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**Sustainable public procurement in the decade of action and delivery for sustainable development**

## **Sustainable public procurement in the decade of action and delivery for sustainable development**

### **Note by the Secretariat**

The Secretariat has the honour to transmit to the Committee of Experts on Public Administration the paper prepared by Committee member Louis Meuleman, in collaboration with fellow Committee members Lamia Moubayed Bissat, Juraj Nemec and Geraldine Fraser-Moleketi.

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## **Sustainable public procurement in the decade of action and delivery for sustainable development**

### *Summary*

At its nineteenth session, the Committee considered issues of public procurement in connection with budgeting and financial management for a better recovery. The present paper, which has been prepared for the twentieth session, extends the discussion of public procurement to the consideration of sustainability factors. The authors argue that sustainable public procurement (SPP) provides Governments with the opportunity to move beyond procuring only from suppliers that deliver the least expensive products, to prioritizing procurement from suppliers that respect human rights and the environment. Since public procurement, on average, represents 13 to 20 per cent of gross domestic product, SPP has the potential to provide a major boost to sustainable development and could be seen by many countries as a strategic priority.

At the same time, SPP presents a number of challenges for administrators, including the cost factor, since sustainable products are often more expensive than unsustainable alternatives. Market mechanisms can be used to expand procurement options but, as long as rules continue to define economic advantage in narrow terms, conventional goods and services will hold sway. Incorporating sustainability requirements into public procurement rules and methods, while ensuring that such methods are aligned with a country's style of governance, would represent a major step forward.

Strengthening capacity to manage SPP is essential to advances in this area. In many countries, public procurement is not recognized as a profession and opportunities for skills development are limited. Skill sets could be enhanced through targeted training, as part of academic programmes, for example, with a view to ensuring that procurers are fully aware of the SPP methods and tools available to them. In situations in which the foundations of effective public procurement are weaker, the adoption of SPP may need to go hand in hand with additional work on the fundamentals of effective procurement, including the enhancement of accountability mechanisms.

The ability of Governments to manage procurement contracts and verify product supply chains is identified by the authors as a critical area in which enhanced analytical capacity, more resources and a change in attitudes are required. Digital tools and e-procurement systems could provide a significant boost to SPP in that respect. It could be of interest to have further discussions on how to harness digital technologies and digital transformation to advance sustainable public procurement.

## I. Background

1. Public procurement represents, on average, 13 to 20 per cent of gross domestic product (GDP).<sup>1</sup> Given the large scale of public investment in most countries, the application of sustainability criteria in public procurement has the potential to be one of the most impactful tools at the disposal of Governments in their efforts to deliver the Sustainable Development Goals by 2030. Through the leveraging of public expenditure, sustainable public procurement (SPP) enables Governments to lead by example, stimulating markets for sustainable products and services and helping steer society towards more sustainable consumption and production patterns.

2. Promotion of SPP is an explicit objective of Goal 12, whose target 12.7 includes the commitment to “promote public procurement practices that are sustainable, in accordance with national policies and priorities”. A well-conceived approach to SPP enables progress to be made on all the Goals because it encompasses economic, social and environmental objectives. It provides an opportunity for States to move from procuring only from suppliers that deliver the least expensive products to prioritizing procurement from suppliers that respect human rights and the environment. As indicated by the International Learning Lab on Public Procurement and Human Rights, procurement primarily from suppliers that have effective measures in place to eliminate forced labour and trafficking in persons not only complies with target 12.7, but also supports the realization of target 8.7, on ending child labour, forced labour, modern slavery and trafficking in persons, and target 16.3, on protecting the rule of law and ensuring equal access to justice for all.<sup>2</sup> Requirements that suppliers must respect human rights can be applied to first-tier suppliers and cascaded down to subcontractors both at home and abroad to support the fulfilment of the Goals around the world.

3. One would have expected SPP to have become a mainstream tool more rapidly than it has done, given the fact that there is such a strong rationale for take-up, that political commitment to SPP was incorporated into the 2030 Agenda for Sustainable Development and, more recently, that there have been international efforts to develop a methodology to measure progress. There are various reasons why it has not. One reason is that some consider SPP to represent unwelcome interference in free markets. Another is that SPP tends to be viewed as a technical issue rather than a subject of political interest.

