

# Annex 3 Study from Arizona State University on SP in local governments

## Authors

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Many national governments are endorsing sustainable public procurement (SPP), but so too are local governments. Our fundamental knowledge about local governments' SPP activities is at an early stage of development. However, cities are assuming an increasingly significant role in dealing with sustainability issues, and leading innovations in the area of SPP (Olmsted 2020). In an effort to grow that knowledge, researchers at Arizona State University created the Sustainable Purchasing Research Initiative (SPRI)<sup>1</sup> to learn more about sustainable public procurement within local governments worldwide. Through this initiative, more than 2,500 local gov-

ernment directors in Australia, Italy, Japan, Mexico, and the United States participated in a global survey to uncover both the drivers and barriers to SPP at the local level. This report presents the results of this survey.

Based on the data gathered, four themes emerged as more statistically significant across all participating countries. Local governments with SPP policies in place were more likely to have the following:<sup>2</sup>

1. Complementary sustainability policies
2. Established procurement criteria
3. Access to information
4. Access to external resources

Each of these four items is described more fully in the sections that follow. Please note that the differences in findings across countries depend to a large extent on the national context, therefore some items may matter less given the context. For instance, veteran-owned businesses may be less relevant in Australia, Italy, Japan and Mexico than in the United States because these four countries have been involved in fewer/no international conflicts. Similarly, because of country-level demographics, minority-owned businesses may be less relevant in some countries.

## Local government's adoption of complementary sustainability policies

Local governments often adopt several sustainability policies that complement one another. Policies that are complementary require similar organisational capabilities to implement and manage. Because they often work together to achieve an overarching sustainability goal, complementary policies help create management commitment and shared

vision around sustainability issues. Some complementary policies focus more broadly on improving an organisation's sustainability impacts (Darnall et al. 2017; Darnall et al. 2018; Leal et al. 2020; Lukas de Pereny et al. 2020; Testa et al. 2020; No et al. 2021). These policies include environmental sustainability, green building, and greenhouse gas

1 SPRI's university partners include Arizona State University, USA; Korea University, Republic of Korea; Scuola Superiore Sant'Anna, Italy; Tecnológico de Monterrey, Mexico; University of Granada, Spain; University of New South Wales, Australia; University of Victoria, Canada; Waseda University, Japan.  
2 Differences were assessed using chi-square statistical tests. Only statistically significant ( $p < 0.05$ ) survey items are displayed.

