

d·i·e

Deutsches Institut für
Entwicklungspolitik



German Development
Institute

On the right track to sustainable practices
**Paradigm shifts in public
procurement**

By Tim Stoffel
and Maximilian Müngersdorff,
*German Development Institute /
Deutsches Institut für Entwicklungspolitik (DIE)*

The Current Column

of 23 September 2019

Paradigm shifts in public procurement

Bonn, 23 September 2019. Change is in the air in the discussions about public procurement. We are seeing a shift in the conception of public procurement that is creating new momentum: Procurement in public institutions is becoming more professional and is increasingly being seen as a strategic policy instrument. This also helps in implementing social and environmental criteria in public tenders.

Those paradigm shifts become evident when looking at the agendas of expert talks and academic conferences. Organisations such as the Organisation for Economic Co-operation and Development (OECD) and the European Commission are breaking new ground to support the professionalisation of public procurement, which should lead to more efficiency, better planning, and the inclusion of environmental and social considerations in the procurement process. Whereas in Europe the focus of sustainable public procurement (SPP) is on the environmental dimension of sustainability (e.g. by asking for high energy-efficiency standards), governments in other parts of the world, for example in sub-Saharan African countries such as Kenya and South Africa, have used procurement mainly to address social issues. Recently, there has also been a growing interest in the European Union (EU) to use procurement to address the social dimension of sustainability, through socially responsible public procurement (SRPP). SRPP explicitly considers human rights and labour rights issues for goods procured both domestically and along international supply chains.

Why is the integration of social and environmental considerations in public procurement important? First, because we are talking about a tremendous amount of money that the public sector uses for its purchases of goods, services and works. In the EU alone, this adds up to around €2 billion, which translates to 15–20 per cent of its member states' gross domestic products (GDPs) (excluding armaments). For many developing countries, public procurement accounts for an even larger part of their GDPs. Second, those large sums can be used as levers to promote societal goals such as combating climate change and promoting environmental protection. Thus, via procurement, the public sector can promote energy efficiency (e.g. by purchasing appliances with low energy requirements), technological shifts (e.g. by switching from combustion to electric engines in public busses) or ensure compliance with labour laws and human rights along the value chains

of purchased products (e.g. by buying fair trade goods). Only when public procurement is implemented accordingly is taxpayers' money spent responsibly.

How is the discourse on public procurement changing exactly? For instance, the OECD announced that it will include four new kinds of capital for the future assessment of Germany's public procurement performance: natural, human, social and economic. Thus, it will include social and environmental considerations for the first time. At the European Commission's "Meeting of Procurement Experts in the Health Sector" in May 2019, a third of the event was dedicated to SPP, while the Commission announced to increase efforts to promote the professionalisation of procurement officers throughout Europe. SPP was also very present at the Public Procurement: Global Revolution IX conference at Nottingham University this June and will also be discussed during national events to follow this year (the 8th Cologne Vergabetag and the 6th German Vergabetag in Berlin). A common theme of those events will be the loss of importance of purely legal approaches to public procurement. Organisational and individual factors are shifting to the centre of attention, followed by SPP. Now the main task is to put professionalisation and strategic as well as sustainable procurement into practice.

One of the already tangible consequences of this paradigm shift is the increasing number of pilot projects on strategic and sustainable procurement practices at all levels of government, such as the Make ITC Fair campaign. It includes municipalities such as London, Barcelona and The Hague that want to procure computers, laptops, monitors and other IT products more sustainably. German cities such as Bremen, Bonn and Cologne made their first experiences with tendering sustainable working clothes. These experiences and the shift to professionalisation and sustainability in public procurement have to be evaluated and supported scientifically. Research-aided peer-to-peer learning and the analysis and dissemination of good practices can contribute towards changing procurement practices. Transformative research can support practitioners and policy-makers in navigating these changes.