



Sustainable Public Procurement Comparative Analysis of Four Countries Learning for Leapfrogging

Sub-regional Webinar: Enhancing the implementation of Green Public Procurement in the Southeast Asian Region

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Outline and Objectives of the Session

1. What is sustainable public procurement?

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

2. How does SPP differ from GPP?

In GPP the focus is solely on reducing the environmental impact of the goods and services whereas SPP brings in all three pillars of sustainable development to generate benefits not only to the organization, but also to society and the economy, whilst minimizing damage to the environment.

3. Learning from different countries?

Indonesia, Malaysia, Philippines and Thailand

4. What is the knowledge / lessons to help leapfrogging?

How to identify knowledge for leapfrogging







Introduction

Definitions

Public Procurement

The acquisition of goods and services by government or public sector organization

Green Public Procurement

Public authorities seek to purchase goods, services and works with a reduced environmental impact throughout their life cycle





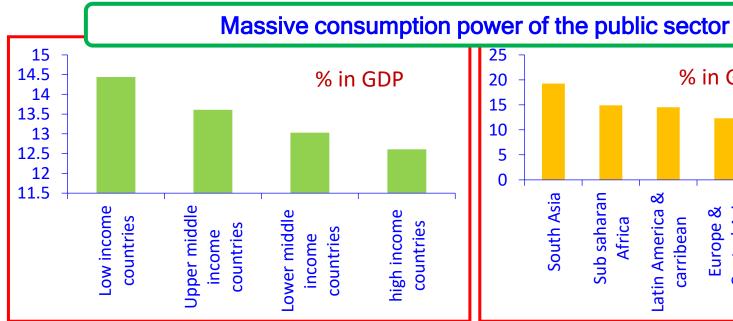


Introduction

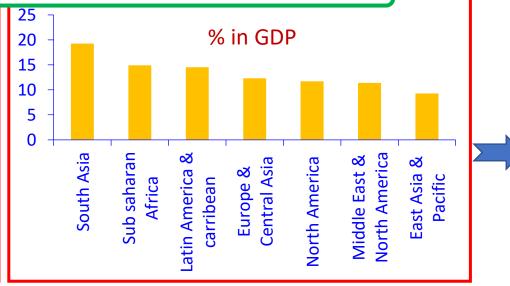
Sustainable Development

Sustainable Consumption and Production (SCP) Transform consumption into green

Transform production into green



Public procurement shares in GDP based on economic status of country



Public procurement share in GDP based on regions of the globe







Introduction

Sustainable Public Procurement

Green Public Procurement

Public procurement

Economic considerations



An administrative process

Process

Need analysis
Market analysis
Prepare specifications
Tendering (Tender documents)
Evaluation and awarding
contract

Criteria

Value for money
Quality and quantity
Time efficiency
Transparency
Accountability
Guarantee
Fair.... etc..

Environmental considerations

Life Cycle Analysis
Life Cycle Costing

Social considerations

Labor concerns
Ethical production



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Difference Between Procurement and Purchasing



Procurement

- Vendors Selections
- Vendors Evaluation
- Market Research
- Contract Negotiation

Purchasing

- Request for quotation
- Approvals
- Purchase order issuance
- Receipt of Goods

Procurement: The process of identifying, shortlisting, selecting and acquiring suitable goods or services or works from a third-party vendor through a direct purchase, competitive bidding or tendering process while ensuring timely delivery in the right quality and quantity.

Purchasing: Purchasing is the set of functions associated with acquiring the goods and services that an organization requires.

Purchasing is a small subset of the broader procurement function.

This process includes activities like ordering, expediting, receiving, and fulfilling payment.

Purchase is a choice; Procurement is a responsibility!

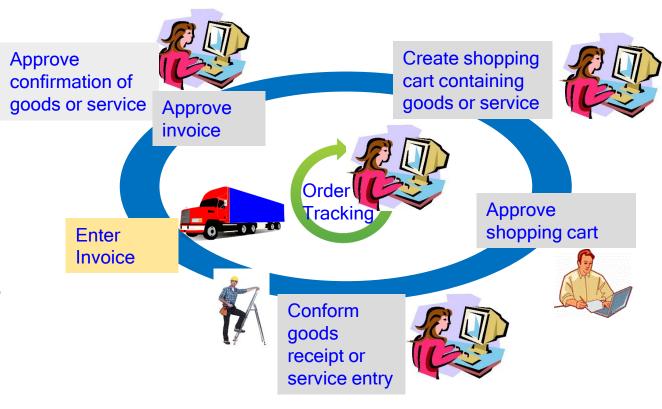
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Defining Procurement & Procurement Process

- Procurement is the acquisition of goods, services or works from an outside external source, at the best possible cost to meet the needs of the purchaser in terms of quality and quantity, time, and location
- Public procurement is about how public authorities spend public money when buying goods, works or services (example: buying IT equipment, utility use water, gas and electricity to a public buildings schools, offices, hospital or a road)
- Public procurement at central, provincial, and local level normally represents 15-30% of national GDP

Procurement Process includes preparation and processing of a demand as well as the receipt and approval of payment.





Definition of SPP

Sustainable Public Procurement (SPP) is

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

Defra, UK Sustainable Procurement Task Force (2006),





Government Procurement

- Sustainable public procurement as one of the tools to promote SCP
- Public authorities are big consumers
- Estimates vary from 18% of GDP in the EU to 30%, and up to 50% in developing countries.
- Governments are able to showcase best practice in their own consumption behavior through green procurement and investment in energy efficient and low material intensity public buildings such as government offices, schools and hospitals as well as public infrastructure for transport and recreation.