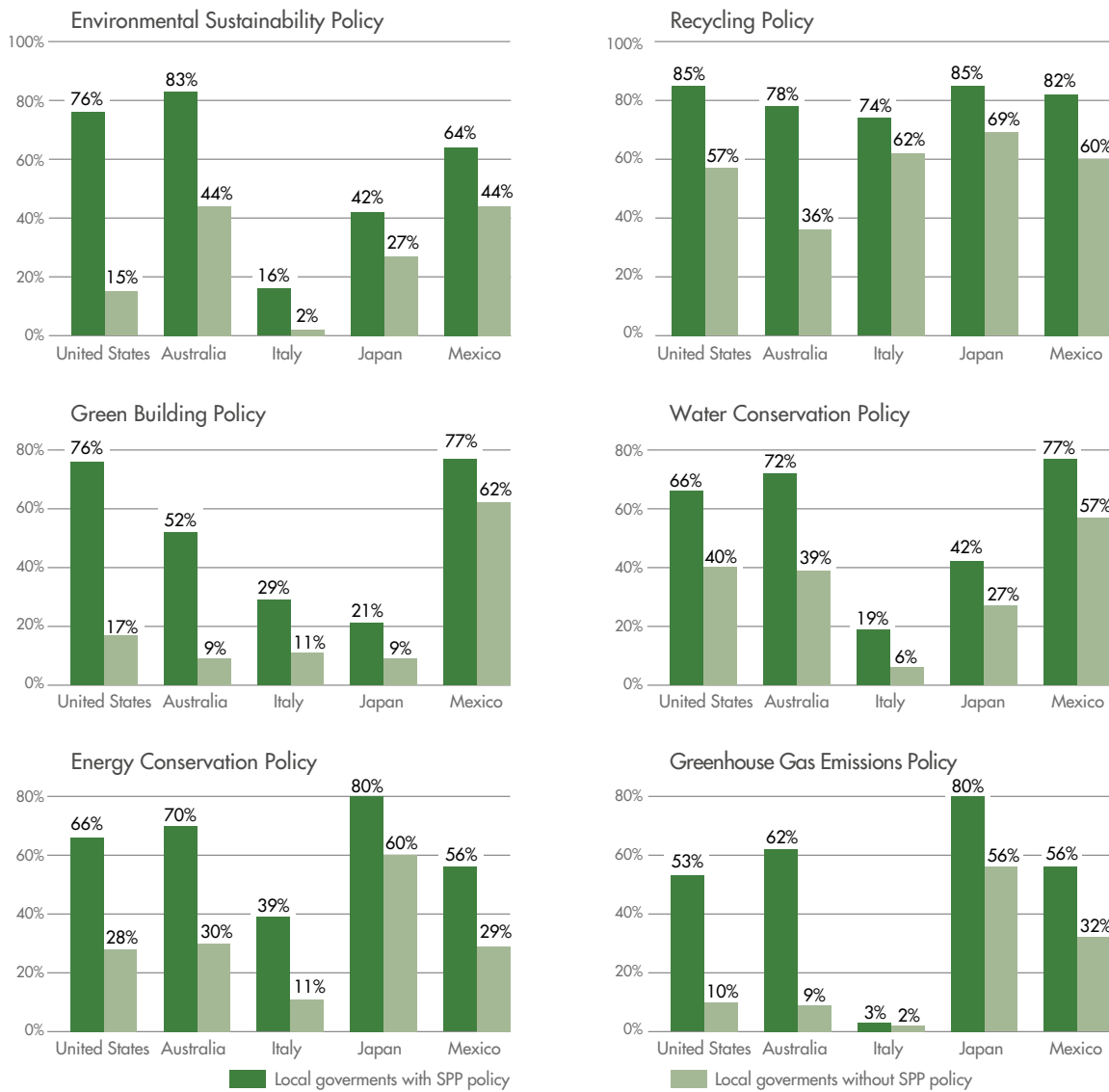
emissions policies. Other complementary policies, such as energy conservation, water conservation, and recycling policies, may be more targeted in their focus and sustainability impact. In the words of one of the expert SPP interviewees, “Sustainable public procurement is often a supporting policy that strengthens or shapes existing and future sustainability policies by further prioritising environmental and social goals”.

Department directors were asked about their local government’s complementary environmental and practises across the following areas:

- ◆ Environmental sustainability
- ◆ Green building
- ◆ Energy conservation
- ◆ Greenhouse gas emissions
- ◆ Water conservation
- ◆ Recycling

Figure A3.1 shows that overall, regardless of the focus of these complementary environmental policies, local governments that have adopted SPP policies are more likely to have these complementary policies than local governments without SPP policies, although there are some important differences.

**Figure A3.1. Local government’s adoption of complementary environmental policies**



Local governments with broader complementary environmental policies are more likely to adopt SPP policies than local governments that adopt more focused complementary environmental policies. For instance, in the United States, 76% of local governments with SPP policies reported having green building policies as well, compared to only 17% of local governments without. Australia is similar, where 52% of local governments with SPP policies also have green building policies, versus only 9% of local governments without. Greenhouse gas emissions policies show a similar relationship in the United States and Australia among local governments with and without SPP policies.

