

Sustainable Procurement in the Public Sector

Case study of Morocco

Houda Taoudi Benchekroun, Zoubida Benmamoun and Hanaa Hachimi

GS Lanoratory

ENSA

Kenitra, Morocco

houda.benchekroun.t@gmail.com, benmamoun_zoubida@yahoo.fr,

hanaa.hachimi@univ.ibntofail.ac.ma

Abstract

Public sector is often considered to be the most important customer within a country. Using this purchasing power governments can promote sustainable development principles in the public tender process through establishing laws and government guidelines, innovation and also market demand for sustainable services or products. This paper reviews literature about sustainable procurement in the public sector and focuses on the case study of Morocco, to identify efforts made to encourage sustainable procurement especially that the new Moroccan decree of Public Procurement integrated, amongst others, sustainability and environmental protection concerns, ensuring that economic growth goes hand in hand with protection of the environment and social inclusion.

Keywords

Sustainable Procurement, Public Sector, Morocco

1. Introduction

The current patterns of consumption and production are exerting a big pressure on the environment and its resources, and represent a key risk to human health, biosphere and biodiversity (Lorek, 2013). Taking into account climate change, environmental deterioration, insistent global poverty and overconsumption, it is obvious that this kind of development is incompatible with sustainable development principles.

Changing the ways societies consume and produce is then fundamental to make growth more sustainable (Takase, 2005), and requires the participation of diverse stakeholders and perspectives. Local to global efforts are also necessary to set up a positive vision of a world in which essential human needs are met while protecting and safeguarding the natural systems on which we all depend (Kates, 2005).

The World Commission on Environment and Development defined in 1987, in the Brundtland report, sustainable development as development that *meets the needs of the present without compromising the ability of future generations to meet their own needs*. The report was followed by major international meetings including the 1992 United Nations Conference on Environment and Development (UNCED) at which the Agenda 21 recommended that governments work in partnership with international organizations, business, regional, state, provincial and local governments, and non-governmental and citizens' groups (Thomson, 2007), and the 2002 World Summit on Sustainable Development that extended the standard definition with the widely used three pillars of sustainable development: economic, social and environmental, created *a collective responsibility to advance and strengthen the interdependent and mutually reinforcing pillars of sustainable development at local, national, regional and global levels* and promoted *public procurement policies that encourage development and diffusion of environmentally sound good and services* (WSSD, 2002).

It is in this context that the second sustainable development strategy 'A Better Quality of Life' stipulates that embracing sustainable development requires from local government to extended their responsibilities to encompass the wellbeing of the local community and to incorporate environmental, social and overall economic costs in the procurement decision making process.

In this paper, we focus on sustainable procurement in the public sector at the global level, then, and as a case study, we will identify the efforts made to promote sustainable procurement in Morocco.

The remainder of the paper is structured as follows. In the next section, we review the wider literatures on SP in the public sector, into which our study contributes. Subsequently, we introduce our case study about SP in Morocco by giving an over view over the public policy framework, due to the particular importance of legislation for public procurement. The following section then presents the methodology and data collection process utilized for this study. Thereafter the research findings are presented and discussed. The paper concludes with some recommendations.

2. Literature review

2.1 Sustainable procurement

The U/K Task Force defines Sustainable Procurement (SP) as *a process whereby organizations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organization, but also to society and the economy, whilst minimizing damage to the environment. Sustainable Procurement should consider the environmental, social and economic consequences of: design; non-renewable material use; manufacture and production methods; logistics; service delivery; use; operation; maintenance; reuse; recycling options; disposal; and suppliers' capabilities to address these consequences throughout the supply chain.*

Thus, SP is procurement that takes into consideration the principles of sustainable development (Walker and Brammer 2009). The definition also highlights the need to think in terms of the best value across the project/product life-cycle—full-life costing, instead of the best value for money.

2.2 Public procurement

Public procurement refers to the acquisition of goods and services by governments or public sector organizations through a public contract (Kiiver and Kodym 2014), and allows public sector organizations to perform their functions and deliver its services (Uyarra et al. 2014), and is one of the key economic activities of government (Thai 2001). Its guiding principles center on: transparency, accountability and achieving value for money.

Public sector expenditure on goods and services across the world is enormous: between 8 and 25% of Gross Domestic Products GDP according to the Organization for Economic Cooperation and Development (OECD 2006), and government is often the single most important customer within a country and can eventually exploit this purchasing power to influence the practices of private sector organizations (Brammer and Walker 2011). Public procurement is also more and more perceived as an attractive and feasible instrument for furthering the goals of innovation policy (Uyarra and Flanagan 2010).

