

Introduction

In this policy brief we will account for sustainability across the supply chain for PPE (Personal Protective Equipment) during the pandemic within Swedish public procurement. We will focus on the national, regional, and municipal scales. Agenda 2030 and the sustainable development goals (SDG) developed by the United Nations is used as a point of departure, particularly goals eight and twelve. These are as follows:

- SDG 8 pertains to “Promote inclusive and sustainable economic growth, employment and decent work for all”; and
- SDG 12 refers to “Ensure sustainable consumption and production patterns”.

In this brief we outline how aspirations toward SDGs were promoted and upheld.

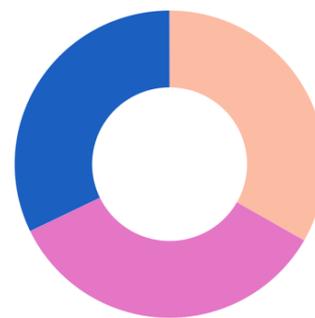
We begin with a short background for context. Secondly, a succinct discussion of the methods used is reviewed. Thirdly, our results are presented, which orient around scale, resources, and sustainability. These details are also represented in table form across the scales; i.e. national, regional, municipal, and factory-level (see Appendix A). In our tabulated information, we go beyond Sweden to capture key features of supplier level factors.

Background

Swedish Public Procurement has an annual turnover of around €80 billion, which corresponds to a sixth of the national GDP (Swedish competition authority, 2019).

Therefore, it is a significant actor within both public sector procurement and the global value chains. In addition, the public sector is given less inquiry regarding challenges it faces, including around sustainability (Hughes, Morrison & Ruwanpura 2018; the National Agency for Procurement 2022a). This highlights the purpose and significance of the research.

Expenditure distribution by company size, 2019

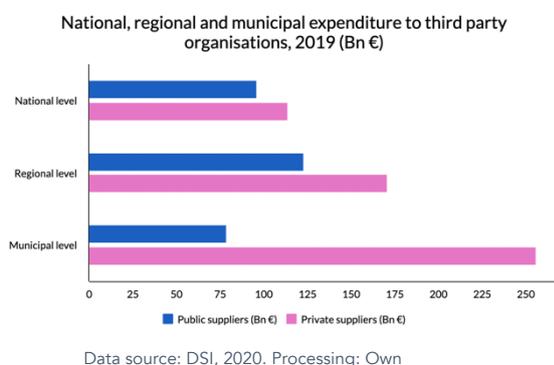


■ SMEs (33.25%) ■ Large enterprises (34.57%)
■ Other organisations (32.17%)

Data source: DSI, 2020. Processing: Own

Public procurement of contracts, goods and services is regulated by the Public Procurement Act (Lagen om Offentlig Upphandling, LOU), which is underpinned by the European Union directives and primary laws (SFS 2022:1138). The act’s main purpose is to ensure agencies procure on a commercial basis, i.e. buying the product or service that is most economically beneficial; for instance, the product with the best cost-quality ratio. The act precludes considerations such as loyalty or past deals. This is to ensure fair competition amongst tenderers as well as to counteract corruption (Swedish National Procurement Agency §2022b).

The principle of procuring on a commercial basis has been discussed by Åström & Bröchner (2007). They note that commercial priorities might contradict non-economic considerations in the awarding of contracts, such as social or environmental criteria, which are optional below certain threshold values. However, if the procurement exceeds either €134,000 (for central authorities) or €207,000 (authorities below central level), the ILO core conventions must be followed (European Union 2014: 35). Nonetheless, this applies to suppliers that “directly contribute to the fulfilment of the contract”, which is challenging given the hidden nature of materials incorporated into PPE articles (National Procurement Agency 2022b). This has also been discussed by Hughes et al (2018) framing it as the “economization of the political” meaning that market logic increasingly shapes moral and social questions. For example, Swedish public procurement is evidently public yet dependent on the private sector. This relationship is not apparent within current legislation; however, it may affect both preparedness and stipulation during times of crisis as buying agencies are subject to the global market.



