



PRACTICES AND TRENDS IN SUSTAINABLE PUBLIC PROCUREMENT

CHALLENGES IN SUSTAINABLE PUBLIC PROCUREMENT -
INTERNATIONAL CONFERENCE

Sustainable Procurement, NAIR, Indian Railways, 10 July 2019

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UN Environment and SPP



- UN Environment promotes the worldwide implementation of SPP, a powerful instrument that has the ability to accelerate the **shift to more sustainable consumption and production practices**
- Through its various projects, UN Environment supports the **development and implementation of SPP policies in member states** and fosters **regional cooperation** and exchange of know-how
- UN Environment co-founded and led from 2014 to 2018 the **One Planet SPP programme**, an international collaborative platform that aims at accelerating the shift to SPP. UN environment is in charge of the SPP monitoring work area.



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Achieving SDG12, serving Agenda 2030

SDG 12: Ensure sustainable consumption and production patterns

Target 12.7: Promote public procurement practices that are sustainable in accordance with national policies and priorities

Indicator 12.7.1 Number of countries implementing sustainable public procurement policies and action plans



Definition of SPP

Sustainable Public Procurement (SPP) is

*“... the process whereby organizations meet their needs for goods, services, works and utilities in a way that achieves “**value for money on a whole life basis**” in terms of generating benefits not only to the organization, but also to **society** and the **economy**, whilst limiting damage to the **environment**”*

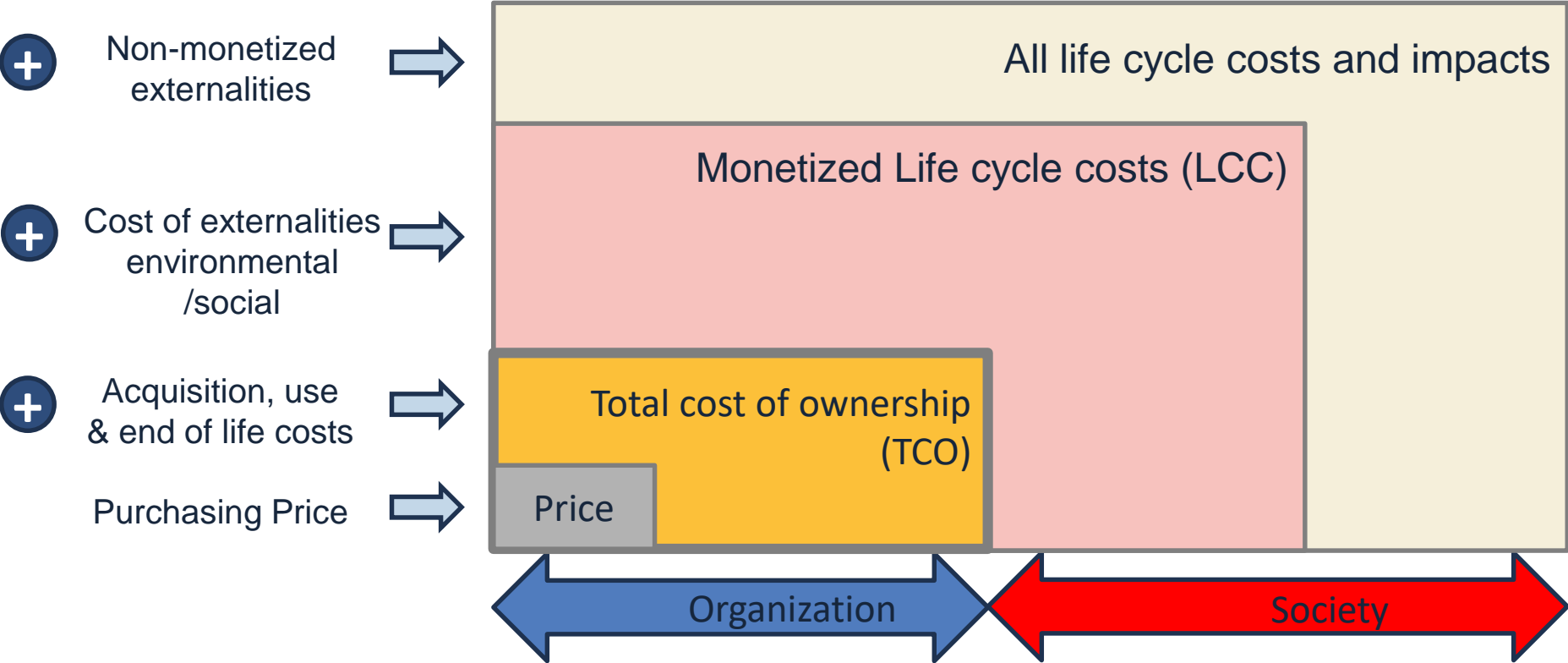
Defra, UK Sustainable Procurement Task Force (2006), One Planet SPP Programme

Definition of GPP

Green Public Procurement (GPP) is

*“a process whereby public authorities seek to procure goods, services, and works with a **reduced environmental impact throughout their life cycle** when compared to goods, services and works with the same primary function that would otherwise be procured.”*

Promoting Life Cycle Costing



Source: UN Environment/ISO 20400



Greening supply chains

**“ Our acquisition of goods and services
creates a carbon footprint nine times
that of our buildings
and fleet, put together.”**

The GSA logo consists of the letters 'GSA' in a white, bold, sans-serif font, positioned to the right of a solid blue square.

Dan Tangherlini
Administrator
US General Services Administration

Source: Remarks for SPLC's 2014 Summit in Washington, DC



DEFORESTATION



OVERFISHING



**CONFLICT
MINERALS**



SWEATSHOPS



DISCRIMINATION



Sustainability Impacts & Opportunities

Within Operations

Within Supply Chain

Source: SPLC

Impacts & Opportunities

Environmental

Environmental factors affect the natural systems on which life depends, now and in the future.

- + biodiversity preservation
- + climate adaptation
- + resource optimization
- + soil health stewardship
- acidification
- desertification
- eutrophication
- freshwater pollution
- greenhouse gas emissions
- habitat depletion
- human health impacts
- land use change
- marine pollution
- ozone depletion
- radiation pollution
- resource depletion
- smog
- waste
- water consumption

Social

Social factors affect the social systems on which communities depend, now and in the future.

- + anti-discrimination
- + community engagement
- + diversity/equal opportunity
- + employee engagement
- + equal remuneration
- + fair trade
- + freedom of association
- + grievance & remedy processes
- + human rights
- + indigenous rights
- + occupational health & safety
- + right to collective bargaining
- + sustainable compensation
- + training and education
- + worker rights
- child labor
- forced/compulsory labor
- human trafficking
- sourcing from conflict zones

Economic

Economic factors affect the health of the markets on which commerce depends, now and in the future.

