

Evidencing Positive Sustainable Procurement in Developing Nations: A Case Study Comparison of Indonesia and African Nations

J. Lynch
Cardiff Business School

C. Harland
Politecnico di Milano

H. Walker
Cardiff Business School

J. Telgen
University of Twente

G. Callendar
Curtin University

T. Tatrai
Corvinus Business School

J. Rehme
Linköping University

Abstract

There is growing evidence and acceptance that public procurement can lead to positive social and economic outcomes in the wider local community (McCrudden, 2004) and is therefore a form of sustainable procurement (Walker et al. (2012). Building on Walker et al.'s (2012) study of social public procurement across 30 OECD (Organisation for Economic Cooperation Development) countries, this paper takes a zoom lens approach using three case studies. This exploratory study focuses on identifying evidence of policy-led social public procurement practices for Indonesia, Rwanda and Zambia as three developing nations. Prior studies of public procurement in developing countries have mainly focused on obstacles to implementing reforms (Hunja, 2003; Delavallade, 2006), notably tackling corruption issues, such as in Indonesia (Wahid and Sein, 2013) and in African nations (Léon de Mariz et al. 2014). This study provides evidence of sustainable procurement resulting in community benefits such as employment and training opportunities in Africa and a focus on providing low cost healthcare from procurement contracts in Indonesia.

Keywords: sustainable procurement; public procurement, community benefits; corruption; developing nations; policy

Introduction

Government spending represents a sizeable proportion of gross domestic product (GDP), depending largely on state provision of health care, human services and pensions; for example, France (23%), Germany (13%), Netherlands (27%), Italy (30%), Ukraine (41%), UK (40%), USA (23%) – for the complete world table see (World Bank 2016). The true significance of government spending is greater than these percentages if the private sector supply chains of organizations providing materials, products and services are included. A proportion of government spending is public procurement of goods, services and works by governments and state-owned enterprises; in 2013 governments spent on average 29% of their total spending via public procurement, ranging from less than 20% in Greece and Portugal to more than 35% in countries such as Estonia, Korea and Japan (OECD 2016). Public procurement is subject to national and international laws and regulations and enables governments to

improve value for money of spending, fights corruption and increases transparency and legal certainty of government spending (Europa, 2015). However, there is less known about how public procurement policy might lead to sustainable development across nations (Knight et al. 2007). The important connection between public spend and social and economic development means that procurement in the public sector is now recognised as an important mechanism for implementing central government policy (Brammer and Walker, 2011). Understanding the strategic and economically sustainable benefits that public contracts bring to the wider local community is an under researched area (Brammer and Walker, 2011). Walker et al. (2012) examined sustainable procurement policy for 30 OECD countries and found variation in the extent of policy implementation and guidance provided. Many developed economies are starting to realise that sourcing locally leads to longer term economic, social and environmental benefits for the local community. For example, Wales (UK) has an effective system for measuring social, economic and environmental community benefits through construction related contracts at a value of over £1 million (Schotanus and Uenk, 2016). The Netherlands focuses on social return on investment (SROI) of social care contracts (Lynch et al. 2016). In contrast to these case examples, the purpose of our paper is to highlight some of the challenges facing least developed nations when implementing sustainable procurement policies.

This study examines Indonesia, Rwanda and Zambia to establish whether procurement policies exist, and if so, whether they use sustainable policies and practices, and the extent to which these policies are being implemented. Whilst procurement teams may be focused on managing tighter controls on transparency and accountability to prevent corruption, this study explores how local businesses may be developed through supplying to the public sector. Corruption in Indonesia for example, costs \$4 billion USD per annum (anticorruption.com) and this has inhibited focus on the adoption of more strategic and sustainable ways of working in public procurement.

Applying a case study approach, this exploratory study addresses the gaps identified in the existing literature to explore two research questions:

RQ1: Comparing three nations, Indonesia, Rwanda and Zambia, what evidence is there of sustainable procurement leading to wider community benefits.

RQ2: What are the perceived barriers (if any) for supporting wider community benefits policies to procurement contracts.

To address these two questions, firstly, the literature review highlights important public procurement related studies which examine milestone developments in sustainable development and sustainable procurement. The literature highlights the issue of corruption as a potential barrier to sustainable procurement policies being developed and implemented. Once the methodology and case study sampling has been explained, the findings are presented and conclusions reached.

Literature review

The literature review commences with a clarification of what is meant by developed, less developed and least developed nations. The issue of corruption in public procurement is explored followed by insights from international comparative research notably from the International Research Study of Public Procurement and OECD studies. The review concludes by highlighting key studies in sustainable procurement. Finally, the research questions for this study are developed.

Less and Least Developed Economies

The term, less-developed is used to describe third world or non-industrialised nations where their habitants have low levels of income; they are opposite to developed nations where industry levels are supported by advanced technological infrastructure. Of those less developed nations, the United Nations (2016) list those that are least developed; these include many African nations, such as Rwanda, Zambia and several of the nations included in COMESA (UN. org). COMESA (Common

market for Eastern and Southern Africa) represents a total population of over 470 million; its current strategy is '*economic prosperity through regional integration*'. (COMESA: about us). Least developed countries are considered economically vulnerable with the lowest socio-economic development (ibid.). Developing nations refer to both groups (less and least) and receive World Trade Organisation support for socio-economic development (wto.org).

Corruption and national economic development

Studies of public procurement in developing countries have tended to focus on obstacles for implementing public procurement reforms (Hunja, 2003; Delavallade, 2006), such as tackling corruption issues in Indonesia (Wahid and Sein, 2013) and in African nations (Léon de Mariz et al. 2014). Corruption in the public sector is more prevalent in developing countries (Delavallade, 2006). There is a non-linear relationship between an increase in corruption and economic growth with a reduced return on investment and increased level of uncertainty (Hessami, 2014). In a study of 64 countries, Delavallade (2006) confirms that corruption plays a significant role in influencing government expenditure and is rife in energy and defence sectors in particular. Government spend tends to be higher in these areas and hence, bribes and kickbacks become more of a problem. When corruption in the public sector is not controlled it becomes detrimental to state efficiency and the economic development of nations by lowering GDP (Delavallade, 2006). In particular, entrepreneurship has struggled in developing nations due to a long held tradition that business owners are expected to offer bribes to bureaucrats in exchange for a trading licence (Hessami, 2014).

