

Strategic public procurement for delivering social value

Used strategically, public procurement can contribute to the 2030 Agenda for Sustainable Development by supporting a more resource-efficient economy, stimulating innovation, supporting small and medium-sized enterprises (SMEs) and promoting social values. In recent years, citizens' expectations have risen, with calls for greater accountability in government purchasing decisions, increasing the need to consider broader outcomes and multi-dimensional risks, including in global supply chains. As large buyers, governments have the power to set standards that can shift markets towards more responsible business conduct (RBC) and levelling the playing field for suppliers who strive to implement RBC standards.

Among 27 countries surveyed (26 OECD countries and 1 partner, Brazil), all use enhanced public procurement frameworks to promote at least one of the RBC objectives covered, whether by regulation or strategy, but only a few address all of them. All countries have a framework to support environmental objectives in public procurement, 70% have a framework for human rights, 41% have a framework for gender considerations and 48% for minority issues (Figure 8.3). For example, Chile introduced a programme to promote the participation of companies led by women in the public procurement market, and in Iceland and Switzerland suppliers must have equal pay between men and women to participate in tenders. In Canada, the Policy on Ethical Procurement of Apparel requires suppliers of apparel to the government to certify that they and their first-tier subcontractors comply with local laws and international standards on labour and human rights.

RBC frameworks do not systematically apply to the full supply chain. Only 40% of countries apply integrity considerations to the entire supply chain, 10% do so for objectives related to taking on the long-term unemployed, and 8% for gender considerations (Figure 8.4). Sweden's legislation on labour law requirements is currently integrating objectives related to human rights and labour rights along the full supply chain, and modern slavery acts in Australia and the United Kingdom address modern slavery and human trafficking in the supply chains of public sector suppliers.

When it comes to sanctions, 15 out of 25 OECD countries (60%) foresee actions against suppliers infringing RBC standards in their supply chains, while 10 countries (40%) require a change in suppliers in the event of violations (see Online Table G.34). Canada has certification frameworks in place to identify breaches of human and labour rights in supply chains. Maintaining this certification is an obligation of the main contractor. In New Zealand, the regulatory framework does not mandate sanctions, but procuring entities have the discretion to apply appropriate sanctions.

Countries are inconsistent in how they monitor and follow up RBC objectives. Only environmental considerations are monitored routinely, with 88% of countries monitoring them at least partly. In contrast, considerations on the inclusion

of minorities are only monitored by 32% of countries (see Online Figure G.35).

Methodology and definitions

Data were collected through the 2020 OECD Survey on Leveraging Responsible Business Conduct through Public Procurement, which sought to better understand the incorporation of RBC objectives into public procurement procedures. Twenty-six OECD countries and one OECD partner (Brazil) responded to the survey. Respondents were country delegates responsible for procurement policies at the central government level.

Responsible business conduct (RBC) acknowledges and encourages the positive contributions that business can make to economic, environmental and social progress. It also recognises that business activities through global supply chains can result in adverse impacts on people, society and the environment. The survey covered the following RBC objectives: environment, human rights, labour rights, minority considerations, people with disabilities, long-term unemployed people, gender considerations and integrity.

In this section, a regulatory framework is defined as a system of rules such as laws, decrees, cabinet directions or any other legal documents that govern and regulate specific policies. A strategic framework is defined as a high-level document approved by national authorities, such as parliament and government that sets out a country's policy goals and ambitions for a specific sector or area of public policy such as health care or the environment. Strategic frameworks can also include targets, roadmaps and action plans.

Further reading

OECD (2020), *Integrating Responsible Business Conduct in Public Procurement*, OECD Publishing, Paris, <https://doi.org/10.1787/02682b01-en>.