- + fair dealings
- + innovation research / investment
- + open competition
- + transparency of information
- + use of diverse suppliers
- + use of HUB zones
- + use of local suppliers
- conflicts of interest
- corruption (bribery, extortion...)
- dividing territories
- dumping
- exclusive dealing
- misleading market claims
- monopoly (seller collusion)
- monopsony (buyer collusion)
- patent misuse
- price fixing
- product tying
- refusal to deal

**Not just private or public
procurement but institutional
purchasing**

THE WOMAN'S BOARD G

Share of US GDP by end-use consumption





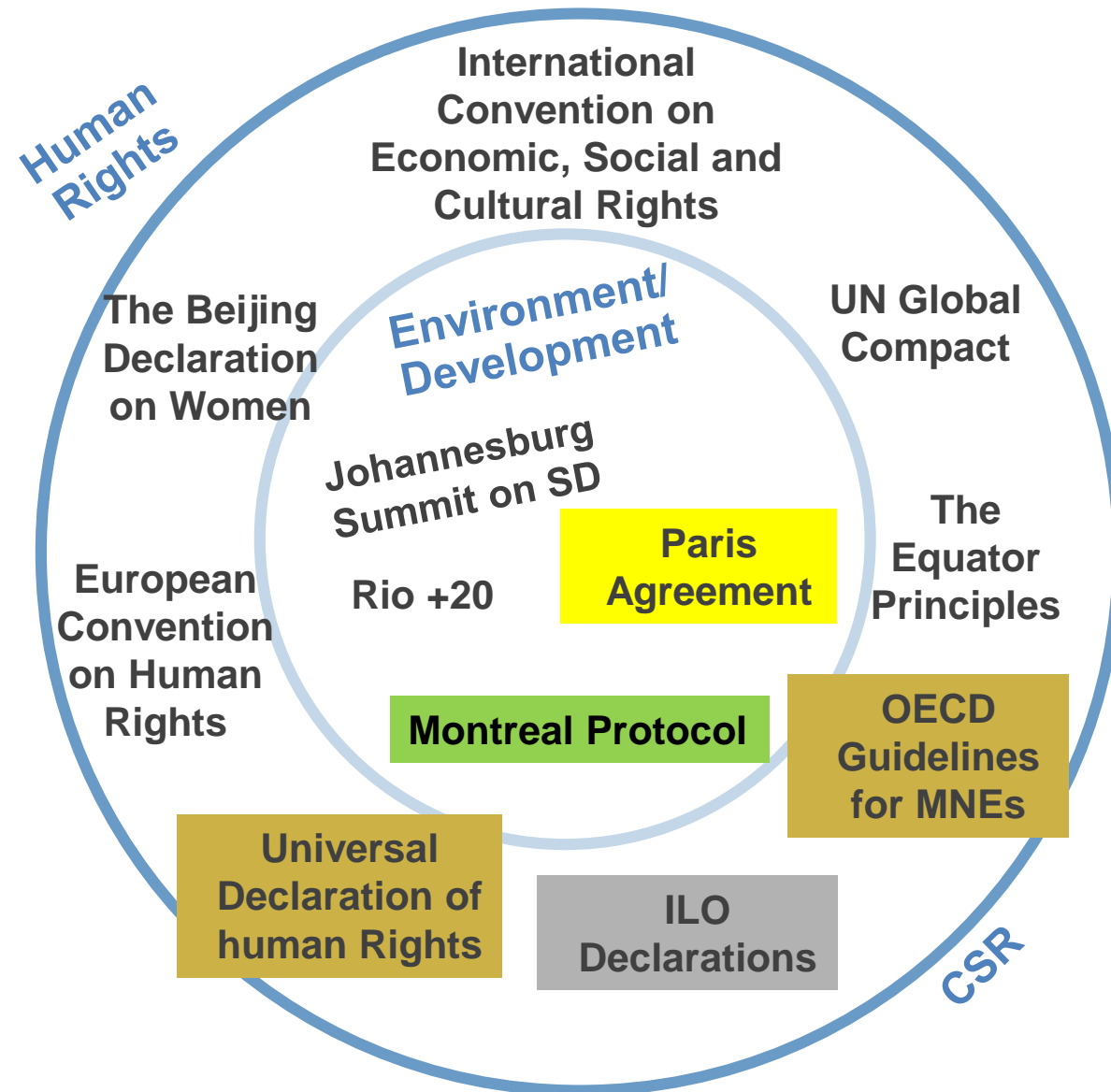
Purchasing organizations

...are uniquely positioned to **demand transparency** into the upstream and downstream impacts of goods and services.

...are capable of incorporating sustainability criteria into purchasing decisions **at a scale that can shift markets.**

Supporting policies and regulations for SPP

International regulatory instruments favourable to SPP



Policy framework supporting SPP in the EU

Policies for sustainable development



SD Strategy review (2006)
Europe 2020 Europe's growth strategy (2010)

Policies for sustainable production and consumption



Integrated Product Policy (2003)
SCP/SIP Action Plan (2008)

Policies and regulations for environmental protection



Clean Vehicles Directive (2009)
Buildings Energy Efficiency Directive (2010)
Energy Efficiency Directive (2012)

Procurement regulations



Procurement Directives (2004 and 2014)

Policy framework supporting SPP

Poland

SPP POLICY FRAMEWORK

SPP provisions in overarching and/or thematic national policies: Yes

- [Strategy for Innovation and Efficiency of the Economy "Dynamic Poland 2020", 2013.](#)
- [Efficient State Strategy 2020, 2013.](#)
- [Energy security and the environment strategy – 2020 perspective, 2014.](#)
- [National Energy Efficiency Action Plan for Poland 2014 \(in English\), 2014.](#)
- [Framework action plan for food and eco-farming in Poland for 2014 – 2020, 2014.](#)
- [National Waste Prevention Programme, 2014.](#)
- [National plan aimed at increasing the number of buildings with low energy consumption, 2015./](#)

SPP provisions in existing procurement regulations: Yes

- [Public Procurement Law \(in English\), 2004 as amended \(Journal of Laws of 2015 item 2164\).](#)
- [Regulation of the Prime Minister of 10 May 2011 on non-price mandatory tender evaluation criteria with respect to certain types of public contracts, 2011.](#)

