

PROCUREMENT AS A DRIVER FOR INNOVATIVE WATER GOVERNANCE

Amsterdam, 9 februari 2018

*Carolien Gehrels, Gerhard van den Top, Daniel Goedbloed**

■ And so what do we take home after the round tables, seminars and fact finding field trips? Everybody resumes his or her role and that is precisely what should happen in our view. When it comes to governance and public private partnership, we are convinced that everyone should be aware of his own role and instruments, and use these to make a contribution. But how to we combine these roles and instruments towards the goals we talked about in Amsterdam? We believe it is the primary role of governments to detect, recognize and use these different roles and instruments, and to act as the conductor of this 'orchestra' – hence facilitating synergy in the interplay of actors in society towards a policy objective. Procurement is one important instrument that the government can use of improve this conductor role. This was our main conclusion at the governance workshop of the 4th Amsterdam International Water Week in November 2017. Taking the case of climate resilience as an example, a 'rainproof' approach can be included in the terms of condition of a procurement process for spatial (re-) development. This will make sure competing companies will include rainproof solutions in their bids. When governments recognize the innovative power of procurement, and use it more to play the conductor role, we can accelerate our progress towards a circular and resilient water future.

Innovative procurement?

In a traditional process of (re-)development, the municipal government primarily aims for short term needs, the increasing the supply of affordable housing. As many urban regions continue to face a strong housing demand, the market is eager and willing to invest. the classical approach is that the municipality organizes a competition between market parties. Awarding those who come up with best ideas towards affordable housing space with the highest short term economic benefits for the city.

In a more innovative approach towards the same objective (speedy development of affordable housing space) , government agencies jointly raise the bar for competing bidders by including quality and longer term goals in the tender procedure. The municipality

starts a competition with a fixed price for the landlease. Market parties now have the opportunity to combine price with other criteria, such as climate resiliency, energy and rainproof measures to deal with more extreme conditions of heat, drought and cloudburst. The bid which best combines the short- and longer term objectives is selected, i.e. a real estate development that is rainproof, produces green energy, re-uses rainwater, recovers minerals from waste water and so on; the project has the potential to inspire (re-) developments elsewhere in the city.

In the second example, cities can engage the innovation power of the private sector in designing and building circular and water resilient urban housing areas without compromising financial and economic parameters. Re-orienting procurement policies is the

* **Carolien Gehrels**, directeur Big Urban Clients programma Arcadis; **Gerhard van den Top**, dijkgraaf van Waterschap Amstel, Gooi en Vecht; **Daniel Goedbloed**, Programmamanager Amsterdam Rainproof at Waternet.

key in making this happen. Close(r) cooperation between different layers of government may be required to make this possible.

Human Cities Coalition: unfolding the potential of innovative procurement

Clearly, governments cannot deliver sustainable cities on their own. Neither will the market, or knowledge centres provide the answers without policy guidance: what is it that society wants our future urban landscapes to deliver and look like. Once governments have articulated the key elements of these societal goals, the next step is to challenge engineering and construction firms, knowledge centres and others to define the ‘how’ answers on how to achieve these goals. An innovative procurement process, therefore, not only allows these longer term, sustainability dimensions into the selection framework, but should also allow space for societal partners to raise the bar on these ambitions. At the end of the day, however: local, regional, national or even continental government agencies have the possibility to set the level of ambition that will ignite the market to come up with proposals and new ideas for the functions a city needs to sustainably fulfill. You decide what the criteria are and in the long term it is your choice whether it will only be about the last euro or dollar, or also about the sustainable development and quality of your city.

The Sustainable Development Goals for 2030 function as a global compass; SDG11 explicitly focuses on making cities inclusive, safe, and resilient. During the 2017 AIWW the first *Amsterdam Agreement* was signed for a *Human Cities Coalition*, with the same purpose of recognizing the power of procurement for governments to unleash the innovative potential of the market in bringing about SDG 11: “While national and local governments have an important responsibility to implement SDG11 at national and city level, businesses are also an important part of the solution. Private sector expertise, innovation and funding power are needed to push for a systemic change in the way in which we approach urban development. enabling leading national and international companies to present a new and differentiated competitive edge. While large-scale infrastructure programmes will continue to be tendered on the basis of cost, quality, ability to secure supply chains, technical expertise, and timely execution, there will also be an increased focus on social inclusion and the importance of provisioning interconnected basic services in urban areas. Crowding in private capital for inclusive urban development is essential to generate more economic, social and environmental value for all stakeholders. The SDGs are responsible for redirecting global public and private investment flows towards solutions for the challenges identified by the goals, including inclusive urban development.” The long-term strategy of the Roadmap for Human Cities is to contribute to systemic change in the procurement and tender processes of large-scale urban development

projects by adding social and human requirements to the existing bid evaluation criteria.

Reinventing Paris as another example

In Paris, Mayor Ms Anne Hidalgo and Vice Mayor Jean-Louis Missika jointly developed a new tender process initially to defreeze urban development within the Periferique. They selected 25 sites and asked private parties and consortia to come up with innovative plans, that are fulfilling a challenging combination of needs of the city: social and affordable housing combined with high quality, a library, a hospital, green space etc. Mr Missika, Paris’ deputy mayor who is in charge of innovation and economic developments, acted as the conductor of this experiment. She explains the approach as “abandoning traditional patterns and trusting private actors to deliver novel ideas”. He describes most projects as being “private buildings of general interest”. The result was new development of 25 plots in the city that are adding value to the city in terms of functions.

Next steps in climate adaptive procurement: High Level Panel on Water and Dutch Government

The Amsterdam International Water Week was opened by Netherlands’ Prime Minister Mark Rutte. “It all comes down to one thing: valuing water”, he said. The Dutch prime minister is one of the eleven sitting heads of states that form the High Level Panel on Water, which was jointly initiated by the United Nations and the World Bank. The panel aims to mobilize global support for the implementation of the water-related Sustainable Development Goals.

Based on the outcomes of the Amsterdam International Water Week, the Panel could make a concrete and practical contribution to this objective by recognizing the potential of climate adaptive procurement as a policy on international, national and regional level. “If we know what water is worth to each stakeholder, we can make the most of trade-offs and maximise the total value of water to society”, Prime Minister Rutte said. This means that the value of water and climate resilience need to be brought into the economic decision making domain as well: through a procurement policy and -process that empowers knowledge centres, private partners and suppliers to play their roles and instruments in delivering infrastructure, buildings, waterworks that contribute to a circular and resilient water future.

“In addition to economic value, water also has cultural, social and environmental values”, Mark Rutte said. Let’s start by counting those values in as well when it comes to future government investments. Use your purchasing power, Mr. Prime Minister, to make this change happen, and others will follow. ■