportunity to provide the contracting authority with the best solution that the market offers. So that both parties - contracting authorities and contractors - would properly communicate and seek ways to best meet public needs and challenges.

4. And last but not least - responsible procurement also improves the quality and management itself of the purchasing and procurement process, as it encourages contracting authorities to better think through the impacts and consequences of purchasing, to spend more time on preparations and communication prior to tender notice, and also emphasises the contract management and evaluation of all impacts.

MoLSA’s Priorities and Topics

With regard to the nature of MoLSA’s public procurement, in the first four years we focused on identifying those contracts where the use of RPP aspects was appropriate and effective:

- For public procurement where it was possible to offer jobs to people disadvantaged in the labour market we preferred suppliers who were employing disabled persons or social enterprises or, as the case may be, we set a requirement for a certain number of people from this group to be employed to participate in the performance of the public contract concerned.

- We required that commodities imported from third countries complied with ethical purchasing principles.

- For central procurement that covers commodities important for the running of all divisions of the Ministry of Labour and Social Affairs throughout the Czech Republic, we focused primarily on environment-friendly solutions. Considering the volumes of our purchases, even a small step towards sustainability is quite crucial. However, the efforts to reduce the adverse impact on the environment has also been reflected in a number of smaller contracts, such as the logistics of sustainable events (conferences and seminars) or the purchase of promotional items.
Tools Used in Practice

As regards the use of individual tools, we have taken inspiration from abroad - at Transport for London, for example, we were inspired by checklists used in the phase of preparation of individual public contracts. These help us greatly to automate “responsible aspects” considerations for every single public contract.

<table>
<thead>
<tr>
<th>Checklist questions</th>
<th>YES</th>
<th>RPP Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can persons disadvantaged in the labour market participate in public contract performance?</td>
<td></td>
<td>Employing persons disadvantaged in the labour market</td>
</tr>
<tr>
<td>Can persons disadvantaged in the labour market obtain professional experience/increase their qualifications during public contract performance?</td>
<td></td>
<td>Support for obtaining professional experience, increasing qualifications and retraining</td>
</tr>
<tr>
<td>Is there an increased risk of breach of legal standards for working conditions as specified in the Labour Code, legal regulations related to employment or occupational health and safety regulations during public contract performance?</td>
<td></td>
<td>Support for decent working conditions</td>
</tr>
<tr>
<td>Is there an increased risk of breach of international conventions on human, social or employment rights, in particular conventions of the International Labour Organisation specified in Annex X to Directive 2014/24/EU?</td>
<td></td>
<td>Support for decent working conditions</td>
</tr>
<tr>
<td>Within the framework of this public contract, is it relevant to assess better working conditions of persons participating in the contract performance, i.e. beyond legal standards for working conditions?</td>
<td></td>
<td>Support for decent working conditions</td>
</tr>
<tr>
<td>If this public contract (or a part thereof) can be performed by social enterprises, how can we encourage them to participate in public procurement?</td>
<td></td>
<td>Support for social enterprises to participate in public procurement</td>
</tr>
<tr>
<td>Can this public contract be awarded to a small enterprise? Is it appropriate to adopt measures that would encourage their participation in public procurement?</td>
<td></td>
<td>Benefits for local economy, community</td>
</tr>
<tr>
<td>Is there an increased risk of problematic relationships across the supply chain, in particular for SMEs such as defaults on invoice payment terms, illegal employment, breaching of occupational health and safety regulations, failure to comply with legal regulations on environmental protection, etc.?</td>
<td></td>
<td>Fair supplier relationships</td>
</tr>
<tr>
<td>Is there an economically acceptable solution that would allow for a more environment-friendly solution, e.g. resulting in energy savings, lower emissions, use of eco-friendly materials, recycling, lower amount of waste, circular economy implementation, etc.?</td>
<td></td>
<td>Support for environment-friendly solutions</td>
</tr>
</tbody>
</table>
Monitoring and measurement of results

Detailed monitoring and impact measurement is now one of our biggest challenges. Obviously, most contracting authorities when starting with responsible public procurement, try to set as much as possible the process of preparing and using aspects of RPP on as many contracts as possible. After some time, they find out that they already have a large number of contracts awarded in this manner and that they would greatly appreciate detailed suitably “managerially” arranged data. Therefore, we are now developing our monitoring system to match the current situation where there are many public contracts awarded with RPP aspects and it is necessary to automate part of contract management. Again, we look for inspiration abroad and assess the tools that are used by other contracting authorities to evaluate (measure) the impacts.

Communicating Responsible Public Procurement

Communication is, of course, crucial to the success of all responsible procurement efforts. We can see in other organisations too that many of the problems associated with the promoting of a responsible approach are related to lack of communication and explanation of this approach, and thus lead to misunderstanding. There are many myths around responsible procurement in our country, which cannot be disproved otherwise than by strengthening discussions.

Internal communication at our Ministry of Labour and Social Affairs focused on broadly discussing the draft strategy prior to its adoption. After having been approved, the strategy was the subject of a series of training sessions. Of course, we also inform suppliers of the goals of the MoLSA through the website, but we also have a targeted communication as part of preliminary market consultations.

However, as the MoLSA’s endeavours are to expand public procurement at national level, we are implementing a project to support the implementation of responsible public procurement, and it is the communication of experience, examples of good practice and methodologies among contracting authorities which is the key initiative within this national project. This project has its own website: www.sovz.cz where all relevant information can be found.
Author: Janka Valčuhová
Head State Advisor, Department for Legislation and Law, Office for Public Procurement
Socially responsible public procurement in Slovakia

The idea of socially responsible public procurement in the Slovak Republic is not new, but only recently it has been brought to the fore. Socially responsible public procurement has gained attention as a means of helping less developed regions of Slovakia, particularly to fight high unemployment rates. But the legislation was not sufficient. To ensure a proper application of socially responsible public procurement, the Slovak government adopted a resolution in 2016. This first government resolution regarding socially responsible public procurement laid down the obligation for the Office for Public Procurement to provide support in the area of public procurement for less developed regions of Slovakia by considering social aspects. A year later, the government adopted another resolution that laid down the obligation for the Office for Public Procurement to prepare an amendment to Act No. 343/2015 Coll. on public procurement (Public Procurement Act) so that social aspects could be easier applied by contracting authorities.

In order to meet this obligation, the Ministry of Labour, Social Affairs and Family of the Slovak Republic in cooperation with the Office for Public Procurement prepared a new law on social enterprises that also amended the Public Procurement Act concerning social aspects. The new law came into force on May 1st, 2018 as Act No. 112/2018 on social economy and social enterprises. This Act amended the Public Procurement Act and its biggest impact can be seen in three areas: the exceptions, the quota and the reserved contracts.

Exceptions to support socially responsible public procurement

The new exceptions concern below-threshold public contracts on goods and services and low value public contracts. Below-threshold contracts are contracts where the estimated contract value is lower than the financial limit set out for above-threshold contracts and at the same time equals to or exceeds EUR 70,000 for public supply contracts and public service contracts (except for supply of food) or EUR 180,000 for public works contracts. Low value contracts are contracts where the estimated contract value is lower than the financial limit set out for below-threshold contracts and at the same time equals to or exceeds EUR 5,000.

These new exceptions mean that the Public Procurement Act does not apply to below-threshold public contracts on goods and services and low value public contracts in case the contract is awarded to a registered social enterprise, to a person with disabilities who operates or carries out self-employment at a sheltered workplace, or to a sheltered workshop, provided that at least 30% of employees of sheltered workshops or employees of sheltered employment programs are persons with disabilities or otherwise disadvantaged persons.

Act No. 112/2018 on social economy and social enterprises provides a definition for a registered social integration enterprise. Of the total number of employees, this enterprise shall employ:
  a) at least 30% of disadvantaged persons,
  b) at least 30% of vulnerable persons, or
  c) at least 40% of disadvantaged people and vulnerable people. (This Act also provides for a definition of a disadvantaged person and a vulnerable person.)

Reserved contracts

Another area impacted by the amendment are reserved contracts. When awarding an above-threshold contract, the contracting authority and the contracting entity may reserve the right of
participation in the procurement procedure only to registered social integration enterprises, sheltered workshops, natural persons with disabilities who operate or carry out self-employment at a sheltered workplace, or may reserve the execution of a contract under sheltered employment programmes provided that at least 30% of employees of registered integration social enterprises, employees working in sheltered workshops or employees of sheltered employment programmes are persons with disabilities or otherwise disadvantaged persons.

**Quota for social public procurement**

The most significant change is a quota established for social public procurement even though it will take effect only from January 1, 2020. The quota requires that the contracting authorities apply social aspects in at least six percent of contracts provided that they award at least 10 above-threshold contracts and/or below-threshold contracts in a year. Social aspects can be applied as a criterion for the evaluation of tenders, as a contract condition or in the description of the subject matter of the contract. For example, when the contracting authority awards five above-threshold contracts and nine below-threshold contracts in a year, in such case 6% makes it 0.84 contracts with social aspects, so the contracting authority should apply social aspects at least in one public procurement procedure.

The definition of a social aspect has also been introduced. It is defined as an aspect related to the subject-matter of a contract which may lead to a positive social impact on the performance of the contract, in particular, to creating or promoting employment opportunities; decent, fair and satisfactory working conditions beyond the statutory obligation; including disadvantaged, vulnerable or excluded persons and groups of people in social relations and simplifying their access to the labour market; increasing accessibility and usability of goods, services and works for disabled people, ethical and fair trade; securing the growth of a knowledge-based economy and innovation, resource sustainability and social and territorial cohesion; increasing the responsibility of suppliers in relation to the interests of society, in particular by integrating socially beneficial activities into the activities of the supplier and by the cooperation among the parties concerned on its activities or by mitigating the consequences of the economic and social lagging of the least developed regions.

**Responsible public procurement at the Office for Public Procurement**

Due to the new legislation, the Office for Public Procurement has adopted a new internal directive on public procurement. This new directive also includes a clause that the Office for Public Procurement as a contracting authority in a public procurement procedure should consider including social or environmental considerations into the description of the subject-matter of the contract, or as a specific condition for the performance of the contract or as a criterion for tender evaluation.

Through our own procurement procedures, the Office for Public Procurement wants to inspire other contracting authorities to apply social aspects and by our own example to show them that social public procurement is possible and has its benefits. When we organise conferences and events, we opt to award the contract to sheltered workshops or secondary schools that can provide us with catering services. We also try to prepare entire events socially and environmentally friendly (invitations, the venue, etc.). Another good example of applying social aspects is our purchase of new furniture for our premises. We awarded the contract to an entity that employs convicted and accused persons.
We also find it very helpful to use preliminary market consultations and we would urge others to use it when possible because we consider it to be an important element in public procurement. This tool helps contracting authorities to obtain important information about the market; also a larger number of economic operators on the market can learn about the subject matter of the contract which can result in better tenders for the contracting authority.

Another important tool that can have a great impact is the possibility to divide the contract into lots. Thanks to this tool, public procurement can attract the interest of small and medium-sized enterprises. This tool is not widely used but we would like to draw more attention to it as the market can be opened up to new candidates in a very simple way.

Time to take the path of responsible procurement

The Office for Public Procurement understands that many still consider public procurement as a procedure that determines how to buy what is necessary for the lowest possible price. However, we cannot dwell on previous concepts because the reality has changed. We, as a whole society, have to face several challenges today. We have to think about our present needs without compromising our future. When we apply socially responsible aspects on the public procurement procedure, we are allowed to reflect on the consequences. This way each of us can contribute a little and together we can achieve even big goals that can have a positive impact on the whole society.