Dedicated SPP policy(ies) in place: Yes

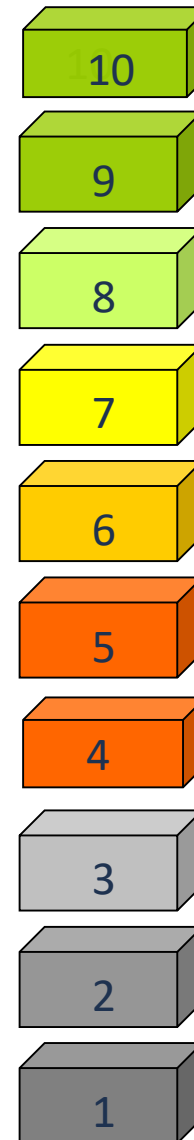
Since 2007

- [National Action Plan on Sustainable Public Procurement 2013-2016 \(SPP NAP\), 2013.](#)
- The [SPP NAP 2013-2016](#) is the 3rd planning document. The previous ones: SPP NAP 2007-2009 and SPP NAP 2010-2012 expired in December 2009 and December 2012 respectively.
- [Recommendations of the Council of Ministers on the application of social clauses by government administration in public procurement, 2015.](#)

**We need sustainable
consumption and
production/green economy
packages**

SPP can be much more effective if used simultaneously with other tools and instruments

- Pooled purchasing to increase volumes
- Coordination of institutional purchasing (governments and private sector)
- Ecolabelling schemes and SPP Criteria
- Environmental management – circular economy
- Life cycle costing
- Budgetary mechanisms that allow the use of TCO
- Economic instruments (green taxes, e.g. carbon taxes, phasing out of harmful subsidies)
- Capacity building and access to information
- Education to sustainable consumption
- **POLITICAL WILLINGNESS**



Supporting policies and regulations for SPP

International regulatory instruments favourable to SPP



Policy framework supporting SPP in Asia

Country	Overarching GPP Framework	Since	Type of policy	GPP Leading agency	Overseeing committee	Enforcement	For which agencies?
China	✘	2006	Regulation ELP (MoF / MoE)	MoE / MOF NDRC, MOC	✘	Voluntary	Central, regional, local agencies
Japan	✓	2001	Law (Parliament)	MoE	✓	Mandatory Voluntary	Central gov.. agencies Regional, local and other agencies
Korea	✓	2005	Act (MoE)	MoE (KEITI)	✘	Mandatory	Central, regional, local and other agencies
Thailand	✓	2008	Plan (Cabinet)	MNRE MoE (PCD)	✓	Voluntary Voluntary	1 st , Central gov. agencies 2 nd , Central, local and other agencies

Evolution of the Korean Policy Framework

1992

- Korean Eco-label programme launched

1994

- Act on Promotion of Purchase of Green Products (by Min. Environment)

2005

- Act on Development and Support of Environmental Technology

2006

- 1st Action Plan on Promotion of Purchase of Green Products 2006-2010 (by Min. Environment)

2011

- Mandatory for all agencies
- 2nd Action Plan 2011-2015 (by Min. Environment)

Policy framework supporting SPP in Korea

GPP Promotion Act (2005) Objectives:

- Mandatory for all government agencies (from central to local governments).
- Obligations: submit and publish an implementation plan for GPP with self-defined targets and performance records on an annual basis.
- Definition of green products:
 - Certified or meeting the criteria of Korea Eco-label (156 cat.)
 - Certified or meeting the criteria of Good Recycled Mark (15 cat)
 - In compliance with other environmental criteria set by the MoE in consultation with the heads of relevant ministries

Evolution of the Chinese Policy Framework

1993

- **China Environmental Labelling Program** launched

1994

- **China Certification Committee** for Environmental Labelling Products

2002

- **Government Procurement Law**
- Covers procurement by national, regional and local authorities
- **Promotion of Clean Production Law**

2006

- **Ministerial Regulation for Implementation of Government Procurement for Environmental Labelled Products (ELP)** (voluntary)

2008

- **Promotion of Circular Economy Law**

Policy framework supporting SPP in China

- Different types of policies promoting GPP within the public sector (in procurement law, national environmental laws and ministerial and state regulations)
- Involvement of different Ministries and National Government institutions (LGPC, NDRC, MOF and MEP)
- Linked to national ecolabelling programmes



