

Sustainable Public Procurement (SPP) Action Plan in Mongolia (Draft)

Acknowledgement

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ABBREVIATIONS

ADB	Asian Development Bank
ALAGC	State Agency of Land Affairs, Geodesy and Cartography
B2B	Business to business
B2C	Business to consumer
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
EBRD	European Bank for Reconstruction and Development
EMS	Environmental Management System
EPR	Extended Producer Responsibility
EU	European Union
GASI	General Agency for Specialized Investigation
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GIZ	Gesellschaft für Technische Zusammenarbeit
GOM	Government of Mongolia
GPP	Green Public Procurement
ILO	International Labour Organization
JICA	Japan International Cooperation Agency
LCC	Life Cycle Cost
MAS	Mongolian Academy of Science
MASM	Mongolian Agency for Standardization and Metrology
MBA	Mongolian Bankers Association
MCUD	Ministry of Construction and Urban Development
MECSS	Ministry of Education, Culture, Science and Sports
MED	Ministry of Economic Development
MET	Ministry of Environment and Tourism
MF	Ministry of Finance
MFA	Ministry of Foreign Affairs
MNCCI	Mongolian National Chamber of Commerce and Industry
MoE	Ministry of Energy
MoF	Ministry of Finance
MoFALI	Ministry of Food, Agriculture and Light Industry
MoH	Ministry of Health
MoI	Ministry of Industry
MoM	Ministry of Mining
MoT	Ministry of Trade
MPID	Metropolitan Professional Inspection Department
MRTD	Ministry of Road and Transport Development

MSFA	Mongolian Sustainable Finance Association
MSWL	Ministry of Social Welfare and Labour
MUST	Mongolian University of Science and Technology
NAMEM	National Agency for Meteorology and Environmental Monitoring
NDA	National Development Agency
NEMA	National Emergency Management Agency
NGDP	National Green Development Policy of Mongolia
NGO	Non-Government Organization
SCP	Sustainable consumption and production
SCPF	SWITCH Asia SCP Facility
SDG	Sustainable Development Goal
SME	Small and Medium size Enterprises
SPP	Sustainable Public Procurement
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCC	United Nations Framework Convention on Climate Change
UNIDO	United Nations Industrial Development Organization
VABA	Veterinary and Animal Breeding Agency
WB	World Bank group

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1. INTRODUCTION

The Sustainable Public Procurement (SPP) Action Plan is part of the technical support provided to the Ministry of Environment and Tourism (MET) of Mongolia through the SWITCH-Asia SCP Facility, funded by the European Commission.

Creating a National Action Plan (NAP) is a key part of SPP implementation. It provides a clear direction and mandate for SPP implementation and a sound basis for building a coherent and well-coordinated approach.

This NAP is based on a desk study, interviews with national SPP responsible organisations and individuals, and findings of the Status Assessment Report.

Rapid economic development leads to increased consumption and production, which can have significant negative effects on the environment, resulting in resource depletion, pollution, environmental degradation, and contributions to climate change.

Public spending typically represents 15-30% of national GDP and the public can be a strong driver of the markets towards innovation and sustainability in the shape of SPP. SPP enables governments to meet environmental goals such as reducing greenhouse gas emissions, improving energy and water efficiency, and supporting recycling. The social benefits of SPP may include poverty reduction, improved equity and strengthened core labour standards. From an economic perspective, SPP can generate income, reduce costs and support the transfer of skills and technology.

This draft Action Plan for implementation of SPP has been prepared as an update of the PAGE¹ Action Plan prepared in 2017². The new Action Plan introduces elements from the United Nations Environment Programme's (UNEP) new SPP approach from 2021³. Due to the present global challenge with the Covid-pandemic, the main part of the SPP Action Plan has been prepared remotely.

The draft plan should be shared with key Ministries, agencies, universities, international organizations and other stakeholders to discuss on how to pursue SPP based on recommendation from the draft plan and for them to reflect on their responses, proposals and recommendations in SPP initiatives.

1 Partnership for Action on Green Economy (PAGE) – an initiative of UN Environment, the International Labour Organization (ILO), the United Nations Development Programme (UNDP), the United Nations Industrial Development Organization (UNIDO) and the United Nations Institute for Training and Research (UNITAR)

2 PAGE: Sustainable Public Procurement Action Plan, 2017

3 UNEP: Sustainable Public Procurement Implementation Guidelines, Second edition, 2021 (draft)

2. CONTEXT

The notion of Sustainable Public Procurement combines two aspects of government endeavour, namely the process of public procurement and the pursuit of sustainable development:

- Public procurement refers to the process by which public authorities, such as government departments or local authorities, purchase goods, works, and services from the private sector.
- Sustainable development requires governments and organisations to consider the social, economic, and environmental aspects of their operations, with equal emphasis on all three dimensions.

The integration of sustainable development objectives to public procurement, known as Sustainable Public Procurement, SPP, is defined as:

“A process whereby public sector organisations 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 organisation, but also to society and the economy, whilst minimizing, and if possible, avoiding, damage to the environment”⁴

The term “Green Public Procurement” or “GPP” is sometimes utilized interchangeably with SPP, however, it should be noted that SPP more explicitly includes the social considerations of sustainable development. The European Union (EU) definition of GPP is as follows:

“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.”⁵

The SPP Approach in a country should be guided by national priorities and contribute to the achievement of sustainable development objectives, including policies for achievement of climate change mitigation, circular economy, green economy, economic development, and more generally policies geared towards the achievement of the SDGs. This approach gives purpose to SPP, ensures continuity of SPP implementation in the event of changes of government, and simplifies and strengthens the message given to public procurers, suppliers, and the market.

SPP is implemented as a public policy tool in support of national sustainable development objectives. SPP is being increasingly initiated in emerging and developing countries and is today seen as a best procurement practice. SPP policies and activities are now found around the world, addressing issues ranging from waste minimisation and resource efficiency to increasing diversity and supporting small and medium sized enterprises. Given the broad range of national development objectives, the benefits stemming from more sustainable public sector purchasing practices are often represented according to the three dimensions of sustainable development – social, environmental and economic, although sometimes political benefits are cited as well.

Green procurement is in Mongolia defined as ‘purchasing goods and services that are designed or designated toward ensuring the efficient use of energy and natural resources, the sustainability of ecosystem services, climate change adaptation and the creation of a green living environment’ (NGDP, 2014). The National Green Development Policy (NGDP) of Mongolia includes a goal aiming at by 2020, at least 20% of public procurement and by 2030 at least 30% would be green. Realising that this has not been achieved, the present NAP aims at strengthening the Mongolian SPP efforts at national and sub-national level.

4 Definition developed by the UK Task Force on Sustainable Procurement, revised by UNEP and the One Planet SPP Programme.

5 EU Commission: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: *Public procurement for a better environment*. 2008.

Public procurement in Mongolia is implemented according to the Public Procurement Law of Mongolia (PPLM) that provides general provisions. Complementary laws are Civil code of Mongolia (2016), Company law (2016), and Law on Privatization of apartment (2016). Mongolia has implemented the “transparent bid selection” policy making the project selection and tender bidding process transparent to the public.

In the period 2015-2017, the UN PAGE program carried out thorough background studies on SPP in Mongolia and prepared a national SPP Action Plan, submitted to the Government of Mongolia (GoM) in 2017. The present document is an update of the 2017 SPP Action Plan.⁶

A Public Procurement Law of Mongolia (PPLM) amendment allowing introduction of green aspects in procurement was approved in March 2019. The Legal and Procurement Policy Department (LPPD) under Ministry of Finance is responsible for establishing procurement policy and standards, providing training and prior clearance for certain procurements, and reviewing complaints from bidders.

The GoM is proceeding with the implementation of the amended law on procurement of goods and services with state and local funds.

The 2017 National SPP Action Plan was based on a desk study and a Status Assessment Report, Market Readiness Report, SPP Prioritization Report, and Legal Review Report, as well as feedback from a technical consultative meeting. The key objective of the National SPP Action Plan in Mongolia were:

- to achieve the NGDP target of *“share of green public procurement will be at least 20% of the total public procurement by 2020”*.

The investigations of the present project have revealed that – due to different circumstances – the key objective has not been achieved. The revised overall objective of the present National SPP Action Plan is – following the national Vision 2050 (refer to section 3) - therefore formulated as:

- to achieve the NGDP target of *“share of green public procurement will be at least 20% of the total public procurement”* **by 2030**.

