



Integrating Responsible Business Conduct in Public Procurement Supply Chains: Economic Benefits to Governments



OECD Public Governance Policy Papers

No. 14

Integrating Responsible Business Conduct in Public Procurement Supply Chains

Economic Benefits to Governments



This paper is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and the arguments employed herein do not necessarily reflect the official views of OECD member countries.

This paper was authorised for publication by Elsa Pilichowski, Director, Public Governance Directorate.

Abstract

This paper provides insights for policy makers and practitioners on the economic benefits of integrating responsible business conduct considerations in public procurement supply chains. It distinguishes direct economic benefits from indirect ones as well as multiplier effects and explores the economic benefits derived from government's actions on other consumers (businesses and individuals) and other economies beyond a country's borders. The paper is based on a literature review and existing frameworks and practices developed by countries and international organisations.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.”

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <https://www.oecd.org/termsandconditions/>

ISSN: 27079171

Photo credits: Cover © PopTika/Shutterstock.com

© OECD (2022)

Table of contents

1 Introduction	4
2 Direct economic benefits	7
2.1. Ensuring the continuity of public services through better risk management across public procurement supply chains	7
2.2. Strengthening fair competition by taking into account RBC considerations	9
2.3. Achieving best value for money through the integration of RBC considerations in procurement activities	10
3 Indirect economic benefits	14
3.1. The socio-economic boost of vulnerable groups' inclusion through public procurement	14
3.2. Improved socio-economic well-being and easing pressure on the public health system	21
3.3. Enhancing trust in the public sector and the business environment	24
4 Multiplier effects of responsible and sustainable public procurement	25
4.1. Positive impact on consumption and production patterns	26
4.2. Global positive externalities	27
5 Conclusion	29
References	30

FIGURES

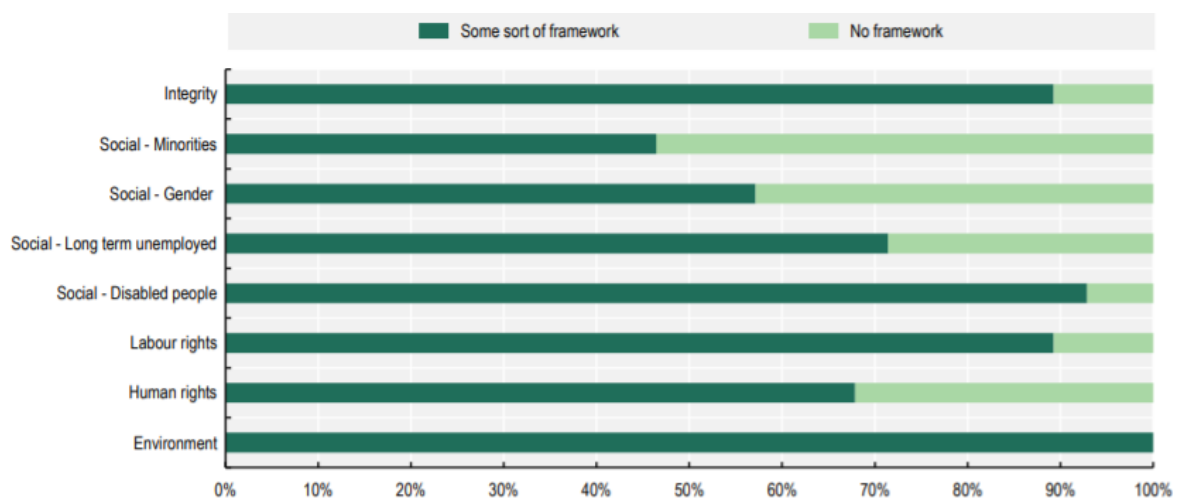
Figure 1. Development of frameworks to support RBC objectives in public procurement	4
Figure 2. The economic benefits for governments of ensuring that suppliers of the public sector respect RBC expectations	6
Figure 3. Direct economic savings through Life Cycle Cost	11
Figure 4. Costs of unemployment	15
Figure 5. Public unemployment spending as a share of GDP in OECD countries in 2019	16
Figure 6. Long-term unemployment in the European Union	17
Figure 7. Social Expenditure - Aggregated data: Public expenditure on disability and sickness cash benefits, in % GDP, in 2017	18
Figure 8. Income loss associated with discriminatory social institutions by region	20
Figure 9. Ethnic minority participation and pay gaps	21
Figure 10. OECD well-being framework	22
Figure 11. Health expenditure as a share of GDP, 2019	23
Figure 12. Public procurement influences production and consumption patterns	25
Figure 13. Countries applying RBC-related frameworks in their public procurement supply chain	27

1 Introduction

With public procurement representing 13% of GDP in OECD countries, governments have the opportunity to leverage their procurement power to improve the environmental and socio-economic outcomes related to their purchases. Until recently, economic and fiscal arguments have been at the forefront of government public spending considerations and policy design, given constant budget pressures and citizens' demands for accountability vis-à-vis public spending. Increasingly over the past decade, however, the concept of value in public spending has been evolving to encompass a wider range of considerations known as “complementary policy objectives” such as the Sustainable Development Goals, as well as the means to achieve these objectives, including through promoting responsible business conduct (RBC) and supply chain due diligence (OECD, 2018^[1]). For the purpose of this paper and in line with the 2020 OECD report on *Integrating Responsible Business Conduct in Public Procurement*, RBC objectives include considerations related to the environment, human rights, labour rights, minorities, people with disabilities, the long-term unemployed, gender equality, and integrity (OECD, 2020^[2])

Governments should lead by example and cascade responsible supply chain requirements to their suppliers, encouraging them to implement RBC objectives throughout their supply chains if they want to conduct business with the public sector. This objective is reflected in international commitments such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the 2030 Agenda for Sustainable Development. To comply with these international commitments, many countries have developed regulatory or strategic frameworks to enhance the uptake of RBC objectives in public procurement operations. However, the development of frameworks is uneven across policy objectives (see Figure 1) and only a few countries have comprehensive frameworks addressing all RBC objectives throughout the entire supply chain. And, even where these frameworks exist, their application remains relatively low in practice.

Figure 1. Development of frameworks to support RBC objectives in public procurement



Note: Based on data from 28 countries, either regulatory or strategic framework

Source: (OECD, 2020^[2])

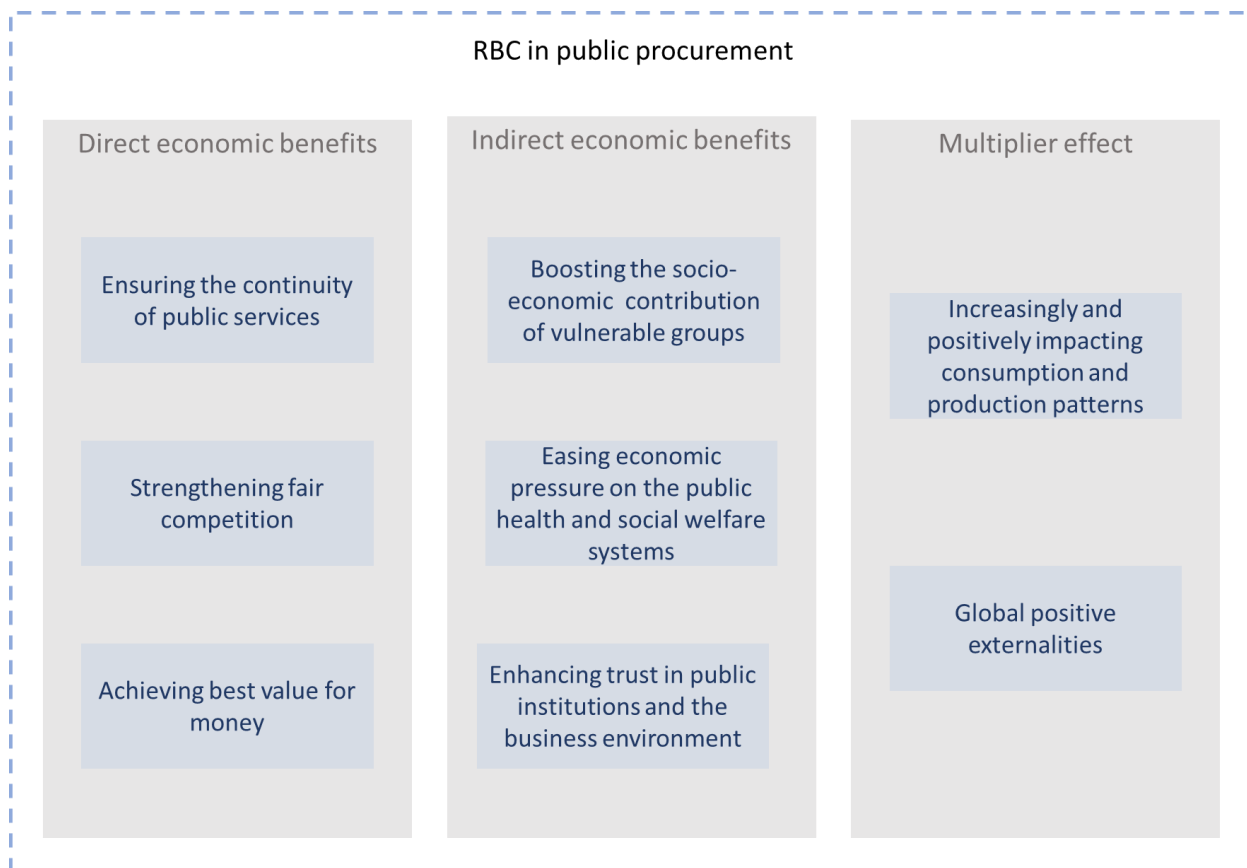
While international experience provides examples of how to achieve different policy objectives through public procurement, the uptake of these considerations is enhanced by exploring and raising awareness of the economic benefits of such practices. This is particularly relevant in the framework of COVID-19 recovery plans, which call governments to deliver a sustainable, equitable, inclusive and resilient recovery.¹

To date, there is limited in-depth research on the economic dimension of integrating RBC considerations into public procurement processes. This may be due to limited data availability on the subject, including data on supply chains, notably in supply chain tiers further upstream from public buyers, and the qualitative nature of RBC considerations which are hard to quantify and “monetise”.

This paper provides insights for policy makers and practitioners on the economic benefits of integrating RBC in public procurement supply chains. It is based on a literature review and existing frameworks and practices developed by countries and international organisations. To provide deeper analysis, the paper distinguishes between direct and indirect benefits and multiplier effects (see Figure 2). Direct benefits are tangible benefits directly resulting from integrating RBC objectives in public procurement processes. For instance, taking RBC objectives into account in public procurement will positively affect the continuity of public services, value for money and the fairness of competition. Indirect benefits relate more to positive externalities resulting from a change in the way public procurement is carried out, e.g. using public procurement to enhance the inclusion of vulnerable groups positively affects the society and the economy as a whole, improves socio-economic well-being and eases pressure on public spending. The last section on multiplier effects explores the economic benefits derived from government’s actions on other consumers (businesses and individuals) and other economies beyond a country’s borders.

¹ Two OECD papers on the impact of COVID-19 are relevant for this paper: i) the note on COVID-19 and Responsible Business Conduct highlights how adopting a responsible business conduct approach to address the COVID-19 crisis can enhance the effectiveness of business and government responses (OECD, 2020_[10]); ii) the stocktaking report on immediate public procurement and infrastructure responses to COVID-19 provides evidence on institutional arrangements and monitoring rules taken by 30 countries and partners to enable the emergency contracting of critical items needed to respond to COVID-19 (OECD, 2020_[11]).

Figure 2. The economic benefits for governments of ensuring that suppliers of the public sector respect RBC expectations



This paper focuses on the economic benefits for governments of ensuring that suppliers in public procurement comply with RBC standards. However, it does not seek to justify a narrowly economic approach as there could be several other parameters and stakeholders to take into account. International expectations of RBC call on companies to respect labour rights, human rights, gender equality, environmental and integrity standards in their operations, global supply chains and through their business relationships, whether or not the benefits outweigh the costs. Similarly, governments have to act and purchase responsibly and establish contractual relationships with those business actors who respect human and labour rights, gender equality, integrity and environmental standards.

This paper does not, however, analyse the economic benefits and costs of conducting due diligence and incorporating RBC considerations for private enterprises (businesses). Initial studies have been already undertaken to analyse these benefits and costs, such as the study conducted jointly by the OECD and the Columbia University in 2016, but further research is still needed in this regard (OECD / University of Columbia, 2016^[41]). It is recognised that integrating RBC objectives and risk-based due diligence represents a cost to businesses, it is considered an expected cost of doing business with increasingly recognised value for businesses as well, especially for maintaining access to export markets (OECD / University of Columbia, 2016^[41]). Nonetheless, if there are clear economic arguments for compliance with responsible business obligations, it could help promote RBC more generally.

2 Direct economic benefits

This section provides an overview of potential direct economic benefits of integrating RBC objectives in public procurement operations. It highlights the benefits in terms of continuity of public services and the need to establish fair competition. It also highlights the potential benefits in terms of value for money. While most of these benefits are qualitative, they provide a framework for countries to further explore this topic in their own context and based on their available data.

