

Strategic public procurement

Used strategically, public procurement can help make economies more productive, public sectors more efficient, and institutions more trusted. Countries are using public procurement to pursue complementary policy objectives that are aligned with the 2030 Agenda for Sustainable Development. Public procurement is increasingly recognised as a potential strategic instrument and a lever for achieving government policy goals, e.g. stimulating innovation, developing green public procurement and the circular economy, supporting small-and medium-sized enterprises' (SMEs') access to public procurement and promoting ethical behaviour and responsible business conduct.

In 2018, all OECD countries reported to have developed policies regarding broader policy objectives. For example, 28 countries have a green public procurement strategy or policy at the central level. The majority of OECD countries have policies focusing on SMEs' access to public procurement (29) and on public procurement for innovation (26). These policies encompass removing obstacles to using public procurement as a strategic lever. A large obstacle to achieving public procurement outcomes related to innovation, environment and sustainability is using the lowest price as the exclusive award criterion. The use of award criteria that take into account dimensions such as maintenance and exploitation costs along the lifecycle favours goods and products with better environmental performance, while also encouraging innovation. Furthermore, complex public procurement systems and processes are a major hurdle to SME participation in public procurement markets, as they are disproportionately affected by these factors, considering their financial, technical and administrative capacities. Countries are addressing this issue through a variety of measures including enabling the division of contracts into lots, developing the use of eprocurement or promoting joint bidding of SMEs with larger companies.

Between 2016 and 2018, there has been an upward trend in the development of policies addressing green procurement and, particularly, responsible business conduct (RBC). Several approaches are being used in different jurisdictions, including for instance the Canadian certification of suppliers as part of the bidding process in procurements falling under its Ethical Procurement of Apparel Initiative (where violation of certification can risk contract termination). RBC is now a mandatory dimension of procurement by central government entities in the Netherlands.

An increasing number of OECD countries also collect data on the degree to which strategic public procurement goals are met, and some provide reports to various levels of government. This is particularly the case regarding green public procurement (73%) and support to SMEs (67%). In contrast, only 30% of countries measure the results of procurement processes related to some dimension of innovation or RBC, as is the case in Korea and Slovenia. Some countries, such as Chile, Korea, and Japan, have policies aimed at increasing the participation of women-

owned businesses in public procurement and thus measure the results of procurement processes in this regard.

Methodology and definitions

Data were collected through the 2018 OECD Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement. The survey focused on each of the 12 principles of the recommendation. Thirty-one OECD countries responded to the survey and one OECD accession country (Costa Rica). Respondents were country delegates responsible for procurement policies at the central government level and senior officials in central purchasing bodies.

The European Commission defines green public procurement as "a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured."

Responsible business conduct refers to business contributing positively to economic, environmental and social progress to achieve sustainable development, and avoiding and addressing adverse impacts – whether from their own activities or through a business relationship – in the value chain.

Further reading

OECD (2018), *SMEs in Public Procurement: Practices and Strategies for Shared Benefits*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264307476-en>.

OECD (2017), *Public Procurement for Innovation: Good Practices and Strategies*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264307476-en>.

OECD (2015), *Going Green: Best Practices for Sustainable Procurement*, https://www.oecd.org/governance/ethics/Going_Green_Best_Practices_for_Sustainable_Procurement.pdf.

Figure notes

Data for the Czech Republic, Luxembourg, Switzerland, the United Kingdom and the United States are missing. On data for Israel, see <http://doi.org/10.1787/888932315602>.


8.5. This figure does not consider Canada's Procurement Strategy for Aboriginal Business (PSAB) as a policy/strategy related to responsible business conduct. The PSAB aims to increase qualified Aboriginal business participation in government procurement through a program of mandatory and selective set-asides and supplier development activities.

