



Division of Technology, Industry and Economics



SUSTAINABLE PUBLIC PROCUREMENT A TOOL FOR SUSTAINABLE DEVELOPMENT AND GREEN INNOVATION

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Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
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Swiss Confederation

Federal Office for the Environment FOEN



OUTLINE

- **Environmental and social challenges**
- What is SPP? Benefits, obstacles and challenges
- The MTF Approach to SPP
- The UNEP Capacity building project on SPP



The main environmental and social challenges

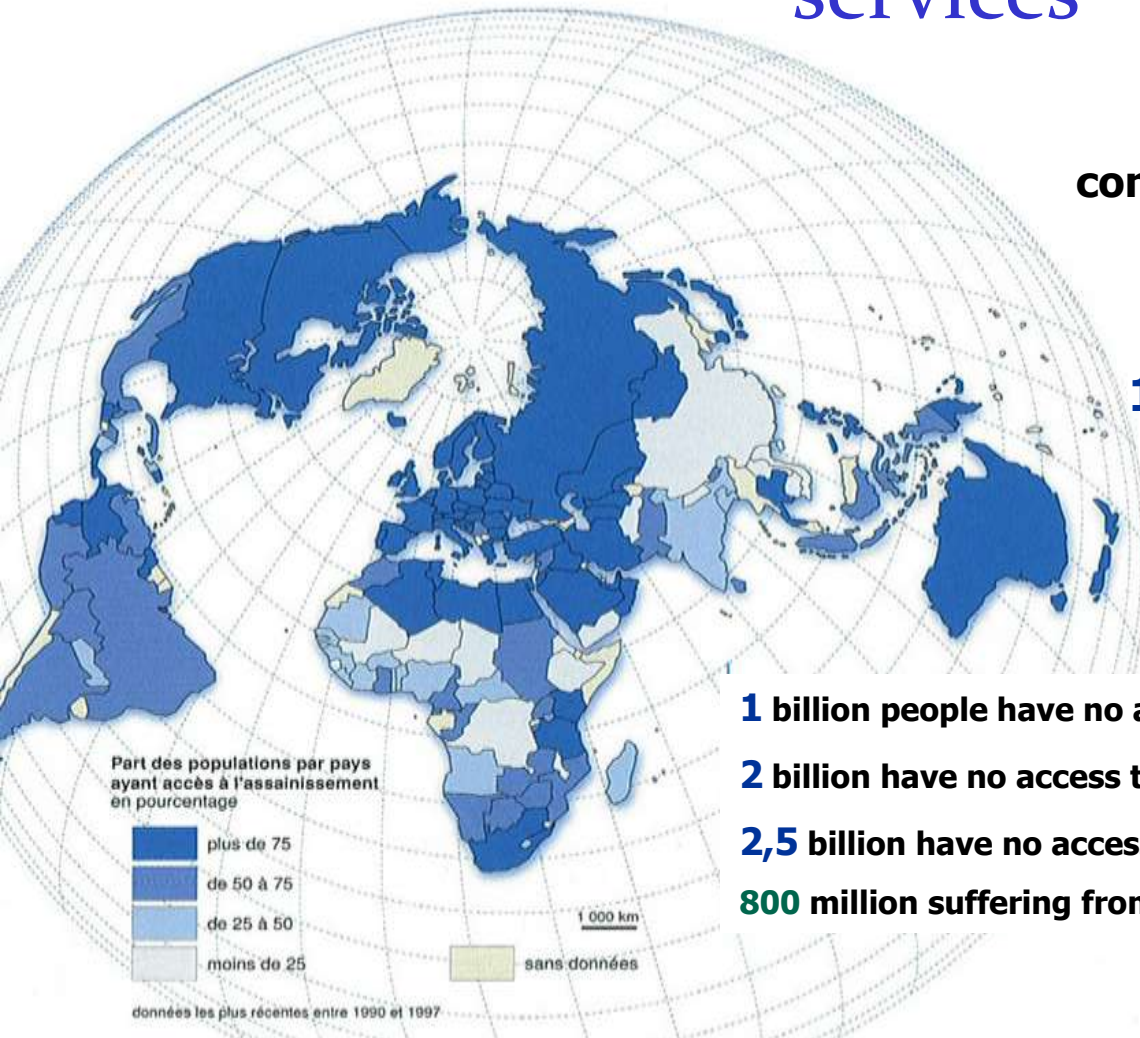


Unequal access to essential goods and services

20% of the world population consumes **87%** of the world's output

whereas...

1 billion people survive with less than one euro per day



1 billion people have no access to drinking water

2 billion have no access to sanitation

2,5 billion have no access to electricity

800 million suffering from hunger



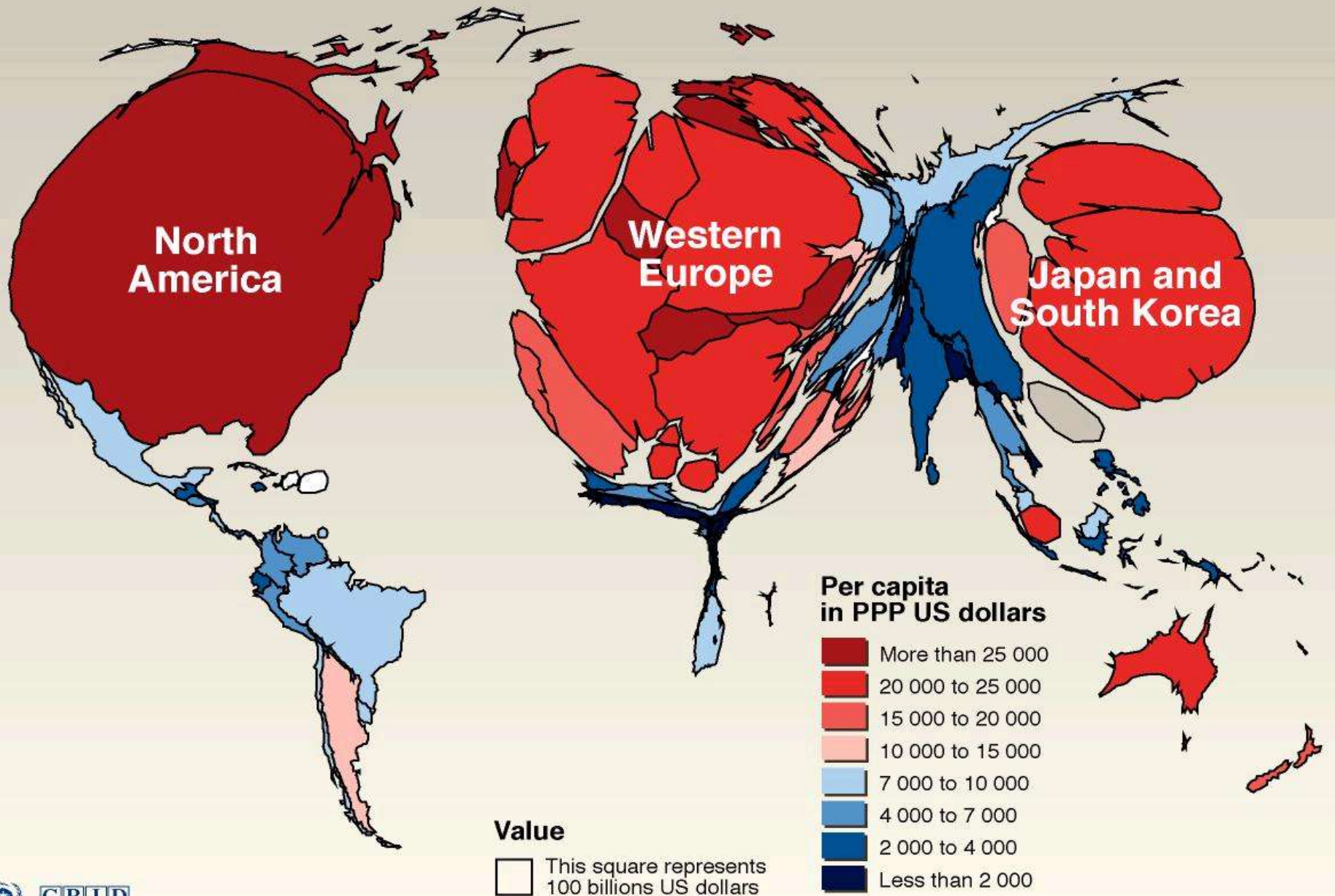
Increased inequalities between developed and developing countries