2.1. Ensuring the continuity of public services through better risk management across public procurement supply chains

The provision of public services, including health, transport, and education, are crucial for the economy and economic recovery in the context of the COVID-19 pandemic. To provide public services, governments rely mainly on human capital and the procurement of goods, services and public works. Public procurement is therefore a crucial pillar of government service delivery. Public procurement accounts for 13% of GDP in OECD countries (OECD, 2021^[5]). Due to the high volumes of spending, governments have a fundamental responsibility to carry out public procurement efficiently in order to ensure the high quality of public service delivery and safeguard the public interest (OECD, 2019^[6]).

Public procurement activities are vulnerable to a multitude of risks due to different factors, including the high financial volumes, the multiple stakeholders, the involvement of numerous suppliers and global supply chains. In this context, the 2015 OECD Recommendation on Public Procurement calls for governments to integrate risk management strategies for mapping, detecting and mitigating risk throughout the public procurement cycle (OECD, 2015^[7]). These strategies include different categories of risks, including those related to RBC expectations. The OECD Due Diligence Guidance for Responsible Business Conduct provides detailed recommendations to enterprises on the implementation of risk-based due diligence contained within the OECD Guidelines for Multinational Enterprises. Public buyers could therefore require their suppliers to use this kind of tools to prevent, mitigate and address global supply chain risks in their purchasing decisions. In the context of RBC, as explained below, procurement activities can be impacted by both RBC risks as well as by non-compliance with RBC objectives foreseen in regulatory frameworks; this in turn can impact the continuity of public services.

Increasingly, public services rely on the smooth operation of complex, global, fragmented and potentially fragile and vulnerable supply chains. Indeed, suppliers are spreading their production over several countries along international value chains in order to reduce production costs and mitigate risks. This makes value chains more vulnerable to localised supply shocks and increases the possibility of disruption (Gerschel, Martinez and Mejean, 2020^[8]). Various factors, ranging from environmental, economic, logistics and political to social issues, can impact supply chains and consequently disrupt public service delivery which could have significant economic impacts. The disruption of essential systems and services, such as telecommunications, energy or water supply, transportation or financial systems, can result in substantial economic damage. These systems are highly exposed and vulnerable to a variety of shock events such as industrial accidents and risks (OECD, 2019^[9]), which might be linked to risks such as human and labour

rights, and environmental risks. Therefore, addressing RBC objectives throughout supply chains could contribute to more resilient public services (OECD, 2020^[10]).

Some disruptive events, such as natural disasters or pandemics, are not predictable. The supply chain disruptions experienced in 2020 with the COVID-19 outbreak illustrate the impact of global supply chain interruption on public services which led to massive supply shortages of critical goods such as ventilators and personal protective equipment (PPE). The pandemic also revealed the governments' lack of risk awareness along their own supply chains (Ranney, Griffeth and Jha, 2020^[11]). While RBC risks are of a different nature, the shock unveiled the vulnerability of supply chains and global value chains. In this context, the concept of "essential goods" emerged in the international debate. International commitments, including from the G7, called for ensuring resilient global supply chains, notably through increasing transparency on essential goods and on global standards, including on RBC (OECD, 2021^[12]). For workers, these supply chain disruptions have resulted reportedly in withheld wages as orders were cancelled.

Unlike global shocks, risks related to business conduct, such as the violation of labour rights or human rights or some environmental risks, may be anticipated. Public buyers can identify, prevent, mitigate and address risks to their purchasing decisions to ensure the continuity of public services (Martin-Ortega and Davies, 2017^[13]). The OECD Guidelines for Multinational Enterprises also recommend that businesses identify those risks, and then seek to mitigate and prevent them. (OECD, 2020^[10])

In addition, risks of "non-compliance" with RBC frameworks might also impact procurement processes and thus the delivery of public services. Indeed, in light of the impact of RBC objectives on economies and societies, several governments have implemented National Action Plans (NAPs) and frameworks to promote RBC considerations, including in public procurement operations (OECD, 2020^[2]).

Examples of policy frameworks on RBC are found globally. Early examples include the US Dodd-Frank Act on conflict minerals (2010) or the UK's Modern Slavery Act (2015.) Two recent examples are the European Union's proposed regulation on a mandatory EU system of due diligence for supply chains, with a potential sanction of temporary or indefinite exclusion of undertakings from public procurement if companies are not complying with the obligations of the new regulation ((2020/2129(INL)) European Parliament Resolution, 2021^[14]). In June 2021, Germany adopted a law regulating supply chains with a focus on human rights. The law obliges larger German companies to identify, mitigate and prevent risks associated with their own activities and those of their suppliers – with a focus on human rights (Kusch and Saller, 2021^[15]). In addition to fines and sanctions, non-compliance with the legal framework foresees an exclusion from public procurement activities under certain conditions in Germany and might therefore also impact the provision of public services. The law enters into force in 2023 which provides time to business to undertake due diligence activities now and implement corrective actions in the lead up to 2023.

Several reports highlighted potential human rights violations in some sectors in different parts of the world such as in the electronics and cotton sectors in China, (Lehr, 2020^[16]) (Xiao et al., 2020^[17]) (Goodman, Wang and Paton, 2021^[18]), in the cotton sector in Turkmenistan (Ethical Trading Initiative, 2021^[19]), in the glove sector in Malaysia (British Medical Association, 2015^[20]), or in the mineral sector in different African and Latin American countries (Amnesty International, 2020^[21]) (ILO, 2019^[22]) (ACHPR, 2016^[23]) (Kippenberg, 2017^[24]) (Caritas Canada, 2013^[25]). In countries that have adopted regulations to ensure human rights in the public procurement supply chain, contracting authorities that are procuring goods whose supply chains involve forced labour face compliance issues, which might lead to the disruption of some key public services. For instance, media reports showed the delivery of 4000 laptop computers for an Alabama school district has been interrupted only weeks before the school year was set to begin with increased online learning due to the COVID-19 pandemic because the computers involved an electronics company accused of human rights abuses (Tulp, 2020^[26]).

The garment and footwear sector is one of the largest consumer goods sectors in the world with multiple supply chains across the globe. Countries' annual public spend on apparel and textiles is significant enough for there to be considerable opportunity to initiate changes in the supply chains through changing

public procurement practices. In light of the global attention on the garment sector in relation to human rights violations and environmental concerns across the whole supply chain from fibre to finished goods and given the different risks involved in this sector, in 2021, the OECD launched a pilot to support public buyers in integrating RBC considerations into the public procurement policies and practices of this purchasing category (OECD, 2018^[27]). The OECD pilot aims to help public buyers learn how risk-based approach can work for them in practice, through the example of garment and textiles procurement. Learning from this pilot will contribute to a broader objective of increasing the uptake of RBC in public procurement (OECD, 2020^[28]).

In this context, adopting a comprehensive risk management approach in public procurement operations is crucial to identify, assess, prevent and mitigate different risks within these complex supply chains. This reduced risk can result in a concrete economic impact and avoid disruption in public service delivery. Public buyers could also require from their suppliers to undertake the necessary supply chain due diligence in line with the OECD Due Diligence Guidance for Responsible Business Conduct.

2.2. Strengthening fair competition by taking into account RBC considerations

Public procurement represents a significant market for businesses given the procurement volumes at stake. Therefore, ensuring a level playing field for potential bidders is a priority for countries. Besides ensuring open competition, procurement frameworks may also look into ways to strengthen fair competition. In this context, many regulatory frameworks, including those of EU countries, introduced the concept of fair competition (EU Parliament and Council, 2014^[29]).

While many countries introduced responsible and sustainable requirements for suppliers and their supply chains, the concept of fair competition entails incorporating those elements in public procurement opportunities. For instance, intense competition in global markets often leads to downward pressure on prices, which in turn can exacerbate working conditions and environmental damages to save costs. Businesses that abuse human rights, for example, through child labour, bonded labour, or not paying living wages, may gain an unfair competitive advantage over businesses which respect human rights (Institute for Human Rights, 2015^[30]).

Furthermore, the debate on competition and sustainability goes beyond the public procurement sphere. Existing research on the environmental dimension illustrates the larger picture. According to some economists such as Nicholas Stern, the problem of climate change involves a fundamental failure of markets: those who damage others by emitting greenhouse gases generally do not pay. The market price does not often include the climate and environment cost imposed on society. Such costs, or “negative externalities”, are not reflected in the price, and are borne by society as a whole (International Chamber of Commerce, 2020^[31]). The sustainability-competition debate is a challenge for competition agencies: “On the one hand, they need to send a clear message that sustainability cannot be an excuse for businesses to cartelize or otherwise engage in anti-competitive conduct, where ‘sustainability’ is just used as cover (green washing). On the other hand, agencies want to avoid the impression that their mission is a single-minded one. A mission where competition is pursued at all costs and where competition law protects those that impose negative externalities on others while hindering any private activity aimed at reducing or internalising them” (OECD, 2020^[32]).

One can argue that over burdening procurement activities with numerous policy objectives including high sustainability standards might reduce competition. To address this challenge, an adequate market analysis and market engagement activities should be performed to identify potential bidders and to ensure that tender documentation does not include excessive requirements impacting competition.

Failure to recognise businesses that incorporate RBC expectations in their operations, supply chains and business decisions is a missed opportunity by governments to encourage responsible business conduct.

In addition, this non-recognition may discourage some businesses from implementing a responsible approach, and deter other businesses from meeting RBC expectations. Therefore, public procurement operations should ensure that all suppliers play by the same rules and that public procurement acts as a positive signal, promoting a “race to the top” business environment (The Danish Institute for Human Rights, 2020^[33]). This approach should not be viewed as a barrier but rather as a driver to innovate and achieve competitive advantages (Carter and Dresner, 2001^[34]).

The compliance with RBC expectations to ensure fair competition does not stop at the award of the contract. Indeed, depending on national regulation, contracts can have a duration of several years. While fair competition can be ensured at the award phase, monitoring contract performance is essential to establish accountability that RBC objectives are implemented in practice during the contract performance phase to prevent the ex-post distortion of competition. It is the supplier’s responsibility to ensure that the requirements in the contract are met. However, public entities need to monitor that the supplier fulfils the requirements of the tender documents and contract (OECD, 2020^[2]).

Some non-tariff measures could be also used as a relevant tool to measure fair trade practices in line with RBC expectations. Non-tariff measures comprise all policy measures other than tariffs and tariff-rate quotas that have a more or less direct impact on international trade. They can affect the price of traded products, the quantity traded, or both. Non-tariff measures generally refer to domestic regulations aiming at overcoming or reducing the impact of market imperfections. International trade in goods and services can be strongly affected by non-tariff measures that originate from domestic regulations (OECD, 2019^[35]). In many countries for example, the importation of ozone-depleting substances is prohibited under the Montreal Protocol on Substances that Deplete the Ozone Layer (UNCTAD, 2019^[36]). Some non-tariff measures that are in accordance with RBC objectives could therefore have a significant and positive impact on global trade and could ensure fair competition practices.

2.3. Achieving best value for money through the integration of RBC considerations in procurement activities

The concept of value for money can be defined as the optimum combination of whole-life cost and quality (or fitness for purpose) to meet the user’s requirements. It can be assessed using the criteria of economy, efficiency and effectiveness (OECD, 2012^[37]). The value for money principles guides public procurement decisions and actions to focus on the “most advantageous combination of cost, quality and sustainability to meet defined requirements” (MAPS, 2018^[38]). This entails taking into account not only the market price but also other costs and risks that can have significant impact on government’s budgets. In this framework, this section explores the concept of life-cycle costing and other costs related to risks impacting the procurement process such as integrity risks or the risks of non-compliance with sustainability and responsible business objectives.

