



Sustainable Public Procurement

General advisory approaches for GIZ projects

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Abstract

Governments' procurement spending reached US\$13 trillion worldwide in 2019, or around 15% of global gross domestic product (GDP). In most developing countries, the share of public spending in national GDP is even higher. Thus, public procurement offers a powerful lever to achieve strategic sustainable policy goals – both nationally and internationally. Sustainable public procurement (SPP) in particular can foster a just and green transition of the economy, for instance by introducing green standards or by improving the participation opportunities of small and medium-sized enterprises in public tenders. Furthermore, a strategic update of institutional management structures in public procurement can help fighting corruption and fraud.

Although Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, as an implementation organisation of the German development cooperation, is already supporting some initiatives on SPP in partner countries, the full potential of advisory activities and capacity building around SPP is yet to be realised. At the same time, GIZ has great preconditions to increase relevant activities in partner countries, such as its dense network of country offices with excellent working relations with public institutions and the staff's expertise in public finance.

This study develops concrete advisory topics and activities for GIZ on how to support the strategic updating of partner countries' procurement systems to make them contribute to domestic and global sustainable development. Vertically, these topics and activities are presented in the following five areas of activities for SPP cooperation: policies, laws and regulations, institutions, individuals as well as data and monitoring. Horizontally, the study structures the advisory topics depending on when they should be executed, dividing recommended activities on SPP

cooperation into an 'early action' phase and a phase for 'consolidating initiatives'.

Sections 5.1 to 5.5 present potential advisory topics and activities on SPP cooperation (please find a summary in table 3 at the end of the study). On the ground, when planning concrete projects of technical cooperation based on this paper, those activities must always be interpreted and adapted to the country context, particularly with regard to specific content, sequencing and potential partners to cooperate with. Generally, the advisory approaches developed can be used for three different basic "designs" of cooperation activities:

1. **Single activities**, e.g., an activity focusing on contract management (see advisory topic 'Development of an effective and transparent monitoring system on critical stages of the procurement cycle' in section 5.5),
2. **A sequence of activities across time**, e.g., status assessment (early action section 5.5) and SPP policy statement (early action section 5.1) to facilitate the development of an SPP action plan (consolidating initiatives 5.1),
3. **Long-term and multidimensional project structure**, i.e., advisory activities in all necessary content areas and time dimensions in order to broadly update a partner country's procurement system.

Thus, this study offers a wide range of potential advisory topics and activities from which to develop concrete projects together with partner countries.

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List of abbreviations

CSO	Civil society organisation
EIGE	European Institute for Gender Equality
GRPP	Gender Responsive Public Procurement
BMZ	<i>Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung</i> German Federal Ministry for Economic Cooperation and Development
IDOS	German Institute of Development and Sustainability
GLCN	Global Lead City Network
GFG	Good Financial Governance
GPP	Green Public Procurement
GDP	Gross Domestic Product
IFMIS	Integrated Financial Management Information System
ILO	International Labour Organisation
KNB	<i>Kompetenzstelle für nachhaltige Beschaffung</i> Competence Center for Sustainable Procurement in the Procurement Office of the Federal Ministry of the Interior
LAC	Latin America and Caribbean
LCC	Life Cycle Costing
ICLEI	Local Governments for Sustainability
MAPS	Methodology for Assessing Procurement Systems
(M)SMEs	(Micro,) Small and Medium-sized Enterprises
NFO	National Focal Organisation
OCPO	Office of the Chief Procurement Officer
OCPP	Open Contracting Partnership
OECD	Organisation for Economic Co-operation and Development
OECS	Organization of Eastern Caribbean States
PPDA	Public Procurement and Disposal of Public Assets Authority
PPA	Public Procurement Authority
PPRA	Public Procurement Regulatory Authority
RSA	Republic of South Africa
RPPA	Rwanda Public Procurement Authority
SRPP	Socially Responsible Public Procurement
SDGs	Sustainable Development Goals
SPP	Sustainable Public Procurement
UN	United Nations
UNECE	United Nations Economic Commission for Europe
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organization
PGAUI II	Urban and Industrial Environmental Management Programme II
VAT	Value added tax
VfM	Value for money
WOBs	Women Owned Businesses

1 Introduction

Governments' procurement spending reached US\$13 trillion worldwide in 2019, or around 15% of global gross domestic product (GDP) (World Bank, 2021a). It is therefore not surprising that both academia and international organisations have been invoking the great strategic leverage of public procurement for years. Just recently, the United Nations Environment Programme (UNEP) once again called for this "sleeping giant" to be awakened (UNEP, 2021a). However, progress, especially in developing countries, is usually quite slow due to several political, legal and institutional weaknesses, so the giant seems to have a pretty good sleep.

At the same time, in many developing countries government procurement spending is significantly higher than the mentioned 15%. In Kenya, for instance, according to the World Bank Country profile of the year 2020, public procurement expenditure accounted for approximately 26% of national GDP (World Bank, 2021a). Furthermore, procurement is a cross-cutting governance topic which can exert catalytic impacts on both different policy areas as well as different levels of government.

The overarching goal of this paper is to provide advisory topics and activities for GIZ on how to support the strategic "updating" of partner countries' procurement systems to make them contribute to domestic and global sustainable development. As a basis for this, chapter 2 first presents concepts and components of strategic and particularly sustainable public procurement (SPP). Beyond, this part outlines the added value of SPP to reach the UN's sustainable development goals (SDGs). Chapter 3 summarises some of GIZ's activities to foster SPP implementation in partner countries. After this overview, chapter 4 introduces a methodological approach to select and analyse data for the sound and comprehensive development of advisory

topics on SPP implementation in chapter 5. This core element of the analysis is subdivided according to the five identified areas of activities for SPP cooperation, namely policies (5.1), laws and regulations (5.2), institutions (5.3), individuals (5.4) as well as data and monitoring (5.5). Finally, chapter 6 concludes the paper by summarising key advisory approaches on SPP and by contextualising them with the current status quo.

2 Definition of SPP and its added value for SDG fulfilment

As with most technical terms, there are different definitions of SPP, with nuances of meaning. The following definition by UNEP is one of the most recent and comprehensive ones: "*[Sustainable public procurement is a] process whereby public sector organisations meet their needs for goods [and] services [...] in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimizing, and if possible, avoiding, damage to the environment*" (UNEP, 2021a, p. 15).

Three points to emphasise here are that first, SPP refers to the whole life cycle of goods, and services. Often the largest environmental and social impacts do occur in the production and delivery phase of the product to be procured by public authorities. This may include the destruction of habitats due to mining or the infringements of labour rights in a production site. Second, SPP should ideally include the three critical dimensions of sustainability, i.e., economy, environment and society. For example, low-priced solar panels produced under poor working conditions or environmentally friendly niche products that are substantially more expensive than the budget allows for are not sustainable. Third, SPP should take into account the following four basic principles of public procurement:

- I. Competition: Public competitive tendering should support the likelihood that high-quality goods and services are purchased at reasonable prices;
- II. Transparency: Transparent tendering promotes broad and clear competition;
- III. Openness: All participants in a tender must be treated equally and access to the competition should be without barriers;
- IV. Adequacy: The procedure must be lawful, goal-oriented, accountable, and necessary (GIZ, 2022a).

Generally, countries in Europe and North America rather focus on including ecological criteria in their procurements, thus pursuing Green Public Procurement (GPP) practices. On the other hand, countries of the Global South have a stronger history of including social criteria, thus pursuing Socially Responsible Public Procurement (SRPP). However, this is only a rough classification, from which there are many exceptions. While for instance the United Kingdom has a long tradition of including social criteria in procurement, many cities and regions in South Africa, e.g., Western Cape or Tshwane, successfully introduced GPP in their procurement systems (Müngersdorff and Stoffel, 2020a).

The procurement skills required for environmental/green and socially responsible/fair public procurement are similar, even if the technical knowledge of impacts and indicators is not. The frequent siloing of different dimension of sustainability, for example with responsibility for social, economic and environmental dimension each located within different ministries, can hinder successful implementation and/or lead to excessive personnel and financial resources being used.

As an important part of public financial management, public procurement can contribute to shaping development globally (World Bank, 2021a). As public procurement expenditures often represent a substantial part of the economy, using this spending strategically for environmental, social and economic goals is expedient. By increasing professionalisation and using public procurement strategically, financial savings occur frequently as a by-product.

SPP can be a powerful strategic lever for achieving some of the most pressing policy goals of our time, for example combatting climate change, fostering small and medium-sized enterprises (SMEs), working towards gender equality or for reducing poverty (UNEP, 2021a). However, SPP very often suffers from substantial implementation gaps. One policy instrument that could help overcoming this gap is to introduce an overarching SPP target to clearly show political prioritisation of the topic. The World Bank in this context recommends taking a long-term view when examining the relationships with other goals (World Bank, 2021a).

SPP can only be meaningfully implemented if procurement is understood as a strategic instrument and used accordingly, with appropriate strategic tools such as market consultations, Life Cycle Costing (LCC)¹ and monitoring. While gains can be also made for sustainability in the procurement process as such, strategic public procurement includes both the pre-procurement, planning phase as well as contract implementation and sometimes monitoring (World Bank, 2021a).

The strategic goals in which SPP is embedded can be manifold, including reducing emissions, fostering positive social outcomes such as reducing poverty or improving gender equality. One tested approach on how to choose what overarching policy priorities to focus on, as

¹ Definition life cycle approach: "A life cycle approach reflects the incorporation of sustainability concerns from the complete life cycle of a product – all the way from extracting

raw materials, manufacturing parts, assembling the product, use and disposal after end of life" (UNEP, 2021a).

well as how to craft an SPP policy based on these policy priorities has been developed by UNEP (UNEP, 2021a).

SPP can contribute substantially to reaching the SDGs. In some countries, for example in Kenya, public procurement regulation and the overarching legal and institutional context is already in favour of using public procurement for sustainability, representing a “door-opener” for further GIZ activities to support SPP (Interview 1).²

The SDG-target 12.7. addresses SPP specifically, stating: *Promote public procurement practices that are sustainable, in accordance with national policies and priorities* (United Nations General Assembly, 2015). However, more importantly, SPP can act as a lever to work towards other goals. This effect can be more direct or rather indirect, but comprehensive analysis published in a report by the Nordic Council of Ministers (Nordic Council of Ministers, 2021) shows that SPP can impact all SDGs. On the next page is a table (Table 1) with the concrete contribution of SPP to each of the 17 SDGs which is based on this report. (Nordic Council of Ministers, 2021). Further examples have also been published by UNEP (UNEP, 2021a).

² Two interviews were conducted, the first on 19 November 2022 with Kenneth Matiba (Technical Advisor, Public Procurement & Audits, GIZ Kenya) and the second on 7 December 2022 with Einar Fogh (Head of Component,

Strengthen Accountability Component, GIZ Uganda). This study cites input from Kenneth Matiba with ‘Interview 1’ and input from Einar Fogh with ‘Interview 2’.

Table 1: Impacts of SPP on the 17 UN SDGs

SDG number	SDG title	Impact of SPP
1	No poverty	SPP can influence the working conditions and economic situation both in the supply chain and locally. The latter is achieved by improving the “participation of under-represented, marginalized or vulnerable supplier groups in public contracts and help to create local employment opportunities” (Nordic Council of Ministers, 2021, p. 11).
2	Zero Hunger	Through requiring the reduction of harmful chemicals, “SPP can support environmental protection and improved crop yields”. Fair wages in the supply chain, as well as contributing to no poverty, can also reduce hunger (Nordic Council of Ministers, 2021, p. 14).
3	Ensure healthy lives and promote well-being for all at all ages	This goal is supported by strengthening health and safety requirements throughout the supply chain. By eliminating harmful and toxic substances from products, direct positive impact is achieved for workers, users and waste personnel.
4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	SPP can focus on reducing child labour in the supply chain as well as paying living wages for adults. Furthermore, creating “apprenticeships, traineeships and work placements, [...] can help increase vocational skills” (Nordic Council of Ministers, 2021, p. 22).
5	Achieve gender equality and empower all women and girls	Working towards gender equality through public procurement includes encouraging women participation amongst supplies, supporting equality in the supply chain and purchasing products and services that serve the needs of all genders equally.
6	Ensure availability and sustainable management of water and sanitation for all	This goal can be contributed to with purchasing “water efficient products and solutions”, thus changing what is available on the market, including for other public and private buyers and by “ensuring that solid waste streams are properly managed to eliminate any potential harmful impacts on waterways and streams” (Nordic Council of Ministers, 2021, p. 30).
7	Ensure access to affordable, reliable, sustainable and modern energy for all	Total cost of ownership as well as LCC are models that are well established in SPP. Instead of choosing products by the lowest purchase price, other factors, often energy use, are also considered. Thus, energy use is reduced and the market for energy efficient products is fostered.
8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	This goal can be supported through labour rights in the supply chain as well as inclusion of marginalised groups with difficulty to accessing the labour market. Training opportunities can also be fostered through SPP.
9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	SPP can also include both asking for innovative solutions and long-term thinking for large projects. It “also supports this goal by underpinning requirements for enhanced efficiency and resource use and the adoption of clean technologies” (Nordic Council of Ministers, 2021, p. 40),

SDG number	SDG title	Impact of SPP
10	Reduce inequality within and among countries	“Supplier due diligence, supported by comprehensive remediation action, helps identify and reduce global inequalities.” By structurally encouraging the bidding of SMEs, women or minorities, inequalities within countries can be reduced (Nordic Council of Ministers, 2021, p. 43).
11	Make cities and human settlements inclusive, safe, resilient and sustainable	This goal is “the most heavily influenced by Sustainable Public Procurement, with more than 100 direct and indirect linkages. Public procurement is how cities deliver services and purchase goods, and thus have huge power to do so sustainably (Nordic Council of Ministers, 2021, p. 46).
12	Ensure sustainable consumption and production patterns	By ensuring “that governments consider [...] how [goods they purchase] are manufactured and produced to minimize harmful and social impacts, Sustainable Public Procurement can support the development of more sustainable production and consumption patterns.” This can lead to shifting of markets. SPP can also push the development and spread of eco-labels (Nordic Council of Ministers, 2021, p. 50).
13	Take urgent action to combat climate change and its impacts	SPP can be embedded in climate policy and thus take energy efficiency, low emissions, circularity and other climate-relevant aspects into consideration. Protecting forests and waterways can also be included in SPP.
14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	The influence of SPP on life below water comes from reducing plastics, for example in packaging, and wastewater management as well as encouraging circularity and sustainable fishery.
15	Protect, restore and promote sustainable use of terrestrial ecosystems and halt land degradation and biodiversity loss	Sustainable agriculture and forestry, reduced use of material and management of waste all contribute to this goal and can be included in SPP.
16	Promote peaceful and inclusive societies, provide access to justice for all and build inclusive institutions	“Fair, effective and transparent competition is widely recognized as a key principle” of SPP. It can also help “to eliminate fraud and corruption throughout global supply chains”.
17	Strengthen the means of implementation and revitalize the global partnership for sustainable development	“With an increasingly global and complex supply chain, SPP requires that countries work together to support the transfer of knowledge sharing and best practices” (Nordic Council of Ministers, 2021, p. 66). Furthermore, by encouraging socially responsible procurement in developed countries, SPP can contribute to strengthening the economy as well as workers’ rights globally.