Thus, government combines two functions: playing the role of purchaser and regulating the market by using its purchasing power to advance conceptions of social justice (McCrudden 2004).

The procurement process moves through four stages (Witjes and Lozano 2016): (1) Preparatory stage, where the need is identified, and the first set of specifications is defined and integrated into the first concepts of a product or service that will be purchased (2) Specification stage, where the first concepts are analyzed heading to the definitive specification of the purchase (3) Sourcing stage or the tender process where the purchase specifications are made public to potential suppliers, then the contractor is chosen and the contract is signed (4) Performance of the contract where after the signature the good or services are supplied.

The tender process plays a key role in the public procurement process, since it allows public organizations to communicate their specifications to potential suppliers, which enables the tenderers to develop a particular business model. The purchaser then chooses the most convenient supplier.

2.3 Sustainable procurement in the public sector

In the public sector, SP refers to the act of integrating a concern for broader social and environmental impacts within procurement undertaken by government or public sector bodies (Preuss 2009).

The public sector may have more disposition for pursuing sustainability issues than the private sector, because it is involved with societal wellbeing. The government can introduce sustainable supply chain management in markets, by requesting socially and environmentally responsible goods or services of suppliers, who are consequently expected to suggest them to other customers in the market, as a result this can set a trend for other organizations (Day 2005), and then promote market demand for sustainable services or products.

SP principles needs to be combined to each step of the procurement process, especially when defining the need to procure; establishing specifications; setting pre-qualification questionnaires; developing award criteria for the evaluation tenders and making award decisions; and in establishing and monitoring contracts (Perera et al 2007).

According to the EU Public Procurement Directives (European Union 2014), the procurer has to select the tender that is economically the most advantageous which corresponds to the lowest price tender, the lowest overall cost, or the most value for money: the quality criteria could include environmental or social oriented criteria (Witjes and Lozano 2016).

The sustainable Procurement Task Force (DEFRA 2006) analyzed where public expenditure has a high market share and where its socio-economic and/ or environmental impact is the most important, and determined ten priority areas for sustainable supply: construction, health and social work, food, uniforms, clothing and other textiles, waste, paper, pulp and printing, energy, office consumables, furniture and transport.

2.4 Drivers and barriers

The research done by Brammer and Walker (2011) shows: (1) that the biggest barrier to SP is the resistance of public sector purchasers to make investments in SP that may be not financially efficient on the short-term perspective.(2) the role played by leadership as a driver of SP implementation by public bodies and that the support of sustainability by top management enables the inclusion of SP into planning, strategies and goal setting and as a consequence SP will be implemented by the purchasing team. (3) that public sector organizations are more prone to set up SP if governmental policy and legislation is supportive of SP. (4) that clear legislative and regulatory support in decentralized public sector organizations are needed as different interpretations are possible, and there is no right way to match. (5) that globally, sustainability practices are evolving rapidly, and sharing learning across regions would be a win-win situation.

3. Conceptual background

According to the World Bank, Public contracts in Morocco account for some 17% of GDP (figure 1). Given the major role played by public procurement, the Government of Morocco (GoM) decided to ameliorate its procurement process and optimize the performance of its public investments through a multifaceted set of reforms (Lipson 2014): (1) Legal reforms: the 2011 new constitution provides added value in terms of anti-corruption and insuring good governance in the public sector which includes sustainable development and environmental protection goals, and also the 2013 new decree of Public Procurement that integrates amongst others sustainability and environmental protection concerns. (2) Reforming the institutional framework: establishing a central public procurement policy making body, with the authority to handle grievance. (3) Capacity building: setting up a national procurement training strategy. (4) Modernization of tools: developing a new national e-procurement system which is the Moroccan Public Procurement Portal that consists in a common platform for exchange amongst public procurers and suppliers to facilitate the process of tendering through online submission and to increase access to procurement information.

The purpose of this study is to establish whether the Moroccan new decree of Public Procurement can enable the GoM to truly take charge of SPP.

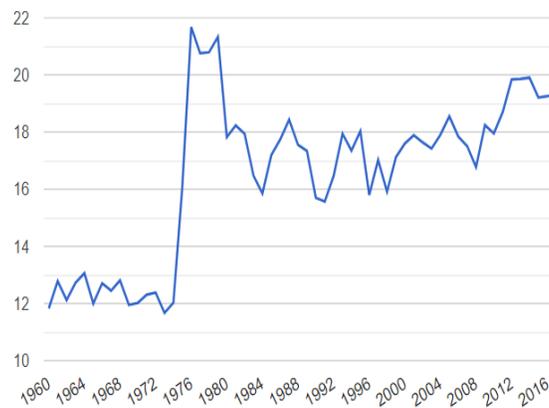


Figure 1. Morocco – Government spending, Percent of GDP (source: The World Bank)

4. Methodology

The first step of this study consists on mapping the current procurement process through questioning a significant number of public procurement managers about their method to perform a purchase.