4. There are counterarguments to both of those points. First, economic growth should not be seen as an end in itself. Second, economies must work for people and the planet, with a growth model that takes into account the limitations of natural resources and ensures job creation and lasting prosperity for the future. Such a growth model has, for example, been adopted by the European Commission through its annual sustainable growth strategy, which is aimed at creating a more sustainable, resilient and fair society for the next generation, in line with the Goals.<sup>3</sup> In addition, while the topic of sustainable product specifications is indeed technical, it requires an understanding of the social and environmental impact of consumption and production and of how that impact is reflected in national sustainable development plans and regulatory policies. A third reason for the untapped potential of SPP is that existing institutional mechanisms are inadequate for ensuring its mainstreaming throughout

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<sup>1</sup> World Bank, Global Public Procurement Database. Available at [www.worldbank.org/en/topic/governance/brief/global-public-procurement-database](http://www.worldbank.org/en/topic/governance/brief/global-public-procurement-database).

<sup>2</sup> International Learning Lab of Public Procurement and Human Rights, “Sustainable public procurement: now we can measure progress”, 11 June 2020.

<sup>3</sup> This is a central argument in the annual sustainable growth strategy 2021 of the European Commission, available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2020:0575:FIN>.

Governments and at all levels of administration. That is the main theme of the present short paper.

5. The paper draws on inputs provided during a virtual meeting of experts convened by an informal working group of the Committee of Experts on Public Administration on 24 November 2020. During the meeting, leading experts and government officials discussed the use of SPP as an accelerator of progress in the achievement of the Goals and as a tool for creating or expanding markets for sustainable products while improving economic competitiveness. Specific cases from different regions helped to shed light on the practical challenges and opportunities associated with SPP.<sup>4</sup>

## **II. Sustainable public procurement as a strategic policy objective**

6. With the world facing a pandemic of unprecedented scale in modern times that has sent all economic activities into a severe downward spiral and placed enormous pressure on public finances, there is a growing sense of urgency with regard to taking bold action on sustainable development and accelerating efforts to implement the 2030 Agenda. The current situation has brought the Government back to the fore as a central actor, not only in attenuating the impact of the coronavirus disease (COVID-19) pandemic, but also in advancing efforts to strengthen environmental sustainability and address imbalances with regard to social and economic development and to the inequalities that the pandemic has further exposed and exacerbated.

7. SPP can be a strategic policy objective in the 2030 Agenda through its inclusion in an integrated and indivisible programme of action. The main purpose of SPP is to strike a balance between environmental, social and economic aspects of consumption and production and, more specifically, to lend greater weight to social and environmental factors in the purchasing decisions of manufacturers, suppliers and consumers.

8. By accelerating efforts to adopt SPP practices at the national, regional and international levels, countries can continue to draw on activities developed through the Marrakech Process, which was initiated at the World Summit on Sustainable Development in 2002 and led to a 10-year global programme of action for enhancing international cooperation, in order to accelerate the shift towards sustainable consumption and production in developed and developing countries. The main objectives of the Marrakech Process were to support regional and national policies and initiatives in order to accelerate the shift towards sustainable consumption and production, provide financial and technical assistance to developing countries and provide a platform for information and knowledge-sharing. Those objectives align with current efforts to promote SPP, including in country-specific contexts, as well as with efforts to raise awareness and build communities of practice.

9. Linkages to public investment strategies should also be considered. To that end, it could be helpful to factor SPP into relevant policy frameworks, provided that sufficient market analysis and market intelligence are available to understand the settings in which procurement is carried out, as well as political economy considerations, such as existing power relationships, competing interests and the potential for corruption.

10. The linkages are illustrated by the economic recovery plan of the European Commission after the COVID-19 pandemic. When the Commission adopted its 2021

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<sup>4</sup> See the report of the virtual meeting of experts convened by the Committee of Experts on Public Administration working group on sustainable public procurement on 24 November 2020.

annual sustainable growth strategy, it identified public procurement as a strategic area, given that it represents an estimated 14 per cent of GDP at the European Union level. Six priority areas were identified in the strategy for the advancement and development of partnerships to improve public procurement practices: first, boosting strategic procurement, with a focus on green, social and innovative aspects; second, professionalizing public buyers; third, increasing access to procurement markets through small and medium-sized enterprises and the European Union international procurement instrument; fourth, improving transparency, integrity and data; fifth, boosting the digital transformation of public procurement; sixth, cooperating in order to produce together.