2.3.1. Using the life cycle approach yields financial savings

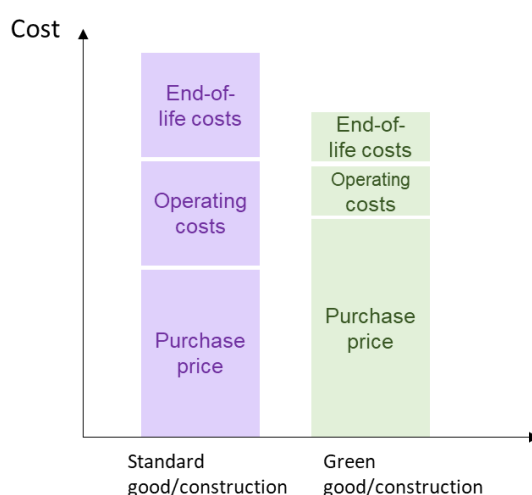
One of the challenges impacting the uptake of sustainable public procurement and incorporating RBC objectives into public procurement is the perception that they increase the final price. However, while introducing environmental and social criteria in the procurement processes may lead to higher upfront costs, they may result in savings over the whole life-cycle of a purchase. Indeed, for many products, services and works, costs incurred during use and disposal may also be highly significant – e.g. energy consumption, maintenance, disposal of hazardous materials. Taking whole life-cycle costs (LCC) into account in procurement makes economic sense as it includes different costs borne by governments and societies. (European Union, 2016^[39]):

- a) costs, borne by the contracting authority or other users, such as:

- i. costs relating to acquisition,
 - ii. costs of use, such as consumption of energy and other resources,
 - iii. maintenance costs,
 - iv. end of life costs, such as collection and recycling costs
- b) costs imputed to environmental externalities linked to the product, service or works during its life cycle, provided their monetary value can be determined and verified (EU Parliament and Council, 2014^[29])

In addition to unit prices, it is important to take into account costs related to the use and disposal as they might have a significant weight in the overall cost (see Figure 3) (European Commission, 2014^[40]). For instance, purchasing energy-efficient or water-saving products, can help to significantly reduce utility bills over the long term. Reducing hazardous substances in products can reduce end of life disposal costs (European Union, 2016^[39]). In addition, maintenance and resilience can be taken into account through a life cycle cost approach in order to ensure that the products or infrastructures can cope with uncertain future operating costs. In this context, the cost of resilience failures refers to the incapacity of systems to recover from a shock due to disasters or to absorb excessive maintenance because of initial low quality investment (OECD, 2021^[41]). This framework therefore not only allows for improved budgeting but also provides with greater flexibility to adjust to potential changes over time. Life cycle costs may also include additional costs such as externalities like greenhouse gas emissions throughout the life cycle of the product; this includes environmental externalities related to supply chains. Taking into account these externalities enhances the well-being and health of society. This can be applied only if i) the externalities can be clearly identified and ii) the monetary value of those costs can be determined and verified. In response to the issue of cost identification, several academic studies and policy papers explore approaches to introduce pricing instruments in the area of climate change (Carattini, Carvalho and Fankhauser, 2017^[42]) (OECD, 2016^[43]). Carbon pricing for example gives an explicit price on every tonne of CO₂ emitted and therefore provides governments with an effective tool that can easily be integrated in an LCC approach.

Figure 3. Direct economic savings through Life Cycle Cost



Source (European Union, 2016^[39])

From a social perspective, both the social benefits and the avoided social costs enabled by each tender could be in theory, be factored into the LCC equation. However, accounting for social costs and benefits

is particularly challenging (International Institute for Sustainable Development, 2009^[44]). Section 3 provides some insights on such benefits.

Main challenges to the use of LCC include i) the lack of capacity to implement this approach by identifying all relevant costs, ii) the lack of reliable data to assess costs, and, iii) the fact that purchase price, energy and maintenance costs may be paid by different departments. Regarding the last point, this calls for strengthening the budget allocation and cooperation between departments. Different government entities are using the LCC and have managed to overcome these challenges. For instance, the city of Helsinki, launched in 2014 a framework agreement on IT equipment and related services, using a life cycle approach. This tender enabled the city to achieve 27% of energy savings and EUR 72,000 of cost savings over the lifetime of the products - offsetting a total of 172 tonnes of CO₂ equivalents (GPP, 2015^[45]).

2.3.2. Taking into account RBC risks in procurement operations avoids delays and extra costs for governments

A substantial part of public performance hinges on initial planning. Taking a proactive approach and accounting for risks related to sustainability in public procurement enables governments to avoid issues with procurement processes which can result in delays in the provision of public services and has economic implications. Other than cost and quality, time is a key factor in assessing the success of a project (Riazi and Nawi, 2018^[46]). Should a company not fulfil RBC expectations, supply chain disruptions and litigation can be a consequence. These, in turn, can delay government orders, and result in expensive legal proceedings and significant costs (Nieuwenkamp, 2015^[47]). Box 1 provides an example of various costs resulting from delays in procurement operations (Badala and Zack, 2011^[48]).

As part of a general risk management approach, taking RBC objectives into account in public procurement processes can support better planning and budgeting which helps avoid potential costs and/or mitigate the risk of incurring higher costs. This approach can lead to substantial cost savings and improved delivery time.

Box 1. Example of costs resulting from delays

Labour Costs:

- Additional labour hours
- Overtime and premium pay
- Loss of efficiency or loss of productivity

Equipment and Material Costs:

- Increased rental or ownership costs
- Inefficient use or additional equipment / material
- More expensive equipment
- Increased material storage

Subcontractor Costs:

- Extended labour, equipment and material costs
- Extended jobsite overhead costs

Jobsite Overhead Costs:

- Added supervision and project management

- Extended supervision and project management
- Increased and extended jobsite resources (office trailers, site utilities, etc.)

Source: (Badala and Zack, 2011^[48])

2.3.3. Ensuring the integrity of procurement processes avoids extra costs for governments and societies

Public procurement is a high risk area in terms of corruption and other integrity breaches. In addition to the volume of transactions and the financial interests at stake, corruption risks are exacerbated by the complexity of the process, the close interaction between public officials and businesses, and the multitude of stakeholders. The 2014 OECD Foreign Bribery Report highlights that 57% of foreign bribery cases involved public procurement. Corruption involves important economic costs borne by governments and thus taxpayers. Several studies and reports highlight the direct and indirect costs of corruption. Direct costs include inflating prices, reduced quality and/or quantities, failing to meet contract standards, or using inferior materials, in case of public procurement of works (OECD, 2016^[49]). A 2014 study of the European Commission estimated corruption costs within the European Union at EUR 120 billion per year which represents 1% of GDP. Part of this amount is related to public procurement activities. Furthermore, the cost of corruption can be exacerbated in some sectors such as construction. The Construction Sector Transparency Initiative (CoST) estimated that between 10-30% of the investment in publicly funded construction projects may be lost through mismanagement and corruption (OECD, 2016^[49]). Taking into account integrity risks in procurement operations and putting in place the appropriate risk mitigation measures would have a positive impact on public finances. Ensuring integrity of public procurement processes will also de facto contribute to strengthening fair competition among private sector stakeholders by levelling the playing field (see section 2.2).

3

Indirect economic benefits

Research has shown how public procurement could be used to promote and deliver sustainable outcomes (McCrudden, 2004^[50]), thereby benefiting societies and economies. As mentioned above, governments are the largest buyers of goods, services and works in many key sectors and can therefore use public procurement as a strategic lever for achieving a wide range of policy goals. An important part of these policy goals focuses on the social dimension of sustainability, which are included in responsible public procurement. In the context of public procurement, countries have placed a particular focus on aspects like anti-discrimination in the labour market, decent work conditions, addressing forced labour, enforcement of diversity policies, and inclusion of vulnerable groups² in the economy. This section focuses on analysis related to individuals who face discrimination and other forms of social exclusions based on gender, duration of unemployment, age, disability or ethnicity.

Analysing the implementation of RBC in public procurement solely by its capacity to directly impact the economy would lead to omitting a large set of indirect positive benefits that could include: i) the socio-economic boost resulting from vulnerable groups' inclusion into the economy, ii) the improved socio-economic well-being and easing pressure on the public health system and, iii) the enhanced trust in the public sector and business environment through improvement of reputation.

In order to address the issue of discrimination (unequal treatment of equally productive individuals) experienced by specific groups, especially in the labour market, diversity policies are put in place by all OECD countries through anti-discrimination legislation. Over the past decades, diversity has become more important in OECD countries and policy reports highlight increased participation of women (rising from 61% in 2000 to 69% in 2018), immigrants and people from ethnic minorities into labour market (OECD, 2020^[50]).

Despite this progress, inequality and exclusion due to discrimination based on gender, age, disability or ethnicity continue to impact many people. In addition to the obstacles faced and social problems experienced by vulnerable individuals, one aspect of discrimination that is often overlooked is its economic dimension. Full participation of diverse groups in the labour market is not only an ethical matter, it is also a socio-economic imperative that needs to be tackled (OECD, 2020^[50]).

3.1. The socio-economic boost of vulnerable groups' inclusion through public procurement

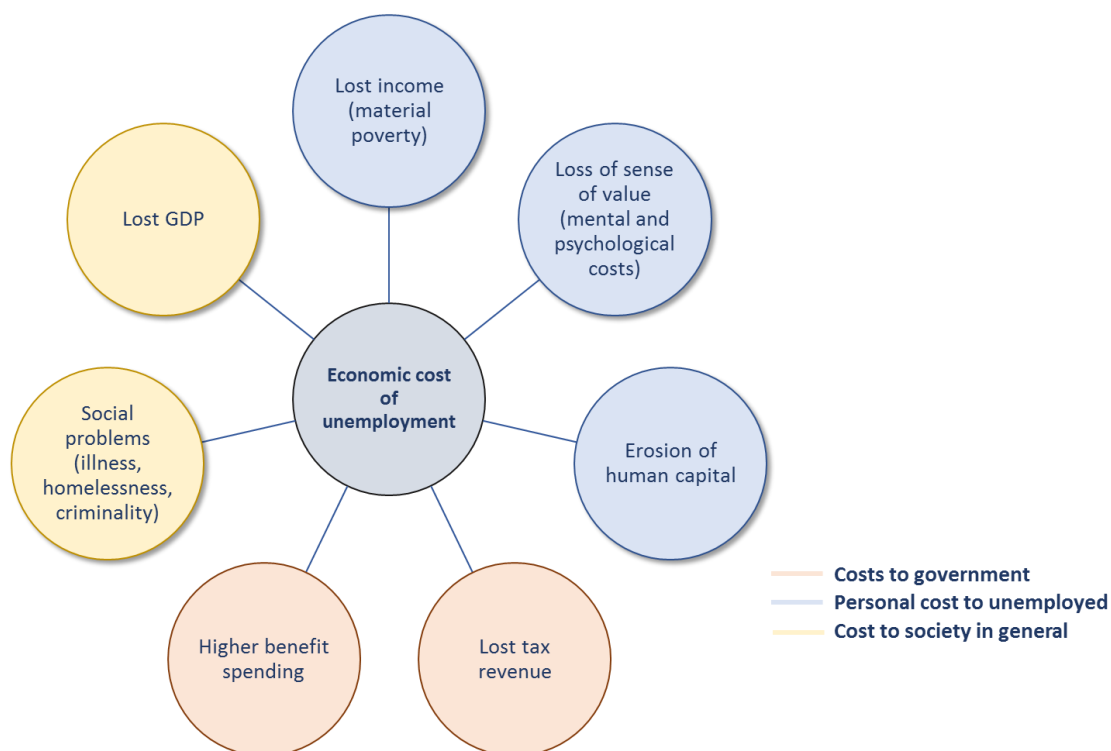
In the context of increasingly diverse populations, the public sector has economic reasons to promote equal opportunities and inclusion in the labour market (OECD, 2020^[50]). If used appropriately, public procurement can be a powerful tool in promoting these policies. Research shows there are substantial macroeconomic gains in increasing labour market inclusion and promoting equality. France for example, could gain EUR 150 billion, or 6.9% of the 2015 GDP, over 20 years (i.e. 0.35% increase in GDP per year)

² Vulnerable groups are defined as groups that experience a higher risk of poverty and social exclusion than the general population (European Council and Representatives of the Governments of the Member States, 2017^[110]).

by increasing access to skilled jobs and the overall employment rate for women, French-born citizens with a migration background, residents of disadvantaged neighbourhoods and people with disabilities (France Stratégie, 2016^[52]).

Discrimination in the labour market (discrimination in hiring, in career development etc.) is one of the most important and penalising forms of discrimination since employment conditions social integration and access to housing, healthcare, etc. (France Stratégie, 2016^[52]). As described in Figure 4, unemployment is costly to governments, individuals and to society as a whole.

