

Leveraging responsible business conduct through public procurement



HIGHLIGHTS

On 5 March 2020, the OECD hosted a [seminar](#) to discuss the challenges, opportunities and good practices on public procurement and responsible business conduct (RBC). The meeting gathered 100 participants from over 30 countries, including policy makers, public procurement practitioners, [National Contact Points](#) for the [OECD Guidelines for Multinational Enterprises](#), NGOs, academics, trade unions, business organisations and companies.

Drivers and challenges of integrating RBC in public procurement

Policy frameworks – both within governments and within international organisations – are increasingly promoting the use of public procurement to achieve RBC outcomes. NGOs and trade unions are increasing demands on governments to promote RBC through public procurement.

Traditionally, the implementation of RBC in public procurement tenders has been compliance driven and reactive, with RBC policies being put in place after a negative event has gained media coverage.

Increasingly, proactive measures are taken by public procurement policy makers and practitioners, as well as business, to identify and mitigate risks in global supply chains.

Many businesses are using the OECD due diligence guidance framework and related tools to identify and address risks in supply chains and this approach can be part of a public procurement as well.

There needs to be consistency and harmonisation across government public procurement to prevent and address supply chain risks and promote positive outcomes.

Risk management in public procurement and responsible business conduct

Systematic risk management processes need to be put in place to identify and mitigate risks that affect the implementation of public procurement procedures.

Innovative collaboration with suppliers – such as pre-market consultations – is part of the risk management process and supports the integration of RBC in public tenders.

A regulatory and policy framework that includes references to RBC considerations in public procurement is necessary, but not sufficient. Chief public procurement officers need to take proactive measures to integrate a risk management process that includes RBC considerations into their buying decisions.

The promotion of RBC in public procurement does not necessarily conflict with the price criterion. Sustainable and responsible procurement practices can be both time- and cost-efficient.



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The importance of follow-ups – Different methods and lessons learned

Verifying suppliers' compliance with RBC requirements is key to driving improvements. Failing to do so increases the risks of violations going undetected and distorting fair competition.

Suppliers are expected to have a due diligence process in place in order to identify, prevent and mitigate, and account for risks that can impact the planet, people and society in global supply chains.

There are different approaches to verification from self-assessments to on-site factory audits, which are sometimes necessary to provide quality control.

To increase efficiency and reduce cost, one option is to promote collaboration between public procurement authorities to do joint follow-ups and to share results.

Governments should build on the existing initiatives of international organisations including practical tools developed by business and civil society to promote the integration of RBC into public procurement.

Sustainable public procurement requires a coordinated effort with all stakeholders. This includes continuous dialogue between countries, business, trade unions and civil society.

Next steps

In 2020, the OECD will continue its work in this area, including building an informal platform to convene public procurement practitioners and policy makers to support collaboration in the effective implementation of RBC in public procurement.

In 2020, the OECD is taking stock of existing practices in countries to integrate RBC considerations into public procurement policies and practices. The research and data collection will be a basis for:

- the development of a compendium of good practices on RBC and public procurement to be presented in October 2020 at the Public Procurement Week at the OECD.
- a policy brief on economic benefits for governments and suppliers to integrate RBC in public procurement
- a policy brief on lessons from other policy areas for the inclusion of social elements of RBC in public procurement

In 2020 - 2021, the OECD is also developing a pilot on RBC due diligence in the public procurement of garment and textile.

Collaborative approaches – The way forward

Collaboration at all levels of government is necessary to ensure the comprehensive uptake of RBC considerations in public procurement. (63% of public procurement occurs at the sub-national level).

Collaboration should be standardised and far-reaching, as this ensures that all levels of government identify and mitigate RBC risks in supply chains, measure impacts and demonstrate public value.