6 Ibid.

3. STATUS ASSESSMENT

A Baseline Study has been carried out consisting of a literature review and supplementary interviews with key public procurement stakeholders:

- The Ministry of Finance, Procurement Policy Division, Legal Department, with overall responsibility for public procurement vision and regulation
- The Agency for Policy Coordination on State Property (APCSP), Department for Public Procurement & International Cooperation, being the key national procurement entity
- The Ulaanbaatar City Mayor Office, being the largest sub-national government institution with a huge procurement volume
- 15 procurement officers performing the actual procurement task.

3.1 Mongolian sustainable development priorities

Mongolia's sustainable development objectives with specific relevance for SPP are expressed in Mongolia's macroeconomic development policies and plans (cross-sectoral macro policies), sector policies as well as precise instruments framing environmental improvement and green growth on existing SCP elements.

The National Security Concept of Mongolia (2010-2030)

Mongolia's National Security Concept was adopted by Parliament in 2010. The basic precondition for achieving and maintaining economic security shall be the adoption of a sustainable development model that ensures independent economic development and a natural environment conducive to human security and peaceful living. This concept has produced a great impact on the broad range of Government policies.

The National Green Development Policy (2014-2030) and Action Plan

In 2014, the Parliament of Mongolia approved the National Green Development Policy (NGDP) that aims *"to advance Mongolia's national development in an environmentally sustainable manner, building the conditions for future generations to benefit and gain in the long term and to ensure environmental sustainability through creation of growth based on green development concepts and through citizens' participation and inclusiveness"*⁷. Especially the first five of the six strategic objectives of the NGDP are relevant in the context of SPP:

1. Strategic objective #1 pursues a sustainable consumption and production pattern with efficient use of natural resources, low greenhouse gas emissions, and reduced waste generation – *SPP is exactly about sustainable consumption and production.*
2. Strategic objective #2: Sustain ecosystem's carrying capacity by enhancing environmental protection and restoration activities and reducing environmental pollution and degradation – *SPP reduces environmental pollution.*
3. Strategic objective #3: Increase investment in natural capital, human development and clean technology by introducing financing, tax, lending and other incentives for supporting a green economy – *SPP financially supports cleaner production and products.*
4. Strategic objective #4: Engrain a green lifestyle by reducing poverty and promoting green jobs – *SPP can support SMEs and poor segments of the population.*
5. Strategic objective #5: Encourage education, science, and technology to serve as the catalyst for green development, and develop cultural values and livelihoods that are in harmony with nature – *SPP makes the public sector a visible champion in the pursue of a green society*

⁷ Annex to the Resolution No. 43 of the State Great Khural in 2014.

6. Strategic objective #6: Develop and implement a population settlement plan in accordance with climate change, while considering the availability of natural resources and the resilience of regions.

The policy includes specific SPP targets with a pursued share of green procurement in total government procurement of 20 % in 2020 and 30 % in 2030 (revised with the Vision 2050, refer to later in this section)⁸.

The over-arching policy is being implemented in two phases. The first phase (2014-20) established the foundation for green development with the following activities:

- Development of the Action Plan for NGD; the action plan was approved by the GoM in January 2016.
- Preparation of NGDP and SDG indicators; 14 NGDP indicators and 108 output-level indicators were identified and proposed by the National Statistical Office (NSO) in coordination with UN Partnership for Action on Green Economy (PAGE).
- Analysis of the action plan objectives and indicators has been carried out by the Global Green Growth Institute (GGGI); 43 new outcome indicators were introduced.

Vision 2050 (2020-2050)

The Mongolian Parliament in 2020 approved the long-term development policy of Mongolia, "Vision-2050", ensuring the continuity of the Mongolian sustainable development policy. The long-term development policy of Mongolia has nine fundamental goals and 50 development targets, divided into three groups of actions of 10 years for 2020-2030, 2031-2040, and 2041-2050. Especially goal 6 is relevant in this context: *Promoting environmental sustainability combined with green growth; Creating low-emission and inclusive green growth.*

The Action Program for 2021-2030 includes concrete measures on SCP⁹. The objective 6.4 of the Vision – 2050 says that the Government will "contribute to the international climate change mitigation efforts through the development of low-carbon, fruitful, inclusive green economy". In the context of this objective, many of the planned measures are related to SPP, especially measure 6.4.6:

6.4.1. Create economic incentives to promote environmentally friendly, economically efficient consumption and advanced green technology;

6.4.2. Introduce eco-taxation to reduce waste and to put into economic circulation;

6.4.3. Promote green ideas, awareness and practices on sustainable and green city, green construction, green lifestyle and resource efficiency;

6.4.4. Introduce advanced environmentally friendly technologies to reduce pollution and waste generation and implement economic incentives to encourage clean production and economical consumption;

6.4.5. Introduce environmental management standard MNS ISO14000, and intensify green passport system to promote sustainable consumption and production patterns;

6.4.6. *Gradually transform public procurement to Green Public Procurement transition to support private sector;*

6.4.10. Support domestic businesses in the construction sector that produce energy efficient products;

6.4.16. Develop the environmentally friendly and sustainable production, promote smart consumption, and strength the national green financial system, including green banks, green bonds, green exchanges, green insurance.

6.4.21. Support recycling industry to recycle solid waste from the construction, road and transportation sectors in an environmentally friendly manner.

8 The indicators' quantitative data of 2013 will serve as baseline.

9 Annex 2 to the Resolution No. 52 of the Parliament, May 13, 2020.

72 key result indicators will be used to assess the performance and implementation of the long-term development policy of Mongolia “Vision-2050” – of which specifically indicator 61 is of relevance expressing the new Mongolian SPP targets:

No.	Indicator	Measuring unit	Base level (2018)	Target level		
				2025	2030	2050
61	<i>Green Public Procurement as share of total public procurement</i>	percent		10	20	50

These targets modify the ambitions of the PAGE-supported Action Plan from 2017 (acknowledging that the high ambitions in the 2017-action plan have not been fulfilled) - but are still ambitious and can lead to a big reduction of the environmental and social impact of public procurement in Mongolia.

3.2 Legal framework

The Public Procurement Law of Mongolia (PPLM) became effective in May 2000, and a PPLM amendment allowing introduction of green aspects in procurement was approved in March 2019.¹⁰ By the PPLM, the following principles shall be pursued in public procurement of works, goods, and services: Transparency; Equal opportunity to compete; Economy; Efficiency; and Responsibility. The key criterion in evaluating responsive tenders is price.

The procuring entity may select appropriate factors that affect its economic efficiency taking into account the feature of goods, works or services to be procured.

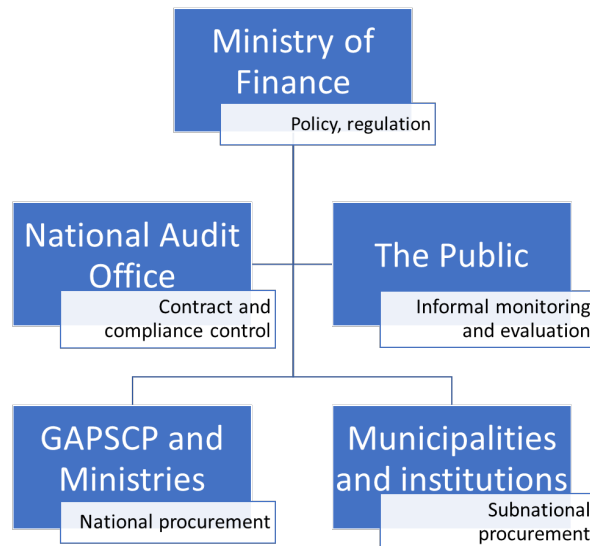
The PAGE 2017 SPP Action Plan specifies changes to be considered in the existing legal framework with amendment of specific articles of PPLM and the preparation of technical specifications. The changes have not yet been implemented and the most important ones are summarised here:

- 5.1.28. “Green procurement” means procurement of goods, works and services that aim to establish green environment that provide economical consumption of energy and natural resources, with no adverse impact on environment and human health, and with low-emission and low-waste.”
- 52.5. “The state central administrative body in charge of budgetary issues shall define guidelines for the procurement of goods, works and services that aim to establish green environment that provide economical consumption of energy and natural resources, with no adverse impacts on environment and human health, and with low-emission and low-waste.”
- To add into the “Clause 10.2” in Clause 10 (Granting a margin of preference to tenderers) of PPLM: “... by 20 percent of bid price submitted by the bidder specified in the clause 10.1.8 ...” to be added after “... by 7.5 percent of bid price to perform work ...”
- To revise the “Clause 11.1.1” in Clause 11 (Technical Specifications) of PPLM: “11.1.1. define the goods, works, and services not in terms of their design or descriptive characteristics but in terms of their purpose, application, economical consumption of energy and natural resources, usage, quality, and technical characteristics and applying criteria that establishes green environment with no adverse impacts on environment and human health, and with low-emission and low-waste”
- Make amendments to the Procedure for Planning and Reporting on Procurement by all budgetary organisations to provide necessary arrangements for state budgetary organisations to plan SPP and ensure effective organization of the sustainable procurement.
- Develop Standard Bidding Documents. Technical specifications will be developed integrating social, economic and environmental sustainability criteria.