The Office for Public Procurement is working intensively on raising awareness of social responsibility in public procurement and on complying with the so-called 3E principle. We consider this task as one of our priorities, so we have included it among the main topics during our V4 Presidency. We have also been granted funds for a project focused on the idea of getting the best value for money, which will also contribute to achieving this goal. We would like to encourage contracting authorities to ask for more than just goods or services. But it means not to choose the easiest route but to challenge ourselves and ask what we can do.

Support and cooperation for the implementation of responsible public procurement

The Office for Public Procurement understands that the idea of socially responsible public procurement may sound troublesome for some contracting authorities. For this reason, the Office for Public Procurement has established the Institute for Public Procurement whose main task is to provide guidance for contracting authorities. The Institute for Public Procurement can help contracting authorities to apply social aspects to the public procurement procedure. The Office for Public Procurement also created a handbook on social public procurement, green public procurement and innovation where contracting authorities and contracting entities can find basic information on this topic.

The Office for Public Procurement collaborates with the Association of Towns and Municipalities and with the Association SK 8, which represents all Slovak regions. At national level, the Office for Public Procurement cooperates mainly with the Ministry of Labour, Social Affairs and Family of the Slovak Republic and the Ministry of the Environment of the Slovak Republic to promote socially responsible public procurement. At international level, the Office for Public Procurement values the collaboration with the Ministry of Labour, Social Affairs and Family of the Czech Republic. The Office for Public Procurement highly appreciates having the possibility to exchange the knowledge and good practices on this subject matter with its partners.
Author: 
Przemysław Piechocki 
President of Association Board, 
Association For Social Cooperatives
Socially responsible public procurement in Poland

Public procurement in Poland amounts to over 8% of our Gross Domestic Product (GDP), in the European Union (EU) it accounts for over 14% of the EU’s GDP. Public procurement in the EU is therefore still more significant than in Poland. Our economy measured by GDP grows steadily, in average 4% of GDP a year, but it is still only 3.9% of the European GDP. Therefore, public procurement in Poland is a powerful tool to support economic development, innovation and social entrepreneurship, and to implement social policy and state strategy. The rules and procedures regulating public contract awarding, legal remedies, controls over the award of public contracts and competent authorities are all to be found in the Public Procurement Act (PPA). The PPA was adopted in 2004 and amended many times since then – with the major amendment adopted in 2016 and aimed at implementing Directive 2014/24/EU and Directive 2014/25/EU into the Polish law. The term of socially responsible public procurement was known before the implementation, but the real change came with the transposition of Directives in June 2016. The PPA applies to all public procurement contracts awarded by Polish contracting authorities and contracting entities at national, regional and local level. As a general rule, every contracting authority awards public contracts for its own needs.

Socially responsible public procurement is primarily used by entities obliged to apply the PPA in the practice of spending public funds. Such an obligation results directly from the Public Procurement Act. These entities include, above all, public finance sector entities providing public finances. According to Article 9 of the Act of 27 August 2009 on Public Finances, there are:

1) Public authorities, including government administration bodies (e.g. the Chancellery of the Sejm, the Senate, the President of the Republic of Poland, ministries, central offices), state control and law protection bodies (e.g., the Supreme Audit Chamber, the Commissioner for Citizens’ Rights, the National Broadcasting Council) and courts (e.g. the Supreme Courts, common courts, administrative courts) and tribunals (e.g. the Constitutional Tribunal);

2) Local government units (municipalities, poviats, voivodships) and unions thereof;

3) Budgetary units (e.g. schools);

4) Local government budgetary entities;

5) Executive agencies (e.g. Polish Agency for Enterprise Development, Agency for Restructuring and Modernisation of Agriculture);

6) Budget institutions;

7) State special-purpose funds;

8) The Social Insurance Institution and the Funds managed thereby, as well as the Agricultural Social Insurance Fund (KRUS) and the funds managed by the Chairperson of the Agricultural Social Insurance Fund;

9) The National Health Fund;

10) Independent public healthcare units;

11) State higher education institutions;
12) The Polish Academy of Sciences and any organisational units established thereby;

13) State and local government cultural institutions (e.g. museums, theatres) as well as state film institutions;

14) Other state or local government legal persons established under separate statutes with the aim of carrying out public tasks, excluding enterprises, research institutes, banks and commercial law companies.

The frequency of applying socially responsible public procurement in the practice of Polish contracting authorities and contracting entities after implementation of 2014/24/EU Directive increased from 3.1% in 2014 to 26% in 2017. Its usage partly depends on to what extent the solutions are voluntary (based solely on the willingness of the contracting authorities) or mandatory (e.g. the contracting authorities are obliged to require employment contracts from the employees of contractors in the field of services and construction works). Since then, many activities have taken place (like EU projects, conferences, trainings and seminars) to promote both general and particular social aspects in public procurement.

The Polish central government authority responsible for matters concerning public contracts is the President of the Public Procurement Office (PPO). PPO ensures a uniform approach to the PPA by issuing, in particular - ex officio or at request - opinions in which the President presents the interpretation of the provisions of the PPA that raise serious doubts or cause discrepancies in case-law, taking into account the case-law of courts, the Polish Constitutional Tribunal or the Court of Justice of the EU. PPO plays a leading role in the implementation of socially responsible and sustainable public procurement in Poland.

Commonly used forms of sustainable public procurement

The following are the commonly used forms of sustainable public procurement:

1. Green public procurement (GPP) is a process of contracting products, services and works with the least possible damage to the environment during their life cycle. For example, buying products with low energy or water consumption can help significantly reduce utility bills. Reducing the amount of hazardous substances in purchased products may lower the cost of their disposal. The bodies that pursue green public procurement will be better equipped to deal with evolving environmental challenges, as well as to achieve political and binding targets for reducing CO₂ emissions, increasing energy efficiency and in other areas of environmental policy.

2. Socially Responsible Public Procurement includes several social considerations that could be included in tender processes: decent work, compliance with human and labour rights, social inclusion (including persons with disabilities), social economy and SMEs, equal opportunities, accessibility and design for all, taking into account sustainability criteria, ethical trade issues, and wider voluntary compliance with corporate social responsibility. It covers several issues: i) social, environmental and employment aspects in contract awarding procedures ii) reserved contracts, (iii) special regime for social services and (iii) splitting of contracts into lots.
In the broad sense of the concept of responsible public procurement, there are regulations and instruments outside the PPA that have an indirect or direct impact on the application of the public procurement procedure:

1) The Act of 26 June 1974 - Labour Code, contains in particular the definition of employment contract, important for its employee clause under Art. 29 para 3a of PPA;

2) The Act of 7 October 1992 on Regional Accounting Chambers (RACs), in particular due to the role of RACs in interpreting the application of the provisions of the PPA in the financial context;

3) The Act of 27 August 2009 on Public Finances, in particular in the scope of spending public funds without applying the PPA procedure;

4) The Act of 24 April 2003 on the Public Benefit and Volunteer Work, in particular due to the catalogue of public tasks that social enterprises cooperating with local government units can deal with;

5) The Act of April 7, 1989 - Act on Associations, due to the role the associations play as contractors of public procurement, but also as entities that can significantly support contracting entities in the use of social considerations in public procurement;

6) The Act of 9 October 2015 on Revitalisation, in particular due to the possibility of optionally applying the PPA to procedures for the implementation of revitalisation programmes;

7) The Act of 27 August 1997 on Vocational and Social Rehabilitation and Employment of Persons with Disabilities, which is important because employing people with disabilities is an important component of pro-social solutions in the Public Procurement Act;

8) The Act of 27 April 2006 on Social Cooperatives, in particular due to the provisions on awarding reserved contracts to social cooperatives under Art. 15a;

9) The Regulation of the Minister of Development of 26 July 2016 on the types of documents that contracting authorities may request from the contractors in contract award procedures; it shows what documents the contracting entity may demand from tenderers and contractors to demonstrate compliance with the conditions for participation in the tender or achievement of the objectives set at the stage of task performance.

**Sustainable public procurement in internal ordinances**

It is now becoming very popular in Poland that contracting authorities and contracting entities at national, regional and local level are enacting internal ordinances that consider either voluntary or mandatory use of social and sustainable public procurement in all public contract awards in their institutions. In case of voluntary use, the ordinance includes a recommendation to consider using socially responsible public procurement when purchasing services; otherwise, reasoning should be provided. It comes from the idea that socially responsible solutions in the PPA procedure should be linked to the strategies and objectives of contracting entities as they offer an opportunity to achieve special social and environmental objectives. The use of pro-social solutions should in no way hamper the achievement of the main objective of the PPA, which is providing products and services and performing construction works. However, their application gives the opportunity to achieve additional social goals or solve a specific social problem, which is determined on the basis of a social policy strategy that is in force in a given public unit.
Without any doubt, political clout is needed to change the way contracting authorities think and behave. In Poland, we can see a positive change of attitudes. Being a socially responsible public institution is not unique, it is becoming normal. This is success of the whole Polish society, a result of transsectoral cooperation among public, private and social economy sectors. This change did not take a long time, just a couple of years. Legislative work on a new Public Procurement Act, which is to be introduced in 2021, is currently underway. The current draft bill provides a number of provisions aimed at introducing tools that allow planning public procurement with pro-social elements. For example, contracting authorities are supposed to analyse needs and requirements before commencing the contract, considering, among others, the possibility of splitting the contract into lots or using social, environmental or innovative aspects.

Social economy and public procurement

The Association for Social Cooperatives (SNRSS) is a non-governmental organisation and a Social Economy Support Centre (Osrodek Wsparcia Ekonomii Spolecznej, OWES) certified by the Ministry of Family, Labour and Social Policy. The Association for Social Cooperatives is not obliged to apply the Public Procurement Act, but we apply social considerations in all contracting activities anyway. As a certified Social Economy Support Centre we are part of a national network, which has to cover all parts of Poland. Currently, there are 57 certified OWES. Their full list can be found on the website of the Social and Solidarity Economy Department of the Ministry of Family, Labour and Social Policy at: http://www.ekonomiaspoleczna.gov.pl/Wykaz,akredytowanych,Osrodkow,Ekonomii,Spolecznej,3920.html

OWES exist for the benefit of the social economy and social enterprises, including financial support (grant and additional support), training and advisory support for existing and newly created social enterprises. OWES provide services based on the Standards set by the Ministry of Family, Labour and Social Policy. According to standards, there is an advisory category, including consultancy for SEs and NGOs in the field of public procurement. Among others, it covers:

- Motivating social enterprises to look for contracts and submit bids in public procurement procedures, including socially responsible public procurement;
- Assisting in developing and submitting bids by social enterprises;
- Monitoring the results of procedures.

This support is combined with training, mentoring or study visits, as well as animation activities aimed at local communities and local government units. OWES support is provided free of charge thanks to their own resources, the European Social Fund and state resources.

As regards counselling and information assistance to the contracting authorities at national, regional and local level that are obliged to apply PPA: Each public institution is obliged to make their procurement plans public within 30 days from the enactment of the budget for another year. According to
our experience, the procurement plan adopted and announced by contracting authorities for a particular budget year may also contain optional social considerations. Therefore, it helps to create a strategy for using pro-social solutions and at the same time allows potential contractors to prepare for tenders. More and more public institutions want to be regarded as socially responsible and socially responsible public procurement may be a part of their CSR policy.

