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Open and sustainable procurement

Towards deepened collaboration between reformers

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Abstract

Public procurement as a major area of government spending has the potential to act as a driver for social change and sustainable development. Its strategic use has recently gained traction with two related policy movements emerging: sustainable public procurement (SPP) and open contracting (OC). This paper explores paths towards a deepened collaboration between open and sustainable procurement advocates and practitioners. Building on literature and key informant interviews, it outlines the two fields, their potential for mutual reinforcement and positive impact as well as possible tensions. Both fields can reinforce each other by generating interest, motivation and capacity among key stakeholders to build on the sustainable and open dimensions of procurement. OC principles and practices can create the transparency and trust, help prevent corruption needed at early stages of reforms and help overcome pressure from incumbent non-sustainable suppliers. It can help address 'cost' concerns that hold back wider adoption of sustainable procurement by providing detailed data on long-term savings. Application of OC principles will also help ensure interoperability of procurement data systems. At the same time, engagement of SPP advocates can make a major contribution to wider OC reforms by creating a public policy focus on tackling critical challenges through strategic procurement. Both SPP and OC reformers deeply recognize the importance of public procurement as one of the key financial levers for progressive government policy. They bring highly complementary expertise to this task. In some cases, reformers from both fields are already collaborating. Increasing this engagement has great potential to build stronger momentum for the strategic use of public procurement. Joined-up approaches at the technical level can help ensure that reforms stick and make a difference in practice.



1. Introduction

Public procurement has a crucial role in advancing societal goals. At more than 12 trillion USD annual government procurement spend worldwide,¹ it has a large potential to contribute to sustainable development. The role of public procurement in achieving such goals is becoming ever more apparent to policy-makers, businesses and the public at large. The Covid-19 pandemic has heightened attention for its critical function in ensuring availability of critical supplies and services to communities.

However, public procurement can only fulfil its transformative potential if it is conducted in a strategic manner that has openness (transparency, participation and accountability) and sustainability at its heart. Smart and strategic public procurement can act as a lever to boost opportunities for local business, to increase inclusion in service delivery and to achieve sustainability. Transparency and public oversight of procurement are essential to addressing the elevated risks of mismanagement and corruption – up to 10-30% of contract values in areas such as construction.²

Two related movements are advancing reform in this area: Sustainable Procurement is increasingly recognized in policy and practice, e.g. by multilateral institutions, the EU and within SDG-related strategies of local governments. Open Contracting is a priority area within open government and anti-corruption reform processes. There is an increasingly strong recognition of the need to link open contracting reforms with specific policy objectives. Both sustainable procurement and open contracting advocates and practitioners need greater political and technical support to transform culture and practice.

In sum, these two policy areas, openness and sustainability in procurement, have been increasingly studied and prioritized in reforms separately. There are already isolated collaborations between open contracting and sustainable procurement advocates. Yet, overall, the potential for mutual reinforcement of open and sustainable procurement is still underexplored. At the same time, possible tensions (e.g. between open competition and sustainability goals) also need to be considered.

This discussion paper is a step towards addressing the link between open and sustainable procurement. The following sections sketch the state of play in both fields and explore paths towards a deepened collaboration between open and sustainable procurement advocates and practitioners – as a key priority to advance the SDGs,³ and for a transformative recovery from Covid-19.⁴ The paper draws on a number key informant interviews conducted with practitioners and experts from the open contracting and the sustainable procurement fields. In addition, we reviewed existing initiatives, literature, and policy documents. Based on this discussion paper, Hivos and GTI together with other interested actors plan to convene further conversations between open contracting and

¹ Cf. latest estimates by Open Contracting Partnership (2019): <https://www.open-contracting.org/impact/evidence/>

² Cf. OECD (n.d.): Integrity in Public Procurement <https://www.oecd.org/gov/public-procurement/integrity/>

³ In a wider sense and with specific regard to SDG 12 'Ensure sustainable consumption and production patterns' and target 12.7 'Promote public procurement practices that are sustainable, in accordance with national policies and priorities', see: <https://sdgs.un.org/goals/goal12>

⁴ For the central role of public procurement in the immediate response and the recovery from Covid-19, see e.g. OECD (2020): Stocktaking report on immediate public procurement and infrastructure responses to COVID-19 <http://www.oecd.org/coronavirus/policy-responses/stocktaking-report-on-immediate-public-procurement-and-infrastructure-responses-to-covid-19-248d0646/>



sustainable procurement practitioners to deepen the discussion and explore collaboration, e.g. through pilot interventions, further research and advocacy.

2. Outlining the two fields

Open public procurement (open contracting)

Definition

Open procurement as a concept has arisen in the context of public sector reforms to ensure value-for-money and mitigation of significant corruption risks. It builds on principles of access to information, transparency, participation and social accountability. Open procurement refers to the overarching norms and practices for pro-active public disclosure and participation. It aspires to the realization of these principles during all stages of the public procurement process including planning, tendering, awarding, and implementation. Open procurement practices often involve the use of electronic procurement systems. A key focus lies on increasing availability and use of procurement data for strategic procurement management and by accountability actors (official agencies, civil society organizations, media and citizens). A specific approach that has gained significant traction over the last years is ‘Open Contracting’, originally developed in the World Bank and now stewarded by the Open Contracting Partnership (OCP). By now, the term Open Contracting (OC) is more commonly used and often understood interchangeably with open procurement principles and practices.