As outlined above when introducing strategic procurement and as can be seen from the table on SDGs (Table 1), SPP can be used as a tool to reach a variety of goals. This also applies to the current priorities of the German Federal Ministry for Economic Cooperation and Development (BMZ), namely (1) pandemic control, (2) fighting hunger and poverty, (3) just transition and (4) feminist development policy (BMZ, 2022).

For pandemic prevention and recovery, this includes fostering stable health care systems. SPP can support this by placing an emphasis on anti-corruption measures for best outcomes, long-term financial stability rather than short-term savings and also procurement of innovative products and services.

With regards to fighting hunger and poverty, many of the points outlined in the table above for workers in the supply chain contribute to this goal. Better knowledge of suppliers (and suppliers' suppliers) by purchasing authorities can contribute to improving workers' rights if relevant clauses and controls are included in the procurement process. This supply chain transparency can also help with regards to resilience in sourcing and supply.

For just transition, SPP can support developing new technologies by encouraging innovation and shifting markets, as well as including clauses for re-training of workers and supporting their participation in changing business models (ILO, 2022). In order to achieve this, a holistic view on sustainability is required, by integrating social factors when addressing energy and technology challenges.

For feminist development policy, approaches from Gender Responsive Public Procurement (GRPP) are relevant.

In some countries it is possible to prioritise women-owned businesses, further propositions can be found in the European Institute for Gender Equality (EIGE) Toolkit on GRPP (Caimi, Helfferich, Mans, Semple, & Singer, 2022). Equality can be fostered in different phases of the procurement process. This includes taking gender differences into account during the needs assessment stage, for example when designing a school with play areas for girls or public transport which offers space for prams.

When purchasing products and services, gender differences can also be addressed by e.g., buying protective equipment for different body shapes. In some cases, gender sensitive contract performance clauses can be included, requiring family friendly workplaces or training for women. In South Africa, the merit point system in public procurement includes points for Women Owned Businesses³ (WOBs) (GIZ, 2022a). The potential of linking public procurement to gender equality ambitions was also noted by our interview partner from Kenya who amplified gender responsive budgeting and preference and reservation schemes as possible courses of action (Interview 1). As with all strategic goals, it is key to integrate gender focused policy and programmes with procurement and vice versa to create synergies rather than obstacles.

After defining SPP and outlining the leverage power it can have to reach strategic policy goals, the next section looks at some snapshots of GIZ projects which already include SPP.

³ Definition WOB: "Different countries may have their own definitions of WOB. In the UN system, the standard definition of a WOB is as follows. Women-owned businesses means a legal entity, that, at a minimum:

- Is at least 51 per-cent owned by one or more women,

- Is unconditionally controlled by one or more women over both long-term decision-making and the day-to-day management and administration of the business operations, and
- Is independent from non-women-owned businesses" (Open Contracting Partnership, UN Women, 2021).

3 GIZ's approach and activities to foster SPP in partner countries

GIZ already runs some projects with a (sustainable) public procurement component in partner countries. However, the potential for significantly expanding strategic and targeted SPP interventions to reach development goals is enormous. The activities with regard to SPP are far spread across sectors, as shown by the examples below. Furthermore, they typically approach different levels of government.

As outlined above, SPP can be used to reach a number of strategic goals, including combatting climate change, improving working conditions and thus fighting poverty, and delivering the economically best product or service in the long-term. Accordingly, GIZ has implemented, and continues to implement, projects with an SPP component in various areas. Outlined below are some examples, this list is by no means comprehensive and gives an insight into the breadth of topics with which SPP has been linked.

Working with local governments:

The Urban and Industrial Environmental Management Programme II (PGAUI II) in **Mexico** pursued the goal to promote the production of more sustainable goods and services. Besides fostering innovations within SMEs and training on environmental management for companies, this included the introduction of environmental criteria for public procurement. In Puebla, where the focus was on river restoration, the municipal government's procurement was first analysed in terms of environmental impacts and then adapted. This led to the exclusion of disposable material and individual water bottles, and to shift detergent to a biodegradable alternative (GIZa; Quennet, 2019).

Working with local and national levels of government:

In **South Africa**, GIZ conducted a project in partnership with the office of the chief procurement officer (being part of the national treasury) in collaboration with eight partner municipalities. The aim was to modernise the state procurement system to be fair, equitable, transparent, competitive and cost-effective as well as addressing cross-cutting themes including value for money (VfM), innovation and sustainable procurement. Activities included conducting a public procurement review and implementation analysis in all partner municipalities, providing tailor-made technical capacity building support by an international consultancy team and supporting a public procurement council towards professionalisation (DIE, 2019).

As part of the *Energieeffizienz und Erneuerbare Energien in Städten (4ES)/Energy Efficiency and Renewable Energy* project in **Brazil**, GIZ cooperated with the local government of Rio de Janeiro to strengthen the capacities of local actors to foster SPP in a way to boost the market for renewable energy and energy efficiency technologies. This included a one-day training for government officials of the State of Rio de Janeiro and other partners of 4ES programme. GIZ also supported the realisation of a workshop in Brasilia on *Finance – Environment Dialogue: Sustainable Expenditure*, organised by the Brazilian ministry of finance, together with the ministry of the environment to stimulate the dialogue and identify challenges and opportunities to foster sustainable public expenditure and procurement in the country.

Working with the national level of government:

In **Kenya**, GIZ provided technical assistance to law enforcement, regulatory, and oversight agencies including the Public Procurement Regulatory Authority (PPRA) on several interventions that indirectly enhanced SPP such as strengthening the electronic procurement system, automation of invoice tracking solutions, capacity building and anti-corruption interventions.

In other working areas of the Kenyan Good Governance work, GIZ in Kenya works with the office of the attorney general/department of justice, the office of the auditor general, the national treasury, the economic planning, ethics and anti-corruption commission, the commission on administrative justice as well as with the parliament and county governments as well as the private sector and civil society organisations (Interview 1).

In South-East Asia, GIZ was active as part of an UN Environment project on integrating climate-relevant criteria into existing eco-labels in **Thailand, Indonesia, Malaysia and the Philippines**. The goal was for eco-labels to be mutually recognised by the individual countries and that the use of the eco-labels was attractive for companies. The project team identified industries with significant potential for carbon dioxide savings to create consumer 'sustainability information systems' for products manufactured primarily in these industries. Decision-makers in public procurement were trained to be able to prioritise environmentally friendly products with eco-labels and to use the 'sustainability information system' to find out more about the environmental sustainability of products prior to procurement (GIZc).

In **Uganda**, GIZ supported the Public Procurement and Disposal of Public Assets Authority (PPDA) to introduce a contract management system to combat corruption. Twelve local CSOs cooperated with the PPDA to check if contracts were delivered according to the procurement documents. This included the construction of schools, markets and roads in districts which are far from the capital and where the CSOs have a presence as well as contacts to local officials. GIZ set up the system, identified potential CSOs and provided training (Interview 2).

In the **Dominican Republic**, a project focusing on circular economy in the tourism sector encompassed fostering circular procurement practices. Circular

procurement refers to integrating approaches of the circular economy into purchasing, by public and private actors. Activities included training, developing due diligence guidance and financially supporting a sustainability certification for hotels. A particular focus was on circular approaches for construction, both new-build and retrofitting (Menzel-Hausherr, et al., 2022; Nordic Council of Ministers, 2021).

SPP is integrated in the concept "Good Financial Governance (GFG)" of German Development Cooperation (BMZ, 2014a, p. 15). GFG encompasses three dimensions and their mutual interactions: the principles of good governance, the political structures and interests, and the technical processes and tools of public financial management

Within GFG, SPP is placed in the goal of "increasing cost-efficiency, eco-social orientation and transparency in the long-term through improving partner countries' procurement policies" (BMZ, 2014a, p. 15). Implicitly, it can also be linked to "expenditure planning and management as development-oriented and in line with strategic goals" (BMZ, 2014a, p. 13) with the statement that "public procurement is the key to effective budget implementation" (BMZ, 2014a, p. 16).

The GIZ has well established GFG programmes in many countries. With the focus on public finance, there are some of the same actors involved as in strategic SPP. For example, in Ghana, the good financial governance project included work with the national procurement authority (BMZ, 2014a).

SPP can also be a part of other procurement programmes not specifically targeting sustainability. The GIZ has been supporting international procurement initiatives, such as the Open Contracting Partnership (OCP) and the Methodology for Assessing Procurement Systems (MAPS):

- OCP is an independent non-profit public charity working in over 50 countries While OCP initially

focused on open data and specific measures to professionalise and improve procurement systems without detailing sustainability measures, these partnerships can be an excellent foundation to initiate cooperation focused on SPP. An important first step has been taken with the “Toolkit: Implementing Open and Sustainable Public Procurement” (Open Contracting Partnership, PUBLIC, Spend Network, 2022). The German development cooperation provided financial support for the development of this toolkit in 2022 (GIZ, 2022b). In addition, German development cooperation supported, among other things, the preparation of a policy brief on SPP (Open Contracting Partnership, 2022).

- The German development cooperation is part of the MAPS Network. MAPS is an international standard and the universal tool to evaluate public procurement systems. It assesses public procurement systems in their entirety and can be used by all countries (MAPS, 2023a). Dozens of countries around the world have already used it, including partner countries of German development cooperation, e.g., Burkina Faso, Ethiopia, Mozambique, Rwanda (MAPS, 2023b). An additional module of the MAPS tool provides a tool for use in the assessment of SPP. It is a strategic approach that promotes the integration of the three dimensions of sustainable development (economic, environmental and social). Currently, GIZ represents German development cooperation in the MAPS network. As a member, GIZ can participate in technical advisory groups for MAPS evaluations, which provide quality assurance support for the evaluation process.

Overall, GIZ is well placed to increase activities on SPP with partner countries and to grow into an important actor in strategic public procurement in development globally.

The World Bank places a strong emphasis on country context in identifying objectives of green public procurement. This includes drawing lessons from other countries which are alike and evaluating successes and challenges in terms of a country's own policy, rather than in comparison to others. It is also pointed out that there may be inconsistencies between a country's strategic procurement objectives and other laws and regulations (World Bank, 2021a).

GIZ is also using domestic public procurement to improve the situation in partner countries. While this is not the focus when developing concrete activities within partner countries, internal exchange between the different GIZ units dealing with SPP could be beneficial for both domestic and international efforts. Domestic activities include:

- Involvement with the “*Grüner Knopf*” for better textile supply chains (GIZe),
- Shifting internal GIZ procurement to more sustainable alternatives (GIZf),
- Supporting the “*Kompass Nachhaltigkeit*” (Engagement Global) platform for sustainable public procurement for municipalities.

Internally, GIZ is aligning its practices with the international standard ISO 20400:2017 which defines sustainable procurement as procurement that has the most positive environmental, social, and economic impacts possible over the entire life cycle (Nitschmann, Schulze, Czyba, Nürnberger, & Zandt, 2021; GIZa).

Trainings and other initiatives to make the procurement of GIZ country offices more sustainable have also taken place, for example in Serbia and in Thailand. SPP has also been encouraged in some GIZ country offices through the corporate sustainability handprint (GIZg), measured within the administration of GIZ offices in

partner countries, excluding seemingly the administration of the projects there.

After highlighting some projects and programmes of GIZ relevant to SPP, the next chapter outlines the methods used to develop advisory approaches in this study.

4 Methodological frame

The following section describes the methodological approach of this study to select and analyse data in order to come up with an overview on current policy recommendations for the German technical development cooperation to cooperate on SPP with partner countries. The approach comprises four steps.