11. Another example of SPP as a strategic policy objective comes from the Republic of Korea, which aims to increase green public procurement as a share of public procurement to 70 per cent by 2030 and to increase the proportion of eco-labelled products in consumer goods to 73 per cent by 2030.<sup>5</sup> As part of this initiative, in 2021, the Republic of Korea will start its fourth action plan for promoting the purchase of green products, by trying to make every aspect of people's lives eco-friendly.

12. Since the green public procurement initiative began, the Government of the Republic of Korea has noted that the distribution of goods and services by product classification under the initiative has changed. Building and construction materials now represent the largest share. Local governments are key players, accounting for almost 50 per cent of green public procurement in 2017. A recent survey confirmed that the main obstacle to green public procurement in the Republic of Korea is a lack of product diversity. Price is also an issue. It is hard for suppliers of green products to compete on the open market with producers of conventional goods, which do not necessarily meet the same environmental standards.

### **Barriers to sustainable public procurement**

13. The author of a recent review of the implementation of target 12.7 has identified several barriers to SPP, relating to the legislative and policy framework, organizational issues, buy-in, capacities and tools, and supply market readiness.<sup>6</sup> The analysis acknowledges the impact of the cost factor in relation to SPP: sustainable products are often more expensive than unsustainable alternatives. It is no surprise that the cost factor plays a more prominent role in low- and middle-income countries. Moreover, only 1 per cent of official development assistance (ODA) is earmarked for the implementation of the targets of Goal 12.

14. According to a 2017 review by the United Nations Environment Programme (UNEP) on the implementation progress of target 12.7, SPP had until that year primarily been applied in industrialized countries, where it tends to be voluntary and based on contracts with the private sector. However, adoption of SPP is also increasing in Asia, where the practice tends to be mandatory and connected to eco-labelling schemes for product manufacture and distribution. In China, for example, there is a list of products approved for public procurement with direct links to the national eco-labelling programme. Eco-labelling programmes of that kind can make it easier to evaluate bids for government tenders and reduce the confusion

<sup>5</sup> See [https://publicadministration.un.org/Portals/1/Presentation%206\\_Joon%20Ahn.pdf](https://publicadministration.un.org/Portals/1/Presentation%206_Joon%20Ahn.pdf).

<sup>6</sup> Carsten Hansen, "Waking the trillion dollar giant: sustainable public procurement and the 2030 SDG Agenda – taking stock of SPP implementation challenges and opportunities in pursuit of SDG target 12.7", August 2020.

that might arise from the use of different standards.<sup>7</sup> Examples of more recent initiatives can be found in a presentation given by UNEP in September 2020.<sup>8</sup>

15. The least developed countries face a significant challenge in sourcing products that meet the requirements of sustainable production and are unable to carry out the market reforms needed. Many countries are forced to limit their ambitions for that reason. However, that does not necessarily mean that developing countries are blocked from taking action on SPP. One approach identified has been for countries to prioritize product groups available locally either for domestic consumption or for export, with the aim being that the country then becomes a recognized leader in sustainable production methods in a particular industry.

16. Portraying SPP as an almost guaranteed win-win for economic, environmental and social objectives is oversimplified. There is a need to first identify context-specific barriers and to better understand what makes SPP implementation effective and how to identify the stakeholders. That is particularly important in low- and middle-income countries. The challenge is to find the right balance between different governance styles.

### **Measuring and monitoring**

17. Progress on target 12.7 is expected to be monitored at the global level through a composite indicator that measures the implementation status of sustainable public procurement policies and action plans. In early 2020, the Statistical Commission agreed to reclassify indicator 12.7.1, which had been agreed by the General Assembly in its resolution 71/313, as tier II, setting the stage for a first global data collection exercise, which all countries are encouraged to join. UNEP is the custodian of the exercise.<sup>9</sup>

18. Indicator 12.7.1 is critical to benchmarking progress in the implementation of SPP policies and action plans, in order to ensure continued momentum. Although the first data collection exercise using the agreed methodology got under way only in 2020, the impression is that SPP is being embraced to a greater extent in Organization for Economic Cooperation and Development countries than in low- and middle-income countries.