Key topics and actors

Key international actors and proponents of OC include institutions and organizations such as the World Bank, OCP, the Open Government Partnership (OGP), as well as INGOs such as Hivos and Transparency International. Funding for open contracting work is provided by philanthropic foundations and key bilateral donors such as FCDO – often in the context of public finance management reform, good governance and anti-corruption programs.

The main goals articulated by these and other OC actors are to ensure that public spending can be scrutinized by civil society actors and the media, that public contracts are awarded fairly and offer value-for-money, and that governments can be held accountable for their public procurement decisions. Accountability requires information on all phases (procurement plans, information on bidders, with suppliers, information on contract) to be accessible for citizens. On this basis, the public can follow how public funds, e.g. for building schools, hospitals, and roads, were spent. A key tool for the OC community, stewarded by OCP, is the Open Contracting Data Standard (OCDS⁵) for the publication of open, interoperable data across all stages of the procurement cycle.

⁵ <https://www.open-contracting.org/data-standard/>



There is an emerging body of evidence indicating clear benefits from open public procurement for governments, citizens and businesses, e.g. in terms of increased scrutiny of and participation in public spending processes, better public financial management and savings, deterrence of fraud and corruption, improved public service delivery, and fairer competition.⁶

Adoption and Impact

Over recent years, numerous global players have recognized and promoted OC as a new norm for public procurement, including the G7, the G20, OECD, the European Commission, the World Bank, and the European Bank of Reconstruction and Development⁷. According to the Open Contracting Partnership, more than 40 national and sub-national authorities are publishing open contracting data.⁸ OC is a major component of open government reforms, with more than 200 commitments across more than 70 OGP members.⁹ A vibrant and growing network of national and local OC advocates in civil society and government now spans the globe. Investigative journalists increasingly use OC data to scrutinize public spending.

Progress of OC approaches can be measured in the level of data disclosure and public participation. In terms of outcomes, measures include the amount of savings achieved and increased competitiveness of procurement markets. Ukraine, Colombia, Georgia, or the UK are common examples for countries that have radically improved the openness of their procurement information.

Among these, Ukraine is an example of wide-ranging and comprehensive procurement reform building on open contracting principles and approaches, with recorded savings of more than US\$1 billion, entry of thousands of new businesses into government procurement markets (especially SMEs), as well as significantly improved corruption perceptions.¹⁰ Bogotá is an example of the relevance of local government level OC applications. The city's reforms of school meal procurement ended a suspected US\$22 million price-fixing scheme and drastically increased supplier inclusion in the delivery of hundreds of thousands daily school meals.¹¹

There is an increasing body of studies on the beneficial impact of open procurement on competition, value-for-money and anti-corruption. A World Bank study using a sample of 88 countries found that in countries with more transparent procurement systems, more firms engage in bidding and pay fewer and smaller kickbacks to officials.¹² In terms of financial benefits, in the EU, for example, investing in open procurement is estimated to translate into EUR 4.5–10.9 billion savings per year.¹³ With regard to quality of procurement delivery, more transparent electronic systems have been

⁶ <https://www.open-contracting.org/impact/evidence/>

⁷ <https://www.open-contracting.org/what-is-open-contracting/>

⁸ See <https://www.open-contracting.org/worldwide#/>

⁹ See Open Government Partnership (n.d.): <https://www.opengovpartnership.org/policy-area/open-contracting/>

¹⁰ See Open Contracting Partnership (n.d.): Evidence: How open contracting improves key government services, <https://www.open-contracting.org/impact/evidence/>

¹¹ Brown, S. and Neumann, G. (2018): The deals behind the meals. How open contracting helped fix Colombia's biggest school meal program, <https://medium.com/open-contracting-stories/the-deals-behind-the-meals-c4592e9466a2>

¹² Knack, S., Biletska, N., & Kacker, K. (2017). Detering Kickbacks and Encouraging Entry in Public Procurement Markets Evidence from Firm Surveys in 88 Developing Countries. Retrieved from <http://econ.worldbank.org>

¹³ Bauhr, M., Czibik, Á., de Fine Licht, J., & Fazekas, M. (2020). Lights on the shadows of public procurement: Transparency as an antidote to corruption. *Governance*, 33(3), 495–523. <https://doi.org/10.1111/gove.12432>



shown to lead to improvements of road quality (in India), and reduced delays (in Indonesia) as well as a more diverse, high-quality bidder pools.¹⁴

Sustainable public procurement

Definition

The definition of sustainable public procurement (SPP) is less straightforward, as it can entail both green public procurement (GPP) and socially responsible procurement, with related concepts such as ‘circular procurement’ also gaining usage. Strong arguments also exist for SPP to require attention to and inclusion of human rights obligations.¹⁵ One of the definitions that has been most widely adopted, e.g. by UNEP, UNDP and the World Bank, stems from the Marrakech Task Force on Sustainable Public Procurement. This defines SPP as ‘a process whereby public organizations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life-cycle basis in terms of generating benefits not only to the organization, but also to society and the economy, whilst significantly reducing negative impacts on the environment’¹⁶. More recently, discussions among sustainable procurement stakeholders are moving beyond a focus on *balancing* of economic, social and environmental objectives towards definitions of SPP as the use of public procurement to *actively drive* sustainable development.¹⁷ In short, sustainable procurement may be described as procurement that maximizes positive environmental, social and economic impacts.