International research in public procurement

Social, economic and environmental sustainable procurement is becoming embedded into government policies and agendas worldwide (Preuss, 2007). Harland et al. (2007) highlight three major factors relating to the development of sustainable procurement:

- It can help to achieve social, economic and political objectives relating to employment, health, and innovation;
- Procurement activities are not always an indicator of effective public procurement development;
- Procurement activities do not necessarily lead to economic development.

To gain a deepened understanding of stages in strategic development for public procurement, Harland et al. (2007) developed a seven stage framework which provides clear distinctions between public procurement simply procuring goods and services (Level 1) to using public procurement for delivering broader government policy objectives (Level 7) as the highest level of maturity.

There remains a strong consensus amongst authors of sustainable procurement studies that maturity in procurement and addressing sustainable issues through procurement varies considerably between local governments and nations (Preuss, 2007). The link between strategic procurement and sustainable procurement is more of an inferred practice and research findings are inconsistent in evidencing that sustainable procurement is a form of strategic procurement.

Professors Christine Harland and Jan Telgen are founders of IRSP (International Research Study on Public Procurement) which since 2002 has explored contrasting international approaches for managing public procurement policies. IRSP is the most extensive practice led international research study on public procurement; it addresses issues of concern highlighted by senior practitioners internationally. Each of the 6 IRSP studies to date have focused on different themes and examined those themes across the IRSP network of 40 participating countries.

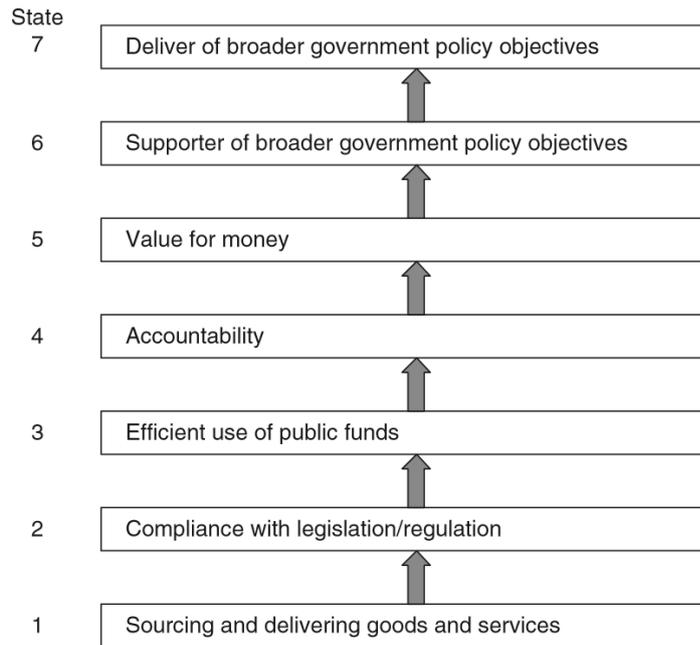


Figure 1: Maturity framework of public procurement development (Harland et al. 2007)

The growing IRSPP professional network includes academics, public procurement practitioners, non-government organisations (NGOs) and consultants who research common questions using shared methodologies and convene to share findings from Australia, Austria, Belgium, Canada, Cape Verde, China, Denmark, Eire, England, Finland, France, Germany, Hungary, Indonesia, Ireland, Italy, Japan, Korea, Malaysia, Mongolia, Netherlands, New Zealand, Northern Ireland, Philippines, Portugal, Russia, Rwanda, Singapore, Sweden, South Africa, Tanzania, Thailand, Tobago, Trinidad, Uganda, UK, US, Vietnam, Wales and Zambia.

A summary of themes and main findings from each IRSPP study is presented in Table 1.

Authors such as Walker et al. (2012) call for more research in sustainable procurement, especially in the context of developing countries. In their own study of 30 OECD countries, Walker et al. (2012) make several important contributions to the field of sustainable procurement. The authors establish that Australia, New Zealand and UK can be considered as global leaders, evidencing all three elements of sustainable procurement: economic, social and environmental. In contrast, the nations with least guidance include Slovakia and Turkey. From this analysis, Walker et al. further acknowledge some key areas for future research:

- There is scope to examine why sustainable procurement policies don't exist in some nations;
- A need to identify case examples which would illustrate economic, social and environmental applications;
- It would be helpful to explore the relationship between policy and how it is being implemented in practice;
- Developing a questionnaire which directly draws on sustainable procurement policy and practice;
- Identify influencing factors for implementing a sustainable procurement policy.

Table 1: International Public Procurement Studies (IRSP)
(adapted from Harland et al. 2012)