19. Countries may also have their own measurement and monitoring systems that, in some cases, go beyond indicator 12.7.1. The Republic of Korea, for example, has electronic systems in place at the national level for monitoring the green public procurement performance of public entities. Those systems have allowed the Government to track total expenditure on green products and to find out that expenditure on green products increased fivefold between 2005, the first year of the initiative, and 2019. Its support measures for green public procurement also include the regular collection of monitoring data on green public procurement at the city level. Updated guidelines are published each year on a related information platform for green products, with both online and in-person training offered, as well as the sharing of best practices. Incentives for businesses help local governments to further improve their plans for green public procurement.

20. Audits are another way in which to monitor progress and assess the quality of SPP programmes. The supreme audit institution of Costa Rica, for example, is coordinating a project to carry out cooperative audits of sustainable public procurement in 14 countries using data analytics. In accordance with that project,

<sup>7</sup> UNEP, *Global Review of Sustainable Public Procurement 2017* (2017).

<sup>8</sup> See [https://ec.europa.eu/environment/gpp/pdf/5.%20UNEP%20%20SPPactivities\\_GPP%20AG-Sept2020.pdf](https://ec.europa.eu/environment/gpp/pdf/5.%20UNEP%20%20SPPactivities_GPP%20AG-Sept2020.pdf).

<sup>9</sup> See <https://unstats.un.org/sdgs/metadata/files/Metadata-12-07-01.pdf>.

which is currently in the planning stage and is being conducted under the umbrella of the Organization of Latin American and Caribbean Supreme Audit Institutions, it is considered that SPP is an important tool for achieving the Goals and that further efforts are needed to make all public procurement sustainable, taking into account the social, environmental and economic dimensions of consumption and production, and focusing on the value for money of products and services throughout their life cycle. That is different from traditional approaches, in which the lowest price for goods and services is usually the decisive criterion and secondary policy objectives are not considered. Questions of effectiveness and efficiency thus result in the promotion of a circular economy, in which waste is minimized, maximum use is made of natural resources and closer attention is paid to social and environmental factors and even to the impact on innovation.

21. Such audits are not without their challenges. While supreme audit institutions may have an interest in auditing the implementation of sustainable public procurement, some may not be very familiar with the conceptual framework. Some participating supreme audit institutions may, in the initial stages, opt for their audits to focus on more limited compliance audits or on questions of fraud and corruption in procurement practices. In addition, in most countries in the Latin American and Caribbean region, legislation is not in line with the SPP approach. That is a matter of particular concern for supreme audit institutions, which often refer to legislation in audit criteria. For those reasons, SPP audits may require close attention, in terms of both the audit process and the internal quality control, right up until the report is issued. In addition, the data analytics technique that is a feature of audits conducted by the Organization of Latin American and Caribbean Supreme Audit Institutions depends on the quality of the information available, as well as on analytical capacity. Similar challenges may be encountered in other regions.

### **III. Incorporating sustainability requirements into public procurement rules and methods**

22. Around the world, there are different institutional and governance approaches to SPP, each with their own specific advantages and disadvantages. Some schemes are voluntary and others are obligatory, with varying levels of detail for product group specifications. As with all aspects of governance for the Goals, various models should be considered, as there is no one-size-fits-all solution. That said, experience shows that progress is most effective when a mandatory framework is created that can be combined with voluntary approaches. For example, it could be voluntary to use SPP, but at the same time obligatory to use specific product group standards for sustainability.

23. Progress made in the adoption of SPP can be hampered by public procurement processes that treat sustainability factors as an add-on, rather than as an integral feature of procurement guidelines. Revising the basic rules of public procurement, including the definition of public procurement itself to reflect the concept of sustainability, could accelerate action and would represent a major step forward at the policy level.

24. Public procurement practitioners often use the Methodology for Assessing Procurement Systems (MAPS) as a diagnostic tool to review public procurement systems. The Methodology assesses procurement systems according to four criteria, covering legal, institutional, market and accountability aspects. Integrating the broad social and environmental impact of procurement into such a tool could be a practical way of advancing SPP in the short term. Good linkages between the composite indicator described earlier and the Methodology could also be helpful.

25. Similarly, the most economically advantageous tender method of assessment can be used by Governments to award individual contracts on the basis of aspects of the tender submission other than just price. This method features in the procurement rules of the European Union and can be extended to cover social and environmental criteria, among other factors. By contrast, in many developing countries, procurement officials are not familiar with how to prepare tenders that take sustainability criteria into account. Some countries may find it beneficial to review and revise their rules and methods for tenders in order to facilitate SPP. Peer learning between countries and at the regional level could also be an important accelerator in that respect and should be encouraged.