Figure 4. Costs of unemployment



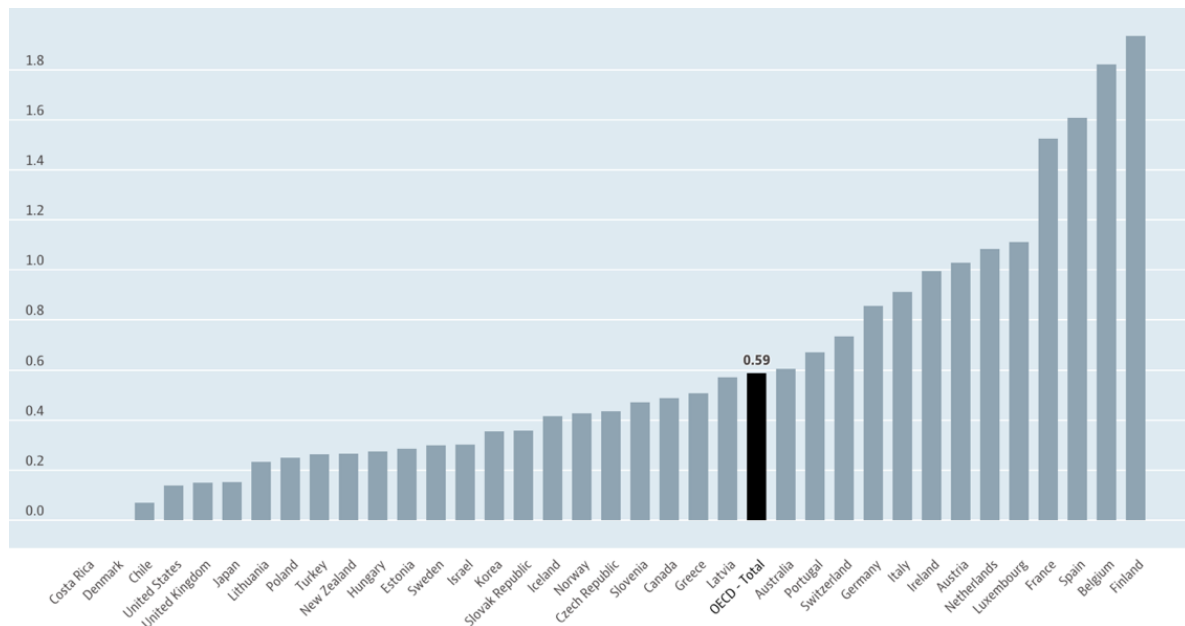
Source: adapted from (Pettinger, 2019^[53])

Even if socially inclusive policies have been integrated into several national public procurement frameworks (OECD, 2020^[2]), social considerations are still not seen as economically efficient and are often considered costly to implement. As a result, social criteria are not sufficiently used by public buyers in the tender documentation (European Commission, 2017^[54]). This section aims at exploring the benefits of promoting the use of social considerations in public procurement procedures as the non-inclusion of vulnerable groups costs governments in benefits and tax revenues and further amplifies public health spending.

3.1.1. Integrating RBC expectations in public procurement can decrease overall spending on social benefits

High barriers to entry on the labour market for vulnerable groups impact tax revenues and also causes governments to increase their spending on social benefits. In OECD countries, public unemployment spending represented on average 0.6% of GDP in 2019 (see Figure 5). In this context, in addition to other tools and policies, using the buying power of governments could contribute to alleviate the fiscal pressure on governments.

Figure 5. Public unemployment spending as a share of GDP in OECD countries in 2019



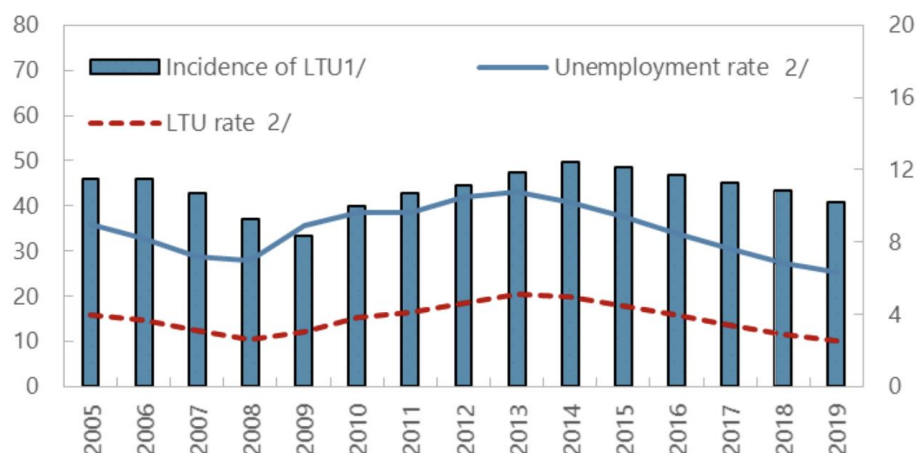
Source: (OECD, 2019^[55])

Labour market discrimination affects vulnerable groups, including women, the long-term unemployed, minorities and people with disabilities, and generates considerable benefits spending for governments.

The inclusion of long term unemployed people

The long-term unemployed (LTU) refers to people who have been unemployed for 12 months or more (OECD, 2022^[56]). As illustrated in Figure 4, unemployment has multidimensional costs but the detrimental effects of unemployment on the economy grow more profound the longer the duration of unemployment (Pohlan, 2019^[57]). Data shows that long-term unemployment comprises a significant share of unemployment. For instance, during the period 2016-2019, the LTU accounted for about 45% of total unemployment in the European Union (IMF, 2020^[58]). These high figures reveal a key challenge in European countries (Figure 6) and show how crucial the issue of LTU is in terms of the overall well-being of society and the economy. LTU rates are likely to be worsened by the COVID-19 crisis.

Figure 6. Long-term unemployment in the European Union



Note: 1/ In percent of total unemployed persons

2/ In percent of active population (15-74 years of age)

Source: (IMF, 2020^[58]).

In this context, public procurement could stimulate employment opportunities for people at distance to the labour market through the inclusion in the tender documentation of specific clauses or award and/or selection criteria (European Commission, 2020^[59]). This would help reduce both the rate and the incidence of LTU and therefore contribute to poverty alleviation and address social exclusion as well as benefit the overall economy by reducing unemployment and health benefits spending.

Several examples of good practices in terms of LTU inclusion through public procurement exist. For instance, the integration of social clauses in public contracts in the Brussels region aimed to offer long-term job-seekers training and job opportunities to people at distance from the labour market (European Commission, 2019^[60]). As illustrated in Box 2, inclusion of social clauses in works and supply service contracts resulted in creating benefits for the municipality by reducing public spending on social care.

Box 2. Benefits from long-term unemployment inclusion – the example of the state-owned Brussels public transport provider

Since 2012, the government of Brussels-Capital region in Belgium has required all regional public entities to include social clauses in public contracts. These social clauses aim to create opportunities for the long-term unemployed and socially excluded.

The state-owned Brussels public transport provider, STIB-MIVB (Société des Transports Intercommunaux de Bruxelles - Maatschappij voor het Intercommunale Vervoer te Brussel), is the largest employer in the city. STIB/MIVB has appointed a person to monitor the use and implementation of social and environmental clauses in its public tenders.

Whenever STIB/MIVB plans to launch a new tender, the purchasing department (for services or supplies contracts) or the infrastructure project manager (for public works contracts) contacts the transport provider's social clauses officer, who is tasked with assessing whether or not a social clause is relevant.

The STIB/MIVB internal process for validating procurement documents obliges buyers to justify the non-integration of social clauses. STIB/MIVB also undertakes strict monitoring of the terms and implementation of social clauses. The most common clauses used are employment clauses.

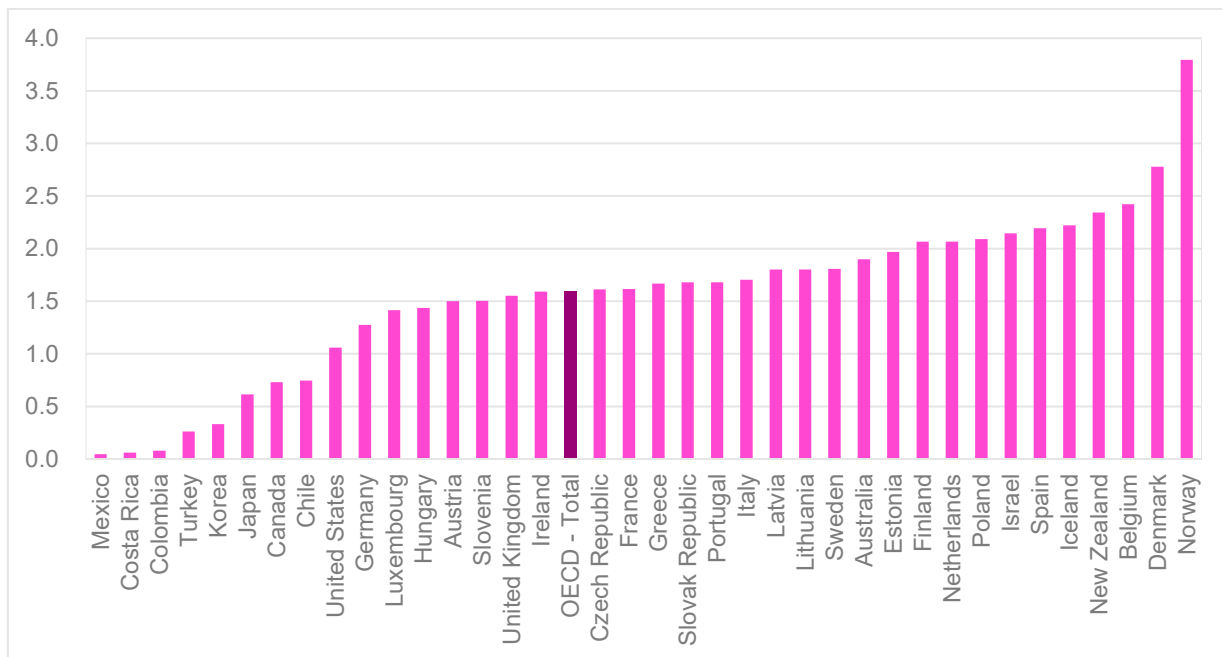
Social clauses mainly resulted in training and job opportunities for people far from the labour market and increased participation of social enterprises in public procurement tenders.

Source: (European Commission, 2019^[60])

The inclusion of people with disabilities

Many regulatory and strategic frameworks across the OECD mention the possibility to use public procurement as a strategic lever to integrate people with disabilities in the economy (OECD, 2020^[2]). People with disabilities refer to those who have a physical or mental impairment that has a substantial and long-term adverse effect on his or her ability to carry out normal day-to-day activities (OECD, 2020^[2]). They are also often amongst the poorest and most vulnerable (OECD, 2018^[61]). The non-inclusion in the labour market of people with disabilities can generate considerable costs to society and the overall economy with loss of taxes and high public spending (WB & WHO, 2011^[62]). On average across OECD countries, spending on disability and sickness accounts for 1.6% of GDP, rising to as much as 3.8% in countries such as Norway (Figure 7).

Figure 7. Social Expenditure - Aggregated data: Public expenditure on disability and sickness cash benefits, in % GDP, in 2017



Source: (OECD.Stat, 2017^[63]).

Addressing the exclusion of working-age disabled people through public procurement would not only allow governments to achieve a more inclusive labour market but it could also reduce benefit spending on unemployment and disability. Some studies attempted to quantify the economic impact of increasing employment outcomes for people with disabilities. In Australia, for example, a 2009 study shows that an

increase in workforce participation and a decline in unemployment rate for people with disabilities would result in a cumulative USD 43 billion increase in GDP (see Box 3).

Box 3. Modelling the impact of increased employment participation in Australia

A general equilibrium modeling has been developed in 2011 in order to estimate the impact on output if a higher proportion of people with a disability entered the workforce. The aim of the modelling is to present the potential economic benefits associated with increasing employment participation for people with disability and provide a reference point for future discussion on the issue.

The report explores two realistic and achievable scenarios:

1. The participation rate for people with disability increases by 10 percentage points to 64%.
2. In addition to Scenario 1, the unemployment rate for people with disability declines by 0.9 percentage points to 6.9%.

It is assumed that the productivity of people with disability entering the workforce is 80% of that for people that are already in the workforce.

The modelling results suggest that Australia would make significant economic benefits by addressing labour market disadvantages faced by people with disability:

Under scenario 1, the increase in workforce participation would result in a cumulative boost to Australia's GDP of a USD 40 billion in the next decade.

Under Scenario 2, if unemployment was also reduced, Scenario 2 suggests that GDP could increase by an additional USD 43 billion in the coming decade.

Source: (Deloitte, 2011^[64])

The inclusion of women

Women make up half the world's working-age population, but their contribution to measured economic activity is far below its potential (IMF, 2013^[65]). The economic costs associated with gender-based discrimination are extremely high and show that gender equality matters for growth and constitutes a critical economic opportunity that should be taken into account in public procurement processes. In 2016, the level of gender-based discrimination was estimated to induce a loss of up to USD 12 trillion or 16% of global GDP and about USD 6.116 billion in OECD countries (Figure 8) (Ferrant and Kolev, 2016^[66]). In addition, research shows that closing the gender gap in employment could increase GDP by an average of 35 % (IMFBlog, 2018^[67]). According to IMF calculations, reducing barriers to women in the workplace can also significantly boost welfare **Error! Reference source not found.** In this framework, public buyers can use their purchasing power to promote gender equality and inclusion with their suppliers through different mechanisms (OECD, 2021^[67]). This could lead to several economic benefits, including boosting growth, higher productivity and improved well-being.

Figure 8. Income loss associated with discriminatory social institutions by region



Note: This figure presents the regional income losses associated with 2016 levels of gender-based discrimination in social institutions. Income losses are measured in terms of 2011 real income at 2016 PPP. The regional classification excludes OECD countries, which are represented as a stand-alone group.

Source: (Ferrant and Kolev, 2016^[66])

The inclusion of minorities

Social considerations such as the inclusion of communities, minorities or indigenous people is a priority for some countries depending on their context (OECD, 2020^[2]). Similarly to gender inclusion, responsible public procurement can positively impact the national economy and government revenues and spending when including minorities. These considerations can however heavily rely on strong historical, political and institutional forces. This is for example the case in New Zealand, with the Māori and Pasifika communities (OECD, 2019^[69]).

