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Dr. Solomon Kyalo Mutangili

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*Corresponding Author's email: solomonkyalomutangili@yahoo.com

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Abstract

Through sustainable public procurement, governments can lead by example and deliver key policy objectives. Sustainable public procurement enables governments to meet environmental goals such as reducing greenhouse gas emissions, improving energy and water efficiency and supporting recycling. The social benefits of sustainable public procurement may include poverty reduction, improved equity and respect for core labor standards. When governments face budget constraints, one way to combat the corrosive economic effects of such constraints is to use public procurement strategically to target growth and job creation. Sustainable development, requires governments and organisations to consider the social, economic and environmental aspects of their operations, with no single aspect dominating. This paper sought to assess public procurement for sustainable development in East Africa. The study used a desk study review methodology where relevant empirical literature was reviewed to identify main themes. A critical review of empirical literature was conducted to assess the public procurement for sustainable development in East Africa. The study posits that government procurement should also be used to bring development to deprived areas in the nation through margins of preference and other measures in the procurement process. A nation stands to benefit in the long-term if sustainable public procurement is implemented. Sustainable public procurement is one major way of seeking to achieve the UNDP's good governance goal of realizing development that gives priority to the poor, advances women, sustains the environment and creates needed opportunities for employment and other livelihoods.

Keywords: *Public Procurement, Sustainable Development & East Africa.*

1.1 Introduction

Sustainable development is the balancing of the fulfillment of human needs with the protection of the natural environment so that these needs can be met not only in the present, but in the indefinite future. Sustainable development does not focus solely on environmental issues. More broadly, sustainable development policies encompass three general policy areas: economic, environmental and social (Vellapi, 2019).

Sustainable public procurement is about spending public funds on products/services/projects that foster sustainable development. With sustainability issues becoming vital in the developmental agenda of nations, it is time to shift the focus of public procurement systems from mainly immediate economic advantages to Sustainable Public Procurement systems which will result in long-term benefits not just to governments but to all their constituents (Adjei-Bamfo, Maloreh-Nyamekye & Ahenkan, 2019).

The procurement phase of the infrastructure deployment cycle presents perhaps the most critical opportunity to deploy sustainable infrastructure (Ndolo, 2018). It is the point at which governments, the originators of the project, go to market and issue public tenders in an effort to seek out bidding consortiums that offer the best for value for money. Public spending, which represents between 15 % and 30% of GDP in a given country, can help drive markets towards innovation and sustainability, thereby enabling green growth and the transition to a green economy (Gichuru, 2018).

When seeking to deploy sustainable infrastructure, value for money takes on a whole new meaning. Together with transparency, competition and fairness, value for money makes up one of the four major principles governing public procurement (Ghossein, Hoekman & Shingal, 2018). As public procurers are custodians and bursars of public funds, they are bound to ensure that public spending is carefully targeted towards options that optimize value for money for citizens and taxpayers. The issue with the traditional approach is that value for money is often interpreted as the cheapest bid (Bawole & Adjei-Bamfo, 2020). The downside with selecting the lowest priced bid is that it often compromises on quality, durability and sustainability and results in assets that ultimately can be more expensive to finance and cost more to build, manage, maintain and dispose of (Ambe, 2019). Such assets often also cause increased environmental and social impacts as developers seek all means to reduce costs. This can cause compromises on compliance with safeguards, and even shortcut technical designs, quality construction practices, environmental, health and safety procedures and much more (Cravero, 2019).

Basing procurement decisions on the lowest price also severely undermines opportunities to deploy assets that embed sustainability (Shakya, 2019). Approaches such as design for the environment, material and resource efficiency, durability, circular economy and the integration of greener technologies can make assets more expensive to plan and build, but can bring significant increases in productivity and reduce maintenance and operating costs during the operations phase (Caranta, & Cravero, 2019).

Many countries in Africa use procurement as a vehicle to implement other horizontal policies and go beyond simple domestic preferences. Those policies can vary from labor and equality, industrial development and economic growth, in addition to social concerns such as poverty alleviation and wealth distribution (Hoekman & Sanfilippo, 2018). However, there is a need to establish good monitoring systems to ensure the transparency and fairness of the application of these policies in reaching targeted beneficiaries.

The Buy Uganda Build Uganda (BUBU) policy, approved by the Cabinet in 2014, which aims to foster economic development – public procurement contributed to the implementation of this policy. The Public Procurement and Disposal of Public Assets Authority (PPDA) in Uganda reviewed the existing legal framework (the PPDA Act, 2003). These guidelines were issued to strengthen the implementation of the Preference and Reservation schemes. For World Bank's operation, the Procurement Guidelines require universal eligibility and thus such preferential

treatment will not be applied until the Bank assess the adequacy and fairness of the proposed approach.