Public authorities are the big players of consumption!

switchasia Public Procurement

From Green Public Procurement (GPP) to Sustainable Public Procurement (SPP) for Sustainable Mobility / Transport

- Both GPP and SPP require procurers to look beyond the function of the goods or services to their impacts at all stages of the life-cycle
- However, in GPP the focus is solely on reducing the environmental impact of the goods and services
- Whereas SPP brings in all three pillars of sustainable development to generate benefits not only to the organization, but also to society and the econom minimizing damage to the environment





What is Sustainable Public Procurement in Plastic Consumption?

Sustainable Procurement gives a strong signal to the market and encourages the innovative production of cleaner and more ethical products; and enhances the benefits for the environment and for local communities

Sustainable procurement base the choice of goods and services on:

- Economic considerations: best value for money, price, quality, availability, functionality of plastic products purchased.
- Environmental aspects, i.e. green procurement: the impacts on the environment that the plastic product and/or service has over its whole life-cycle, from cradle to grave; and
- Social aspects: effects of purchasing decisions on issues such as poverty eradication, international equity in the distribution of resources, labour conditions, human rights.





The Elements of SPP

Environmental dimension...

Green, ecological, environmentally friendly, environmentally responsible procurement... Social dimension...

Socially responsible, inclusive, ethical procurement...

Economic dimension...

Efficient, competitive, innovative procurement...

environmental and economic considerations in procurement

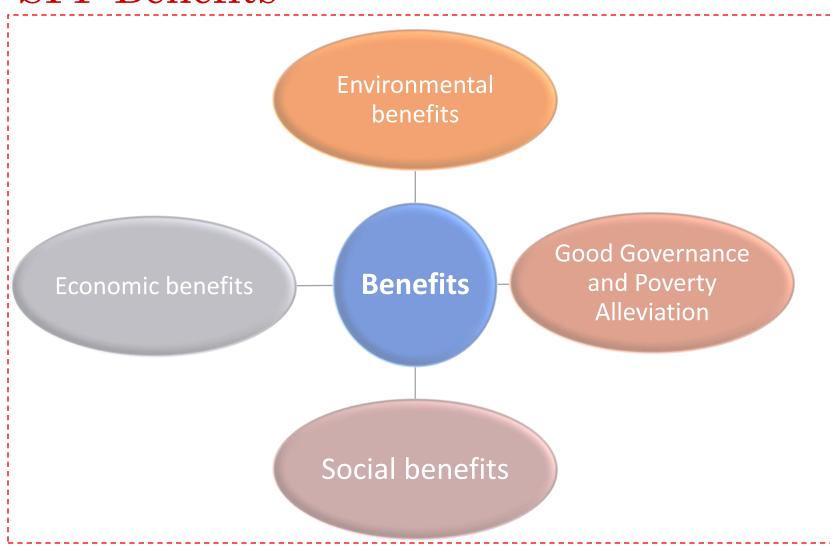
Balancing social,

SPP





SPP Benefits



Boosting Sustainable Consumption

- Social improvement
- Environmental improvement
- Economic improvement
- Good governance
- Poverty Alleviation





Relevance, Impacts and Benefits of SPP

Economic Improvement

- Promotion of regional production sector and SMEs
- Promoting local economy
- Generation of employment and wealth (Green jobs)
- Stimulation of innovation and improvement of the market
- Knowledge and technology transfer

Encouraging sustainable consumption among other agents

Environmental Benefits

- Efficient use of natural resources
- Reduction of waste generation and contaminant emissions
- Protection of the environment and of toxic load of products

Resource efficiency & Greening the Supply Chain

- Questioning the need to buy
- Reducing quantities
- Saving energy and water
- Promoting re-use and recycling
- Minimizing packaging
- Optimizing transport efficiencies





Relevance, Impacts and Benefits of SPP

Reducing the Social Risk

- Bribery and corruption
- "Sweat-shop" labor
- Bad working conditions
- Discrimination
- Child labor
- Ethical standards



Social Improvement

- Promotion of best working conditions
- Reduction of poverty
- Reducing local unemployment
- Empowerment of groups at risk /minorities
- Building social and labor capabilities
- Encouraging good employment practices





Green Procurement/Purchasing

Green procurement is the purchase of environmentally friendly products and services

Green purchasing includes the acquisition of products or services that have environmentally preferable characteristics such as...

- 1. Recycled Content or Easily Recyclable
- 2. Bio-based or Bio-Degradable switchasia
- 3. Energy and Water Efficient Products
- 4. Use Alternative Fuels or Renewable Energy
- 5. Eliminate Hazardous or Toxic Chemicals
- 6. Locally Produced





Green Purchasing = buying Green!





Green Public Procurement/Purchasing

Green Public Procurement is the purchase of 'goods, services and works with a reduced environmental impact throughout their life cycle' (European Union, 2011).

Green procurement includes the purchase of sustainable technologies, products and services for energy, water, waste, and materials efficiency (i.e. recycling), in council buildings, offices, facilities, works, and fleet

The process in which organizations buy supplies or services by taking into account:

- Best value for money (price, quality, availability, functionality);
- Environmental aspects ("green procurement") over the entire life cycle of products;
- Social aspects (issues such as poverty eradication, labor conditions, human rights), e.g. Fair Trade.



Effectiveness, Delivery, Availability





Four Areas of Green Procurement

Waste reduction





Recycling



Energy efficient equipment







Reduction of energy requirements







GPP Approach in Japan

GPP Approach in Japan

- In 2000, the Government of Japan passes the Act No. 100 of 31 May 2000 on the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities, also known as the Act on Promoting Green Procurement.
- The Act requires each Ministry and their incorporated Agencies to:
 - 1. define and make public annually a GPP policy or plan, with self-defined procurement targets for the priority product and services defined by the Government in the so-called basic GPP policy;
 - 2. report a summary of its GPP records to the Ministry of the Environment after the end of each fiscal year and to make those records public.
- Local public authorities (prefectures, cities, towns and villages) are not obliged to do so, but are encouraged to define a policy every year for the promotion of the procurement of eco-friendly goods and services.