YEAR	THEME	MAIN FINDINGS
IRSP 1	Explored what is known about public procurement and what are the major issues facing this field.	Significant diversity across the case studies, with difficulty trying to design appropriate public procurement policies. Common themes include problems with setting up management information systems, procurement struggling to be recognised as strategic with little investment in it as a professional career. In developing nations such as South Africa, public procurement was being recognised as instrumental for societal and economic reform.
IRSP 2	Examined similarities and differences across public procurement in health, defence, education and local government	Developed nations participating were going through a major reform of public procurement affecting organisational structure and change. Less developed nations such as South Africa lagged far behind with corruption remaining a major issue and hurdle to overcome preventing procurement reform taking place. Whilst procurement teams were qualified they lacked knowledge about managing strategic suppliers effectively. Management information was still challenging but value for money and communication were key priorities. IRSP developed the first maturity framework from this workshop (Figure 1).
IRSP 3	Examined how to build capacity and capability in public procurement.	Participants felt the need to elevate the strategic profile of public procurement. Procurement was being recognised as an important lever for environmental change and the potential for social and economic improvement was starting to be explored. Professional Institutes were being recognised as important for training and developing procurement capability. Purchasing structure was described as a 'pendulum swing' changing from decentralised to centralised.
IRSP 4	In the wake of the financial crisis, this study explored the role of public procurement in designing and delivering economic stimulus packages.	The study found that each nation had taken a diverse response to the economic turbulence evident at that time. Some adopted a <i>wait-and-see</i> approach. Others recognised the importance of a new focus on building and maintaining local employment. In particular China was noted as masterful in recognising the powerful link between public procurement and the local economy. In the UK weaker efforts included a boiler scrappage scheme. SMEs were identified as highly vulnerable and subsequently provided the basis for IRSP5.
IRSP 5	Focused on the engagement of small and medium enterprises (SMEs) in public procurement contracts and how to improve their involvement.	Definitions of SMEs varied by nation and required greater clarity. Public procurement all experienced difficulties reaching out to SMES for contract opportunities. China for example highlighted problems with engaging with 'mini-SMEs'. European nations were developing more inclusive programmes to improve the transparency of public contract notices to smaller business owners. The tender, bidding and contracting were starting to be managed online.
IRSP 6	Examined evidence of community benefits policies and implementation of community benefits clauses (social, economic and environmental).	15 nations took part in the two-day workshop. The preliminary findings are presented in this paper.

Community benefits

Regardless of the level of national economic development and the key challenges being faced by each nation, all buyers seem to face many uncertainties when deciding to buy locally, nationally or internationally (Walker, 2015). Studies by Lynch et al. (2013) and Wontner et al. (2015) have focused on community benefits policies when sourcing goods and services locally. Yet, there is little research evidence for the implementation of community benefits policies or measurement tools. Wales (UK)

can be considered as an exemplar of best practice for monitoring and measuring community benefits (Schotanus and Uenk, 2016). Social, economic and environmental benefits are recorded and calculated as the local multiplier effect of a public contract. e.g. for every one (GBP) pound spent by public funds a special online tool calculates how much is reinvested into the local economy. Similarly, in the Netherlands, social care contracts are measured for social return on investment. For example, 5% of each contract must be reinvested by creating employment opportunities for local disadvantaged people (Lynch et al. 2016). The term disadvantaged people refers to individuals who have been unemployed for more than six months or suffer from a disability which may prevent them from gaining equal opportunities in the employment market.

Theoretical underpinning

The role of theory in public procurement has historically been overlooked or neglected. Yet, “*theoretical rigour*” is fundamental to the development of good research in management science (Flynn and Davis, 2014, p.134). Flynn and Davis highlight principal agent theory, transaction cost economic theory, contract theory and general systems theory as frequently applied in public procurement research. However, our study examines the sustainable issues surrounding public procurement. There is a natural link between sustainability and social construction (ibid.). This notion is particularly relevant when exploring the community benefits of government contracts. Social network theory (SNT) is well established in supply management literature (Harland et al. 2006; Tate et al. 2013). Tate et al. explain that when applying SNT, each group of actors influence another. The authors explain that the basic application of social network theory (SNT) involves grouping actors such as the local community, government organisations, states or countries (Streeter and Gillespie, 1993). This broad definition builds on prior research by Harland and Knight (2001) and the Industrial Marketing and Purchasing (IMP) Group (Håkansson 1982; Håkansson and Snehota 1989). In the context of developing or least developed nations such as Indonesia and Africa. Figure 2 exemplifies the typical actor groups with an interest in public procurement.



Figure 2: The social network with the actors as influencing groups or nodes (adapted from Tate et al. 2013).

The IMP framework extends this model further adding resources and activities as well as network actors. There is not just a social connection between the nodes depends on the behaviours between them. This concept is more recently applied to supply chains (Tate et al. 2013). The notion of behaviour has been emphasised in the review indicating that public sector procurement reforms mean that a different approach is taken in ensuring SMEs or local suppliers are not excluded from public contract opportunities. In ensuring that the actions of one group or node does not have a negative consequence on all others, in the context of public procurement, installation of E-Procurement systems are providing greater transparency and accountability to all.

Summary

The literature review has distinguished between the economic maturity of nations by defining developed, less developed and least developed nations. Further, key and influencing international studies have been highlighted for managing public procurement and in understanding how to overcome issues with corruption and managing SMEs. A summary of findings from IRSPSP studies and future research ideas from Walker et al. (2012) influence the scope of our study. This includes examining whether sustainable procurement policies exist in developing nations, in-depth case studies, policy implementation, and identify influencing factors for implementing a sustainable procurement policy. Hence, two research questions are proposed for this paper:

RQ1: Comparing three nations, Indonesia, Rwanda and Zambia, what evidence is there of sustainable procurement leading to wider community benefits.

RQ2: What are the perceived barriers (if any) for supporting wider community benefits policies to procurement contracts.

Methodology

The data sample is extracted from a larger comparative study of fifteen nations participating in the 6th International Research Study of Public Procurement (IRSPSP 6). Policy makers for each nation were required to complete a template (Appendix 1) with evidence of legislation, directives, rules and guidance on community benefits. Fifteen nations participated in a structured two-day workshop in November 2015 to examine each case study. This exploratory study is mainly qualitative utilizing an abductive approach. In abductive research, theory, data collection and data analysis are managed simultaneously to develop theory (Mason, 2007). The abductive approach established by Blaikie (2000) is founded on a similar method to inductive research but relying primarily upon existing prior knowledge and theory testing. Using the template in Appendix 1, the practitioner workshop enabled an iterative process relying on repeated discussions to ensure the completed template is accurate and all information is supported.

Case study data

Three case studies, one from Indonesia and two from Africa: COMESA¹ (representing 19 African member states) and Rwanda are selected as comparable cases representing least developed countries for this study. Five of the six principles recommended by Yin (2014) for gathering case study evidence are presented in Table 2.