Specific examples on how public procurement integrated socio-economic empowerment policies can be seen in Kenya, where affirmative action has been implemented, through Article 227 (2) (a) and (b) of the constitution, to mainstream gender and youth in public procurement and champion the socio-economic empowerment of disadvantaged individuals. The country has identified youth, women, and individuals with disabilities as persons or groups who were previously disadvantaged. This was introduced through statute policy that requires all procuring entities to allocate 30 percent of their total procurement to be spent on these groups.

Public procurement is the means through which government and state-owned enterprises delivers goods, services and programmes to the citizens through spending. A good portion of government revenue, which is taxpayers' money, is spent through public procurement, which during the fiscal year 2018 accounted for 26 percent of Kenya's GDP. During the fiscal year 2018, spending on public procurement constituted about 45 percent of Ministries, Departments and Agencies budgets (World Bank, 2020). Public procurement being a key economic activity, even though plays a central role in driving socio-economic development, is prone to risks and loss of public funds, especially where procurement procedures and systems are not efficient to support the process in implementing government programmes, projects and activities. The Kenyan procurement system is also considered a high risk area for investors. The Global Competitiveness Report of 2019 indicates that corruption remains prevalent in procurement processes with widespread practice of favoritism towards well connected firms and individuals when deciding upon contracts and policies being a main area of concern (World Bank, 2020).

Kenya is implementing Access to Government Opportunity (AGPO) Program, which seeks to facilitate enterprises owned by women, youth and persons with disability to access government opportunities through public procurement. By law, procuring entities are required to set aside 30 percent of their procurement opportunities to enterprises owned by these groups. The program is founded on Article 227 of the Kenya Constitution 2010 on the fair, equitable, transparent and cost-effective procurement of goods and services, Article 55 on affirmative action and section 7 (2) (i), 157 (14) of the Public Procurement and Asset Disposal Act, 2015 which mandates public procurement entities to prepare and submit to Parliament every six (6) months a report on contracts awarded to youth, women and persons living with disabilities (PPAD, 2016).

1.2 Statement of the Problem

A significant share of the world's GDP is associated with expenditures by governments. Thus, public spending normally represents 15-30% of national GDP and every purchase is an opportunity to drive markets towards innovation and sustainability (Onyango & Ondiek, 2021). Through Sustainable Public Procurement, governments can lead by example and deliver key policy objectives. Sustainable Public Procurement enables governments to meet environmental goals such as reducing greenhouse gas emissions, improving energy and water efficiency and supporting recycling. The social benefits of sustainable public procurement may include poverty reduction, improved equity and respect for core labor standards. From an economic perspective, Sustainable Public Procurement can generate income, reduce costs and support the transfer of skills and technology (Njuguna, 2017).

Obtaining value for money might be the primary objective of a public procurement system, however, procurement can play a critical role in implementing other socio-economic policies,

which in the past have often been dismissed or ignored (Matasio, 2017). Through public procurement policy, governments can have a positive impact on millions of people. And, when governments around the world face budget constraints, one way to combat the corrosive economic effects of such constraints is to use public procurement strategically to target growth and job creation. Sustainable development, requires governments and organizations to consider the social, economic and environmental aspects of their operations, with no single aspect dominating. Therefore, this paper sought to assess public procurement for sustainable development in East Africa.

1.3 Study Objective

The objective of the study was to assess public procurement for sustainable development in East Africa.

1.4 Research Question

How does public procurement influence sustainable development in East Africa?

2.0 Research Methodology

The study assessed public procurement for sustainable development in East Africa. The study used a desk study review methodology where relevant empirical literature was reviewed to identify main themes. A critical review of empirical literature was conducted to assess the public procurement for sustainable development in East Africa.

3.1 Theoretical Review

Institutional Theory

Institutional theory has been applied in understanding the response of the firm to increasing pressures for management of the environment (Voronov & Weber, 2020). Due to increased public awareness of organizational failure and environmental demands, institutional theory recommends that companies can only gain legitimacy through reduction of their environmental impact and being socially responsible.

Institutional pressure has led firms to adopt sustainable procurement practices. They can be; conformance to environmental strategies that complies with regulations and adopting industry standards, or reducing the environmental impact of operations beyond regulatory requirements (Rolfstam, 2012). Firms can create good relationships with regulators by participating in government-sponsored voluntary program which develops a voluntary agreement between government agencies and firms hence encourage technological innovation and reduction in pollution. Institutions can also work with their customers as well as their suppliers to improve their environmental performance through exchange of ideas/information, suggestions and correction.

Institutional Theory argue that the institutional environment strongly influences the development of formal structures in an organization more than market pressures (Goodman & Jinks, 2017). To improve efficiency in organizations, innovative structures are legitimized. Ultimately these innovations reach a level of legitimization where failure to adopt them is seen as irrational and negligent. Here, new and existing organizations will embrace the structural form even if it does not boost efficiency. This means that the institutional myths are ceremoniously accepted so that organizations maintain legitimacy in the institutional environment with vocabularies of structure such as job titles, procedures and roles.