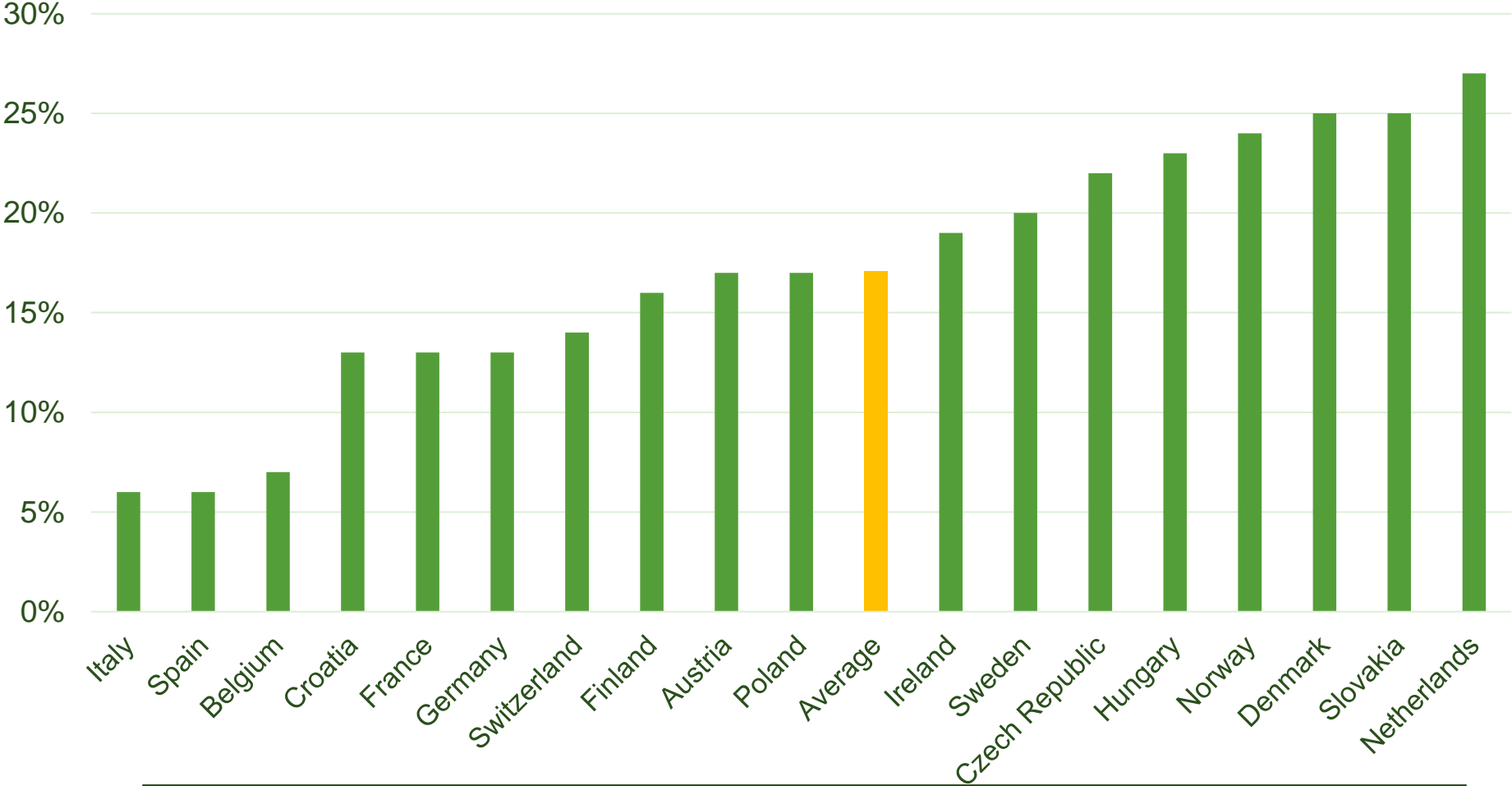
The Progress of SPP at Global Level

A PROMISING TREND TO SUPPORT THE SDGs



Procurement in national governments

Estimated percentage of the procurement expenditure as part of overall government expenditure

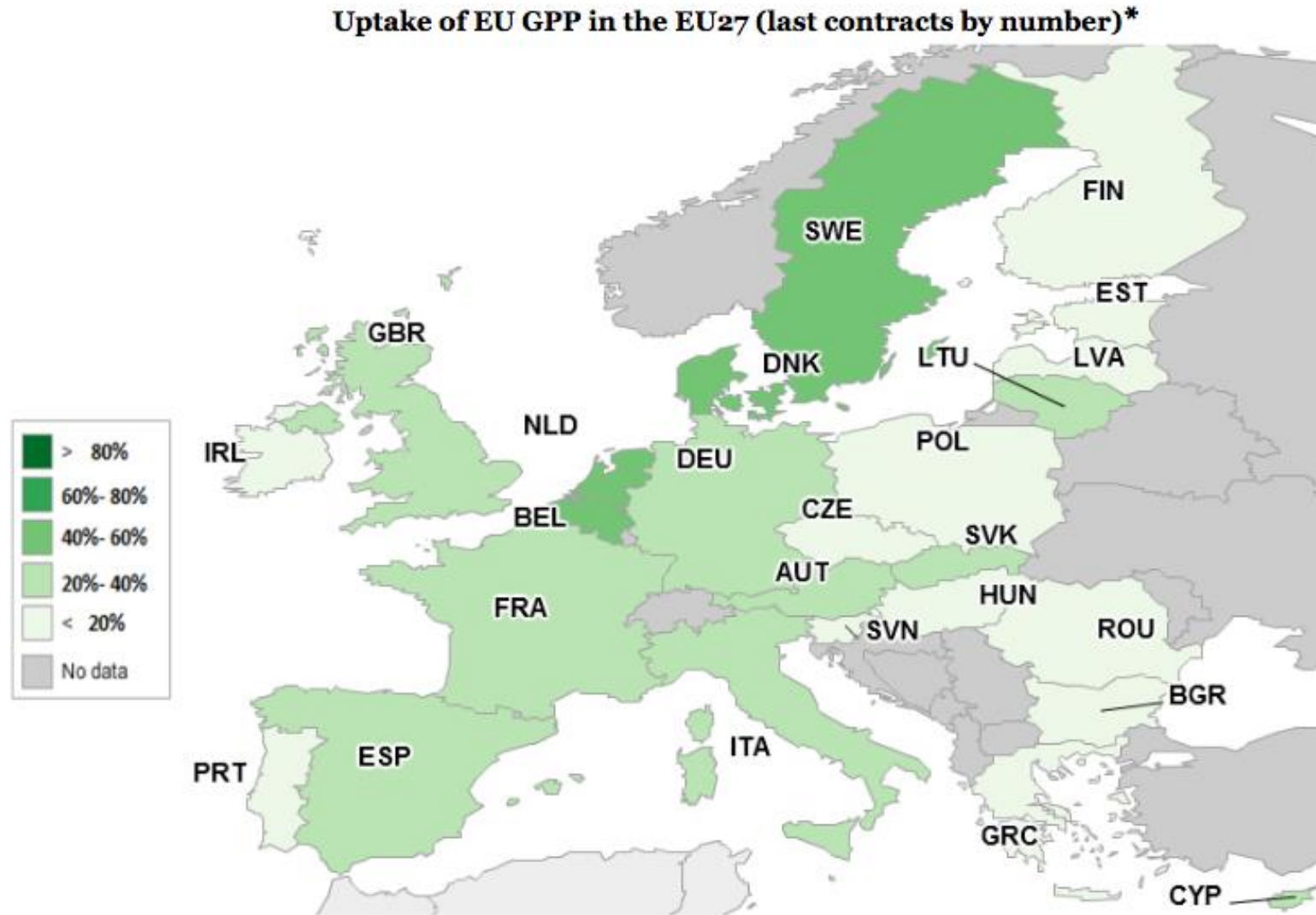


Procurement in national governments

PROCUREMENT AS A PERCENTAGE OF GDP (APPROXIMATE)	
EU	17%
USA	18%
South Africa	32%
India	36%
Mauritius	36%
Brazil	32%
Chile	37%
Vietnam	43%
Ghana	45%
China	58%
UAE	33%
Swaziland	65%
Timor-Leste, Sierra Leone, Uganda	70%

