Workshop

Sustainable Public Procurement in European Healthcare

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Social Public Procurement: the Italian guide and its first applications in healthcare

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In 2008, the Ministry of the Environment has adopted the National Action Plan on Green Public Procurement – GPP NAP (Decree n. 135/2008)

In 2013, the GPP NAP has been reviewed.

Main changes:

- **new product categories**: medical devices and products/services for healthcare

- the integration of social criteria, with reference to the “Guide for the integration of social aspects in public procurement”

- **new national target**: 50% of “sustainable contracts” as number and value of the total amount of contracts (European target)
2012: the Italian Ministry of the Environment has published the “Guide for the integration of social aspects in public procurement”
It is the official guide of the Italian Government for the integration of social (ethical) criteria in public procurement activities for all the Italian Contracting Authorities.

The text is available in Italian on the website of the Ministry of the Environment:

http://www.minambiente.it/export/sites/default/archivio/allegati/GPP/GUIDA_ASP_SOC.pdf_DMxAll.pdf
The Guide has been developed by the Ministry of the Environment with the support of the Management Committee of the GPP National Action Plan (GPP NAP).

The Management Committee of the GPP National Action Plan (GPP NAP) participates to the European Working Group for Ethical Public Procurement (EWGEPP), a loose network of organisations, public procurers and governmental bodies from several European countries.
The European Commission has published in the early months of 2011 the guide: "Buying social. A guide to taking account of social considerations in public procurement".

The guide takes into account different social aspects related to the wide definition of "socially responsible public procurement" (SRPP) prepared by the Commission.
The Italian guide refers to the experiences of integration of social criteria in public procurement being developed in various European countries, especially among the members of the EWGEPP.

These experiences have focused on some of the social aspects included in the definition of SRPP: the promotion of 'decent work', with particular attention to the main working conditions along the entire supply chains.

The reason of the focus: the globalization of supply chains can hide violations of human rights and bad working conditions.
The **Italian approach** is based on:

A) “minimum social criteria”

B) “structured dialogue”
A) Definition of “minimum social criteria”: criteria aimed at promoting the **application** of internationally recognized **standards** regarding **human rights** and **working conditions** along the **supply chain**, as well as:

- ILO “Core Conventions” on freedom of association (n. 87,98) forced labour (n. 29, 105), discrimination (n. 100, 111) child labour (n. 138,182);
- ILO Convention on Occupational health and safety (n. 155), working time (n. 1), minimum wage (n. 131) and social security (102)
- the Universal Declaration of Human Rights;
- art. n. 32 of the Convention on the Rights of the Child;
- the national laws in force in countries where stages of the supply chain are performed.
B) The “structured dialogue” with the suppliers.

Contracting authority ← Suppliers and sub-suppliers

Objectives:
- improving the knowledge of working conditions along the supply chain
- putting signals of attention to social standards along the supply chain
- monitoring the application of social criteria of the contract along the chain
- activating eventual corrective actions in case of failure in meeting the standard
The **phases** of the structured dialogue:

1. **Informing** the “suppliers community” about the social criteria
2. **Inclusion of contract clauses** relating to minimum social standards
3. Signing a **"Declaration of compliance with minimum social standards"** (annexed to the contract)
4. Filling a **questionnaire** to follow-up the compliance with minimum social standards (different versions for SME, etc.)
5. Requests for **information** to the supplier and **meetings** with him
6. **Social audits**, by contracting authority or third independent party (possible)
7. **Corrective actions** in case of no compliance with minimum social standards (possible)
8. **Penalties** (possible)
Some Public Authorities are carrying out the Italian approach of ethical criteria

- **ARCA**, the central purchasing body of Lombardy Region (to be continued…)

- The **Italian Revenue Agency** (*Agenzia delle Entrate*) has introduced the “ethical contract clauses” in the contract for catering service. The Agency is going to send the self-assessment questionnaire.
• **Intercent-ER**, the central purchasing body of Emilia Romagna Region (4.5 million inhabitants) is developing a project on ethical criteria with a strong engagement of the “suppliers’ community” (meetings, guidelines, etc.). It has introduced ethical criteria in the call for tender for school furniture.

