

## Best Value in Public Procurement for Sustainable Development Inter-American Network on Government Procurement (INGP)

### Project at-a-glance

<b>Goal</b>	To promote best value for money in procurement systems of INGP member countries, with a view to sustainable public procurement practices consistent with national policies and priorities, incorporating responsible business conduct and respect for human rights all along government procurement value chains so as to contribute to inclusive and sustainable economic growth.
<b>Expected benefits</b>	<ul style="list-style-type: none"> <li>• Best value for money in public procurement (both the procurement of goods and of services)</li> <li>• Contribution to fulfilling the Sustainable Development Goals (SDGs) and the 2030 Agenda for Sustainable Development, as well as national economic and social development policy objectives</li> <li>• State public sector leadership of sustainable production and consumption modalities</li> <li>• INGP leadership in incorporating responsible business conduct and respect for human rights in public procurement</li> <li>• Strengthening of national procurement agencies in the region</li> </ul>
<b>Activities</b>	<ul style="list-style-type: none"> <li>• Assessment of the regional situation of sustainable procurement</li> <li>• Making an effective case for public procurement and responsible business conduct as a means of obtaining best “value for money”</li> <li>• Awareness- and capacity-building in the member countries</li> <li>• Pilot project on incorporating responsible conduct and human rights criteria in the government procurement lifecycle</li> <li>• Documentation and dissemination of the experience</li> </ul>
<b>Expected results</b>	<ul style="list-style-type: none"> <li>• Evidence of the importance and added value of responsible business conduct in public procurement</li> <li>• The proposed processes and measures adopted with a view to sustainability and human rights in the government procurement lifecycle</li> <li>• More public tenders and procurement processes that incorporate responsible business conduct and respect for human rights criteria</li> <li>• Capacities built among national procurement agencies and public procurers</li> <li>• Market and business capacities built for response to procurement requirements with responsible business considerations.</li> </ul>
<b>Duration</b>	Three years
<b>Budget and funding</b>	Estimated cost: US\$1,200,000, including technical assistance fees and logistical costs. Estimated time devoted by INGP representative per pilot (3 member countries): 50 days for three years. Potential sources of funding: Government of Canada / Inter-American Development Bank / EU (regional project)

## Detailed Project Description

### I. Background:

A workshop on Human Rights and Public Procurement was held on October 6, 2017, in Santiago, Chile, in the framework of the XIII Annual Conference of the Inter-American Network on Government Procurement (INGP) and the context of the Agenda for Sustainable Development.

This workshop was organized by the Centro Vincular of the Pontifical Catholic University of Valparaíso, the Danish Institute for Human Rights, the International Corporate Accountability Roundtable (ICAR), and the International Learning Lab on Public Procurement and Human Rights, with support from the UN Working Group on Business and Human Rights, the Embassy of Sweden in Chile, and the Organization of American States (OAS) as INGP Technical Secretariat.

The aims of the workshop included an exploration of the State duty to protect, respect, and fulfil human rights in its business dealings, an examination of experiences of the economic and commercial benefits of incorporating human rights in public procurement, and an exploration of how the INGP might provide support for such incorporation through new measures and commitments.

Based on the commitment made by the nine countries that participated in the workshop (Barbados, Canada, Chile, Colombia, El Salvador, Honduras, Jamaica, Uruguay, and Panama), and the conclusions and next steps,<sup>1</sup> a working group was formed composed of Chile, Colombia, and Jamaica, led by the OAS in conjunction with the Centro Vincular of the Pontifical Catholic University of Valparaíso and the Danish Institute for Human Rights, to formulate a proposal for a phased project to promote responsible business conduct and respect for human rights in public procurement lifecycles of the INGP member countries.

### II. Project objective:

As part of this effort, the Working Group developed a proposal for the following three-year project, with the goal to promote best value for money in the procurement systems of the INGP member countries, with a view to procurement practices that are sustainable, in accordance with national policies and priorities (SDG target 12.7). There is a focus on incorporating responsible business conduct and respect for human rights throughout the procurement lifecycles of good and services, and all along government procurement value chains, to contribute to inclusive and sustainable economic growth (SDG 8) in the region.