¹ COMESA's (Common market for Eastern and Southern Africa) current strategy is '*economic prosperity through regional integration*'. Population of over 470.26 million. Its achievements to date have been significant (COMESA: about us)

Table 2: Case study evidence (adapted from Yin, 2014).

SOURCE OF EVIDENCE	EXAMPLES OF EVIDENCE INDONESIA & AFRICA CASES
DOCUMENTATION	Policy makers / senior procurement managers were asked to complete a standard template distributed to all fifteen nations' representatives.
ARCHIVAL RECORDS	Web links were provided on the template to further verify and expand on information shared at the IRSPSP workshop
DIRECT OBSERVATION	Face to face discussion opportunities were available at the workshop and during individual case presentations
PARTICIPANT OBSERVATION	An interactive 2-day workshop was held in November 2015 where procurement policy makers and/or senior procurement managers could present both the nation and an individual case example
PHYSICAL ARTIFACTS	Policy documents were accessed via web links provided.

The only exclusions proposed by Yin include interviews which were not felt necessary given the intense nature of discussions during the two-day workshop and the standardised format of the template utilized for gathering evidence. The case study findings are mapped against the seven stage framework by Harland et al. (2007) (Figure 1) for establishing sustainable procurement development in Indonesia and African nations.

Results

The main case findings which address the two research questions are presented. Table 3 highlights evidence of regulation and legislation in public procurement and evidence of community benefits policies and their implementation at national or regional level. The findings are presented to address the first of two research questions.

RQ1: Comparing three nations, Indonesia, Rwanda and Zambia, what evidence is there of sustainable procurement leading to wider community benefits.

The important case findings and key priorities for each nation are further explained.

Indonesia

The study finds that in an effort to improve integrity and accountability in Indonesia, procurement is managed through E-Procurement systems, e-catalogues, e-contracts and e-tendering. Further efforts include developing a procurement career path, encouraging whistleblowing, blacklisting poor performing suppliers, applying thresholds and implementing E-Procurement systems.

The emphasis on centralisation through technological integration of procurement in Indonesia is far more advanced than observed in developed nations, such as Netherlands. The extent of technological development is a significant contributor to environmental sustainability. However, the efforts to embrace social and economic sustainability in procurement are less advanced. Community benefits are not enforced and are absent from regulation and contract clauses. Indonesian Government are focused on reducing corruption which remains a major challenge to control. That is not to say there are still positive examples of community benefits being achieved from public contracts in Indonesia. Corruption has become such a serious issue that there is almost a reluctance and fear to utilise the full procurement budget in case individual procurement managers are accused of favouring a supplier or involved in other corrupt practices.

**Table 3: Summary of community benefits findings for each nation
Indonesia, Rwanda and Zambia**

NATION	INDONESIA	RWANDA	ZAMBIA (COMESA)
PRIMARY FOCUS	Improving Health	Reducing Poverty	Supporting Small Enterprises
EVIDENCE OF PROCUREMENT REGULATION	Public procurement is regulated by the President. Procurement prioritises cheaper healthcare and medicine.	In 2008, Government produced Vision 2020 Umerenge Programme (VUP). The role of procurement is to create employment for local people.	Zambia is a core member of COMESA for its procurement activities. COMESA represents 19 countries in Africa. GDP - 596 billion (in 2012); run through a Secretariat based in Zambia.
EVIDENCE OF RULES / GUIDANCE	Very broad, general public procurement guidance available emphasising transparency and accountability and the heavy penalties for corrupt practices. National Public Procurement Authority has been formed for 6 years in an effort to professionalise the public services by developing 5-year strategy. There are some rules for sustainable practices but there is no emphasis or monitoring of compliance.	The public works operational framework and procedures manual offers guidance for procurement (www.Ioda.gov.rw) Any clauses within contracts are law bound using 'self-policing' mechanisms which vary across regions within Rwanda. There is no consistent or centralised approach for managing public procurement.	COMESA does not have Community Benefits Policy/regulation/legislation However, the COMESA Directive encourages its member nations to identify areas of sustainability that may be implemented to facilitate participation in public procurement by SMEs.
EVIDENCE OF COMMUNITY BENEFITS CLAUSES	No evidence of community benefits clauses	There is no national policy for community benefits but there is evidence of some provisions within the law for community benefits through employment. Community Benefits outside of employment are not identified as important procurement priorities.	Enhanced Public Procurement and Capability Building Project aimed at promoting good governance through public procurement reform that would lead to enhanced economic development. Using COMESA procurement rules it was hoped that individual nations would benefit and capacity would be strengthened. The project was funded by the African Development bank.
EVIDENCE OF COMMUNITY BENEFITS	The approach is adhoc, with some regional governments evidencing improvements: Economic - career opportunities Social – affordable healthcare Environmental – E-Procurement	680 infrastructural projects within 30 districts were identified where emphasis was placed on employment (worth 5,955,165 billion Euros).	*Refer to Appendix 1 for the full template findings for Zambia

To illustrate the extent of this problem, entering into the third quarter of the year (November) 2015, only 31% of procurement spend had been released. Every error made seems to be instantly linked to corrupt practices, which is potentially holding back the value that can be created by implementing strategic and sustainable procurement in a less-developed country.

Rwanda

Rwanda, a least developed country, has a central government policy aimed at reducing poverty with a clear emphasis on community benefits. Procurement policy is managed at the regional (district) level though there is little evidence of consistency or standardisation of procurement processes. Self-policing is the main mechanism for monitoring compliance. The connection between public procurement and community benefits is embedded in government philosophy.

“Procurement law shall be used if it is established that it shall contribute to the economy, create employment and involvement of the beneficiary community”.

This method involves organising local communities to participate in the delivery of the project by selecting people to provide labour for the project and contribute to the overall management of the project.

An exemplar for achieving community benefits includes a terracing/landscaping project valued at 120,678 Euros which resulted in 89,725 people being employed (49,990 males and 42,735 females). Whilst this nation evidences significant community benefits and compliance with government policy, the constant battle against corruption leads to fear that increasing the transparency of information into the public domain may lead to collusion in the supply market.