### **Aligning procurement methods with governance styles**

26. Matching national and subnational governance styles to SPP mechanisms is critical to engaging with all relevant stakeholders during implementation and may vary from country to country and region to region. In Europe, a network style of governance is common, whereby Governments promote collaboration among businesses, public institutions, local authorities and civil society organizations and support it as a political priority.

27. Regardless of the approach used, the governance framework for SPP should be ambitious, dynamic and adaptive. By way of illustration, the Netherlands plans to become 50 per cent “circular” by 2030, rising to 100 per cent by 2050, and progress in the adoption of SPP is expected to accelerate the achievement of those targets. In the first phase of the introduction of SPP in the Netherlands, emphasis was placed on a voluntary, networked style of governance. Starting up networks and piloting new approaches was key to encouraging public procurers, while it also proved that SPP was feasible and not necessarily more expensive than conventional approaches. In the second phase, it was necessary to accelerate the shift towards specific instruments in order to create a larger volume of sustainable procurement. An integrated procurement strategy approved by the Council of Ministers included take-up of SPP as a key objective. SPP targets have also been incorporated into the country’s National Climate Agreement.

### **Regulatory approaches**

28. There is currently a lack of understanding about how regulatory compliance works in practice and how regulatory approaches can help to manage supply chains. Rules are not always well understood throughout the public sector, even when existing legislation is harmonized with international standards. Accordingly, an administration may not have the capacity to execute SPP legislation and legal frameworks may need to be revised in such cases.

29. A noteworthy example of a regulatory approach is that of the eco-labelling programme of the Republic of Korea, which was launched in 1992. In 2005, a law was enacted to enforce the procurement of environmentally friendly products. Under the eco-labelling programme, the environmental impact of products is measured according to the degree to which they contribute to reductions in greenhouse gas emissions. There are now many public institutions purchasing green products, with a variety of stakeholders involved in the implementation mechanism, including several ministries. As of May 2019, there were some 15,000 products carrying an eco-label in conformity with the national standard, across 165 product categories and supplied by some 4,000 companies.



#### **IV. Expanding public procurement options through market mechanisms**

30. It is also important to look at how goods and services are produced and, in particular, to promote the use of sustainably sourced material and resource efficiency in production methods. That stage comes earlier than the public procurement stage, which is the very final stage when considering sustainability. Looking at the ecologically sensitive design of products and services is key. Further efforts can also be made to encourage suppliers to do their part through initiatives such as the promotion of eco-labelling. It is crucial, while encouraging dialogue within the market, to look at mandatory information on recycled content, design for recycling and the lifespan of products. Fiscal incentives, such as tax breaks and the levying of value added taxes on goods and services, have also shown themselves to be relevant to the expansion of procurement options.

31. In the public sector, procurement managers are required to comply with SPP regulations, where such regulations exist, and to consider suppliers that are able to provide sustainable offers, which in itself can have the effect of expanding markets and improving the supply of sustainable products and services. In some countries, construction of public infrastructure is an area of activity which has seen the adoption of green public procurement to improve environmental performance.

32. A caveat when expanding the public-private interface is that inspection and enforcement is needed; otherwise, it can become challenging to apply sustainable procurement processes. That has proved to be the case in the cocoa industry. Ghana and Côte d'Ivoire, for example, introduced a living income differential on all sales of cocoa in 2020 and 2021, with a view to increasing the incomes of cocoa farmers, who earn on average just over one dollar a day. The two countries, taken together, produce about two thirds of the world supply of cocoa and could therefore have a substantial influence on sustainability in the cocoa market. Without adequate inspection and enforcement of the living income differential policy, however, it may be tempting for commodity traders to undermine or avoid paying the premiums that sustain agricultural livelihoods. While the cocoa industry may not feature prominently in public procurement decisions, this point can easily be applied to supply chain management in general.

#### **V. Strengthening capacity to manage sustainable public procurement**

##### **Promoting mutual learning, knowledge-sharing and collaboration**

33. To achieve a global circular economy, all countries need to review their procurement methods. To increase the impact of those methods, they should share their experiences at both the national and international levels. Peer learning among countries can also be an important accelerator of SPP and should therefore be encouraged. International peer-to-peer learning accelerates progress towards the achievement of national and international aims.