The uptake of GPP in Europe

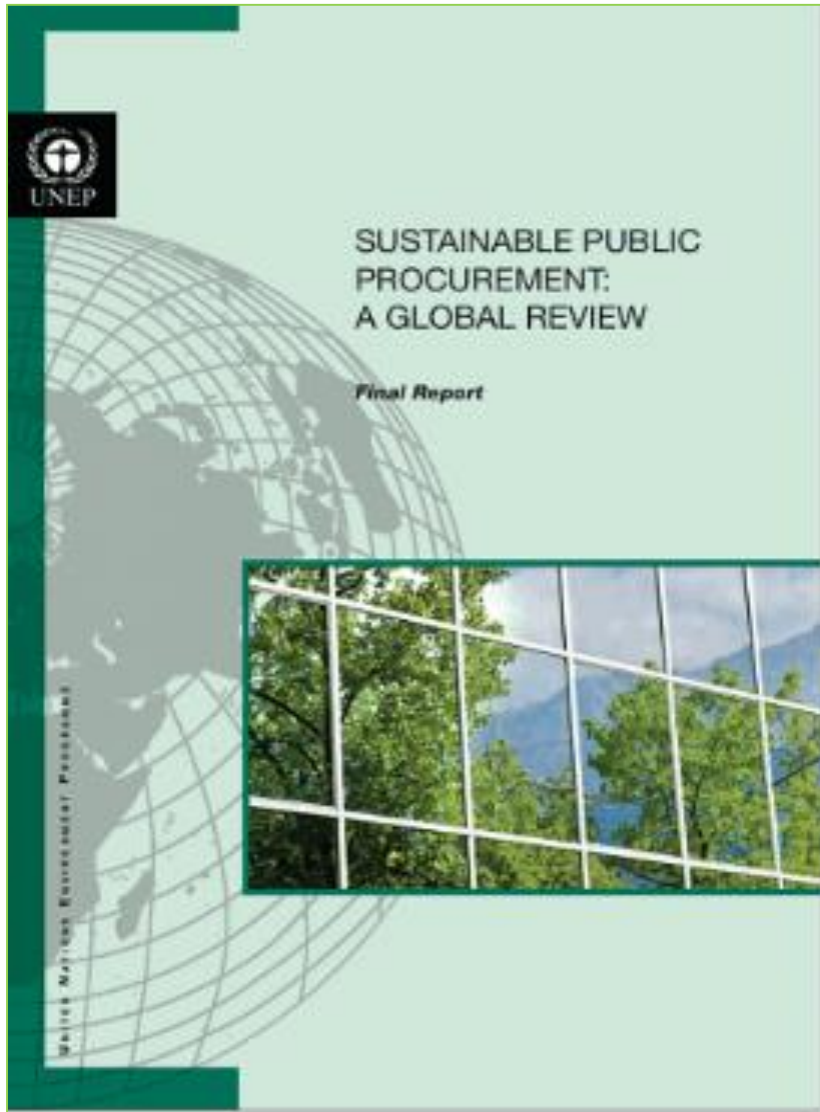
- **26%** of the last contracts signed in 2009-2010 by EU public authorities included **all** GPP criteria
- **55%** of the last contracts included **at least one** EU core GPP criterion
- In terms of value, **38%** of total contract value included green criteria
- Purchasing costs as the predominant criterion for procurers, with Life Cycle Costing Evaluation only used in a minority of cases



Main findings of the 2017 Global SPP Review



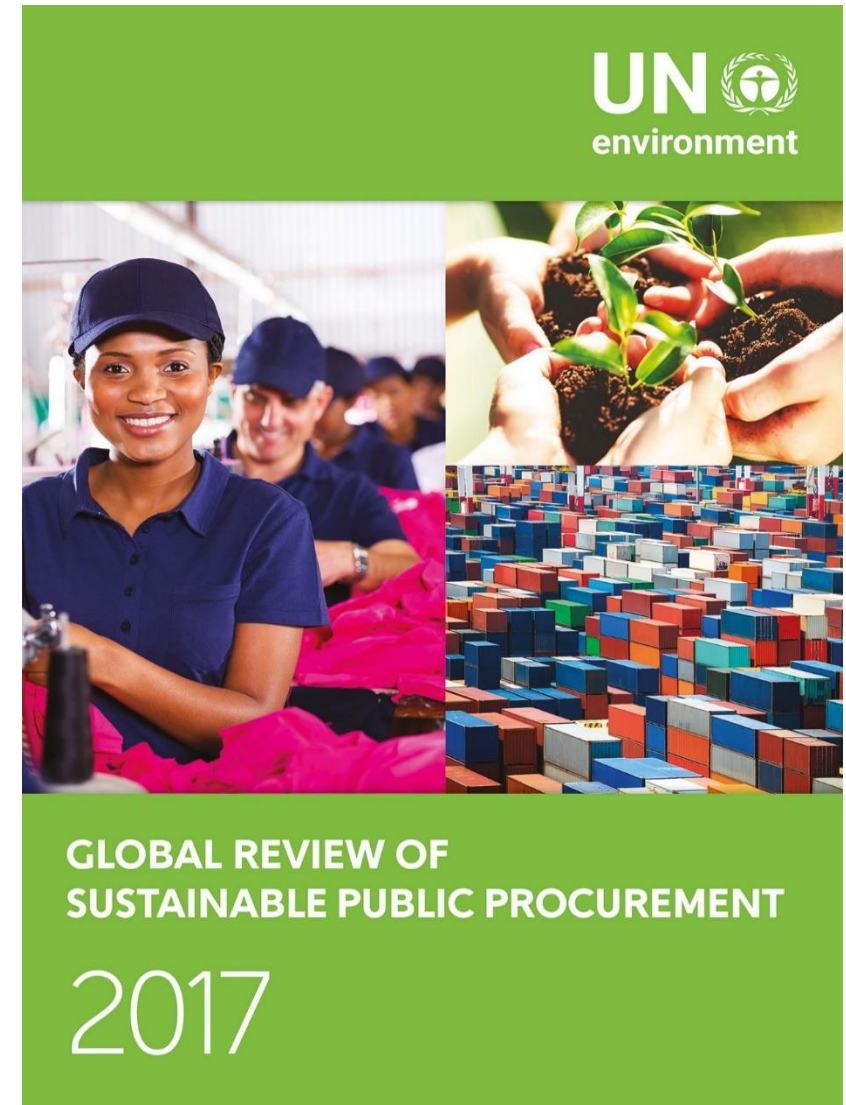
2013 Global SPP Review



A **global report** periodically reviewing the implementation of SPP

<http://www.spcclearinghouse.org/resource/sustainable-public-procurement-global-review-2013>

2017 Global SPP Review



<http://www.spcclearinghouse.org/resource/2017-global-review-sustainable-public-procurement>