¹⁰ This section is a shortened version of the legal review in the PAGE SPP Action Plan 2017.

- Update the Procedure for Common Contract to reflect social, economic and environmental sustainability criteria that will apply to goods to be purchased by all procuring entities based on the Common contract.
- Update a Methodology of Margin of Preference and Tender Evaluation Guidelines in order to ensure effective tender evaluation tools. The Tender Evaluation Guidelines shall specify General and specific criteria (selection/exclusion) as well as sustainability criteria.

3.3 Institutional framework for public procurement



The public procurement system of Mongolia is semi-decentralized, and most high value procurements are done by the PCSP (Department of State Property Policy and Coordination, established in 2012), line ministries and other public institutions. The following stakeholders participate in the system:

- MOF (overseeing and policy making body);
- Procuring entities (GAPCSP, ministries, public administrative institutions and agencies);
- National audit office (a role of supervision of contracts); and
- Bidders (private sectors);
- The Public (citizens, NGOs for monitoring)

Procuring entities are the key stakeholders of implementation of PPLM and other legislative procedures and actions. By the law, they have rights to initiate the procurement of goods, services or works with specific characteristics and executed in particular seasons such as construction, road, and engineering networks

MOF is responsible for overseeing and assessing the procuring entity's compliance with relevant procurement procedures, providing professional and practical advice to the procuring entity on procurement matters, drafting and adopting policies and procedures, guidelines, instructions, manuals and standard documents pertaining to procurement and reporting annually to the Government on implementation of procurement legislation.

According to the PPLM, MOF is legally responsible for management of public procurement, developing procurement related legislation and submitting the draft proposal to the Government.

3.4 The present draft of the Mongolian SPP Action Plan

The draft SPP Action Plan outlines how an SPP policy will be implemented and what actions are planned that will lead to a successful implementation and achievement of targets. Together, they give clear direction and a mandate to those implementing SPP at a national level.

The existence of an SPP Policy Statement and an SPP Action Plan provides a sound basis on which to build a coherent, well-coordinated approach that also allows tracking of progress. Without these, activities may be ad-hoc and largely based on the personal efforts of individuals. As officials tend to change regularly and institutional memory gets lost, adopting an Action Plan increases the likelihood of continuity in the advancement of SPP implementation.

The SPP Action Plan embraces the elements of the implementation process, structured through a circular approach comprising the following sub-objectives which are detailed in the following sections:

Action 1 – Establishing leadership, budget, policy and legal room

Action 2 – Engaging with the market and preparing product criteria

Action 3 – Conducting pilot tenders

Action 4 – Developing sustainable procurement tools

Action 5 – Carrying out capacity building

Action 6 – Communicating

Action 7 – Monitoring and evaluating

4. STEP 1 – LEADERSHIP, POLICY AND STRUCTURE

The first step of the SPP Action Plan embraces four actions related to the management of the SPP process:

- A. Confirm the SPP Leadership
- B. Prepare an SPP Policy Statement
- C. Strengthen the SPP Structure
- D. Revise the legal framework

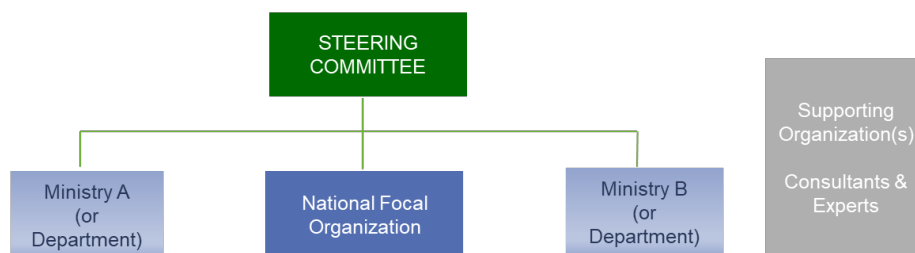
A. Confirm the SPP leadership

Leadership creates a connection between the vision, strategy, and structure by allocating re-sources and providing direction in the dialogue with staff, managers, suppliers, and other stakeholders. Importantly, political will and leadership is expressed through allocation of a budget frame for the SPP efforts. Good leadership also means tuning the organisation according to monitoring results and renewed priorities.

Initially in this first step of the action plan, it should be clarified which institution(s) – the National Focal Organization(s), NFO(s) – will hold the responsibility for leading the process of SPP policy and action plan development, naturally in cooperation with other stakeholders.

In addition to having one or two designated institutions heading the work, it is advisable to establish an SPP Steering Committee composed of key governmental institutions relevant to public procurement, e.g., Procurement Authority, Ministry of Environment, Ministry of Industry, Ministry of SMEs, Ministry of Social Affairs, and the President’s Office. A Steering Committee ensures inclusion of key stakeholders in decision making and ensures national cohesion, synergies, and collaboration unity in the SPP approach. The Steering Committee will guide the NFO in development of SPP policy and monitor SPP implementation. The Committee can also resolve inter-departmental coordination issues which NFO alone cannot do.

Model of shared responsibility & accountability at different levels



B. Prepare a SPP policy statement

The value of an ambitious SPP policy statement and vision cannot be overestimated as it indicates commitment from the highest level of Government and links sustainable procurement efforts to national sustainable development goals.

Based on the Status Assessment, a list of national SPP policy priorities can be prepared, mirroring the national sustainability objectives, and providing a clear direction for SPP product prioritisation. Relevant priority areas include, but are not limited to:

- climate change and or greenhouse gas emissions reduction
- ozone depleting substances eradication
- natural resource use optimisation

- circular economy
- job creation
- equality and diversity
- fair pays for suppliers' staff or workers in the supply chain more broadly
- economic development and regeneration

A desirable, realistic, and reliable vision can have a strong motivating effect on staff and stakeholders and lay the ground for the SPP policy.

An SPP Policy Statement generally includes:

- a. A vision, providing the long-term desired scenario
- b. Policy objectives, explaining priorities and – ideally – with outcomes and specific targets in terms of volume of SPP, scope of SPP, etc.
- c. A short, high level statement of intent - a general statement of policy recognising the importance of SPP that marks a commitment to continuous improvement.
- d. Reference to compliance with relevant legal requirements in the country
- e. Indication of means dedicated to SPP implementation (e.g., establishment of an SPP unit)

An SPP policy statement should include information of when the document was issued and who approved it. Periodic revision is recommended, especially aligned with the update of sustainable development strategies or the SPP action plan.

To allow for the successful and long-term establishment of an SPP Programme, funding for on-going operations should be clearly defined by allocating national resources. Cooperation funds can be considered but should not be the principal source of funding since this makes it unsustainable in the long run.

C. Strengthen the SPP structure

In light of the policy statement developed, good governance of the SPP implementation is ensured by having key roles, tasks and responsibilities clearly allocated between institutions – and with a relevant budget ensuring the needed capacity at all levels.

The SPP-organisational structure can be defined as the formal and informal division of activities and responsibilities. The confirmation of the NFO and establishment of the Steering Committee were the first steps of forming the SPP governance structure. The next step is to further develop the governance and the structure reflecting the key processes of SPP implementation (as accounted for in this Action Plan) – prone for improvements when implementation takes speed.

The stakeholder analysis has made it possible to include the relevant stakeholders early in the process, hereby building a network of institutions involved in SPP, enabling the NFO to draw upon the institutions' and individuals' knowledge, and providing the best framework for forming consultative groups covering, for example, criteria development, ecolabelling, capacity building, or communication strategy. A transparent and clear organisational structure ensures that all key tasks are taken care of and are distributed transparently, enabling staff to seek the necessary back up for development and implementation of sustainable procurement practices. Tasks that should be distributed to key institutions include (but are not limited to):

- It has proven valuable early in the process establishing a special "SPP Unit" in the NFO that can inspire and support national and sub-national institutions in their SPP endeavours. It provides trainings, disseminates best practice, and may also publish sustainable criteria. It coordinates with ministries and the central procurement agency on policy developments and other relevant changes. It can also gather product specific expertise from research institutions or NGOs. A helpdesk which will provide direct assistance to contracting authorities on SPP can also be established in the SPP Unit

- Development of procurement criteria for selected product groups is a challenging task that should lie with a designated institution.
- In order to give sustainability criteria weight and forward a strong signal to the suppliers, attention should be paid to control and evaluation of suppliers' compliance.
- Monitoring of implementation is another important task for which the responsibility should be made clear.
- The governance set-up should reflect and facilitate collaboration with the appropriate related governmental – not least Ministry of Finance – and non-governmental entities.