**Challenges and their solutions**

However, the contracting authorities in Poland face the following challenges concerning the practice of using pro-social solutions:

- **a** Contracting authorities do not have sufficient knowledge of current market conditions and actual social needs to apply socially responsible public procurement;
- **b** Contracting authorities fear that any other additional requirements could lead to a shortage of bidders;
- **c** Contracting authorities in the reserved contract awarding procedure are afraid that no contractors would submit a valid tender and subsequently they would be forced to cancel the procedure;
- **d** Contracting authorities are not entitled to require documents confirming the status of persons who are members of marginalised groups and, as a result, they are not able to properly assess the tenders;
- **e** Contracting authorities most often use socially responsible clauses that are related to employment issues (in fact, under the current law, some of them are mandatory when awarding public contracts for construction works or services);
- **f** Employees/representatives of contracting authorities are often not aware of the social enterprises they could work with and, on the other hand, do not see the importance of their own decisions or the impact they could have on social or environmental issues.
- **g** Other possible challenges: (i) lack of awareness of potential benefits resulting from application of social clauses, (ii) contracting authorities’ habits, (iii) lack of political impulse, (iv) fear of mistakes and their negative consequences, (iv) higher prices (estimated at 200%)
- **h** The contractor would not be able to engage the required number of employees from marginalised groups.

Therefore, an important role in the contracting procedure is the support from OWES (e.g. our association) at the stage of preparing the contract. We advise contracting authorities on and support them in collecting data about unemployed people, people with disabilities ready to work, etc., to show which social clause is really needed on the local market. The association has gathered a large database of entities, social economy entities such as social enterprises, including social cooperatives, potentially interested in participating in tenders and able to fulfil the contract with a social consideration. From such a database one can, for example, find out whether there are entities in the region that would be interested in submitting a bid in a tender using reserved contracts for the provision of services in the
field of caring for the elderly. We can also analyse their potential, human resources and equipment as well as their financial situation. We are currently working on solutions that would help the contractor market meet the financial conditions set at the tender stage, such as a deposit. We have developed a number of tools for applying solutions resulting from the Public Procurement Act. We offer social clause templates that are ready to be used in the tender documentation. We also prepare step-by-step procedures to be used when selecting a socially responsible contractor.

The stage of preparing a tender with a pro-social solution, which is quite important, includes the formulation of tender documentation and a bid for the contract. The cooperation between the contracting authority and an external entity, such as OWES (as permitted by Article 15 of the PPA, allowing the contracting party to use the so-called purchase assistance), covers the development of templates for clauses and pro-social solutions. In the stage of signing the contract with the selected contractor, it is important for the contract to secure the fulfilment of the conditions set out in the tender, as far as social aspects are concerned. OWES offers support in the development of the relevant clauses in the contract.

Contacts with each party are established with respect to the provisions of the PPA. All possible communication tools are used, such as telephone, e-mail, online communication and regular meetings, etc. It is essential to ensure that, as part of the assistance offered in preparing the contract, it does not provide parallel assistance to potential contractors in the scope of this contract. Otherwise, it would mean a violation of the rules governing the public procurement procedure, possibly leading to the annulment of the tender.

Support to contractors

It is possible to support the selected contractor in meeting the social conditions imposed on him by the contracting authority, e.g. in finding employees from marginalised groups. We offer such support to contractors chosen in the tender procedure in the stage of contract implementation. Nowadays, local government institutions are trying to become familiar with pro-social solutions in public procurement by testing these solutions on smaller contracts. In the course of our cooperation with public entities, we have also developed a unique system for testing social elements in procedures to which the PPA does not apply, e.g. for awarding contracts below EUR 30,000.

Cooperation between social economy and public sector

Within the Association for Social Cooperative our activities in the field of public procurement also result from our strategy. Our main goal is to support the social economy and social entrepreneurship in Poland. We support individuals interested to work in the social economy sector, social economy entities and all members of society who care for social entrepreneurship and better future of social economy by building friendly and thriving environment. Cooperation with public authorities is one of our most important foundations, which comes from our roots. The key success factor is socially responsible public procurement. We are deeply embedded in local communities; our leaders work closely with public entities to make public procurement as effective as possible for the people from local communities. It would be impossible without setting certain obligations to support public entities in the application of social solutions in public procurement. In addition, socially responsible contracts are part of the statutory objectives of our association and are related to broadly understood professional and social reintegration. In this respect, we cooperate to a large extent with public insti-
tutions at various levels. To achieve this goal, we try to change the behaviour of contracting authorities based on a wider strategy, and to refer to the economic, social, and environmental challenges faced by local communities.

**Purpose of the socially responsible public procurement**

The main goal of contracting authorities is to sign and perform public contracts, so in principle, social goals are not a priority of the contract itself, but they serve to shape social policy in the field where the contract is performed. Therefore, the task of the promoter of pro-social solutions in public procurement, such as our association, is to show the purposes of using social criteria in public procurement that complement the economic objective.

Through applying Socially Responsible Public Procurement we are trying to encourage contracting authorities and contractors to be more socially responsible and deliver outcomes that go beyond simply providing products and services. Thus, by contracts of service, the contracting authority can use it to shape social policy. For example, the selection of the cheapest offer carries the risk of hiring low-paid workers who will become beneficiaries of social welfare system financed by the contracting authority. We build partnerships between local government and entities from the social sphere, focusing on social problems of local communities, a better understanding of social problems, their more efficient elimination and the strengthening of local markets. Due to these activities, the money remain in the commune. This is, in fact, a win-win strategy in which all the parties benefit one way or another – there are no losers.

**Monitoring and communication**

At this moment we started to focus on public spend analyses, based mainly on the economic paradigm called community wealth building popularised by the Centre For Local Economic Strategies. Public spending is in the centre of this strategy where the money circulates locally (supporting everyone in local communities). Spend analysis is the most vital point of this policy showing where the money comes from and to whom it goes and keeping as much as possible within local communities.

Monitoring results and effects of socially responsible procurement is carried out on time. Open events called Meet the Buyer are organised for contractors, as well as technical dialogues to learn whether social aspects are properly understood and to better understand each other. It happens with broad support from the contracting parties ranging from the preparation of the procurement procedure to the completion of the contract by the selected contractor. Thanks to that, we have access to information on the use of social solutions in a given contract and its consequences. That is why we focus on popularisation of these solutions by building a catalogue of good practices based on our experience. Our task is to offer interested parties a substantive support in the application of social solutions in compliance with the PPA. That is why our team consists of experts and practitioners in this field. Thanks to this, we are able to effectively influence the social policy in the region.

*Future belongs to us, we are shaping it. Citing Vaclav Havel: “Politics is not the art of the possible, politics is the art of the impossible”. We will soon experience the impossible - a universal use of social responsibility in almost all public procurement.*
Foundations of responsible public procurement

Responsible public procurement in the UK originated in the earlier part of the last decade, and was first formalised on a wide scale in the Sustainable Procurement National Action Plan, produced by the Sustainable Procurement Task Force in 2006. Following this, a number of public bodies, primarily local authorities rather than central government departments, developed tender and contractual requirements and tested these, acting as first adopters. The approach became more wide-spread once the Social Value Act passed into law in 2012. This requires public bodies to consider economic, social and environmental well-being in connection with public contracts.

This act provided the legal basis for all public bodies to at least consider social value and responsible procurement, and resulted in socially responsible public procurement being much more widely implemented. The changes in the EU procurement regulations in 2014 created opportunities for public bodies to implement responsible procurement requirements within the regulations.

Increasingly, public bodies are linking responsible procurement to their overarching objectives. Local government and the majority of public bodies exist to create improvements in the social, economic and environmental wellbeing of the region or country as a whole, and of those who are living, working or visiting it. There is an increasing awareness of the opportunity public bodies have to directly fulfil these aims through the leverage of the money they spend and the relationships they maintain with their supply chain.

Most recently, the UK government has announced that they are extending the Social Value Act from a need to consider social value, to a requirement to create it where possible, and are consulting on mandatory minimum evaluation criteria for social value in all relevant tenders. This will take socially responsible public procurement to the 'next level' in the UK.

Responsible public procurement at Transport for London

Transport for London (TfL) is a functional body of the Greater London Authority (GLA) Group, and is an adherent to the Mayor of London’s Responsible Procurement Policy: www.london.gov.uk/rp-policy. This policy is endorsed and signed by the Mayor of London, underlining his clear commitment to implementing responsible procurement.

For the GLA Group, responsible procurement means pioneering socially, environmentally and economically sustainable procurement to deliver improved quality of life and better value for money. The GLA Group spends around £11 billion on its procurement activities every year. The scale and diversity of our buying power presents considerable opportunities for effective partnership working, to achieve value for money and encourage innovative approaches.

The Mayor states that he "want(s) the GLA Group’s extensive public procurement of products and services to deliver lasting positive change. This will be achieved by:

- Working to improve our communities in partnership with local people and organisations to address their specific needs through relevant contract requirements and performance measures.
- Encouraging innovative approaches that advance London’s competitiveness as a world leading city for business, creativity and fairness."
Driving fair employment practice with our suppliers to ensure that their employees receive fair employment terms and pay, including the London Living Wage to the extent permitted by law.

Breaking down barriers that restrict SMEs, community sector organisations and under-represented groups from entering our supply chain to generate employment, skills and training opportunities.

Encouraging innovative approaches that advance London’s competitiveness as a world leading city for business, creativity and fairness.

Leading by example in the procurement of clean technologies and using resources efficiently.

Preserving and regenerating our natural environment and protected buildings/sites.

Building on and sharing good practice within the GLA Group and externally.”

Linking responsible public procurement to organisation’s strategy

The key organisational strategy for TfL is the Mayor’s Transport Strategy: https://www.london.gov.uk/sites/default/files/mayors-transport-strategy-2018.pdf. Proposal 45 of the strategy states that TfL will “(encourage) transport providers to follow GLA Group Responsible Procurement Policy guidance”.

TfL’s Business Plan 2019 – 2024 outlines the commitment to launching a new approach to improving diversity outcomes with our suppliers, placing collaboration and co-design at the heart of tackling issues together.

Mike Brown, TfL’s Commissioner, is chair of the Strategic Transport Apprenticeship Taskforce, which oversees the sector-wide implementations of the Transport Infrastructure Skills Strategy, of which TfL is a signatory. The strategy commits public sector clients in transport and infrastructure to creating one apprenticeship start for every £3m - £5m of contract spend, and to undertaking activities to proactively address the underrepresentation of women and people from a minority ethnic background in the sector. TfL’s work in this area is considered to be best practice, and our approach to creating skills and employment outcomes in our supply chain has been adopted for use by the other signatories of the strategy.

TfL publishes an annual Modern Slavery Statement, which outlines the activities we will undertake to investigate and mitigate the risks of modern slavery in our supply chains. This is agreed at TfL’s Board meeting and signed by a representative of the Board. The most recent statement can be found here: https://tfl.gov.uk/corporate/transparency/#on-this-page-15.

Drivers of the socially responsible way of procurement

London is one of the most prosperous cities in the world. But it also experiences a number of social, economic and environmental challenges, and not all of the people who live or work in the city are sharing in that prosperity.

The child poverty rate remains unacceptably high, with around 700,000 children living in poverty in London. London is one of the most diverse cities in the world, but the employment rate for people from a Black, Asian or Minority Ethnic (BAME) background is more than 10 per cent lower than those
From a white background, and around 10 per cent of 16 – 24 year olds are unemployed. London also has the largest mean gender pay gap in the UK at 21.4 per cent.

The transport sector in the UK is experiencing significant skills shortages, with a predicted shortfall of 55,000 skilled roles. This would have a direct impact on TfL’s ability to operate, maintain and expand the transport network in London, and the cost of doing so.