Zambia

A largely unstable political climate, its role within COMESA is key to future sustainable development within the nation.

Due to the risk of corrupt practices it is necessary to have a monitoring and verification mechanism as well as the capacity to fairly manage the public procurement and supplier selection process. Effective implementation of a community benefits is perceived as requiring high level commitment and capabilities which are currently in short supply. Government have set aside resources to equip procurement staff with the necessary skills for setting clear targets and evaluating responses in the award process. Online training is becoming a popular method as a cost effective approach for training high numbers of people. It is key to increase the number of bids received for improving competition. Hence, the government are considering training grants to fund skills development for both buy and supply side. This buy side commitment will reduce the cost incurred to contractors and make opportunity of government work more attractive to them. Where there is inadequate local capacity joint ventures or consortium bids are encouraged.

RQ2: What are the perceived barriers (if any) for supporting wider community benefits policies to procurement contracts.

Whilst the results in Table 3 indicate a largely positive contribution of sustainable procurement practices for these nations, significant barriers prevail. The barriers were perceived by participants as preventing sustainable procurement policies being designed and fully implemented. The main barriers include IT infrastructure, data integrity, information transparency and mitigating corruption. Barriers for each nation are now summarised:

Indonesia

Much of the problem in gathering data seemed to relate to a language barrier over the term, community benefits. The findings revealed examples of possible disintegration between local government and the wider local community. Participants reported absence of metrics for evidencing clear social, economic or environmental benefits from public contracts. There were difficulties in gathering information from suppliers. This was believed to be due to lack of procurement resources and lack of support from the community. Further barriers included long lead times which resulted in higher volumes of product being ordered. Forecasts for medicine designed by Ministry of Health are often inaccurate causing problems on delivery by the supplier. In addition, government are notorious for late payments to suppliers causing them financial difficulties.

Rwanda

The community benefits realised from an infrastructure contract (Table 3) were significant and on a scale not matched by many nations or governments. The procurement board and procurement committee in Rwanda remain committed to mitigate incidences of corruption, and so public spend is fragmented with contract values deliberately kept low. This means that many community benefits which may be realised from the public contracts are lessened and detecting more examples of sustainable impact is possibly more difficult.

Zambia

Can be characterized by an unstable political environment which means that policy is subject to change and sometimes these changes are not communicated well. There is lack of political will in a few of the countries to embrace sustainable procurement policies due to misconceptions that planning community benefits requires skills and capabilities in the procurement teams. There is a fear that working sustainably will add cost and that adding community benefits clauses to contracts could potentially exclude smaller suppliers from these contract opportunities. There seems to be vested national, political and economic interests that slow down procurement reform. Having long established cultural practices in government means that resistance to change is a major barrier to overcome. The long term societal and economic benefits of sustainability are not fully understood. There is a fear that contractors will be discouraged or respond negatively to the addition of community benefits clauses. Suppliers fear that compliance with sustainability will lead to higher costs.

Discussion

To help counteract problems with corruption, E-Procurement systems are being installed and implemented in Indonesia in an effort to better manage procurement, auditing and taxation through improved transparency. Our study finds that procurement managers have sometimes become so risk averse and fearful of being accused of favouritism and corruption that they deliberately avoid awarding contracts to locally based suppliers. This finding is further evidenced in our analysis.

Building on Figure 1 (Harland et al. 2007), the amount of regulation for each nation is scored against policies; directives; laws, rules, guidance; contract clauses and award criteria all relating to sustainable factors. Using a scale of five (0 = no evidence 4 = strong evidence) Table 4 indicates that Indonesia has the highest level of policy and regulation for procurement (9). Rwanda and Zambia (COMESA) are more comparable (6,7).

Table 4: Extent of public policies, regulations and laws in public procurement for each nation

Nation	Public Procurement Policies	Public Procurement Directives	Public Procurement Laws, rules, guidance	Methods, contract clauses, award criteria	Monitoring/ measurement tools	TOTAL
Indonesia	3	0	3	1	2	9
Rwanda	2	0	3	0	1	6
Zambia	1	3	1	0	2	7

These findings are further compared in Table 5 using a scale of 7 to explain the extent of community benefits achieved (0 = no evidence 6 very strong evidence and lots of measurable elements)

Table 5: Extent of community benefits achieved for each nation

Nation	0 No evidence	1 Very slight evidence	2 Some evidence	3 Strong evidence	4 Very strong evidence	5 Very strong evidence and some measurable elements	6 Very strong evidence and measurable elements
Indonesia		X					
Rwanda							X
Zambia							X

In terms of strategic procurement development, the findings in Table 4 and 5 bring some contrasting results to the existing messages in the literature. The nation (Indonesia) which has the highest level of public procurement policy, procurement rules, laws and guidance has achieved the lowest community benefits. Rwanda and Zambia do not include contract clauses or award criteria on sustainable benefits as confirmed on Table 4 in fear that they will discourage suppliers to bid for public contracts. Participants mentioned the perception that being sustainable costs in the short term.

Conclusion

Research insights

This exploratory study confirms that whilst corruption continues to be a major issue for the case nations, public procurement from Indonesia, Rwanda and Zambia evidence positive social and economic value from public procurement contracts. In the case of Rwanda, the social and economic impact was substantial. This study builds on research by Walker et al. (2012) confirming that different aspects of sustainability are being emphasised across developing nations: health is observed as a key priority in Indonesia, employment in Rwanda and growing enterprises in Zambia. Our findings align with Harland et al. (2007) in that the sustainable procurement activity per case example is not necessarily linked to the stage of strategic procurement development. Nor is the level of sustainable practices linked to the economic maturity of these developing nations. In the case of Zambia, it was felt that community benefits needs to be anchored to an organizational policy statement. This provides the sustainability platform from which to develop community benefits clauses. Perhaps, more significantly, building on the IMP network theory framework (Figure 1), a key message communicated during the two-day workshop was that to effectively embed sustainable procurement into the national and regional procurement policy there is first a need to develop the right organizational culture and practice amongst procurement teams and other stakeholders who may be affected.