The inventory of the public purse at end September 2018 shows that morocco has 253 public companies and institutions (Ministry of Economy and Finance 2019). To calculate the sample size of public procurement managers needed to conduct the interviews, the following formula is used:

$$\text{Sample size} = \frac{\frac{z^2 \times p(1-p)}{e^2}}{1 + \frac{z^2 \times p(1-p)}{e^2 N}}$$

N = size of the population,

e = the confidence interval, we choose e = 5%

z = z-score: number of standard deviation for a given proportion relative to the mean

For a confidence level p= 95%, z = 1,96

The sample size = 152,54

Then we sent emails, within the scope of the first stage of the study, to the procurement managers of 153 public companies and institutions from different public sectors while at the same time trying to comply with sectoral distribution of the public purse (figure 2), to be informed about their contracts bidding processes.

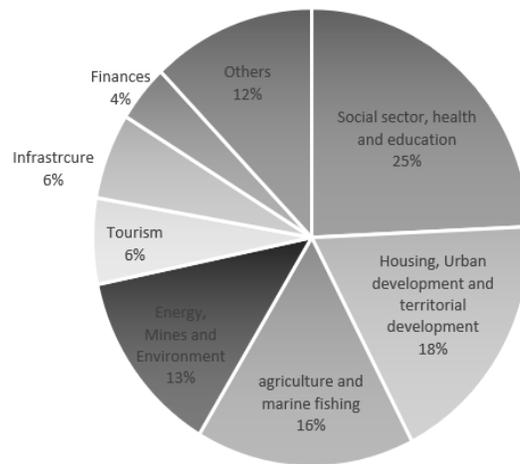


Figure 2. Sectoral distribution of the public purse (source: Ministry of Economy and Finance - Morocco)

We received relevant answers from 97 of the companies interviewed. Then, the confidence interval is recalculated based on the new sample size. The confidence interval to consider for this investigation is 7.83.

The analysis of all collected data is synthesized and the results are presented below (figure 3).

Then, and in order to identify the extent to which public procurement legislation promotes sustainability in Morocco, we will examine the Decree N° 2-12-349 of March 30, 2013 that regulates public procurement and highlight the articles that relate to the social and environmental improvements. Thereafter, we will use the existing literature to determine if this regulation alone is sufficient to truly take charge of sustainable development within public procurement.

5. Findings and analysis

The examination of the replies received in the course of our investigation, indicates that the procurement process of the 97 public companies and institutions is almost similar, allowing us to establish a schematic of their way of work. On the basis of the above methodology, and in light of the new decree, the public procurement process in Morocco is mapped as follows (figure 3).