In a **first step**, relevant literature on policy recommendations to foster SPP was identified. The most content-rich pieces of literature with regard to relevant insights for the analysis were published by the following institutions:

- Organisation for Economic Co-operation and Development (OECD) (besides the 'MAPS', also studies and reports available on the online platform 'Public Procurement Toolbox') (MAPS, 2021),
- The World Bank (particularly three highly relevant studies published in 2021, inter alia an international stocktaking of developments in public procurement) (World Bank, 2021a; Wu Chebili, et al., 2021; World Bank, 2021b),
- UNEP and UN Women (a key publication was the recently updated introduction to the SPP approach of UNEP as well as the calculation method for SDG indicator 12.7.1, which is SPP), (UNEP, 2022; UNEP, 2021a),
- OCP (especially two recent reports on open contracting in Africa and on empowering women through public procurement), (Open Contracting Partnership, 2016; Open Contracting Partnership, UN Women, 2021) and

- academic studies and reports from the German Institute of Development and Sustainability (IDOS).

Besides this body of core literature, relevant studies and reports from GIZ and BMZ as well as up-to-date academic studies were integrated into the analysis.

In a second step, based on a first literature review, an evaluation grid was developed to extract relevant information from the literature and the interviews and to analyse these data (see Table 2). With regard to content, the following five areas of activity for SPP cooperation with partner countries are part of the evaluation grid (please find more elaborated definitions of each field at the beginning of sub-chapters 5.1-5.5):

1. Policies (expression of the political will as a basis for decision-making without legal implications, e.g., statements, strategies and/or action plans for SPP)
2. Laws and regulations (laws are legally binding specifications of policies; regulations specify how to implement a law, e.g., in the form of subordinate administrative regulations, and can be modified over time)
3. Institutions (procurement process, organisation and concrete tools/instruments, role of key stakeholders from politics and administration)
4. Individuals (capacities of key stakeholders from politics and administration)
5. Data and monitoring (status assessment and guidelines for continuous reporting and monitoring)

Formally, the role and capacities of key stakeholders to foster SPP implementation (area of activity 4 'Individuals') are part of the institutional area of activity (area of activity 3). For reasons of clarity and due to the great importance of individual factors, these two areas are nevertheless considered separately in this study. However, when planning concrete activities of cooperation on SPP with partner countries, these two areas must be

addressed together. Besides the five content areas, the evaluation grid comprises two temporal dimensions, dividing recommended activities on SPP cooperation in an 'Early Action' phase and a phase for 'Consolidating Initiatives'. Early action cooperation activities generally last 6-12 months, while the consolidating initiatives would last between one and three years (depending on the concrete initiative and the framework conditions in the country). It is important to keep in mind that the division of potential cooperation activities into the two temporal dimensions is based on a 'most-common' pattern identified in the literature. However, the right timing of a concrete SPP cooperation project, i.e., the answers to the questions 'What to do when?' and 'For how long?', might vary depending on the country's circumstances.

In a **third step**, we developed a semi-structured interview guideline based on a first literature review and the evaluation grid. Two interviews were conducted, the first on 19 November 2022 with Kenneth Matiba (Technical Advisor, Public Procurement & Audits, GIZ Kenya) and the second on 7 December 2022 with Einar Fogh (Head of Component, Strengthen Accountability Component, GIZ Uganda).⁴

Finally, in a **fourth step**, information from secondary literature and the interviews were extracted and analysed based on the evaluation grid's dimensions. By triangulating data from these different sources, practical advisory approaches for GIZ on SPP could be developed.

Table 2: Evaluation grid to extract and analyse data

ACTIVITY AREAS FOR SPP COOPERATION	TIMING OF SPP COOPERATION	
	Early Action Initiatives	Consolidating Initiatives
Policies		
Laws and regulations		
Institutions		
Individuals		
Data and monitoring		

⁴ We cite input from Kenneth Matiba with 'Interview 1' and input from Einar Fogh with 'Interview 2'.

5 Advisory approaches for GIZ on SPP

This chapter with its sub-sections on each of the five areas of activity for SPP cooperation comprises concrete advisory approaches for GIZ to boost SPP in partner countries. In doing so and as suggested by all major players in the field, namely the OECD, the World Bank and the UN, the study does not focus narrowly on the process of procurement itself (from planning until monitoring of procurement projects), which was also the rather narrow perspective of the BMZ SPP Toolbox back in 2014 (BMZ, 2014b). Instead, this study takes a broader strategic perspective on the governance conditions of a country's procurement environment and its capabilities to realise strategic goals, especially with regard to sustainability.

When transferring the outlined advisory approaches into real projects, it is important to keep in mind that they are based on a 'most common' pattern from the literature and on two interviews. However, "[t]here is no single, linear path" for the development of SPP systems as "governments have started at different points, taken different paths, set distinct priorities, and are at various stages of implementation" (World Bank, 2021b, S. 11). **Thus, both the concrete design of advisory approaches and their sequencing depend on the country context and governance set-up**, for instance whether the country's institutional culture is rather top-down or bottom-up. While in a 'top-down culture' improving regulatory conditions and increasing awareness among decision-makers might be more effective, in a 'bottom-up culture' incentives, peer pressure and accountability might drive the reform agenda more effectively (World Bank, 2021b). This also means that the developed advisory activities must always be interpreted and adapted with regard to the concrete country context, both concerning content and potential partners to cooperate with. While in one country, for example, the central procurement authority

and/or the ministry of finance is the relevant cooperation partner for many activities, in another country there should be stronger cooperation with local governments and/or civil society organisations (CSOs). In most cases, cooperation with all of those actors is – of course always depending on the concrete project – necessary. Beyond, in many countries of the Global South, fundamental governance weaknesses of the public procurement system must be addressed simultaneously with the outlined advisory activities, if not beforehand. Such fundamental weaknesses include, for example, tender documents not being publicly available or – and this is one of the biggest challenges – corruption in public procurement. It is not advisable to put cooperation effort in developing new laws or procurement systems, if they cannot be implemented due to high corruption levels, missing capacity or other basic preconditions for good governance. These challenges need to be addressed either before starting advisory initiatives on SPP, or in parallel. In addition, the concrete set-up of advisory projects should acknowledge these challenges "in design", e.g., by rather cooperating with reliable CSOs than with state actors.

Whether top-down or bottom-up, "successful reforms tend to proceed incrementally, building on operational experience" (World Bank, 2021b, S. 80). With regard to supporting the development of an effective reform agenda for a partner country's (sustainable) public procurement environment this has two implications:

- First, effective advice on SPP needs time and resources.
- Second, effective SPP reform is typically not achieved by a one-shot advisory activity. Rather, it is necessary to develop and implement logically sequenced activities over time.

A key issue of the mentioned differences in country contexts and their governance set-up is of course also the institutional environment, i.e., responsibilities, naming

and governance levels of institutional partners GIZ may cooperate with on SPP. Since this study cannot specifically name the possible range of institutions for each advisory topic, generic terms are used for institutional partners. In the course of concrete consulting activities, the corresponding institutional partner must then be identified in the respective country context.

The first (and most important) generic term used in this study is **National Focal Organisation (NFO)**. In most potential partner countries, the NFO operates under the designations Public Procurement Authority (PPA) or PPRA. PPAs or PPRAs, e.g., in Ghana, Cameroon, Kenya or Rwanda have overarching tasks, namely: ⁵

- (1) to assist in the work of procurement entities (e.g., with training and standardised documents),
- (2) to support ministries and politicians in policy formulation on public procurement,
- (3) to implement public procurement policies and regulations on all governance levels,
- (4) to monitor and report on public procurement performance and indicators in the country and
- (5) to publish tenders on behalf of the procuring entities (partly via e-procurement systems).

In most cases, the NFO only procures for their own needs. However, under special circumstances where there are capacity challenges, national law in some countries (e.g., in Kenya) empowers them to grant authority through an agency framework or transfer of authority to facilitate identifiable public entities to procure on behalf of others. In some countries, the above-mentioned tasks are primarily accomplished by ministries. In the Republic of South Africa (RSA), for instance, the Office of the Chief Procurement Officer (OCPO) within the national treasury subsumes those tasks. In any case, the

NFO would be the place to institutionally locate the SPP unit, i.e., the officials mainly in charge for SPP issues (more information on the SPP unit particularly in section 5.3).

Second, **ministries** are a further key partner to cooperate with, especially if – as in the case of RSA – the NFO is located within a ministry. In any other case, the NFO would still need to cooperate closely with the responsible ministry/ministries in policy formulation and implementation (e.g., with the ministry of environment when it is about procurement criteria to foster an economy's green transition). Often, the ministry of finance is the most important partner to cooperate with. However, since the main responsible ministry depends on the country context, this study does not refer to a specific ministry in this chapter.

Third, GIZ needs to cooperate with the **procuring entities** themselves within many of the below mentioned advisory topics. As outlined above, the NFO could, at least for some levels of government, be a procuring entity as well. However, in most cases, partners would be the procurement departments in public entities on different governance levels and the procuring professionals working there.

Fourth, **market actors** as potential suppliers of sustainable goods or services would be another relevant partner. It is of particular importance to exchange with respective actors to assure that sustainable products are available on the market and to secure the participation of all market actors (including micro, small and medium enterprises, MSMEs).

Lastly, GIZ's competitive advantages should be considered when deciding with which partner country to cooperate with on SPP and how this should be done. GIZ's key advantages are:

- Practical cooperation experience in a great number of partner countries with a range of institutions and knowledge of specific country conditions

⁵ PPA Ghana (<https://ppa.gov.gh/about-us/functions/>), PPA Rwanda (<https://www.rppa.gov.rw/about>), PPA Cameroon

(<https://cameroonppa.com/>), RPPA Kenya (<https://ppra.go.ke/about-us/>).

- Deep understanding and working relationships in the field of public finance and good governance in general
- Several projects on SPP have already been successfully conducted
- Internal capacity that can be leveraged

Each of the following five sub-sections first presents early action initiatives for SPP advice, followed by consolidating initiatives. Advisory topics are in **bold**, while concrete advisory activities for GIZ are in *italics*.

5.1 Policies

This study defines policies as expression of the political will as a basis for decision-making without legal implications. Taking the form of statements, strategies or action plans, policies assign political priority and support to specific issues without being legally binding. Thus, they form the basis for laws and regulations.

POLICIES – EARLY ACTION

In parallel to supporting a status assessment (see section 5.5) and the assessment of current laws and regulations (see section 5.2), this study suggests supporting partner countries in the following topic to secure broad awareness and prioritisation of SPP as well as a quick integration of sustainability requirements in public procurement.

Advisory topic: Securing an SPP Policy Statement from highest level of government

High-level political support is vital for successful SPP (BMZ, 2014b). An SPP Policy Statement signed off at the highest level of government can “ensure accountability for delivery and (...) provide a mandate to those in charge of implementation” (UNEP, 2021a, p. 47). An SPP Policy Statement can boost early implementation of SPP for three different groups of potential partner countries:

- First, it is of particular importance to kick-start initial SPP activities in countries with no prior experience in SPP (UNEP, 2021a).
- Second, it can reinvigorate SPP action in countries with (at least some) SPP regulation but with an implementation gap.
- Third, it is a helpful tool to set a first strong signal in countries that want to widen their procurement approach towards SPP. In many partner countries of the German development cooperation in Africa, South Asia and Latin America this would most likely imply new environmental criteria in procurement as in most of those countries public procurement has been rather used to achieve social and (local) economic goals up to now (World Bank, 2021b).

The goal of advising activities in this phase is to support a process leading to the preparation and endorsement of an SPP Policy Statement (UNEP, 2021a). The actors with which to cooperate on the statement are the responsible ministry for procurement issues, the NFO and/or even the Office of the (Prime) Minister. Furthermore, section 5.4 outlines an important prerequisite to secure commitment of high-level politicians in the form of an SPP Policy Statement, i.e., knowledge and awareness of this group regarding the potential leverage effect of SPP for both sustainability-related policy goals (e.g., the fulfilment of the SDGs) and further strategic policy-goals (e.g., fighting corruption or improving VfM of public procurement). Advisory activities to raise knowledge and awareness of decision-makers must go hand in hand with the four following advisory activities to secure an SPP Policy Statement.

First, GIZ can support the responsible actor(s) (see above) to secure political backing for SPP in general and for preparing an SPP Policy Statement in particular. This support can be achieved by organising background talks and/or concise

summaries on the strategic relevance of SPP, also referring to its leverage effect for existing political priorities (e.g., VfM, SDG fulfilment or developing MSMEs). High-level actors to involve would be the office of the President or Prime Minister, the legislative body or a high-level government department such as the national treasury (UNEP, 2021a; Williams-Elegbe, 2021).

Second, the *formation of a consultative group of stakeholders should be supported, ideally as a formal steering committee*. These groups should include key actors representing different stakeholder interests from both the public and private sector with a strong foundation in practice (e.g., public procurement practitioners) (UNEP, 2021a). The group should be regularly involved in the drafting process of the Policy Statement to both cross-proof its feasibility in practice and secure initial support and commitment from key stakeholder groups (UNEP, 2021a).

Third, before finalising the SPP Policy Statement, a *validation workshop* should be conducted, “allowing presentation and discussion of the central topics with the steering committee and key stakeholders” (UNEP, 2021a, p. 50).