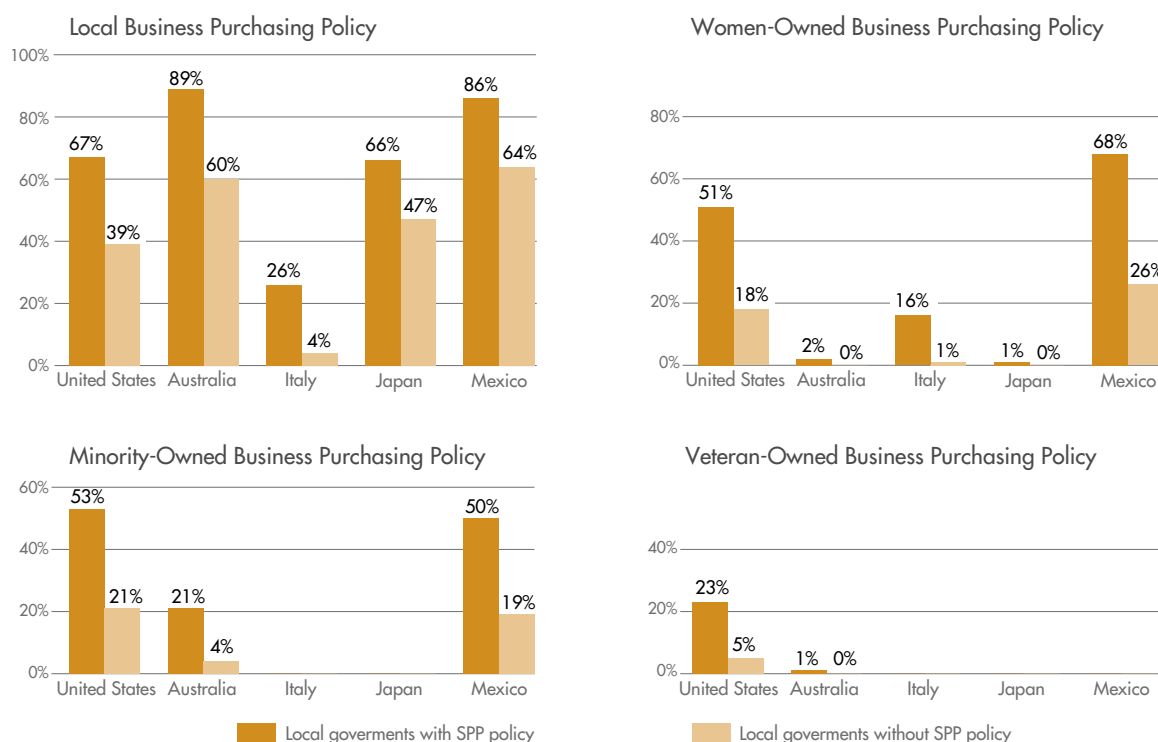
Local governments with SPP policies are also more likely to have focused complementary environmental policies, than local governments without, but show smaller (although still significant) differences. For example, Italy reported that 74% of its local governments with SPP policies also have recycling policies, while only 62% of local governments without SPP policies have them. In Japan, 85% of local governments with SPP policies also have recycling policies, in contrast to only 69% of local governments without. Greater differences are seen with energy conservation policies. For example, in Australia, 70% of local governments with SPP policies report having energy conservation policies as well,

while only 30% of local governments without SPP policies have them. In the United States, the difference is even greater – 66% of local governments with SPP policies have energy conservation policies, compared to only 28% of local governments without. Department directors were also asked about their local government’s complementary social policies and practises that target the following groups:

- ◆ Local businesses
- ◆ Minority-owned businesses
- ◆ Women-owned businesses
- ◆ Veteran-owned businesses

Similar to findings on the relationship between SPP policies and complementary environmental policies, data revealed that local governments with SPP policies are likely to have more complementary social policies than local governments without, as shown in Figure A3.2. However, these policies are less prevalent overall than complementary environmental policies. These findings are supported in recent research (Cravero 2017) and the Stakeholder Survey, which indicates that SPP is still dominated by the environmental dimension, although there is an increase in a broader scope of SPP that considers both social and environmental dimensions.