34. The European Commission has been leading the way in take-up of SPP, and its efforts could be leveraged to create partnerships between the global North and the global South. The expertise and experience of developed countries could also be shared with developing countries that are trying to advance in this area. The European Commission has provided legal guidance on how to incorporate green requirements into public procurement processes. Tools to provide training activities in this area have also been developed and a help desk has been established to allow public procurers to ask questions about the incorporation of green requirements into public procurement processes.

35. In March 2020, as a follow-up to the European Green Deal, the European Commission adopted a new circular economy action plan which includes a section devoted to public procurement. That section envisages the definition of minimum mandatory green public procurement criteria through sector-specific legislation. The Commission will also continue providing support through its guidance and voluntary tools.

36. In addition to regulatory reform, it is also necessary to improve the measurement of SPP take-up, focus on the effectiveness of procurement decisions and generate interest in SPP among top officials. Poor awareness and adoption of SPP by top management and political leaders can be a significant obstacle. There is also a lack of understanding at the senior management level and insufficient data, in part because the data are difficult to collect. A significant amount of time is being spent collecting information, but the methodology behind those efforts is not currently strong enough.

37. The Dutch Public Procurement Expertise Centre is the institution designated to promote SPP in the Netherlands. With the intention of sharing its experiences and learning from others, the Netherlands is actively working with Governments in Asia and North America and is also connected to SPP initiatives in Latin America and Africa. The Centre has found there to be considerable interest in how procurement works as an instrument for advancing sustainability. Some countries are also interested in how to set up their own green deals, as they focus on a more sustainable economy and more sustainable procurement practices.

#### **Professional development**

38. On the capacity side, public procurement is not recognized as a profession in many areas of the world. In Europe, efforts are being made to have it recognized as a profession by including the subject matter in the curricula of educational establishments and developing degrees and professional training on procurement.

39. The capacity to manage SPP processes, especially day-to-day contract management, is a major challenge in many countries that requires skills development, resources and a change in attitudes. Greater coherence must be sought between the environmental, social and economic dimensions of consumption and production, with particular attention paid to social aspects, which are often not taken into account.

40. The verification of products is a major problem. Public authorities often do not have the resources or skills to fully assess product attributes and confirm that they really are sustainable. Skill sets could be enhanced through targeted training, as part of academic programmes, for example, with a view to ensuring that procurers are fully aware of the SPP methods and tools available to them.

#### **Change management issues**

41. In addition to efforts to promote procurement as a profession, a factor that is often disregarded is that of behavioural and change management in the context of public procurement. If change management within organizations is inadequate, SPP is less likely to happen or will be more time-consuming to implement.

42. A difficult barrier is learning to work on the individual level. Regarding public procurement and procurers, the transition is difficult and often underestimated. Tools can help. Databanks can provide guidance and coaching, including through external expertise, guiding principles and regulations. A large number of tools of that kind have been developed but they are still insufficient. Exchange and peer learning from positive experiences must be strengthened.

43. In some cases, better foundations need to be laid for effective public procurement. In some countries in Africa, for example, it cannot be assumed when

introducing SPP that the basic elements of procurement and a functioning procurement system already exist. Measures to make procurement more sustainable depend on the existence of a basic level of fundamental and good-quality procurement systems and practices. There are certainly things that go wrong in procurement that will need to be addressed when thinking about sustainability in the future.

44. SPP may be particularly challenging in fragile and conflict-affected States in which weakened institutions may make it difficult to control corruption and to ensure access to justice and effective administration. Previous suggestions for key levers in such contexts have included to improve accountability mechanisms by increasing public awareness and financial literacy; boost citizen participation in budget-related matters; strengthen the role of oversight institutions, in particular with regard to procurement; and sharpen the focus on human security, taking into account three freedoms: freedom from want, freedom from indignity and freedom from fear.

### **Contract management issues**

45. Given the budgetary constraints that public authorities face, they are not always able to define exactly what is needed for SPP. As a consequence, businesses may not produce or create the requisite goods or services. This can result in situations in which private contractors overcommit. Businesses also do not always have expertise in this area and, in some cases, cannot deliver the environmental, social and/or innovation aspects of what they have promised. For that reason, the contract management aspect of SPP must be taken into account.