4.0 Literature Review

4.1 Principles of Sustainable Public Procurement

The principles on sustainable public procurement include good procurement is sustainable procurement, leadership, policy through procurement, enabling delivery, implementing, monitoring results and outcomes.

4.1.1 Good procurement is sustainable procurement

Sustainable Public Procurement includes the three pillars of sustainable development: social, environmental and economic (Njuguna, 2017). As in good procurement, essential elements of Sustainable Public Procurement include transparency, fairness, non-discrimination, competition, accountability, and verifiability. Procurement operates in a globalized market; therefore the impacts of Sustainable Public Procurement activity are felt on a global basis. Sustainable Public Procurement needs to take account of these impacts at local, national and international levels (Onyango & Ondiek, 2021).

4.1.2 Leadership

Providing and demonstrating leadership through sustainable public procurement: Senior level, influential champions help to promote and embed Sustainable Public Procurement and ensure that resources are provided for delivery. In addition, organizations that excel in sustainable procurement can demonstrate leadership by sharing best practice and encouraging others (Bawole, & Adjei-Bamfo, 2020).

4.1.3 Policy through procurement

Procurement can deliver on policy goals Sustainable Public Procurement can contribute, or be the main means, to the delivery of a wide range of government or organisational objectives. Strategies and objectives include efficiency, sustainable development, sustainable consumption, and production (Shakya, 2019). Whilst it is possible to achieve good Sustainable Public Procurement results without a policy, clear and consistent policies that explain objectives help procurers make good procurement decisions. Policy makers need to understand how procurement works so that they can produce policies that procurers can implement. Likewise, procurers should be involved at the early stages of policy development so that they can advise on implementation (Lăzăroiu, 2020).

4.1.4 On enabling the delivery of Sustainable Public Procurement

Policy-makers, politicians, internal customers, suppliers, contractors, as well as procurers all have a role in enabling delivery. The skills needed for Sustainable Public Procurement are similar to those usually identified with commercial procurement - influencing, negotiating, communication, and analysis (Aboelazm, 2018). Procurers may need to inform and develop their suppliers and contractors as well as engage the market early in the process to maximize the opportunities for more sustainable and innovative solutions. They also need access to information to make the optimal decision, including baseline procurement data. Sustainable Public Procurement requires the communication of a consistent message designed for the needs of various internal and external audiences. Sustainable Public Procurement should be supported by clear lines of accountability, with incentives and penalties for delivery (Matasio, 2017).

4.1.5 Implementation

Sustainable Public Procurement must be based on the principle of continuous improvement and on a life cycle approach. It should be supported by the principles of the procurement hierarchy and recognize the benefits, wherever they occur (Ambe, 2019). Sustainable Public Procurement should use a risk-based approach, targeting the areas of highest impact or priority, whilst also demonstrating immediate success through a ‘quick wins’ approach. Integrating Sustainable Public Procurement into organizational management systems, including environmental management systems, helps in making it part of routine procurement practice.

4.1.6 Monitoring results and outcomes

Outcomes delivered through Sustainable Public Procurement can include: improved environmental performance, including reduced CO2 emissions (global and local environmental goals); cost savings, including recognition of non-tangible benefits and costs; good governance; job creation; minority empowerment; poverty reduction; wealth creation; and transfer of skills/technology (Vellapi, 2019). Sustainable Public Procurement can also be used to: stimulate appropriate competition; create markets for appropriate technology (i.e. not necessarily high-tech solutions); drive markets for innovative and sustainable solutions; encourage early engagement and dialogue with the market (within the boundaries of procurement rules); and enhance dialogue with civil society (Bawole, & Adjei-Bamfo, 2020).

In East Africa, public procurement has long been seen as a key instrument of development, and that perspective has carried a very particular social dimension alongside the fairly obvious economic one. Thus, an analysis of the objectives of a range of public procurement law systems in East Africa indicates the widespread use of public procurement for social policy purposes. These policies typically pursue a mix of economic and purely social objectives. The development of this approach to public procurement is closely connected to the historical and social contexts within which modern procurement systems evolved in East Africa. Addressing widespread social development needs, alleviating poverty, and overcoming the colonial legacies of inequality dominated these developments (Hoekman & Sanfilippo, 2018).

In Africa, environmental aspects have found their way into the policy documents and regulations of many countries, but the emphasis clearly lies with the social and economic aspects of public procurement. The implementation of environmental criteria is rare, and the efforts of governments, e.g., in South Africa and Kenya, are concentrated on the effective implementation of social criteria in public tenders with a domestic scope, aimed at fostering economic development, the preferential treatment of specific societal groups, and redressing the discriminations of the past. However, pilot projects and a growing interest in environmental aspects in public procurement might set the course for a new trend (Adjei-Bamfo, Maloreh-Nyamekye & Ahenkan, 2019).