Research limitations

Our study was exploratory, analysing only three nations. Two of those were from Africa. Further research extending to other developing nations is possible. IRSP 6 data collection included Romania, listed by UN as a developing nation. The findings from the Romanian case were not dissimilar to those of Indonesia. There appears to be a misconception amongst procurement teams of these developing nations that by dismissing bids from locally based suppliers this will prevent allegations of corrupt practice.

Future research

The evidence provided in this study suggests that fighting corruption often takes precedence over focusing on community benefits so perhaps it can and should be linked. For example, lower corruption leads to a greater focus on sustainable practice and higher community benefits. High corruption is a distraction from sustainable procurement as a longer term objective and leads to lower community benefits. Skills and capabilities were mentioned frequently by participants during the workshop, not just from the developing nations. Whilst supply chain capabilities is a well-researched area by scholars, a further study may build on existing studies by Walker et al. (2008) and explore the necessary skills and capabilities for managing sustainable procurement and strategically planning community benefits.

The link between strategic procurement and sustainable procurement is more of an inferred practice and the research findings in this study are inconsistent in evidencing that sustainable procurement is a form of strategic procurement. This theory requires further research.

References

- Blaikie, N. (2000). *Approaches to social enquiry: advancing knowledge*. Cambridge. Polity Press
- Brammer, S. and Walker, H. (2011). Sustainable procurement in the public sector: an international comparative study. *Journal of International Journal of Operations & Production Management*, Vol. 31 (4), pp.452 - 476
- COMESA <http://www.comesa.int/> [accessed 12/06/16]
- Delavallade, C. (2006). Corruption and distribution of public spending in developing countries. *Journal of Economics & Finance*. Vol. 30 (2), p. 222-239.
- Dza, M., Fisher, R. and Gapp, R. (2013). Procurement reform sin Africa: the strides, challenges, and improvement opportunities. *Public Administration Research*. Vol. 2 (2), p. 49-57.
- Europa: Public procurement and hard facts (April 2015). Available at; http://trade.ec.europa.eu/doclib/docs/2015/april/tradoc_153347.pdf [accessed 08/06/16]
- Flynn, A. and Davis, P. (2014). Theory in public procurement research. *Journal of Public Procurement*. Vo. 14 (2), p. 139-180.
- Håkansson, H. (ed) (1982). *International marketing and purchasing of industrial goods: An interaction approach*, Wiley Chichester.
- Håkansson, H. and I. Snehota (1989). "No business is an island: The network concept of business strategy." *Scandinavian Journal of Management* 5(3): 187-200.
- Harland, C.M. and Knight. L.A. (2001). Supply network strategy: role and competence requirements. *International Journal of Production and Operations Management*, 21 (4) (2001), pp. 476–489

Harland, C., Qatami, L. and Warrington, J. (2007). Concept of evidence-based public procurement. Proceedings of *16th Annual IPSERA Conference*, Bath, UK, April 1–4.

Harland, C., Telgen, J. and Callendar, G. (2012). *International Research Study of Public Procurement. Chapter 16*.in *Public Procurement: international cases and commentary*. Sage.

Hessami, Z. (2014). Political corruption, public procurement, and budget composition: theory and evidence from OECD countries. *European Journal of Political Economy*. Vol. 34 (2014), p. 372-389.

Hunja, R.R. (2003). Obstacles to public procurement reform in developing countries. *Public Procurement: The Continuing Revolution*, Kluwer Law International.

IRSP International research study in public procurement. <https://irspp.wordpress.com/> [accessed 15/6/16]

Knight, L.A., Harland, C.M., Telgen, J., Callender, G., Thai, K.V., and McKen, K.E. (eds) (2007). *Public Procurement: International Cases and Commentary*. Routledge: London.

Lynch, J., Walker, H. & Harland, C. (2013). Utilizing a community benefits tool in support of the local multiplier effect for sustainable procurement innovation. *Supplement to the 2013 Annual Statistic Report on United Nations Procurement. Procurement & Innovation*. Available at; https://www.unops.org/SiteCollectionDocuments/ASR/ASR_Supplement_2013_WEB.pdf [accessed 30/03/16]

Lynch, J., Walker, H., Uenk, N. and Schotanus, F. (2016). Community benefits of public procurement: a comparison between local governments in Wales (UK) and Netherlands. Conference proceedings for 25th IPSERA, Dortmund.

Léon de Mariz, C., Ménard, C. and Abeillé, B. (2014). *Public Procurement Reforms in Africa: Challenges in Institutions and Governance*. Oxford. Oxford University Press.

McCrudden, C. (2004). Using public procurement to achieve social outcomes. *Natural Resources Forum*, 28: 257–267. doi: 10.1111/j.1477-8947.2004.00099.x

Mason, J. (2007). *Qualitative Researching*. 2nd Edition. London, Sage Publications.

Preuss, L. (2007). Buying into our future: sustainability initiatives in local government procurement. *Business Strategy and the Environment*. Vol. 16 (5), 354-365.

Schapper, P. and Malta, V. (2006). An analytical framework for the management and reform of public procurement. *Journal of Public Procurement*. Vol. 6 (1), p. 1-26.

Streeter, C.L. and Gillespie, D.F. (1993). Social network analysis. *Journal of Social Service Research*, 16 (1–2) (1993), pp. 201–222

Tate, L., Ellram, L. and Golgeci, I. (2013). Diffusion of environmental business practices: a network approach. *Journal of Purchasing & Supply*. Vol. 19 (4), p. 264-275.

UN.org List of least developed countries 2016.

http://www.un.org/en/development/desa/policy/cdp/ldc/ldc_list.pdf [accessed 15/06/16]

Wahid, F. and Sein, M. (2013). Institutional entrepreneurs: the driving force in institutionalization of public systems in developing countries. *Transforming Government: People, Process and Policy*. Vol. 7 (1), p. 76-92.