- The gap between countries is phenomenal. Wealth ranges from 600 000 dollars per capita for Switzerland to 1960 dollars per capita for Ethiopia (ratio of 330/1)
- The world's **225 richest people now have a combined wealth of \$1 trillion.** That's equal to the **combined annual income of the world's 2.5 billion poorest people.**

Source: UN



Gross Domestic Product



The Decent Work Deficit



The decent work deficit remains a daunting challenge

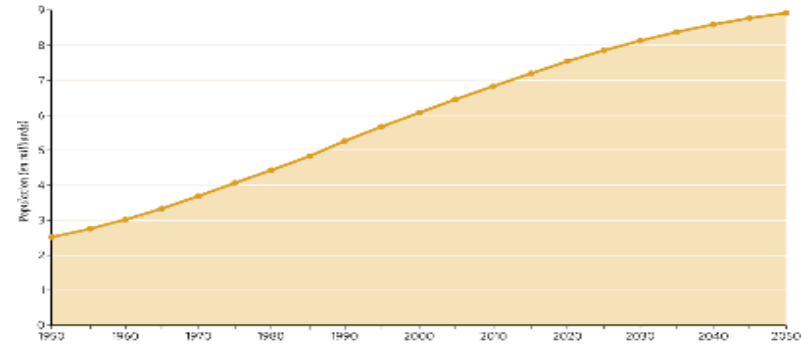
- **One-third of the world's labour force** is either **unemployed, under-employed** or are **working poor**
- More than 530 million women and men live in families with a per capita income of less than 1 dollar per day
- 1400 million workers – 50% of the world's workforce – earn less than US \$2 per day



The demographic challenge

The world population will increase to 9 billion in 2025

The urbanisation challenge



Population mondiale, 1950-2050

Source : *Division de la population (ONU)*

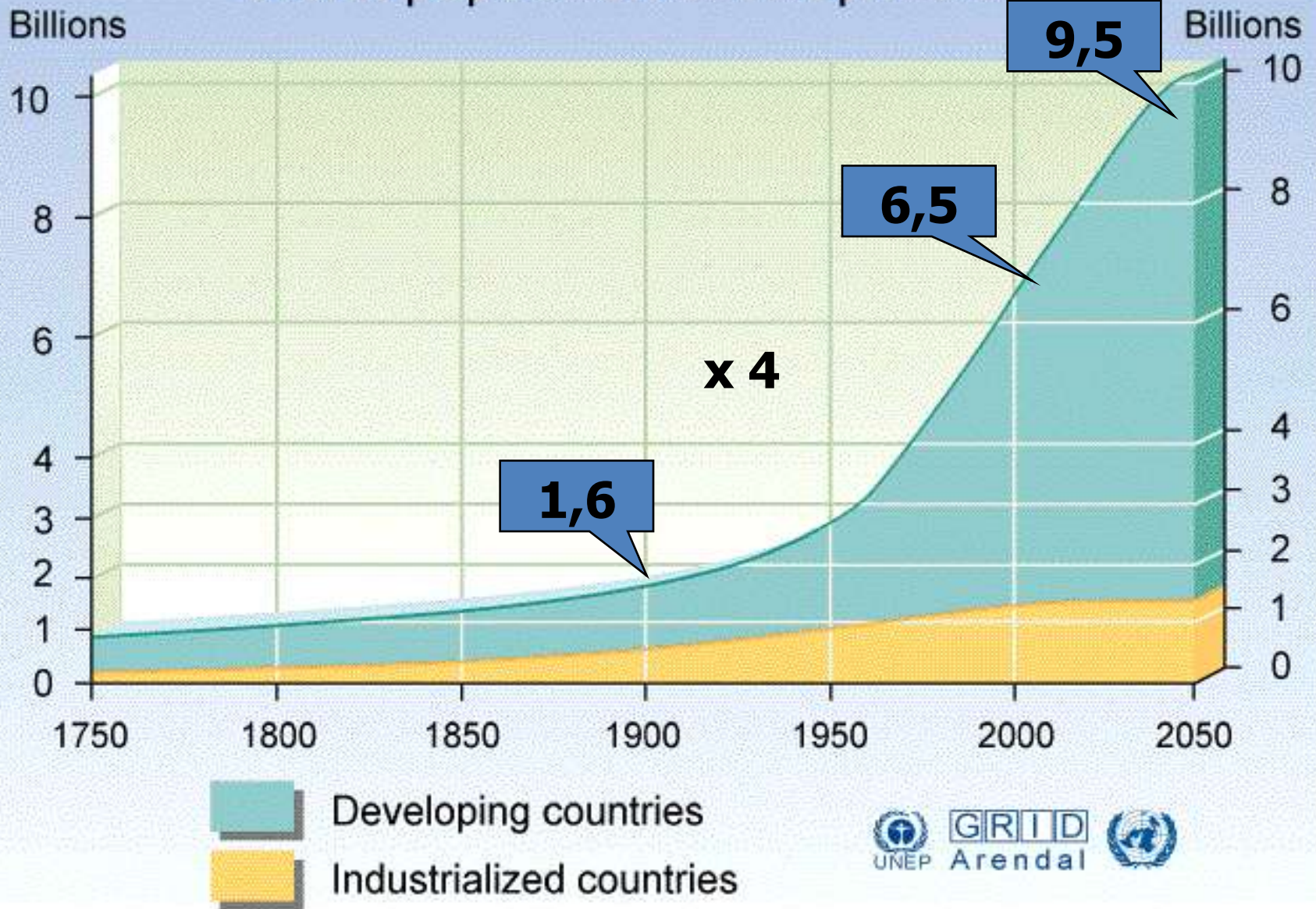
Accelerating urbanization in particular in Southern countries



Aggravating a number of imbalances and problems
 (housing and urban infrastructures deficits, **loss of agricultural land, water pollution, overconsumption of resources**)



World population development



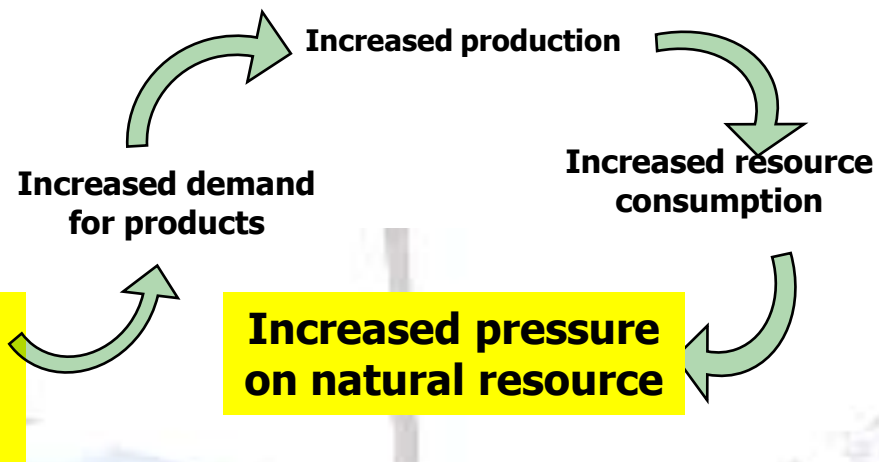


Ecological challenges



Preserving natural resources

Economic growth



Pollution and overexploitation of natural resources (atmosphere, water, soils, animal and vegetal life, oil, mineral resources, etc.)