The economic gain of communities' inclusion can be quantified. For instance, in the UK, the unemployment rate for people from a minority ethnic background was 8.9% in January-March 2021. This rate was 4.7% for people from White ethnic backgrounds (Francis-Devine, 2021^[70]). In this context, promoting the integration of ethnic minorities in the labour market through public procurement could alleviate public spending on unemployment benefits and improve tax revenues.

3.1.2. Increasing productivity through social public procurement

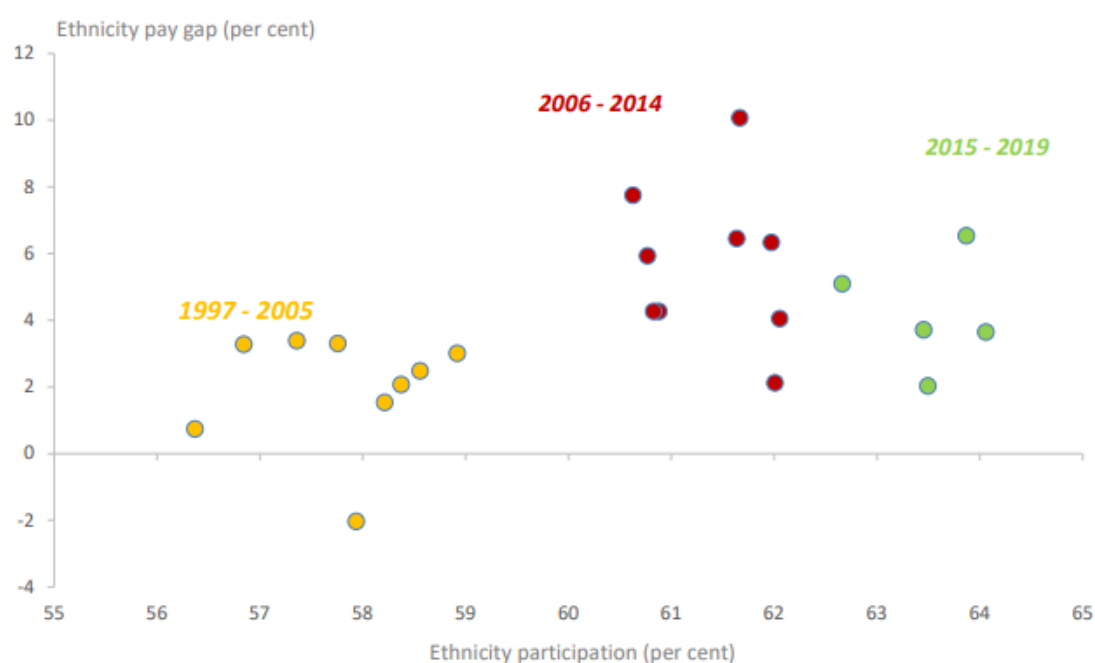
Discrimination of vulnerable groups in the labour market does not only happen during the hiring process, it can also appear during career development, in the workplace, and can take the form of failing to promote, absence of equal remuneration for work of equal value, lack of recognition, violence and harassment (ILO, 2020^[71]), on the basis of gender, ethnicity, disability or past duration of unemployment. For instance, women still earn 20 % less than men and one-in-three women experience physical, sexual abuse (ILO, 2020^[71]). This has consequences on the productivity of the workforce.

Multifactor productivity reflects the overall efficiency with which labour and capital inputs are used together in the production process. Integrating vulnerable groups in the labour market or promoting equal opportunities in the workplace could impact productivity positively (OECD, 2019^[72]). In this regard, pay gaps are a good indicator of inequalities in access to work, progression and reward as they measure the difference in average hourly pay between different groups (Equality and Human Rights Commission, 2017^[73]). Across Great Britain in 2016 the gender pay gap stood at 18.1%, the ethnicity pay gap at 5.7%, and the disability pay gap at 13.6% (Equality and Human Rights Commission, 2017^[73]). These figures reveal significant disparities that could negatively impact productivity and therefore the economy. Indeed, pay gaps have detrimental effects on workers and their productivity as they affect their job satisfaction and

motivation (Gao, 2017^[74]). Furthermore, it has been empirically shown that individuals care about not only their own pay, but also their pay relative to that of their co-workers. This leads to the following conclusions: i) workers reduce output by 52% when their co-workers are paid more than themselves and ii) they are also 13.5 percentage points less likely to come to work (Breza, Kaur and Shamdasani, 2015^[75]).

From a gender perspective, several studies demonstrate that reducing gender wage inequality would lift productivity and therefore increase economic growth (Kennedy et al., 2017^[76]). However, data shows that increased labour market participation for vulnerable groups does not always go together with full equality. For instance, Figure 9 shows that in Great Britain higher ethnic minority participation in the workplace is overall associated with higher pay gaps, despite a recent drop (2015-2019). By including specific clauses and requirements regarding minimum wage, equal pay, and occupational health and safety, public procurement has the potential to enhance social and economic outcomes. In this framework, including social requirements in public procurement processes may therefore not only contribute to reduce benefit spending, it could also positively impact productivity and lead to macroeconomic gains.

Figure 9. Ethnic minority participation and pay gaps



Note: A positive ethnicity pay gap in this figure indicates that ethnic minorities earn less than their white counterparts, whereas a negative ethnicity pay gap indicates that ethnic minorities earn more than their white counterparts.

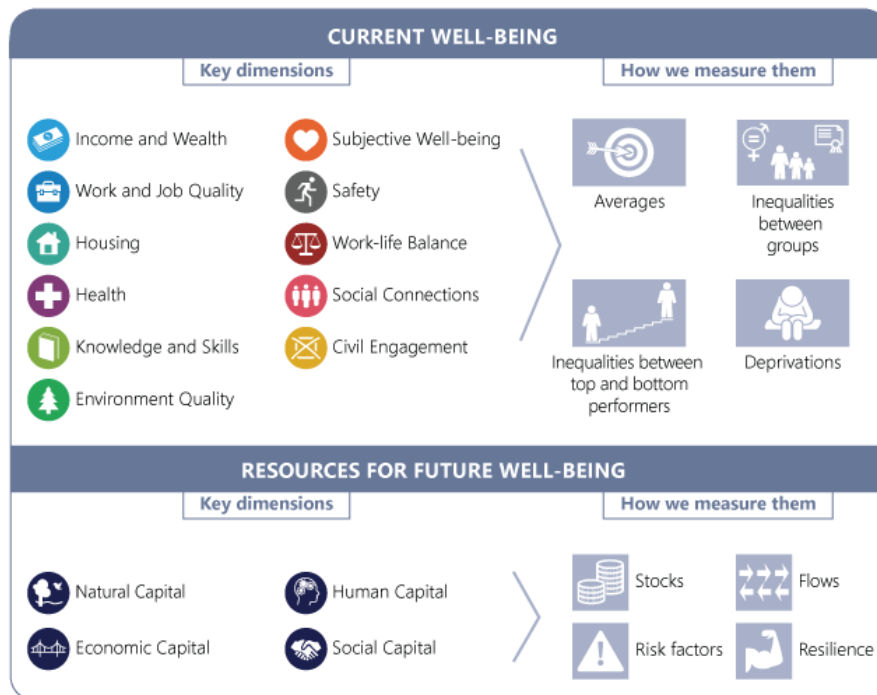
Source: (Bank of England, 2020^[77])

3.2. Improved socio-economic well-being and easing pressure on the public health system

According to the OECD framework for measuring well-being and progress (OECD Well-Being Framework), the current well-being of citizens depends on eleven dimensions related to quality of life and material conditions. Future well-being is measured via the four dimensions of natural capital, human capital, social capital and economic capital (see Figure 10). Most of the current well-being dimensions can be linked to public procurement activities. For instance, sustainable and responsible public procurement aims at enhancing income and wealth, work and job quality, safety, social connections and the health of workers and citizens.

The Well-Being Framework can therefore be used to approximate the impact that public procurement has on the four types of capital that contribute to sustainable well-being over time (economic, natural, human and social capital). The OECD report on the public procurement system in Germany provides further evidence on the how procurement impacts the way governments contribute to the well-being of citizens (OECD, 2019^[78]).

Figure 10. OECD well-being framework



Source: (OECD, 2020^[79])

For instance, public procurement has an impact on the social, educational and health capacity of a country, which in turn influences citizens' productivity in economic terms: a healthy person with a higher education will produce more value than somebody in bad health with a lower skill set. Therefore improved social, educational and health capacity contributes to enhancing the material conditions of citizens.

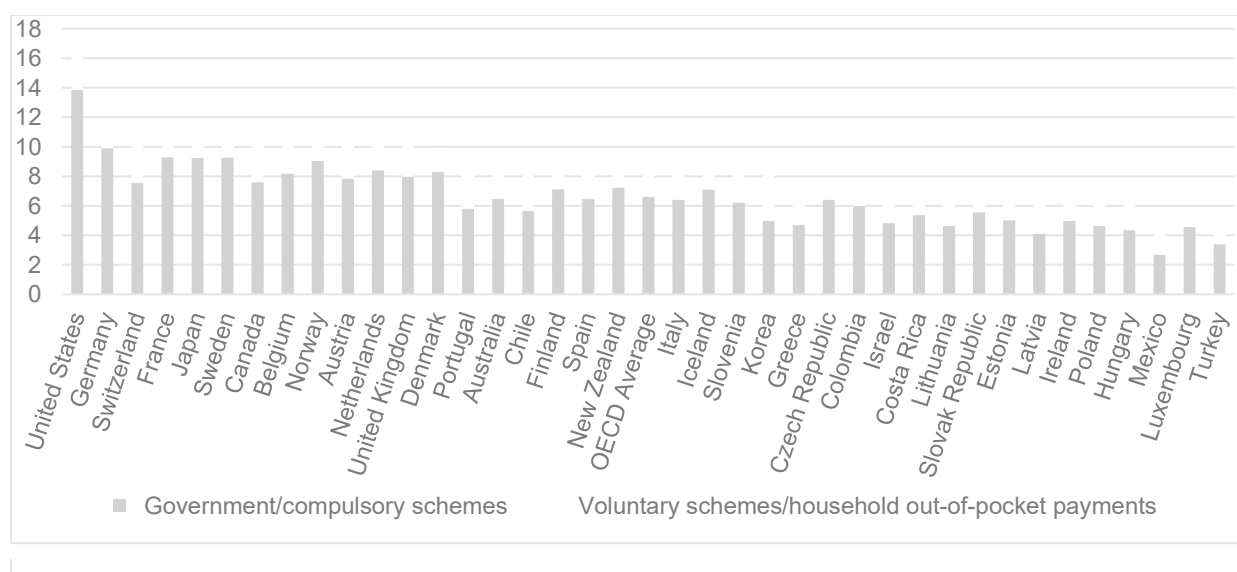
Health is a fundamental component of human capital that impacts economic prosperity and social condition in numerous ways (Llena-Nozal, Martin and Murtin, 2019^[80]). Social exclusion of individuals or discrimination at the workplace, whether because of their gender, duration of unemployment, age, disability or origin, can therefore severely impact the overall well-being of society and could have health implications. The psychological distress experienced through discrimination can take various forms including disorientation, social isolation, marginalisation and health disorders (Eurofound, 2017^[81]). For instance, a study shows that compared to employed individuals, being unemployed long-term increases the odds of reporting bad health from 22% to 67%. Being unemployed for a very long time (more than 24 months of unemployment) increases the odds for reporting bad health from 54% to 132% (González, Benítez and Martín-Martín, 2018^[82]). While it is still to be fully explored, the link between long term unemployment and bad health is very likely to impact public spending on social and health care and associated public procurement expenditure.

In European countries, 6% of adults recently experienced symptoms of depression (OECD, 2020^[79]) and in 2016, more than 17.3% of EU countries citizens (nearly 84 million people) had a mental health problem (OECD, 2018^[83]). Some of these mental health issues could be linked to employment conditions. At a macroeconomic level, mental illness is associated with a high economic burden. It weighs heavily on the economy and can represent up to 4% of GDP (OECD, 2019^[84]). In 2015, mental ill-health cost EU economies over EUR 600 billion, EUR 240 billion of which was due to lost productivity (OECD, 2018^[83]). Including vulnerable groups in public procurement operations can contribute to counteract dynamics of isolation and increase community participation which helps alleviate mental health issues such as anxiety and depression, therefore indirectly benefiting the economy (Deloitte, 2019^[85]).