The diversity of definitions and understanding of sustainable procurement was reflected in our interviews, where some interviewees used similar all-encompassing definitions, while others focused on environmental and climate-change related aspects. Others also referred to principles related to gender and indigenous empowerment. One interviewee proposed to speak of it as procurement that leads to the fair redistribution of resources for people and nature.

What is widely agreed is that green public procurement (GPP) is an essential part of sustainable procurement. GPP describes the purchasing of environmentally friendly goods, works and services, and the setting of environmental requirements in tender procedures. Since it is the most institutionalized, studied and most commonly understood aspect of sustainable procurement, our primary focus in the discussion part of this paper lies on GPP. This is done to more easily identify practical entry points for joined-up efforts to promote open and sustainable development. That said, we think that beyond this initial paper, it will be critical to engage with the wider, more ambitious

¹⁴ Lewis-Faupel, S., Neggels, Y., Olken B. & Pande, R. (2016) Can Electronic Procurement Improve Infrastructure Provision? Evidence from Public Works in India and Indonesia American Economic Journal: Economic Policy 8(3), 258-283. <https://www.aeaweb.org/articles?id=10.1257/pol.20140258>

¹⁵ Danish Human Rights Institute (2020): Driving change through public procurement: A toolkit on human rights for policy makers and public buyers, https://www.humanrights.dk/sites/humanrights.dk/files/media/document/dihr_toolkit_public_procurement_2020_webaccessible.pdf

¹⁶ Swiss Federal Office for the Environment (2011): Marrakech Task Force on Sustainable Public Procurement, Activity Report May 2011 <https://sustainableprocurement.eu.com/documents/MTFonSPPReportCSD19FINAL.pdf>

¹⁷ Uehara, T. (2020) Public procurement for sustainable development: A framework for the public sector, Research Paper, Chatham House <https://www.chathamhouse.org/2020/11/public-procurement-sustainable-development>



definitions of sustainable procurement encompassing social, economic and human rights dimensions.

Key topics and actors

Used strategically, public procurement can shape trends in key markets, e.g. those of food, textiles, technology or construction, and it can help achieve ambitious goals in terms of sustainable development. Sustainable procurement is thus expected to aid in reducing greenhouse gas emissions, improve natural resource management, promote diversity of government contractors, support fair employment practices and ethical sourcing¹⁸, as well as contribute to creating new jobs, new markets and opportunities for domestic SMEs.

Key global actors promoting SPP and GPP include the EU institutions, numerous national and local (including city) governments adopting SPP policies. Important international networks include the UN One Planet Network SPP Program,¹⁹ a global multi-stakeholder platform of 130+ partners, and the ICLEI facilitated – Global Lead City Network on Sustainable Procurement²⁰. While the concept is still relatively new in many regions of the world, numerous countries and cities have developed their own sustainable procurement programs.²¹

Key debates within sustainable procurement revolve around the measurement of outcomes and criteria setting to achieve sustainable buying. In promoting GPP, for example, public authorities can switch to buying products that are inherently more environmentally friendly than the conventional alternatives, e.g. procuring recycled paper, electric vehicles. Public buyers can set tender specifications on environmental performance and require suppliers to comply with a range of eco-labels, e.g. procuring energy-efficient computers or buildings, or furniture from sustainable sources. Procuring authorities can also include environmental criteria in the supplier selection process, for example concerning suppliers' environmental management.

According to the OECD, challenges in GPP revolve around the perception of environmentally friendly goods and services as more costly than the conventional alternatives, contracting authorities' knowledge gap on how to apply green criteria in contracting procedures, and the difficulties of establishing standards to monitor and evaluate the impact and success of green procurement.²² A EC/PwC study likewise highlights the lack of available data and methodological issues as challenges to monitoring performance.²³ This research also note as barriers to uptake the lack of maturity of supply for certain goods and services demanded, and/or the lack of flexibility of the procurement process to identify innovative options.²⁴

¹⁸ <https://sustainable-procurement.org/sustainable-procurement/>

¹⁹ The SPP programme is co-led by UNEP, ICLEI, the Dutch and the Chinese governments. See: <https://www.oneplanetnetwork.org/sustainable-public-procurement/spp-programme>

²⁰ <https://gicn-on-sp.org/home/>

²¹ ICLEI (n.d.): Case Studies on Sustainable and Circular Procurement, <https://sustainable-procurement.org/case-studies/>

²² OECD (2015): Going Green: Best Practices for Sustainable Procurement, https://www.oecd.org/gov/public-procurement/Going_Green_Best_Practices_for_Sustainable_Procurement.pdf

²³ EC/PwC (2015): Study on "Strategic use of public procurement in promoting green, social and innovation policies", <https://op.europa.eu/en/publication-detail/-/publication/6a5a4873-b542-11e7-837e-01aa75ed71a1/language-en>

²⁴ Ibid.