→ Loss of biodiversity

→ Loss of resources: fish stocks, forests, etc:



Loss of Biodiversity:

More than 12 000 species threatened with extinction in the world,
The pace of extinction is 1,000 times faster than natural



Depletion of aquatic resources

Fish, seafood, plankton, etc.

Over exploitation of fish stocks

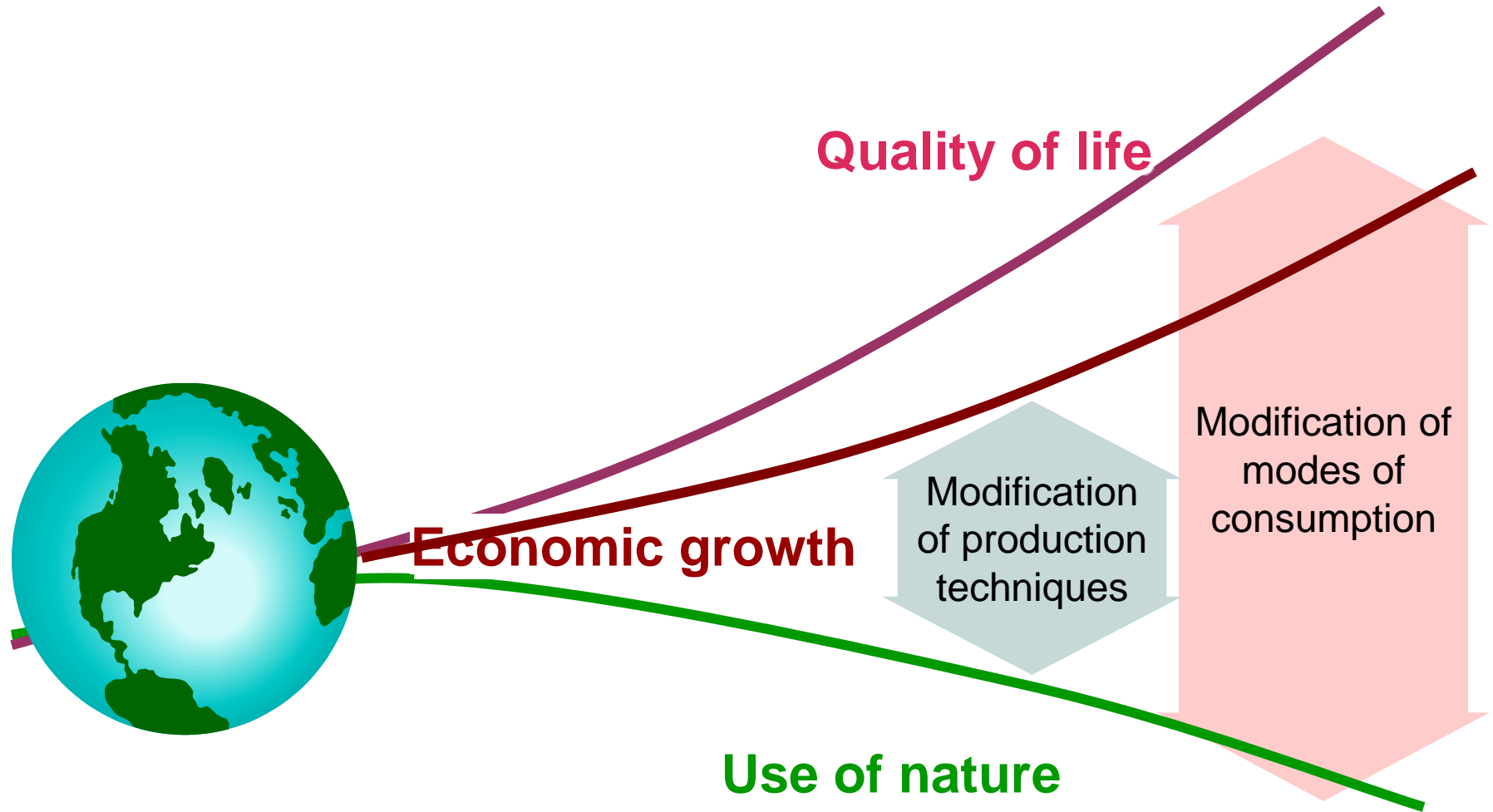
- A total of **almost 80% of the world's fisheries are fully to overexploited, depleted, or in a state of collapse**
- Eg: excessive red tuna fishing in the Mediterranean is threatening to wipe out the entire species