Fourth, GIZ can *support the drafting process of the SPP Policy Statement content-wise*. The statement comes along as “a vision, providing the long-term desired scenario (...) [and] a general statement of policy recognising the importance of SPP and marking a commitment to continuous improvement (...) [and] indication of resources dedicated to SPP implementation” (UNEP, 2021a, p. 46). Concretely, the SPP Policy Statement can comprise the following elements (UNEP, 2021a; World Bank, 2021b):

- Linking SPP to the fulfilment of existing policy goals (especially in countries with no prior experience on SPP)
- Reference to gaps and the necessity of new SPP policies (preferably with concrete timelines)
- Reference to the mutual reinforcement of the three sustainability dimensions,

e.g., alignment of (new) green procurement objectives with (existing) social objectives (especially in countries that want to widen their SPP approach) and economic objectives

- First preliminary SPP action plan with more concrete tools, targets and institutional responsibilities (especially in countries with implementation gaps)
- Commitments to support practical SPP implementation (e.g., via training programmes)

POLICY – CONSOLIDATING INITIATIVES

Based on data from the status assessment (see section 5.5), the SPP Policy Statement can be further developed into an elaborated SPP action plan in the consolidation phase: “Whereas the SPP Policy Statement creates the high-level (...) mandate for SPP, the SPP action plan is the road map for its implementation” (UNEP, 2021a, p. 52).

Advisory topic: Development of an SPP action plan

For broad and ambitious SPP action, a plan with a clear definition of a country’s specific SPP approach, concrete targets, priorities, timelines and indicators to measure effects is needed (BMZ, 2014b; MAPS, 2021). Such an SPP action plan should further indicate responsibilities and an overview on estimated costs to implement SPP practices broadly, e.g., for training activities of procurement staff or for setting up an e-procurement System (MAPS, 2021). A thoroughly designed SPP action plan significantly increases the likelihood for transferring legal goals into procurement practice as it provides orientation for all levels, including the procurement practitioners on the ground (Müngersdorff and Stoffel 2020c, Williams-Elegbe 2021).

To support the development of an SPP action plan, the actors GIZ should work with are largely the same as in the process leading to the Policy Statement. However, as pointed out in section 5.3, an SPP unit within the NFO should be established early

in the consolidation phase and lead the development of the SPP action plan. Besides, exchange with the steering committee as well as intense and regular exchanges with procurement practitioners from different levels of government need to be intensified (National treasury, NFO, sub-national procurement units etc.) (UNEP, 2021a). Technical cooperation should clearly leave the main responsibility to develop the action plan in the hands of the SPP unit as “SPP action plans which are developed outside the NFO (e.g., by external consultants through cooperation projects) run the risk of being insufficiently supported or not implemented” (UNEP, 2021a, p. 52). Generally, advisory activities can either support a comprehensive SPP action plan for all (or at least many) sectors or can focus on specific product groups or sectors. An example for the latter would be the development of the “Model Policy for Sustainable Public Procurement of Construction Materials” of the Organisation of Eastern Caribbean States (OECS) Commission, supported by UNEP and the Government of Norway (UNEP, 2021c; UNEP, 2021b). The following overview on two key advisory activities assumes a comprehensive SPP action plan with all of its key components mentioned below, whose development would typically take around six months (UNEP, 2021a).

First, the *SPP unit could be supported in developing a strategy for multi-stakeholder communication and consultation* (UNEP, 2021a; World Bank, 2021b). Broad stakeholder engagement has shown to be crucial for broad acceptance (and thus implementation) of an SPP action plan. Stakeholder engagement should include internal stakeholders (through programme reports, status meetings, etc.) and external ones (through consultative workshops, press conferences, etc.) (UNEP, 2021a). With regard to external stakeholders, it is of particular importance to consult with market participants since they are the ones that need to deliver on new sustainability criteria in procurement in the end (MAPS, 2021). With regard to internal stakeholders, the

decision-maker level should also be included in the process and should approve the final version of the SPP action plan (UNEP, 2021a; MAPS, 2021). GIZ Kenya, for example, has already established projects on stakeholder and citizen engagement to foster institutional development and augment possible full implementation of SPP if fitted to the priorities of the local government and partners (Interview 1).

Second, *content-support in the drafting process of the SPP action plan* represents a further potential advisory activity. A World Bank’s key lesson learned when developing a national SPP action plan is that one does not have to begin with an empty page but can draw on a wealth of written guidance material (buyer guides, manuals, toolkits, online case studies etc.) (World Bank, 2021b). Thus, technical cooperation could support the development of a new SPP action plan by helping national actors to make use of already available material in the country and good practices abroad, while leaving the responsibility and priority-setting with local actors (World Bank, 2021b). The SPP guidelines of the OECD, UNEP and the World Bank are currently the most comprehensive sources with in-depth information on the design of an SPP action plan (World Bank 2021b, MAPS 2021, UNEP 2022, UNEP 2021a). The following overview covers key components of an SPP action plan:

- Linking SPP to broader government programs and national sustainability objectives (e.g., sustainable development strategy);
- Defining a country’s SPP approach (dimensions covered, goals to be achieved etc.);
- Defining concrete products or product categories that should (at best must) be procured sustainably, including rules and potential options for verification such as sustainability standards, labels or accreditation schemes;
- Providing SPP guidelines that translate the SPP approach “into directly

applicable procurement criteria for the selected product groups (...) [that] address the whole procurement cycle with suggestions for selection criteria, technical specifications, award criteria and contract performance clauses“ (UNEP, 2021a, p. 68);

- Giving priority to the planning and contract management stages of procurement to thoroughly plan procurements (to fulfil strategic objectives) and to choose appropriate methods of procuring (such as joint procurement and framework contracts, division of tenders into separate lots or verification methods for contract management);
- Providing standardised tender documents and processes;
- Introducing further incentives (such as price preferences, set-asides or tax incentives);
- Setting SPP targets, including
 - Procurement system targets (e.g., 80% of tenders to include SPP criteria by 2025)
 - Category targets (e.g., 50% of food in public canteens from farmers in the region)
 - Outcome targets (e.g., energy or carbon dioxide savings from procurement)
 - Targets for SPP monitoring and/or reporting;
- Setting timelines with concrete steps leading to the incremental implementation of SPP / a progressive increase on ambition;
- Developing guidelines and manuals for public procurers and tenderers / bidders on tendering and evaluation;
- Defining roles and responsibilities of actors involved in SPP and its oversight;
- Reviewing current budget situation with regard to institutional and personnel resources for procurement;
- Assessing the regulatory framework (see section 5.2 in detail).

Advisory topic: Development of SPP policies that promote the participation of MSMEs and WOBs in public procurement

The second potential advisory topic of GIZ in this phase relates to SPP policies that promote specific sustainability goals like MSMEs and WOBs in public procurement. This topic could also be addressed as part of the SPP action plan. However, since (1) supporting the involvement of those groups represents a (however often unfulfilled) key target in many countries of the Global South and (2) the current policy and academic discourse gives great attention to this topic, it is addressed separately in this study.

In many countries of the Global South, MSMEs “face multiple administrative, financial and social challenges in accessing public procurement opportunities and submitting bids” (Open Contracting Partnership, 2022). Especially when micro-businesses compete against large firms, in about two third of the cases large companies win the contract in the end. Common challenges are complex regulatory frameworks and the technical nature of the procurement process itself, including excessive requirements. Sometimes practical challenges sound quite “simple” at first glance. In Malawi, for instance, a key barrier for MSMEs is that bidding documents are often “only available in physical copies” in responsible public offices (Open Contracting Partnership, 2022). Both interviewees from GIZ Kenya and Uganda identified the difficult access to procurement information as a key barrier to fair and inclusive procurement structures (Interviews 1 & 2). Though investing in MSME participation in public tenders “may result in higher costs in the short run (...) [it can] yield significant positive externalities over the longer term (...) through, for example, the creation of new jobs and more robust supply chains that can potentially justify the greater initial costs” (World Bank, 2021a, S. 21).

The (widespread) mix of having a MSME which is women-led comes along with significant additional constraints for women to participate in public tenders. In South Africa, for instance, only between 3% to 6% of public contracts is awarded to WOBs despite the fact that women own between 19% to 31% of businesses (Williams-Elegbe, 2021). This is particularly irritating since the procurement legislation in many countries in sub-Saharan Africa, including South Africa, grants preferences to WOBs (Williams-Elegbe, 2021). Focusing on South Africa, a closer look reveals the reason for this gap: The missing translation of policies, regulations and laws into practice. Procurement policies and programmes often even exacerbate inequalities “due to a lack of focus and of prioritisation of gender issues and inattention to understanding the needs of WOBs” (Williams-Elegbe, 2021, S. 5). New policies to improve WOBs’ opportunities in public procurement need to address the following specific barriers (Williams-Elegbe 2021, Basheka 2018, Basheka and Auriacombe, 2020):

- Gendered impact of the COVID-19 pandemic, which has terminated many public contracts in sectors serviced by WOBs;
- Financial limitations of WOBs;
- Inadequate contractor development initiatives;
- Inability of the public sector to identify WOBs in relevant sectors (necessity of disaggregated data collection in national procurement, see section 5.5);
- Poor market integration of many WOBs as they are often relatively new in the sector (especially in male-dominated sectors like construction) which makes it particularly challenging for them to compete with their male counterparts;
- Counter-intentional incentives in bidding requirements (e.g., more points depending on the years of experience or past contractual performance);

- Smaller size of many WOBs compared to their male-owned counterparts, which may hamper their participation in large contracts (e.g., less staff, capital and other resources).

To promote both the share of MSMEs and WOBs in public procurement in partner countries, this study suggests two advisory activities.

First, GIZ can *consult on and support information and capacity-building initiatives, both for public procurers and/or representatives from MSMEs and WOBs*. Vendor outreach events with a focus on these types of businesses can bring government representatives and potential new suppliers together to share information and provide skills to business representatives (Open Contracting Partnership, 2022; World Bank, 2021a; Open Contracting Partnership, UN Women, 2021). Besides such one-shot events, support could also initiate a longer-term workshop series for MSME and WOB representatives, providing them with the capacities to effectively participate in public tenders (Open Contracting Partnership, 2022). MSMEs and WOBs should also be actively involved in multi-stakeholder activities surrounding the development of an SPP action plan and an updated Procurement Strategy (see next advisory topic).

The second recommendation for advisory activities in this field is to *advise the NFO on the inclusion of gender- and MSME-responsive measures in the SPP action plan and the Procurement Strategy*, such as (Open Contracting Partnership, 2022; Open Contracting Partnership, UN Women, 2021):

- Set specific targets (e.g., percentage of WOBs/MSME bidders or number or financial amount of contracts awarded to WOBs/MSMEs);
- Define WOBs and MSMEs (Williams-Elegbe, 2021);

- Break down high-value tenders into small lots (which encourages WOB and MSME participation);
- Standardise tender specification documents (Open Contracting Partnership, 2022);
- Improve the payment process (to meet payment deadlines established by law);
- Simplify registration in the public procurement system (like e.g., in Ukraine's ProZorro e-procurement system);
- Improve access to information on open tenders (preferably through a publicly available online portal).

Advisory topic: Procurement strategy to secure sustainable and strategic procurement

A key precondition for mainstreaming SPP across the procurement cycle is the effective integration of sustainability considerations in existing procurement processes, procedures and tools. Updating (or newly drafting) a country's national procurement strategy is an effective measure to ensure wide application of strategic sustainable purchasing criteria and tools (UNEP, 2021a). A procurement strategy represents a guide for procuring entities to ensure correct implementation, including model documents/templates for sustainable procurement and standard contract conditions (reflecting sustainability considerations along the whole procurement cycle). Country-specific framework conditions which support the development of an updated procurement strategy are:

- (1) effective regulations and policies (e.g., an SPP action plan),
- (2) a centralised procurement organisation, and
- (3) responsible, engaged and competent staff (especially in the SPP unit) (Müngersdorff and Stoffel, 2020a).

With regard to implementing the following two potential advisory activities, GIZ would particularly need to cooperate with the NFO

and its SPP unit and/or with procuring entities (in case of a rather decentralised procurement environment).

First, GIZ could provide *content-support in the drafting process of the procurement strategy*. As was the case with the SPP action plan, activities can make use of a wealth of high-quality guidance material already available. Technical cooperation could guide the attention of key stakeholders (e.g., from the NFO) to those sources and support them in transferring general principles to country-specific ones. Below, a selection of key components of an updated procurement strategy (World Bank, 2021b; MAPS, 2021; UNEP, 2021a):

- Standardised sustainability criteria to be applied in specific product categories;
- Self-monitoring mechanism to evaluate and reflect lessons learned and to regularly update the strategy, also to incrementally cover a wider range of sustainability requirements (and potentially also product groups);
- Specific components in relation to the different stages of the procurement cycle:
 - Planning stage: needs analysis, market research and premarket consultation to
 - (1) identify the optimal procurement approach (e.g., framework agreements, joint procurements, online catalogues for commonly procured goods, break down high-value tenders into small lots) and
 - (2) to determine most effective inclusion of sustainability requirements in the procurement cycle (e.g., as selection criteria such as technical specifications, as award criteria such as

- functional criteria and/or as contract clauses);
- Specification stage: possible approaches to include sustainability criteria in tenders (also more strategic ones like functional criteria which describe the problems to be solved or functions to be fulfilled, allowing for innovative solutions); sustainability criteria to determine the offer providing the best VfM; clear, accessible and (where possible) standardised procurement documents should encourage broad participation from bidders;
- Bid evaluation and selection stage: uniform and objective approach to determine the compliance of offers with sustainability criteria (e.g., by describing the LCC methodology used);
- Contracting stage: contract clauses include sustainability considerations to ensure fulfilment of sustainability criteria, to provide incentives for exceeding defined performance levels and to disincentives for poor performance (for instance by defining sanctions in case of non-compliance with sustainability obligations or through defining specific employment targets to increase the percentage of women in their workforce from X% to Y% during the contract period);
- Contract management: inspection, quality control, supervision of works and final acceptance of products to determine whether sustainability requirements are fulfilled; timely payment of outstanding invoices to particularly ensure a healthy cashflow management of MSMEs; appropriate methods

to monitor and evaluate sustainability effects over the life span of products (with third-party verification for major contracts).