Adoption and Impact

Across all regions, countries have integrated sustainability into their procurement policies. In 2017, the UN Environment Program (UNEP) published a Global Review of Sustainable Public Procurement²⁵ covering the efforts of 41 countries to promote, implement and measure the outcomes of SPP. While policies vary greatly across national governments, sustainable procurement appears to have achieved wide acceptance as a ‘strategic lever to drive innovation and improve the sustainability performance of both public and private sector organizations across the globe’²⁶. All of the governments covered in the study reported having a sustainable or ‘green’ procurement policy or having incorporated sustainability in in other organizational policies, such as wider public procurement or environmental regulations.

Within the EU, green public procurement is increasingly institutionalized as a policy goal, with a special focus on the circular economy. As per the EU’s handbook on green public procurement²⁷, most EU countries have formulated GPP National Action Plans. These are expected to influence procuring authorities’ strategies regarding the inclusion of environmental requirements and standards in the procurement process and the monitoring thereof. GPP is also referenced in the EU’s New Green Deal ambitions.²⁸

However, GPP still tends to be applied at relatively limited scales, within individual agencies, departments or by pioneering local governments – with full incorporation into sustainability strategies still to be achieved.²⁹ Nevertheless, GPP uptake is rising across the world. One recent example is the Kenya Housing Ministry’s adoption of EDGE sustainable building standards³⁰, following lobbying efforts by the Kenya Green Building Society.³¹

Due to measurement challenges, there is still an absence of large-scale, cross-country data sustainable procurement market size, trajectory and impact.³² In this context, some of the most interesting practical examples of GPP can be found at local government levels. City governments across Europe as well as other pioneers such as the city of Buenos Aires, Cape Town, or Quezon City in the Philippines, have implemented green procurement guidelines.³³

²⁵ UNEP (2017): Global Review of Sustainable Public Procurement, https://www.oneplanetnetwork.org/sites/default/files/globalreview_web_final.pdf

²⁶ Ibid.

²⁷ European Commission, ICLEI & Public Procurement Analysis (2016): Buying green! A handbook on green public procurement 3rd Edition, <https://ec.europa.eu/environment/gpp/pdf/Buying-Green-Handbook-3rd-Edition.pdf>

²⁸ European Commission (2019): Communication on The European Green Deal, https://eur-lex.europa.eu/resource.html?uri=cellar:b828d165-1c22-11ea-8c1f-01aa75ed71a1.0002.02/DOC_1&format=PDF

²⁹ UNEP (2017): Ibid.

³⁰ See People Daily Online (2020): Kenya’s housing plan adopts green housing standards, <https://www.pd.co.ke/lifestyle/kenyas-housing-plan-adopts-green-housing-standards-43359> and Menes, R. (2020) EDGE Standard Provides Key Benefit for Kenya’s Affordable Housing Developers, EDGE, <https://edgebuildings.com/edge-standard-provides-key-benefit-for-kenyas-affordable-housing-developers/>

³¹ According to one of our interviewees, this also prompted some concern about follow-on competitive advantages for industry members of the Kenya Green Building Society. In the interviewee’s opinion this points to the importance of procurement transparency effort to build trust in sustainable procurement efforts.

³² One recent attempt to develop a standardized assessment of assessing sustainable procurement within public procurement systems was presented by MAPS: <http://www.mapsinitiative.org/methodology/MAPS-Sustainable-Public-Procurement-Module.pdf>

³³ For city-level case studies, see ICLEI (n.d.): Case Studies on Sustainable and Circular Procurement, <https://sustainable-procurement.org/case-studies/> and ICLEI (n.d.): Procura+ Case Studies, <https://procuraplus.org/case-studies/> as well as Global Lead City Network (GLCN) on Sustainable Procurement: <https://glcn-on-sp.org/spotlight>



Recent reports on SPP/GPP cite for example China's Tianjin Binhai New Area 2018 adoption of a green evaluation scorecard for school furniture procurement, reportedly contributing to a 30-ton reduction in furniture waste and GHG emissions equivalent to 92 tons of CO₂. In addition, progress was reported on inclusion of SMEs in green procurement, enhanced procurer capacity and political support for GPP.³⁴ The City of Regensburg used GPP for utility procurement, which contributed to saving EUR 10 million on energy and water costs over a 15-year period.³⁵ The City of Cape Town has prioritized objectives for sustainable procurement in key sectors such as transport, energy efficiency and renewable energy. Among multiple reported results, the City tracked electricity savings of more 170,000 MWh and metric tons of CO₂ equivalent, translating into R190m over the period of 2009-2019.³⁶

3. Discussion points

The following discussion points explore the ways in which open and sustainable procurement can reinforce each other. We explore links between open and sustainable procurement, the roles for civil society, local/national governments and business as well as opportunities for deepened collaboration.