Global Warming

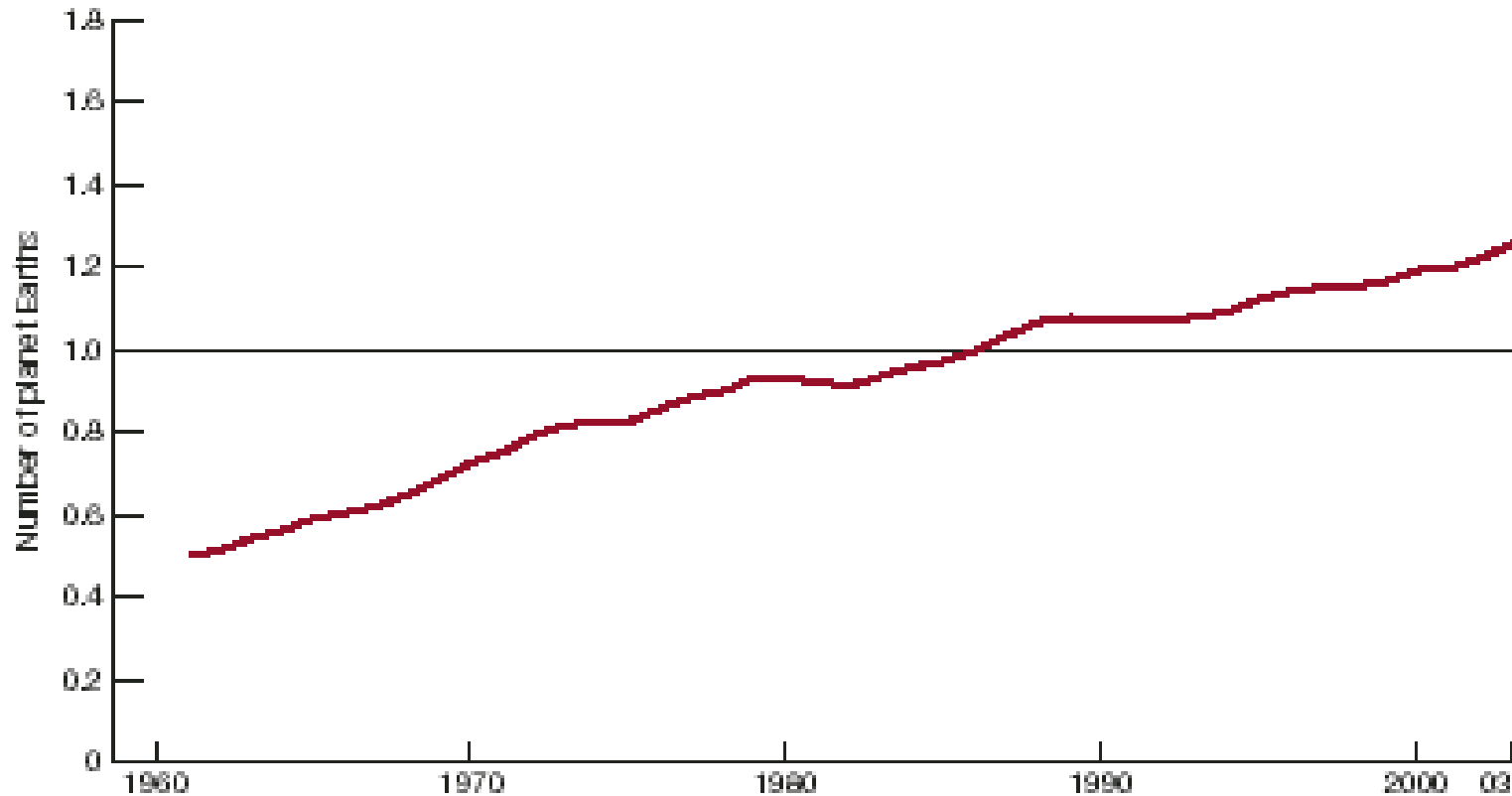


The decoupling challenge



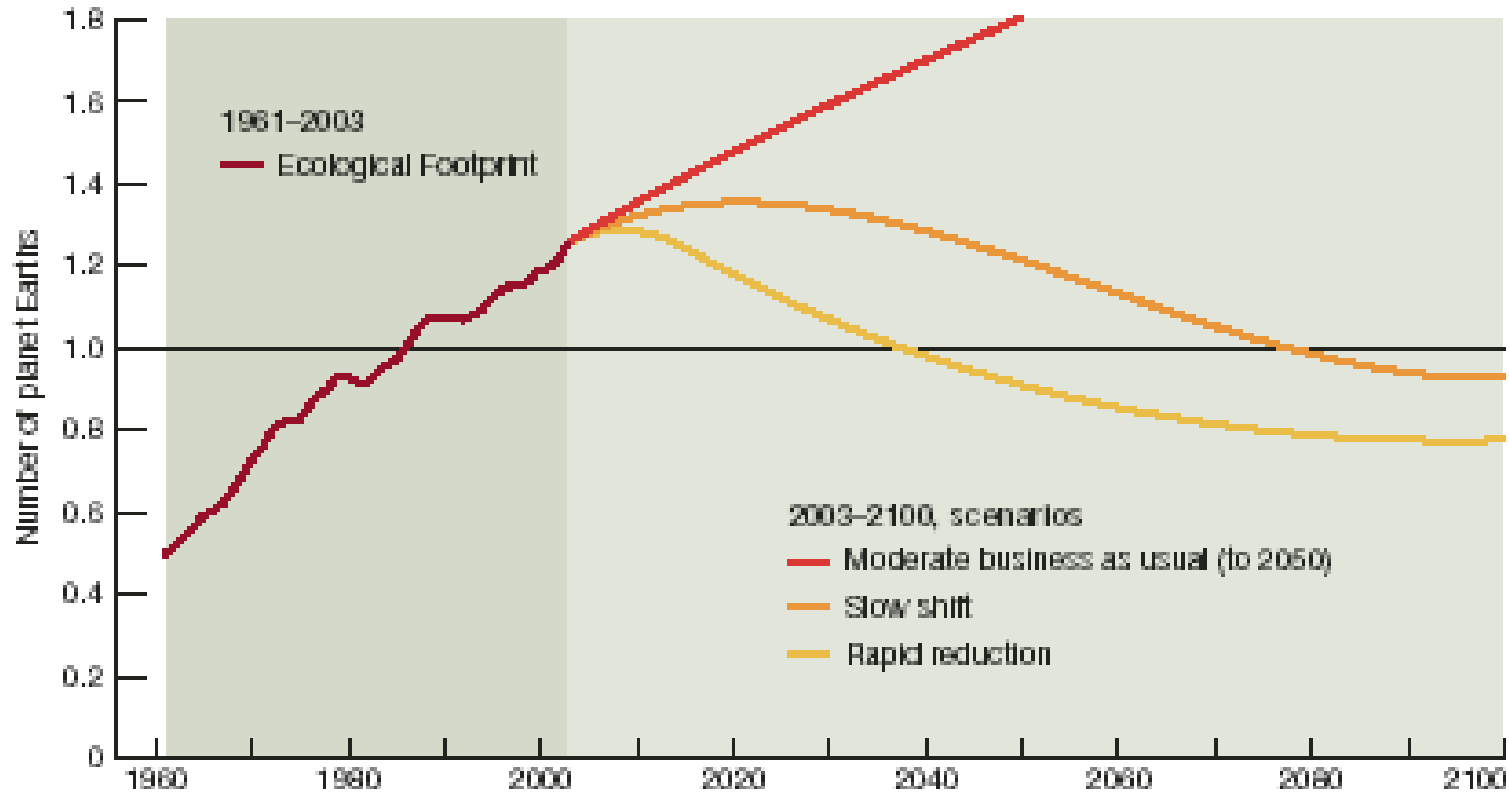
The Ecological footprint

Fig. 2: HUMANITY'S ECOLOGICAL FOOTPRINT, 1961-2003



Ecological footprint scenarios

Fig. 3: **THREE ECOLOGICAL FOOTPRINT SCENARIOS, 1981-2100**



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Public Procurement: why is it relevant to Sustainable Development?

Public procurement represents between 8 and 30% of countries GDP

...therefore it can be a major vector in **social progress, environmental protection and innovation**



What is Sustainable Public Procurement?



“Bringing together the business and the policy arms of government is what sustainable procurement is about.

It is about **how the government’s immense buying power can be used to make rapid progress toward its own goals on sustainable development.**

It is something **the best of the private sector is already doing** – whether as a result of enlightened leadership or shareholder pressure.

It is something **the private sector expects of the public sector.** It is also, increasingly, something the **public themselves expect.”** Sir Neville Simms in the Foreword to “Procuring the Future”



What is Sustainable Public Procurement?



Sustainable procurement – in short using procurement to support wider social, economic and environmental objectives, in ways that offer real long-term benefits, **is how the public sector should be spending taxpayer's money.**

Anything less means that **today's taxpayer and the future citizen** are both being short-changed.” Sir Neville Simms in the Foreword to “Procuring the Future”



What is Sustainable Public Procurement?



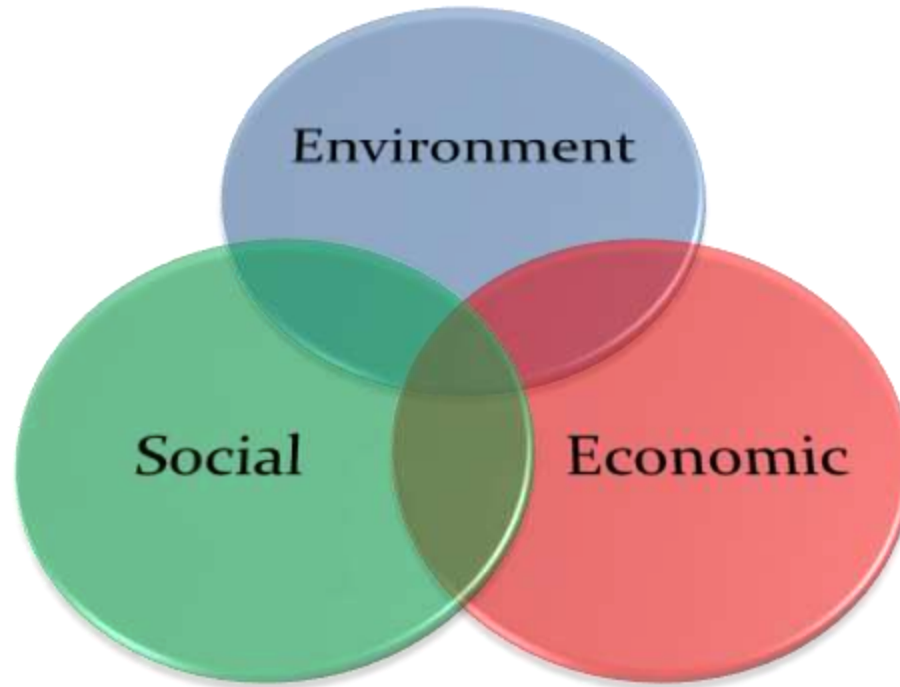
“ Sustainable Procurement is a process whereby organizations meet their needs for goods, services, works and utilities in a way that achieves **value for money on a whole life basis** in terms of generating benefits **not only to the organization**, but also to **society** and the economy, whilst minimizing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

Procuring the Future – the report of the UK Sustainable Procurement Task Force, June 2006. This definition has been adopted by the Swiss-led Marrakech Task Force on Sustainable Public Procurement.