TfL spends over £6bn annually. This presents an unparalleled opportunity to create social and economic value by including responsible procurement requirements in contracts and working with suppliers to deliver outcomes to address some of the issues London experiences.

Benefits of responsible public procurement

There are a range of benefits of responsible procurement. It builds scarce resources and skills in the supply chain and can unlock innovation and improvement. It is a key mechanism to deliver policy and organisational objectives.

It delivers value, ensuring that public money is used most effectively to create the maximum public benefit. It also helps to manage reputational risk, which is important in a political environment where supply chains and how money is spent are subject to close public scrutiny.

Graduates and job seekers increasingly cite an organisation’s sustainability policies and ethos as a deciding factor in choosing an employer, so an active responsible procurement programme helps TfL to recruit the most talented workforce.

And ultimately, above all else, it’s the right thing to do.

Priority issues of the responsible public procurement

1. Enhancing social value
2. Encouraging equality and diversity
3. Embedding fair employment practices
4. Enabling skills, training and employment opportunities
5. Promoting ethical sourcing practices
6. Improving environmental sustainability

The GLA Group Responsible Procurement Policy contains six overarching themes:
Key priorities within those include:

- Creating apprenticeships and providing employment opportunities for underrepresented groups such as women and people from a black or minority ethnic (BAME) background.
- Creating opportunities for social mobility for people with specific barriers to work, such as ex-offenders and those from an economically disadvantaged background.
- Identifying and mitigating risks of modern slavery, forced labour and human rights abuses in the supply chain.
- Addressing poverty by requiring that all workers in relevant contracts are paid at least the London Living Wage.
- Working to eliminate barriers to small and diverse businesses contracting with TfL or our large tier 1 contractors.
- Paying small businesses within 10 days of receipt of an invoice in order to aid their cash flow.

Tools for responsible procurement

A procurement strategy document is required to be produced for every procurement undertaken by the organisation above the OJEU threshold. A responsible procurement checklist is included within the template to guide the decision on which elements are relevant for a particular contact. This ensures that responsible procurement requirements are considered for inclusion in all tenders.

Indicating that a particular element of responsible procurement is relevant triggers the use of the corresponding tender questions and/or contract requirements, which are available from a bank of documents on the organisation’s intranet. Further bespoke elements can be developed and included as needed.
# Checklist for Implementing Responsible Procurement (RP) Policy

For further information on RP and how to implement the RP themes, or to contact the RP team, click [here](#) to access the RP OneLink site.

<table>
<thead>
<tr>
<th>Responsible Procurement Themes</th>
<th>Guidance for Inclusion in Contract</th>
<th>Required Y/N*</th>
<th>Evidence of How Theme Will Be Included in Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equality and Supplier Diversity</td>
<td>TfL promotes opportunities for small and diverse businesses in the supply chain by using, and encouraging its contractors to use, the CompeteFor contracts portal.</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. The contract is appropriate for CompeteFor ‘Contract Opportunity’ type listing (relevant for contracts valued below OJEU threshold)</td>
<td>Yes / No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. The contract is appropriate for CompeteFor ‘Notice Only’ (signpost) type listing (relevant for contracts valued above OJEU threshold)</td>
<td>Yes / No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. The contract is appropriate for inclusion of CompeteFor ‘Flow Down’ clause (relevant for contracts valued above £100,000)</td>
<td>Yes / No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In addition to utilising CompeteFor, up to four ‘policies and plans’ may be required which may be relevant where we wish suppliers to demonstrate they share our equality and diversity principles; where the contract involves activities undertaken within a diverse community; and/or to promote diverse suppliers in the supply chain. £1m and £25m thresholds are suggested as follows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. <strong>Equality &amp; Inclusion Policy</strong>: Required for all relevant contracts with value of £1m+ and which involve ‘people’.</td>
<td>Yes / No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. <strong>Equality &amp; Inclusion Training</strong>: Used to ensure a supplier’s workforce is diversity aware. Relevant if the contract requires interaction with TfL staff, customers or the public.</td>
<td>Yes / No</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. <strong>Supplier Diversity Plan</strong>: Used when a contract may involve a significant number of subcontractors, or complex supply chains, to ensure small and diverse businesses have equal contracting opportunities.</td>
<td>Yes / No</td>
<td></td>
</tr>
</tbody>
</table>
4. **Diversity Communications Plan:** Used when the contract or project involves activities undertaken within a diverse community and/or presents opportunities for diverse suppliers in the supply chain. It is likely to support the supplier diversity plan and may be part of a wider communication plan.

Notwithstanding relevance to the subject of the contract, it is unlikely all four elements will be required for a contract with a value less than £25m.

<table>
<thead>
<tr>
<th><strong>Fair Employment (London Living Wage)</strong></th>
<th>Yes / No</th>
</tr>
</thead>
<tbody>
<tr>
<td>The contract may involve employing people in London who are, or may be, paid a lower rate than the London Living Wage (LLW).</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Strategic Labour Needs and Training Opportunities</strong></th>
<th>Yes / No</th>
</tr>
</thead>
<tbody>
<tr>
<td>The contract will involve services spend of greater than £2m, or works spend of greater than £3m.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Ethical Sourcing</strong></th>
<th>Yes / No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracts for the supply of goods should include, as a minimum, a requirement to adhere to the Ethical Trading Initiative (ETI) Base Code. Additional special conditions are required in contracts for uniforms or garments with TfL corporate identity; contracts for electronics (&gt;$500k); contracts for catering services, cleaning services, security services and contracts for services in industries where low pay is prevalent; and construction and infrastructure contracts (&gt;£1m) - contact RP team if any of these apply.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>TfL Work Related Road Risk (WRRR)</strong></th>
<th>Yes / No</th>
</tr>
</thead>
<tbody>
<tr>
<td>The contract will involve the use of vans (including car-derived vans) and/or HGVs delivering to, collecting from or servicing any TfL location, i.e. site, project, head office building, etc. WRRR clauses are mandatory for all such contracts and should be included as standard. WRRR extends to subcontractors as well as main contractor(s).</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>HGV Direct Vision Standard</strong></th>
<th>Yes / No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevant where Heavy Goods Vehicles will be used. Applies where the contract will involve spend of £1m or more, the contract duration will be longer than 12 months and a significant proportion of delivery of the contract is likely to be undertaken in or around London.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Environmental Sustainability</strong></th>
<th>Yes / No</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Green Procurement:</strong> The product or service will present an opportunity to apply the principles of ‘Reduce, Reuse, Recycle’ and ‘Buy Recycled’ throughout the supply chain, and/or the product or service will generate waste during or at the end of the contract.</td>
<td></td>
</tr>
</tbody>
</table>
**Timber:** The contract will involve wood being used in construction, or wood makes up part of the product/provision of the service purchased.

**Carbon and Green House Gas Emissions:** The product uses fossils fuel-derived energy to perform its function or the procurement involves significant transportation of goods from source or in performance of the contract/provision of the service.

**Enhanced Capital Allowances:** Products to be supplied which meet energy or water sustainability standards allowing TfL to re-claim back 19% of the items cost, installation costs and design costs. For further information see GBP0164

---

**Monitoring outcomes and measuring impact**

TfL reports to the GLA on a series of 12 metrics which cover the social, economic and environmental aspects of the agenda. These are as follows:

1) Number of staff trained in responsible procurement

2) Number and percentage of SME suppliers

3) £ and percentage of spend with SMEs

4) Percentage of SME invoices paid within 10 days

5) Number and percentage of suppliers signed up to the Good Work Standard (once launched)

6) Average gender pay gap

7) Number of workers in the supply chain benefitting from the London Living Wage

8) Number of supply chain apprenticeship starts

9) Percentage of apprenticeship starts within the supply chain from underrepresented groups (women, BAME and disabled)

10) Percentage of relevant suppliers who have issued a compliant Modern Slavery statement

11) Number and percentage of key suppliers managing their significant environmental impacts through an ISO 14001 Environmental Management System or equivalent

12) Number and percentage of zero emission capable vehicles in the GLA Group fleet

Further metrics will be added to this list over the course of 2019.

TfL is currently investigating further ways to best capture and quantify social value outcomes and impacts. A number of methodologies are available and in use in the UK, some of which provide
proxy financial values for outcomes, allowing organisations to report on the total social value created on a contract in financial terms.

We are looking to trial some of these approaches in contracts, with a view to selecting the most suitable approach for wider implementation across our procurements.

**Communicating the responsible procurement**

Responsible procurement is frequently communicated both internally and externally. Internally, this will be through articles on the staff intranet, emails from the commercial director and briefing sessions and training.

There is a monthly supplier newsletter which has a standing responsible procurement section to keep suppliers up to date on the latest activity and initiatives. TfL holds a bi-annual key supplier event, which regularly includes information and presentations on responsible procurement.

TfL is committed to sharing best practice and benchmarking with external organisations. This includes periodically presenting on responsible procurement activity at conferences, roundtables and events, both in the UK and abroad. An example is the 2019 International Conference on Tackling Modern Slavery, Forced Labour and Human Trafficking in Public Sector Supply Chain, where TfL and GLA representative were included on one of the panels. A report on the conference can be found here: https://www.ethicaltrade.org/resources/public-sector-supply-chain-conference-report.

TfL is a member of the Procura+ programme, which facilitates engagement with a network of responsible procurement practitioners across Europe. The GLA Group’s Procura+ webpage can be found here: http://www.procuraplus.org/public-authorities/greater-london-authority/ and a case study on TfL’s supplier skills activity can be found here: http://www.procuraplus.org/fileadmin/user_upload/Procura__case_studies/Procuraplus_case_study_TfL_skills_policy.pdf.

**Other sources from the United Kingdom**

- http://socialvalueengine.com/
- www.socialvalueportal.com
- http://socialvaluebank.org/
- http://www.globalvaluexchange.org/
- www.socialvalueselfassessmenttool.org
The response elements exposed in this article only concern purchases of French state (ministries) and its public authorities. Information concerning local and regional authorities are excluded of the answers, as well as information concerning the hospital administration.
Regulatory framework for responsible procurement in France

The responsible procurement policy of the French state and its public agencies has been implemented since 2007; it is based on several national social and environmental policies, of which the most important ones are the following:

- Environmental Charter, 2004 (integrated to the constitutional bloc on 1 March, 2005).
- Prime Minister Circular nº 5102/SG on the exemplary role of the State on energy savings, 2005
- Prime Minister Circular nº 5494 concerning the implementation of the National Strategy on Sustainable Development 2010-2013, 2010.
- Act nº 2014-790 concerning the fight against disloyal social competition, 2014.
- Prime Minister Circular nº 5767 on the centralisation and optimisation of the management of the vehicle fleet of the State and its operators, 2015.
- Environmental Code, version of 2016.
- Act no. 2017-399 on the duty of vigilance of parent companies and its affiliated entities (27 March 2017)

Other dedicated SPP policies are also in place since 2007:

- Prime Minister Circular nº 5351/SG concerning the exemplarity of the State regarding sustainable development in the operation of its services and its public facilities, 2008, updated regularly, whose most recent version is the Prime Minister Circular nº 5769 concerning the Interministerial Action Plan “Exemplary Administration” for the environment 2015-2020, 2015.
- Prime Minister Circular nº 5669 regarding the procurement policy of the State and its public buildings, 2013.

SPP provisions are supervised by the Public Procurement Code, version of 1 April, 2019 (transposition of the European Directive of 23 July, 2014).
The monitoring of the state’s and its public agencies’ sustainable procurement (SPP)

The SPP policy is defined by the French State Procurement Department (DAE) under the authority of the Prime Minister. The main competences of the State Procurement Department (under the authority of both the Prime Minister and the Minister for Government Action and Public Accounts) are to provide strategic guidelines, to monitor performance and to provide support and capacity building for buyers.

