

Executive summary

Accounting for an average of 12% of gross domestic product (GDP) in OECD countries, public procurement is a strategic tool for achieving wider policy goals, including supporting innovation, addressing environmental challenges, mitigating inequalities, and promoting sustainable development. Public procurement can also be a means to promote responsible business conduct (RBC) and address global supply chain risks to people and the planet. Risk-based supply chain due diligence can help public buyers ensure value for money in its broader sense towards encompassing sustainability of procurement decisions.

This report highlights how OECD members and adherents to OECD instruments incorporate RBC objectives and risk-based due diligence into their public procurement systems. For the purposes of this report, RBC objectives include considerations related to the environment, human rights, labour rights, minorities, people with disabilities, the long-term unemployed, gender, and integrity. The analysis in the report considers three aspects of RBC: coverage of RBC objectives; their application along the supply chain; and, their integration throughout the procurement cycle.

The analysis shows that the uptake of RBC objectives in public procurement is incomplete and uneven and that limited systematic risk-based supply chain due diligence is incorporated in the frameworks and practices of central purchasing bodies (CPBs). Challenges also remain on the implementation of a number of RBC objectives and follow-up to monitor the uptake of RBC objectives is weak.

Key findings

- A majority of countries promote some RBC objectives through public procurement, but only a few have comprehensive frameworks addressing all RBC objectives throughout the entire supply chain. For example, all countries have a strategy or framework to support environmental objectives in public procurement, but few have frameworks linked to other RBC objectives. CPBs have their own policies and strategies for certain RBC objectives linked to the environment, human rights, and integrity, for example. At best, 20-25% of these institution-level policies and strategies apply to the entire supply chain.
- The most important reasons for governments to integrate RBC objectives into the public procurement framework are to achieve policy coherence nationally and to align with international expectations on RBC. When developing regulatory and policy frameworks, stakeholder feedback from business and civil society is not sought as consistently as possible.
- Different RBC objectives do not feature equally in the various phases of the public procurement cycle. When planning purchases, CPBs frequently consult with businesses regarding environmental considerations (53%), but rarely on other RBC objectives. This is noteworthy, as the lack of market engagement is an important challenge for companies responding to RBC objectives set by contracting authorities. Over two-thirds of CPBs verify whether the *main contractor* complies with environmental, labour rights and integrity-related requirements set in a contract, but do not verify compliance at the *sub-contractor* level to the same extent.

- Across all RBC objectives, the top challenge for policy makers is a lack of understanding of how to achieve them through public procurement. Implementation of these objectives appears particularly difficult for requirements related to minority concerns and related to human rights (flagged by around 40 and 50% of countries, respectively).
- Monitoring and follow-up of RBC objectives is weak. More than 80% of countries monitor the uptake of environmental considerations at least partially. Fifty percent of country frameworks provide for actions against suppliers infringing RBC standards in their supply chains. Around 30% of countries require that suppliers change their supplier in case of violations.
- In practice, public procurement processes rarely include a consistent due diligence approach. Four out of five CPBs use risk management frameworks considering at least some RBC objectives, and more than 80% CPBs have identified high-risk purchasing categories. More than half of CPBs require suppliers to certify that they know their supply chain, but only a limited number of CPBs require suppliers to actually conduct supply chain due diligence.

Key recommendations

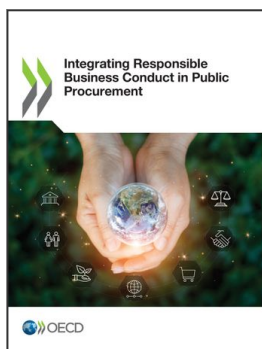
The findings highlight several avenues to integrate RBC objectives in public procurement. Governments are encouraged to create comprehensive and consistent frameworks to strengthen RBC in public procurement, including by implementing risk-based supply chain due diligence in public procurement. Governments should also consider actions to support capacity building for public procurement practitioners. In implementing these recommendations, governments should take into consideration the experiences and perspectives of relevant stakeholder groups.

Priority measures to promote RBC through public procurement include:

- Adopting a comprehensive approach to considering RBC objectives in public procurement systems, covering aspects of RBC objectives throughout the entire supply chain. To do so, governments could align frameworks on RBC in public procurement with international standards such as the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Business Conduct and the OECD Recommendation on Public Procurement.
- Integrating stakeholder perspectives, including from business, civil society, unions and other stakeholders, when developing and implementing RBC frameworks in public procurement.
- Integrating RBC objectives comprehensively throughout all phases of the public procurement cycle. This should include market engagement through to contract management, and give special attention to contractual obligations.
- Improving practitioners' knowledge, capacity and ability to implement RBC objectives in public procurement, drawing on existing tools, strategies and practices for supply chain mapping, risk management in public procurement and due diligence.
- Monitoring the implementation of RBC objectives in public procurement, especially through strengthened contract management strategies, and collecting and publishing data resulting from these activities.

Facilitating the closer collaboration of policy makers and practitioners through existing public procurement and RBC-related networks, such as the National Contact Points for RBC (NCPs) or public procurement networks.

Part I Comparative Analysis: Uptake of Responsible Business Conduct in Public Procurement



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