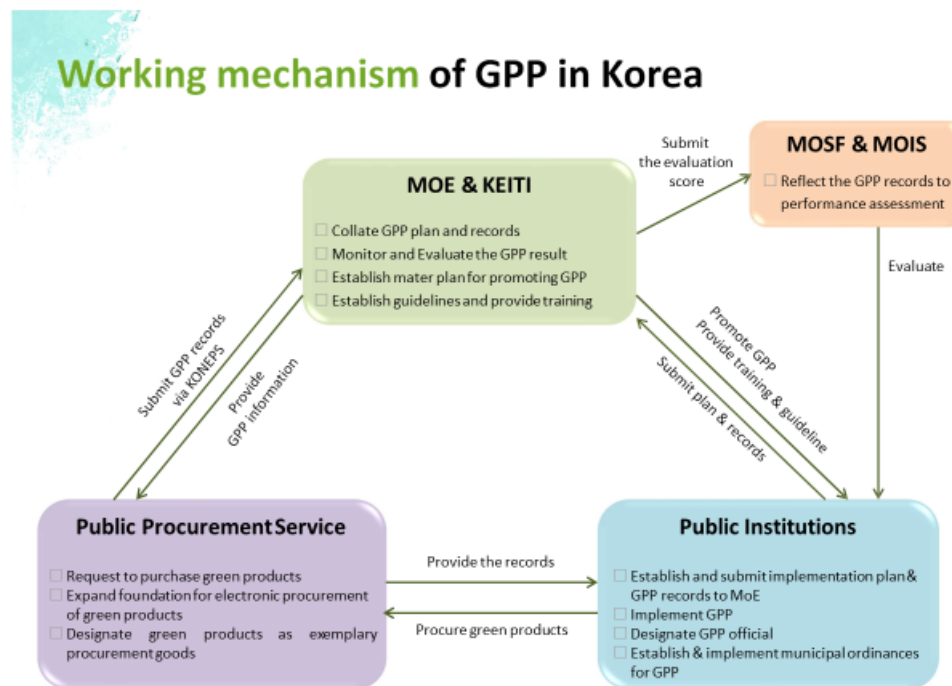


Figure 1 - The GPP working mechanism of Korea <https://www.oneplanetnetwork.org/resource/green-public-procurement-republic-korea-decade-progress-and-lessons-learned-0>

D. Revision of the legal framework

The Legal Review and the process up to now have revealed gaps in the public procurement legal framework, or regulation hindering SPP, which should be changed. The NFO should, in cooperation with the relevant ministries, initiate a process of revising the legal framework enabling and promoting mainstreaming of SPP, according to the recommendations made in the legal review. The revision may include elements such as:

- Edit general procurement regulation to pursue SPP based on the recommendations of the legal review
- Collecting inspiration from SPP-related legal frameworks from other countries
- Make room for innovative procurement in the regulation
- Emphasise the importance of concepts such as “best value for money”, “transparency”, and “equal treatment of bidders”
- Ensure coordination with national priorities for the private sector

The revision process can target primary legislation (e.g., the public procurement law) or secondary legislation (e.g., bylaws and decrees) which can include the new SPP criteria and define the way they need to be integrated in day-to-day procurement.

5. STEP 2 – ENGAGING WITH THE MARKET AND PREPARING PRODUCT CRITERIA

An iterative process of prioritising products and services for SPP¹¹, checking market conditions, and preparing SPP criteria, leads to the development of procurement guidelines for the selected product groups. The process includes the following actions as illustrated in figure 5.

- A. Agree on long list of products based on the status assessment.
- B. Understand the market's ability to supply sustainable product alternatives.
- C. Select priority product groups
- D. Define SPP criteria and prepare sustainable procurement guidelines.

A. Agree on long list of products assessment

A long list of the most relevant product groups for SPP should be identified, aiming at achieving environmental, social and/or economic benefits and hereby supporting a broad understanding of SPP as societal worthwhile. A number of factors should be considered in the product prioritization exercise, including:

- policy and sustainability priorities, such as economic development, support for local markets, climate change mitigation;
- product groups with significant public procurement volume;
- product groups that are likely to contribute to SPP objectives in a timely and cost-effective way; these are 'quick win' product groups, where there exists enough experience or knowledge to implement SPP quickly along with a good cost/ benefit ratio;
- market availability of sustainable alternative products;
- existence of ecolabels or appropriate means of verification for environmental or social attributes;
- market influence of the public contracting authority, with a focus on those product categories for which the procurement authority has the most market influence;
- goods and services with particular strategic importance for the country (such as cashmere wool in Mongolia) or for their high impact throughout their life cycle.

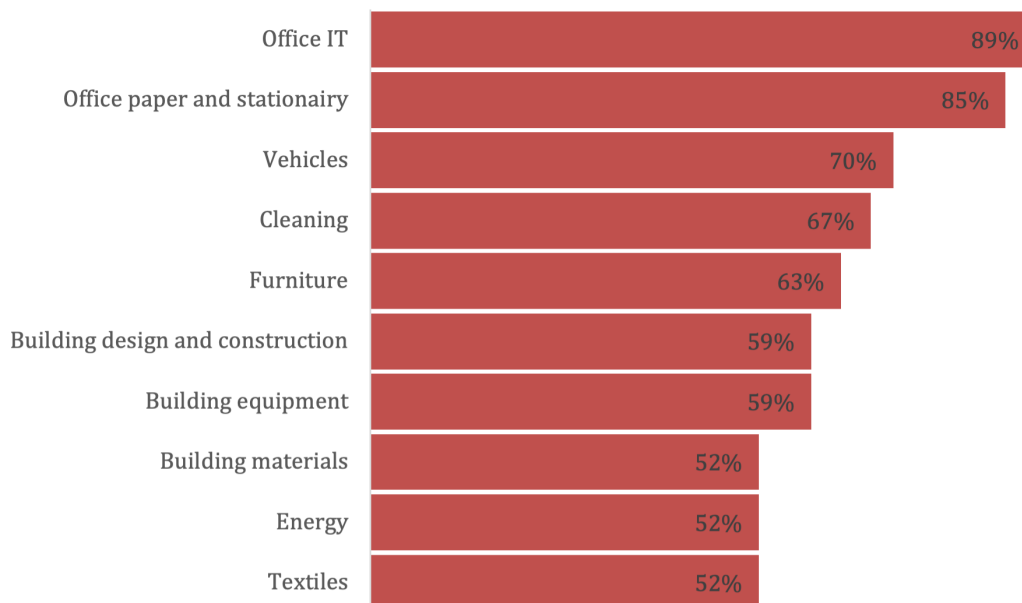
The figure below lists the most commonly prioritized products according to the 2017 survey undertaken by UNEP in preparation of the 2017 Global Review of SPP.¹²

A relevant list which could be considered by countries is the list of product groups prioritized by the European Commission in the framework of their GPP Policy.¹³

11 In the remaining part of this paper, the term products also covers services.

12 UNEP (2017) Global Review of Sustainable Public Procurement www.wedocs.unep.org/bitstream/handle/20.500.11822/20919/GlobalReview_Sust_Procurement.pdf

13 https://ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm



B. Understand the market's ability to supply sustainable product alternatives

- Carry out a preliminary market study to assess the availability of alternatives ("green"/sustainable) items on the local market and the average price difference between conventional and alternative items applying, when it is justified, the life cycle approach (comparing the products' Total Cost of Ownership - Acquisition price plus estimated costs of maintenance, gasoline, insurance, disposal, etc.¹⁴
- Exclude the types of products for which the market cannot supply sustainable alternatives, or for which sustainable products are too expensive compared to conventional products, when looking both at upfront costs and the Total Cost of Ownership.
- Analyse and reflect on which types of products will have the greatest sustainability impacts.

C. Select priority product groups

- Identify the environmental issues generated by the products identified throughout their life cycle. Assess the positive environmental impacts that could be obtained through the purchase of alternative products (vs conventional products) for these types of products, define a scoring methodology and allocate a score to each type of product or product group.
- Then identify socio-economic issues generated by the products throughout their life cycle. Assess the positive socio-economic impacts that could be obtained through the purchase of alternative products (vs conventional products). Example: promote gender balance, improved working conditions, fair trade, etc. Define a scoring methodology and allocate a score to each type of product.
- Finally rank the shortlisted products based on the total score obtained.