Source: UNEP (2020) Monitoring the Implementation and Estimating the Benefits of Sustainable/Green Public Procurement http://switch-asia.eu/site/assets/files/2423/guide_gpp_east_asia_final.pdf





GPP Approach in Japan

GPP Approach in Japan

- To monitor the level of compliance and progress, since the enforcement of the act in 2001 the Government monitors GPP implementation at both the central and local levels.
- Furthermore, it also evaluates the impacts of GPP both in terms of the market transformation (market availability of green products) as well as in greenhouse gases emissions reductions thanks to GPP.
- At the central level, two aspects are monitored.
 - GPP institutionalisation (process), simply in terms of the number of Ministries and Agencies that develop their annual GPP plans and reported on their implementation.
 - On the other, the actual level of green purchases (outputs) for each of the more than 270 products and services prioritized in the basic GPP policy.

Source: UNEP (2020) Monitoring the Implementation and Estimating the Benefits of Sustainable/Green Public Procurement http://switch-asia.eu/site/assets/files/2423/guide_gpp_east_asia_final.pdf





GPP Approach in Japan

- However, to collect and aggregate data, the Ministry of the Environment provides a standardized reporting form (a spreadsheet) on which each agency enters the number of products purchased each month (both green and in total) and which calculates annual data automatically.
- This allows the government to evaluate:
 - The evolution in overall consumption, with the total amount of products purchased (in units).
 - The progress in the level of GPP, with the percentage of green products over the total (%).
- After the end of each fiscal year, all organizations submit the form to the Ministry of the Environment, which then prepares aggregated results for the whole central Government (Ministries and incorporated Agencies).

Outcome:

- According to records, the number of product groups (excluding works) with a GPP rate of more than 95% has increased since 2001.
- At that time, the number of products with such a high GPP rate were 40 out of 90 products (44%) for which the central Government had to report results.
- In 2017, 182 out of 205 products (98%) show levels of GPP of 95% or higher.

Source: UNEP (2020) Monitoring the Implementation and Estimating the Benefits of Sustainable/Green Public Procurement http://switch-asia.eu/site/assets/files/2423/guide_gpp_east_asia_final.pdf





Case Study-Green Public Procurement in City of Copenhagen

Procurement Objectives

Annual flow of 4-5000 worn out waste containers from the households.

Objective: Get the operator to deliver the worn-out containers back to the producer for direct recycling

Criterion: "The container should be in Polyethylene (PE) and be recycled into regenerate"

- Contract was designed in a way which gave the operator the choice to handle the waste containers as he wished
- If those were delivered for incineration, operator had to pay the fee
- If he sold them to the recycler, he could keep the revenue
- Recyclable plastic is valued among producers of waste containers

Results

The worn-out waste containers were delivered directly back to the producer for recycling into new waste containers

GREEN PUBLIC PROCUREMENT IN DENMARK

https://ec.europa.eu/environment/life/project/Projects/index.cfm?fuseaction=home.showFile&rep=file&fil=PLASTIC_ZERO_analyzed_in_denmark_case_copenhagen_final_.pdf





Green Public Procurement in City of Copenhagen



Waste Prevention Goals Under Partnership for SPP

 The Ministry for Environment, the Ministry of Finance, the National Procurement Ltd. - Denmark, and the State Procurement Office at the Danish Agency of Governmental Management are the bodies responsible for GPP in Denmark

 Danish EPA also develops inspiration materials on environmental guidelines and GPP criteria; it promotes ecolabels and it facilitates Danish networks for sustainable and green public procurement

Targeted Area	Goals for waste prevention, reuse and recycling
Food	It is a target that all primary and transport packaging should be free of PVC, phthalates and other items on the list over undesirable substances.
Transport	Members should set criteria for the disposal of old vehicles
Construction	Members must set criteria for a number of areas, including waste and recyclability and they may set criterion that building materials shall not contain PVC
Products for children	All toys should be without phthalates, brominated flame retardants, heavy metals hazardous to health, organic solvents or azo colours. Diapers must comply with the criteria of the Nordic Eco-label "Svanen"
Cleaning products and services	Cleaning products must comply with the criteria of Nordic Eco-label 'Svanen' or EU Eco-label 'The Flower'

GREEN PUBLIC PROCUREMENT IN DENMARK

https://ec.europa.eu/environment/life/project/Projects/index.cfm?fuseaction=home.showFile&rep=file&fil=PLASTIC ZERO analyzed in denmark case copenhagen final .pdf

Case Study-Green Public Procurement in City of Copenhagen



Environmental Impacts

Efforts in producing waste containers with one or few plastic polymer types which are, highly appropriate for recycling

Reprocessing plastic waste saved 80% of fossil fuel used for manufacturing of virgin plastics

Recycling resulted in net CO₂ savings of 1-1.15 tons of CO₂ per ton of plastics





Lessons learned

By using the economic incentives for recycling, there was no need to monitor and control all the time, since economic incitement did that work

The risk of price fluctuation is held by the operator

This way of creating incentives for recycling can only work if the procuring body knows that there is economic revenue from selling the specific waste product to recyclers







Ethical Procurements

Violation of Social Dimension of SPP may occur as in; Labor rights violation at work-place

- Unethically long hours for insufficient hours
- Poverty-level wages, wage discrimination based on gender
- Unsafe and poor work environment
- Lowest wage
- Unethical trade

SPP should include the Principles of Ethical Procurement

- Transparency
- Good Management
- Prevention of misconduct, compliance and monitoring
- Accountability and control
- Fair trade Products/Commodities







SPP: A New Approach to Good Governance

- Sustainable Public Procurement is about spending public funds on products/services/projects that foster sustainable development
- An efficient and effective public procurement system is the backbone of a well-functioning government and ensures delivering quality services to the public