Method

Data was collected through a survey of policy documents and semi-structured interviews, which took place in Sweden and Sri Lanka. For this brief, we primarily focus on research in Sweden – and draw on fieldwork in Sri Lanka for tabulated information.¹ Within Sweden fourteen interviews were conducted; 25 interviews were conducted with managers in Sri Lankan apparel factories – some of which very quickly shifted to PPE production. In Sweden, the interviewees worked at both bigger and smaller municipalities, regions, state-level agencies, and NGOs. Our aim was to capture different registers and scales at which sustainability concerns underpinned procurement decision-making during a crisis.

Main findings

Scale

To appreciate Swedish procurement, scale is an important consideration – as the country’s health sector and procurement procedures are structured nationally, regionally and locally (i.e. municipal level). Hence, beyond the national level, there are 20 regions and 290 municipalities and so, conditions differ from other countries. This geography meant that challenges to sustainable procurement varies, depending on scale. Heterogenous practices have emerged locally, although norms and ideals for sustainability are parallel, despite the commercial logic guiding public procurement (Åström & Böchner 2007). During the pandemic, awareness of supply chain challenges and logistics was common knowledge across all scales, although not always acted upon as the main priority was acquiring PPE.

¹ The works on Sri Lanka, appears in Ruwanpura (2022a, 2022b) and other articles that are forthcoming.

Municipalities and regions had to encounter the challenges first through their own practices, while guidance from the national agency for public procurement was sought. To mitigate uneven supply across the country, Adda and the National board of health and welfare redistributed PPE both logistically and by opening a web shop for procurers to buy from. Given the challenges of the pandemic, suppliers without pre-qualifications were able to sell their product since many processes were fast-tracked. Given the degree of decentralization, coordination was challenging and consisted mostly of advice and counselling from the national and regional levels. Procurers felt that at the inception they had to jostle with each other, especially at the municipal level, but it eventually transpired that they did not experience any acute shortages of PPE. However, they were acutely conscious and were aware that the main risk was defined as the “frontline”; namely, staffing elderly care, hospitals, and clinics. Protecting them was key, although not always with success.

Resourcing

Issues of resourcing were prominent, especially at the start of the pandemic. Several sustainability coordinators switched roles as the majority of procuring organs halted sustainability assessments. The assessments normally consisted of document follow-ups, factory audits, office audits and sample checks. Instead, purchasing bodies mainly relied on qualitative self-reports, with acknowledgment of limitations. Hence, trust and cooperation were essential, as Swedish procurers were acutely aware of inbuilt weaknesses in self-reporting. In addition, smaller municipalities do not have internal procuring departments.

Instead, they outsource purchasing to either private companies or bigger municipalities close by. Municipalities and regions are political entities, meaning staffing and resourcing depend on political decisions which may impact practice.

To mitigate the municipal lack of resourcing that affects follow-up and risk assessment, Adda and the National Agency for Public Procurement perform publicly available risk evaluations for commonly procured items, including PPE. However, not all procurers were aware of the nature of support provided by the agencies, suggesting that outreach activity from the national level to the municipal level needs strengthening. This concern had resonance on the audit results conducted at the national level – indicating unevenness in information flows.

With reference to framework agreements, several buying agents did not know how to interpret or follow up on social and environmental conditions due to a lack of knowledge or expertise. This issue was prominent for many municipalities and smaller procuring units. Nor is everybody aware of when they are buying a so-called risk product; e.g., an item that contains conflict minerals. These findings echo commentary pieces that came with the pandemic on the supply chain and worries that there will be downward pressures on labour and environmental standards (Brydges and Hanlon 2020; Lawreniuk 2020). Moreover, some procurers did not want to scare suppliers away with various sustainability demands because dependence on suppliers was acute – signalling the fluidity of uneven power dynamics. This was especially the case, as PPE was a seller’s market during the pandemic, as Hughes et al. (2022) point out. There is an additional factor that needs

consideration; in our estimation, these uneven dynamics also demonstrate the tension that emerges when the public sector is depending on private agents – especially as there were middle agents that were shaping dynamics between public sector procurement agencies and suppliers in the global South.