D. Define SPP criteria

Responsibilities and resources for the development of SPP criteria must be clearly assigned and it is recommended to form committees with relevant stakeholders - users, technical experts, procurers and decision makers – to work on specific product groups. SPP criteria should – where possible - be developed by experts also involved in the preparation of eco-label criteria, and the national standard setting organisation.

¹⁴ See tools for TCO calculation on https://ec.europa.eu/environment/gpp/pdf/TCO_tools.pdf

Development of purchasing criteria is an iterative process during which ambitious criteria are tested on the market – and revised according to market readiness. This may mean that it is not about achieving the highest level imaginable, but about doing better than the status quo. New criteria should be tested in pilot activities.

The process includes the following steps as illustrated:

- **Product prioritization** – Priority products for SPP are selected;
- **Market analysis** – A market readiness analysis to verify the existence of alternative sustainable products in the market at an acceptable cost. Product sustainability attributes or specifications contributing to meeting the sustainable development objectives and complying with the best possible market performance are defined at the outset of the market analysis;
- Development of **Sustainable Procurement Guidelines** for the priority products which detail the sustainability impacts and define sustainable purchasing criteria for the selected products;
- Identification or definition of appropriate **means of verification** for environmental or social attributes; and
- **Pilot tendering** – The Sustainable Procurement Guidelines are tested through the launch of pilot tenders and revised based on the outcomes of the process.

The process should be repeated periodically to integrate new product groups for SPP or to revise and update existing Sustainable Procurement Guidelines.

6. STEP 3 – CONDUCTING PILOT TENDERS

Pilot implementation of SPP in selected administrative units allows for testing and refinement of criteria and procedures. It is suggested to run actual procurement tenders of up to three products or services with SPP criteria. The pilots demonstrate that SPP can be implemented, build capacity, and can further refine the SPP Policy and Action Plan. Pilots can act as a test bench for the national SPP procedures, if such are already developed, or deliver experience and input for preparation of the SPP procedures.

The products or services purchased should be selected from those identified as prioritized and available.

This step involves the following actions:

- A. Make ready
- B. Implementation
- C. Evaluation

A. Make ready

When selecting which products or services that can be used in the pilot tender exercise, several factors should be taken into consideration:

- The volume of the contract should be large enough to provide incentive for the market to match the challenging criteria, but small enough to avoid risks such as higher costs or lack of bids can't be borne. An option in order to adjust the size of the contract can be to pilot implementation in only one state, or for one agency only.
- While it may be attractive to choose "low hanging fruit", i.e., categories that are easy to implement, it is recommended to include at least one procurement process for a product or service which is more advanced to truly test the mechanisms. The level of criteria can encompass more complex sustainability requirements and verification methods, or it can mean that there are fewer potential bidders for more advanced requirements.
- Making sure to select suitable products or services, which are also needed, allows for the opportunity to get reactions and feedback from the market, as well as from other stakeholders.

B. Implementation

Conduct the pilot procurement following national procurement rules and regulations. Include sustainable criteria to be considered in selection of the winning bidder.

C. Evaluation

Once the purchased product or service has been delivered, the process should be evaluated; the following factors could be illuminated through interviews with procurement responsible staff:

- Did the existing SPP procedures provide sufficient guidance for the process?
- Did the national SPP structure support the pilot process where relevant?
- What were the main challenges of the pilot process?
- Were procurement criteria developed based on comprehensive market engagement?
- How did the market respond to the tender and the procurement criteria?
- Did the delivered products or services fully meet the procurement criteria?
- What were the economic implications of applying the sustainability criteria?
- Did SPP demonstrate applicable and relevant in the specific context?

The results of the evaluation, and the lessons learned from the process of pilot implementation, can then be used to adjust the procurement guidelines and the mechanisms of SPP before the full roll out of the SPP Programme.

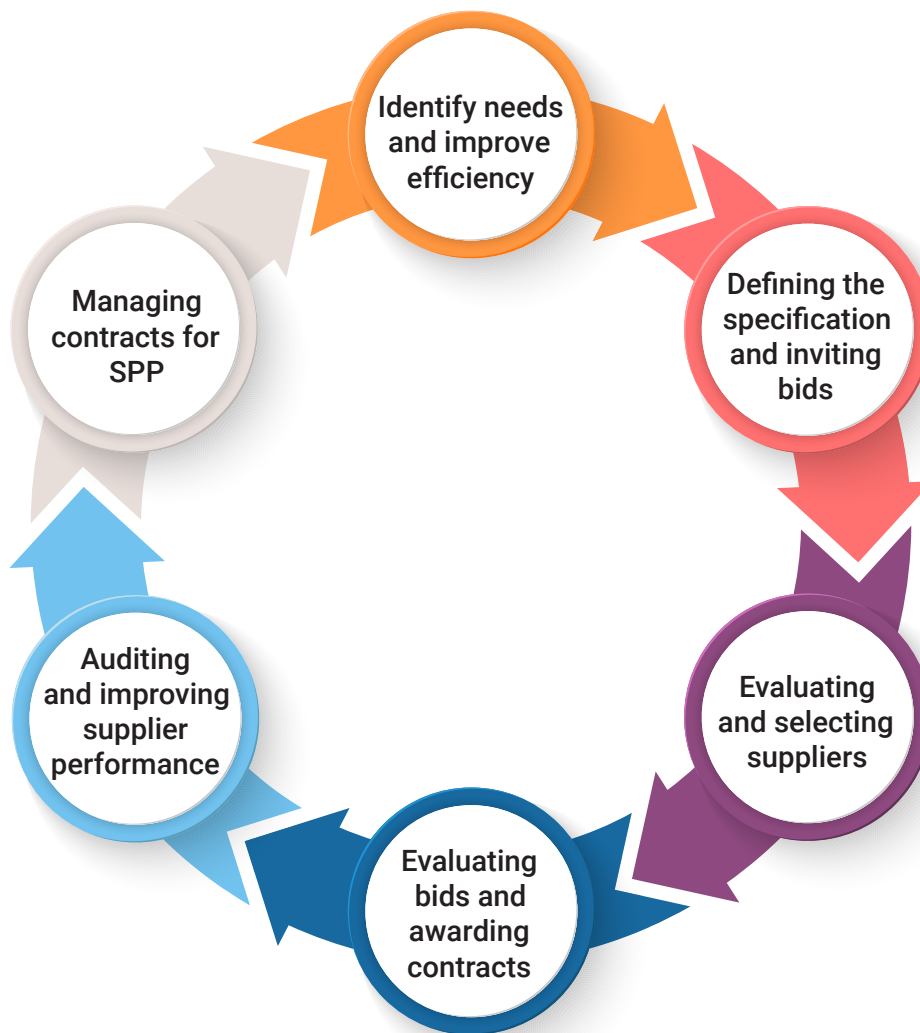
7. STEP 4 – DEVELOPING SPP HANDBOOK

Mainstreaming of SPP implies that the public institutions in the country apply sustainability criteria along their procurement cycle, as a nationwide programme.

There is much international guidance available for purchasing bodies on how to conduct SPP, focusing on a range of products, sustainability issues or regions. Based on the most relevant international material, national SPP guidelines with procedures and criteria suggestions, including good cases, can support the national procurers in implementing SPP 'the national way', and so can specific tools such as excel-sheets to calculate total cost of ownership.

A key source for preparing a national SPP Handbook should be handbooks from other countries. However, the handbook details should always be specifically tailored to country specific situations. Short case studies and examples to illustrate a point can help making manuals and guidelines more relatable.

Whilst different countries may have different procurement terminology, the procedures and stages in procurement cycles are often similar. The diagram below outlines a typical procurement process, including the principles of good procurement; and the following text explains how SPP can be taken into consideration at each of these stages.



The Mongolian SPP handbook should include a section on each of the actions mentioned in the figure.

1. Identifying needs and improving efficiency

Every purchase – every product or service bought – has some impact on the environment, on the economy, and on people. An examination of what is essential to delivery of governmental services helps to identify where there is “waste” in the system. Waste can take the form of duplication of effort, over-ordering of materials (as a safety net or buffer), repeat purchases, or wrong purchases due to flawed specifications. The questions that can be asked are:

- What need is being fulfilled and what function is being delivered through this purchase?
- Are there other ways of meeting that need or delivering that function?
- Do we really need to buy at all?
- How can we work with internal customers, budget-holders, and users to re-configure the demand through sharing and better management?
- What are the whole life costs of meeting this need in this way?