Good Governance

- Ensuring fair competition, transparency and non-discrimination
- Increasing accountability and transparency
- Optimize resources to obtain better value for money cost-effectiveness
- Setting example: exemplary administration
- Complying with national policy and international agreement goals
- Complying with social and environmental legislation

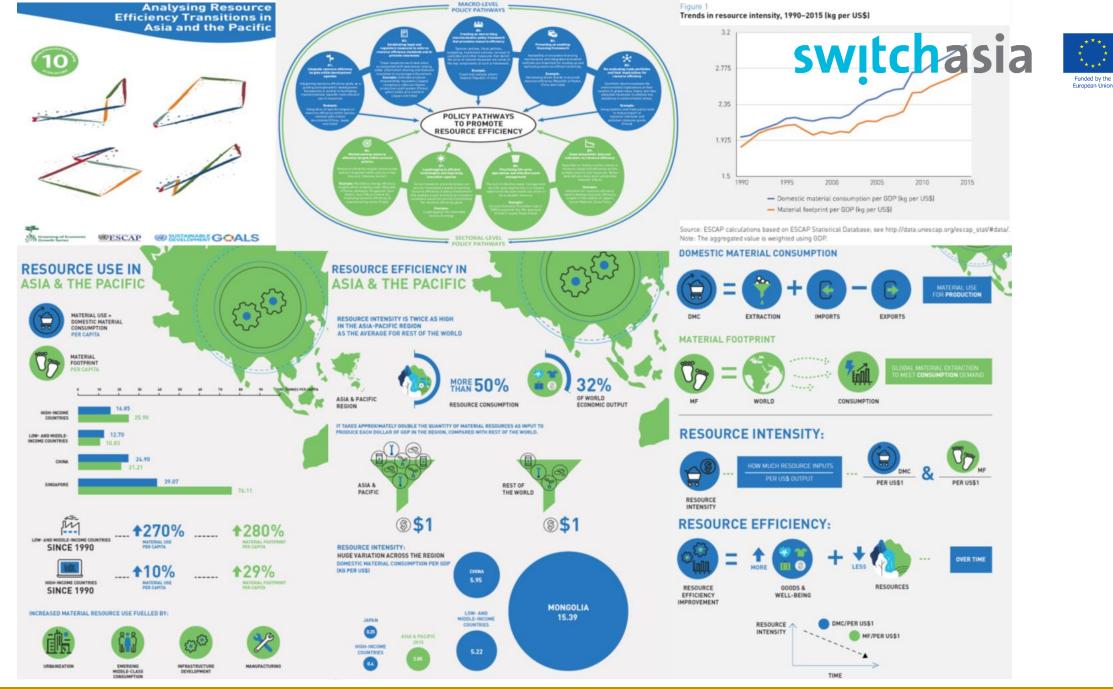




A well functioning SPP is a boon to the public



Comparative Analysis Lessons for Leapfrogging



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Need and Preferences – Can we influence the change?



Growing population

from 7 billion today to 9 billion by 2050



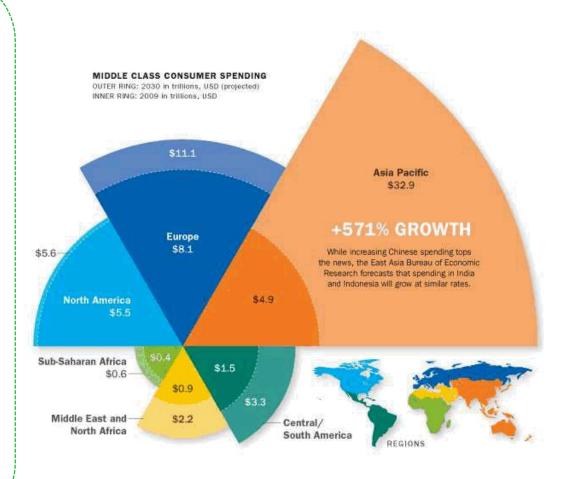
Economic develop- ment and increasing global trade