8.6. Data for France are not included because they did not answer the 2016 round of the survey.

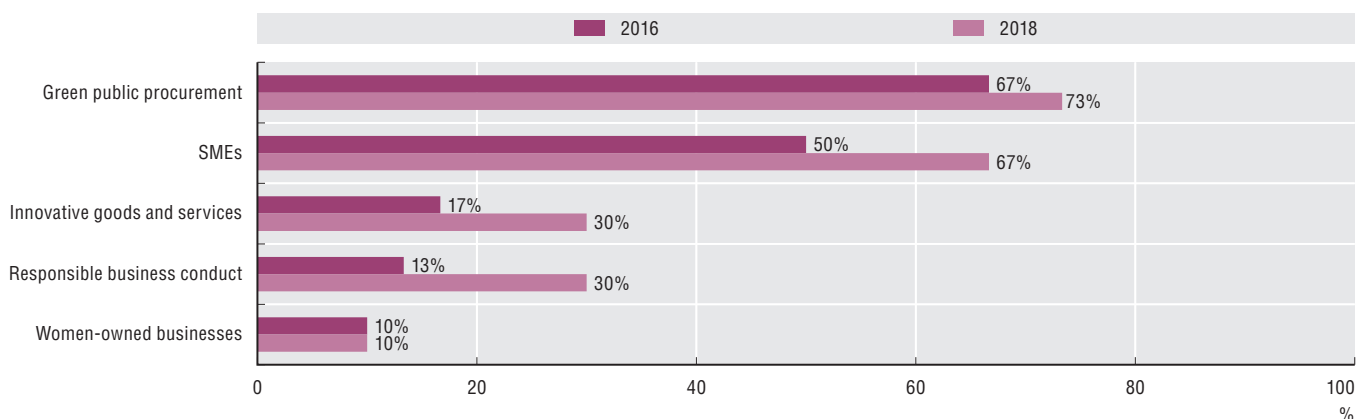
8.5. Development of public procurement strategies/policies to support complementary policy objectives, 2016 and 2018

	Green public procurement		SMEs		Innovative goods and services		Responsible business conduct		Women-owned businesses	
	2016	2018	2016	2018	2016	2018	2016	2018	2016	2018
Australia	■	●	●	●	●	●	●	●	○	○
Austria	◆	◆	◆	◆	◆	◆	◆	◆	○	○
Belgium	◆	◆	●	●	●	●	●	●	○	○
Canada	●	●	●	●	◆	●	○	●	○	○
Chile	◆	◆	◆	◆	○	○	●	●	●	●
Denmark	●	●	●	●	●	●	●	●	○	○
Estonia	●	●	●	●	●	●	○	○	○	○
Finland	◆	◆	◆	◆	◆	◆	◆	◆	○	○
France	..	●	..	●	..	●	..	●	..	○
Germany	●	●	●	●	●	●	○	○	○	○
Greece	◆	◆	◆	◆	○	○	○	○	○	○
Hungary	●	●	●	●	●	●	◆	◆	◆	◆
Iceland	●	●	○	○	○	○	○	○	○	○
Ireland	●	●	●	●	●	●	●	●	●	●
Israel	●	●	●	●	○	○	○	○	●	●
Italy	●	●	◆	◆	◆	◆	○	○	○	○
Japan	●	●	●	●	○	○	○	○	●	●
Korea	●	●	●	●	●	●	○	●	●	●
Latvia	●	●	●	●	◆	◆	●	●	○	○
Lithuania	●	●	●	●	●	●	●	●	○	○
Mexico	●	●	●	●	●	●	○	○	●	●
Netherlands	◆	◆	◆	◆	◆	◆	○	◆	○	○
New Zealand	◆	◆	◆	◆	◆	◆	●	◆	○	○
Norway	◆	◆	◆	◆	◆	◆	◆	◆	○	○
Poland	◆	◆	●	○	●	●	◆	◆	○	○
Portugal	●	●	●	●	◆	◆	●	●	○	○
Slovak Republic	◆	●	●	●	○	●	○	◆	○	○
Slovenia	●	●	●	●	●	●	●	●	○	○
Spain	●	◆	●	●	●	●	●	●	○	○
Sweden	●	●	●	●	●	●	●	●	○	○
Turkey	●	●	●	●	●	●	○	○	○	○
United Kingdom	●	..	●	..	●	..	○	..	○	..
OECD Total										
● Strategies/policies developed at the central level	26	28	24	24	20	22	15	18	6	6
◆ Internal strategies/policies developed by some procuring entities	10	10	8	8	9	8	5	8	1	1
■ Rescinded	1	0	0	0	0	0	0	0	0	0
○ Never developed	0	0	1	2	6	5	14	9	24	24
Costa Rica	●	●	●	●	○	●	○	●	○	○


Sources: OECD (2016), Survey on Public Procurement; OECD (2018), Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement.

StatLink  <https://doi.org/10.1787/888934032814>

8.6. Measuring the results of procurement processes with respect to complementary policy objectives, 2016 and 2018



Source: OECD (2016), Survey on Public Procurement; OECD (2018), Survey on the Implementation of the 2015 OECD Recommendations on Public Procurement.

StatLink  <https://doi.org/10.1787/888934032833>



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