Sustainable development and sustainable public procurement: political strategies

Mónica Kjöllerström

1. Introduction

A significant share of the world’s GDP and trade is associated to public procurement. Total public expenditures (including consumption and investment expenditures) are estimated to account for roughly the equivalent to 80% of world merchandise and commercial service exports and for about 20% of GDP in both OECD and non-OECD countries on average. Subtracting compensations to public employees and defense expenditures (two categories that are typically non tradable) to this total, public procurement is estimated to be equivalent to approximately 9% of GDP in OECD countries and 7% in non-OECD countries on average (OECD, 2002).

Public procurement has been used historically by central and local governments, as well as other government funded bodies to reach political, economic or social objectives, including effective delivery of public services, promotion of transparency and good governance and support for domestic industries. More recently, particularly since the mid-nineties, various countries have been taking steps towards adopting so-called “green” procurement policies that take into account the nature of production (of raw materials and components of the final product), as well as use and disposal costs, and hence contribute to achieving environmentally desirable outcomes. Taking life-cycle and maintenance costs into account in a purchase will also typically allow to reduce use and disposal costs, and is today considered a good procurement practice even from the strictly economic point of view. By one estimate, compared to a business as usual scenario, public administrations in EU countries could “save up to one-fifth of their energy use (heat and electricity) by 2020 if a stronger emphasis is placed on energy efficiency aspects in public procurement, investments and energy management routines” (Borg et al., 2006:246).

Because sustainable public procurement (SPP) is still a relatively new subject in Latin America and the Caribbean, this paper is meant to provide background information concerning the international context in which the theme has emerged, to stimulate debate among those interested in improving the performance of public administration in general, and among procurement officials in particular, and ultimately contribute to promoting the dissemination of SPP in the region.

The paper is divided in five chapters. Following this introduction, chapter two describes the evolution of global support for actions in support of sustainable procurement in the context of broader discussions of sustainable development policy at the multilateral level. The third chapter discusses the integration of environmental and social considerations in the United Nations and other multilateral organizations’ procurement processes with the goal of highlighting the political difficulties involved and lessons learned. The fourth chapter presents an overview of the current state of affairs in terms of...
implementation of sustainable public procurement policies and programmes at the national level, and chapter five concludes.

2. Sustainable public procurement: the international framework

Agenda 21 is a comprehensive plan of actions to be pursued at the global, national and local levels by organizations of the United Nations (UN) System, Governments, and Major Groups representing civil society in all areas where humans impact the environment, and was adopted at the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro, Brazil, in June 1992. Agenda 21 identified unsustainable patterns of consumption and production to be a major cause of continued deterioration of the global environment, particularly in industrialized countries, and called upon governments to encourage the emergence of an informed consumer public and assist individuals and households to make environmentally informed choices by, inter alia, exercising leadership through government purchasing (paragraph 4.22.d). It also states that because governments play a role in consumption, particularly in countries where the public sector plays a large role in the economy, they can have a considerable influence on both corporate decisions and public perceptions. In light of this, governments “should review the purchasing policies of their agencies and departments so that they may improve, where possible, the environmental content of government procurement policies, without prejudice to international trade principles” (paragraph 4.23).

In 1999, the UN Guidelines for Consumer Protection were expanded to include a section on promotion of sustainable consumption\(^3\), calling upon “governments and international agencies to take the lead in introducing sustainable practices in their own operations, in particular through their procurement policies” (paragraph 54). Three years after ratification by the UN General Assembly, a global survey found slow progress from governments on implementing the guidelines on sustainable consumption. In fact, the survey found that 38% of the 50 governments responding were not even aware of the Guidelines’ existence. On the specific theme of sustainable procurement, the survey found that some governments, primarily from OECD countries, had (or were developing) procurement guidelines that encouraged the use of recycled products. Various governments had developed (or were developing) green procurement websites and had the desire to phase out the use of non-recycled paper. But expanding such practices to other goods and services and going beyond the promotion of waste recovery and separation in government departments remained a challenge (UNEP and Consumers International, 2002\(^4\)).

As will become apparent in chapter 4, a lot has happened since then. High level political discussions have played an important role in this regard, starting with the World Summit on Sustainable Development (WSSD) held in Johannesburg, South Africa in September 2002.