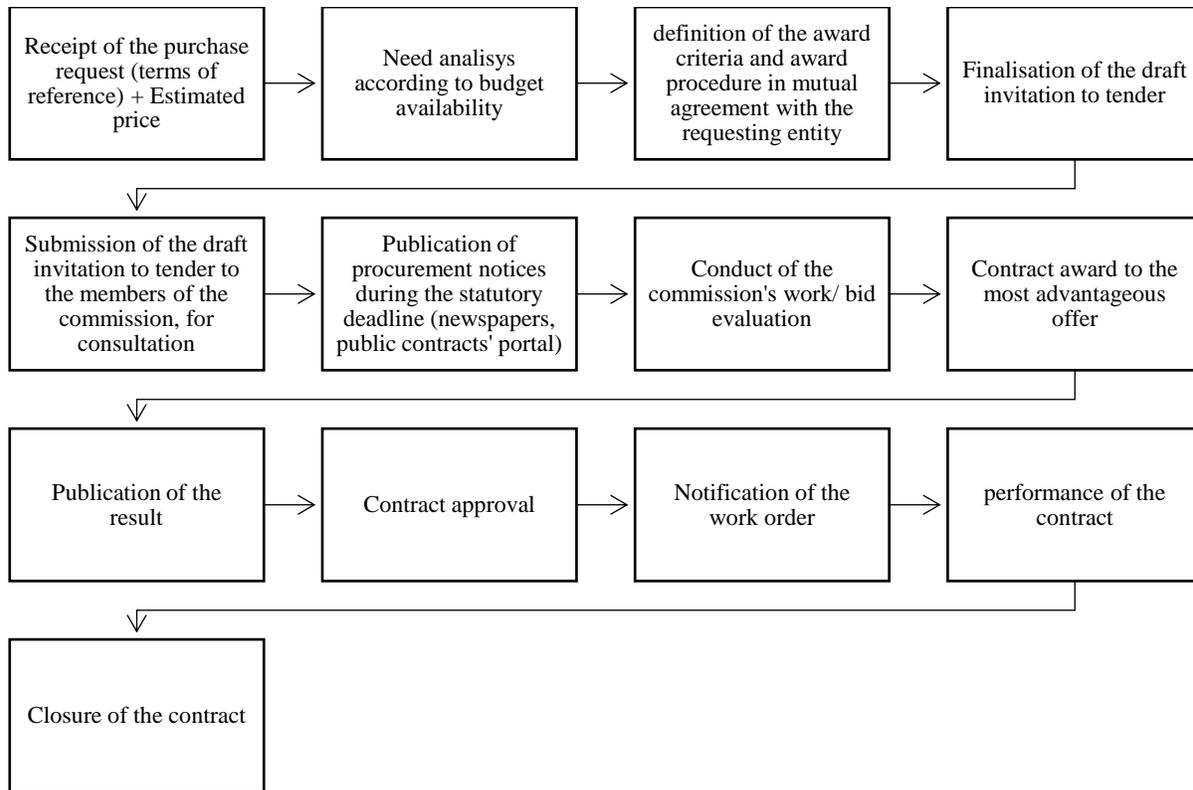


Figure 3. Public procurement process - Morocco

A review of the Decree N°2-12-349 shows that it strengthens principles of transparency, fairness, equality and integrity. The new regulation remedy to some gaps and flaws that marked the previous one with regard to accountability, risks of corruption, process to handle complaint and redress grievance, transparency and efficiency. It also promotes sustainable development and environmental protection, knowing that these concerns are explicitly expressed for the first time, in the context of public procurement rules in Morocco.

Among the advances of the decree is to provide the legal basis for the unification of the regulatory framework, that is now applying to administrative State-Owned Enterprises and all levels of local government. This explains the similarity of the responses received from the above investigation.

Thus, Morocco has a basic regulatory infrastructure, which could enable the public sector to truly take charge of sustainable procurement, once completed. Indeed, the all-important condition for sustainable public procurement is provided by policies and national rules that give it legitimacy (Perera et al 2007).

There is also a rising attention assigned to transparency at all steps of the procurement process, which has also been facilitated by making procedures paperless, via the e-portal, since stakeholders are aware of criteria and details of bids and are better informed on procurement process.

Article Number	Reference to sustainable development
1	The award of public contracts is committed to the principles of: free access to the public orders, the equal treatment of the candidates, guaranteeing the rights of competitors, transparency, it is also committed to good governance requirements. It takes into account environmental respect and sustainable development goals.
18, 28, 48, 66, 98, 115	Competitor's eligibility criteria may consider among other things: the performance linked to the protection of the environment, and the development of renewable energies and the energy efficiency.
141	Works and service contracts awarded by regions, prefectures, provinces and communes can include a clause that obliges the holder of the contract to employ local workers up to the limit of 10% of the required manpower.
147	Making procedures paperless via the public contracts' portal.

154	Study contracts are awarded on the basis of the most economically advantageous tender, rather than the lowest price.
155	A preference may be given to national companies up to 15% for work contracts and the related studies.
156	Contracting bodies in the public sector are obliged to maintain the SME share of public markets at 20%.
168	Fighting fraud, corruption and conflict of interest.

Table 1. Articles in favor of sustainable development - public procurement rules in Morocco (Source: Decree N°2-12-349)

6. Recommendations

Laws and policies alone are not enough to change the classical procurement attitude from “the best value for money” to the best value across the lifecycle of the product/ project. To implement SPP, it is necessary to set up social, environmental and economic objectives at each step of the procurement process (Perera et al 2007).

The international survey conducted by the Marrakech Task force in March 2007, spotted over 300 tools on sustainable public procurement (SPP) adopted by other nations, from which Morocco should get inspired, categorized as follows: (1) provide training tools and raising the awareness of public procurers, (2) ease the access to the information on social and environmental criteria of goods and services, (3) communicate about standards and labels that certify the social and environmental characteristics of a service or a product, (4) increase the public sector capabilities to include externalities and identify the medium and long term cost savings for full life costing.