Walker, H. (2015). New development research at IPSEERA: aligning research and practice and future trends. *Public Money & Management*. Vol. 35 (2), p. 141-144.

Walker, H., Mayo, J., Brammer, S., Touboulic, A. and Lynch, J. (2012). Sustainable procurement: an international policy analysis of 30 OECD countries. *Proceedings for 5th International Public Procurement Conference (IPPC)*, Dublin.

Walker, H., Miemczyk, J., Johnsen, T. and Spencer, R. (2012). Sustainable Procurement: Past, Present and Future. *Journal of Purchasing & Supply Management*. Vol. 18 (4), p. 201-206.

Wontner, K., Walker, H., Harris, I. and Lynch, J. (2015). Barriers and Enablers to a “Living Wage” in Public Sector Contracts. *Proceedings for 24th IPSEERA Conference*, Netherlands.

WTO: Who are the developing countries. https://www.wto.org/english/tratop_e/devel_e/d1who_e.htm [accessed 15/06/16]

Yin, R. (2014). *Case study research: design and methods*. 5th Edition. London, Sage Publications.

Acknowledgements

The authors wish to thank participants from Indonesia, Rwanda and Zambia for their cooperation during the IRSPP workshop in sharing valuable insights to public procurement practice which provide the basis for new research.

Appendix 1: Case study template proforma completed by Zambia

CASE STUDY ABSTRACT – COMESA

In 1998 the Common Market for Eastern and Southern Africa (COMESA)¹ undertook a diagnostic study and survey on public procurement in 10 Member States. The findings of the study illustrated major shortcomings in COMESA procurement systems including: deficiencies in procurement practices, weak institutional capacity, discriminatory practices, restrictions against fair competition, lack of information on public procurement opportunities, and revenue loss through non transparent practices.

To address the above weaknesses, COMESA embarked on a Public Procurement Reform in 2001 in order to facilitate more liberalized trade in COMESA Countries. The process was aimed at promoting good governance through public procurement reform that would bring in greater efficiency gains from the procurement process leading to enhanced economic development.

In 2003 the Member States adopted the COMESA Procurement Directive which urged Member States to: upgrade their procurement systems to international standards; harmonize their procurement policies and procedures; and build capacity for efficient management of public procurement systems.

PART 1: GENERAL		NOTES
GOVERNMENT: COMESA	ACADEMIC:	
TITLE: Head of Procurement	TITLE:	Profile
COUNTRY INFORMATION		NOTES
Country	COMESA	Information: http://www.comesa.int/
Public procurement annual spend	USD 70 million per annum.	
Public procurement annual spend as a percentage of GDP	0.00012%	
Regulation/ legislation on public procurement in your country	COMESA Directive/COMESA Regional Procurement Regulations	http://www.comesa.int/attachments/articles/26/2009%20Gazette%Vol.%2015%20Nov3.pdf
Positioning your national public procurement level using the maturity model.	Stage 3 – Efficient Use of Public funds Stage 4 – accountability in use of public funds Stage 5 – achieving value for money in use of public funds	The COMESA Directive places emphasis on the application of uniform procedures in public procurement in order to ensure high standards of economy and efficiency, competition, openness, transparency, fairness and accountability throughout the procurement system. It recognizes that consolidation and harmonization of the legal framework renders procurement systems more user friendly both to public and private sector officials. Such consideration assumes added importance in the context of regional economic integration of procurement markets.

PART 2: COMMUNITY BENEFITS POLICY, REGULATION OR LEGISLATION		
Documented policy statements on community benefits in public procurement.	Attach policy statements, documents and provide website links	COMESA does not have Community Benefits Regulations. However, the COMESA directive encourages countries to identify measures that may be implemented to facilitate participation in public procurement by small enterprises.
Regulation/ legislation on community benefits in public procurement in your country	List of Acts, year passed, and any website links Attach any relevant documents	
Barriers to forming community benefits policy, regulation or legislation	Political barriers Economic barriers Behavioural/ societal barriers Informational/ technological barriers	
Tips, do's and don'ts you can pass on to other countries		
COMMUNITY BENEFITS PRACTICE AT NATIONAL OR REGIONAL LEVEL		
Research evidence of use of community benefit clauses at national or regional level	Number of contracts with CB clauses (or estimate) Value of contracts with CB clauses (or estimate) Area of spending / government departments using CB clauses e.g. highways, health, education, defence Attach any research reports and any website links	
Research evidence of impact of community benefits arising from public procurement contracts at national or regional level	Direct investment / cash benefits Economic development related benefits Employment related benefits (I changed the order here – direct and economic together) Sustainability/ environmental benefits Societal benefits e.g. safety, crime reduction, Health benefits	
COMMUNITY BENEFITS PRACTICE AT SPENDING AREA/ GOVERNMENT DEPARTMENT LEVEL		
Research evidence of use of community benefit clauses in your area of spend/ government department	Number of contracts with CB clauses (or estimate) Value of contracts with CB clauses (or estimate) Types of contracts with CB clauses – list examples or provide complete list Attach any research reports and any website links	60 contracts in total. Cash value USD 3,167,210. Supply of goods and services (ICT equipment, furniture and fittings, stationery and office supplies), consultancy services for the legislative process and procurement systems, training modules development and training and facilitation services, meetings and workshops, travel and logistics services. Goods – USD 106,500; consultancy services– USD 3,060,710; Meetings, Workshops, Travel and logistics – USD 5,925,391.
Research evidence of impact of community benefits arising from public procurement contracts in your area of spend/ government department	Type and EURO equivalent of value where appropriate Direct investment / cash benefits	Economic development related benefits: Opening up the national procurement market to the private sector in all COMESA Member States –suppliers and consultants in the region's countries were able to access public procurement opportunities with nationals of the given country. The opportunities are advertised on the Regional Procurement Management Information System (PROMIS) http://promis.comesa.int