Both environmental and social issues are considered. To carry out its mission, the DAE rely on the expertise of the ministries in charge of the public policies supporting sustainable purchases. These are, in particular:

- **The Ministry of Ecological and Solidarity Transition (MTES),** for environmental issues and monitoring of the ;
- **The Ministry of Labour and Social Affairs,** for social inclusion issues and strike against unemployment.

All the ministries and public agencies must take into account the national strategic guidelines defined by the DAE and implement them through their purchases, in an operational way. To carry out these tasks, the DAE is provided with a responsible procurement section, in charge of monitoring the inter-ministerial initiative. Several transversal governing bodies meet a few times a year:

- The “ministerial focal points for sustainable procurement” network (1 focal point per ministry) meets every two months under the authority of the DAE’s responsible procurement section; it is the operational body for the management of the State’s and public agencies’ sustainable procurement;

- The semestrial seminary of the State’s and public agencies’ sustainable procurement meet two times a year under the authority of the State Procurement Director. It brings together the managers in charge of purchases for the ministries, the public agencies and the Regional Platform for Procurement (PFRA). It is the strategic monitoring body for the State’s and public agencies’ sustainable procurement.

In 2016, the DAE elaborated a strategic document which formalise the sustainable procurement policy for the State and its public agencies. Five main strategic objectives (and 11 actions) have been defined:

1. To deploy innovative systems for social and environmental issues in procurement;
2. To reinforce the monitoring and measurement of performance;
3. To define a reinforced governance for sustainable procurements;
4. To develop procurers’ professionalization;
5. To spread the fame of the State as a responsible buyer.

---

2 The State Procurement Department was created in March 2015 (Decree nº 2016-247 creating the State Procurement Department, 2016) following the State Procurement Service (Decree 2009-003 creating the State Procurement Service, 2009, as amended by Decree 2013-623).
The development of socially responsible public procurement is a very strong objective; many social considerations can be included in public procurements regarding the main public social policies. These social considerations and their monitoring are presented below.

Role of the State Procurement Department (DAE) in practice

As presented above, the DAE as an inter-ministerial strategic direction body is in charge of:

- Defining strategic policies and guidelines for responsible procurement for ministries and national agencies at national level;
- Providing the expertise and knowledge about these issues;
- Developing the capacity building of public buyers in terms of responsible public procurement;
- Defining goals and monitoring performance;
- Representing the French state and introduce its commitments for responsible public procurement.

Furthermore, the DAE can define and monitor specific procurement strategies and contracts for each purchasing segment for the benefits of all ministries. In these cases, social and environmental considerations are always integrated in the contracts.

An e-procurement platform (PLACE) is available for all public buyers. This platform allows the buyers to identify whether the calls for tenders include environmental and/or social aspects.

The DAE is responsible for defining and monitoring the performance of the French state’s procurement. Five points have been defined:

1. Economic performance;
2. Increasing the State’s contracts for SMEs;
3. Increasing innovation in state procurement;
4. Developing socially responsible procurement;
5. Developing ecologically responsible procurement.

The social and ecological considerations are thereby regarded as a main part of the performance and the quality of procurement. The responsible procurement policy is defined in a strategic document. The results are evaluated each year as a part of the annual evaluation of the overall performance of the State’s procurement and are reported to the Prime Minister.
Support from leaders

The DAE’s sustainable procurement section is directly placed under the authority of the Director of the French State Procurement Department. This position confirms the strategic role given to responsible public procurement and reinforces the mission of the sustainable procurement section to monitor, at national level, the French state responsible procurement policies.

Drivers of responsible public procurement

The main objectives of responsible procurement are to support public ecological and social policies.

As the French state integrates social and environmental obligations for bidders in its contracts, it has to behave exemplary and responsibly in its practices. Furthermore, the French state and national agencies spend about 33 billion euros per year. This amount of public money must be employed in such a manner as to support common interest and policies working in favour of the society as a whole. These foundations are moreover confirmed by the large number of laws and policies addressing sustainable development and responsible public procurement at national and European level.

Benefits of responsible public procurement

The first benefit of responsible public procurement is to make it meaningful for public buyers and to create cooperation among all the people involved in a buying project.

Regarding the economic performance, responsible public procurement is an efficient way to save money (circular economy, restrictive consumption policy, life cycle cost, increase in products’ lifespan, reparable, etc.).

Regarding impacts on bidders, the developing of responsible public procurement is a sensitive way to change their practices, both in terms of social and environmental aspects. Public procurement is thus able to even improve the best social and ecological practices when producing and selling products or services.

Priority social and ecological issues

In all cases, the main approach is to systematically analyse every project contract in terms of both social and ecological aspects and to integrate social and ecological considerations, whenever convenient. These issues are very large, depending on the nature of the procurement, and can take into account different challenges:

**Social issues**

- Social and occupational integration through public contracts
- Support for the disability sector

**Environmental issues**

- Implementing circular economy concepts: waste prevention and anticipation of waste treatment, promoting product reuse…
Support for the social and solidarity-based economy
- Support for young students dropping out of school
- Ensuring products or services accessibility to disabled persons
- Fighting against discrimination (in particular, equality between women and men)
- Health and security issues (for workers and product users)
- Social conditions of the people working in supply chains (in compliance with the French due diligence law)
- Purchasing fair-trade products
- Limiting the use of hazardous substances
- Reducing material consumption and use of recycled materials (especially for plastics)
- Responsibly exploiting natural resources
- Preventing environment pollution in the manufacturing process, as well as in the use phase
- Reducing energy consumption
- Using ecolabelled products or services

Tools and practices in use

We use a social questionnaire to learn about the social conditions in supply chains for IT procurement (see the attached document).

DYNAMIC PURCHASING SYSTEM : OFFICE EQUIPMENT (2016)
APPENDIX N°3 PERFORMANCE IN TERMS OF SUSTAINABLE DEVELOPMENT

Bidder's social memorandum

- The bidders have the obligation to complete the questionnaire below, called "Reply form for the bidder’s social memorandum".
- The provided response elements must be clear, reliable, transparent and documented.
- The bidders’ attention is attracted on the compulsory, informative and contractual characteristics of the answers provided in this document.
- The bidders recognised as offering socially labelled products (TCO certified, SA 8000 or an equivalent label) are exempted from answering the social questionnaire ; however, they must fill the section "Associated means of proof" with the corresponding label.

Hierarchy of means of proof:

1. Labels (for instance : TCO certified), certification standard (for instance : SA 8000), certificates from a third-party and independant body, multipartite initiatives
2. Internal audit report, declaration from manufacturers, codes of conduct

Thoses means of proof must enable the bidder to attest the compliance of the social conditions of working throughout the production chain with the ILO core standards.
<table>
<thead>
<tr>
<th>Issue</th>
<th>Expected kind of response</th>
<th>Bidder’s response</th>
<th>Associated means of proof</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description of the production and supply chain</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geographic places of the mining sites</td>
<td>List</td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>If several sites are mentioned, clarify the number and the different geographic establishment sites</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the bidder able to ensure that the mined material aren’t from a conflict zone? If not, which solution does the bidder plan to adopt?</td>
<td>Yes (provide the documentary evidence) / No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geographic places of computing components manufacturing</td>
<td>List</td>
<td></td>
<td>No means of proof needed</td>
</tr>
<tr>
<td><em>If several places, list them</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geographic places of computer hardware assembling</td>
<td>List</td>
<td></td>
<td>No means of proof needed</td>
</tr>
<tr>
<td><em>If several places, clarify them</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geographic places of other production chain stages</td>
<td>List</td>
<td></td>
<td>No means of proof needed</td>
</tr>
<tr>
<td><em>If several sites, clarify them</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of suppliers in a unique supply chain (from manufacturing to delivery at the bidder site)</td>
<td>Clarify</td>
<td></td>
<td>No means of proof needed</td>
</tr>
<tr>
<td>Nature of activity and number of the rank -1 suppliers (direct suppliers)</td>
<td>Clarify</td>
<td></td>
<td>No means of proof needed</td>
</tr>
<tr>
<td>Nature of activity and number of the rank -2 and rank -3 suppliers (suppliers of suppliers)</td>
<td>Clarify</td>
<td></td>
<td>No means of proof needed</td>
</tr>
<tr>
<td>Transparency and reliability of informations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Has the bidder established a tracability and control system on his supply chain or on his suppliers’ one?</td>
<td>Describe</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If yes, describe the checking system: nature of the control / audit body, nature of the target sites to check, nature of the checked items, checking frequency, nature of the documents provided after the check, etc...</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>The bidder will clarify how the established tracability system can be considered as transparent and independent</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In case of noticing some violation of the core standards about human rights at work, does the bidder enter into a corrective action plan?</td>
<td>Describe</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If yes, is the bidder able to give some illustrations?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>If not, is this approach being defined / validated?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Formalization of the bidder’s social responsibility approach

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes (provide the documentary evidence) / No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the bidder a member of a multipartite initiative or an organization committed in respect of human core rights at work?</td>
<td></td>
</tr>
<tr>
<td>Has the bidder defined and formalized an intended strategy for his suppliers about social and corporate responsibility?</td>
<td></td>
</tr>
<tr>
<td>If yes, describe it and clarify the actions meant to make the delivery deadline and rhythm of work compatible with decent social conditions of working</td>
<td></td>
</tr>
<tr>
<td>If not, is this strategy being defined / validated?</td>
<td></td>
</tr>
</tbody>
</table>

Examples of considerations and criteria introduced in a contract for printed materials (provision of a service, contractor paid per page printed):

#### Obligations integrated in the contract

**Ecological aspects:**
- Energy consumption
- Recycled plastics composing the equipment
- Re-used equipment
- Prohibition of hazardous substances
- Increase of the equipment lifespan (guarantee, availability of spare parts, software upgrades…)
- Good support of recycled paper, thin paper and automatic duplex-printing function
- Collection of wastes (packaging, used equipment and used ink cartridges)
- Recycled and recyclable packaging

**Social aspects:**
- Integration of unemployed people
- Accessibility of the equipment to disabled people (the blind)

#### Award criteria to promote best practices

**Ecological aspects:**
- Ecolabelled equipment
- Power saving functions and power saving level integrated in the cost calculation
- Polluting air emissions
- Level of noise

**Social aspects:**
- Quality aspects concerning the way of integrating unemployed people (training, etc.)
- Proportion of women among the unemployed integrated people
- Operational tests on the level of accessibility to disabled people (the blind)
Monitoring outcomes or measuring impact

Some objectives are set, in accordance with the PNAAD (see above). The DAE is in charge of monitoring responsible public procurement according to the national objectives as defined below:

Public procurement with social considerations: It shall account for 25% of the contracts up to € 25,000 before VAT in 2020 (15% in 2018, 20% in 2019).

Public procurement with environmental considerations: It shall account for 30% of the contracts up to € 25,000 before VAT in 2020 (20% in 2018, 25% in 2019).

Each year, the DAE communicates the results of the past year and the goals for the year to come to all the ministries and national agencies.

The DAE analyses the results and shares them with all the ministries. These results are global and quantitative; they do not allow for a qualitative analysis for each type of social or ecological consideration. Since 2019, DAE has developed a new tool which enables it to measure the goal achievement for each social consideration (fight against unemployment, support for persons with disabilities, support for young people dropping out of school, promotion of equality between women and men, support for fair trade, development of considerations about ethical and human rights in supply chains, etc.).