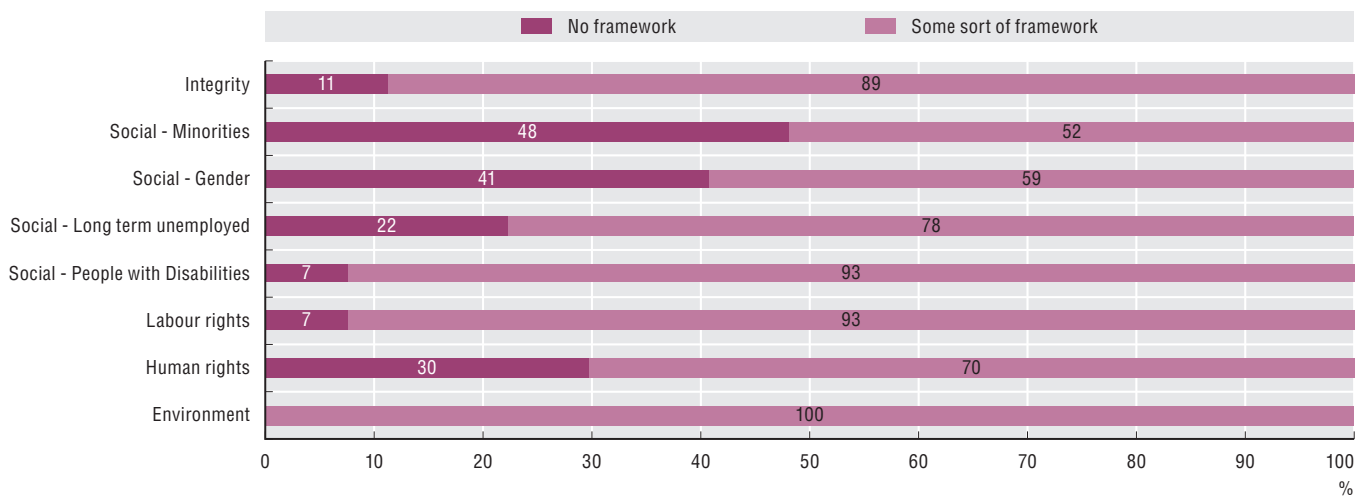
Figure notes

Data for Austria, Chile, Greece, Iceland, Ireland, Luxembourg, Portugal, Turkey, the United Kingdom and the United States are not available.

8.4. "No, voluntary" represents the percentage of countries that have a framework in place, but where application of the framework to the supply chain is voluntary, i.e. for discretionary decisions.

G.34 (Countries with provisions for action against infringements of RBC standards, 2020) and G.35 (Percentage of countries that monitor implementation of RBC objectives in public procurement, 2020) are available online in Annex G.

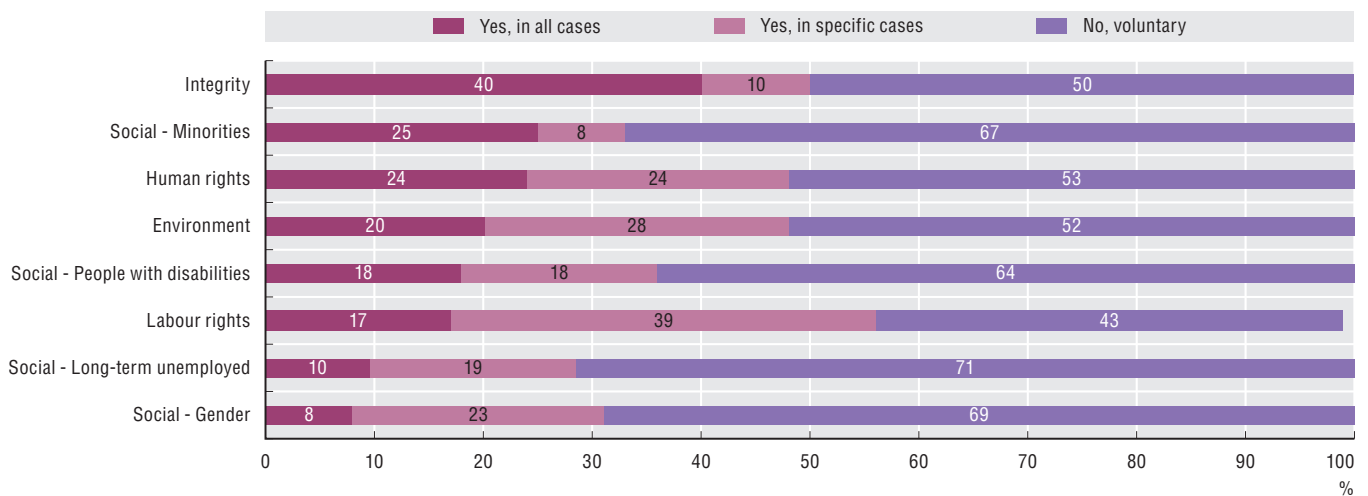
8.3. Share of countries that have any type of framework to support RBC objectives 2020



Source: OECD (2020), Survey on Leveraging Responsible Business Conduct through Public Procurement.

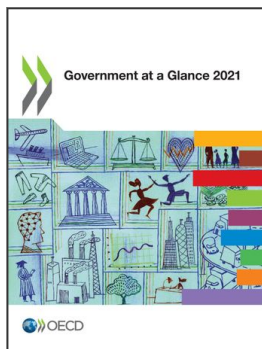
StatLink  <https://doi.org/10.1787/888934258401>

8.4. Share of countries applying regulatory or strategic frameworks in the supply chain, 2020



Source: OECD (2020), Survey on Leveraging Responsible Business Conduct through Public Procurement.

StatLink  <https://doi.org/10.1787/888934258420>



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