Big Picture

Current state of collaboration and exchange

Given the ever-increasing urgency of discussions related to climate change, environmental degradation and the heightened attention on (health) procurement with the Covid-19 pandemic, both topics of sustainable and open procurement can be expected to receive increasing attention from policymakers and the public. In this context, earlier calls for the integration of various strands of strategic procurement and creation of synergies between remain highly relevant.³⁷

Nevertheless, our interviews and literature search confirmed our initial assumption that the two fields have so far been working in relative isolation from each other. Sustainable procurement practitioners we spoke to have heard of OC and understand the basic principles and vice versa, but there is a lot of room for increased engagement. There is clearly interest to do so.

For example, within Hivos, teams focusing on open contracting, sustainable food systems and renewable energy have been intensifying joint program development. OCP are working with the EC and European open contracting champions to explore ways to bring OC experience to the realization

³⁴ ICLEI (2019): Tianjin Binhai New Area, https://sustainable-procurement.org/fileadmin/templates/sp_platform/lib/sp_platform_resources/tools/push_resource_file.php?uid=e3246a75

³⁵ Example in: European Commission, ICLEI & Public Procurement Analysis (2016): Ibid.

³⁶ Global Lead City Network (GLCN) on Sustainable Procurement (2021): Cape Town (South Africa) Sustainable Procurement Profile, https://glcn-on-sp.org/fileadmin/user_upload/Cape_Town/GLCN_city_profile_City_of_Cape_Town_2021.pdf

³⁷ See e.g. the recommendations section in EC/PwC (2015): Study on "Strategic use of public procurement in promoting green, social and innovation policies", <https://op.europa.eu/en/publication-detail/-/publication/6a5a4873-b542-11e7-837e-01aa75ed71a1/language-en>



of the EU's Green New Deal ambitions.³⁸ The OGP has launched a guide on using open government to help the green transition – highlighting the role of procurement, too.³⁹ In multiple countries, activists and practitioners are making clear links between openness and sustainability. This includes the strengthening of sustainable food purchasing in La Paz, Bolivia through digitization of procurement data;⁴⁰ the digitization of agricultural subsidy and procurement programs in Zambia,⁴¹ work by civil society group PODER to support community resistance against a tailings dam construction in Mexico with analysis of contracting and corporate ownership data;⁴² and innovative efforts to join up infrastructure contract data, environmental impact assessments, land use data and early warning/risk maps in Honduras.⁴³

As the world faces mounting policy challenges related to inequality, economic fairness and climate change, procurement is recognized as key driver for reform. At the same time, rising public expectations for transparency and anti-corruption must be met, and procurement is a critical area for reform. In this context, the OC and SSP fields can bring complementary expertise to an area where independent expertise is needed.

Reform strategies

Both fields face comparable challenges in terms of ensuring that initial political and policy commitments are implemented - in procurement criteria, practice and outcomes. Achieving this requires ongoing effort by advocates and practitioners. Given the overlap in targeted stakeholders for both reform agendas, there should be value in comparing, and where relevant, aligning advocacy and technical support, including to avoid fragmentation and overwhelming of policymakers and implementers. Our exploratory research points to comparable strategies and tactics used by advocates in both fields.

Firstly, public procurement as a specialized state function is often little understood by the general public, and even for many civil society organizations it is not a primary area of expertise. Especially at initial stages, reformers often spend significant effort to **communicate why procurement matters, how it works, and why it should be conducted in an open and sustainable manner**. This is typically an effort that involves collaboration of domestic and international procurement and

³⁸ Granickas, K. (2020): How to tell green procurement from greenwashing, Open Contracting Partnership <https://www.open-contracting.org/2020/07/14/how-to-tell-green-procurement-from-greenwashing/>

³⁹ Open Government Partnership (2020): A Guide to Open Government and the Coronavirus: Green Transitions – Climate and Environment, <https://www.opengovpartnership.org/documents/a-guide-to-open-government-and-the-coronavirus-green-transitions-climate-and-environment/>

⁴⁰ Van der Vaart, J. (2020a): Opening up contracts for a better diet, Hivos <https://openupcontracting.org/opening-up-contracts-for-a-better-diet/>

⁴¹ Hivos & IIED (2020): A food systems assessment of the Sustainable Diets for All program in Uganda and Zambia, <https://hivos.org/document/a-food-systems-assessment-of-the-sustainable-diets-for-all-programme-in-uganda-and-zambia/>

⁴² Van der Vaart, J. (2020b): Transparency platform takes on mining tycoon's toxic spill, Hivos <https://openupcontracting.org/transparency-platform-takes-on-mining-tycoons-toxic-spill/>

⁴³ Ramírez, G. (2019): Build better, build right: A new tool for sustainable, climate-resilient infrastructure, CoST/Open Contracting Partnership, <https://www.open-contracting.org/2019/08/28/build-better-build-right-a-new-tool-for-sustainable-climate-resilient-infrastructure/>



sector experts within and outside of government as well as specialized civil society organizations. International policy, experiences and exchange play an important framing role.

Secondly, advocates for open or for sustainable procurement both typically **engage with national procurement bodies to move forward their agendas**. Here, they can face institutional challenges and political headwind, especially in contexts where a country's political and business elites do not share the same interest in openness or sustainability. In such contexts, highlighting the benefits of open or green procurement approaches for innovation and savings can increase salience for policy-makers.