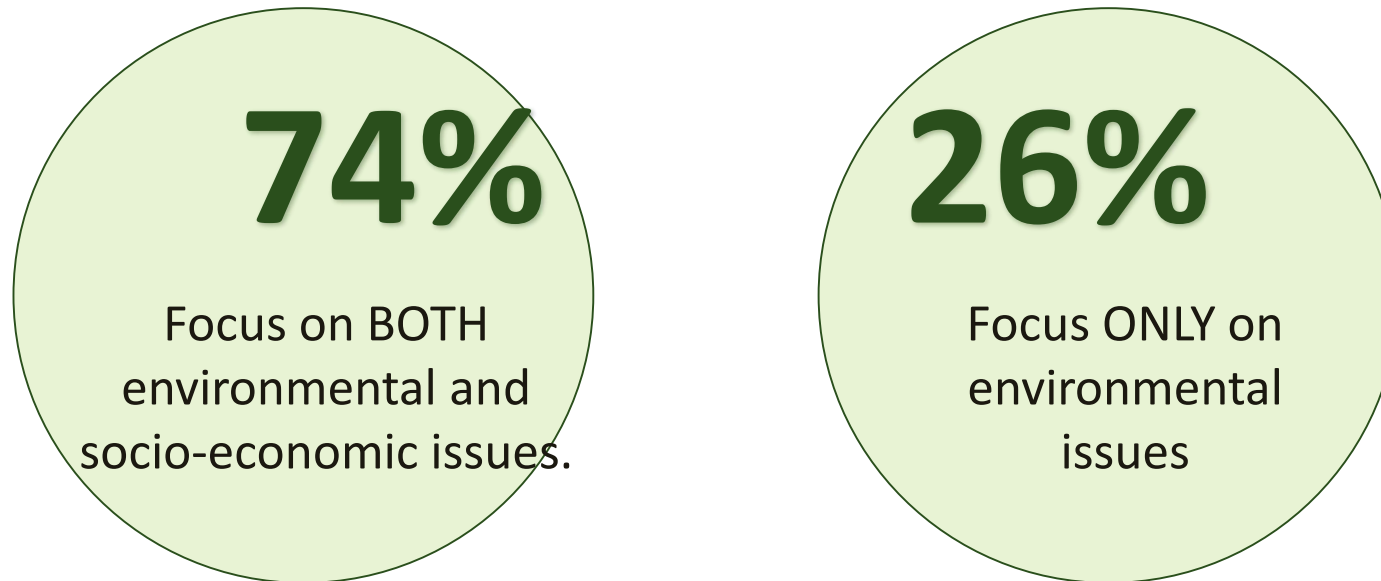


Key Lessons

- Governments are moving towards a strategic use of procurement as an instrument to achieve policy goals
- Training and provision of information is continuous to build expertise
- Peer collaboration and coordination with the market are increasing to maximise efficiency
- Monitoring is becoming a key issue with different strategies being tested and put in place

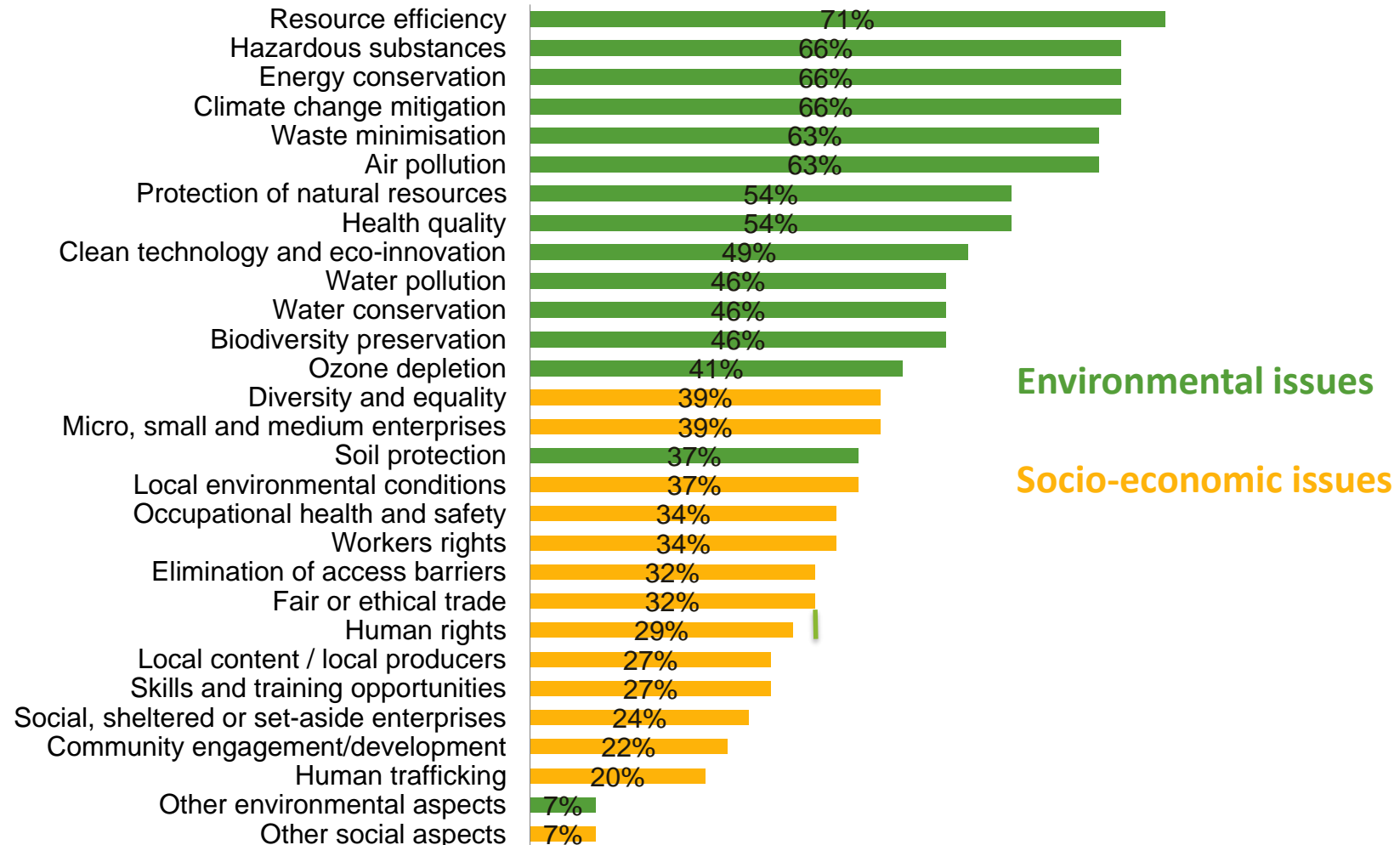
What type of sustainability issues are addressed by SPP policies? (1/2)

Most national governments have SPP commitments that **cover both environmental and socio-economic issues.**



The focus is still prominently on environmental issues, but socio-economic ones are increasingly taken into account.

What type of sustainability issues are addressed by SPP policies? (2/2)



Which categories of products, services and works are prioritised?