---

<sup>1</sup> <http://ricg.org/taller-sobre-derechos-humanos-y-compras-publicas/contenido/665/en/>

### III. Project benefits and impacts:

The goal of best value for money in public procurement must also take account of impacts on social and economic development and on the environment. Incorporation of responsible business conduct in public procurement enables a State to obtain better “value for money” by addressing the main public procurement risk factors, e.g., negative impacts on sustainability, and human rights violations and abuses. Such impacts in value chains for goods and services procured by a State have legal, financial, operational, and ethical consequences for all those involved. The incorporation of responsible business conduct may also help prevent human rights violations and abuses by creating a means of responding appropriately in the event of violations and abuses, and by exerting a positive influence.

The incorporation of responsible business conduct in public procurement may assist States in fulfilling their human rights obligations and the 2030 Agenda for Sustainable Development. This approach can be geared to the national context to support States in addressing specific human rights needs and vulnerable communities, such as ending child labor and modern slavery in the value chain; strengthening the role of women and people with disabilities in the local economy; and/or promoting forms of production with less adverse environmental impacts.

Other existing potential benefits will be explored in this proposal through a set of pilot projects, among them, strengthening small and medium-sized enterprises (SMEs) in competitive markets.

Lastly, through this project, the State will strengthen its leadership by example, demonstrating its commitment to responsible procurement, explaining to businesses its expectations for the exercise of responsible conduct and respect for human rights, and contributing to the 2030 Agenda for Sustainable Development in the context of its business relationships.

Therefore, this project will seek to break new ground by making an economic case that shows how much it costs (or the savings generated) to incorporate responsible business conduct in public procurement.

### IV. Components and activities

To that end, the project components and activities are:

- Component I: General regional assessment
  - a. Compilation of information on progress made and identification of best practices and lessons learned in the INGP member countries.
  - b. Identification of existing legal instruments in the member countries that facilitate the incorporation of responsible business conduct measures through public procurement.
- Component II: Making an effective case for public procurement and responsible business conduct as a means of obtaining better “value for money.”
  - a. Identification of the legal, political, and commercial benefits of incorporating relevant measures based on international and regional elements.

- b. Preparation of a study showing economic benefits based on successful regional and international experiences.
- Component III: Awareness- and capacity-building in member countries based on Components I and II.
  - a. Generation of awareness, guidance, and training materials for public decision-makers and public procurers to further their understanding of the benefits of and rationale for incorporating responsible business conduct throughout the procurement lifecycle of goods and services.
  - b. Awareness-raising among key public decision-makers using each country's existing governance structures.
  - c. Capacity-building (blended learning) in INGP member countries and among key public procurers using existing learning platforms that lay the groundwork for the pilot project in the selected countries.
- Component IV: Pilot project (two to three countries) to incorporate responsible conduct and human rights criteria in the public procurement lifecycle.
  - a. Preparation of a social, environmental, ethics, labor, and human rights risk assessment in the procurement categories selected (three per country)
  - b. Definition and implementation of a due diligence framework for the procurement agencies selected in each pilot country.
  - c. Training for personnel of the selected public procurement agencies for incorporation of the due diligence framework in the government procurement lifecycle.
  - d. Dialogues with the industries and businesses related to the selected procurement categories.
- Component V: Documentation of processes and next actions.
  - a. Documentation through studies of best practices and lessons learned from the process implemented.
  - b. Negotiation and signature of an INGP Declaration.
  - c. Participation by INGP countries in other international and regional bodies to share the experience and procurement model incorporating responsible business conduct and respect for human rights.
- Component VI: Project dissemination
  - a. Dissemination of activities and results via the INGP website and social media; and to other relevant actors.
- Component VII: Monitoring and evaluation

## V. Expected outcomes:

Based on the above-mentioned components and activities, expected outcomes are:

- Among all INGP members
  1. First tier public procurement agencies and decision-makers of the INGP member countries will have access to evidence of the importance and added value of responsible business conduct in public procurement.
  2. More INGP member countries will be motivated to adopt the processes and measures proposed under the project.
  3. The INGP will become a global referent for the incorporation of responsible business conduct and respect for human rights in public procurement, and demonstrate its willingness to lead and share information in this area.
  