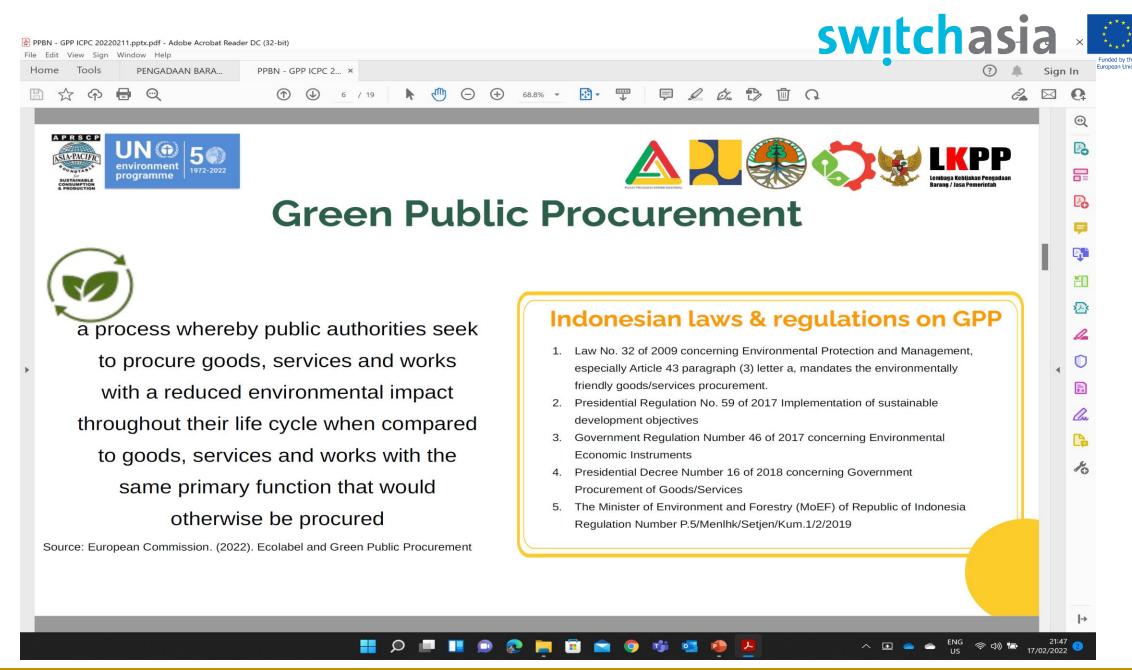


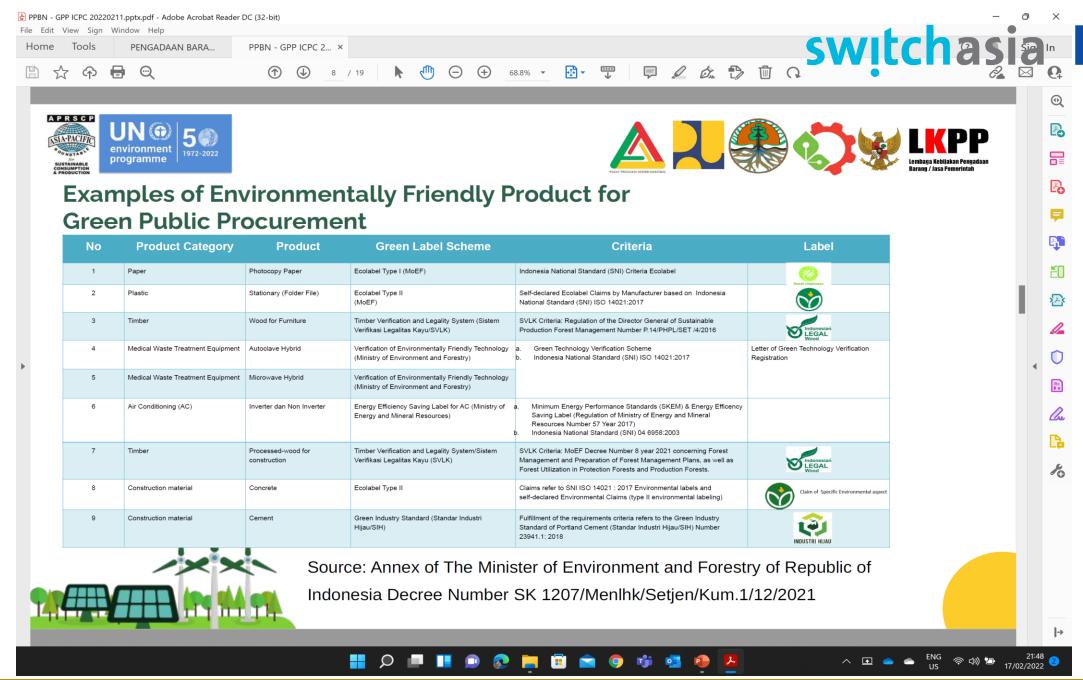
Growing middle-class with changing consumption patterns