2. Refining the specification and inviting bids

Specification setting is critical as it defines the requirement, presents significant scope to drive the sustainability agenda with suppliers and demonstrates leadership on SPP. Producing a specification is not a simple task, but it is extremely important to ensure that the organisation gets what it needs at the optimum cost, whilst maximising sustainability. Good principles include:

- Different types of specifications (technical, functional, performance) encourage different levels of innovation from the supplier, and procurers must consider which is most appropriate for the specific contract need.
- Threshold criteria (minimum or maximum levels) that must be met give a clear signal to the suppliers.
- If it is unclear how the market will respond to a higher standard of performance, additional (or award) criteria can be used.

Take into consideration the cost of verification of (sustainability) criteria, which can be a burden, particularly for SMEs.

3. Evaluating and selecting suppliers

When practising sustainable procurement, certain sustainability risks could be managed by the selection of suppliers; for example, when buying timber products only choosing a supplier who meets a particular environmental management system standard or sustainable forestry certification system.

In many instances, suppliers are pre-selected before they can place a bid for contracts, through a selection process that needs to be legal, logical and structured. Suppliers may be selected based on them having a management system in place. Procurers might also ask to see the suppliers’ relevant experience with SPP demanding projects such as waste disposal, construction or facilities management. Procurers may ask to see comparable projects that the supplier was involved in order to pass an “ability” test.

It is possible to use weightings for specific sustainability criteria as well as to the suppliers’ overall sustainability performance, all with a structured and logical supplier evaluation process, ensuring that all suppliers are treated fairly and equally and that the most appropriate supplier is selected.

4. Evaluating bids and awarding contracts

Bid evaluation will determine which bid wins the contract and how sustainable the contract will actually be in practice. This is the stage that often receives the most scrutiny, therefore it should be managed carefully and transparently to ensure the best decision is made.

Undertaking bid evaluation varies from a very simple approach of selecting on the lowest price, to a much more detailed approach weighting and assessing with numerous non-cost and sustainability factors. How bids will be evaluated must be announced in advance, including that the organisation is actually awarding contracts based on sustainability and value for money principles. It should be common public procurement practice for bids to be evaluated on the basis of “value for money”, where this is consistent with the prevailing legal framework.

5. Auditing and improving supplier performance

Both for transparency reasons and to ensure that what is asked for in a tender is actually delivered, criteria should be verifiable. The verification method must always be transparent and allow for equal treatment. Third-party verification is more robust than self-declarations but may not always be accessible or proportional.

When proposing means of verification, the resources such as knowledge and technical equipment should be available internally or externally to check them.

What sustainability aspects that are most relevant will vary and may include such issues as contents of hazardous substances, energy efficiency, or origin of materials; relevant social aspects include job creation, health impacts, human rights or working conditions.

6. Managing contracts for SPP

Contract management is essential to ensure that suppliers and contractors keep to the commitments included in their bids. As it is sometimes not the procurement staff that is responsible for contract management, strong internal cooperation and management is required.

Both the supplier and the procuring organisation have legal contractual obligations. Contracts that are well managed ensure that commitments are met on both sides and that any problems are dealt with quickly. It requires time and commitment to build a solid working relationship between the procurer and the supplier, what will be particularly important for longer-term contracts where the buying and supplying organisations will be working together for many years, and for high-risk contracts, where the products or services being supplied have high sustainability impacts and are often essential purchases for the buying organisation.

Consideration of contract management should:

- Engage early with the market, including awareness raising events for key sectors, to promote lasting sustainability improvements. Suppliers should be asked for their measurement proposals to be used as part of bid evaluation.
- Potential suppliers and contractors should be made aware of the SPP Policy statement and Action Plan. This will help them to prepare, not just to bid for contracts, but also for the contract management requirements.
- The performance criteria used to manage and evaluate the contract should be determined at the stage of risk assessment and contract strategy formulation.
- How the contract will be evaluated should be established and communicated. For example, contracts can be managed through review meetings – on a monthly or quarterly basis.

8. STEP 5 – CARRYING OUT CAPACITY BUILDING

Capacity building should be conducted throughout the SPP process, starting with decision makers and continuing with all stakeholders involved in the SPP efforts – procurers, suppliers, and others. Capacity challenges include building the necessary skills and knowledge for continuous operation and improvement of the SPP programme, and it also crucial when dealing with changes in technical staff.¹⁵

Important actions that should be carefully planned for include:

- A. Planning and capacity needs assessment
- B. Preparation of training syllabus and materials
- C. The training

A. Planning and capacity needs assessment

An overall plan for capacity building is prepared by the NFO and endorsed by the SC.

Different types and forms of training should be offered depending on the target audience and it is recommended to develop a Capacity Building Plan that defines these. Some content, for example on SPP in general, can be the same across all audiences, while other aspects and content should be tailored to the specific audience.

The Capacity Building Plan should be developed based on the stakeholder mapping and an analysis of the needed capacity among the key stakeholder groups. The capacity building plan can be prepared in light of the following questions:

Question	Issues to be addressed	Output
What?	<ul style="list-style-type: none">• Which are the target groups (procurers, contract administrators, auditors, users, producers, SMEs¹⁶, etc.)? Central Government and/or local governments?• What are the necessary skills and knowledge that the target groups require for their role in the SPP programme? (this includes considering if these skills and knowledge should be incorporated into the job profile at some point) – and which of these competences are lacking?	<ul style="list-style-type: none">• Target Group(s)• Capacity building goals and objectives
When?	<ul style="list-style-type: none">• What should be the time scope (years) of the plan?• What can be achieved in the short, medium and long term?	<ul style="list-style-type: none">• Definition of short-term, medium-term and long-term objectives

¹⁵ An analysis from the ADB points at the necessity of capacity building of public procurers as there is lack of such training courses in the country. ADB Procurement Capacity Assessment, 2015.

¹⁶ In the case of producers and SMEs, the capacity building could be seen as market engagement.

Where?	<ul style="list-style-type: none"> • Will the capacity building efforts be focus on specific region(s) of the country? If yes, which? What are the selection criteria? 	<ul style="list-style-type: none"> • Geographical focus
How?	<ul style="list-style-type: none"> • Which instruments are available, which need to be developed/updated? According to each target group and the defined goals and objectives • How will these activities be financed? • How can the success of these activities be properly monitored and evaluated? 	<ul style="list-style-type: none"> • Instruments: trainings (in person, eLearning), guidelines, tools (like calculators), websites, university curricula, networks, etc. • Financing • Monitoring and evaluation
Who?	<ul style="list-style-type: none"> • Who will implement the activities? • Which partnerships exist for implementation? (private sector, universities, training centres...) 	<ul style="list-style-type: none"> • Institutional set-up • Partnerships

B. Preparation of training syllabus and materials

As per the Capacity Building Plan, different types of material are developed and delivered by different people at different times. Those developing Capacity Building material, such as training curricula or handbooks, should combine technical knowledge of SPP with relevant experience in communication or training. They may come from relevant international partners, NGOs, consultancies, or universities. Local/internal trainers are likely to have more in-depth knowledge on the specific situation, while international/external trainers may have more SPP experience and be regarded as impartial experts.

Whenever possible, Capacity Building for SPP should be integrated in existing structures, including public procurement instruction at universities or as part of internal training, trade fairs where suppliers gather or online learning material. Identifying collaboration opportunities with other stakeholders can be very efficient in this context. Linking up with existing training structures will also be valuable for establishment of train-the-trainers models.

The objectives of general SPP training can include:

- Awareness raising about the benefits of SPP
- Obtaining political support and willingness to implement SPP at all levels of government
- SPP Leadership and the SPP Status assessment
- Preparing the SPP policy statement
- Establish governance and structure
- Development of the SPP action plan
- Implementation of the action plan
- Prioritising product groups, engaging with the market and setting criteria
- Communication
- Monitoring

C. Training

The invitation to participate in training should come from a high-ranking role that the audience is likely to respond to, such as the Ministry of Finance or the Ministry of Industry. The invitation also specifies the target audience so that participants bring the necessary technical knowledge and capacity for implementation.

Stakeholders with many other obligations, such as politicians, may be swayed by offering the training in a special location.

Once the National Focal Organisation and Steering Committee are established, it is recommended that an initial training session is held with members of the NFO, the Steering Committee, and any other stakeholders that are important to the project, such as contracted consultants or key staff. This initial training session will help stakeholders make informed contributions throughout the process; improved knowledge among the staff in each country will increase their performance and willingness to exchange and collaborate. Training is also highly relevant for the successful forming of internal networks.

The recommended audiences for general SPP training will vary depending on the country and stages and could include staff from:

- Procurement
- Finance
- Legal Department
- Contract Management
- Project Management
- Heads of Departments/Senior Management Teams
- Any individual responsible for procurement
- Suppliers
- Label owners
- Organized civil society

The objectives of all types of training for policy makers, procurement officers and trainers are to enable participants to learn about the basic principles of sustainable public procurement and tools to integrate environmental and social sustainability into the procurement process and to acquire skills necessary for applying sustainable procurement approaches to policy, planning, implementation and monitoring.