- Among INGP members participating in the pilot project
  1. Greater awareness among key decision-makers with influence on public procurement policy of the importance and added value of incorporating responsible business conduct within public procurement.
  2. Greater knowledge among public purchasers and businesses with which they procure goods and services of the social, environmental, ethical, and human rights risks in public procurement.
  3. Capacities built in national procurement agencies and among public procurers for developing and implementing policies and procedures that incorporate responsible business conduct in the public procurement lifecycle.
  4. Willingness and knowledge of how to incorporate responsible business conduct in management among business partners in the public procurement categories selected.
  5. Responsible business conduct and respect for human rights criteria rigorously incorporated in public procurement lifecycle policies and procedures.
  6. More public tenders and procurement processes that incorporate responsible business conduct and respect for human rights criteria.
  7. Improved management of social, environmental, ethics, and human rights risks in relevant contractor and supplier operations throughout the procurement lifecycle of goods and services and along the value chains of the selected public procurement categories.

VI. Gantt chart

COMPONENTS OF THE PROJECT and activities	Year 1				Year 2				Year 3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Component 1 – Baseline Assessment</b>												
1.1 Mapping												
<b>Component 2 – Making an effective case for public procurement and human rights</b>												
2.1. Building a Legal, Political, and Business Case												
2.2. Feasibility study for economic case												
<b>Component 3 – Produce awareness raising and training material based on components 1 and 2</b>												
3.1 Develop awareness raising and training materials based on the results of component 1 and 2.												
3.2 Organize and deliver 4 events (in each pilot country) aimed at mapped key policy decision makers to present the outcomes of components 1-3 of the project and raise awareness about the importance of integrating human rights into public procurement cycle.												
3.3 Build the capacities (blended learning) of National Purchasing Agencies and key public procurers, using existing learning platforms within each country and the INGP, that facilitate their learning process to better understand the benefits and rationale of integrating RBC/B&HR in the public procurement cycle												
<b>Component 4 – Pilot Project(s)</b>												
4.1 Background												
4.2. Human rights risk assessment based on procurement categories and spend												
4.2.1 Disaggregate spend by category for each pilot country, select and analyze 3 purchase categories for goods and services to carry out a human rights risk assessment												
4.2.2. Map the salient human rights risks along the value chains of high risk purchase categories for each pilot country, focusing efforts on the Americas.												
4.3. Define and implement human rights due diligence framework for procurement agency in each pilot country												
4.3.1. Gap analysis of existing policies and procedures against UNGPs												
4.3.2. Support the elaboration of a HR policy and of HR requirements at each step of the procurement cycle												
4.4. Training of officials from the public authorities and tenderers through a train of trainers'												
4.4.1 Develop training material for a training of trainers' course targeted to National Purchasing Agencies and public procurers for the effective implementation of policies and guidelines to integrate RBC/B&HR in the public procurement cycle												
4.4.2 Build the capacities of National Purchasing Agencies and selected public procurers in pilot countries in partnership with local training institutions												
4.5. Dialogue with business sectors												
4.5.1 Design an engagement process with business sectors and business associations that are part of the public procurement's the value chains (of selected purchasing categories)												
4.5.2 Engage with business associations on a regular basis according to the main milestones of the project												
<b>Component 5– Documenting the process and looking forwards</b>												
5.1 Produce a document collating: Case studies, good practice examples, lessons learnt												
5.2 Produce an INGP Declaration on public procurement and human rights												
<b>Component 6 – Communication of the project</b>												
6.1 Share and disseminate information about the importance of HR and the progress that is being made by INGP countries regarding the implementation of HR												
<b>Component 7 – Monitoring and Evaluation</b>												
7.1 Develop a Performance Measurement Framework and a Results-Based Monitoring and Evaluation Plan												
7.2 Results-based monitoring and evaluation												