Sustainability

At the start of the pandemic, no interviewee stated that sustainability was of highest priority. Nor was it a key register for PPE suppliers, as they mentioned for buyers the priority was securing orders in the shortest production times. These shifts in priorities during crisis moments raise critical questions on the sustainability agenda in production and consumption (SDG 12). It also suggests that even sustainability programmes forged in the global South and perceived as a response in a multi-polar world (Langford, Nadhvi and Braun-Munzinger 2022) – unless incorporated at every layer of production may have limits. This is especially the case because our respondents noted how and business was conducted as usual, ambitions around sustainability targets were back on the agenda. All procurers were highly and acutely aware of SDG 8 and SDG 12 – and across the scales, strategic plans, domestic and international cooperation, high awareness, and aspirational framework agreements all permeate with SDG aspirations in Swedish public procurement. Practical implementation during crisis however suggests more work is needed.

Procurement agencies also noted that large suppliers are better at being

sustainable and transparent with their supply chains. SME's have varying records, nonetheless, they make up the bulk of the supply chain. In addition, many suppliers evoke trade secrets when asked about their sub-contractors, which is their legal right. This can be a hindrance to further examination, especially as the PPE supply chain is very complex. New corporate due diligence legislation is coming from the European Union, which may necessitate strengthening these spheres as a matter of priority. However, SMEs are not directly in the scope of the proposal as it aims for companies with over 250 employees (European Commission 2022). Meanwhile, interviewees pointed out SMEs as key actors in upgrading sustainable value chains, especially as no contracts were terminated due to sustainability issues.

Third-party certifications, like the CE marking, are circumscribed in their capacity to capture and communicate complex supply chains (Brydges et al 2022). Importing, producing, and distributing PPE without a CE marking was granted a waiver during the pandemic, if it was reported to the authorities. In this context, it means that no material specifications had to be made. (Work environment authority n.d; AFS 2020:9). However, this was not commonly used as buyers wanted to protect employees at the "front line". With regards to threshold values, no PPE procurements were below €134,000 at the national level; while for municipalities, it was a recurrent expenditure.

Steps Ahead

Our main takeaways:

- Across all scales, Swedish procurers are conscientious about sustainable supply chains and had a high degree of awareness.
- The aspiration of procurers is to make it perpetual and not make it contingent upon timing and resourcing. This would help manage future crisis more dexterously.
- The start of the pandemic was challenging across the scales (nationally, regionally and municipality levels).
- Eventually no acute shortages of PPE were salient; yet most desired to have well-resourced systems that can manage crisis systems with attentiveness to SDGs – and especially SDG8 and SDG 12.
- Issues of resourcing were especially noticeable at the municipal level.

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Source

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Appendix A – Tabulated results

	Scale	Resourcing	Sustainability
National level	Gave guidance and counselling to purchasing bodies & suppliers. Geographically redistributed PPE. Designed framework agreements that included social codes as qualification criteria.	No prominent issues of resourcing.	Highly aware of SDG 8 and SDG 12. After a few months, business was conducted as usual. Ambitious framework agreements and work strategically. Sustainability was not the highest priority during the pandemic.
Regional level	Performed risk analysis. Opened a PPE web shop and designed framework agreements for municipalities. Coordination of municipalities and purchasing.	Sustainability coordinators switched roles at the beginning of the pandemic. Fears of side-tracking were prominent. Sustainability assessments were initially halted.	Highly aware of SDG 8 and SDG 12. Were especially aware of workers' conditions in the global South. Systematic follow-up processes. Ambitious framework agreements. Sustainability was not the highest priority during pandemic.
Municipal level	No acute PPE shortages were experienced. Priorities were staffing and protecting the 'front line'. Mainly used the same suppliers as before. Heterogenous practice.	Lack of knowledge and expertise in interpreting framework agreements. Unevenness in information flows, not everyone was aware of audit results and available support.	Highly aware of SDG 8 and SDG 12. Some municipalities prolonged delivery windows in order evade pressure on workers. Started exploring circular economy opportunities, although not with PPE. Sustainability was not the highest priority.
Factory level	Suppliers cooperated across scales; larger factories outsourced PPE production to smaller ones. Experienced sense of urgency from middlemen.	Downward pressure on labourers and environmental standards. Outsourcing of production to smaller factories.	Prevalence of forced labour in Malaysian glove factories. The use of plastic in medical gowns raised questions about environmental sustainability.