In addition, working conditions which are not compliant with labour standards have also direct impact on productivity and physical health status. They could be further aggravated when involving environmental risks such as the exposure to chemical products and air pollution (ILO, 2018^[86]). For instance, air pollution from industrial activity and fossil-fuel based transport and power generation, led to 6.5 million premature deaths globally in 2015. Taking into account only premature deaths, air pollution costs the world economy about USD 225 billion in lost labour income and USD 5 trillion in welfare losses. The losses are greatest in East Asia and the Pacific, amounting to 7.5 % of GDP, and South Asia, at 7.4 % of GDP (ILO, 2018^[86]). In addition, environmental risks can be associated with greater economic losses when considering other types of pollution such as soil degradation, deforestation, forest degradation, desertification and poor land management that can impact key sectors such as agriculture. The reduction of greenhouse gas emissions through the purchase of products and services with a lower CO₂ footprint throughout their life-cycle will in turn increase the physical and mental health of citizens, enabling them to contribute to GDP growth.

Given the significant health issues experienced by individuals due to unemployment or social exclusion and environmental risks, improving the socio-economic well-being of populations through public procurement is very likely to ease pressure on the public health system. As illustrated in Figure 11, health expenditure represent more than 8% of governments' GDP. In addition, health spending is mainly funded through governments' revenues (tax income and social insurance contributions), with more than 70% of health spending across OECD countries funded from public sources (OECD, 2020^[87]). The inclusion of sustainability considerations in public procurement can thus support indirectly the reduction of governments' health expenditures.

Figure 11. Health expenditure as a share of GDP, 2019



Source: (OECD.Stat, 2019^[88])

3.3. Enhancing trust in the public sector and the business environment

Used strategically, public procurement can deliver goods and services necessary to accomplish a government's mission in a timely, economical and efficient manner, making economies more productive and thus increasing trust in public institutions (OECD, 2020^[2]). Trust is also part of the social capital resources for future well-being of the OECD Well-Being Framework (see Figure 10).

Trust is usually understood as “holding a positive perception about the actions of an individual or an organisation” (OECD, 2017^[89]). Two different but complementary components matter in understanding and analysing trust: i) competence or operational efficiency, capacity and good judgement to actually deliver on a given mandate; and ii) values or the underlying intentions and principles that guide actions and behaviours (OECD, 2017^[89]). In general, low trust generates extra transaction costs for citizens, businesses and government. This could lead to less willingness from citizens and businesses to pay taxes which could in turn raise costs for governments, erode revenues and therefore decrease the quality and efficiency of public service delivery (OECD, 2013^[90]). Given the role of public procurement to provide public services to citizens and to achieve strategic objectives, it is a key area to strengthen trust and to improve the public sector reputation.

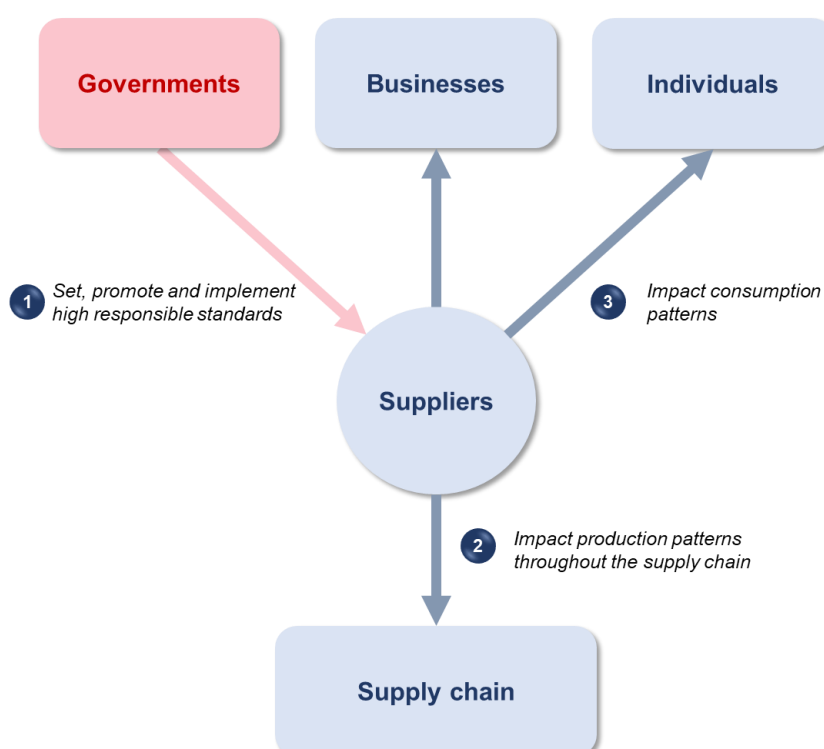
Governments are accountable for their actions; their activities may cause, contribute or be directly linked to adverse impacts on people and the planet across their supply chains. Such harms or risk of harm may take many forms, and public buyers and their suppliers should ensure their risk management and due diligence activities are tailored and appropriate to the severity and types of risks and impacts that occur in their own operations and supply chains. In France for instance, a group of NGOs filed a complaint accusing the French state of failing to fully meet its goals in reducing greenhouse gases. The court recognised ecological damage and the state had to pay one symbolic euro for “moral prejudice”. This illustrates the legal and reputational risks at stake for governments (France 24, 2021^[91]). These risks can be large and are often interlinked, and include for example, the risk of cancelling contracts, re-running procurement exercises, and missing contractual deadlines (The Danish Institute for Human Rights, 2020^[33]).

Creating an enabling business environment is a shared responsibility between the public and the private sector. According to the public investment toolkit (OECD, 2015^[92]), the role of businesses is to act responsibly, and governments have a duty to protect the public interest and provide an enabling framework to support and encourage responsible business conduct. To the extent that governments provide an enabling environment for businesses to act responsibly and meet their duty to protect the public interest from potential negative impacts of business activities, they are more likely to keep and attract high quality and responsible investors (OECD, 2015^[92]). The OECD defines governance as the process by which public institutions conduct public affairs and manage public resources (OECD, 2007^[93]). Upholding high sustainability standards has clear implications on the governance of a country and its reputation. This could have different implications including on the attraction of public and private finance and its cost (OECD, 2007^[94]). In addition, the reputation of a public entity or a country can be considered as an intangible asset. Evidence from a number of countries suggests faster growth in investment in intangible assets than in tangibles. Because they lack physical properties, intangible assets are often difficult to track and measure. However, they can add significant value and competitive advantage to the entity/country (OECD, 2011^[95]). Therefore, public procurement strategic and regulatory frameworks provide a clear signal to investors on the commitment of governments to meet certain standards and expectations. Upholding high sustainability standards in procurement processes could help attract investments which would have a positive economic impact.

4 Multiplier effects of responsible and sustainable public procurement

Governments are major consumers of the goods, services and public works provided by the private sector (OECD, 2019^[96]). Due to the sheer volume it represents (13% of GDP in OECD countries), public procurement has the potential to influence markets both in terms of production trends through the supply chain and consumption and production patterns in favour of environmentally friendly and socially responsible products and services on a large scale (Amann et al., 2014^[97]). Indeed, economic operators and their supply chains have to comply with sustainability requirements set by the public sector. High sustainability standards in public procurement activities, could influence production patterns and thus consumption patterns (see Figure 12).

Figure 12. Public procurement influences production and consumption patterns



4.1. Positive impact on consumption and production patterns

Depending on the sector, economic operators have business relationships with different categories of consumers: governments (Business to Government), businesses (Business to Business) and individual consumers (Business to Consumer). A study of the European Commission on due diligence requirements through supply chains shows that the primary incentives for businesses and industry organisations for undertaking due diligence are: reputational risks; investors requiring a high standard; and consumers requiring a high standard (European Commission, 2020^[98]).

Therefore, in sectors where the public sector is the largest consumer, the high sustainable standards set by the public sector in the production process will also benefit other categories of consumers. This might happen in sectors characterised by market failure, when market outcomes are not Pareto efficient, meaning that the allocation of resources can be improved through government intervention (i.e. health, education, defence, street lighting, etc.) (OECD, 2006^[99]) (Sandra Black, 2021^[100]).

Public sector demand for sustainable and responsible goods and services creates a concrete incentives for companies to innovate and comply with the same requirements for all types of consumers. A nation's competitiveness depends on the capacity of its industry to innovate and upgrade. Companies gain advantage against the world's best competitors because of pressure and challenge. In an article on "Competitive Advantage of Nation", the American academic Michael Porter explains that s, sophisticated, demanding buyers such as governments provide a window into advanced customer needs; they pressure companies to meet high standards; they prod them to improve, to innovate, and to upgrade into more advanced segments (Porter, 1990^[101]).

In addition, economies of scale can also create a market that makes more responsible products, such as low-emission products, more accessible to consumers (OECD, 2019^[96]). This has been acknowledged in the Green Public Procurement strategy in Canada. This strategy highlights that where decisions are made to move forward on realizing specific environmental outcomes through procurement, it is expected this will: i) demonstrate environmental leadership and influence industry and citizens to use environmentally preferable and climate-resilient goods, services and processes; and ii) stimulate innovation and market development of, and demand for, environmentally preferred goods and services, making these available and mainstream for other sectors of society (Government of Canada, 2018^[102]). In addition, if a supplier has to comply with RBC objectives for one or more products, there are good chances that the good practices will spread and also impact other products and branches within the same company.

Influencing consumption patterns into sustainable ones includes several economic benefits for the public sector. Companies implementing RBC expectations reduce negative externalities related to the non-integration of these considerations. Externalities are among the main reasons governments intervene in the economic sphere. For instance, a company generates negative externalities when it does not consider the indirect costs to those harmed by the pollution generated by its activity which could result in decreased quality of life, higher health care costs, etc. (IMF, 2020^[103]). In this context, when the consumption of environmental friendly goods by governments has the capacity to influence consumption patterns of individuals and production patterns of businesses, this could lead to decreasing overall environmental externalities, which could contribute to decreasing government health spending. A 2018 report of the New Climate Economy highlights ambitious climate action could avoid over 700,000 premature deaths from air pollution compared with business-as-usual which involves significant health spending (The New Climate Economy, 2019^[104]).

Furthermore, when governments have the capacity to influence the market, there are further tangible economic benefits for the inclusion of vulnerable people in the labour market and for enhancing working conditions (see section 3.1). In addition, "demand-side policies" to support innovation can shape markets and advance sustainability. Indeed, public procurement for innovation has the potential to improve productivity and inclusiveness, if used strategically as targeted, demand-side innovation policies to meet societal needs. For example, it can anticipate future investments to address existing or future societal

challenges; or it may allow potential vendors to enter the market with new, innovative goods or services, thus encouraging innovative solutions to pressing challenges (OECD, 2017^[105]). In addition, countries increasingly recognise that green public procurement can be a major driver for innovation, providing industry with incentives for developing environment-friendly works, products and services (OECD, 2020^[2]).

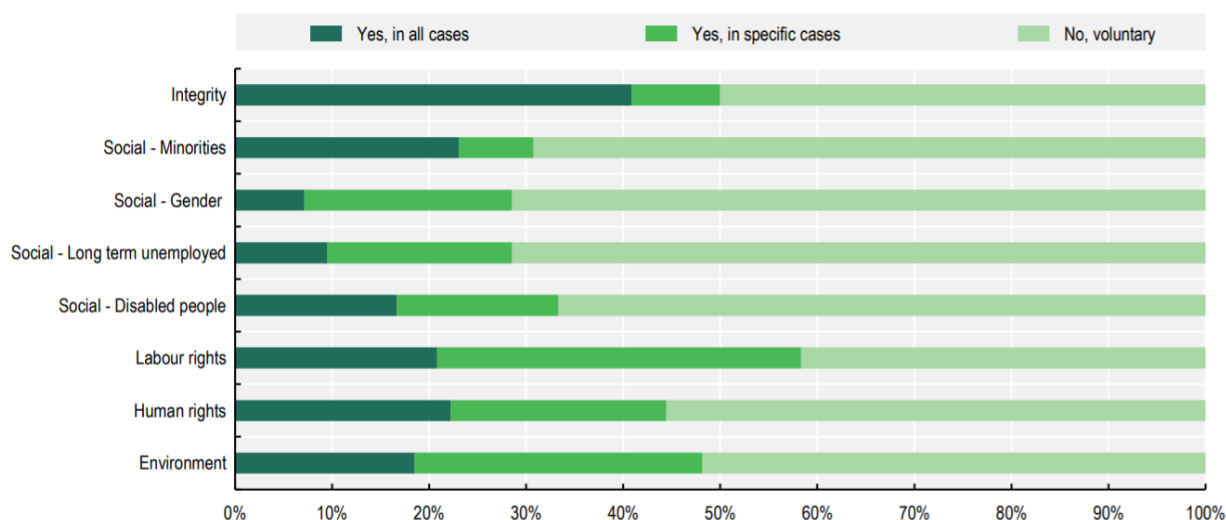
4.2. Global positive externalities

Responsible public procurement has positive effects on a country's domestic economy, including long-term unemployment, disability, gender equality, human and labour rights, environment and integrity. By setting RBC expectations in public procurement at a national level, some of these positive effects can spread beyond a country's borders and impact other economies and societies all along the global value chain.

70% of international trade involves global value chains (GVCs), where services, raw materials, parts and components are exchanged across countries before being incorporated into final products that are shipped to consumers all over the world (OECD, 2020^[106]). Governments, as major buyers of goods, are in a position to influence practices across international supply chains, by requiring suppliers integrate RBC expectations such as due diligence into their operations, supply chains and business decisions. In this context, countries are gradually developing responsible public procurement frameworks including for global supply chains (see Figure 13).