For more information visit <http://www.unep.fr/scp/procurement/whatisssp/>



What is Sustainable Public Procurement?



Life-Cycle

Planning

Raw
Materials

Production

Procurement

Use

Disposal/
Recycle



Real value for money

Not just acquisition cost but Life cycle costing:

- costs incurred by the **organization** over the whole life of the good (usage and maintenance costs, disposal costs) - potential savings



- Costs incurred by **society** as a whole, including negative externalities (CO2 emissions, impacts on health,) or positive externalities (increased know how, technologies, etc.) over the entire life cycle



Un ejemplo de soluciones que benefician a todas las partes: lamparitas



	Lamparita tradicional 100 W	lamparita de bajo consumo 20 W
Ciclo de vida	1 año	8 años
Consumo de energía	100 W x 8000 h	20 W x 8000 h = 160 kW
Precio	8 x 1,25 euros = 10 euros	12 euros
Costos de uso (0,11 euros / kWh)	88 euros	12 euros
Costo total para el consumidor	98 euros	29,6 euros

Fuente : French Environment Ministry



Obstacles

- **Budgetary mechanisms** – difficulty to integrate the full cost of goods and services in the tender process. Need to exchange on innovative schemes of budgetary mechanisms (multi annualization, etc.)
- **Difficulty to integrate external costs or benefits**, especially intangible costs
EU starting with the integration of the costs of CO2 emissions.
Need to work more closely with the life cycle networks and research centers. Increased regional and international cooperation.



Other concerns?

SPP need not cost more

SPP seen as an organizational priority which:

1. Question the need to spend
2. Cuts out waste
3. Seeks innovative solutions

Will reduce rather than add to public spending both in the short and in the long run, if executed by well trained professionals



Other concerns?

Sustainable products might not be available or may be difficult to find

Early engagement with suppliers is a key factor



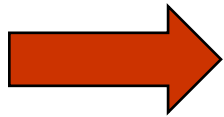
Other concerns?

SPP requires cultural and organizational change

- Develop knowledge of social, environmental issues – modify training curricula, develop/use new product specifications
- Assess impact of public procurement on Sustainable development, innovation, competitiveness – capacity to analyze the state's expenditure
- Select priority products and services on the basis of risk/opportunity, scope of improvement, influence on the market
- Stay tuned with SD policy priorities and establishment of a strong inter-ministerial collaboration (widely approved policy plans)
- Monitoring and impact evaluation



Potential Benefits of SPP



Promotes compliance with social and environmental policy/law



- enforcement of international/national legal/policy commitments to achieve social justice/inclusion and environmental sustainability



Ex: Electricity produced from renewable sources

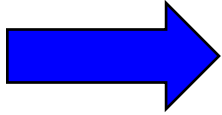
If all European public authorities bought green electricity 18% of the Kyoto commitments could be met

Ex: EU environmental/social legislation is becoming increasingly strict on several environmental/social issues, i.e. accessibility and design for all requirements, use of hazardous substances, emissions, energy savings

EC DG/ENV GPP Toolkit, 2008



Potential Benefits of SPP



Demonstrates socially/environmentally-responsive governance

- conformity with community norms and values
- compliance with international donors expectations



- 85% of EU Citizens feel that policymakers should consider the environment and social policies to be as important as economic policies

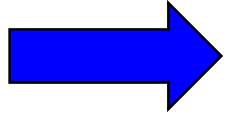
- implementing a policy of SP is a very effective way to demonstrate your authority's commitment to sustainability as a whole



EC DG/ENV GPP Toolkit, 2008



Potential Benefits of SPP



Can contribute to achieve efficiency and cost savings

- Life-cycle costing (LCC): Critical to consider the costs of a product/service throughout its useful life - purchase price, usage and maintenance costs, disposal costs
- Efficient procurement: **SPP involves meeting needs with the most efficient use of resources - consider the real need to buy**



Ex: The City of Tübingen in Germany **saved €30,000** per year by centralising cleaning product and service procurement and by using innovative products



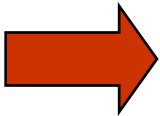
EC DG/ENV GPP Toolkit, 2008





Potential Benefits of SPP

Stimulates socially/environmentally conscious markets

- 
- increased demand for products that contribute to achieve social/environmental objectives
 - development of standards and information for use by other consumers (role model)
 - increased strategic co-operation and dialogue with the supplier base

Ex: in both Japan and the US, the national governments have put laws in place to foster the creativity of industry (Energy Star) and forge a competitive advantage internationally through compulsory public purchasing of eco-friendly products

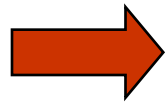


Potential benefits of SPP

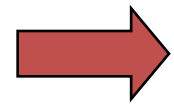


In brief....

Public procurement is increasingly seen as a boosting factor to advance Sustainable development, competitiveness and innovation



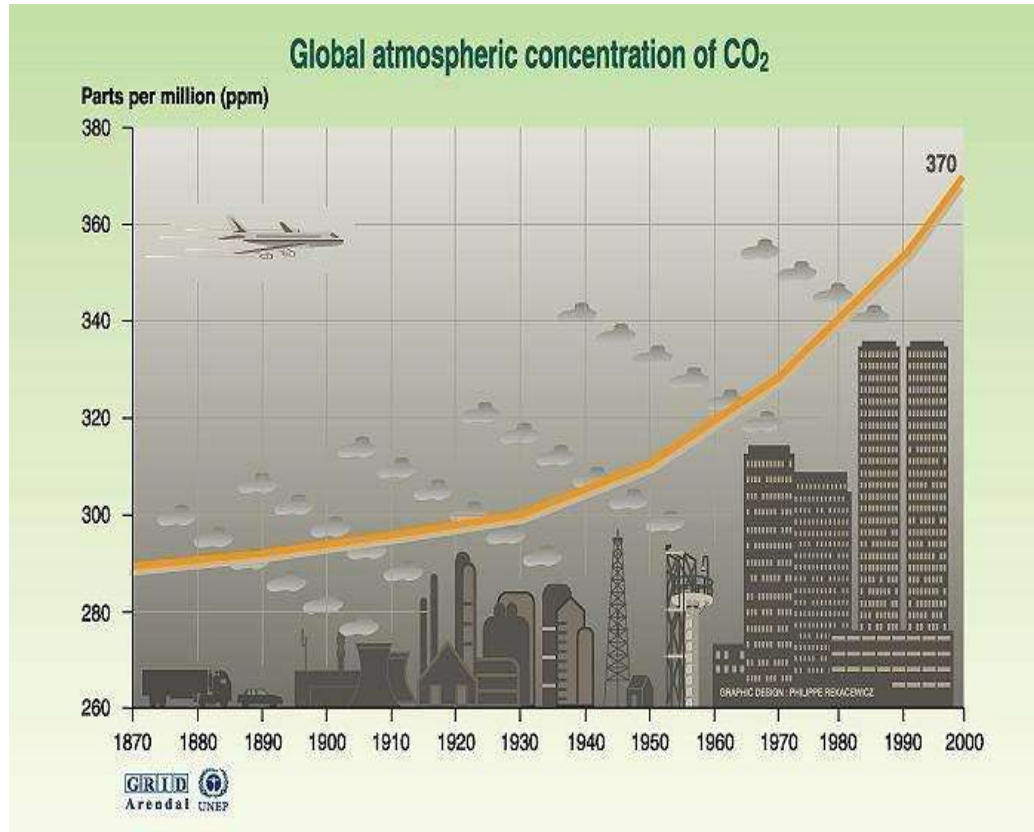
Complementary to **social/environmental/fiscal legislation and regulation**



Direct engagement with **SD policy targets:**
SMEs, local communities, disadvantaged groups,
etc.