**Figure A3.2. Local government’s adoption of complementary social policies**



For example, in the United States, 67% of local governments with SPP policies also have policies to support local businesses versus only 39% of local governments without such a policy. In Mexico, 68%

of local governments with SPP policies reported supporting policies for women-owned businesses versus 26% without.

## Established procurement criteria

Procurement criteria are the factors that local governments consider when deciding on a good or service. Establishing formal purchasing criteria around sustainability concerns can help procurement managers decide between which products to purchase because the criteria offer clear guidance on organisational priorities and goals. Examples of sustainability procurement criteria include:

- ◆ Reducing greenhouse gas emissions
- ◆ Recyclability or reuse of an item
- ◆ Environmental impacts of products or services
- ◆ Technical Specifications to manage environmental concerns
- ◆ Reducing packaging waste
- ◆ Buying from minority- or women-owned businesses



Department directors were asked, “In thinking about your department’s purchasing criteria, how important is each of the following characteristics of a product or service?” Figure A3.3 shows that across all five countries that we surveyed, and the six procurement criteria listed above, local governments with SPP policies are more likely to have procurement criteria for SPP. For example, local governments that have adopted formal SPP policies are more likely to have procurement criteria focused on reducing greenhouse gas emissions as compared to local governments without such policies. More specifically, Italy reported that 81% of local governments with an SPP policy also have procurement criteria focused on reducing GHG, versus 40% of local governments without. In Australia, 66% of local governments that have adopted a formal SPP

policy have also established procurement criteria around recycling and reuse, versus only 29% of local governments without such a policy. Other criteria, like disposal costs, are associated with smaller differences between local governments with and without SPP policies, although the differences are still statistically significant. Expert interviewees all felt that SPP policies could shift markets. One expert said, “Sustainable public procurement can be a powerful leveraging tool to shift markets towards more sustainable options. The purchasing power of local governments is vast. Many supply chains will shift entire modes of operations to secure government contracts making their entire organisation more sustainable and just as a result of those contracts”.

**Figure A3.3. Established procurement criteria**



## Access to information

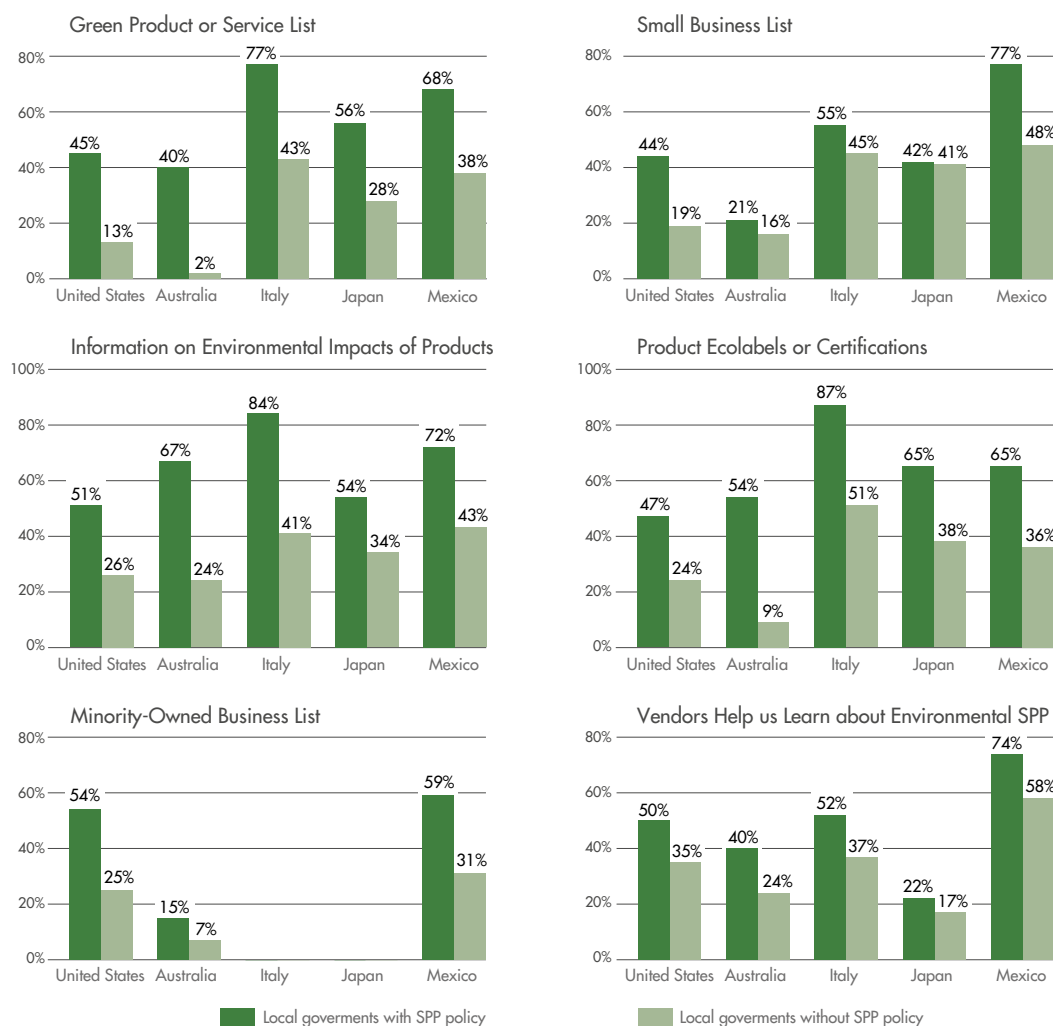
Information influences procurement decisions and outcomes. Access to sustainability information can help organisations meet their broader sustainability goals. For this reason, department directors were asked about their departments' access to the following information sources:

- ◆ Green product or service list
- ◆ Minority-owned business list
- ◆ Information on environmental impacts of products
- ◆ Small business list
- ◆ Product ecolabels or certifications
- ◆ Vendors help local governments learn about environmental SPP

Across all five countries, local governments with formal SPP policies reported having greater access to information that can facilitate their sustainable purchases (see Figure A3.4). Greater access to in-

formation often occurs prior to the development of local governments developing formal SPP policies. For instance, in Japan by 2001 the national government developed a database on information about the impacts of products that could be used by local governments. However, not all Japanese local governments were aware that the information existed. Those that did, were more likely to develop an SPP policy and emphasise the availability of this database in their department purchasing. In Italy, for example, local governments with SPP policies are 77% more likely to have access to green product lists as compared to 43% of local governments without. 84% of Italian local governments with a SPP policy have access to companies' environmental impact reports when making their procurement decisions as compared to 41% of local governments without SPP policies. 87% of local governments with formal SPP policies have access to information about eco-label-

**Figure A3.4. Access to information**



led products at the point of their procurement decisions, as compared to 51% of local governments that do not have a formal SPP policy. Vendors are another reliable source of information as they are often familiar with the sustainability attributes of their products and services. Across all countries, local

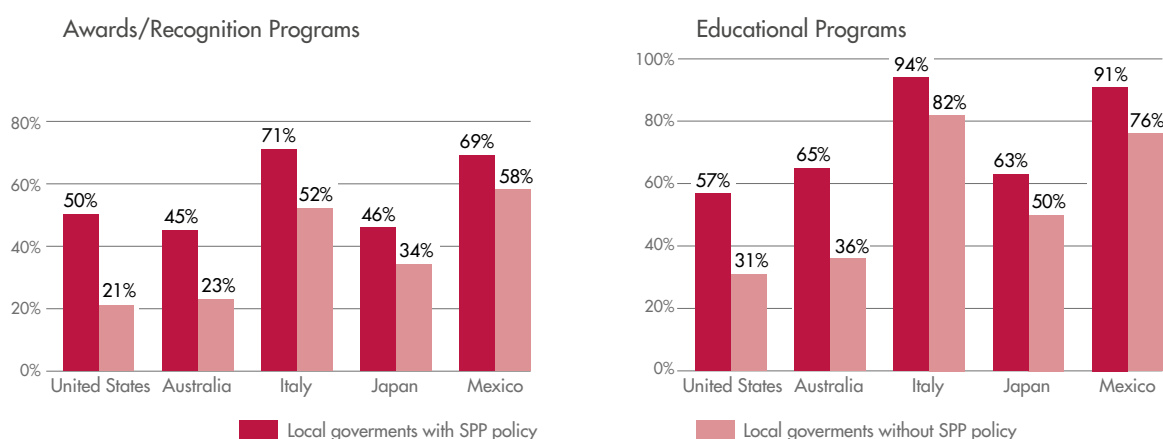
governments with formal SPP policies reported that their vendors offer more sustainability information than local governments without SPP policies. These patterns are similar across all forms of sustainability information that are included in our survey.

## Access to external resources

An organisation's access to external resources can affect its ability to adopt a formal SPP policy and initiative. For this reason, local governments were asked about the importance of external support in

promoting their local government's sustainability programs. Respondents were asked to report on external awards and recognition programs in addition to external education programs (see Figure A3.5).

**Figure A3.5. Access to external resources**



Across all five countries, local governments with formal SPP policies reported that these external resources are more important to their sustainability efforts than local governments without SPP policies. More specifically, local governments with SPP policies are more likely to be aware of national or sub-national (state/prefectural) award or recognition programs promoting sustainability in local governments than local governments without SPP policies. In Italy, 71% of directors in local governments with SPP policies reported that awards and recognition programs are important in promoting municipal-level environmental sustainability, compared to about one-half (52%) of local governments without SPP policies. In the United States, 50% of local governments with SPP policies reported the importance of external awards and recognition versus 21% of local governments without SPP policies.