Communicating responsible public procurement

Internally, the DAE has developed a social network dedicated to the State’s buyers. Three “communities” are involved in responsible public procurement and they are used for promoting responsible procurement and sharing information and good practices on a daily basis. The DAE also communicates about new projects and policies on its website. At the same time, the DAE organises regular meetings and training sessions on responsible procurement for public buyers.

Externally, the DAE takes part in a large number of meetings and conferences to explain the responsible procurement policy of the French state and make it more and more popular. The DAE participates in ten events per year on average.
Author:
Miguel Benito
Director of Coordination of Public Procurement, Barcelona City Council
Public procurement in Spain

In Spain, as in many other EU Member States, procurement has traditionally been geared towards contracting services at low prices, without considering other effects or positive and negative factors generated when the goods or services are procured by the authorities.

Public authorities and governments are huge consumers; and so are the city residents when they buy products. Consumers need to be made aware of the shared responsibility we all have. In conclusion, consumers should consider the life cycle of the contract from an environmental perspective and also from the point of view of social and economic sustainability. Generating employment while demanding continuous innovation is the model ultimately reflected in the directives. With regard to Spain, Act 9/2017 transposes the aforementioned directives to Spanish law, after a long political discussion as a result of the differing sensitivities and legitimate aspirations of the political parties represented in the Spanish Parliament.

In Spain, there is what is known as the public sector, which comprises all the bodies that form part of the country’s public authorities (local, autonomous communities and state), as well as all the bodies that make up these administrations, whether because they provide funding or because they have control of government bodies (public foundations, public companies, consortia, etc.). These organisations thus make up the public sector, which must apply all the criteria and conditions covered by Act 9/2017 approved by the Spanish Parliament. This regulation is a basic regulation the entire public sector must comply with.

Each public sector entity has different competences and different regions where to apply its competences. The new Act 9/2017 offers a new tool for achieving other public aims through procurement, and each entity will therefore be responsible for setting the objectives it would like to achieve through procurement. The State will set its own objectives, local entities will set their objectives and the corresponding autonomous communities will also set their objectives.

Barcelona City Council's socially responsible public procurement

Following the approval of the new European directives, and in view of their delayed transposition into Spanish law, Barcelona launched a process to set up its own structures and tools to comply with the new guidelines on public procurement arising from European regulations.

At first, this was achieved by recognising the strategic importance of public procurement and its potential for implementing public policies. In March 2016, a Socially Responsible Procurement Committee was created, whose work led to the drafting of a document that would later become the Social Public Procurement Guide. Its contents were simultaneously agreed upon among the city’s association, finance, employment, social and resident networks, which resulted in the constitution of the Public Procurement Board (a forum for debate among employers’ organisations, unions, and citizens’ associations, including third-sector, social-economy and environmentalist organisations) and the approval of the Social Public Procurement Guide. This guide was a compendium of social measures to be implemented in public procurement, among which the most notable are the limiting of cost criteria to 35% of the total points; the possibility of directly paying subcontractors; criteria for awarding contracts; increased remuneration for employees performing the contract; the employment of people at risk of social exclusion; the outsourcing of social economy enterprises; and a whole series of clauses relating to gender equality (https://ajuntament.barcelona.cat/contractaciopublica/ca/contratació-publica-social), among other things.
An ambitious sustainable public-procurement training plan was approved and implemented at the same time, as were complementary measures for achieving the desired cultural change: the Mayoral Decree on “tax havens” under which every bidder must declare that they are not involved in any illicit activities in tax havens, and directives for standardising and organising the application of price formulas in the City Council Group’s public procurement. A Public Procurement and Human Rights Guide, promoted by non-governmental organisations, was also drafted through active collaboration.

Due to the decentralised nature of the Barcelona City Council, and in order to enable certain measures to be incorporated more efficiently, protocols for applying some of the social clauses were drafted. This resulted in a proliferation of cross-cutting consultancy services set up by a diverse range of entities that include Barcelona Activa, the Gender Mainstreaming Department, the Municipal Institute For Persons with Disabilities, the More Sustainable City Council Programme, the Office of the Commissioner for Innovation, and the Communication Directorate.

These units provide support for and advice on implementing the measures not only for procurement units, but also often for the bidding companies who contact them with any relevant queries.

In April 2017, the entire strategy culminated in the approval of the Mayoral Decree on Sustainable Public Procurement (https://ajuntament.barcelona.cat/contractaciopublica/sites/default/files/decret_dalcaldia_s1d2017-1271_de_24_dabril_de_contractacio_0.pdf), which sets out how the measures detailed in the Guides are to be implemented (always with the corresponding nuances) in all of Barcelona City Council’s and its group’s contracts.

The Decree also lays down the obligation to draft annual sustainable public procurement plans that set goals to be achieved by the organisation as a whole in this area. The First Plan (https://ajuntament.barcelona.cat/contractaciopublica/sites/default/files/pla_de_contractacio_publica_sostenible_de_lajuntament_de.pdf) was published in 2018, modifying the implementation of the measures already set out in the Guide, and coinciding with the entry into force of Act 9/2017 on State Public Sector Contracts (LCSP): the rules approved by the Congress of Deputies that finally initiated the transposition of European Directives 23 and 24. Notably, the approval of the LCSP almost entirely endorsed the strategy for applying sustainable public procurement initiated by the Barcelona City Council, thereby helping to dispel the concerns and uncertainties it had initially raised. Currently, all of the City Council’s and its municipal group’s procurement units comprehensively adopt the social measures set out in the Decree.

Extensive work has also been carried out over the last two years to produce an IT tool that would enable the procurement units to monitor the application of these measures during the performance of contracts. The City Council is currently in the process of acquiring an integrated e-procurement system, within which a contract monitoring module would be set up. It should incorporate all the knowledge gained from the work carried out over the last two years so that operations allowing for the monitoring of the implemented social, environmental and innovation measures could be carried out.

Position of responsible public procurement within the organisation

The Procurement Coordination Department (DCCA) (Direcció de Coordinació de la Contractació Administrativa) is an administrative office responsible for drafting and formulating new clauses, criteria and guidelines to enable each of the units responsible for applying environmental, social, employment, innovation and other policies to achieve their respective objectives through public procurement.
So far, this has been framed within the Manager’s Office for Presidency and Economy. As a central and cross-cutting executive office, it has promoted this strategic vision of administrative procurement as a tool for implementing public policies, influencing key issues for the city, such as employment, equal opportunities, non-discrimination and social and environmental sustainability.

The DCCA acts as the secretariat for the Socially Responsible Public Procurement Committee, an internal municipal collegiate body that aims to ensure coordination between the City Council’s most important units relating to public procurement and social and environmental considerations.

As mentioned above, procurement at the Barcelona City Council and its group is completely decentralised. Managing and disseminating changes and new practices is a task that requires major coordination and collaboration with other units that deal with specific issues from a cross-cutting perspective. To this effect, the following entities and departments are committed to managing various clauses and providing advice to promoter units in bidding companies, entities, and departments of all kinds with whom the DCCA regularly coordinates activities. These are:

- **Barcelona Activa**, for the purpose of managing special performance terms for outsourcing to social economy enterprises and incorporating people at risk of exclusion or with special difficulties finding a job;

- **The Gender Mainstreaming Department**, to manage the series of equality measures, such as ensuring that parity is achieved in the number of men and women employed in professional profiles and categories, and that the measures against sexual harassment and harassment on the grounds of gender are implemented, including the provision of gender training and criteria for ensuring more female recruitment;

- **The Municipal Institute for Persons with Disabilities**, to manage the clauses on universal accessibility;

- **The Communication Directorate**, which specialises in Inclusive Communication clauses.

- **The Barcelona More Sustainable City Council Programme**, which (even before the approval of the Environmental Guide) had already approved technical guidelines on green contracts in certain purchasing areas (wood, IT equipment, paper, vehicles, etc.) and which advises all procurement units requesting such advice on how to implement these guidelines;

- **The Commissioner’s Office for Innovation**, which proactively advises all units on incorporating innovation measures into public contracts;

- **The Department for Global Justice and International Cooperation**, which assists in defining measures on respecting human rights in public purchases, especially those linked to product supply chain monitoring and fair mining.

The political and managerial leaders within the administration are key to achieving the involvement of the whole organisation in applying new public policies. For this reason, the Procurement Coordination Department is organically linked to the City Council Economy Manager’s Office and is therefore part of the first large political area under the responsibility of the First Deputy Mayor.
**Reasons for a socially responsible approach**

The reason for the responsible approach is the ethical responsibility entailed by government actions when public funds belonging to all citizens are used. Executing the budget through procurement, which accounts for 20% of GDP, is also a way of redistributing wealth and can therefore level the different incomes of city residents, especially those who are most disadvantaged. It is also a powerful tool to incentivise new behaviours in the market that are more oriented towards innovation or environmental protection.

This is why, ethically speaking, companies must share responsibility. One way for them to contribute to improving society while allowing for their legitimate profit is to focus on corporate social responsibility. The best company is not the one that makes the most money but the one that most favours or improves society, whether socially, environmentally, or through innovation. Through municipal procurement, we look for companies that take an active role in improving society and that develop business policies from this perspective, without prejudice to their obvious aspiration to achieve financial benefits or profitability, which must be viewed as an incentive for social, environmental or innovation improvements.

Therefore, by using the power to execute the budget, guiding the market towards more socially committed and co-responsible companies and setting general interest objectives for the units in charge of overseeing employment, social integration, the environment and innovation, we can say that we have the entire chain of stakeholders that participate in procurement involved in tackling part of the problems and negative externalities that our society faces today.

**Benefits of responsible public procurement**

The main benefit is optimisation of public resources in each purchase. Not only are we acquiring goods and services, but we are also using public resources to ensure that jobs are created and the environment is protected. Companies are therefore being encouraged to act with greater responsibility not just socially, but also in areas such as employment, ethics and environmental sustainability. By applying these criteria, we are carrying out transformation and raising awareness among the city’s business network.

We are also promoting innovation by setting civic challenges that require strategic alliances (with research centres and universities) for the market so that products can be developed to provide solutions to the challenges raised.

We are also encouraging SMEs and social enterprises to participate in public procurement, as these organisations may be better prepared to respond to this social or environmental sensitivity, but may have traditionally been kept in the background owing to the difficulty they have taking part in public tenders due to their structure. The options for responding to the administration’s needs are therefore diversifying.

We are likewise seeking to transform public organisations internally, changing the idea of an economical purchase where cheapest is best. Change here does not imply the preparation of new tenders based on previous models and templates, but rather a better-crafted drafting of specifications, resulting in greater training of procurement experts who will need to acquire multi-disciplinary knowledge for application in the establishment of public contracts.
This new way of purchasing necessarily implies uncommon practices in procurement, such as mid-to-long-term planning and pre-market consultations. Regarding this last point and the promotion of SMEs in public procurement, the Barcelona City Council organised a pioneering event in Europe in October 2018: the Public Procurement Fair where the most important procurement projects where exhibited (79 contracts, with a budgetary estimate of over €500 million), with a two-year projection, so that enterprises could come over and find out about them and start a conversation with the municipal experts in charge on proposals that could improve those projects. We recommend you consult the following website: https://ajuntament.barcelona.cat/fira-contractacio-publica/en/ and a summary video (with English subtitles you can activate) of the event: https://ajuntament.barcelona.cat/fira-contractacio-publica/en/media-library/

Current priorities to address

It will take time before the purely economic doctrine and criteria based solely on the price of the contract are fully discarded and become inapplicable given the new directives and contract law. It must also be noted that old documentation from a previous contract cannot be used to draft a new one. Public administrations are by nature very conservative organisations that tend to stick to and repeat old formulas. The emergence of new criteria and new ways of evaluating contracts is not always seen in the same way across the entire administrative organisation or by the bodies that oversee administrative measures. At present, each contract requires a great deal more attention and time, making contract documents carefully crafted objects, and we need to industrialise the procedure of processing documentation without losing the technical quality of socially responsible purchases. We can already see, however, that only a year after the new contract law came into force, the concept of socially responsible public procurement is beginning to be understood and accepted, albeit with important nuances. What exactly does responsible mean? Are administrations irresponsible? Some stakeholders believe that the definition needs to be changed and that we should not be talking about socially responsible public procurement but about efficient procurement as a concept that encompasses efficiency, social and environmental responsibility and innovation.