Second, GIZ could *support exchange and capacity-building to foster development and implementation of the Procurement Strategy (or single elements of the strategy)*. For procuring staff (from the NFO unit or procuring public entities) such workshops may focus on how to integrate comparably new and/or complex tools in the strategy (such as new types of contracts or verification options to ensure sustainability). Examples would be the standardisation of an LCC methodology for specific procurement categories or how to build an inclusive public procurement ecosystem to better understand the needs of stakeholders, particularly during the planning stage (World Bank, 2021b; Open Contracting Partnership, 2016; MAPS, 2021). In addition, dialogue and exchange events with civil society and private companies could be organised to provide the partner country's procurement practitioners with input on challenges of the current procurement regime and ways to overcome them. This can significantly improve the quality, acceptance and operability of the new procurement strategy. GIZ Kenya, for example, has a wealth of experience in both capacity-building of procurement practitioners in public procurement topics including on SPP and on engaging with (potential) suppliers (Interview 1). As a last point, GIZ could also support train-the-trainers-initiatives on the mentioned topics to ensure independent advancement of the procurement strategy.

The achievement of many of the procurement strategy's goals, e.g., improving transparency, data collection or the award opportunities for MSMEs, can be improved via an electronic procurement system (e-procurement System, see section 5.3).

5.2 Laws and regulations

Political commitment expressed by clear and ambitious national laws and regulations on SPP represents a key driver for SPP implementation (UNEP, 2021a). Other than policies, this study defines laws as legally binding specifications of policies that have gone through the official law-setting process of a country with “mandatory and enabling provisions that impact on stakeholders beyond the public sector” (World Bank, 2021b, S. 42). Regulations specify how to implement a law, e.g., in the form of subordinate administrative regulations, and can be modified over time. The translation process of policies into laws and regulations can also increase the level of ambition, e.g., regarding institutional coverage, procurement categories and targets, concrete sustainability criteria or the reference to operational approaches (such as framework agreements in the beginning and innovative procurement at later stages) (World Bank, 2021b). In many countries of the Global South the process of “translating” SPP-relevant policies into laws and regulations is insufficiently implemented. Thus, Kenneth Matiba from GIZ Kenya sees massive opportunities here to support effective SPP implementation (Interview 1).

LAWS AND REGULATIONS – EARLY ACTION

Generally, in the early phase of advising activities on SPP, supporting the development of a new overarching SPP law does not make sense, as typically data on procurement and input from key stakeholders are missing (collecting these data is the key aim of early action in the field ‘data and monitoring’ in section 5.5). However, it was still possible to identify an advisory topic that can help both kick-starting SPP action and providing a helpful data basis for new and/or changed regulation in the consolidation phase.

Advisory topic: Assessment of the current regulatory framework in procurement and related fields to kick-start SPP action

In order to include sustainability criteria into tender procedures as quickly as possible, an assessment of how far a country’s regulatory framework already provides enabling conditions for their voluntary application is necessary (World Bank, 2021b). Thus, GIZ could first assess a partner country’s core public procurement legislation and second, the regulatory framework in related fields. Partners to cooperate with will depend on the country’s context but would most likely be the NFO and/or the responsible ministry, most likely finance or economy.

First, GIZ could *support an assessment of how far the core public procurement legislation is already conducive to SPP*. The key questions of the assessment would be when and how sustainability considerations could already be included in stages of the procurement cycle, i.e.,

- procurement planning,
- pre-qualification,
- requirement definition (technical specifications or labels and functional or output/performance-based specifications),
- evaluation and selection (award-criteria such as LCC) and
- contract award and management (sustainability requirements can also be specified in execution clauses) (UNEP, 2022; MAPS, 2021).

In order to break the single view of lowest-price contract awards, i.e., awarding of contracts to the lowest bidder, it is clearly the best way to include respective provisions as part of the requirement definitions and/or the evaluation and selection stage (MAPS, 2021).

As a second advisory activity in the early phase, it can be equally profitable *to first assess and then develop opportunities for SPP based on the regulatory framework in related fields*. The most important

regulations to assess are those referring to the three sustainability dimensions and/or the UN's 2030 Development Agenda. Regarding the “environment” dimension, laws addressing environmental challenges such as regulations on carbon dioxide reductions in specific fields or on energy efficiency might be a “door-opener” for including sustainability criteria in tender procedures. In the social dimension, national laws to respect fundamental principles and rights at work of the International Labour Organisation (ILO), such as banning child labour or ensuring non-discrimination, can have similar effects. In the economic dimension, a key question is whether budget laws and financial procedures support LCC (MAPS, 2021).

Ideally the two advisory approaches are combined to ensure cohesion, rather than having conflicting regulation in different spheres, and to lay the ground for the consolidating initiatives outlined below.

LAWS AND REGULATIONS – CONSOLIDATING INITIATIVES

The basis for advisory activities on laws and regulations in the consolidation phase is a thoroughly conducted status assessment of the national procurement framework and its key stakeholders (see section 5.5). This assessment should provide information on

- (1) which legislation fosters or at least does not contradict the new SPP approach in a partner country,
- (2) which legislation needs to be revised, or
- (3) which legislation needs to be newly developed from scratch.

Based on this information, advisory activities on the following topic can be developed.

Advisory topic: New or revised regulatory framework in procurement and related fields

To ensure a solid basis for successful SPP implementation, core procurement regulation typically needs to be revised

and/or newly developed and approved by the government (UNEP, 2022). A clear regulatory foundation is key to “mainstream SPP practices in national and/or sub-national public tendering” (UNEP, 2021a, p. 56). Also, SPP practitioners in the Global South describe homogenous regulation on procurement as a key precondition for SPP (DIE, 2018a). Kenneth Matiba, from the Good Governance Programme in Kenya that already supports technical cooperation interventions that indirectly enhance SPP, assesses weaknesses of the current policy, legal and institutional framework in the country as a key barrier for effective SPP implementation (Interview 1).

Thus, advising activities to develop new or revise existing core procurement regulations to include key components of an effective SPP regulation (see below) are crucial to support extensive SPP implementation in partner countries. Actors to cooperate with could be, for instance, ministries of finance, economy, trade, and/or environment, the NFO or standard-setting bodies (World Bank, 2021b). In any case, representatives of the legislative need to be considered as well. Concrete activities would include the *joint review or development of respective core regulations with the ministries, parliaments and/or authorities in charge*. In many countries (particularly in the Global South) public procurement often comes along with a large set of informal rules and routines, what may lead to a divergence between the written objective of a law and its actual mode of implementation. Thus, exchanges with the operational level, i.e., public procurers on national and potentially also sub-national levels, and market actors from the private sector as (potential) suppliers for the state should also take place to assure an effective and practice-oriented development of new or updated regulation.

Furthermore, GIZ could support this process by *conducting a review on SPP-related legal frameworks from other countries as a reference. Peer-to-peer workshops with stakeholders from politics or administration from other countries*

which are further advanced in establishing a legislative frame and share a similar SPP approach and legal system represent a further concrete advising activity.

For details of the content of a new or revised SPP regulation, MAPS and the UNEP guides provide a wealth of information. The following overview outlines key components of an effective SPP regulation:

- SPP approach as mandatory as possible (at least for specific procurement categories based on the status assessment) (World Bank, 2021b);
- SPP approach addresses all three dimensions of sustainability (while respecting specific local challenges and conditions) (MAPS, 2021);
- Clear provisions and responsibilities on the inclusion of sustainability criteria throughout the procurement process (MAPS, 2021);
- Regulation(s) enable use of a broad range of approaches to realise SPP (including methods of innovative procurement, the use of output based (functional) specifications, the use of non-price attributes, the consideration of LCC and costs of externalities, the encouragement of domestic industries and MSMEs) (BMZ, 2014b; MAPS, 2021).

Besides the core regulation on procurement, related legislation on national sustainability targets and measures needs to be assessed and potentially adapted. It is of particular importance that regulations in related fields, e.g., on women's rights, do not contradict key goals of the national SPP approach (e.g., on preferential procurement conditions for WOBs) (Williams-Elegbe, 2021). A number of countries in sub-Saharan Africa, including the Republic of South Africa (RSA), for instance established preferential procurement rules for WOBs in their procurement regulation. However, often regulations in related fields stand in the way of implementing a preferred procurement

environment for WOBs (e.g., discriminatory laws of the financial system that limit women's access to physical property or to obtain credit) (Open Contracting Partnership, UN Women, 2021).

5.3 Institutions

The institutional dimension transfers policies as well as laws and regulations into procurement practice and provides the conditions to first initiate and then scale-up SPP action. This study defines this dimension as encompassing both the enabling framework for institutional action (such as procedures and tools) as well as organisational structures for implementation (such as staff capacities or e-procurement systems) (World Bank, 2021b). While this section also deals with the role of key stakeholders from politics and administration, the following section 5.4 outlines necessary capacities of those stakeholders for effective SPP implementation.

INSTITUTIONS – EARLY ACTION

In the early phase of advisory activities on SPP, pilot procurements can show all stakeholders involved that applying SPP is not overly complex and can benefit broader goals on sustainability and economic development.

Advisory topic: Initiate SPP pilot procurements

SPP pilot procurements can ensure both high-level support for SPP and confidence in the use of respective criteria among procurement practitioners (UNEP, 2021a). Pilot procurements with sustainability criteria can also be carried out without an existing definition of respective criteria. Even the mandatory selection of the lowest-price bid in the current procurement system is not a fundamental obstacle to SPP “as long as the legal framework (...) establishes VfM as an award criterion” (World Bank, 2021b, S. 11). In this case,

LCC approaches could for instance also enter into the evaluation of tenders. Pilot procurements can also further substantiate the high-level policy statement (see early action in section 5.1), raise public awareness and inform the content of the SPP action plan, particularly regarding testing and refining the SPP guidelines of priority product groups (see consolidating initiatives in section 5.1) (UNEP, 2021a).

When advising on pilot procurements, GIZ would particularly work together with the NFO and its SPP unit and/or the concrete public institution(s) that would carry out the pilot procurement(s) (World Bank, 2021b). Two advisory activities to initiate SPP pilot procurements are suggested.

Supporting the organisation of exchange and learning events represents the first potential advisory activity in the field. The first option is to support peer-to-peer dialogues between the units that shall conduct the pilot procurements and experts on sustainable tendering in the product groups in question. Those experts could be procurement officials from other countries of the region that have already implemented SPP or other experts (e.g., from academia or relevant organisations in the field such as Local Governments for Sustainability (ICLEI)). The dialogues could take place as virtual or in-person workshops. The second option, which is almost a precondition for successful pilot tenders, are consultative events with businesses of the product group(s) envisaged for the pilot tenders. The early involvement of those actors to explain and cross-check sustainability criteria is key to receive a sufficient number of appropriate bids in the end (World Bank, 2021b).

Second, GIZ could concretely advise on the *set-up of the pilot procurements*. Generally, it is suggested to run SPP pilot procurements for up to three products or services (UNEP, 2021a). Furthermore, the use of comparably simple criteria, such as energy efficiency, is suggested for those early initiatives (World Bank, 2021b). However, depending on the country context

and previous experience in SPP, one of those pilot procurements could also be more advanced in nature, i.e., “encompass more complex sustainability requirements and verification methods” (UNEP, 2021a, p. 71). When choosing concrete products or product groups for the pilot procurements “prioritization is often opportunistic: focusing on issues that policy makers, procurers, businesses, and citizens care about” (World Bank, 2021b, S. 27). While concrete entry points depend on country circumstances, some basic points to consider are (World Bank, 2021b; UNEP, 2021a):

- Apply rather basic technical and/or selection criteria (such as energy efficiency or LCC);
- Focus on sustainability issues that are high on the political and (at best also) societal agenda, i.e., for which civil society and the public demand a response (e.g., climate change, the inclusion of disadvantaged groups or promoting green innovations);
- Focus on product groups
 - where procurers and citizens can see a rationale for the use of sustainability criteria, such as school lunch programs (e.g., from local farmers and/or organic),
 - where the public sector’s share in the overall market for the good or service is high and thus, the volume of a contract is large enough to provide an incentive for the market to match the criteria, but small enough to avoid risks such as higher costs or lack of bids, and
 - where sustainable alternatives are readily available or in active development and businesses support SPP.

To inform policies, laws and regulations as well as the further institutional set-up in the consolidation phase, the whole process leading to the pilot procurement of sustainable products or services should be monitored and evaluated (e.g., regarding

main challenges or necessary guidance for procurement practitioners) (UNEP, 2021a).

INSTITUTIONS – CONSOLIDATING INITIATIVES

The overarching goal of institutional consolidation is to transfer initial SPP measures from the early phase into general and widely implemented procurement practice.

Advisory topic: Implementing (parts of) an e-procurement system

Advanced e-procurement systems⁶ such as the South Korean KONEPS system, integrate all phases of the procurement cycle from planning until contract management. The Ukrainian ProZorro e-procurement system, supported by GIZ, is a further internationally renowned example for effective international cooperation in the field. In Bangladesh, the introduction of a new e-procurement system “brought about an estimated cost savings of US\$1.1 billion in FY19, a tripling in the number of registered bidders, and a 38 percent drop in tender lead times” (World Bank, 2021a, S. 3).

In practice, e-procurement systems often cover only specific phases, particularly the pre-award phase (with e-publishing, e-tendering, and e-evaluation modules). Functions of the post-awarding phase (e.g., e-catalogues, e-signature, and e-complaints) represent the least well covered part (Wu Chebili, et al., 2021). Generally, e-procurement systems can help institutionalise SPP for three reasons:

- First, such systems are an effective tool of institutional reform to overcome old and to widely introduce new procurement practices (such as SPP) (Müngersdorff and Stoffel, 2020a).