Environmental Impact



Sources: TP Whorf Scripps, Mauna Loa Observatory, Hawaii, institution of oceanography (SIO), university of California La Jolla, California, United States, 1999

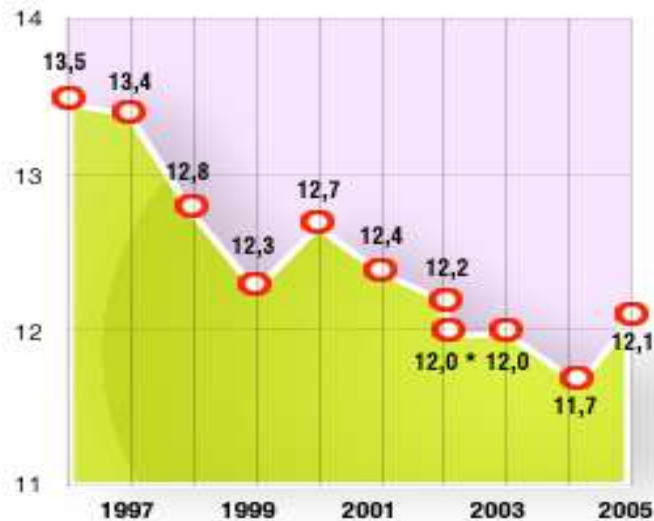
- Reducing the ecological footprint: resources, emissions and waste
- Example: concentration of CO₂ and global temperature change

(Sources: ADEME, UNEP)



Social Impact

L'évolution du taux de pauvreté en France de 1996 à 2005



* 2002 réropolée

1. Cette courbe s'appuie sur un seuil à 60 % de la médiane des niveaux de vie.

2. L'enquête revenus fiscaux 2002 réropolée, et suivantes, correspond à une nouvelle série de statistiques sur les revenus, s'appuyant sur les résultats annuels du recensement de la population et prenant en compte les revenus soumis à prélèvements libérateurs.

Source : INSEE

- Promote access to employment for all
- Monitor compliance with fundamental social rights



Economic Impact

- Identify the full costs (direct and indirect)
- Reduce the cost of crisis management and remediation
- Improve the terms of trade (fair trade)
- Support to innovation/competitiveness



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Marrakech Task Force on Sustainable Public Procurement (MTF on SPP)



The objective of the MTF on SPP is that **14 countries** distributed in all regions will have tested the SPP approach **by 2010/11**



Task Force led by Switzerland

Chaired by: Eveline Venanzoni
Swiss Federal Office for the Environment
eveline.venanzoni@bafu.admin.ch

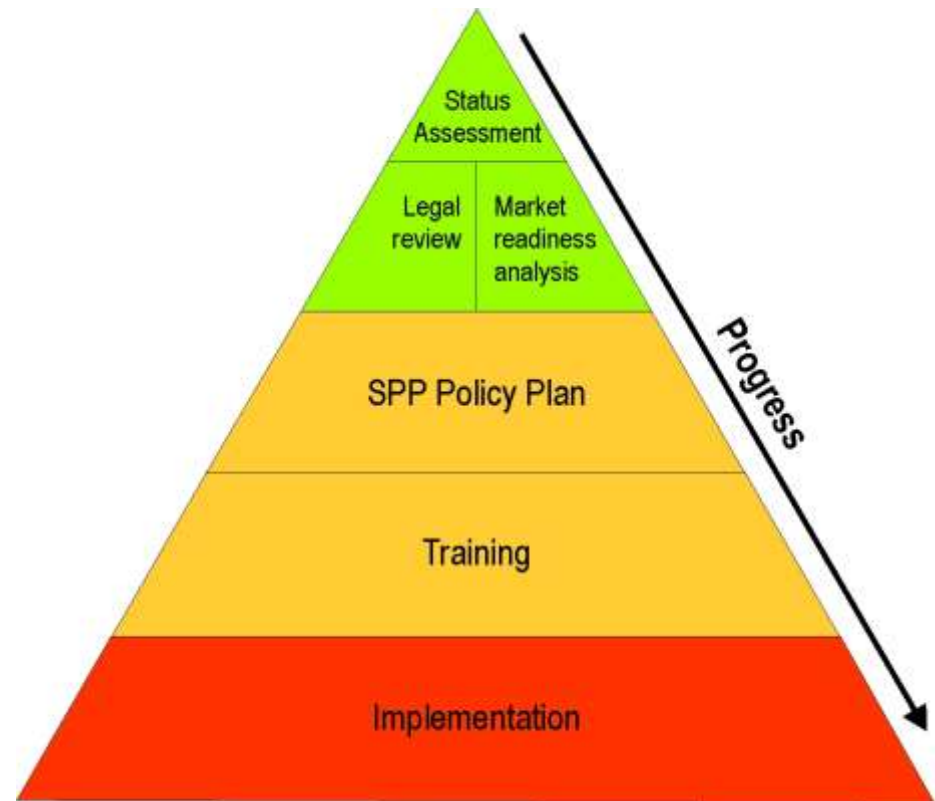
Co-Chaired by: Sheila Encabo, Philippines

Members: China, Argentina, Mexico, Ghana, Philippines, UK, Norway, Czech Republic, USA, State of São Paulo, Switzerland, UNEP, UNDESA, ILO, European Commission Services, ICLEI, IISD



Marrakech Task Force Approach to SPP

- Status Assessment
- Legal Review
- Market Readiness Analysis
- Training
- Policy Plan
- Implementation



Country implementation



Prioritization – How...?

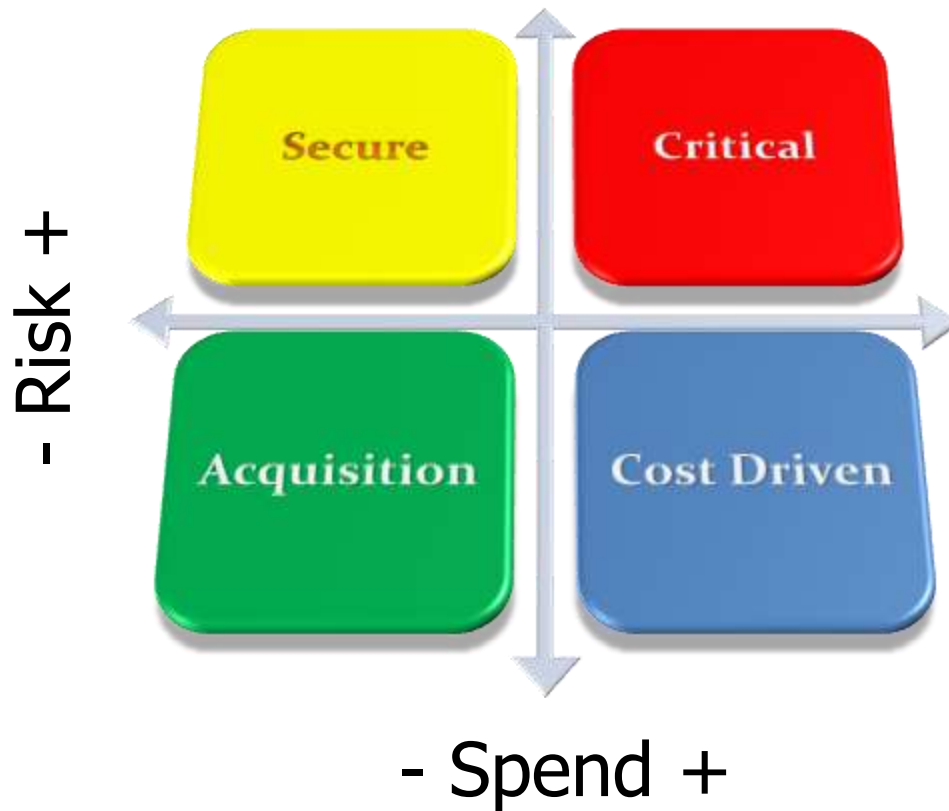
- Determine **key spend areas**
- Assess key **sustainability impacts**
- **Prioritise** spend categories based on risk/opportunities
- **Start simply** and enhance