The objectives of the training for private sector-suppliers are to introduce basics of SPP and give understanding on sustainability related requirements to be included in the technical specifications and the contract.

Capacity building should not be limited to only classroom type of training. Taken into consideration workload and time constraints of working people, MOF should consider developing short online training programme. Such training can be useful for reaching out to rural areas.

Direct support during the process of implementation will be needed and should be delivered by the National Focal Organisation.

Training on Circular Economy for SMEs

A **Training on Circular Economy and Green Supply-Chain for SMEs** has already been conducted by the SWITCH-Asia SCP Facility in partnership with the Ministry of Environment and Tourism (MET) Mongolia on 10 February 2022.

The objective of this Training was to build the technical knowledge and capacity of more than 70 SMEs from diverse sectors (agriculture, cashmere and sewing, city planning, construction, start-ups and scientific research, tourism, and trade) on how to mainstream SCP into their operations and processes – including selected measures within topics as circular economy, resource management, recycling, improved product quality, eco-innovation, and cleaner production. To this end, the training provided science-based information and analysis of best practices and key concepts relevant to the Mongolian context.

9. STEP 6 – COMMUNICATING

Communication is a critical activity that needs continuous attention. It demonstrates the value of applying SPP, motivates staff involved, increases potential impact by getting stakeholders on board, and serves to inform all sectors of the society about the potential or achieved benefits of SPP. Communication with the right content increases the satisfaction of stakeholders.

Communication is addressed both to internal stakeholders (e.g. project reports, status meetings) and external stakeholders (e.g. consultative workshops, press conferences, etc.).

It is recommended to develop a communication management plan that can:

- Position SPP as an official initiative of the government.
- Publicise the benefits of SPP for over-arching policy goals
- Gain support for and engagement with SPP from civil society
- Contribute to having public officers, suppliers, as well as other stakeholders, speak a “common language” on SPP.
- Inform the market about SPP plans to allow producers to adjust and adapt to future needs
- Publicise achievements from SPP, including impacts
- Identify opportunities for improvement
- Maintain political support, particularly during transitions of governments.
- Support procurers in understanding the principles and practice of SPP.

Planning communications aims at designing an appropriate communication approach based on an understanding of the communication needs. This should be documented in the Communication Plan, clearly specifying the following points:

- What is the target audience?
- What are the communication needs of the different stakeholders?
- What is the aim of the communication – involvement, information, direction or other?
- What is the substance of the communication?
- What methods and channels will be used, considering the target audience?
- What should be the timing and frequency of the communication?
- Who will be responsible for the communication?

10. STEP 7 – MONITORING

It is important to define monitoring systems to track progress and results of the SPP programme, hereby demonstrating responsibility of stakeholders concerned and achievements of the plan itself. The monitoring model should be determined early in the policy development stage. It must be established in the policy statement which government levels (from local to national) will be subject to the policy and the monitoring of its implementation.

According to PPLM the state administrative authority of all levels shall have a unit responsible for monitoring and evaluating the implementation of the functions specified in the law within the scope of his responsibilities. The unit responsible for monitoring and evaluation at each government agency is responsible for evaluation of procurement according to the General rules for monitoring and evaluation for the implementation of the policy and the actions (Government Resolution # 89 of 2017). The Procurement division of MOF is responsible for monitoring of objectives, targets and achievements of the annual Procurement Plan and presents each year to the Cabinet.

A methodology to measure the SPP, *The SPP Index Methodology – SDG Indicator 12.7.1*, was developed in 2020 by UNEP and partners¹⁷. The methodology proposes an index measuring the level of implementation of sustainable public procurement (SPP) in a single country.

The methodology applies a progressive approach to allow countries to consider options such as inclusion of the sub-national level in the calculation. The methodology can be used by all countries no matter the status of SPP implementation and mainstreaming, just as it can be used at both national and sub-national level.

The indicators of the Index correspond to the approach described in the present SPP Action Plan:

- i. Existence of an SPP action plan/policy statement, and/or SPP regulatory requirements
- ii. The SPP regulatory framework is conducive to sustainable public procurement
- iii. Practical support delivered to public procurement practitioners for the implementation of SPP/GPP
- iv. SPP purchasing criteria/ buying standards / requirements identified
- v. Existence of an SPP monitoring system
- vi. Percentage of sustainable purchase of priority products/services

Since it is necessary to implement a robust bottom-up system and acknowledging the fact that gathering of information may require inter-institutional work, it is important that the coordination of the relevant institutions is defined. It is also essential to ensure leadership by appointing a monitoring agency or department with authority to mobilise stakeholders and get as many responses as possible in the monitoring exercises.

To incentivise the uptake of SPP, countries could use the information gathered through monitoring to define incentives linked to certain results, such as ranking institutions or recognition to individual officers.

The main elements of defining and setting up SPP monitoring systems are listed below:

17 More info available on the SCP Clearinghouse – www.scpclearinghouse.org

Establish the foundation	<ul style="list-style-type: none"> • Form a team including all relevant stakeholders • Define the goals and monitoring requirements
Key indicators	<ul style="list-style-type: none"> • Adopt the UNEP SPP Index Methodology – SDG Indicator 12.7.1 (or select indicators) • Ensure that indicators and their calculation are appropriate, reliable and representative
Data tracking and reporting	<ul style="list-style-type: none"> • Select or establish efficient tracking systems and reporting • Define the mechanisms for data gathering • Prioritise integration with existing electronic tools and platforms
Piloting and deployment	<ul style="list-style-type: none"> • Test the monitoring system in advance • Provide clear instructions, guidance and training • Integrate in management systems
Communication of results and benefits	<ul style="list-style-type: none"> • Promote SPP performance and reporting by publishing results • Evaluate environmental, social and market impacts and communicate the benefits obtained • Do not report on results alone (incentivise by example)

SPP Criteria for Mongolia: Furniture, Computer, Paint

In Mongolia, the cheapest price is the dominating criteria in public procurement. Certifications can be a good indicator for the sustainability of products, but not least with the limited number of eco-labelled products in Mongolia, demands for eco-labelled products will limit the supply of goods to a non-desired extent. Therefore, there is a need to formulate green criteria supporting the public procurers in purchasing more sustainable products. For every criterium there should be a verification method, so that the public institution can verify the authenticity of the goods. Different methods include:

- Known sustainability certificates (ISO, EN-standards, EU certificates, etc.)
- Factory samples
- Inspection of certification documents

Furniture

In the public sector

In the EU's Green Public Procurement criteria, furniture is referred to as 'units which primary purpose is storage, hanging - and/or for sitting, laying, eating, studying or working'. EU's criteria are split into three sections: renovation of existing used furniture, purchase of new furniture, and end of life services for furniture. The present criteria concern procurement of new products.

Environmental challenge

Furniture is a combination of different components (wood, metals, plastic, etc.) and, therefore, has a range of environmental impacts.

According to the EU GPP criteria, the greatest impacts are related to:

- Loss of biodiversity due to unsustainable forestry
- Unsustainable use of resources, especially in the use of plastic
- High energy use and CO₂e emissions in the production phase
- Waste of materials throughout the whole value chain
- Bad indoor climate due to chemicals used

SPP Criteria for Mongolia

The specific criteria suggested in the section below are based on the EU GPP criteria and focus on the consumption of materials such as wood, plastics, metals and chemicals.

The importance of demolition, warranty and take-back systems are also a part of the criteria. The EU and the UN encourage a point system for the evaluation of tenders, so the different criteria is weighted **based on their importance**.