- Second, e-procurement systems can secure more equal and transparent participation of diverse businesses in public tenders and can thus “address both bias and corruption in public procurement” (Williams-Elegbe, 2021, S. 29). To reach this goal, the streamlining of preferably many stages of the procurement process must go hand in hand with a simple and intuitive design of the system, particularly for businesses (Open Contracting Partnership, 2022; Open Contracting Partnership, UN Women, 2021).
- Third, e-procurement systems can significantly improve the data basis of current and future procurement. Positive outcomes may be an improved basis for future needs assessment or for increasing the participation rate of MSMEs.

Two best practice examples commonly referred to are Mercado Público in the Dominican Republic and ChileCompras in Chile. Both e-procurement systems cover all procurement stages and have shown to “improve transparency and simplify and democratise public contracting procedures”. Furthermore, they have “made it easier for new suppliers and women-owned and women-led SMEs to access tender information” (Open Contracting Partnership, UN Women, 2021, S. 9).

Against this background, the focus of GIZ in all of the following advising activities must be to support

- (1) the inclusion of technical features in the e-procurement system to facilitate sustainable practices,
- (2) the participation of all potential suppliers, especially of MSMEs, and
- (3) data generation and (disaggregated) analysis for the entire procurement

⁶ According to the World Bank, “[t]oday’s e-GP [electronic Government Procurement] systems follow three basic business models (...). These include: (i) state-owned, developed, and operated systems built in-house or with a third-party partner [e.g., Chile, Ukraine]; (ii) state-owned and operated systems using a custom off-the-shelf (COTS)

software [e.g., Rwanda, Tunisia]; or (iii) state-managed services that outsource e-GP service operation, either as a government-paid service or paid by suppliers at no cost to the government. [e.g., Jamaica]” (World Bank, 2021a, S. 46).

process, e.g., regarding levels of participation or compliance with sustainability requirements (MAPS, 2021).

Depending on the region and the cooperation with neighbouring countries, the system should also allow data interoperability for public procurers and companies (World Bank, 2021a). This study suggests two advisory activities to be adapted to the specific conditions within partner countries.

First, GIZ may *support capacity-building and/or information workshops for decision-makers and/or procurement practitioners* (World Bank, 2021a). Whereas decision-makers from politics and the administration would be more interested in one-shot events with focused information on (SPP-related) e-procurement systems, procurement practitioners would rather like to see a workshop series on single elements of an e-procurement system. Such a workshop series would particularly make sense during the revision of the procurement strategy or after its approval to prepare procurement practitioners for implementation. Information events for decision-makers should include best practice outcomes of e-procurement systems.

Second, GIZ could *contribute to the development of a new e-procurement system or the SPP-related update of an existing system, either for the whole or parts of the procurement cycle*. An example for a long-term project set-up would be the cooperation between the governments of Rwanda and South Korea. Already in 2013, Korean Telecom and the Rwanda Public Procurement Authority (RPPA) created a joint venture called African Olleh to develop a customised version of the South Korean KONEPS system (World Bank, 2021a). After the final development of the software, the RPPA took over (Wu Chebili, et al., 2021). The nationwide e-procurement system was rolled out in mid-2017 (World Bank, 2021a). Other examples show that cooperation projects on e-procurement can

also focus on single stages of the procurement cycle. In Botswana, for instance, a cooperation activity in 2016 focused only on implementing a contractor registration system, “thus enhancing predictability and reducing opportunities for corruption in the transaction between bidders and the purchasing entity” (World Bank, 2021a, S. vii). The Kenyan e-procurement system, part of the Integrated Financial Management Information System (IFMIS), currently covers only the payment stage known as the “Procure 2 Pay Module”. Future activities could thus focus on the recently initiated process of developing an end-to-end electronic government procurement system that covers the entire procurement cycle through capacity building of the users and technical support (Interview 1).

The following two advisory topics are closely related to each other and refer to updating the SPP governance structure. The following topic of setting up an initial governance structure should be implemented as soon as possible, i.e., already in the early action phase if the country conditions allow for it. However, as in many countries these preconditions do not exist, the issue should be addressed early in the consolidation phase and followed by the second topic of setting up a strategic procurement management structure for SPP.

Advisory topic: Set-up of an initial structure for internal and external SPP governance

As UNEP puts it, “[i]t is critical for a national or sub-national SPP Programme to be guided by strong political will and (...) political will and leadership is expressed through the establishment of an SPP governance structure” (UNEP, 2021a, p. 34). According to the World Bank, this structure must typically fulfil six functions: leadership, regulation, coordination, implementation, support, and oversight (World Bank, 2021b). The more centralised procurement responsibilities in a country are, the easier the establishment of new

organisational arrangements. The less centralised these responsibilities are, the more important the coordination of diverse actors on different government levels is what “requires the establishment of internal, governmentwide coordinating bodies” (World Bank, 2021b, S. 40). Generally, successful SPP reform “requires a change in organizational culture, shifting procurement from a compliance to a strategic function” (World Bank, 2021b, S. 78). Thus, communication, both internally within the administration as well as externally within practitioner networks that share knowledge and provide input, is critical to the reform process (World Bank, 2021b). To support the set-up of an SPP governance structure, this study suggests three advisory activities.

First, GIZ can *provide external expertise, i.e., technical experts, temporarily promoting and supporting initial SPP implementation* (UNEP, 2021a).

Second, GIZ *may advise on the following key components of an organisational reform that stipulates SPP implementation* (World Bank, 2021b; UNEP, 2021a; Open Contracting Partnership, 2022):

- Supporting the NFO to head the process leading to SPP policy development and implementation (depending on country circumstances, ministries and agencies leading the process vary);
- Establishing an SPP unit within the NFO headed by an SPP Programme Manager, in charge of
 - overseeing SPP policy development and implementation (such as the status assessment; the SPP Policy Statement; the SPP action plan; a capacity development plan; a communication strategy),
 - disseminating SPP guidance materials, best practices, resources and tools and acting as help desk,

- linking internal and external stakeholders via events, newsletters etc.,
- monitoring the SPP Programme’s progress and reporting back to the steering committee, and
- acting as the secretariat of the steering committee if desired by the partner.
- Establishing a steering committee on SPP with representatives from the NFO and relevant ministries (i.e., environment, finance, social affairs/labour, economy and industry) and potentially with representatives from the civil society serving as ombudspersons; the steering committee is in charge of
 - monitoring the progress of SPP implementation,
 - proposing corrective measures, where appropriate,
 - approving and signing off on the outputs of the programme (status assessment and prioritisation/market readiness analysis, SPP Policy Statement, etc.) and
 - providing advice and guidance to the SPP unit.

Third, advisory activities might focus on *supporting internal and external communication and partnerships*. For the success of organisational SPP reforms, the support from both politics and the administration is key. Regular briefings and consultative exchanges between those stakeholders and the SPP unit increase the likelihood of effective and feasible SPP reform implementation in practice (Müngersdorff and Stoffel, 2020a). Regarding external communication and partnerships, a concrete advisory activity would be supporting the interaction with the private sector, e.g., via consultations on the market’s interest and ability to respond to future SPP tenders (World Bank, 2021b). In addition, the establishment of communication platforms with the civil society is key, inter alia to get a better

sense of public needs and concerns (World Bank 2021b, Müngersdorff and Stoffel, 2020a). Of course, GIZ could also support establishing multi-stakeholder fora “so that public sector, civil society, and businesses hear different perspectives” (World Bank, 2021b, S. 33). Finally, GIZ could also support the partner country’s SPP stakeholders to seek membership in international SPP networks (World Bank, 2021b). International knowledge sharing on SPP is an important means to support effective SPP implementation. International networks include the Global Lead City Network (GLCN), the PROCURA+ Africa Network, the African Public Procurement Network or the Inter-American Network on Government Procurement.

Advisory topic: Set-up of a strategic procurement management structure for SPP development and implementation

A key component for consolidating institutional procurement organisation for the benefit of long-term and widely applied SPP action is its strategic update. If such a reform is organised inclusively together with employees – in our case particularly procurement practitioners – it can significantly increase their intrinsic motivation to act according to the new rules (Slota 2018, Müngersdorff and Stoffel 2020a). Successful institutional SPP reforms “change organizational culture, shifting procurement from a compliance to a strategic function” (World Bank, 2021b, S. 78). Though the realisation of sustainability goals represents an integral part of a strategic procurement organisation, decision-makers must first acknowledge procurement in general as a means to realise strategic policy goals. Besides sustainability, a strategic procurement organisation can also help achieving further goals such as improved VfM, an increase in the economy’s innovative power or a decrease in corruption levels.

In supporting a strategic procurement management structure, GIZ may provide advice and/or support in two different fields:

First, it could *support expert evaluations that analyse how to integrate key components of a strategic procurement management structure for SPP in national procurement organisation* (list of components follows below).

Second, GIZ could *(co-) organise different kinds of events*. Three kinds of events can help facilitating a strategic and sustainability-oriented update of procurement management structures:

- One-time workshops, e.g., on good international practices or on approaches of institutional change management;
- Series of capacity-building (including train-the-trainer) events, e.g., on a new e-procurement system or the topics below;
- consultative processes with CSOs and/or further stakeholders, including private companies, in multi-stakeholder fora.

A mix of those advising activities could also support updating the SPP unit to become a competence centre for strategic and/or sustainable public procurement, as illustrated by the German Federal Procurement Office of the Ministry of the Interior that established a Competence Center for Sustainable Procurement (Kompetenzstelle für nachhaltige Beschaffung, KNB) (World Bank, 2021b).

Regarding content, the described advisory activities could focus on the following components of a strategic procurement management structure for SPP development and implementation. Thus, the NFO and its SPP unit must be enabled to:

- co-draft and/or comment on national policies, strategic plans and legislation on SPP,
- propose changes/drafting amendments to legal provisions related to SPP,
- take the lead in developing SPP implementation strategies, tools and documents and coordinate their realisation (e.g., developing an e-

procurement system, advising on procurement tools),

- advise procuring departments effectively on how to do SPP (e.g., by taking the role of a help desk, by providing access to SPP manuals, guides, and extensive tools and – in the long run – by organising capacity-building and peer learning),
- monitor, evaluate and report on SPP implementation, including risks and opportunities related to SPP,
- ensure inter-agency/-ministerial collaboration and cooperation on SPP (as important precondition for wide SPP support, including from decision-makers), and to
- strengthen strategic sourcing capacities (e.g., by undertaking focused supplier development programmes that target improved supplier performance) (MAPS 2021, Müngersdorff and Stoffel 2020a, World Bank 2021b, DIE 2019).

5.4 Individuals

Data clearly underscores the outstanding importance of SPP capacity- and awareness-building to secure both political commitment of decision-makers and effective SPP implementation by well-trained practitioners (UNEP, 2021a). In this section, this study focuses on activities to enhance both expertise and commitment of political and administrative decision-makers as well as public procurers.

INDIVIDUALS – EARLY ACTION

At the very beginning of national SPP action, securing commitment by decision-makers from politics and administration is key, followed by procurement practitioners (UNEP, 2021a).

Advisory topic: Securing commitment and support from political and administrative decision-makers

The backing of decision-makers from politics and administration for SPP action represents one of the main triggers for its

start and, in the long-run, the mainstreaming of sustainability in procurement practice (World Bank 2021b, Müngersdorff and Stoffel 2020a). However, in practice capacity- and awareness-building initiatives are most often focused on procurement practitioners, neglecting decision-makers in politics and (not directly procurement-relevant) administration. The actual decision-makers are therefore often not aware of the potential leverage of procurement for their strategic goals. The lack of political will also represents a key barrier to further SPP development in Kenya (Interview 1).

In section 5.1, this study calls for the commitment of high-level politicians in the form of an SPP Policy Statement. The basis for such a written commitment is knowledge and awareness. To increase knowledge and awareness of this group, GIZ could provide *advice on the organisation of focused events on SPP-topics for political and administrative decision-makers*. Again, partner(s) to cooperate with in the organisation of those events depend on the country context. In most cases it would be the NFO, responsible ministries (finance or interior) or government agencies (such as the environment agency) (World Bank, 2021b). The responsible institution(s) in the partner country would also provide input during the event, besides other national and/or international procurement experts from academia or civil society. Potential political and administrative decision-makers to address with such events are parliamentarians as well as the executive levels within ministries (especially finance, environment and social affairs – but all others as well as procurement concerns all of them), responsible ministers and potentially even the Prime Minister her- or himself.

The content of those events also depends on the country context. Generally, it is important to first raise awareness on the general strategic leverage effect of the national procurement environment to reach policy goals. When it comes to SPP as part of this procurement environment it is crucial

to point to synergies with respective goals, both explicit (such as emission reduction goals) and implicit ones (such as raising international competitiveness of key industries). In addition, such events should explain the SPP business case by referring to high-profile champions (preferably from the region) and good practice examples (World Bank, 2021b).

Advisory topic: Providing capacity-building for procurement practitioners

Though national regulations increasingly recognise VfM as an objective – which also includes sustainability goals in procurement – single procurement processes often remain “rooted in concepts of technical efficiency and economy at the micro level, without the tools necessary to achieve VfM at broader, more strategic levels (even basic ones such as the application of life-cycle costing in bid evaluations)” (World Bank, 2021a, S. 33). Key reasons for this situation are a lack of awareness on the necessity of VfM, including SPP, and a lack of capacity, knowledge and resources of practitioners to realise strategic procurement. As capacity of public procurers and the institutions governing procurement are the linchpin for successful SPP implementation, capacity-building for those actors should be a key element of advising activities.