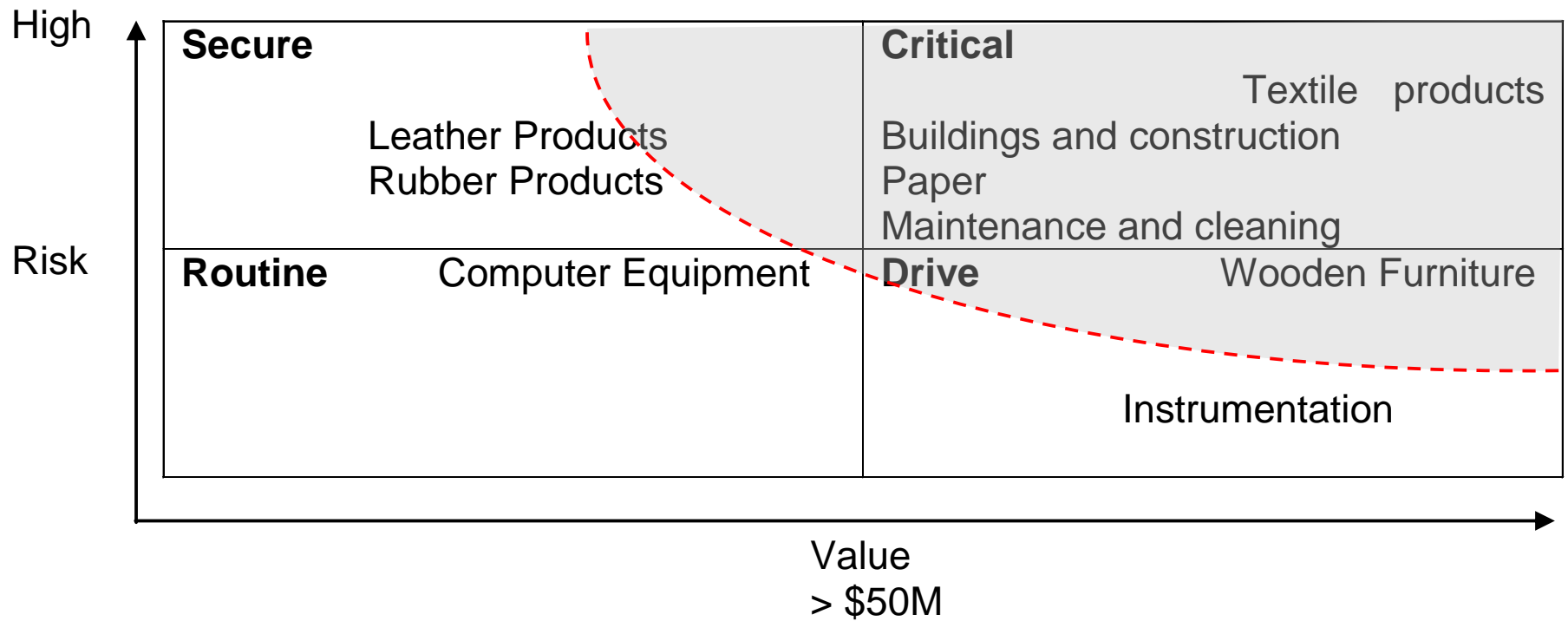
Marrakech Task Force Approach on Sustainable Public Procurement



Prioritise Action - Risk and Spend



Marrakech Task Force on Sustainable Public Procurement



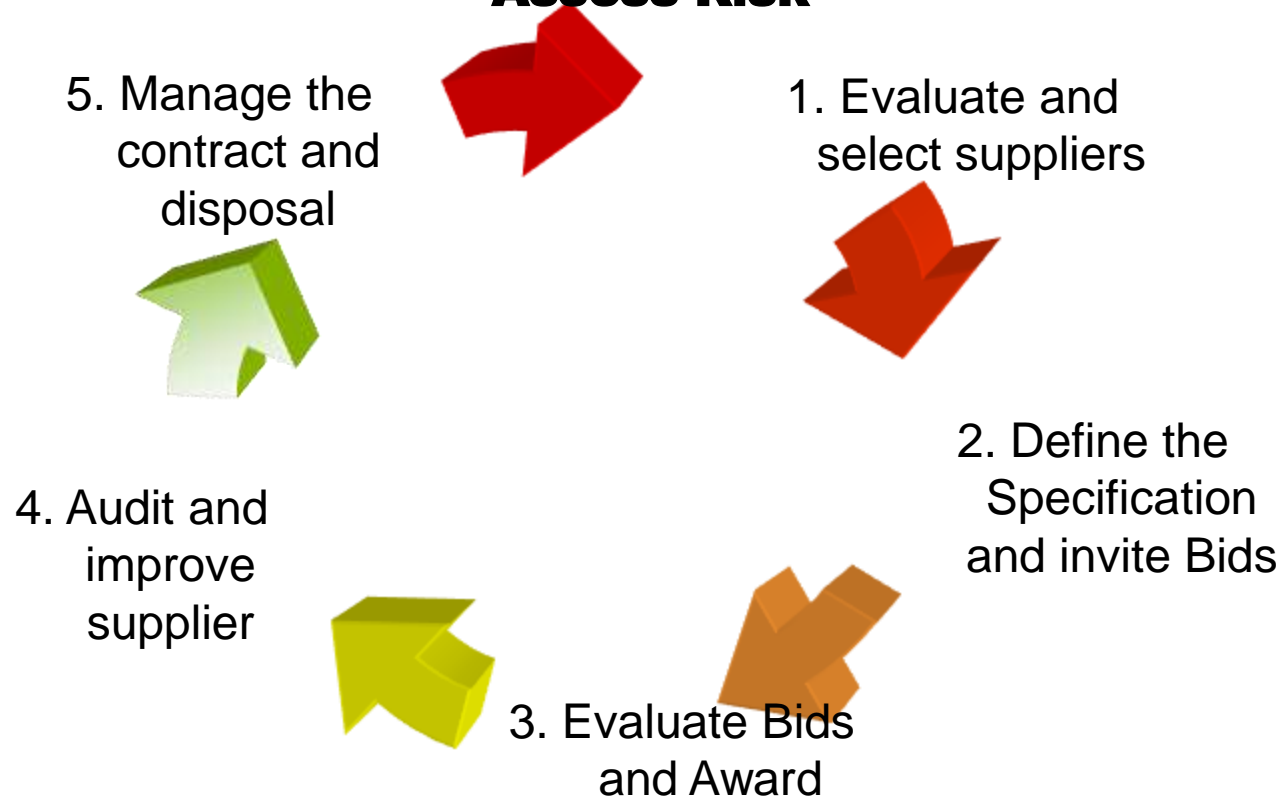
Procurement Process

Good procurement is Sustainable



Procurement

**Identify need and
Assess Risk**



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Capacity Building for Sustainable Public Procurement