Increasing consumption of biomass

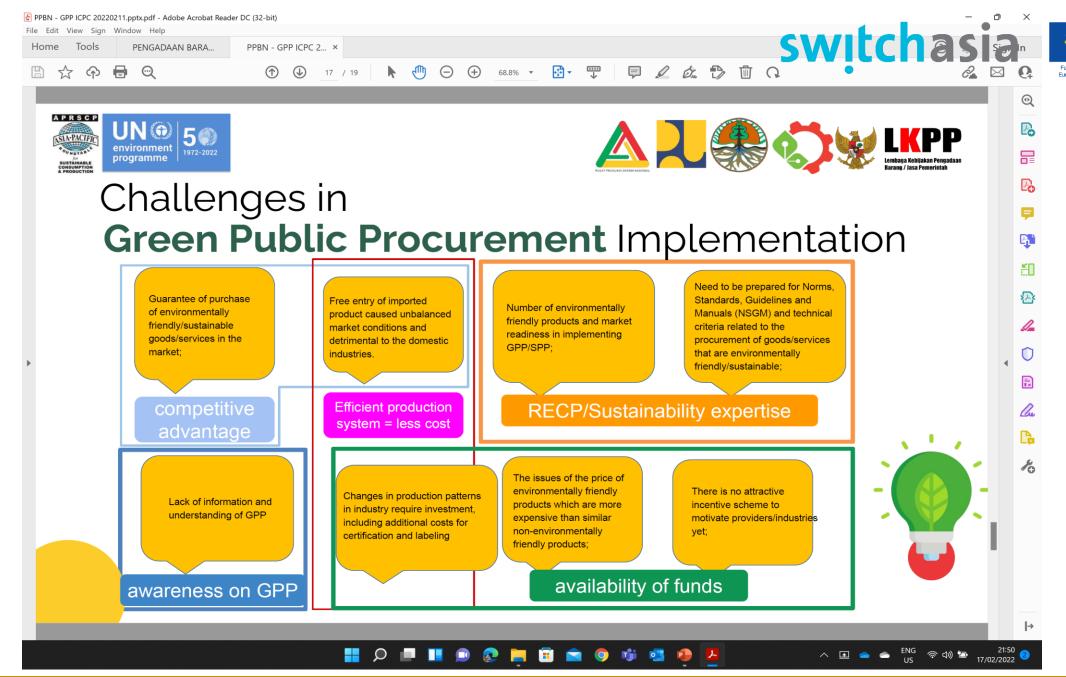






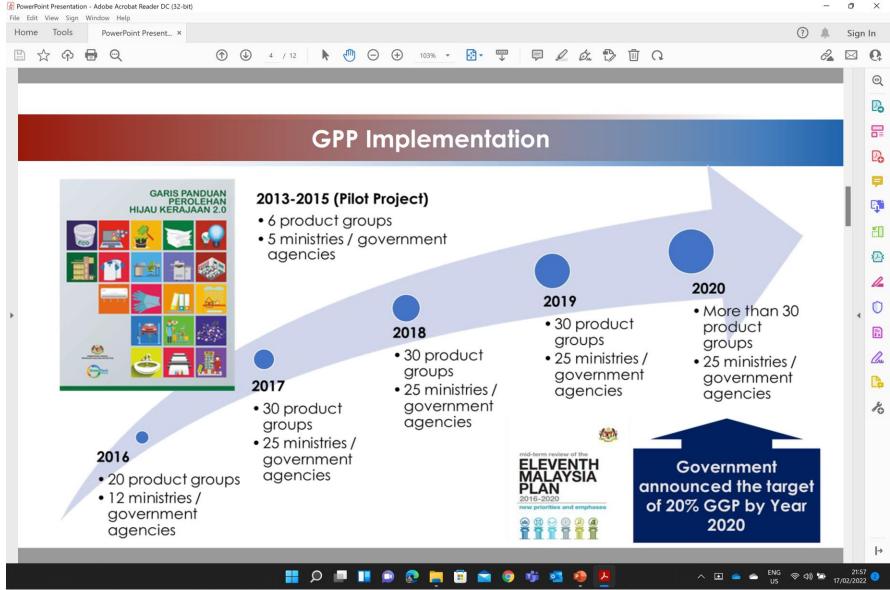


Funded by the European Union



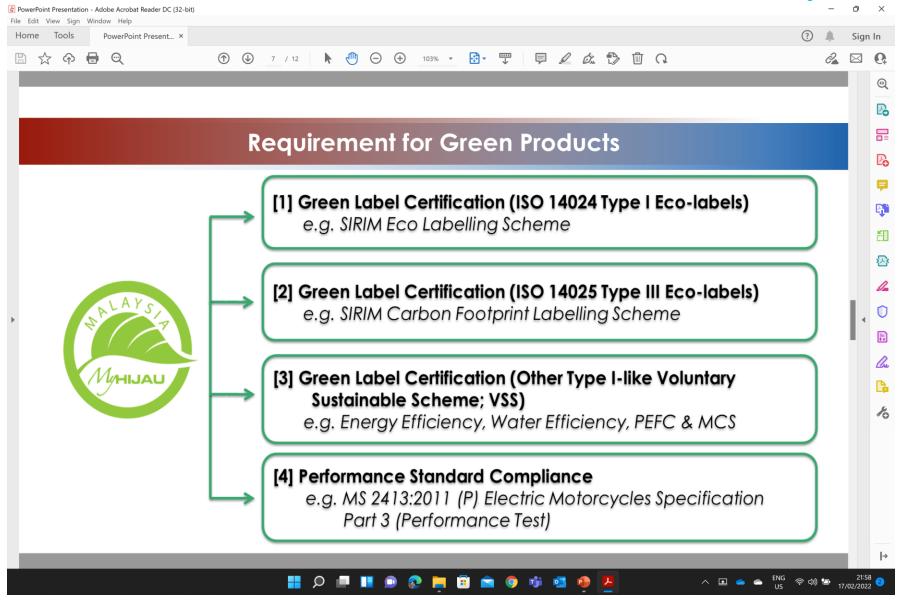














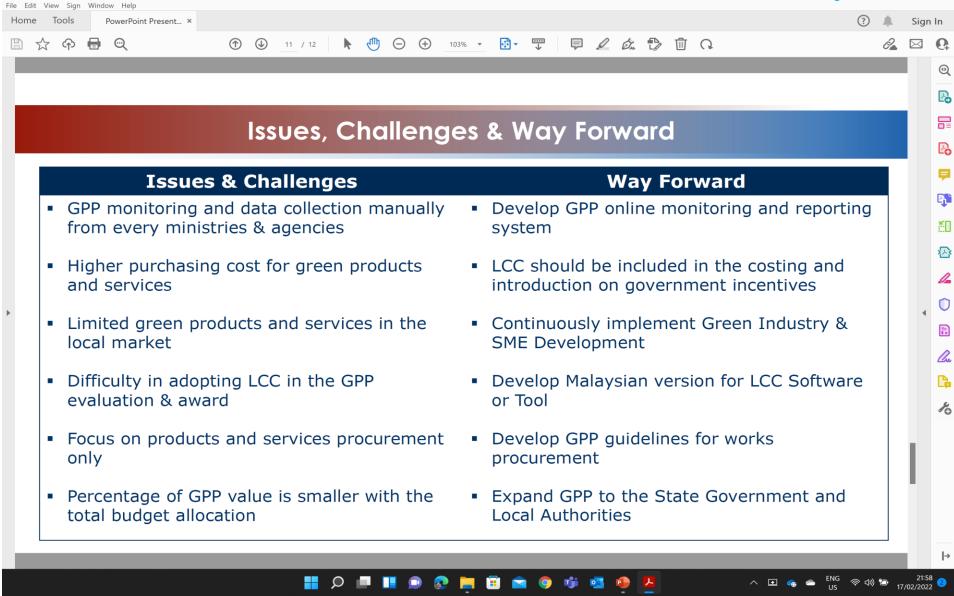




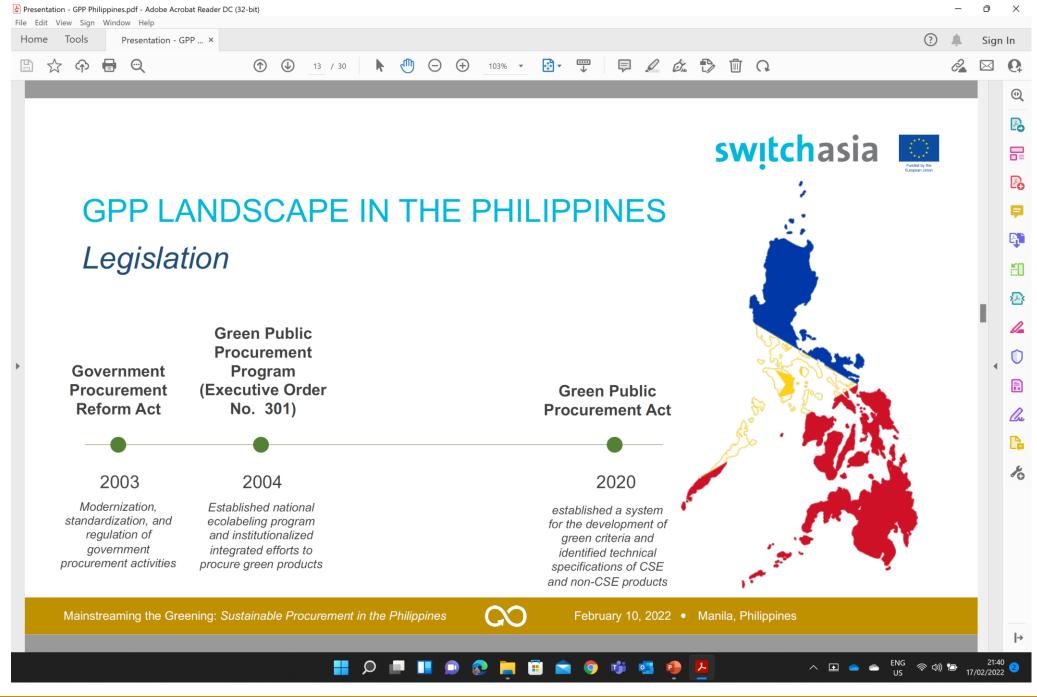
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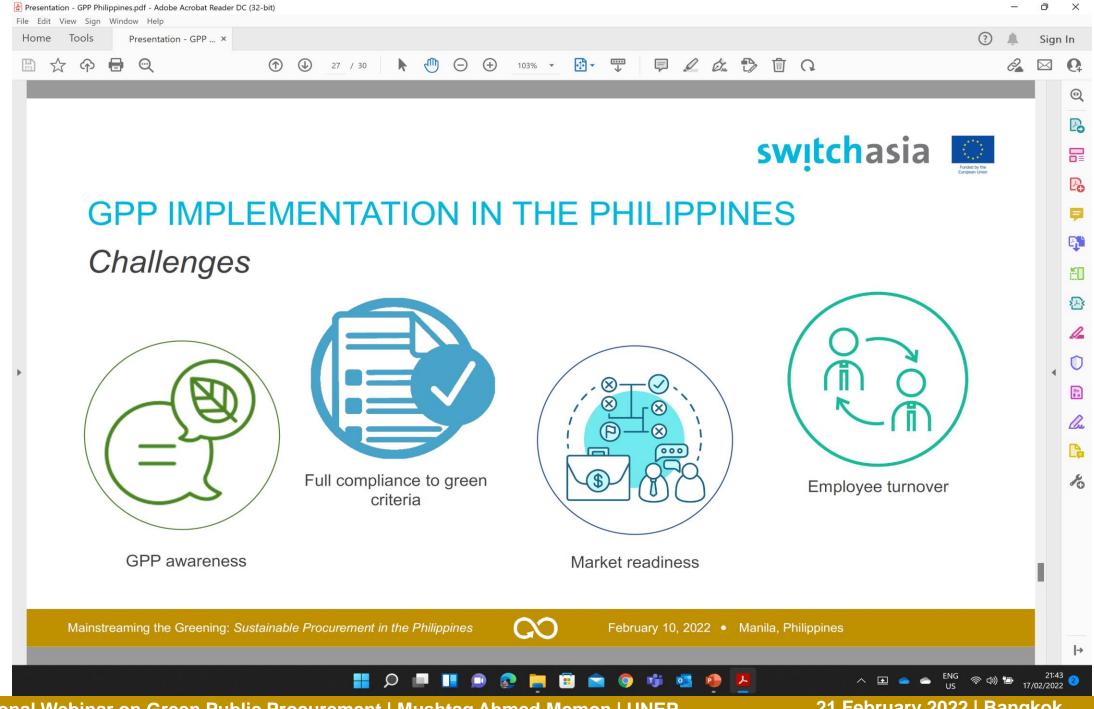