Criteria	Documentation	Points and weighting
Wood legal for furniture production <ul style="list-style-type: none"> • Certified wood • Wood that is sustainably grown and felled 	<ul style="list-style-type: none"> • Distributor documentation • Supply chain documentation • Certification • Report on wood types and production 	<ul style="list-style-type: none"> • Sustainable forestry is important for biodiversity and climate change <p style="text-align: center;">Max points</p>
No use of chemicals. Including: <ul style="list-style-type: none"> • Surface treatment wood, plastic and metal • No cancerous, reproductive toxins, toxic for inhalation • No chemicals from the REACH regulation 	<ul style="list-style-type: none"> • Factory samples • Certification 	<ul style="list-style-type: none"> • Chemicals affects local areas of production, indoor climate and health when used <p style="text-align: center;">Max-medium points</p>
Recycled materials (plastic, wood and metals) <ul style="list-style-type: none"> • The amount of recycled material in the product • The amount of sustainable material in the product (minimised used of non-renewable resources) 	<ul style="list-style-type: none"> • Certification • Supply chain documentation 	<ul style="list-style-type: none"> • Recycled materials and sustainable materials affects most parts of the environmental impact, especially the CO₂ emissions <p style="text-align: center;">Medium points</p>
Products designed for disassembly <ul style="list-style-type: none"> • Products that easily can be disassembled for all parts to be recycled or reused • Products that easily can be disassembled so one part can be replaced 	<ul style="list-style-type: none"> • Certification • Instructions from distributor 	<ul style="list-style-type: none"> • Design is important in all phases, as it impacts the use and possibilities for reuse and recycling materials back into the system <p style="text-align: center;">Low-medium points</p>
Product warranty and spare parts <ul style="list-style-type: none"> • Extended warranty • Take-back systems to ensure longer use of products and higher recycling rates 	<ul style="list-style-type: none"> • Declaration between public institution and distributor • Certification • Supply chain documentation (especially end-of-life) 	<ul style="list-style-type: none"> • Longer use and recycling of goods affects all parts of the supply chain, as this impacts the need for less products <p style="text-align: center;">Low-medium points</p>
Restrictions on metals <ul style="list-style-type: none"> • No use of Cadmium and nickel 	<ul style="list-style-type: none"> • Certification • Supply chain documentation • Factory samples 	<ul style="list-style-type: none"> • Chemicals affects local areas of production, indoor climate and health when used <p style="text-align: center;">Medium points</p>

Computers

In the public sector

In the EU's Green Public Procurement (GPP) criteria, computers are referred to as stationary and portable devices including:

- Desktop computers
- Integrated desktop computers
- Desktop workstations
- Notebook computers
- Mobile workstations
- Tablets/smartphones

Criteria for computers are split into: Product lifetime extension, energy consumption, hazardous substances, end-of-life management. Furthermore, EU's GPP criteria for computers are split into two types:

1. **Core criteria:** designed for easy application, focusing on products direct environmental impact.
2. **Comprehensive criteria:** takes more aspects into account and/or higher levels of environmental performance. Can be used to further support environmental goals and innovation.

Environmental challenge

Computers cause a series of environmental impacts in all phases of the value chain. They are produced of components, of which many are based on critical raw materials (such as lithium and cobber). Computers consume energy through operation and worn out computers are often disposed of unsustainably.

According to the EU, the greatest impacts are related to:

- Usage of finite and critical raw materials
- Air, soil and water pollution, due to raw material extraction and production
- Energy consumption from production and use
- Generation of hazardous waste upon disposal

SPP Criteria for Mongolia

Criteria	Documentation	Points and weighting
<p>Energy usage and battery lifetime</p> <ul style="list-style-type: none"> • Optimisation of energy usage • Ensure longer lifetime of batteries • Ensure devices can be recharged 	<ul style="list-style-type: none"> • Documentation from standard test (e.g. EN) • Report on 'Typical Energy Consumption' • Manual in tender 	<ul style="list-style-type: none"> • Energy usage in the user phase and longer lifetime for battery have a major impact on the overall energy usage and CO₂e emissions. • Batteries are produced from critical raw materials, and longer lifespan will reduce the need for producing new batteries. <p style="text-align: right;">Max points</p>
<p>Design for repair and recycling</p> <ul style="list-style-type: none"> • Ensure repair of devices • Ensure that spare parts are available • Ensure that devices can be disassembled and recycled 	<ul style="list-style-type: none"> • Documentation from supply chain • Instructions in tender and contract • Declaration in tender and contract 	<ul style="list-style-type: none"> • De possibility to repair and proper recycle • devices will reduce the need for new products • and expand the life time of existing ones. <p style="text-align: right;">Medium points</p>
<p>Warranty and take back systems</p> <ul style="list-style-type: none"> • Long warranty to ensure that devices are repaired or taken back when broken • Take back systems to ensure that devices are recycled and reused in production 	<ul style="list-style-type: none"> • Certification • Supply chain documentation • Declaration in tender and contract 	<ul style="list-style-type: none"> • Longer warranty and take back systems will • prolong lifetime of devices and ensure • recycling of materials <p style="text-align: right;">Low-Medium points</p>
<p>Standard ports and power supply</p> <ul style="list-style-type: none"> • Standard ports in devices to ensure less need for changing ports • Standard power supply to ensure less need for changing supply 	<ul style="list-style-type: none"> • Manual from distributor • Declaration in tender and contract 	<ul style="list-style-type: none"> • Standard ports and power supply will reduce the need for changing cables and ports every time the organisation changes devices <p style="text-align: right;">Low points</p>
<p>Restricted use of hazardous substances</p> <ul style="list-style-type: none"> • No or limited use of substances that affects local areas, health and disposal • For example chlorinate in plastic and flame redundant 	<ul style="list-style-type: none"> • Certification • Test and report from supplier • Declaration in tender 	<ul style="list-style-type: none"> • Restricted use of substances are important in all phases of the value chain. It affects local areas in production, health when used and the disposal. The substances impacts air, soil and water. <p style="text-align: right;">Max points</p>

In the public sector

In the EU's Green Public Procurement (GPP) criteria, paints are referred to as paints, varnishes and road markings and include:

- Paint or structural plastic systems which are applied to road surfaces
- Floor paints
- Tinting systems
- Wood, metal and /or wall Paint/coating/primers
- Decorative paints and varnishes

The EU has split the paint-criteria in two categories and two subcategories:

1) **paints and varnishes** and 2) **road marking**. Within both category 'work contracts' is a subcategory, as authorities most often makes contracts with service companies.

Furthermore, EU's GPP are split into two types:

1. **Core criteria:** designed for easy application, focusing on products direct environmental impact
2. **Comprehensive criteria:** takes more aspects into account and/or higher levels of environmental performance. Can be used to further support environmental goals and innovation.

Environmental challenge

Most environmental impact of paints is associated with the production phase. But also, the quantity of paint used affects the amount of waste of unused paint and how long the paint lasts.

Paint is most often disposed as hazardous waste due to the chemicals used in production and can affect health and local environment. In road filling, glass beads are a major challenge due to energy consumption and bead contamination and erosion.

According to the EU, the greatest impacts are related to:

- Solvent, binder and TiO₂ manufacture
- Road marking glass beads manufacture
- Hazardous functional additives
- Product durability
- Waste caused by unused product

SPP Criteria for Mongolia

Criteria	Documentation	Points and weighting
<p>Reduce and/or limit the content of VOCs</p> <ul style="list-style-type: none"> Reduce the amount of volatile organic compounds in paint and road marking The amount of VOCs should not exceed set limit values 	<ul style="list-style-type: none"> Documentation from standard test (e.g. EN) Certification Test from value chain 	<ul style="list-style-type: none"> The amount of VOCs have a major impact on the local environment in the production phase and the indoor climate when used. This can affect local environment and human health <p style="text-align: right;">Max points</p>
<p>Hazardous ingredients and labelling</p> <ul style="list-style-type: none"> Hazardous ingredients shall be restricted and/or limited Ensure that the final product is not labelled as toxic (require limited hazardous substances) Substances includes phthalates, cadmium and lead 	<ul style="list-style-type: none"> Documentation from standard test (e.g. EN) Certification Test from value chain 	<ul style="list-style-type: none"> Toxic and hazardous substances have a very negative impact on the environment and human health in all phases. <p style="text-align: right;">Max points</p>
<p>Efficiency of application and durability</p> <ul style="list-style-type: none"> Paint and road marking shall be easy to apply and spreadable to reduce the amount needed Paint and road marking shall be weather resistance (applies for outdoor paint) 	<ul style="list-style-type: none"> Certification Declaration in tender and contract 	<ul style="list-style-type: none"> The amount of paint needed when applicated is important for the amount needed and therefore also for the amount produced. <p style="text-align: right;">Low-Medium points</p>
<p>Paint and road marking work contracts meet overall criteria</p> <ul style="list-style-type: none"> When buying paint and road marking service, the contractors have to meet all criteria set for paint and road marking 	<ul style="list-style-type: none"> Declaration in tender and contract Certification Product documentation 	<ul style="list-style-type: none"> Paint and road marking is often done by contractors which have to meet all criteria made for the products they use <p style="text-align: right;">Max points</p>
<p>Manage of waste and unused paint and road marking</p> <ul style="list-style-type: none"> Contractors have to document how they handle waste and unused products 	<ul style="list-style-type: none"> Declaration in tender and contract Waste management plan 	<ul style="list-style-type: none"> Paint and road marking can be hazardous and it is therefore important to waste management this correctly, so local environment is not impacted. <p style="text-align: right;">Low-medium points</p>



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