Thus, GIZ could *support and advise on capacity-building programmes for procurement practitioners*. Respective advising activities must first identify the target audience (e.g., in centralised procurement agency and/or in separate public entities on different levels of government), the necessary skills and knowledge to be built and the time frame of the training (UNEP, 2021a). Early training should “target all those responsible for leading the SPP Programme, as well as any other relevant stakeholders, such as contracted consultants or key staff” (UNEP, 2021a, p. 86). In a second step, procurement practitioners should be targeted. Generally, invitations for those trainings should come from rather high

levels, e.g., ministry of finance, to secure commitment and broad participation (UNEP, 2021a). The main body responsible for implementing the trainings should be the NFO (or the responsible department, most possibly within a ministry).

When it comes to content design of capacity-building programmes, external actors should also be included, i.e., procurement training institutions, suppliers, academia and civil society. Together with them and the responsible procurement institution the concrete format of the programme, e.g., webinars, in-person seminars, peer-to-peer networks or university courses, should be identified (UNEP, 2021a). Generally, capacity-building efforts change over time (and depend on country preconditions). While the motivation of the procurers should be in the focus at the early stage of SPP adoption – why to procure sustainably – this focus should shift towards skills and “how to” as SPP implementation matures (World Bank, 2021b). Regarding the timeframe of donor-funded capacity-building, the World Bank concludes that traditionally, “[t]hese workshops tend to be sporadic and short-term, rather than relying on sustainable use of national training capacity. What is needed is a sustained, longer-term commitment to institutional improvement that is nationally driven and owned” (World Bank, 2021a, S. 41). Thus, developing a long-term capacity-building strategy – clearly beyond the 12 months of the early phase – is key to effectively support a partner country in implementing SPP.

INDIVIDUALS – CONSOLIDATING INITIATIVES

In the consolidation phase of SPP adoption, expertise of public procurers should be further advanced. Furthermore, the capacity-building of market actors is a key topic to focus on.

Advisory topic: Securing structured and long-term capacity-building for procurement practitioners

In order to secure broad and long-term SPP implementation, capacity-building activities in the consolidation phase should aim at changing the public sector's procurement culture "from a risk-averse, compliance function to a strategic, risk-management function" (World Bank, 2021b, S. 11). While the actors with whom to cooperate mostly stay the same as in the early phase, the following two potential advising activities of GIZ are more nuanced than during the first 12 months.

First, based on experiences in the first phase, GIZ could *support the development of a comprehensive and long-term oriented Procurement Capacity Building Plan* (Open Contracting Partnership, 2022; UNEP, 2021a). Such a plan "should also include a strategy for knowledge retention, foreseeing staff turnover and changes in government", for instance through identifying national and international SPP experts and train-the-trainers activities (UNEP, 2021a). Key sources for the development of the plan are the status assessment of the status quo in procurement (see section 5.5) as well as results of the early action activities in the sections on policy (5.1), laws and regulations (5.2) and institutions (5.3). Beyond, potential parallel advisory activities in these sections during the consolidation phase (e.g., the development of an updated procurement strategy) need to be considered when developing the procurement capacity building plan. If not included in the status assessment, a gap analysis of available and required individual capacities is also needed. Based on those sources and activities, GIZ could also advise on concrete contents of capacity-building activities, e.g., on rather organisational topics (e.g., developing inclusive procedures to come up with an updated procurement strategy) or more technical issues (e.g., on LCC, preparing SPP criteria for certain product groups or developing gender-responsive specifications and tender requirements) (World Bank, 2021b; Open Contracting Partnership, UN Women, 2021).

Second, part of such a plan or subject of a separate advisory activity could be *supporting the integration of strategic and sustainable public procurement in the core curricula of national training institutions* (World Bank, 2021b).

Advisory topic: Capacity-building for suppliers and market exchange for green transition

Already in the early phase, market actors as potential suppliers should be intensely consulted, for instance to learn about strengths and weaknesses of procurement practice or about market conditions for sustainable product alternatives. However, as strategic and sustainable public procurement matures, engagement with the market gets increasingly important to secure effective SPP implementation. Sustainability must not only become integral part of the procurer's mindset. SPP can only induce catalytic effects if it becomes anchored in the mindsets of (potential) suppliers as well (DIE, 2019). Two advisory activities can be supportive here.

First, GIZ can *support capacity-building trainings and/or exchanges for suppliers* – either on the updated procurement strategy in general or on sub-topics, e.g., on specific sustainability criteria within a certain product group. Experts from the SPP unit and/or external organisations, e.g., from universities, civil society or standard-setting bodies, may provide respective trainings (World Bank, 2021b). Trainings could also focus on specific types of companies, e.g., on WOBs as particularly women owned (small and micro) businesses often face specific challenges to participate in public tenders (Open Contracting Partnership, UN Women, 2021).

Second, *advising activities on SPP could be strategically linked to activities in the field of green and/or sustainable market development*. SPP can thus boost innovation and increase the adoption of green technologies in key industries. Already today, "[i]n many countries, GPP

initiatives complement programs to encourage and facilitate the transition of the business community to green business practices” (World Bank, 2021b, S. 35). With regard to concrete activities, GIZ may

- advise on how to set-up tax incentives for sustainable market practices, e.g., reduced tax rates for value added tax (VAT) or for customs duty for green equipment such as LED lightbulbs (World Bank, 2021b),
- advise on updating related regulation and environmental standards, e.g., to make certain requirements for resource and energy use, production, waste management, and pollution control mandatory (World Bank, 2021b) as well as advising on voluntary sustainability standards developed in parallel with public procurement criteria and
- advise on how to highlight and/or reward business that successfully adopted green and/or broader sustainability practices (World Bank, 2021b).

5.5 Data and monitoring

Collection and analysis of national procurement data is a crucial precondition to designing effective SPP regulations and policies and to translate them into institutional practice (Müngersdorff and Stoffel, 2020b). Even when already implemented, the continuous monitoring and reporting of strategic and sustainable procurement is important to identify deficiencies and improve the system. However, in practice, data and monitoring are often an area of weakness in SPP systems in many countries, especially in the Global South. While “[a]cross OECD countries, reporting is increasing, with 69 percent now measuring the results of their GPP policies and strategies”, in the Latin American and Caribbean (LAC) region, “only 35 percent of countries report a monitoring measure in their GPP strategies” (World Bank, 2021b, S. 47).

DATA AND MONITORING – EARLY ACTION

A solid status assessment facilitates an understanding of the current procurement system and is the basis for any further activities in the field (UNEP, 2021a). It identifies both challenges and opportunities for SPP implementation as well as actions needed to ensure its success. Furthermore, it will also serve as a baseline against which future success can be measured.

Advisory topic: Status assessment on procurement organisation, regulation, policies and stakeholders

A thoroughly conducted status assessment is the basis for all advisory activities mentioned in the previous chapters, particularly in the early phase, e.g., for planning pilot procurements. The assessment describes the status quo of current procurement regulations, policies and organisation with all its strengths and weaknesses and sets a baseline to track future progress (World Bank, 2021b). Depending on the concrete country circumstances or the advisory projects to be conducted, some elements of the assessment might need more or less focus or new elements might need to be added. A comprehensive status assessment inter alia provides information on the following topics:

- Stakeholder landscape in procurement to help those leading SPP reforms “identify opportunities, anticipate resistance, and prepare a response” (World Bank, 2021b, S. 31);
- Gaps in data availability and quality;
- Risks of favouritism and corruption in procurement;
- Barriers for specific types of businesses to successfully participate in public tenders (e.g., for MSMEs due to missing aggregated information on public contracting opportunities on central websites) (Williams-Elegbe, 2021).

Before initiating a status assessment, its scope must be determined, both with

regard to content dimensions (comprehensive assessment vs. specific topics) and governance levels to be covered (all governance levels vs. selected national or subnational administrations) (UNEP, 2021a). With regard to responsibilities, the NFO's SPP unit, the responsible ministry or sub-national procurement department should head the accomplishment of the assessment. Further partners of the project group could be international organisations of technical cooperation and/or specialists from international organisations such as the World Bank, UNEP or other relevant institutions from civil society (such as ICLEI). Generally, the assessment should adhere to international standards to secure quality, comparability and recognition of its results. In this regard, both MAPS' supplementary module on SPP (MAPS, 2021) and UNEP's SPP Index Methodology for SDG Indicator 12.7.1. (UNEP, 2022) are extremely useful sources.

GIZ can support the process of preparing and accomplishing a status assessment with three advisory activities:

First, it may *consult responsible units from government to identify the assessment's scope regarding content dimensions, governance levels and the composition of the project group*. With regard to the time frame, the realisation of a comprehensive status assessment takes between 6 and 12 months (UNEP, 2021a).

Second, advising activities could support the *set-up of an accompanying event and workshop structure* to secure both support from relevant stakeholders to provide necessary data and to communicate the assessment's results to the interested public. The final status assessment should also be discussed and formerly endorsed by decision-makers during a separate workshop (and possibly as an inception of further projects, e.g., the revision of the regulatory framework) (UNEP, 2021a).

Third, GIZ could also *directly cooperate with the partner country's NFO in accomplishing the status assessment*.

The following overview comprises a (non-exhaustive) overview of key topics that should be covered by a comprehensive status assessment (UNEP, 2021a; Williams-Elegbe, 2021; Open Contracting Partnership, 2016; Open Contracting Partnership, UN Women, 2021; Müngersdorff & Stoffel, Pathways towards sustainable public procurement: success factors drawn from pioneering municipalities in Germany and Europe, 2020c; MAPS, 2021):

- Legal review of relevant regulations and policies to understand the public procurement legal framework, national sustainable development priorities, and regional/international environmental and social commitments;
 - The final review should include recommendations on amendments to existing public procurement regulation and policies for the inclusion of sustainability considerations (a good practice is the legal review of Ukraine's public procurement system from 2014, resulting in an updated Procurement Law in 2020; the project was funded by the EU, cooperation partners were UNEP, the United Nations Industrial Development Organization (UNIDO), the United Nations Economic Commission for Europe (UNECE) and the OECD⁷).
 - It is important to not only focus on core procurement law but also on related regulation to identify possible misalignments of current or future targets between SPP and broader

⁷ https://www.oneplanetnetwork.org/sites/default/files/from-crm/legal_review_of_the_implementation_of_sustainable

[public_procurement_in_ukraine.pdf](#) (accessed 3 Dec 2022).

- environmental and/or social goals (see section 5.2).
- Organisational review to understand current procurement processes and practices; the review should comprise data on
 - the organisation of public procurement (e.g., level of decentralisation, digitisation and effectiveness of the monitoring system, responsibilities, definition of requirements and desired outcomes in past contracts),
 - the transparency and fairness of public procurement (e.g., use of less transparent discretionary procurement modalities; access to information of procurement procedures; availability of disaggregated data on businesses that participate in tenders and finally award contracts, e.g., by size and gender),
 - the current volumes and future needs of public procurement (procurement volumes to e.g., identify needs and outstanding product groups for initial SPP coverage; future needs for SPP can be based on collecting specific data, e.g., on energy use, water use or waste generated), and on
 - the current procedure of the supreme audit institution in the supervision of public procurement (e.g., identifying current weaknesses and regulatory gaps).
- Market review⁸ to clarify what the market is ready to deliver, at which price, and for which sustainability criteria; part of the review is also the selection and prioritisation of potential product groups for SPP to be based on
 - the national sustainable development priorities,
 - the potential of product groups to contribute to these priorities (including analysis of procurement volume and potential sustainability risks and benefits), and on
 - the availability of sustainable alternatives in a product group (including capabilities of the local/national market to supply the products at a competitive price and analysis of feasibility and verifiability of sustainability criteria).
- Stakeholder review to identify SPP stakeholders and their interests (also as a basis to set up an internal SPP governance structure and to assemble the steering committee).

Beyond this very structured and “formal” approach, insights from practice indicate that due to limited access to procurement information and particularly due to high levels of corruption within public procurement, it is very difficult to actually get information for a comprehensive status assessment (Interview 2).

During the consolidation phase and depending on the concrete advisory project planned, a focus on a specific issue, though not too narrow, could also make sense. For instance, if a government plans to develop an e-procurement system, it “should conduct a self-assessment of its capacities and capabilities to implement the system and the types of services to be offered” (World Bank, 2021a). Different international organisations have published handbooks or operate online platforms on e-procurement to support this process, e.g., the World Bank’s Rapid e-procurement Toolkit (www.eProcurementToolkit.org).

Advisory topic: Development of an effective and transparent monitoring

⁸ In 2021, UNEP Market Readiness Analysis of Sustainable Construction Materials in Three Pilot OECS Countries: Antigua and Barbuda, Dominica and Grenada

(<https://wedocs.unep.org/handle/20.500.11822/36401>, accessed 20 Dec 2022).

system on critical stages of the procurement cycle

As touched upon earlier in this paper, corruption and opaque structures on the single steps of public tenders and on decisions taken during those steps represent challenges for effective public procurement. Sometimes these weaknesses are so pronounced that the final stage of the procurement process, the actual order execution, is not reached at all or only with serious deficiencies. Where a contractor should have built a school, is actually still undeveloped land. Where there should have been an asphalt road, there is still a dirt road. Thus, monitoring the actual execution of public orders could be an effective way of putting pressure on corrupt structures within the system and in effect, to improve it (Interview 2).