Emphasis remains on enabling equal access to the common market. Reform of EU regulation, as well as new laws in many countries in Africa, such as in Ghana and Kenya, show an increasing tendency to integrate the previously neglected environmental dimension within strategic objectives in public procurement, and therefore present the full horizontal spectrum of sustainability dimensions (Eyo, 2017). On the one hand, there is an increasing integration of the respective missing sustainability dimensions; on the other hand, there is an ongoing separation of the dimensions in regulation, supportive measures, and practices on all levels of government. Additionally, international social considerations in public procurement in European and environmental considerations in African settings are still sparsely implemented.

4.2 Benefits of Sustainable Public Procurement in East Africa

4.2.1 Delivery of national objectives

Sustainable Public Procurement can contribute to the delivery of national objectives Governments are the largest single consumers in their country, as public procurement represents up to 30 % of GDP in developing countries (Ndolo, 2018).

This buying power means that public procurement provides a significant opportunity to encourage more sustainable production and consumption patterns. Governments can “lead by example” in their own purchasing. By doing so, they can increase demand and help to create new markets for sustainable products and services and thus help to motivate sustainable development (Gichuru, 2018).

Sustainable procurement is increasingly implemented as a policy instrument to support national, regional and international policies and programmes such as poverty eradication, wealth creation, stimulation of local economies and employment, national sustainable development strategies, and of innovation and development of environmental technologies (Hoekman & Sanfilippo, 2018).

Sustainable Public Procurement offers resource efficiency, employment and wealth creation through targeted efforts in key markets which are consistent with government policy priorities. Economic stimulus packages worldwide have been geared towards sustainable performance and, in particular, in mitigating climate change.

4.2.2 Sustainable Public Procurement can improve environmental performance

National governments have a significant environmental impact through their purchasing practices. Adopting and implementing a sustainable purchasing policy can help to reduce these impacts across a broad spectrum of environmental aspects, from climate change, to water quality, to waste (Bawole & Adjei-Bamfo, 2020). It is difficult to precisely measure the impacts of purchasing given the multi-dimensionality of environmental impacts of products.

Factors such as the many different environmental attributes, complex supply chains, and differences in how products are used and disposed will affect the final environmental footprint of a product (Eyo, 2017). Nonetheless, selecting, buying and using products and services in a more sustainable way sends a clear signal to the market of the desirability of these attributes, ultimately leading to improved environmental performance. Products and services that are measurably more sustainable than their counterparts can be selected and, by doing so, the result is improved environmental performance for the organizations making, buying and using them (Gichuru, 2018).

4.2.3 Sustainable Public Procurement can contribute to economic performance

Sustainable Public Procurement is not only an effective way to reduce environmental impacts but it can also help the purchasing organisation reduce costs. The economic benefits of calculating operating costs in the procurement, and that the purchasing cost plays only a minor role in the total life cycle costs.

4.2.4 Sustainable Public Procurement can help to develop the marketplace

The United Nations, along with the international community, has recognized the potential offered by the Green Economy to provide employment and wealth creation opportunities in any part of the world.

By selecting for more sustainable goods and services, Sustainable Public Procurement can be used to stimulate competition, create markets for appropriate technology (i.e. not necessarily high-tech solutions); Expand markets for innovative sustainable solutions; Encourage early engagement and dialogue with the market. Enhance dialogue with stakeholders to promote growth in demand for goods supplied by local markets and by making sustainable products purchased by the public sector more readily available to individual consumers (Bawole, & Adjei-Bamfo, 2020).

5.1 Conclusion and Recommendations

The world is paying much attention to sustainability issues, especially on the environment. Governments' procurement budgets are large and they should not be used to encourage procurement of products/works that will contribute to degradation of the environment. This is because in the long run it will cost those governments more in trying to fix the problems.

Government procurement should also be used to bring development to deprived areas in the nation through margins of preference and other measures in the procurement process. A nation stands to benefit in the long-term if sustainable public procurement is implemented. Sustainable public procurement is one major way of seeking to achieve the UNDP's good governance goal of realizing development that gives priority to the poor, advances women, sustains the environment and creates needed opportunities for employment and other livelihoods.

Countries stand to benefit in the long-term if sustainable public procurement is implemented. sustainable public procurement is one of many strategic instruments available for effective promotion of sustainable production and consumption.

Most countries have embarked on institutional procurement reforms with almost all of them operating under Procurement Laws. These laws have to some extent addressed sustainability issues in deciding on the lowest evaluated responsive bidder. Sustainable public procurement can therefore be made operational in these countries without having to pass new legislations. Effective implementation of sustainable public procurement will certainly promote and enhance good governance.

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