Across all country settings, similar patterns are seen related to external training programs. For example, in Italy, 94% of local governments with SPP policies reported that external educational training programs are important in promoting their sustainability in their organisations. This compares to 82% of local governments without a formal SPP policy. Greater differences are seen in the United States and Australia. Approximately 57% of U.S. and 65% of Australian local governments with SPP policies reported that external educational training programs are important, as compared to 31% of U.S. and 36% of Australian local governments without a formal SPP policy. As more opportunities for external online training programs expand, they will become accessible to a broader array of local governments, which is likely to facilitate greater SPP policy adoption efforts.

## Conclusions

This study identifies the factors that are associated with thousands of local governments adopting SPP policies. Four themes emerged as more statistically significant across all the participating countries. Local governmental SPP policy adopters are more likely to have:

1. Complementary sustainability policies – Local governments that have adopted broader complementary environmental policies are more likely to adopt SPP policies to a greater extent than local governments that adopt more focused complementary policies.
2. Established procurement criteria – local governments with SPP policies are more likely to have procurement criteria that facilitate their sustainable purchasing decisions.
3. Access to information – local governments are more likely to adopt SPP policies if they have greater access to information that can facilitate their sustainable purchases.
4. Access to external resources – local governments with SPP policies are more likely to have greater access to external resources that support their sustainability efforts than local governments without. More specifically, local governments with SPP policies are more likely to be aware of national or sub-national (state/prefectural) awards or recognition programs that promote sustainability in local governments than local governments without such policies.



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The *2022 Sustainable Public Procurement Global Review* examines the state of sustainable procurement policies and practices undertaken by national governments, private enterprise and intergovernmental organizations worldwide. Building on the findings of the previous editions published in 2013 and 2017, as well as on the results of the first data collection exercise on Sustainable Development Goal indicator 12.7.1 (*number of countries with sustainable public procurement policies and action plans*), this report aims to track global progress in sustainable procurement and to deepen the collective understanding of the current barriers, needs, opportunities and innovations in this important area.

