



Are nations promoting sustainable public procurement as a strategic instrument for green and inclusive growth?

An IDI- OLACEFS Cooperative audit of Sustainable Public Procurement using data analytics (linked to SDG 12.7) (CASP)

Public Procurement wields enormous purchasing power and offers a valuable opportunity to gear public expenditures towards green and inclusive growth to contribute to the achievement of sustainability goals. While the principles of fairness, transparency, openness, and non-discrimination continue to guide public procurements, the evolution of sustainable public procurement (SPP) as a strategic instrument for fostering sustainable development and market transformation is critical.

Recognizing the strategic significance of SPP in the implementation of SDGs, IDI and OLACEFS supported 14 SAIs in the region in conducting an SDGs implementation audit of national targets linked to SDG 12.7, for examining the extent to which governments had made efforts towards sustainable public procurement.

One of the pilots of IDI's SDGs Audit Model (ISAM), the Cooperative Audit of Sustainable Public Procurement using data analytics (linked to SDG 12.7) (CASP) is being conducted by fourteen SAIs from OLACEFS (colored in map), with SAI Costa Rica acting as coordinating SAI.

The purpose of CASP was to assess the Government actions for the implementation of the nationally agreed target linked to SDG 12.7. The audits also examined key dimensions linked to SDG principles e.g. coherence, integration, institutional and organizational capacity, leave no one behind and multi stakeholder engagement. As most of the audits were conducted during COVID times looking at the resilience of SPP systems and application of SPP principles in times of emergency also became important questions to look at.

What insights and recommendations did SAIs provide?

As on date twelve SAIs have issued and published¹ their reports. Some of the insights and recommendations from the reports are captured below.

Strengthen and mainstream SSP in the regulatory framework

SAIs found that governments in different countries were implementing SPP in different ways. SPP implementation ranged from having an explicit and active SPP public policy that involves committees providing oversight, to cases in which there are specific regulations that contribute to SPP in a disconnected way; or to some of its dimensions, particularly environment.

In some cases, this policy is not integrated in the regulatory framework governing public procurement and in most cases it is partially developed and lacks alignment aligned. As procurement expenses form a large part of the



¹ <https://www.idi.no/work-streams/relevant-sais/auditing-sdgs/audit-sdgs-implementation/cooperative-audit-sdg-implementation/casp>



national budget and as SPP is vital in addressing long term changes in terms of development and transformation of societies, SAIs have recommended that SPP needs to be fostered and mainstreamed by governments. Recommendations range from changes required at the regulatory level, Parliaments amending public procurement regulations for meeting SPP standards, and passing new laws or regulations.

SAIs have also recommended connecting the SPP policies at the national level to the SDG 12.7 requirements and formulating national targets which can be reported on as a part of the VNR² process.

Improve horizontal and vertical coherence and strengthen capacity for SPP

Most SAIs recommended actions for improving horizontal and vertical coherence. Recommendations included coordination between sectors involved in SPPs, making inter-institutional agreements for the formulation and implementation of SPPs, and defining an oversight authority – in some cases the national procurement authority to coordinate actions of different participating institutions and the information flow.

Vertical coherence was a more pressing concern for SAIs from countries with federal systems of Government. In such cases, SAIs recommended that the national public procurement authority develop action plans that allow for increased communication and coordination with local governments and building staff knowledge on SPP.

Leave No One Behind in SPP

Many specialists working with SPP, including UN Women and Open Contracting Partnership, identified ‘women who run small and medium enterprises (SMEs)’ as the most vulnerable from a SPP perspective. In relation to this, SAIs have recommended that procurement authorities coordinate efforts with the Ministry of Women (or similar institution in the country) to increase the involvement of women in purchasing processes, offer logistical support to women that are government suppliers and that have little participation, and to consider amending the public procurement law for increasing the quota of purchases to be awarded to SMEs led by women.

SAIs have also made recommendations to (a) to design, approve and implement a system of recognition and/or social seals, which promotes equity, inclusion and empowerment of people who belong to populations in vulnerable conditions; (b) to define necessary mechanisms to promote larger and/or more frequent contracting with vendors from the most popular and vulnerable sectors of the economy”; and (c) that the Ministry of Economy fosters the social and economic development of SMEs that would lead to social and economic development in all departments of the country, promoting strategies and resources for inclusion.

Increase stakeholder participation in SPP

SAIs have found that multi stakeholder engagement is an aspect yet to be explored systematically by procurement practitioners. Government efforts, barring a few cases, to involve stakeholders on a regular basis is scarce and inconsistent.

Lack of capacity and data

SAIs observed lack of implementation of SPP due to funding gaps or professional capacities of procurement agencies. A few SAIs’ conclusions comment on incapability for measuring progress, either due to limitations on the national procurement systems that do not allow identifying whether procurements meet SPP criteria, or due to lack of information for feeding indicator 12.7.1³.

² Voluntary National Reports on the y datos progress towards the achievement of SDGs.

³ Developed by UNEP, defined as custodian agency for SDG 12.7.



How did participating SAIs benefit from CASP?

SAI reflections on what they got out of CASP show that the SDG audit seed planted through the IDI-OLACEFS cooperative audit of preparedness for implementation of Goal 5 has grown and blossomed. Some of the key benefits of CASP were:

Enhance knowledge and expertise in auditing SDGs

A new perspective of looking at public procurement

Use of data analytics in audit

How can we continue to build on what we have achieved?

Building on our experience with CASP we see the need to consider the following in the immediate term and in the longer term:

1. **Facilitate Audit Impact** – Now that the reports are published, SAIs together with key stakeholders need to think of how the recommendations made in the audits can be followed up and implemented to enhance SPP.
2. **Build sustainable SAI capacity to audit SDGs** – SAIs also need to think of how to build organizational systems and professional staff capacity for carrying out SDGs audits. This could include building strategic audit portfolios for SDGs audits, putting in place multi-disciplinary teams, building professional staff capacity for conducting performance audits of complexity, using a whole of government approach
3. **Strengthening stakeholder coalitions** – Auditing SDGs will require capacities to form strong stakeholder coalitions throughout the audit process as well as ability to examine multi stakeholder engagement by governments.
4. **Build capacity to leverage on technology in audit** – Going forward SAIs would also need to consider how they can strengthen their capacity to use technological solutions like data analytics in audit.

As SAIs look at these issues, IDI will stand ready to support them in any way we can. IDI has launched several initiatives like Facilitating Audit Impact⁴, Leveraging on Technological Advancement⁵, piCTure⁶ and Professional Education for SAI Auditors⁷ which SAIs can benefit from.

Acknowledgements

IDI is grateful to the following cooperation partners for the invaluable support provided for this initiative:

OLACEFS - SAI Peru as Chair of OLACEFS, SAI Chile as Executive Secretariat, SAI Costa Rica as the coordinating SAI, along with in-kind contributions from SAIs Argentina (as Chair of OLACEFS' CTIC), Belize, Chile, Colombia, Costa Rica and Spain.

Experts - Inter-American Development Bank (IADB), the Inter-American Network on Government Procurement (RICG), Open Contracting Partnership, the Secretariat for Methodologies for Assessing Procurement Systems (MAPS) and the United Nations Environment Programme (UNEP).

Funding Partners – Federal Ministry for Economic Cooperation (BMZ) through Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and Inter-American Development Bank (IADB).

⁴ <https://www.idi.no/work-streams/relevant-sais/fai>

⁵ <https://www.idi.no/work-streams/relevant-sais/lota>

⁶ <https://www.idi.no/work-streams/well-governed-sais/picture>

⁷ <https://www.idi.no/work-streams/professional-sais/pesa-p>