Thirdly, **reformers often choose to work in more confined settings either by supporting local or sectoral applications**. For example, on sub-national levels, e.g. in municipalities or counties with reform-minded leaders, it can be easier to motivate policy commitments and support their implementation. Similar arguments apply for working on the line ministry level, e.g. targeting the Ministry of Housing specifically to work on embedding minimum guidelines and standards for green housing, or working with the Ministry of Health to publish all information on Covid-19-related procurements. Using the local/sectoral reforms to showcase success can help both the open and the sustainable procurement agenda to move ahead on national/international levels.

Fourth, a commonly recognized key to successful implementation of open or sustainable procurement reforms lies in the **professionalization and specific training of procurement functions and staff**, which is another building block where forces could be joined to generate greater impact.

These experiences point to the need for engagement at international, national and local/sectoral levels to advance reform. Open and sustainable procurement advocates are likely to target similar types of stakeholders. To ensure deepening and follow-through on initial commitments, there is a need to engage non-specialist audiences – media actors, civil society and business organizations – as well as ensure technical support to government actors.

In sum, the various strategies to move their agendas forward and push for reform are similar for both open and sustainable procurement advocates. This opens the opportunity for closer engagement and mutual reinforcement, e.g. where sustainable procurement advocates are targeting a particular ministry for reform they could engage open contracting actors to support SPP demands with appropriate transparency, participation and accountability mechanisms. In some cases, national or local governments have made separate commitments to open and sustainable procurement. These could provide entry points to join up efforts.

Main differences in approaches

Open contracting is about how we buy, green procurement is about what we buy.

There is an important difference between OC and sustainable procurement approaches (with GPP as its most prominent form). OC is a primarily a *tool* to achieve transparent, participatory and competitive public procurement. There is an assumption that this will ultimately lead to social,



economic, and environmental benefit. However, the focus is not per se on the subject of the procurement. In contrast, green public procurement places a primary emphasis on the product, service or infrastructure being bought. As a somewhat exaggerated example, a fleet of diesel-powered vehicles can be procured using an open process, while the purchase of electric buses could be made through an in-transparent, non-competitive process. Both OC and SPP advocates will agree that these are undesired outcomes.

Both OC and sustainable procurement both invoke, with different emphases, aspirations for social, economic and environmental benefit, but their entry points for reform are different: **Open contracting is about how we buy, green procurement is about what we buy.** OC assumes that transparent procurement data enables informed participation and monitoring which will drive a push for improved procurement outcomes at all levels; while SPP assumes that prescription of procurement subjects focusing on sustainability will improve the benefits.

This difference also becomes obvious in the ways in which success is measured and the metrics used to assess OC and GPP. While measurement of OC at the outcome level, e.g. with regard to public oversight on procurement results or reduced corruption can be harder to determine, certain measures – competitiveness, market participation, procurement data transparency have established metrics. The measurement of GPP (let alone sustainable procurement) is far more complicated as there are no established, uniform metrics. Of course, certain measures exist, e.g. comparing CO2 emissions, energy consumption, etc. at the project or product level. Life-cycle costing has been suggested as an approach to consider value for money before, during and after the usage of an asset.⁴⁴ Overall however, these different measures are complex and somewhat harder to monitor than in the case of OC. At the same time, the mutual concern about (and reliance on) procurement data in both fields is an important basis for collaboration.

Positive mutual impacts

SPP reforms as a lever for OC

Sustainable public procurement can create an additional impetus for open contracting reforms. By setting a clear purpose for the improvement of procurement outcomes, **SPP creates strong and specific use cases for increased transparency, participation and accountability.**

The successful implementation of SPP/GPP laws, policies and practices depends on accountability and transparency. Achieving economic, social and environmental value from public contracts calls for transparency in all procurement phases – from setting spending priorities to planning procurement, formulating and publishing calls for tenders, to awarding contracts and monitoring their implementation. Fair and effective competition, contestability of decisions and mechanisms to address faults are all critical. Hence, **sustainable procurement policies and strategies create need and demand for more transparency.** For example, the Austrian state-owned railways infrastructure company implemented an environmental management system which included numerous measures on increasing the transparency and plausibility of costs and procurement.⁴⁵

⁴⁴ OECD (2015): Ibid.

⁴⁵ OECD (2014): ÖBB Infrastruktur AG, <http://www.oecd.org/gov/ethics/gpp-procurement-Austria-%D6BBInfra.pdf>



In particular, SPP could contribute significantly to fill one of the currently biggest gaps within OC efforts – **transparency and accountability in planning and contract implementation** phase. To date, there are still few countries that publish standardized information on the planning and execution phases of procurement. For this reason, the first and last phases of procurement are often seen as the ones at greatest risk of being affected by corruption, manipulation, and poor execution. The focus of GPP on *what* is being procured, can provide an opportunity to progress openness in these critical phases of the contracting process.