Although “social” procurement has traditionally focused on national markets (OECD, 2020^[2]), ethical and fairness considerations in public procurement along the supply chain have emerged to address social conditions beyond national borders of the purchasing countries. This shift has notably been driven by growing expectations and pressures from citizens who are increasingly aware of human and labour rights abuses occurring in global supply chains (Martin-Ortega and Davies, 2017^[13]).

Figure 13. Countries applying RBC-related frameworks in their public procurement supply chain



Note: Based on data from 28 countries

Source: (OECD, 2020^[2])

From a multi-country perspective, and looking at the interconnectedness of stakeholders around the globe, it is crucial to highlight the impact of RBC implementation in one country on another. Research shows that government procurement constitutes an important dimension of international trade and can impact vulnerable groups across the global supply chain (Kirton, 2013^[107]). Governments through public

procurement are in a powerful position to support responsible business practices and sustainable initiatives throughout global supply chains, therefore impacting working conditions and environmental impacts in other countries. Livelihoods in low income/developing countries are characterised by a high number of people working in the informal economy, in typically low-paid often unsafe jobs, characterized by long working hours, lack of adequate legal and social protection and low compliance with environmental standards and labour and human rights (European Commission, 2014^[108]).

One example of how public procurement has influenced outcomes for workers in other countries comes from the medical gloves industry which is at risk for human and labour rights violations. Socially responsible public procurement demands and practices of several European countries have improved the working conditions for workers in different countries, such as Malaysia and Thailand (See Box 4). Despite these positive changes, the COVID-19 pandemic placed further pressure on labour standards, due to significantly increased demand for gloves and risks associated with COVID-19 transmission among workers (Modern Slavery and Human Rights Policy and Evidence Centre, 2021^[109]).

Box 4. Redressing migrant worker rights violations in medical glove supply chains through public procurement

In recent years, several procurement organisations in Europe have developed policies to protect workers in supply chains for healthcare goods. This includes the National Health Service (NHS) Supply Chain in the United Kingdom (the largest supplier of goods to the NHS in England), all regions in Sweden, and the national procurement agency in Norway.

The manufacture of medical gloves is a global industry, producing approximately 150 billion pairs of gloves per year, with a market value of over USD \$5 billion. Most production occurs in factories in Malaysia and Thailand, and a handful of other Asian countries. Reports have shown that manufacturing of medical gloves harbours high risks for labour rights violations. Further investigations revealed serious concerns, particularly regarding exploitation of migrant workers, including conditions of bonded labour.

A contractual relationship usually forms a strong basis to promote change to the practices of suppliers. Because the UK, Sweden and Norway together constitute a significant customer for the glove manufacturing companies, discussions took place between senior management of the companies and the public buyers as well as different key civil society organisations: the British Medical Association, the Medical Fair and Ethical Trade Group and members of the European working group on Ethical Public procurement.

Several corrective measures have been put in place by suppliers for the harms identified, including payment of the minimum wage as per national regulations, the intention to address housing conditions of workers, the return of passports to employees, the repayment of recruitment fees to workers, as well as programs to support gender equality, etc.

Source: (British Medical Association, 2015^[20])

In addition, as described in section 3.1.2, with better working conditions and inclusion, the productivity of the workforce in supply chains could be enhanced and may generate further economic benefits. Indeed, when companies address working conditions and other RBC objectives in their supply chains, they can contribute to reducing gender pay gaps, combating and preventing human and labour abuses across the global value chain. This strengthens trust in governments and businesses. However, these positive externalities cannot be achieved without enforcing strategic and regulatory frameworks related to responsible public procurement throughout supply chains. Data from the 2019 OECD survey shows that monitoring frameworks rarely include subcontractors and suppliers further up the supply chain. Existing monitoring frameworks require further international cooperation and highlight the need for monitoring upstream supply chains.

5 Conclusion

This report explores the potential economic benefits for governments of ensuring the integration of RBC standards throughout supply chains in public procurement activities. While it does not provide a concrete framework for countries to assess these benefits, it highlights potential economic benefits for adopting such approaches that go beyond a country's borders.

In a context of increased public pressure to manage public resources in a sustainable and efficient manner, providing an economic rationale for integrating RBC objectives in procurement activities could encourage countries to adopt concrete measures. Countries need to address different challenges and create an enabling environment for a successful uptake of RBC objectives in public procurement. Measures could include:

- i. Creating or strengthening the related regulatory or strategic framework,
- ii. Adopting a risk management approach for the public sector and setting up obligations for the businesses to carry out due diligence along global supply chains,
- iii. Strengthening the capacity of the public procurement workforce to implement RBC objectives,
- iv. Strengthening the budget allocation and cooperation between departments,
- v. Building and strengthening monitoring frameworks for individual public procurements covering the whole supply chain,
- vi. Collecting data and developing key performance indicators to assess uptake of RBC expectations on an aggregate scale, and
- vii. Improving international cooperation to implement RBC.

Public procurement is the area where the public and private sectors meet. This paper focuses on the economic benefits for governments, and as such it does not explore the potential economic benefits of RBC for the private sector. However, the economic benefits and costs to the private sector should be explored in depth to convince both parties to adopt an RBC approach in public procurement operations.

For more information on OECD work on gender and public procurement, please contact the Infrastructure and Public Procurement Division, Public Governance Directorate:

Kenza Khachani, policy analyst: kenza.khachani@oecd.org

Erika Bozzay, senior policy adviser: erika.bozzay@oecd.org

References

- (2020/2129(INL)) European Parliament Resolution (2021), *Legislative Observatory*, [13]
https://www.europarl.europa.eu/doceo/document/TA-9-2021-0073_EN.html#top.
- ACHPR (2016), *Working Group on Extractive Industries, Environment and Human Rights Violations*, [22]
<https://www.achpr.org/specialmechanisms/detail?id=13>.
- Amann, M. et al. (2014), *Driving Sustainable Supply Chain Management in the Public Sector: The Importance of Public Procurement in the EU*. [96]
- Amnesty International (2020), *South Africa: Mining gathering must confront human rights violations*, [20]
<https://www.amnesty.org/en/latest/news/2020/02/south-africa-mining-gathering-must-confront-human-rights-violations/>.
- Badala, P. and J. Zack (2011), *Pricing Contractor Delay Costs*. [47]
- Bank of England (2020), *Understanding pay gaps*, [76]
<https://www.bankofengland.co.uk/-/media/boe/files/working-paper/2020/understanding-pay-gaps.pdf>.
- Breza, E., S. Kaur and Y. Shamdasani (2015), *The Morale Effects of Pay inequality*, [74]
<https://economics.mit.edu/files/10732>.
- British Medical Association (2015), *In good hands -Tackling labour rights concerns in the manufacture of medical gloves*, [19]
<https://www.bma.org.uk/collective-voice/influence/international/global-justice/fair-medical-trade/medical-gloves-report> (accessed on 8 October 2018).
- Carattini, S., M. Carvalho and S. Fankhauser (2017), *How to make carbon taxes more acceptable*, [41]
<https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2017/12/How-to-make-carbon-taxes-more-acceptable.pdf>.
- Caritas Canada (2013), *Mining and Human Rights in Latin America: Canada's responsibility*, [24]
<https://www.devp.org/en/pressroom/2013/comm2013-10-30/>.
- Carter, C. and M. Dresner (2001), "Purchasing's Role in Environmental Management: Cross-Functional Development of Grounded Theory", *Journal of Supply Chain Management*. [33]
- Deloitte (2019), *The economic benefits of improving social inclusion*. [84]
- Deloitte (2011), *The economic benefits of increasing employment for people with disability*, [63]
https://www.and.org.au/data/Conference/DAE_Report_8May.pdf.

- Equality and Human Rights Commission (2017), *Fair opportunities for all A strategy to reduce pay gaps*, <https://www.equalityhumanrights.com/sites/default/files/pay-gaps-strategy-fair-opportunities-for-all.pdf>. [72]
- Ethical Trading Initiative (2021), *Turkmenistan cotton harvest continued to use forced labour in 2020*, <https://www.ethicaltrade.org/blog/turkmenistan-cotton-harvest-continued-to-use-forced-labour-2020> (accessed on 26 October 2021). [18]
- EU Parliament and Council (2014), “Directive 2014/24/EU of the European Parliament and of The Council”, *Official Journal of the European Union*, <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0024&from=EN> (accessed on 31 January 2018). [28]
- Eurofound (2017), *Long-term unemployed youth: Characteristics and policy responses*. [80]
- European Commission (2020), *Making Socially Responsible Public Procurement Work: 71 Good practices cases*. [58]
- European Commission (2020), *Study on due diligence requirements through the supply chain*, <https://op.europa.eu/en/publication-detail/-/publication/8ba0a8fd-4c83-11ea-b8b7-01aa75ed71a1/language-en> (accessed on 24 June 2021). [97]
- European Commission (2019), *Buying for social impact Good practice from around the EU*. [59]
- European Commission (2017), *Communication from the Commission to the Institutions: Making Public Procurement work in and for Europe*, <https://ec.europa.eu/docsroom/documents/25612>. [53]
- European Commission (2014), *Green Public Procurement-Life-cycle costing*. [39]
- European Commission (2014), *Investing in People: Education, knowledge and skills. Employment and social cohesion.*, <https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?ADSSChck=1390056198777&do=publi.getDoc&documentId=137732&pubID=135181>. [107]
- European Council and Representatives of the Governments of the Member States (2017), “Conclusions of the Council and of the Representatives of the Governments of the Member States, meeting within the Council, on sport as a platform for social inclusion through volunteering”, *Official Journal of the European Union*, pp. 40–44. [109]
- European Union (2016), *Buying green! A handbook on green public procurement*, <https://doi.org/10.2779/246106>. [38]
- Ferrant, G. and A. Kolev (2016), *The economic cost of gender-based discrimination in social institutions*, https://www.oecd.org/dev/development-gender/SIGI_cost_final.pdf. [65]
- France 24 (2021), “Paris court finds French state guilty in landmark lawsuit over climate inaction”, <https://www.france24.com/en/live-news/20210203-french-government-found-guilty-in-landmark-lawsuit-over-climate-inaction>. [90]
- France Stratégie (2016), *Le coût économique des discriminations*. [51]
- Francis-Devine, B. (2021), *Unemployment by ethnic background*, House of Commons Library, <https://researchbriefings.files.parliament.uk/documents/SN06385/SN06385.pdf>. [69]
- Gao, C. (2017), *The Wage Gap and its Effects on Well-Being, Motivation, and Productivity*, https://scholarship.claremont.edu/scripps_theses/934/. [73]

- Gerschel, E., A. Martinez and I. Mejean (2020), *Propagation des chocs dans les chaînes de valeur internationales : le cas du coronavirus*, <https://www.ipp.eu/wp-content/uploads/2020/03/n53-notesIPP-march2020.pdf>. [7]
- González, P., V. Benítez and J. Martín-Martín (2018), *Long term unemployment, income, poverty, and social public expenditure, and their relationship with self-perceived health in Spain (2007-2011)*, <https://pubmed.ncbi.nlm.nih.gov/29334909/>. [81]
- Goodman, P., V. Wang and E. Paton (2021), *Global Brands Find It Hard to Untangle Themselves From Xinjiang Cotton*, <https://www.nytimes.com/2021/04/06/business/xinjiang-china-cotton-brands.html>. [17]
- Government of Canada (2018), *Policy on Green Procurement*, <https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=32573§ion=html> (accessed on 24 June 2021). [101]
- GPP (2015), *Low-carbon tenders*, https://gpp2020.eu/low-carbon-tenders/?id=46&?cmd=full_view&tender_id=52&category=default. [44]
- ILO (2020), *Gender equality in the world of work*, https://www.ilo.org/wcmsp5/groups/public/---dgreports/---gender/documents/publication/wcms_751914.pdf. [70]
- ILO (2019), *Child Labour in Mining and Global Supply Chains*, https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-manila/documents/publication/wcms_720743.pdf. [21]
- ILO (2018), *World employment and social outlook - Greening with jobs*. [85]
- IMF (2020), *Externalities: Prices Do Not Capture All Costs*, <https://www.imf.org/external/pubs/ft/fandd/basics/external.htm>. [102]
- IMF (2020), *Mitigating Long-term Unemployment in Europe*. [57]
- IMF (2013), *Women, Work, and the Economy - Macroeconomic Gains from Gender Equity*, <https://www.imf.org/external/pubs/ft/sdn/2013/sdn1310.pdf>. [64]
- IMFBlog (2018), *Economic Gains from Gender Inclusion: Even Greater than You Thought*, <https://blogs.imf.org/2018/11/28/economic-gains-from-gender-inclusion-even-greater-than-you-thought/>. [66]
- Institute for Human Rights (2015), “Protecting Rights by Purchasing Right The Human Rights Provisions, Opportunities and Limitations Under the 2014 EU Public Procurement Directives”. [29]
- International Chamber of Commerce (2020), *Knowledge Solutions*, <https://www.oecd.org/daf/competition/ICC-competition-and-environmental-sustainability.pdf>. [30]
- International Institute for Sustainable Development (2009), *Life Cycle Costing in Sustainable Public Procurement: A Question of Value*, International Institute for Sustainable Development. [43]
- Kennedy, T. et al. (2017), *Reducing gender wage inequality increases economic prosperity for all: Insights from Australia*, ScienceDirect, <https://www.sciencedirect.com/science/article/pii/S0313592617300425>. [75]
- Kippenberg, J. (2017), *Tackling Child Labor in the Minerals Supply Chain*, <https://www.hrw.org/news/2017/05/03/tackling-child-labor-minerals-supply-chain>. [23]