46. Inadequate contract management is evident in the public sector in developing countries, in which all ministries, departments and agencies of Government have limited capacity to ensure that quality, the timing of delivery and the cost agreed on for the goods are adhered to throughout the duration of the contract. Corruption also plays a big role in contract management. With regard to sustainability, those key areas currently contribute to the problem and will need to be addressed, although it should be noted that the issues faced are different from one country to another.

47. Life cycle analysis is an important element of contract management, although life cycle costing can be quite complicated. Adequate time needs to be allocated to planning to ensure cost-effectiveness. At the same time, cost cannot be the only consideration. Questions of equity and ethical behaviour should be taken into account, especially in the public sector. In the private sector, by contrast, the elimination of delays is critical as it affects the delivery of goods and services and the completion of projects within established time frames and budgets.

48. Where the private sector arguably performs better than the public sector is in the area of contract management. In 2020, for example, it became evident that problems are more likely to arise in contract management when emergency measures are invoked, such as the acquisition of personal protective equipment and other medical equipment in response to the COVID-19 pandemic.

49. The role of e-procurement also warrants attention, as it could provide a significant boost to SPP, but it has not been discussed or utilized much in this context yet. Better collaboration and use of digital tools would further promote SPP practices.

## **VI. Conclusions and recommendations**

50. During the preparatory expert group meeting, obstacles and opportunities were considered. With regard to obstacles, gaps are often not fully taken into account, including in social aspects. The poor awareness and lack of adoption of SPP by top management and political leaders in low- and middle-income countries is a challenge.

Only 1 per cent of ODA is earmarked for the implementation of Goal 12, even though public expenditure represents a substantial part of GDP. Going forward, it will be important to create a mandatory framework and considering sector-specific products and services, as well as the goals and processes of public procurement.

51. Another obstacle is that businesses sometimes overpromise with regard to the sustainability characteristics of their products, and yet Governments are not always able to verify that deliverables meet requirements. Weaknesses stem from inadequate contract management by public authorities, such as in the life cycle costing of goods. Planning, procurement and contract management need to be improved. Difficulties have also been encountered in obtaining sustainable products because of limited supply options.

52. The behavioural aspect of procurement and change management are relevant to SPP. People also need to be trained in procurement. Procurers are not always fully aware of what they need to do to effectively execute sustainable procurement processes. Fiscal incentives can be used. The lack of data and product labelling are also problematic issues.

53. Public procurement methods should, in general, reflect sustainability requirements, rather than relegate SPP to a specialized category. Having ambitious policy targets can prove to be fruitful. Mandatory frameworks that are sector-specific and linked to policy priorities are needed in order to further support the implementation of SPP. That requires redoubled efforts to encourage ownership among political leaders and top managers in the public sector.

54. SPP has substantial potential as a key policy instrument for the achievement of the Goals. Scaling up peer-to-peer learning, improving collaboration and using digital tools further promote SPP practices. Efforts should also be made at the national, regional and international levels to accelerate progress in the achievement of SPP aims. Matching national and subnational governance styles with SPP mechanisms is critical to engaging all relevant stakeholders in implementation.

55. There is currently a lack of understanding about how regulatory compliance works and how regulatory approaches can help to manage supply chains. Revision of legal frameworks may be necessary in such cases, including through improved fiscal incentives, such as tax breaks and the levying of value added taxes on goods and services. More efforts could also be made to encourage suppliers to do their part, such as through the promotion of eco-labelling.

56. Alongside regulatory reforms, it is necessary to improve the measurement of SPP take-up, focus on the effectiveness of procurement decisions and generate interest in SPP among top officials. Poor awareness and adoption of SPP by top management and political leaders can be a significant obstacle.

57. Sustainability factors should be integrated into procurement processes, rather than SPP being seen as an alternative to traditional approaches, which often use the lowest possible cost as the main consideration in procurement decisions, without any regard for secondary policy objectives.

58. The capacity to manage SPP processes, especially day-to-day contract management, is a major challenge in many countries, one that requires skills development, resources and a change in attitudes. Social aspects are often not taken into account. Greater coherence must also be sought between the environmental, social and economic dimensions of consumption and production.

59. Skill sets could be enhanced through targeted training, including as part of academic programmes, with a view to ensuring that procurers are fully aware of the SPP methods and tools available to them. More efforts could also be made to promote

procurement as a profession. It could be of interest to have further discussions on how to harness digital technologies and digital transformation to advance sustainable public procurement.

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