How to implement sustainable public procurement in practice

Barbara Morton
Defra, Procurement and Contracts Division
and
Sustainable Procurement Ltd
Outline

• MTF on SPP Implementation Plan
• How to implement in practice
• Examples of techniques to assist in implementation
• Costs and benefits
  – Examples of benefits
The MTF’s methodology to introduce and develop SPP

- SPP Principles
- Status Assessment
- Legal Review
- Market Readiness Analysis
- Training
- Implementation Plan
- Implementation
Status Assessment (1)

- Web-based Status Assessment tool

- Complemented with guidelines
- Objectives: to enable new starters and experienced practitioners to:
  - Identify what’s happening nationally on SPP
  - Understand the steps needed to improve SPP
  - Access sources of help and guidance to improve SPP
  - Compare their SPP approach with others

- Who is the Status Assessment useful for?
  - National procurement policy makers
  - Procurement managers and procurers
  - Others who wish to improve existing procurement processes
Status Assessment (2)

• How does it work?
  – Based on a self-assessment questionnaire (online or downloadable).
  – Better achieved by a group of key representatives from the procurement, policy, sustainable development, environment, legal, human resources and finance departments, possibly suppliers also

• What is the outcome?
  – Once finished, the outcome of your assessment is recorded and given to you.
  – Can be used to identify areas of success in SP and areas where further work is required.
  – At a later stage, completing the Status Assessment again will allow you to check your progress
Legal Review (1)

• Implementation Plan calls for a ‘Legal Review’
• Research to determine the legal framework for procurement in the country and the legal possibilities to integrate SPP principles
• Should involve country/regional partners
Legal Review (2)

- Should also take into account institutional framework for SPP
  - Cannot assume that framework exists
  - Public procurement governance, for example
  - Where public procurement reform is underway, need to consider opportunities and timing for introduction of sustainable procurement
Market Readiness Analysis

- Implementation Plan calls for a ‘Market Readiness Analysis’
- Research into which sectors are offering more sustainable products/solutions in the pilot country and in which sectors there are opportunities to improve (links to visit 1)
Training (1)

• Based on need for:
  – Promotion of implementation in many countries throughout the world
  – Consistency of message

• Training materials: providing different stakeholders in the procurement process an easy start to implement the concept of SPP.
Training (2)

- Training materials: providing different stakeholders in the procurement process an easy start to implement the concept of SPP.
- Regional “training of trainers”: to develop expert capacity on SPP implementation
- National SPP implementation workshops
- First pilot carried out in Argentina in November 2007
- Potential for others to follow in the 2008-2010 period: Costa Rica, Ghana, Tunisia, Mexico, Brazil, Lebanon, Philippines, China, India
MTF on SPP in action

5th MTF on SPP meeting and training in first pilot country
Argentina
November 2007

Pilot "Training of Trainers" Event ToT
Midrand, South Africa
2 – 3 June 2008

Pool of 14 MTF trained experts capable to implement the SPP approach
Procurement Cycle

1. Evaluate and select suppliers
2. Define the Specification and invite Bids
3. Evaluate Bids from suppliers and Award
4. Audit and improve supplier
5. Manage the contract and disposal

Procurement Process

Good procurement is sustainable procurement
Risk based approach

- Expenditure
- Environmental impact
- Socio-economic impact
- Existing activity
- Scope to do more
- Influence on the market
- Reputational risk
Issues could include:

- Social
- Sustainable
- Environmental
- Economic

Institutional Aspects!
Prioritise Action - Risk and Spend

- Secure
- Critical
- Acquisition
- Cost Driven

Risk

Spend > 0.5%
Market Engagement Strategy – Scope and influence

- Challenge
- Pioneer
- Encourage
- Research & Development
MARKET ENGAGEMENT STRATEGY

CHALLENGE

ENCOURAGE

PIONEER

R&D

Influence

Scope

0

17

0

9

Construction – Highways & Local Roads

Construction – Building & Refit

Food & Drink

Health & Social Care

Motor Vehicles

Consumables

White Goods

Business Travel

Energy

Furniture

Telecommunications, Radio, TV

Chemicals

Pharmaceuticals

Construction - Maintenance & Operations

Office machinery & computers

IT & Computer Services
Sustainable Procurement Matrix
Argentine example

3rd International Seminar on Public Procurement Asuncion, 1–2 Sept 2008 Barbara Morton Defra / Sustainable Procurement Ltd
Use of matrix

- Boxes categorise expenditure
- Prioritise from top right to bottom left
- Requires judgement call
- Informs procurement strategy
- Demonstrates structured approach
- Ensures effort has best chance of success
Prioritisation
Argentine example

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Costs and benefits of SPP

- Invest to save!
- Focus on whole life benefits
- Investment in capacity building
- Direct savings
  - CO2 reduction through energy efficiency
- Indirect benefits
  - Health, well-being
- Demand management
The waste hierarchy

Waste prevention

Re-use

Recycle/compost

Energy recovery

Disposal
The procurement hierarchy

- Replace
- Reduce
- Reuse
- Recycle
- End-of-life management

Re-think!
Direct benefits

• Use of recycled content materials
  – Road building project in UK
  – Recycled aggregate used
  – Savings of approximately £219,000 per kilometre of road constructed
  – Health benefits from reduced emissions of particulates
  – Landfill tax charges avoided
Examples of direct benefits

• Total electricity bought by EU public sector per year approximately 150,000 GWh
• ICLEI identified potential savings if green electricity purchased:
  • 60 million tonnes of CO2 emissions
  • 18% of EU Kyoto commitments
  • Equivalent to emissions from a city the size of London
Examples of direct benefits

• City of Kolding, Denmark
• New school building designed to help community save 50% in electricity and maintenance costs
• Simply by installing passive ventilation system
Examples of direct benefits

- Voralberg, Austria
- Eco-Procurement Service – from 2001
- Aims to access benefits of joint purchasing for municipalities in the region
- Reports from 2005 show:
  - Savings on prices paid for products (5% to 10%) and administrative costs (20%-60%)
  - Total savings of 286,507 Euros.
Examples of benefits: RESPIRO PROJECT

• City of Lille, France:
  – Tenders for supply of workwear for municipal services – city strives to significantly influence human rights, preserve natural environment & take account of products life-cycle.

• City of Nantes, France:
  – For purchase of sportswear, workwear and uniforms – Fair Trade standards and other certified labels for materials and production processes
Examples of benefits:
RESPIRO PROJECT

• City of Barcelona, Spain:
  – Protection of basic workers rights as specific goal for procurement of workwear.

• City of Feldkirch, Austria:
  – For new buildings and essential renovation work child-friendly, senior-friendly and accessible design for people with disabilities.
Key messages

- Social, environmental as well as economic benefits can be delivered
- Sustainable procurement is good procurement!
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Barbara Morton
Defra, Procurement and Contracts Division
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Sustainable Procurement Ltd
barbm110@aol.com
Tel: +44 (0) 7766 023560