	<p>Employment related benefits</p> <p>Economic development related benefits</p> <p>Sustainability/ environmental benefits</p> <p>Societal benefits e.g. safety, crime reduction,</p> <p>Health benefits</p>	<p>Creating and strengthening institutions that have improved public sector financial management;</p> <p>Adoption of procurement laws and procedures that facilitate transparency, open competition and accountability.</p> <p>Societal benefits:</p> <p>Training of procurement cadre (Training of Trainers) have contributed towards further strengthening of the system by training procurement personnel at Entity level – 1800 professionals associated with procurement entities in the region were trained in both the public and private sector. An e-learning portal has been developed to make the training modules available online in order to benefit more learners http://elearning.comesa.int</p>
PART 3: COMMUNITY BENEFITS EXAMPLE PROJECT (being presented at the workshop)		
Title	Public procurement/ community benefits project title	Enhanced Public Procurement and Capacity Building Project
Project description	<100 words	<p>The project was aimed at promoting good governance through public procurement reform that would lead to enhanced economic development. The specific objectives of the project were to harmonize public procurement rules and regulations in COMESA, improve national procurement systems and strengthen the capacity of COMESA Member States in public procurement, and enhance awareness of public procurement opportunities in COMESA. The project was funded by the African development Bank. http://www.afdb.org/fileadmin/uploads/afdb/documents/project-and-operations/multinational-comesa_Enhancing_Procurement_Reforms_Capacity_Project_-_Appraisal_Report.pdf</p> <p>Although COMESA does not have Community Benefits Regulations and Legislation, this case study attempts to share experiences of the projects' outcomes that translate to social benefits for the COMESA Member States in general</p>
Specific community benefits policy	Specific policy that project tried to comply with	Participation by Small and Medium firms/consultants
Strength of influence of the policy on the project	<ol style="list-style-type: none"> 1. Very low 2. Low 3. Moderate 4. High 5. Very high 	Low, since CB clauses are not a core requirement; criterion included was the participation by firms in the COMESA region.
Contract dates	e.g. dates of start of project, invitation to tender, contract award, contract end	Various in the period 2006-2011
Project value	Please add a conversion to Euros	USD 9.54 million
Government / public procurement area	e.g. works, local government, health	Procurement Legislative process and capacity building.
Consideration of Community Benefits at pre-tender stage	Description and examples	Promotion of Regional Businesses.
Setting Community Benefits clauses at invitation to tender stage	<p>How were these designed?</p> <p>Was the community involved – if so, how?</p> <p>Were suppliers involved – if so, how?</p>	Advertisement in the local press in Member States and on the websites of COMESA and AfDB. The project introduced

<p>Consideration of Community Benefits at tender evaluation stage</p>	<p>Method used to evaluate tenders – e.g. categorical methods (subjective scoring), weighted points plans (percentage weighted points for community benefits and other features of tenders) or whole life costing methods (assessing values of long term benefits)</p>	<p>10% margin of preference granted to regional suppliers during evaluation for goods.</p> <p>25% score attributed to local consultancy firms for consultancy services.</p> <p>85% of contracts awarded to regional firms.</p>
<p>Assessment of Community Benefits directly accruing from the contract at the time of contract delivery</p>	<p>Cash benefits 40 social, economic and environmental measures such as: revenue to national, regional or local enterprises income to national residents and citizens savings to national treasury cash donations in-kind donations of labour, goods and services. Economic development benefits development of SMEs increased national or regional GDP increased exporting improved inflation levels stronger currency Employment related benefits short-term unemployment reduction long-term unemployment reduction disadvantaged workers employed apprenticeships traineeships work experiences or internships graduate placements accredited training courses work trials voluntary work placements Sustainability/ environmental benefits landfill reduction water saving carbon emission</p>	<p>1-2. n/a</p> <p>3. USD 9,131,067</p> <p>4-6. n/a</p> <p>7. USD 3,167,210</p> <p>8-21. Not known</p>

	reduction use of recycled materials reduction of pollution Societal benefits safer communities crime reduction reduction of poverty enhanced child care facilities enhanced care for older people equality and diversity improvements rehabilitation of ex-offenders other Health and well-being benefits improved health and safety reduction of pollution related conditions e.g. asthma and other respiratory diseases reduction of stress related conditions improved mental health increased flexibility for caring other	22-40 Not applicable
Barriers to achieving community benefits from this public procurement contract	Political barriers Economic barriers Behavioural/ societal barriers Informational/ technological barriers	Unstable political environment/lack of political will in a few of the countries; Vested national, political and economic interests that can slow down procurement reform; Resistance to change long established practices; Fear of negative reaction by contractors to the introduction of Community Benefit clauses- discouraging tender submissions as these will be seen as something that will cost more. Poor IT infrastructure.
Tips, do's and don'ts you can pass on to other countries		
Barriers to evidencing community benefits	Difficulties in designing metrics for this project to evidence community benefits Difficulties in gathering data that evidences community benefits from this project e.g. lack of resources, lack of support from	Lack of a measurement tool. Lack of effective participation by suppliers/firms – due to negative perception. Lack of compiled data both at the country and regional level.

	<p>suppliers, lack of support from community</p> <p>Difficulties in analysing data from this project</p>	
<p>Tips, do's and don'ts you can pass on to other countries</p>		<ul style="list-style-type: none"> • It is necessary to have a monitoring and verification mechanism as well as the capacity to effectively monitor the process; • Effective implementation of a CB approach requires a high level commitment; • Set aside resources to equip procurement staff with the requisite skills especially training in setting clear targets and evaluating responses in the award process; • You may also need to seek a training grant to skill contractors staff in order to reduce cost to Contractors and make the approach attractive to them; • Where there is inadequate local capacity, encourage joint ventures.
<p>Anything else important not covered above?</p>	<p>Please tell us anything you think will be an important learning message for your own and other countries</p>	<ul style="list-style-type: none"> • A CB approach must be anchored on an organizational policy statement which will act as a basis upon which the organization can build CB clauses; • Before embarking on CB approach, there is need to achieve the appropriate organizational culture and practice among procurement teams and other stakeholders