Objectives

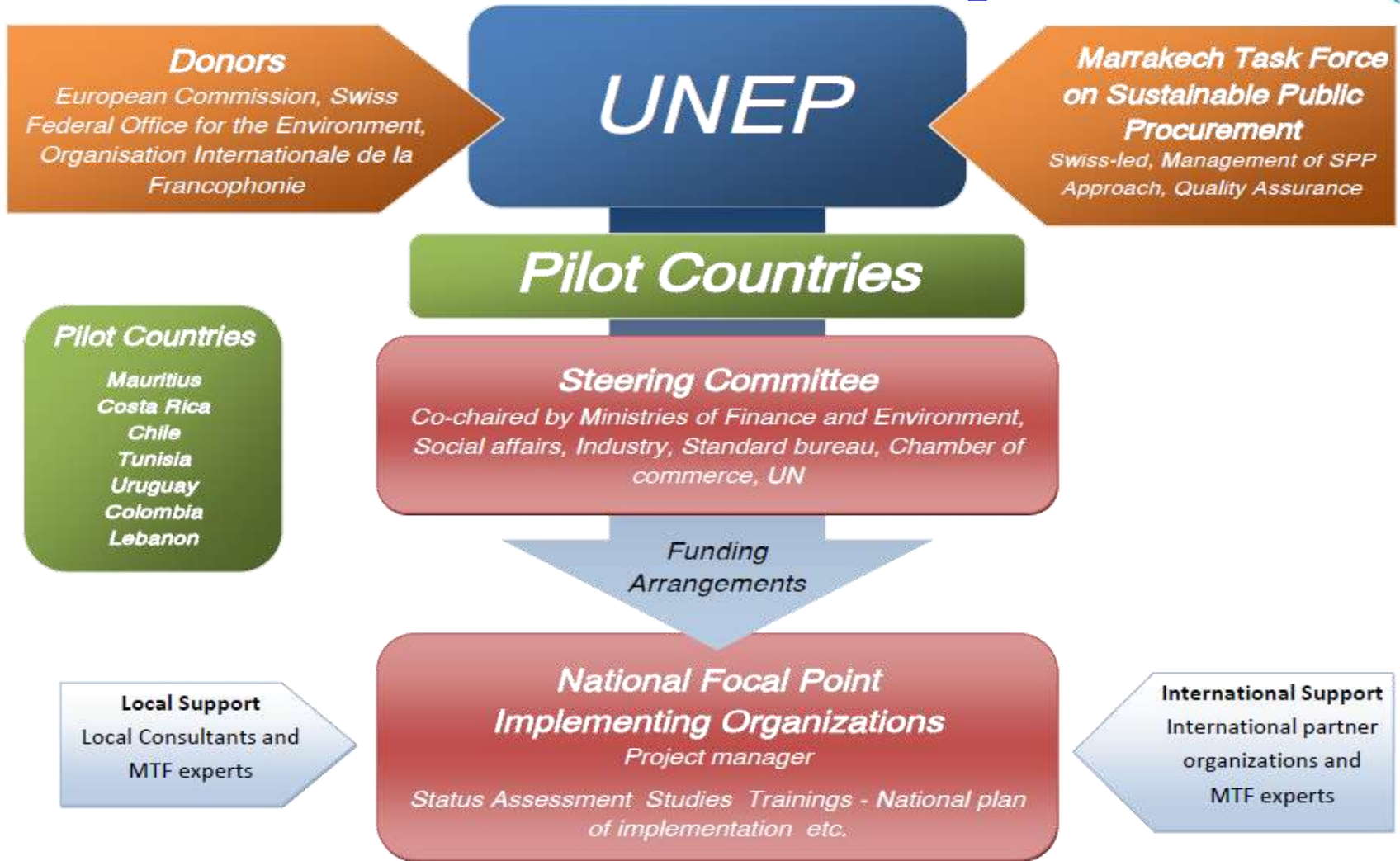
- Creation of a **pool of SPP expert**
- Test the MTF Approach on SPP in pilot countries and come up with a **revised approach** in 2011
- Produce **policy conclusions** to be presented to the CSD Special session on SCP in 2010/2011










Pilot Countries



Institutional Setup



Where are we now?

Progress Chart										
	Expression of Interest	Funding Agreements	Implementation Plan	Status Assessment	Market Readiness Analysis	Legal Review	SPP Policy Plan	Training	SPP Policy Implementation	Monitoring and Evaluation
 Chile	Completed	Completed	Completed	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress
 Costa Rica	Completed	Completed	Completed	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress
 Uruguay	Completed	Completed	Completed	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress
 Mauritius	Completed	Completed	Completed	Completed	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress
 Tunisia	Completed	Completed	Completed	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress
 Colombia	Completed	Completed	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress
 Lebanon	Completed	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress	In Progress

 Completed
 In Progress



A Country Based Approach



- Not a « one size fits all » Approach
- Factors in countries' concerns (risk assessment)
- Countries elaborate the National implementation plan
- Countries run the prioritization module of the Approach (choice of priority products and services)
- National focal points are in charge of the process
- The project ensures that capacities are built locally
- UNEP and MTF experts provide an initial support



Challenges

- Political willingness – environment competing with other urgent matters – lack of awareness
- Tight procurement budgets, availability of trained procurers
- Concerns about the possible impact of SPP on procurement principles – value for money, competition, etc.- or on corruption
- Limited use of life cycle costing assessments or eco labelling schemes
- Policy oriented approach – some countries are keen on starting SPP without going through the various stages of the methodology – however the Approach is flexible and modalities of implementation can vary from place to place



Challenges

- Manufactured products generally imported, even more so when it comes to green products which may not be available at all
- Recycling and green products not always profitable in small developing countries. For these countries, solutions can only be found at the regional level.
- Concerns about exclusion of SMEs, costs of certifications, etc.





Next steps

UNEP's SPP Initiative (2011-2021)

Its aim is to have, within this time frame, **SPP policies implemented in the largest number of countries** and **coordinated with other related activities** – ecolabelling, life cycle, cleaner production, green economy, etc.

The SPP Initiative will also ensure that **effective capacity building tools** and **information networks are developed** in the years to come to support the spread of SPP.



Activities (2011-2014)

- Assistance to countries in the roll out of the revised MTF Approach to SPP
- Linkages with key SPP players and other UNEP related projects
 - Networks of Public procurement authorities, local authorities, the private sector, the UN/Multilateral development Banks, the EU GPP policy, etc.
 - Ecolabelling, life cycle, cleaner and safer production, pricing and fiscal instruments, etc.



Activities

An **SPP knowledge management Centre** will be established by UNEP with focus on the following activities:

- Continuous improvement of the **MTF Approach to SPP** - Coordination with other SP/GP players on methodological convergence (Umbrella Approach)
- Management of **UNEP's online documentation center** and databases
 - Contact database, Guidance documents and product guidelines for procurers, reports, articles, studies, best practices, etc.
 - Elaboration of **studies on key SPP issues**: impact of SPP on trade flows, links with life cycle and ecolabelling, evolution of the budgetary mechanisms, etc.



Way forward

An old African proverb says:

“If you want to go quickly, go alone;
If you want to go far, go together”



Gracias !

Merci!

Grazie !

شُكْرًا

Thank you!

Tack!

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<http://www.unep.fr/scp/procurement>