According to the research done by Perrera et al in 2007, the necessary conditions for enabling SPP in developing and emerging countries are: (1) A dedicated policy framework and/ or national legislative on environment or SP supported by management responsibility to enhance the program legitimacy and define coherent instructions and objectives to public purchasers and policy-makers, (2) Empower public buyers at the national, regional and local levels to make decisions about integrating SP actions into established procurement processes, (3) Launch pilot SPP efforts in selected public sector organizations to enable the ‘learning by doing’, and extend the experience into public sector programs to fit the particular national contexts, (4) Prioritize government’s significant and frequent areas of spending to realize cost savings and other social and environmental benefits as soon as possible, (5) Monitoring performance through setting procurement objectives and targets, which is not easy to establish since procurers are not accustomed to deal with full cost pricing and life cycle assessments, (6) Taking into account the tradeoff between product criteria and performance criteria while selecting sustainable substitutes. Product criteria refer to the content of the product or its design, and performance criteria is based on the performance of the product, then it encourages innovation and enables the tendering enterprises to innovate to reach the requested performance level, (7) Collaboration of the government with private sector and NGOs to optimize SPP efforts, (8) Benefit from global research on good practices in the field of SPP planning and implementation, (9) Afford training programs for public buyers focusing on developing skills in incorporating product and performance criteria through the procurement process, (10) Promote the ‘whole life costing’ thinking as part of budgetary reform, since capital costs of sustainable products are more expensive but their operating costs are low, then they represent the most cost effective option over the product or service lifecycle, (11) Develop SPP based on a combination of existing life-cycle data, eco-labels and new life cycle studies.

Moreover, like most developing countries, the management of public affairs in Morocco is, periodically and for a long period of time, subject to studies that aim to enhance good governance in order to improve the living condition of its population. As a consequence, and given the importance of public procurement, the GoM prioritized its reforms through a productive dialogue with the world bank, and an array of studies, auditing and diagnosis such as those done by the United Nations Environmental Programme (UNEP 2006), the Moroccan Economic Social and Environmental Council (CESE 2011) and the Moroccan Competition Council (CC 2012). These studies expressed recommendations, intended to public authorities, all focused on improving performance conditions of public contracts and the integration of public policies on sustainable development and environmental protection. An important number of recommended measures are implemented to the legislation and regulations recently adopted, while other measures wait for an effective application. This concerns in particular actions relating to sustainable public procurement such as: real incentives for the creation of local value-added products or services, raising awareness among all the players involved in the public procurement process, setting sustainable public procurement into the National Environmental Action Plan, developing economic incentives mechanisms for businesses that commit to sustainability, involving the private sector in the preparation of the national sustainable development strategies, establishing the purchasing guidelines for

green products, directory of suppliers and available products in Morocco, and compendium of good practices, capacity building ...

7. Conclusion

The public procurement sector in Morocco has made valuable progress to boost its procurement process and enhance its public investments' performance, by ensuring more accountability, transparency and shared prosperity, involving a legal reform.

The new procurement regulatory infrastructure introduced sustainability and environmental protection concerns for the first time in Morocco which is important to lending legitimacy and guarantying the follow up of SPP measures. Research shows that this step is one of the most important necessary conditions for enabling SPP. GoM should complete the other conditions to enable the public sector to truly take charge of sustainable procurement. In particular, the recommendations expressed by the dedicated studies and that still wait for an effective application. Every such measure might eventually be a topic of a separate and more thorough study.

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Biography / Biographies

Houda TAOUDI BENCHEKROUN is a public procurement manager, logistics engineer graduated from the Moroccan Engineering School ESITH and Ph.D graduated from Ibn Tofail University in Morocco. Ms. BENCHEKROUN worked as public procurer and sustainable procurement project manager at the Moroccan railway company, and as public procurement manager for the National Exchange Office.

Zoubida BENMAMOUN is professor of supply chain management, purchasing, inventory management in Hassan II University and ESITH engineer school, with over 10 years of experience as supply chain manager and consultant with a lot of Moroccan companies. Ms BENMAMOUN is an engineer in supply chain management, graduated from the national engineering school “ESITH”, certified six sigma green belt and Ph.D graduated from Ibn Tofail University in Morocco. Her researches are about operation excellence, performance improvement and sustainability.

Hanaa HACHIMI, is Ph.D in Applied Mathematics & Computer Science and a Ph.D in Mechanics & Systems Reliability, she’s a professor and researcher at the Ibn Tofail University, in the National School of Applied Sciences ENSA in Kenitra. Ms HACHIMI is affiliated to the Systems Engineering Laboratory since October 2013, precisely at the BOSS team Big Data, Optimization, Service and Security, and also the responsible and coordinator of the courses: Operational Research, Graph Theory, Statistics and Probability.