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GPP Plan II

+ Local Authority, State enterprise, **Public Organizations, University**

2018

(Draft) GPP plan III + Private sector

2013

2008

GPP Plan I

+MNRE, Central Government

2005

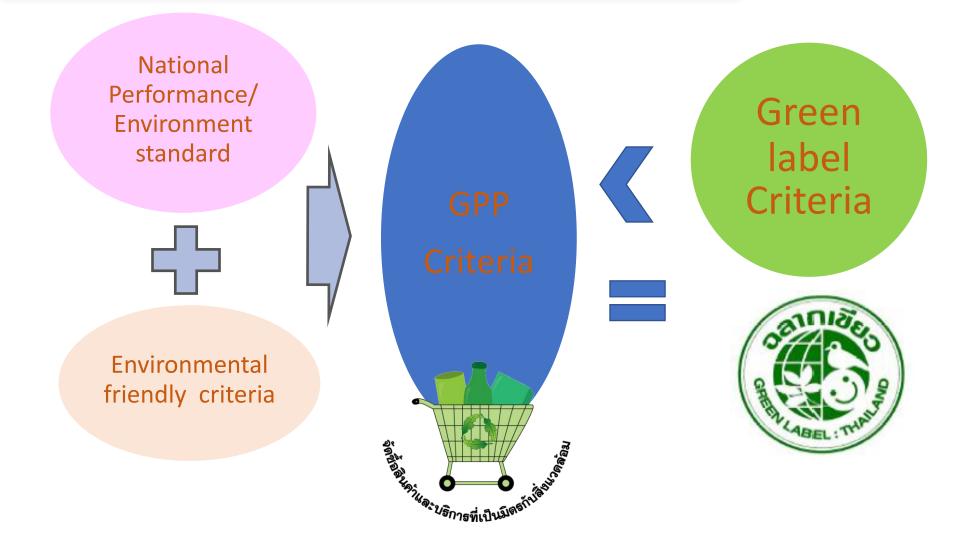
GPP Initiation from Pollution Control Department