What may contribute especially in this area is the potential for SPP to **engage a much wider group of civil society actors** in monitoring and improving public procurement performance. Where to date open contracting reforms have (with some notable exceptions) largely been the focus of specialized transparency and accountability groups, joined-up engagement on procurement to ensure sustainability has the potential build bridges between e.g. social justice, environmental and anti-corruption activists.

A further impact mentioned during our interviews is the importance GPP places on conducting paperless procurement procedures. This could also give an additional impetus for procuring entities to switch to digital procurement systems which enable improved transparency, openness, and accountability.

OC to support SPP

In turn, the advance of open contracting reforms can create opportunities to accelerate sustainable procurement. Open contracting creates open data infrastructures that can assist target setting and measuring, enable a better understanding of procurement markets and support participation of new market entrants in less mature 'green markets'.

Above, we have highlighted a number of challenges within GPP, including perceptions of sustainable purchasing as more costly than conventional alternatives and the lack of robust, comparable procurement data. While OC cannot per se address the methodological challenges of measuring sustainability, it provides a solid framework to tackle critical **data infrastructure, access and public participation** priorities.

Access to (open) procurement data and information enables governments, business and civil society to assess the status quo, areas for improvement and performance in sustainable public buying. By providing the necessary transparency, OC can help overcome pressure from incumbent non-sustainable suppliers, as well as underpin verifiability and trust in GPP frameworks. Existing procedures such as Environmental and Social Impact Assessments and community consultations could potentially become more transparent and enforceable where they are integrated with OC practices. Integrating OC and GPP principles and practices can also help prevent corruption. This is critical, e.g. as investments in renewable energy conservation and climate adaptation are increasing in contexts of high corruption prevalence.⁴⁶

⁴⁶ Williams, D.A., Dupuy, K. (2016): At the extremes: Corruption in natural resource management revisited, Chr. Michelsen Institute, <https://www.cmi.no/publications/5950-at-the-extremes-corruption-in-natural-resource>



Access to information on public procurement is also essential to ensuring **open and fair competition**. As pointed out in an IISD report on SPP in Latin America: ‘Only when procurement processes—laws, regulations, calls, procedures and decisions—are transparent can suppliers compete on sustainability.’⁴⁷ At the same time, the transparency of the process enables public authorities to prove to suppliers that they followed due process and prevent accusations of favoring certain suppliers unfairly. For these reasons, transparency is typically considered a prerequisite for sustainable procurement practices.

OC practices can also support **innovation for sustainability** as a tool to broaden supplier pools, and to foster innovation by lowering barriers to participation by new market entrants. By strengthening transparency and accountability across the procurement cycle, OC can also help facilitate moves towards outcome-based, technology-neutral procurement which can be essential to fostering innovative solutions.

In our interviews, practitioners highlighted access to procurement information and environmental assessments on projects with significant community impact, the ability to demonstrate savings through sustainable buying, and building trust in new sustainable procurement frameworks through transparency as key areas where they see benefit from the use of OC approaches. Several interviewees pointed to the importance of traceability and participation (by civil society and the private sector) across the whole cycle of SPP – from political commitments to SPP policies, budgeting, planning, tendering, implementation and monitoring.

Potential tensions

While there are multiple reasons for closer collaboration between the open and sustainable procurement fields, there may also be hesitation among OC and SPP stakeholders.

Goals, inclusion and competition

While OC typically places a strong focus on open competition and cost reduction in public procurement, SPP prioritizes environmental and social outcome goals. Initially, these goals could be perceived as being in tension. For example, the use of green criteria for the selection of suppliers may limit the pool of potential contractors. As one Kenyan interviewee pointed out, many domestic companies do not have the financial means to obtain eco-certificates and that ‘green’ tenders may primarily benefit foreign companies. In this light, GPP can be portrayed as a market-restricting intervention by opponents.

At the same time, GPP could lead to the entry of new companies into government contracting markets and hence improve competition. GPP requirements may create new, competitive markets, and past environmental performance can serve as an objective and transparent contractor

⁴⁷ Casier, L., Huizenga, R., Perera, O., Ruete, M. & Turley, L (2015) Implementing Sustainable Public Procurement in Latin America and the Caribbean. Handbook for the Inter-American Network on Government Procurement (INGP), International Institute for Sustainable Development (IISD) <https://www.iisd.org/system/files/publications/iisd-handbook-ingp-en.pdf>



evaluation factor. To date, there is little systematic evidence on these issues. However, the effects of GPP on competition likely hinge on the specific sectors and markets concerned.

We would argue that based on a foundational agreement about the need for more sustainable procurement (including, where necessary, preferential procurement policies), a focus on effects *within* specific policy objectives and purchasing categories will be a useful lens to apply. Here, contracting authorities should ensure that GPP policies and criteria do not contradict non-discrimination and transparency policies.