We believe that IT and artificial intelligence may be capable of processing and improving a contract by incorporating all the possible social, environmental and innovation requirements, and by enabling all the commitments adopted by the contractor to be monitored.

Practices in use

Every year the Barcelona City Council, through the Socially Responsible Public Procurement Committee formed only by public staff, creates the Sustainable Public Procurement Plan where it sets the new goals to be achieved through procurement in accordance with the results or experience from the previous financial year.

This plan is approved by the Mayor’s Office and communicated to members of the Procurement Panel, which is made up of the most representative employers’ associations, unions and social, local-resident, third-sector and environmentalist associations from the private sector.

The DCCA provides the entire organisation with specific models of Administrative Clause Specifications on public works, services and utility supplies so that the procurement units have a basis for draft-
ing administrative documents in a standardised way. The specifications are currently compiled through the selection of several possibilities of an IT application linked to the SAP finance manager. As mentioned above, a new integrated e-procurement system to replace the current SAP-based model is presently being implemented.

The model specifications are available to the City Council in other formats, through internal communication tools, and include a whole set of social measures with applicable examples of clauses that the procurement units can consult and choose in each case, depending on the contract’s features.

On the other hand, as mentioned above, there are protocols published (attached here as annexes to the Specifications) on certain social clauses which not only clarify the measure’s implementation for promoter units and compliance for contractor enterprises but also provide information on the associated advisory services mentioned above.

**Monitoring outcomes and measuring the impact**

The specific impact is difficult to measure. For example, we can measure how many people at risk of social exclusion have been employed on a contract and over what period, but at present we cannot measure how many tonnes of CO₂ have been saved or how many contracts have taken an innovative approach that has led to financial savings, or which systems allow for product traceability from extraction to distribution, nor whether human rights are being abused at any point in the production or supply chain.

We believe that at a global or international level there is a need to provide social, environmental and other labels that guarantee or certify the veracity of company protocols or policies, as confirmed by an independent body.

On the other hand, one of the main concerns also mentioned is monitoring the performance of contracts and the implemented social, environmental and innovation measures. Work has gone on since the publication of the Social Guide in establishing indicators and in searching an IT tool to help the procurement units to carry out such monitoring. All the knowledge gathered over these last two years is being applied now to the new Integrated e-Procurement System, which (as has already been stated) will incorporate a monitoring model which the contractor will directly take part in.

**Communication on responsible procurement**

Firstly, as stated above, a sustainable public procurement training plan was required, which involved training and information sessions imparted to over 2,000 people from various areas of the City Council and its municipal group. Speakers in these training sessions, which were launched by the DCCA and generally delivered in approximately 5-hour sessions, were the people in charge of each of the departments tasked with managing and advising on social clauses and the environmental guidelines, in order to provide as much information as possible in each session. This is a plan that will remain open and will be reactivated should new developments arise that require dissemination or should the various procurement units have new needs.

The DCCA has several internal and external communication channels, which it regularly updates, where you can find documents, regulations, good practices and news and new developments in this
area. In the first place, it is a corporate intranet, as well as a specific municipal website. https://ajuntament.barcelona.cat/contractaciopublica/

News and regulation updates are regularly emailed to a list of interested people.

The internal communication includes, of course, the First Deputy Mayor’s appearances before full City Council meetings, as well as his visits to the City Council’s office of general coordination panels, which are made up of various municipal managers and directors. Through cross-cutting disseminations that are achieved with the Socially Responsible Public Procurement Committee’s meetings.

Finally, new strategic and regulatory developments are communicated through the Public Procurement Board, the participation and discussion forum involving organisations from the city’s business, union, civic and environmental network, created by the City Council in 2016 to discuss public procurement and reach consensus on initiatives.
Norway

Responsible public procurement in Norway

Public procurement is decentralised and each public sector entity carries out its own procurement contracts. The Agency for Public Management and eGovernment (Difi) implement the Government’s public procurement objectives and provide contracting authorities with guidance. Social responsibility and sustainable green growth are among these objectives. The total government expenditure is approximately 50 bill. euros (15% of GDP).

Norwegian Central Procurement Body (CPB) - responsible public procurement in practice

On 1 January, 2016 Norway established a new Central Procurement Body (CPB), which is a part of the Agency for Public Management and eGovernment (Difi). The CPB shall make and administer state framework contracts. The state buys goods and services for NOK 213 billion (approximately 21.8 bill. euros) per year and the CPB makes contracts in areas with large volumes and where the needs of the businesses are similar.

In relevant procurement contracts the CPB stipulates requirements for social responsibility, such as respect for fundamental human rights, ILO’s core conventions and national labour legislation at production sites. Furthermore, the CPB takes into consideration environmental aspects in the planning and carrying out of the procurement, and stipulates requirements on climate and environment (where relevant). Examples of procurement where this has been applied are consumables, cell-phones and computers.

In the procurement of consumables, the Norwegian CPB asked for several ecolabelled products. Furthermore, the environment was also used as an award criterion including the lowest possible environmental impact through the distribution of deliveries.

The CPB is also following up the contract requirements for respect for fundamental human rights and ILO’s core conventions in the procurement of consumables. This is initially being done by a self-assessment questionnaire and a desktop revision at the suppliers’ main offices in Norway.

Linking responsible public procurement to strategic documents

Directive 2014/24/EU on public procurement (the Procurement Directive) states in Article 18 (2) that “Member States shall take appropriate measures to ensure that the performance of public contracts economic operators comply with applicable obligations in the fields of environmental, social and labour laws established by Union law, national law (or) collective agreements”. The Procurement Directive is implemented in the Norwegian legislation, and the Procurement Act and regulations came into force on 1 January 2017.

In 2015, Norway launched a national action plan based on the UNGP. The UNGP addresses the State as an important actor to promote fundamental human rights through its engagements with the private sector as the State conducts a variety of commercial transactions with business enterprises. Public procurement plays a big role in this activity.
The Procurement Act in Section 5 states that contracting authorities “shall take appropriate measures to promote the respect of human rights in public procurements where there is a risk of violation of such rights”. As the term “appropriate measures” is used in the EU Directive, Difi refers to “appropriate routines” in relevant guidelines.

Promoting decent and fair working conditions is an important task for the Norwegian government, and in this respect combating work-related crime is a high priority. Pay and working conditions are regulated in Section 6 of the Procurement Act; and with respect to service contracts and building and constructions contracts, the Regulation on pay and working conditions in public contracts must be complied with.

The Norwegian government launched a strategy to combat work-related crime in 2015, most recently revised in 2019. Public procurement is amongst the measures to combat such crime in Norway. Work-related crime is complex and encompasses many types of violations. In Norway, the government defines work-related crime as activities that breach laws concerning pay and working conditions, social security and taxation. These are organised activities that exploit employees, distort competition and undermine social structure. The term “work-related crime” as it is used in Norway has a broader definition than that commonly used in the EU. The term encompasses the employees’ right to fair pay conditions, information on rights and obligations in employment relationships, participation, work-life balance and good health, safety and environmental conditions, among other things.

The Regulation on pay and working conditions in public contracts is applicable to service contracts and building and construction contracts awarded as follows:

- By state authorities
  - in the case of contracts in excess of NOK 1.3 million ex. VAT
- By municipal and county authorities and public bodies
  - in the case of contracts in excess of NOK 2.0 million ex. VAT

These threshold values are adjusted by the Ministry of Trade, Industry and Fisheries once every two years.

The Public Procurement Act states that public agencies must carry out public procurement in a way that reduces harmful environmental impacts and promotes climate-friendly solutions where relevant.

This means that contracting authorities must consider which contracts may involve significant environmental impacts, making it relevant to include environmental requirements, and must have routines for dealing with the procurement process in such cases.
In the budget agreement for 2017, NOK 15 million was allocated to the Agency for Public Management and eGovernment to be used to build up capacities and develop guidance on green public procurement at national, county and municipal level.

Since then, the Agency has been working on improving its expertise in climate- and environment related aspects of public procurement so that it could help contracting authorities to reduce the environmental impacts of their activities and promote climate-friendly procurement solutions.

In 2016, the Government published a report on how Norway can create green competitiveness. This report recommends 10 principles for policy development:

1. The polluter should pay.
2. Emissions and other externalities should be priced.
3. Higher taxes on what we want less of. Lower taxes on what we want more of.
4. Informed decision-making by consumers should be facilitated.
5. Public procurement should require green solutions.
6. Public planning and investments should be based on the objective of becoming a low emission society by 2050.
7. A life cycle perspective should be the basis for public investments and procurement.
8. New legislative proposals should include an evaluation of CO₂ effects where relevant.
9. Green competitiveness should be built on well-functioning markets.
10. There should be consistent reporting on what we want to achieve and what we want to avoid.

The Government has recently published the White paper on Public Procurement - Smarter purchasing - Efficient and Professional Public Procurement.

This White paper states that: “The Government will prepare an action plan that will help increase the proportion of climate and environmentally friendly public procurement and green innovation. The
action plan will, among other things, strengthen guidance and competence development through the Agency for Public Management and eGovernment (Difi) playing a central role.”

**Tools, templates and guidance**

A number of public contracting authorities have good systems in place for following up on pay and working conditions in relation to contracts. Some of them have developed good tools and templates for their work. Difi has collated a number of these organisations’ in-house documents and developed general guidance and tools. This includes contract requirements relating to pay and working conditions and a self-reporting questionnaire to use in follow up processes. Difi has also developed a risk-management tool (in Norwegian only) and general guidance on pay and working conditions in public contracts (in Norwegian only).

Furthermore, Difi provides public procurers with guidance on how they can carry out public procurement that promotes respect for human rights. This guidance includes templates of contract requirements and qualification requirements (in Norwegian only) relating to respect for fundamental human rights. To use in the follow up process, Difi has developed a self-assessment questionnaire.

When considering whether to stipulate requirements on human rights in public procurement, a risk assessment is an important aspect. To help contracting authorities with this, Difi has developed a high risk list with information on products with systematically documented high risks of human rights abuses occurring in the supply chain, meaning the value chain from raw material extraction through component production to completing assembling. The documentation is based on reports and studies by the ILO and other relevant sources (for example research reports and reports from acknowledged civil society- and union organisations). Product categories to be found in the list are such as textiles, food and drinks, furniture and office supplies. To make the list relevant in the daily practise of public procurers, specific product categories from each product group have been selected based on Norwegian public procurement activities.

In relation to the risk assessment of human rights considerations in public procurements, Difi has developed a risk management tool (in Norwegian only). This can also be used in the following up on the requirements.

Difi has also developed a “Criteria Wizard” where procurers can find the wording of requirements and criteria for the environment and social responsibility, and documentation on the requirements that can be stipulated in a procurement process. Difi is constantly working on updating and developing new criteria and guidance. We are currently focusing our work on these areas:
A Tool for Sustainable Public Procurement

Welcome to the Criteria Wizard. Here you will find formulations for requirements and criteria for the environment and social responsibility, and documentation on the requirements that can be stipulated in a procurement process.