• The **Region of Tuscany** has introduced the “ethical contract clauses” in the toner cartridges procurement procedure (amount of the contract: 4 million euros): the contractor has to develop a project on ethical aspects along its supply chain.
ARCA
Agenzia Regionale Centrale Acquisti

www.arca.regione.lombardia.it
ARCA - Agenzia Regionale Centrale Acquisti
It is the Regional Procurement Agency of Lombardia Region
(Lombardia Region has about 10 million inhabitants)

The Agency has the following mission:
- **central purchasing body**: support in the management of purchases of goods and services of Lombardy’s public bodies through aggregated public tenders;
- **e-procurement**: development and promotion of e-procurement solutions for the management of online procurement processes

This initiative involves the Lombardy Region’s central authority and every Public Entity with head-office in Lombardy, such as the healthcare structures, regional companies and local governmental bodies (about 1700 Public Entities).
**Green Public Procurement**: the Agency has introduced green criteria within its centralized tendering processes. Examples: paper for printers, copiers, electricity, travel agencies, stationery articles, local police uniforms.

**Social responsibility**: the Agency is progressively including "social criteria" in procurement activities. The approach adopted is based on the Italian “Guide for the integration of social aspects in public procurement”
The ARCA approach is based on:

- transparency and traceability along the supply chains;
- the construction of a “structured dialogue” between the Contracting Authorities and the suppliers.

ARCA has adopted a **two phase** approach:

1. **Information and confrontation** with the economic operators interested about the definition of social criteria that will be integrated into the ARCA procurement procedures.
2. **Use of contractual tools**: contract clauses, follow-up questionnaires (self-declarations), audits and eventual sanctions.
In 2011 ARCA started the adoption of the “structured dialogue” by:

1. **Publication of the information** regarding the approach about “social criteria” on the internet website
2. **Sending a questionnaire** to the economic operators aimed to have information about the way they manage social issues into their supply chains.

The questionnaire is divided in three parts:

- general information about the supplier
- their knowledge of “corporate social responsibility”
- their management of social issues along the supply chain
Some results of the questionnaires:

41 economic operators filled in the questionnaires:
  • 10 from healthcare sector
  • 31 from other sector

31 of the 41 (76%) economic operators know the suppliers and sub-suppliers involved in the supply chains
  • 23 of 31 (9 of 10 healthcare institutions) has identified the phase of the supply where there is highest risk of violation of social criteria
24 of 41 (41%) economic operators have a “Code of Conduct” for the implementation of social issues into the supply chain:

• 17 of 24 make references to the eight ILO Core Convention in the “Code of Conduct” and in the contracts with the suppliers;
• 24 of 24 have dedicated human resources to the monitoring of the application of the Codes
• 10 of 24 use third party verification of the application of the Codes

10 of 41 ask for the adoption of a decent wage along the supply chain

1 of 41 provides economic benefits to the staff for the integration of social criteria in the contracts
ARCA has introduced **social criteria** as **contract clauses from 2012**.

**Eight procedures** contain now “social contract clauses” (**four** are products/services of **healthcare sector**).

Some of them are already awarded.

Total amount: more than **1.1 billion of euros**, the majority is coming from **healthcare sector** (993,3 millions of euros)
<table>
<thead>
<tr>
<th>Goods/services</th>
<th>Amount (millions of euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceutical products</td>
<td>800</td>
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<tr>
<td>Vaccine</td>
<td>37</td>
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<tr>
<td>Incontinent pads</td>
<td>153</td>
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<tr>
<td>Electricity</td>
<td>116</td>
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<tr>
<td>Flu vaccine</td>
<td>5,3</td>
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<tr>
<td>Service of vending machine</td>
<td>6,5</td>
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<tr>
<td>Hosting services for the e-procurement platform of ARCA</td>
<td>2</td>
</tr>
<tr>
<td>Stationery articles and copy paper</td>
<td>8</td>
</tr>
</tbody>
</table>
ARCA has received the “self assessment questionnaire” from the supplier of the vaccine and is now doing the assessment of the questionnaire.

Some of the answers to the questionnaires need some investigations (e.g. whenever the suppliers have not identified the phase of the supply chain involving highest risk of violation)
Some reflections

Healthcare sector is one of the most interesting sector to investigate about the respect of human rights and decent working conditions.

A lot of expectations from the new EU Directive on public procurement.

The opportunity to include also other social criteria in public procurement, like promoting employment opportunities, social inclusion and SMEs.

The opportunity to introduce social criteria in all the procurement procedure, especially in the qualification phase (we need to select the supplier for its capability to manage ethical aspects along its supply chains).
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