

CEGESTI participates as main speaker in United Nations roundtable discussion on integrating human rights into public procurement processes.

As part of the 2014 UN Forum on Business and Human Rights, which has taken place in Geneva on 1-3 December 2014, the International Corporate Accountability Roundtable (ICAR) and the Danish Institute for Human Rights (DIHR) co-hosted a parallel session on integrating human rights into public procurement. This parallel session combined a working session on public procurement reports and initiatives by ICAR and DIHR and a panel of experts with a multi-stakeholder perspective.

Ms. Daira Gómez, Executive Director of CEGESTI, has been invited to attend this important session as part of the leads discussants. The panel of experts has also included Jason Pielemeier, Section Lead from the Internet Freedom and Business and Human Rights Bureau of Democracy and expert in Human Rights and Labor of the U.S. Department of State; Björn Skorpén Claeson, Senior Policy Analyst of the International Labor Rights Forum (ILRF); Motoko Aizawa, Board Member of the Institute for Human Rights and Business (IHRB) and Jenny Åhlström, Senior Advisor on Socially Responsible Public Procurement from the Agency for Public Management and eGovernment (Difi).



The International Corporate Accountability Roundtable (ICAR) and the Danish Institute for Human Rights (DIHR) roundtable discussion panel on integrating human rights into public procurement processes. Source CEGESTI

The topic of human rights and public procurement processes has been introduced by ICAR and DIHR. It has been remarked that purchase of goods and services by public bodies accounts for hundreds of billions of dollars each year. Across OECD countries, public procurement accounts for an average of 12% of GDP. The United States government, for example, spends approximately USD 350 billion annually in federal procurement alone, and, in the European Union, around 20% of GDP is spent on procurement, including procurement by public utilities.

As it has been highlighted during the introductory section, the State has a significant influence on the rules of the game in markets and can incentivize or

require businesses who wish to avail themselves of government contracts to engage in the responsibility to respect human rights. Conversely, when government procurement focuses exclusively on lowest cost, State bodies may contribute to an increased risk of unfair market competition and systematic human rights abuse in supply chains, while at the same time they may negatively impact suppliers that have invested time and resources into setting up supply chain management systems where respect for human rights is an integral element.

Even though States that do not promote sustainability could be considered as the main sector requiring to improve in regards sustainable purchasing practices, also those who are looking forward to implementing sustainable procurement mechanisms could benefit of implementing or improving good practices in the topic, since there could be some lack of assurance that the planning, reporting, evaluation, awarding and enforcement stages of the procurement strategies are harmonized, so that different levels of legislation, especially in federal countries may hinder the effective functioning of the procurement systems.

Middle income and developed countries are also a group that should analyze its practices in regards sustainable public procurement, since some specialized services such as logistics, health care, social care,

education, criminal justice and human resources could become vulnerable to deficient standards, abusive or illegal contract terms, dignity violations and privacy permeability, among many other issues.

In her intervention, Ms. Gomez has shared a valuable perspective with the audience, not only because she was the only person in the panel from a developing country, but also because the extensive CEGESTI experience on the ground in regards the implementation of sustainable public procurement in Central America, giving a clear profile of how the region has factored the topic, as well as the challenges, opportunities and key issues to be addressed in the near future.

Expressing her perception about the approach to public procurement and sustainability, she mentioned that Central America started to talk about this topic and implement practices around 2008, with an initial focus on green procurement.



Executive Director of CEGESTI, Ms. Daira Gomez during roundtable discussion panel on integrating human rights into public procurement processes. Source CEGESTI.

In the case of Costa Rica, the National Controller endorsed a Manual developed by CEGESTI on how to implement green procurement. Several training activities took place in Central America in order to raise awareness on the issue, and several public institutions introduced the concept. It is not until 2011, that the term sustainable procurement focusing on human rights began to be heard in the zone.

Ms Gomez shared that although in general terms, the legal framework of public procurement in Costa Rica and other Central American countries recognizes the need to respect human rights, the

challenges have been and remain for a couple of years associated to three main aspects:

1. Raise awareness that public institutions, can and must demand compliance on human rights
2. Eradicate the assumption that by buying at the cheapest price, the governmental institutions are using in the best manner the public funds, and
3. Introduce the new paradigm of best value for money, a concept that integrates not only quality and price aspects, but also social and environmental criteria.

Referring actions taken place in Central America in public procurement, she mentioned some of the most relevant, all of them supported by CEGESTI:

- In El Salvador, the National Comptroller introduced a Sustainable Public Procurement Guideline, as well as, the Ministry of Environment wrote a guideline on sustainable public procurement that should be followed by their suppliers. The Ministry of Finance developed an instructive on green procurement that should be applied by the public sector.
- In Honduras, the Ministry of Environment, adopted a policy to introduce social criteria. This Ministry has been the first one in Honduras to do it.
- In Panamá Public Procurement is channeled through Panamá-Compra (the national e-procurement system) which handles \$ 3 billion on purchases annually. They have developed a policy on sustainable procurement but this one has not yet being approved.
- In Costa Rica, The Labour Ministry together with the Ministry of Finance launched a Guideline to introduce social criteria on public procurement to support public institutions on the issue. The guideline includes aspects such as wages, hours of work, and other conditions. This guideline is

oriented to the sectors of construction, repair or demolition of public works and services supply. A total of 69% out of 109 institutions recently surveyed in Costa Rica claim to implement sustainable procurement practices and a National Committee of Sustainable Public Procurement exists. This committee has the responsibility to promote sustainable public procurement in the country.

- In Costa Rica there is also a National Policy on the topic under development, but it is still being revised and changed continuously because of those revisions. A Consensus for its approval in the near future is not foreseen. To help to advance in the process, CEGESTI is providing technical assistance in the discussions.
- At regional level, there exists a Regional Public Policy on Sustainable Procurement, development with the active participation of Ministries of Finance, Labour and Environment of the participant countries. More than 500 people from public institutions have been trained.

The success of these efforts, not yet formally evaluated, can be summarized as follows:

- Bidders are being disqualified for offering prices that did not even cover minimum wages
- Public Institutions monitoring compliance to basic labour rights as part of the monitoring of the contract has started as it is being implemented by institutions, and
- It is perceived that the demands for social criteria on public procurement will certainly incentive companies to comply with human rights.

Regarding main issues to be addressed in the region, it has been shared by Ms. Gomez that based on CEGESTI's projects in Central America all kind of violations have been seen, including: long working hours, improper working schemes, workers not being properly paid, workers not being covered by Social Security, and even child labour.

She has concluded her intervention remarking some key figures of the reality in Central America, which require continuing actions in the matter:

1. In general, in Central America social security coverage is low. It goes from 65% in the case of Costa Rica to 20% in some countries such as Guatemala.
2. In terms of decent work practices, the ministries of Labour lack of resources to inspect and enforce labour law fulfillment by the market, and
3. Institutions have just starting to verify compliance in regards to construction and supply of services but when it comes to goods, things are more complicated because a large majority of goods come from abroad and verification mechanisms could be expensive. In this area, it is envisaged to promote cooperation among North-South governments.