Office IT	89%
Office paper and stationary	85%
Vehicles	70%
Cleaning	67%
Furniture	63%
Buidling design and construction	59%
Building equipment	59%
Building materials	52%
Energy	52%
Textiles	52%
Food and catering	44%
Chemical products	37%
Household appliances	37%
Infrastructure design and construction	33%
Waste collection and street cleaning	22%
Travel services	15%
Works execution	15%

Strongest drivers of SPP in survey participants' organizations

- 57%** Policy commitments/goals/action plans
- 38%** Strong political and organizational leadership on SP
- 38%** Mandatory SP rules/legislation
- 29%** Training of procurement staff in SP
- 29%** Expertise: legal, environmental, social, economic
- 28%** Availability of SP criteria and specifications
- 28%** Personal commitment to sustainability by staff
- 24%** Monitoring, evaluation, enforcement of SP policies

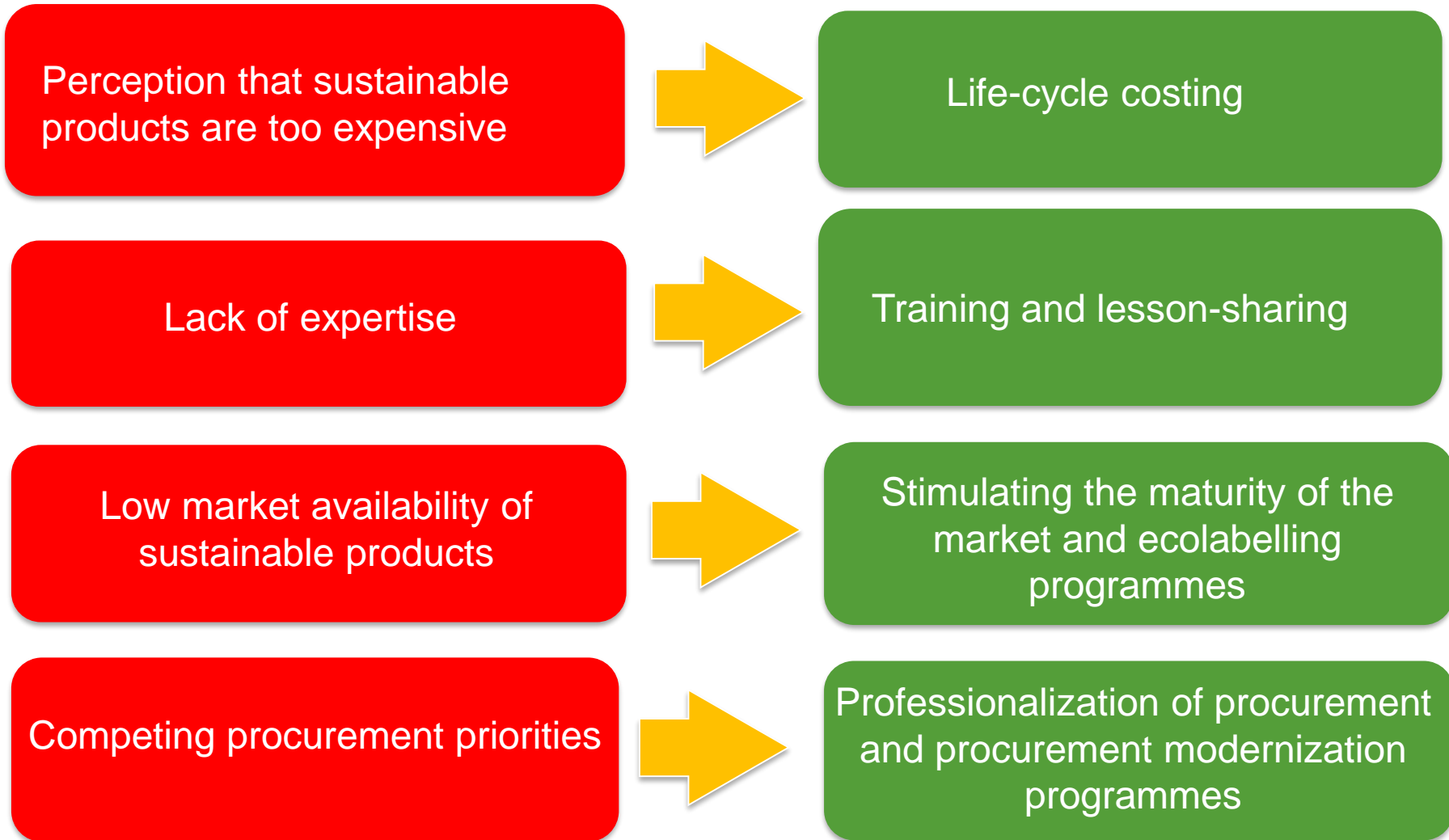


Main barriers of SPP in survey participants' organizations

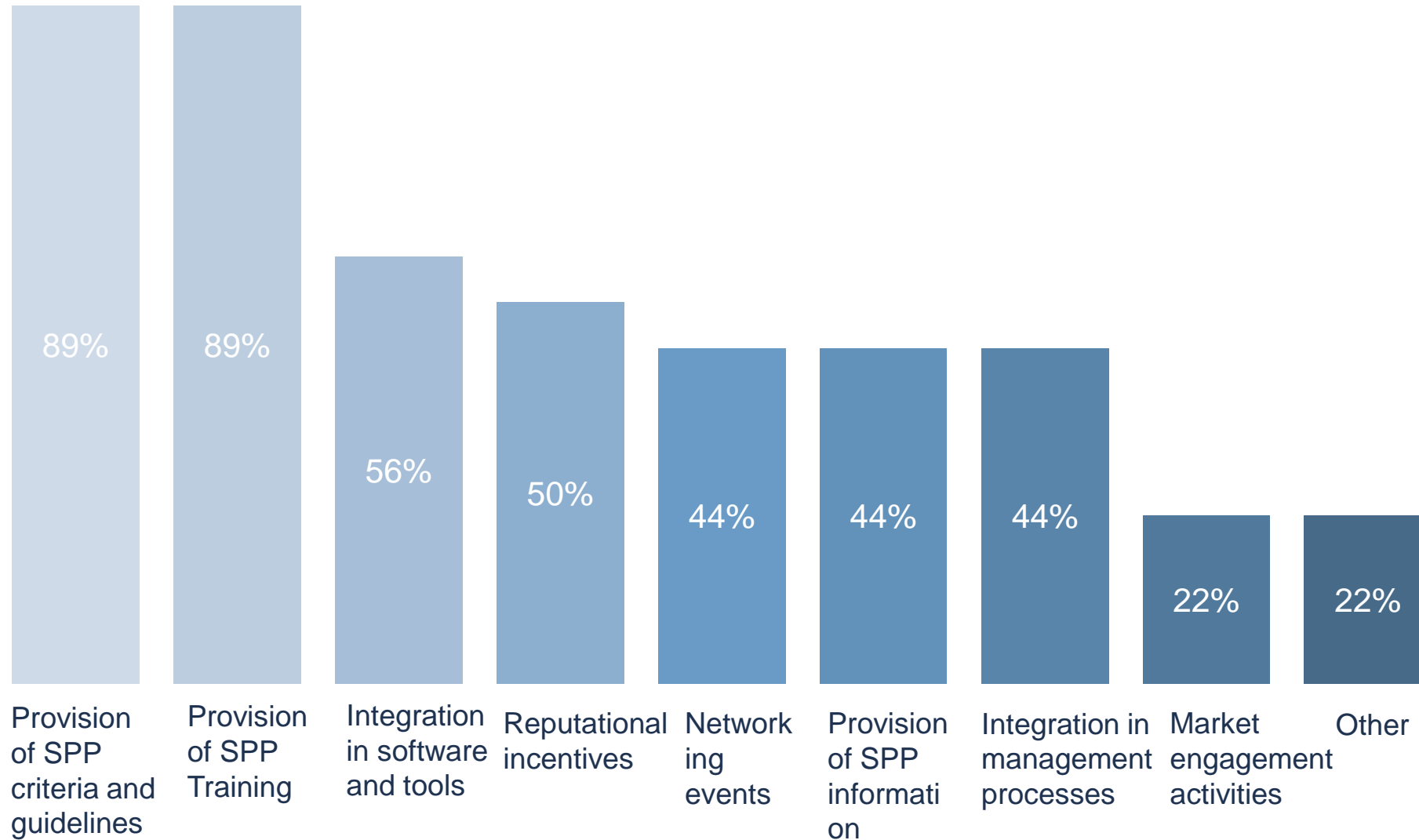


