PUBLIC PROCUREMENT IN CITIES FOR RECOVERY & RESILIENCE

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OUTLINE

Context: Cities in search of recovery & resilience

How can cities use public procurement to achieve strategic goals?

Ways forward
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Ways forward
Global recovery is strong but uneven between & within countries

Real GDP growth forecasts (%)

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<td>United States</td>
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Source: OECD Economic Outlook (December 2021)
Municipal finance was often already under strain before the crisis & took a hard blow from COVID-19

Municipal fiscal decentralisation indicator (2017)

Impact of COVID-19 crisis on municipal finance

Source: OECD-European Committee of the Regions (CoR) survey on the impact of the COVID-19 crisis on regional and local governments (300 EU regions and municipalities, June 2020)

Source: OECD (2020), Regions and Cities at a Glance
## City strategies to accelerate pre-COVID transitions: examples

### Smart recovery
- **Seoul** is controlling contamination chains by contact tracing
- **Rotterdam** has developed a smart mobility plan
- **Riga** has introduced a digital educational platform for schoolchildren
- The “Adaptation Strategy 2020” of **Milan** includes a section on digital services, planning to accelerate the provision of digital services to citizens
- **Florence** is committing to the full digitalisation of municipal services

### Green recovery

#### Light/active mobility
- Creation of new **bike lanes** in Medellin, Lima, Paris, Berlin, Milan
- Widening of **sidewalks** in Barcelona

#### Investment in public transport
- Medellin plans to double the number of interconnected public transport lines by 2030
- **Madrid** is adding 45km of bus lanes

#### Circular economy
- “**Circular strategy**” 2020-2025 in Amsterdam
- Circular economy is one of the pillars of **Montreal**’s recovery plan

### Inclusive recovery

#### Support to local businesses
- New website in **Yokohama** to support restaurants
- Promotion campaign in **Frankfurt**
- **Paris** committed that 9 out of 10 service providers will be SMEs

#### Social housing
- **Vienna** has announced 7 new municipal housing sites
- **Mexico City** plans to invest USD 1bn in infrastructure & social housing

#### Vulnerable populations
- **Rotterdam** has a EUR 20m package to support homeless people

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Ways forward
Local governments are key players in public procurement

Procurement spending by level of government, as % of total government procurement (2020)

Source: OECD (2021), Government at a Glance
Using public procurement to advance the **smart city agenda**

- 39% (EUR 145 million) of Bratislava’s expenditure via public procurement
- Ambitious project of **renewing the street lighting system** towards full coverage of smart LEDs by 2025, with estimated savings of >40% in energy consumption
- **Tailored public procurement strategy** on street lighting, but several contracts with several providers

**Recommendations:**
- Undertake thorough **market analysis** to improve upcoming tender documentation & publish a prior information notice to boost competition
- Reinforce **citizen engagement** in the street lighting project
- Use a **life cycle approach** when assessing bids & increase the weight of **qualitative and other non-price criteria** to enhance value for money
- Further explore the benefits of **dynamic purchasing systems** (DPS)

Source: OECD (2021), Unlocking the Strategic Use of Public Procurement in Bratislava

Bratislava (Slovak Republic)
Using public procurement to transition towards **circular economy**

**Groningen (The Netherlands)**

- The City of Groningen identified public procurement as one of its priority areas to develop its **sustainable & circular vision**.
- City employees are being **trained** to use green public procurement (GPP) for purchasing in a circular way.

**Valladolid (Spain)**

- The City of Valladolid has approved a **Municipal Ordinance** to include environmental criteria into public procurement processes (e.g. life cycle analysis, use of raw materials, sustainable products, energy efficiency and sustainable packaging).
- **Expected impact**: reducing air pollution, using recycled material & promoting recycling

Source: [OECD (2020), Circular Economy in Groningen](https://doi.org/10.1787/9789264304213-en)

Source: [OECD (2020), Circular Economy in Valladolid](https://doi.org/10.1787/9789264304213-en)
Using public procurement to support social economy

Montreal (Canada)

• Through its programme “L'Economie sociale, j’achète”, CESIM (Conseil de l'économie sociale de l'île de Montréal) brings together 26 social economy organisations, 33 public corporations & SMEs and has concluded more than 1000 contracts for more than 70 social economy organisations
• Since 2015, partnership with CESIM to encourage public & private, individual & association buyers to increase responsible, sustainable, fair and solidarity-based local purchases
• In December 2020, the city awarded an exceptional grant of 1.2M CAD to CESIM continue to promote social economy

Barcelona (Spain)

• Barcelona City Council passed a Mayoral Decree S1/D/2017-1271 on sustainable public procurement measures, which includes a section on “Subcontracting with social economy enterprises”.
• The decree states that Barcelona City Council promotes sustainable public procurement which includes social, environmental, ethical and innovation measures in the municipal contract and guarantees the labour, social, and citizen’s rights of the people who execute the public contract and of the recipients or users of said contract.
• It should also promote a local circular and sustainable economy, as well as foster the economic activity of local small-, medium- and micro- enterprises, and particularly, social enterprises.
Using public procurement to localise the SDGs

Strasbourg (France)

- Strasbourg’s public procurement strategy has recently been reviewed & is aligned with the SDGs framework.
- The city has developed a pact for local & sustainable economy that illustrates Strasbourg’s commitment to amplify the local ecological, social and digital transition and responsible corporate action.

Source: OECD Programme on a Territorial Approach to the SDGs

Ghent (Belgium)

- The city of Ghent has developed a toolbox for sustainable procurement to help institutional buyers (e.g. governments, hospitals) to go beyond product specifications (e.g. organic cotton) & target “socially responsible supply chain management”.
- Good example of how public purchasing power can influence market behaviours & engage private sector actors in the 2030 Agenda.

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Rethinking “what” & “how” governments procure

Map & co-ordinate PP stakeholders within the city

Strengthen co-operation on PP between the city, surrounding cities, regional & national levels

Make role of PP explicit in the city strategy

Leverage PP as a tool for a green, smart and inclusive recovery

Use open data & participatory budget
Thank you

OECD work on public procurement in cities

Data and statistics
Checklist for Mayors
Common solutions
Innovative analysis
Best practices
Local case studies

What can the OECD offer?

Thank you

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