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GPP Criteria

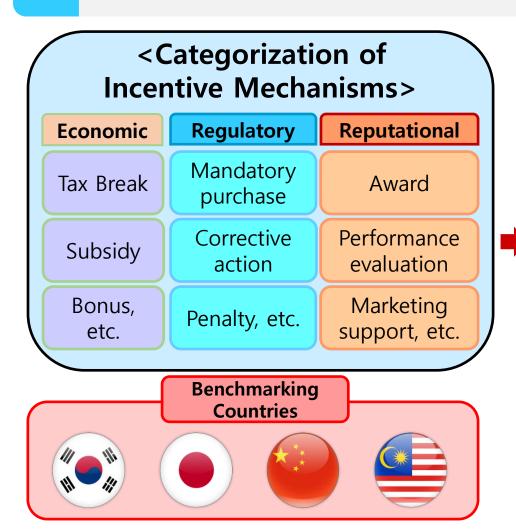


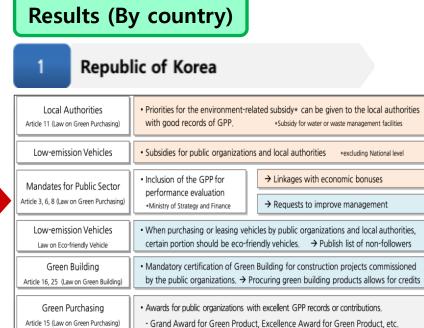
Incentive Mechanisms for GPP



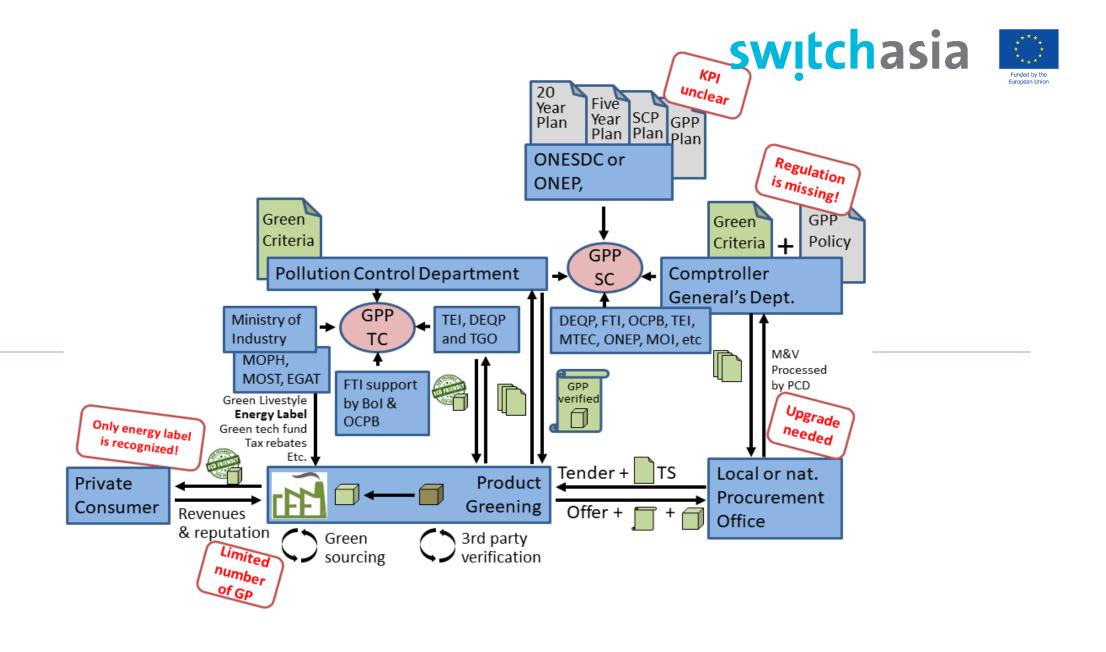


1 Benchmarking of Other Countries' Incentives





→ Focusing on their background, operating agencies, detailed procedure, and Impacts, etc.



Learning for Leapfrogging





Support Policy Development and Enhancement

Support Establishment of **Policy Implementation Basis**

Support Policy Implementation

Proliferate Outcomes and Develop Follow-up Project

Propose to Revise or Modify the Legal Framework

 Propose legal review and revision for implementation of GPP

Develop GPP Guidelies

· Develop guidelines incorporating green procurement into existing public procurement procedures

Propose GPP Roadmap

 Suggest short-term roadmap for transferring know-how and supporting implementation of GPP

VIET NAM

THAILAND

Assist Establishment of **GPP** Criteria

 Support establishment of criteria for GPP products

Capacity-Building & Awareness-raising

 Hold workshops for policy-makers, procurers and companies

Outcomes and Follow-up Project

- · Proliferation of outcomes and propose measuresto cooperate with other similar projects
- · Development of follow-up project after completion of pilot project

Recommend GPP Incentive Mechanisms

 Recommend GPP incentives through benchmarking

Transfer of Know-how

 Host an event to support networking between Korea and Thailand experts

Assist Establishment of **GPP Criteria**

· Support establishment of criteria for GPP products

Awareness-raising & **Public Outreach**

· Hold events to promote GPP of construction & building materials









Thank You