In cooperation with reliable local partners, preferably CSOs, GIZ could support the initiation of monitoring activities that assess critical stages of the procurement cycle. GIZ in Uganda is currently running such a project in cooperation with 12 local CSOs and the Public Procurement and Disposal of Public Assets Authority (PPDA). The focus of the project is on the execution and contract management phase of tenders, striving to find out whether the goods, services or works stipulated in a contract were actually delivered or – if not – where (most likely) corruption took place in the procurement process. The GIZ Governance project in Uganda identified fitting CSOs and trained them.

The use of *digitalisation to transform procurement processes in partner countries* should be also a priority. The reason is that most of them are still working on a manual or partially digital platform, such as in Kenya, which offers the possibility of corruption incidents (Interview 1).

DATA AND MONITORING – CONSOLIDATING INITIATIVES

After the status assessment and the implementation of first SPP regulations, policies and institutional practices, a system of continuous monitoring, evaluation and improvement must be developed.

Advisory topic: Development of a system of continuous monitoring, evaluation and improvement of the national SPP environment

A system for SPP monitoring and evaluation is key “to follow the progress of SPP implementation (...) [and] to measure the sustainability impacts and market transformation effects” (UNEP, 2021a). The system includes measures to monitor implementation and effects of SPP regulations, policies and institutionalisation of SPP as well as direct outputs and broader outcomes of SPP action. As a recently published GIZ publication highlights, a focus on measuring outcomes against actual policy goals (e.g., carbon dioxide reduction) is key to incentivise “activities which directly contribute to these outcomes, such as setting challenging criteria which are regularly updated to reflect market developments and best available technology” (Prakash & McLennan, 2022). Basis are set targets in official documents, especially in regulations and the SPP action plan and/or the Procurement Strategy, as well as in implementing provisions for procuring entities and formerly adopted agreements with market actors (e.g., as a result of multi-stakeholder workshops). In addition, the status assessment from the early phase is an important document for orientation and reference. Thus, acquiring data for effective monitoring and evaluation entails multiple methods, including base studies, surveys and focus group interviews with stakeholders (World Bank, 2021b; MAPS, 2021).

The NFO (or the leading procurement entity in the respective partner country) is responsible for establishing a reporting framework for procuring entities and leads the process of putting together data and

publishing annual reports on the status quo of national SPP activities (World Bank, 2021a; MAPS, 2021). To start the process, the NFO can be supported by an external actor in the first year, i.e., by private consultants/experts or international organisations of technical cooperation.

Against this background, GIZ may *support the NFO in collecting data and in publishing the first report by (co-)financing this process and/or by providing direct input and support, e.g., on quantitative and qualitative methods for data gathering*. The following (non-exhaustive) overview outlines some key dimensions and categories of indicators such a report should comprise (World Bank 2021b, UNEP 2021b, UNEP 2021a, UNEP 2022, MAPS 2021, Williams-Elegbe 2021, Open Contracting Partnership 2022):

- Outputs of SPP regulations and policies based on disaggregated procurement data/statistics for all stages of the procurement cycle, inter alia on
 - number, share and value of contracts by category of goods, services and works which included sustainability requirements (disaggregated for specific social, ecological and economic goals),
 - number and share of companies offering sustainable goods, services and works (including number and share of responsive bids relative to traditional procurement),
 - disaggregated data on companies submitting and awarding bids (e.g., for information of participation of MSMEs, WOBs or other targeted groups),
 - disaggregated data on companies who did not participate in tenders (survey on reasons for not participating),
 - green and/or sustainability premium (unit acquisition costs of sustainable products relative

to non-sustainable alternatives) and on

- transparency of the procurement process (e.g., tender standard specifications, amendments to contracts, publications of tenders in e-procurement systems).
- Status quo of the organisational/institutional procurement structure; inter alia with information on
 - procurement procedures and tools (developed, use, satisfaction),
 - number and share of procuring entities that have awarded sustainable contracts (including reasons for awarding or not-awarding sustainable contracts),
 - SPP training (number trained, participant satisfaction),
 - number, value and share of sustainable products purchased from e-catalogues and
 - number, share and value of strategic contract design (e.g., of joint procurements, innovative procurements or framework agreements).
- Outcomes (in the sense of impacts and results) attributed to SPP regulations and policies (for market sustainable transformation); inter alia with information on
 - share and value of market for sustainable products, services and works by product categories,
 - employment in companies offering sustainable products and services (number, share),
 - companies reporting adoption of green/sustainable business practices, investments,
 - consumption of water, energy, single-use plastics, toxic materials (amount),
 - waste products, including greenhouse gas emissions, pollutants, solid waste and

- water discharges (amount, change) and on
- use of renewable energy, recycling and repurposed materials (amount, share).

Based on those data, the regular SPP report should also comprise information for decision-makers on potentials to revise or improve the current SPP framework, e.g., by introducing a new strategic procurement tool such as an e-procurement System of by including new product categories for SPP (MAPS, 2021; World Bank, 2021b).

6 Conclusion

The preceding analysis shows that it is worth waking up the sleeping giant of procurement for sustainable development and outlines concrete options on how GIZ can do so together with partner countries.

At the same time, it is pointed out that the developed advisory activities must always be interpreted and adapted to the country context, particularly with regard to specific content, sequencing and potential partners to cooperate with. Regarding the selection of potential partner countries, we would further like to share the following assessment of the OECD:

“There is ample evidence that a certain level of development favours the implementation of SPP. As of today, SPP is mainly implemented in high-income countries and in a number of developing countries that perform rather well in terms of broader development indicators. A country embarking on SPP should not be in a state of emergency where basic needs should be satisfied first. The existence of an economy that encourages free market competition and is supportive of investments and innovation is an advantage“ (MAPS, 2021, S. 10).

This does not exclude that some of the advisory activities listed in chapter 5 could not also be applied in a country with weak capacities. For instance, a country with high corruption rates could still benefit from an activity focusing on contract management, i.e., investigating whether contractual conditions have actually been fulfilled or not. However, a long-term and multidimensional project structure to promote SPP should indeed only be implemented together with partner countries that perform comparably well in terms of broader development indicators. While separate advisory activities on SPP can also exert major impacts, the analysis clearly shows that the full potential of public procurement systems to foster strategic policy goals only unfolds in case of a long-term and multidimensional project structure.

Chapter 5 on advisory approaches on SPP for GIZ outlines concrete advisory topics and activities in five areas of activities and two time-dimensions. Figure 2 below comprehensively summarises those topics and activities. Without repeating them, it is pointed out that the advisory approaches developed can be used for three different basic “designs” of cooperation activities:

1. **Single activities**, e.g., focusing on contract management (‘Development of an effective and transparent monitoring system on critical stages of the procurement cycle’, ‘Monitoring-projects of execution and contract management phases together with local CSOs’).
2. **A sequence of activities across time**, e.g., status assessment and securing an SPP Policy Statement from highest level of government can facilitate to the Development of an SPP action plan.
3. **Long-term and multidimensional project structure**, i.e., advisory activities in all necessary content areas and time dimensions in order to broadly update a partner country’s procurement system.

Especially when aiming to establish cooperation activities according to the third option, GIZ should consider cooperating with other development partners. The World Bank appears to be a particularly interesting partner here since it only recently started and consolidated many project streams in public procurement assistance under the umbrella of the Global Procurement Partnership. As a result of regular meetings with other donor agencies, GIZ Kenya, for instance, is already working with other development partners in the context of the donor working group on public financial management and is coordinating its activities, for example with the World Bank and the European Union, which are also supporting certain components of the end-to-end e-procurement system initiative recently launched in Kenya (Interview 1).

As chapter 3 shows, GIZ runs only few projects on SPP together with partner countries up to now. Furthermore, these projects tend to be spread across different projects and thematic areas and are not coordinated to maximise impact and learn from experience. Some SPP projects implemented in Germany (like the sector programme Good Financial Governance) could also contribute knowledge products and exchange events for technical projects in partner countries. More intense exchange between the different GIZ units dealing with SPP in various capacities (within GIZ, by procurers in Germany, in partner countries) could create synergies and learnings. At the same time, German technical cooperation (through GIZ) is very well positioned to boost its activities on SPP. Besides the good working relations with many international donor organisations, it can make benefit of its technical projects in partner countries with practical cooperation experience with a range of state as well as non-state actors and knowledge of specific country conditions. GIZ also has a long tradition of projects on public finance and, thus, has established relationships with key stakeholders of public procurement.

Appendix

Table 3: Overview on advisory topics and activities for GIZ for SPP implementation in partner countries

ACTIVITY DIMENSIONS FOR SPP COOPERATION	TIMING OF SPP COOPERATION	
	Early Action Initiatives	Consolidating Initiatives
Policies	<p>Advisory topic: Securing an SPP Policy Statement from highest level of government</p> <ul style="list-style-type: none"> → Support the responsible actor(s) to secure political backing for SPP in general and for preparing an SPP Policy Statement in particular → Support formation of a consultative group of stakeholders, ideally as a formal steering committee → Validation workshop before finalising SPP Policy Statement → Content-support in drafting the SPP Policy Statement 	<p>Advisory topic: Development of an SPP action plan</p> <ul style="list-style-type: none"> → Support SPP unit in developing a strategy for multi-stakeholder communication and consultation → Content-support in the drafting process of the SPP action plan <p>Advisory topic: Development of SPP policies that promote the participation of MSMEs and WOBs in public procurement</p> <ul style="list-style-type: none"> → Consult on and support information and capacity-building initiatives, both for public procurers and/or representatives from MSMEs and WOBs → Advise NFO on the inclusion of gender- and MSME-responsive measures in the SPP action plan and the procurement strategy <p>Advisory topic: Procurement strategy to secure sustainable and strategic procurement</p> <ul style="list-style-type: none"> → Content-support in drafting procurement strategy → Support exchange and capacity-building to foster development and implementation of the procurement strategy
Laws and Regulations	<p>Advisory topic: Assessment of current regulatory framework in procurement and related fields to kick-start SPP action</p> <ul style="list-style-type: none"> → Support assessment of how far the core public procurement legislation is already conducive to SPP → Explore and develop opportunities for SPP based on the regulatory framework in related fields 	<p>Advisory topic: New or revised regulatory framework in procurement and related fields</p> <ul style="list-style-type: none"> → Joint review or development of core regulations with the ministries, parliaments and/or authorities in charge → Conducting a review on SPP-related legal frameworks from other countries as a reference → Peer-to-peer workshops with stakeholders from politics or administration from other countries which are further advanced in SPP but share a similar SPP approach and legal system
Institutions	<p>Advisory topic: Initiate SPP pilot procurements</p> <ul style="list-style-type: none"> → Support organisation of exchange and learning events → Advise on the set-up of pilot procurements 	<p>Advisory topic: Implementing (parts of) an e-procurement system</p> <ul style="list-style-type: none"> → Support capacity-building and/or information workshops for decision-makers and/or procurement practitioners → Contribute to the development of a new e-procurement system or the SPP-related update of an existing system <p>Advisory topic: Set-up of an initial structure for internal and external SPP governance</p> <ul style="list-style-type: none"> → Provide external expertise, i.e., technical experts, temporarily promoting and supporting initial SPP implementation → Advise on key components of an organisational reform that stipulates SPP implementation → Support internal and external communication and partnerships

ACTIVITY DIMENSIONS FOR SPP COOPERATION	TIMING OF SPP COOPERATION	
	Early Action Initiatives	Consolidating Initiatives
		<p>Advisory topic: Set-up strategic procurement management structure for SPP development and implementation</p> <ul style="list-style-type: none"> ➔ <i>Support expert evaluations that analyse how to integrate key components of a strategic procurement management structure for SPP in national procurement organisation</i> ➔ <i>(Co-)organise events (one-time workshops, series of capacity-building, consultative multi-stakeholder processes)</i>
Individuals	<p>Advisory topic: Securing commitment and support from political and administrative decision-makers</p> <ul style="list-style-type: none"> ➔ <i>Advise on the organisation of focused events on SPP-topics for political and administrative decision-makers</i> <p>Advisory topic: Providing capacity-building for procurement practitioners</p> <ul style="list-style-type: none"> ➔ <i>Support and advise on capacity-building programmes for procurement practitioners</i> 	<p>Advisory topic: Securing structured and long-term capacity-building for procurement practitioners</p> <ul style="list-style-type: none"> ➔ <i>Support the development of a comprehensive and long-term oriented Procurement Capacity Building Plan</i> ➔ <i>Support the integration of strategic and sustainable public procurement in the core curricula of national training institutions</i> <p>Advisory topic: Capacity-building for suppliers and market exchange for green transition</p> <ul style="list-style-type: none"> ➔ <i>Support capacity-building trainings and/or exchanges for suppliers</i> ➔ <i>Linking advising activities on SPP to activities in the field of green and/or sustainable market development</i>
Data and monitoring	<p>Advisory topic: Status assessment on procurement organisation, regulation, policies and stakeholders</p> <ul style="list-style-type: none"> ➔ <i>Consult responsible units to identify the assessment's scope regarding content areas, governance levels and the composition of the project group</i> ➔ <i>Set-up of accompanying event and workshop structure</i> ➔ <i>Cooperate with the partner country's NFO in accomplishing the status assessment</i> <p>Advisory topic: Development of an effective and transparent monitoring system on critical stages of the procurement cycle</p> <ul style="list-style-type: none"> ➔ <i>Monitoring-projects of execution and contract management phases together with local CSOs</i> 	<p>Advisory topic: Development of a system of continuous monitoring, evaluation and improvement of the national SPP environment</p> <ul style="list-style-type: none"> ➔ <i>Support the NFO in collecting data and in publishing the first report by (co-)financing this process and/or by providing direct input and support, e.g., on quantitative and qualitative methods for data gathering</i>

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