- Kirton, R. (2013), *Gender, Trade and Public Procurement Policy Kenya, India, Australia, Jamaica*, [106]
Commonwealth Secretariat.
- Kusch, J. and C. Saller (2021), “Germany’s proposed supply-chain law—a glass half-empty”, [14]
Social Europe.
- Lehr, A. (2020), *Addressing Forced Labor in the Xinjiang Uyghur Autonomous Region: Toward a* [15]
Shared Agenda, https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/200730_Lehr_XinjiangUyghurForcedLabor_brief_FINAL_v2.pdf.
- Llena-Nozal, A., N. Martin and F. Murtin (2019), “The economy of well-being: Creating [79]
opportunities for people’s well-being and economic growth”, *OECD Statistics Working Papers*,
No. 2019/02, OECD Publishing, Paris, <https://doi.org/10.1787/498e9bc7-en>.
- MAPS (2018), “Methodology for Assessing Procurement Systems (Maps)”. [37]
- Martin-Ortega, O. and A. Davies (2017), *Protecting human rights in the supply chain*, [12]
https://www.lupc.ac.uk/sites/default/files/Knowledge%20LUPC%20-%20Protecting%20Human%20Rights%20in%20the%20Supply%20Chain_1.pdf.
- McCrudden (2004), *Using public procurement to achieve social outcomes*. [49]
- Modern Slavery and Human Rights Policy and Evidence Centre (2021), *Modern Slavery &* [108]
Human Rights, <https://modernslaverypec.org/resources/forced-labour-malaysia-medical-gloves>.
- Nieuwenkamp, R. (2015), *OECD Insights*, <http://oecdinsights.org/2015/11/02/can-companies-really-do-well-by-doing-good-the-business-case-for-corporate-responsibility/>. [46]
- OECD (2022), *Long-term unemployment rate* (indicator), <https://doi.org/10.1787/76471ad5-en> [55]
(accessed on 23 June 2022).
- OECD (2021), *Building Resilience -New Strategies For Strengthening Infrastructure Resilience* [40]
And Maintenance, <https://www.oecd.org/gov/infrastructure-governance/resilience-maintenance/Building-Infrastructure-Resilience-OECD-Report.pdf>.
- OECD (2021), *Fostering economic resilience in a world of open and integrated markets: risks,* [11]
vulnerabilities and areas for policy action, <https://www.oecd.org/newsroom/OECD-G7-Report-Fostering-Economic-Resilience-in-a-World-of-Open-and-Integrated-Markets.pdf> (accessed on
17 June 2021).
- OECD (2021), *Government at a Glance 2021*, OECD Publishing, Paris, [4]
<https://doi.org/10.1787/1c258f55-en>.
- OECD (2021), “Promoting gender equality through public procurement: Challenges and good [67]
practices”, *OECD Public Governance Policy Papers*, No. 09, OECD Publishing, Paris,
<https://doi.org/10.1787/5d8f6f76-en>.
- OECD (2020), “COVID-19 and responsible business conduct”, *OECD Policy Responses to* [9]
Coronavirus (COVID-19), OECD Publishing, Paris, <https://doi.org/10.1787/02150b06-en>.
- OECD (2020), *Diversity at work: Making the Most out of Increasingly Diverse Societies*, [50]
<https://www.oecd.org/els/diversity-at-work-policy-brief-2020.pdf>.
- OECD (2020), *How’s Life? 2020: Measuring Well-being*, OECD Publishing, Paris, [78]

- <https://doi.org/10.1787/9870c393-en>.
- OECD (2020), *Integrating Responsible Business Conduct in Public Procurement*, OECD Publishing, Paris, <https://doi.org/10.1787/02682b01-en>. [2]
- OECD (2020), *Pilot on Due Diligence in the Public Procurement of Garment & Textiles*, <http://mneguidelines.oecd.org/OECD-pilot-rbc-due-diligence-public-procurement-garment-textiles.pdf>. [27]
- OECD (2020), *Public Funding of Health Care*, <https://www.oecd.org/health/Public-funding-of-health-care-Brief-2020.pdf>. [86]
- OECD (2020), *Stocktaking report on immediate public procurement and infrastructure responses to COVID-19*, <http://www.oecd.org/coronavirus/policy-responses/stocktaking-report-on-immediate-public-procurement-and-infrastructure-responses-to-covid-19-248d0646/> (accessed on 9 March 2021). [110]
- OECD (2020), *Sustainability and Competition*, <https://www.oecd.org/daf/competition/sustainability-and-competition.htm>. [31]
- OECD (2020), *Trade Policy Implications of Global Value Chains*, <https://www.oecd.org/trade/topics/global-value-chains-and-trade/>. [105]
- OECD (2019), *Fair Market Conditions for Competitiveness in the Adriatic Region - The OECD Public Procurement Principles*, <https://www.oecd.org/south-east-europe/programme/OECD-Public-Procurement-Policy-Briefing-Note.pdf>. [5]
- OECD (2019), *Good Governance for Critical Infrastructure Resilience*, OECD Reviews of Risk Management Policies, OECD Publishing, Paris, <https://doi.org/10.1787/02f0e5a0-en>. [8]
- OECD (2019), *Multifactor productivity*, <https://data.oecd.org/lprdty/multifactor-productivity.htm>. [71]
- OECD (2019), *Non-tariff measures*, <https://www.oecd.org/trade/topics/non-tariff-measures/>. [34]
- OECD (2019), *OECD Economic Surveys: New Zealand 2019*, OECD Publishing, Paris, <https://doi.org/10.1787/b0b94dbd-en>. [68]
- OECD (2019), *OECD Mental Health Performance Framework*, <https://www.oecd.org/health/OECD-Mental-Health-Performance-Framework-2019.pdf>. [83]
- OECD (2019), *Productivity in Public Procurement A Case Study of Finland: Measuring the Efficiency and Effectiveness of Public Procurement*. [95]
- OECD (2019), *Public Procurement in Germany: Strategic Dimensions for Well-being and Growth*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/1db30826-en>. [77]
- OECD (2019), *Public unemployment spending*, <https://data.oecd.org/socialexp/public-unemployment-spending.htm>. [54]
- OECD (2018), "Promoting mental health in Europe: Why and how?", in *Health at a Glance: Europe 2018: State of Health in the EU Cycle*, OECD Publishing, Paris, https://doi.org/10.1787/health_glance_eur-2018-4-en. [82]
- OECD (2018), *Proposal to Introduce a Policy Marker in the Crs to Track Development Finance* [60]

- that Promotes the Inclusion and Empowerment of Persons with Disabilities*, [https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD/DAC/STAT\(2018\)39/REV1&docLanguage=En](https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD/DAC/STAT(2018)39/REV1&docLanguage=En).
- OECD (2018), *Recommendation of the Council on the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector*, [26]
<https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0437>.
- OECD (2018), "Responsible business conduct in public procurement", [1]
[https://one.oecd.org/document/DAF/INV/RBC\(2018\)22/FINAL/en/pdf](https://one.oecd.org/document/DAF/INV/RBC(2018)22/FINAL/en/pdf).
- OECD (2017), *Public Procurement for Innovation: Good Practices and Strategies*, OECD Public Governance Reviews, OECD Publishing, Paris, [104]
<https://doi.org/10.1787/9789264265820-en>.
- OECD (2017), *Trust and Public Policy: How Better Governance Can Help Rebuild Public Trust*, OECD Public Governance Reviews, OECD Publishing, Paris, [88]
<https://doi.org/10.1787/9789264268920-en>.
- OECD (2016), *Effective Carbon Rates Pricing CO2 through Taxes and Emissions Trading Systems*, [42]
<https://www.oecd-ilibrary.org/docserver/9789264260115-en.pdf?expires=1631171582&id=id&accname=ocid84004878&checksum=EFC2F7593B26E5279E845759E245C885>.
- OECD (2016), "Preventing Corruption in Public Procurement", [48]
<http://www.oecd.org/gov/ethics/Corruption-in-Public-Procurement-Brochure.pdf> (accessed on 31 January 2018).
- OECD (2015), *Policy Framework for Investment, 2015 Edition*, OECD Publishing, Paris, [91]
<https://doi.org/10.1787/9789264208667-en>.
- OECD (2015), *The OECD Recommendation on Public Procurement*, [6]
<https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0411>.
- OECD (2013), "Trust in government, policy effectiveness and the governance agenda", in [89]
Government at a Glance 2013, OECD Publishing, Paris, https://doi.org/10.1787/gov_glance-2013-6-en.
- OECD (2012), *Value for money and international development: Deconstructing myths to promote a more constructive discussion*, OECD, [36]
<https://www.oecd.org/development/effectiveness/49652541.pdf>.
- OECD (2011), *A new OECD project New sources of growth: intangible assets*, [94]
<https://www.oecd.org/sti/inno/46349020.pdf>.
- OECD (2007), "Lessons Learnt from Experience with Debt-for-Environment Swaps in Economies in Transition", *OECD Papers*, [93]
https://doi.org/10.1787/oecd_papers-v7-art15-en.
- OECD (2007), *Statistics Portal*, [92]
<https://stats.oecd.org/glossary/detail.asp?ID=7236>.
- OECD (2006), *Statistics Portal*, [98]
<http://www.oecd.org/dataoecd/8/61/2376087.pdf>.
- OECD / University of Columbia (2016), *Quantifying the Costs, Benefits and Risks of Due Diligence for Responsible Business Conduct Framework and Assessment Tool for Companies*, [3]
<https://mneguidelines.oecd.org/Quantifying-the-Cost-Benefits-Risks-of-Due->

[Diligence-for-RBC.pdf](#) (accessed on 12 October 2021).

- OECD.Stat (2019), *Health expenditure and financing*, [87]
<https://stats.oecd.org/Index.aspx?ThemeTreeId=9#>.
- OECD.Stat (2017), *Social Expenditure - Aggregated data : Public expenditure on disability and sickness cash benefits, in % GDP*. [62]
- Pettinger, T. (2019), “Economic costs of unemployment”, [52]
<https://www.economicshelp.org/macroeconomics/unemployment/costs/>.
- Pohlan, L. (2019), “Unemployment and social exclusion”, *Journal of Economic Behavior & Organization*, pp. Pages 273-299. [56]
- Porter, M. (1990), *Harvard Business Review*, <https://hbr.org/1990/03/the-competitive-advantage-of-nations>. [100]
- Ranney, M., V. Griffeth and A. Jha (2020), “Critical Supply Shortages — The Need for Ventilators and Personal Protective Equipment during the Covid-19 Pandemic”, *New England Journal of Medicine*, Vol. 382/18, p. e41, <https://doi.org/10.1056/nejmp2006141>. [10]
- Riazi, S. and M. Nawi (2018), “Project Delays in the Malaysian Public Sector: Causes, Pathogens and the Supply Chain Management Approach”, *International Journal of Technology*. [45]
- Sandra Black, J. (2021), *Washington Center for Equitable Growth - Evidence for a stronger economy*, <https://equitablegrowth.org/public-investments-in-social-insurance-education-and-child-care-can-overcome-market-failures-to-promote-family-and-economic-well-being/>. [99]
- The Danish Institute for Human Rights (2020), *Driving Change through Public Procurement: A toolkit on human rights for procurement policy makers and practitioners*. [32]
- The New Climate Economy (2019), *Unlocking the Inclusive Growth Story of the 21st Century: Accelerating Climate Action in Urgent Times*, https://newclimateeconomy.report/2018/wp-content/uploads/sites/6/2019/04/NCE_2018Report_Full_FINAL.pdf. [103]
- Tulp, S. (2020), “Officials: School laptops help up ahead of new academic year”, *The Washington Post*, https://www.washingtonpost.com/business/technology/officials-school-laptops-held-up-ahead-of-years-start/2020/08/04/3f4ae122-d6b4-11ea-a788-2ce86ce81129_story.html. [25]
- UNCTAD (2019), *International Classification Of Non-Tariff Measures*, [35]
https://unctad.org/system/files/official-document/ditctab2019d5_en.pdf.
- WB & WHO (2011), *World Report on Disability*. [61]
- Xiao, M. et al. (2020), “China is using Uighur labor to produce face masks”, *The New York Times*. [16]