In working through these questions, procurement stakeholders can also build on an emerging body of analysis and learning on inclusion in public procurement. From this, at least two lessons emerge. Firstly, there is a need for much more granular and openly accessible procurement data. Secondly, activation of social (and environmental) value requires going beyond technical reforms – clear links are needed between political/policy commitments and efforts to increase participation.⁴⁸

For example, despite progress across various Latin American countries to enhance procurement transparency and pilot efforts to increase inclusion of women in public procurement, data (e.g. on female company owner- and leadership) and pro-active policies to support participation (through preferential clauses, training and other measures) remain limited.⁴⁹ In the case of Kenya's AGPO policy – specifically designed to promote inclusion of firms led by women, youth and people living with disabilities –, Hivos research finds that while there are clear positive effects, overall inclusion targets were not yet met and that benefits did not accrue across target groups and urban/rural areas equally.⁵⁰ This points to the importance of data, monitoring and improvement of participation opportunities (e.g. by offering training and certification opportunities for SMEs) *within* defined procurement priorities, including SPP.

While it is therefore conceivable that concerns over competition could arise in initial discussions between procurement reform advocates, alignment can be created.

Administrative capacity

Both OC and GPP requires significant implementation effort. The introduction of new procurement regulations and practices places additional burden on procurement staff. This may lead to competing demands on procurement stakeholders' time and attention where reform approaches are not well integrated. For example, the strong focus on improving data reporting, input and publishing that underlies the OC approach may – during an initial period at least – limit time and resources available for procurement delivery and/or strategic considerations of SPP priorities. However, given the centrality of data to understanding SPP needs, opportunities and performance, this should not be seen as a major obstacle, but rather as an argument for closer collaboration among OC and SPP actors.

⁴⁸ Canares, M., van Schalkwyk, F. (2020): Open Contracting and Inclusion, Step-Up Consulting, <https://openupcontracting.org/assets/2020/05/Open-Contracting-and-Inclusion-Research.pdf>

⁴⁹ Ruiz Guerra, A.J. (2020): Public Contracting and Inclusion: How is Latin America doing? Iniciativa Latinoamericana de Datos Abiertos (ILDA), <https://openupcontracting.org/public-contracting-and-inclusion-how-is-latin-america-doing/>

⁵⁰ Hivos (2018): Kenya's Efforts to Empower Women, Youth and Persons with Disability through Public Procurement, <https://east-africa.hivos.org/assets/2018/02/Agpo-Full-Report-Web-version.pdf>



4. Way forward

Given the nature of this paper as an initial scoping exercise and exploration of the topic, it closes by raising future discussion points and questions rather than offering final conclusions.

A shared agenda

The challenges brought on by Covid-19 and the urgency of the climate crisis demand a dramatic shift of policy and practice to prioritize social and environmental goals over short-term growth considerations. In key sectors of the economy, open and sustainable public procurement can be a hugely important lever in achieving this transition.

Both SPP and OC reformers deeply recognize the importance of public procurement as one of the key financial levers for progressive government policy. They bring highly complementary expertise to this task. In some cases, reformers from both fields are already collaborating. Increasing this engagement has great potential to build stronger momentum for the strategic use of public procurement. Joined-up approaches at the technical level can help ensure that reforms stick and make a difference in practice.

One cross-cutting challenge relates to the need to motivate politicians and policymakers to commit to better procurement and to then see reforms through until results are achieved. At the same time, there will be resistance to change, e.g. from incumbent suppliers. Therefore, successful reforms will require significant capacity development and support for procurement reformers and practitioners. Importantly, both fields require reliable, high-quality data, ideally recorded in open, interoperable systems in order to enable monitoring and evaluation of reform efforts and accountability. Where the two fields work in isolation, this could raise challenges in terms of fragmented, duplicated efforts and incompatibility of data systems.

Mutual reinforcement, support and learning

Both fields can reinforce each other by generating interest, motivation and capacity among key stakeholders to build on the sustainable and open dimensions of procurement. As the discussion above highlighted, OC principles and practices can create the transparency and trust, help prevent corruption needed at early stages of reforms and help overcome pressure from incumbent non-sustainable suppliers. It can help address 'cost' concerns that hold back wider adoption of sustainable procurement by providing detailed data on long-term savings. Application of OC principles will also help ensure interoperability of procurement data systems. At the same time, engagement of SPP advocates can make a major contribution to wider OC reforms by creating a public policy focus on tackling critical challenges through strategic procurement.



Key areas for discussion

The numerous points raised in this paper will continue to be a matter of discussion and exchange. Here, we highlight a few key points that will likely be central to progressing collaboration between open and sustainable procurement stakeholders.

- What will be the key drivers of procurement reform over the coming 5-10 years?
- What are the most pressing, shared data needs for SPP and OC actors?
- What (expanded) roles can different types of SPP and OC reformers in government, civil society and business play to progress political will and collaboration?
- How could pilot projects be designed that join-up open and sustainable procurement efforts? Would a focus on sub-national SPP/OC applications be useful?
- How can both SPP and OC fields incorporate the social/human rights dimension of procurement better?



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Further resources

- European Commission - Green Public Procurement: https://ec.europa.eu/environment/gpp/index_en.htm
- Hivos Open Up Contracting Program: <https://openupcontracting.org/>
- Local Governments for Sustainability (ICLEI): <https://sustainable-procurement.org/sustainable-procurement/> , <https://procuraplus.org> , <https://glcn-on-sp.org>
- MAPS Sustainable Procurement Module: <http://www.mapsinitiative.org/methodology/MAPS-Sustainable-Public-Procurement-Module.pdf>
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