- 33%** Perception that sustainable products/services are more expensive
- 33%** Lack of expertise on SP implementation
- 30%** Lack of policy commitments/goals/action plans
- 28%** Lack of strong political and organizational leadership on SP
- 28%** Lack of mandatory SP rules/legislation
- 26%** Lack of sustainable products and/or services to purchase
- 25%** Insufficient monitoring, evaluation and/or enforcement of SP policies
- 22%** Competing procurement priorities

Challenges vs. possible solutions



SPP Implementation activities



Monitoring SPP



89%

Have a monitoring system in place to some extent

61%

Monitor at least annually

Monitoring allows policy-makers to make **better-informed decisions**, managers to **improve program efficiency**.

Which impacts are being estimated ?



GHG emissions



**Energy
consumption**

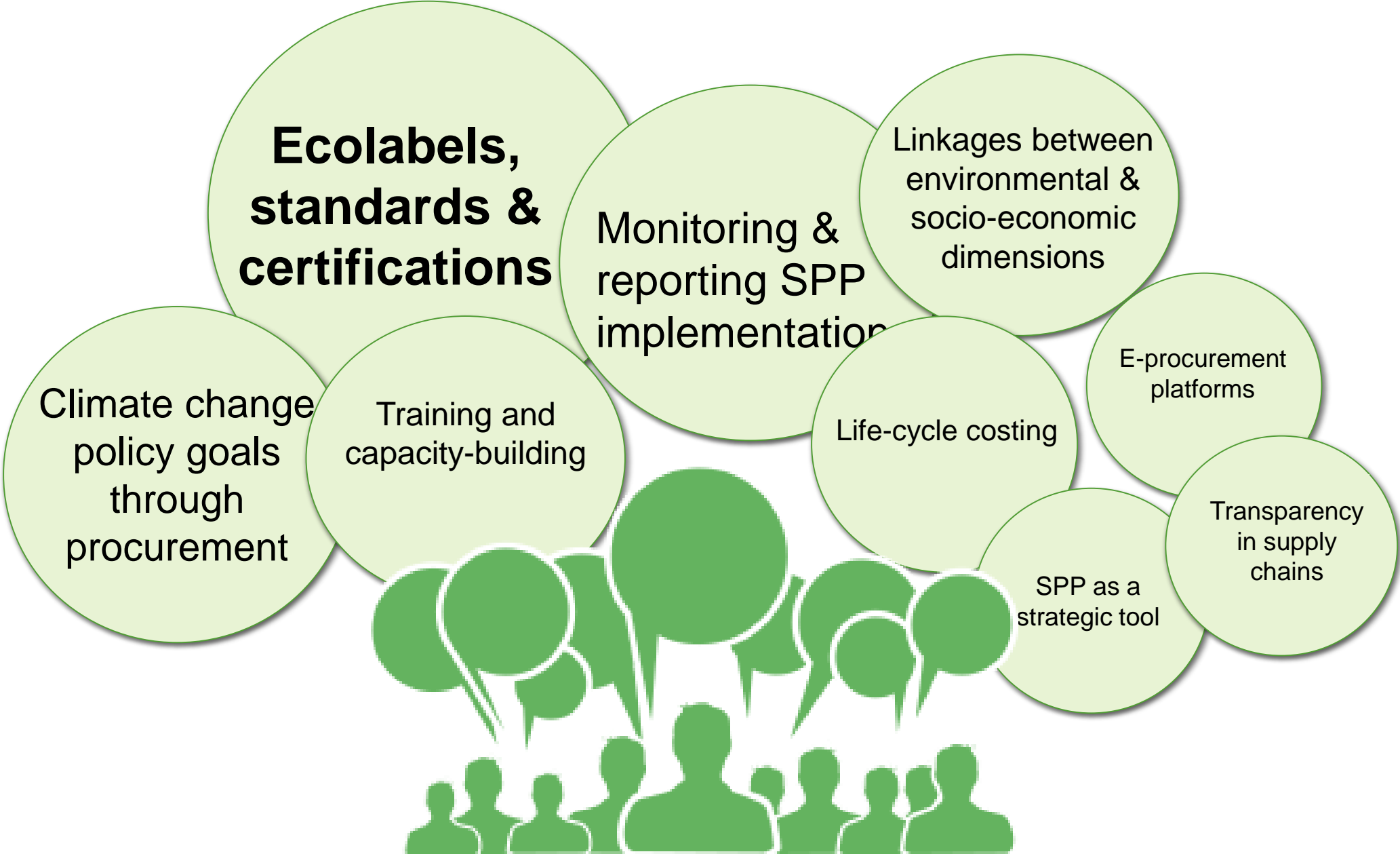


Water consumption



**Economic
savings**

Emerging topics, strategies and activities





THANK YOU



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