The requirements and the criteria sets are prepared in collaboration with expert groups in different product areas. By clicking through five steps you can easily customise your specifications and download the requirements you want to use for the procurement process.

Select Product Area

- Waste Collection
- Food and Meal Services
- Construction, Building and Property
- Transportation

web "Criteria Wizard": https://kriterieviseren.difi.no/en
INTERVIEWS

SUPPLEMENT
Interview with Matthieu Cahen, 
Senior Policy Analyst, 
Deputy Head of the Public Procurement Unit, 
OECD

SHIFTING PUBLIC PROCUREMENT SYSTEMS FROM AN ADMINISTRATIVE FUNCTION TO A STRATEGIC GOVERNANCE TOOL

“Public procurement is a topic for many countries. The OECD not only keeps track of various public procurement systems, but also recommends common principles for these systems. Furthermore, the OECD emphasises the power of public procurement as a tool to pursue national strategic goals. It is just needed to have the right people and use the potential of modern technologies,” says Matthieu Cahen, who works as the Senior Policy Analyst and Deputy Head of the Public Procurement Unit at the OECD.
What is the OECD’s role in public procurement reforms in OECD countries?

The OECD is building evidence from useful, reliable and comparable data across the 36 OECD countries on the structure, objectives and performance of public procurement systems. In addition, it undertakes in-depth peer reviews assessing either the whole public procurement system or focusing on specific aspects—in Germany, Italy, Greece, Northern Ireland but also in US, Korea and Mexico.

All these efforts and insights support the positioning of the OECD as a global standard setter in public procurement. In 2015, member countries adopted the OECD Recommendation on Public Procurement. This Recommendation, comprised of twelve integrated principles covering the entire procurement cycle, shows the holistic dimension of public procurement, lays the foundations for supporting public procurement reforms in OECD countries, and beyond, at all levels of government.

By organising annual global policy dialogues on public procurement to share insights and shape future directions, the OECD supports the implementation of reforms shifting public procurement systems from an administrative function to a strategic governance tool. Furthermore, the OECD helps countries to demonstrate the various impacts procurement reforms have on the effectiveness of public services in specialised sectors such as health and energy but also on national economies.

In addition, the OECD also led the development of the revised Methodology for Assessing Procurement Systems (MAPS), which is a universal tool guiding further reforms. It has been used more than 90 times by countries and international financial institutions worldwide. A compendium of OECD’s work in the field of public procurement can be found on our website at: http://www.oecd.org/governance/public-procurement/ and www.mapsinitiative.org.

What are the critical factors for setting the right environment for effective public procurement processes?

Sound procurement frameworks require a number of enabling factors to be effectively used as a strategic governance tool. Many of these factors concentrate around two dimensions: human and technological.

A suitable procurement workforce, both in numbers and skills, underpins the effectiveness of the system. As evidenced in recent OECD’s work on public procurement, processes are now more complex, entail strategic assessments of cost and benefits of alternative options and call for analytical skills of a growing number of information sources. These trends, common to many countries around the world, contribute to the emergence of a whole new set of competences required from procurement practitioners; from economic to sales and marketing skills. It also leads to discussions and debate about the creation of a specific profession, recognised as such.

Some OECD countries, New Zealand or Ireland for example, devoted efforts to develop competency frameworks laying down skills and competences required from procurement practitioners depending on their roles in procurement processes. However, many countries still face challenges to define capacities required to cope with an increasingly complex environment. Stemming from an initiative of the European Commission, the OECD recently assisted Bulgaria and the Slovak Republic in developing the capacity of their procurement workforce. The definition of comprehensive training action plans, in collaboration with national authorities and training institutions, allowed both countries to demonstrate to the European Commission their commitments to implement effective reforms necessary to benefit from European structural funds for the years to come.
Yet the potential benefits of strategic public procurement require an adapted environment also supported by tools that allow for informed decisions and proportionate controls. The role of e-procurement systems across OECD countries in achieving these benefits has been regularly demonstrated. The evolution of the procurement technological environment generates a spill-over effect on the entire system since it can radically change the way in which procurement operations are conducted and reported.

While e-procurement platforms have long been used by OECD countries to promote transparency and integrity, technology advances now provide public authorities with new possibilities to further support efficiency and strategic risk management in procurement systems. Implementing end-to-end and integrated e-procurement systems, such as in Korea or on-going efforts in Mexico, provide practitioners with the necessary technological support to carry out procurement processes more efficiently and effectively.

**How would you assess public procurement in Central Europe? And how do you see the Czech Republic’s position in strategic public procurement when compared internationally?**

Central European countries have recently been leading a number of reforms in their public procurement systems. Of course, the 2014 EU Directives required all EU Member States to revisit their procurement framework but some countries in the region took this opportunity to carry out more systemic changes in their e-Procurement systems or in streamlining their legal framework with a view to attract more competitors of all sizes.

Based on the latest available data, public procurement in the Czech Republic plays an above EU-average role in the economy. In 2014, according to the European Commission’s estimates it accounted for 14% of the Czech GDP. In fact, data provided in the 2013 edition of the OECD’s Government at a Glance shows that the size of public procurement as a share of government expenditure in the Czech Republic was the second highest in Europe after the Netherlands. This illustrates the economic potential of strategic public procurement in the country. To better understand the Czech Republic procurement system’s readiness to use public procurement as a strategic governance tool, the dedicated module of the MAPS could be used.

**How can public procurement be leveraged to promote inclusive growth benefiting the local economy?**

Governments increasingly recognise the role of public procurement as a strategic policy lever. Indeed, accounting for approximately 12% of GDP in OECD countries, public procurement has a high economic implication, not only through the potential savings achieved by more efficient spending of taxpayer’s money, but also through its impact on the economic development on a broader scale. As a means to achieve this end, government policies focus on facilitating and enabling SME participation in the public procurement market.

Engaging SMEs in public procurement creates mutual benefits for both the public sector and SMEs, representing the backbone of national economies around the world. However, specific characteristics of public procurement – such as the complexity of procedures, administrative burden and high technical and financial capacity requirements – could discourage the access of SMEs, mainly due to their relatively low administrative, financial, technical and legal capacities.
Many public procurement reforms focus on lowering the barriers, with the aim to level the playing field in accessing public procurement markets. Certain countries have taken more direct measures to improve SMEs’ performance in winning government contracts, either by setting aside parts of the market or by providing concrete guidance and capacity building to potential bidders. Yet, concrete evidence on the comparative benefits and costs of SME support policies and measures is still insufficient to conclude on the optimal policy mix.

In addition, social cohesion could be further promoted through public procurement. Indeed, there is growing attention on social considerations including labour and human rights in supply chains in different sectors. Therefore, countries should join forces to ensure a responsible business conduct from their suppliers.

*This interview was published in the Czech journal Veřejné zakázky, no. 3-4 / 2018*
Interview with Shaun McCarthy OBE, Director, Action Sustainability

SUSTAINABLE PROCUREMENT SHOULD NOT BE AN EXTRA THING, IT SHOULD BE PART OF ORGANISATIONS' GOALS

Public bodies have substantial budgets and it could be argued that they have a duty to the society they serve to achieve value in a wider sense than simply financial cost. This is an argument for implementing responsible aspects in public procurement that is raised by the British sustainability expert Shaun McCarthy OBE, director of consultancy company Action Sustainability.
How would you describe the substance of sustainable public procurement, which is rather called responsible public procurement in the Czech Republic?

Sustainable procurement and responsible public procurement are the same thing. The ISO committee decided to standardise on the term sustainable procurement but it does not matter what you call it. In essence it is about addressing wider social, economic and environmental outcomes in ways that offer value for money over the life of the product or service. Public bodies have substantial budgets and it could be argued that they have a duty to the society they serve to achieve value in a wider sense than simply financial cost.

In April 2017, ISO 20400 Sustainable Procurement – Guidance was issued, which you helped to draft. What can organisations that realise that their purchases from suppliers have impact on society, economy and environment find in this guidance?

The guidance was prepared by representatives and experts from 40+ countries. It provides an entire “top down” management process from strategy development to actions to enable your organisation to deliver sustainable procurement and comprehensive advice on how to do your procurement differently. This enables organisations to integrate sustainable procurement into their management processes. It is important to remember that you need good procurement processes to be successful in sustainable procurement. If you are bad at procurement you will probably be bad at sustainable procurement too.

Managing any organisation is a complex matter. How does sustainable procurement fit in?

Sustainable procurement should fit seamlessly with the organisation’s policies and processes. It starts with policy, there should be a “Golden Thread” between your organisation’s sustainability (or corporate responsibility) policy and your procurement practices.

Sometimes we hear numerous arguments why responsible procurement is not possible (human resources – lack of staff; economic reasons – it is more expensive; or just it is not important, etc.). Have you ever faced similar obstacles? What has been your response to that?

Sustainability should not cost you more, but bad procurement will. We need to think about sustainability as another business objective to deliver through procurement, the same as quality, safety, technical compliance, service performance, etc. It should not be an “extra” or “special” thing. It is important to engage your suppliers in the process and encourage them to develop their sustainability competence; this keeps your market competitive and keeps prices down. It is a process of engagement, not just selection. It is also important to collaborate. Our Supply Chain School in the UK and Australia is a great example of this. We have 70+ partners in the UK construction sector co-funding a major programme to upskill the sector’s supply chain. Sharing the cost and workload enables everybody to benefit.

Public procurers want the whole procurement process to be without any errors and to get good quality of purchased products or services. Reflecting social or environmental aspects, analysing
supply chain – is it not rather a complication which introduces additional risks to already complex process of public procurement?

Yes, it is more complex but we live in a complex world. The risks and opportunities are there anyway and we have a duty to address them. For example, there are significant cost saving opportunities from reducing energy use, using less material, less packaging and producing less waste. We have a moral duty to address human rights abuses in our supply chains; the reputation risks are huge. Our work on Modern Slavery in the UK is a good example of this.

So, how to correctly use responsible public procurement?

The simple answer is to follow the standard. It took 40+ countries four years to develop, it is based on the successful British Standard BS 8903 that has been in use since 2010. These guidelines are well proven and we know they work. We also need to recognise this is a long journey. In my experience organisations take at least three years to take their sustainable procurement programmes to a level of maturity and to deliver outcomes.

Can we somehow measure the effectiveness of sustainable procurement in order to find out whether it pays off or whether it is a more expensive solution compensated only by good feeling? In other words, if public procurement is to be justifiable, it has to be in compliance with the 3E principle (economy, efficiency and effectiveness). How does sustainable procurement fit into these principles?

Yes, this can be done in various ways. It is important to measure your suppliers’ performance in anything you ask for; and sustainability is no exception. Our Sustainability Tool provides an online portal to enable you to do this. There are plenty of examples of cost savings, Anglian Water claim savings in excess of £20M from reducing the embodied carbon footprint in their capital programme by more than 50%. I think this addresses the three Es.

On 20 September 2018, you will be speaking at a conference on responsible public procurement, organised by the Ministry of Labour and Social Affairs as part of the project to support responsible public procurement. Is there any key message that would occur to you already now, which you would like to share with the event participants?

Sustainable procurement is good procurement, you can deliver value through sustainability and as a public procurer you have a duty to do so.

This interview was published in the Czech journal Veřejné zakázky v praxi, May 2018
The material is printed on paper without elemental chlorine (ECF) bleaching, and primary fiber used for its production comes from legally and sustainably managed sources.