The Johannesburg Plan of Implementation (JPOI) adopted at WSSD encourages “relevant authorities at all levels to take sustainable development considerations into account in decision-making, including on national and local development planning, investment in infrastructure, business development and public procurement” (JPOI paragraph 19). In particular, it states that this should include actions at all levels to promote public procurement policies that encourage development and diffusion of

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\(^3\) The Sustainable Consumption Section of the UN Guidelines for Consumer Protection gives a framework for governments to use in formulating and strengthening policies and legislation for more responsible consumption and production patterns, resulting in diminishing environmental impacts, and a more equitable distribution of resources among the rich and poor. Separate chapters deal with research into consumer behaviour, ‘green’ design of products and services, environmental testing, green procurement, as well as development of indicators and tools for measuring progress.

\(^4\) The 2004 version of this report has only been updated to include survey responses received after the March 2002 deadline from Estonia, Finland and India.
environmentally sound goods and services.

In the same year, “mindful of the commitments made by Member countries in 1992 at the UN Conference on Environment and Development to review and improve government procurement policies in order to move towards more sustainable patterns of consumption and production”, the OECD Council issued recommendation C(2002)3 on improving the environmental performance of public procurement which inter alia recommended that “member countries take greater account of environmental considerations in public procurement of products and services”, and take concrete steps to ensure the incorporation of environmental criteria into public procurement.5

The JPOI further called upon the international community to develop a ten-year framework of programmes (10YFP) in support of national and regional initiatives to accelerate the shift towards sustainable consumption and production. The 10YFP will be considered by the UN Commission on Sustainable Development at its sessions in 2010 and 2011. The “Marrakech Process” was launched at an international expert meeting held in Marrakech, Morocco, in 2003, to develop this framework and, more broadly, to promote and coordinate efforts toward more sustainable consumption and production (SCP) worldwide. Jointly coordinated by the United Nations Department for Economic and Social Affairs (UN DESA) and the UN Environment Programme (UNEP), the Marrakech process includes regular global and regional meetings, informal expert task forces, and other activities in support of SCP.

The second international expert meeting was held in Costa Rica in 2005, and a third meeting took place in Stockholm in June 2007. In the Costa Rica meeting, it was acknowledged that “by implementing sustainable procurement – procurement that is environmentally and socially responsible – the public sector could encourage the production of sustainable products and enhance corporate social responsibility”. Participants also noted that “with the public sector practicing sustainable procurement, there will be wider benefits that can be spread to other sectors, such as standard setting, development of manuals and guidelines, information sharing, and creation of markets for sustainably produced products” (paragraph 138 of the Co-Chairs’ Summary).

In Stockholm, the Working Group on Integrating SCP in Government Administration Policies recommended development of criteria and guidelines on sustainable procurement in the context of legal frameworks and support for education and training of public procurement officials, senior managers and others. The Working Group agreed that there was a need for definition of targets, measures and indicators. An important action would be to establish national multi-stakeholder task forces on SPP, which can raise the profile of SPP and ensure high level political engagement, act as champions and create test beds for innovative thinking, experimenting and market creation.

In addition to these international meetings, a consultative process at the regional level has been developed to support the definition of regional SCP priorities and immediate areas for action. Between 2003 and 2005, consultations were held in Africa, Asia and the Pacific, Europe, and Latin America and

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5 These steps include: providing the appropriate policy framework; introducing financial, budgeting, and accounting measures to ensure that public procurement policies and practices consider the environmental costs of products and services; providing information, training and technical assistance to officials involved in the public procurement and use chain; making information and tools that facilitate greener public purchasing available to all levels of government; disseminating the information needed to facilitate and encourage greener public purchasing decisions, as well as the results and benefits derived from their adoption; establishing procedures for the identification of products and services which meet the objectives of greener public purchasing policies; encouraging the development of indicators to measure and monitor progress made in this context; and evaluating greener public purchasing policies in order to ensure that they are economically efficient and environmentally effective.
the Caribbean. Consultations in West Asia and North America will be held in 2007 for the first time. In Africa and Latin America and the Caribbean (LAC), regional strategies have now been endorsed by the African Ministerial Conference on Environment (AMCEN) and the Forum of Environment Ministers of Latin America and the Caribbean, respectively.

In the African 10-Year Framework Programme on SCP launched in May 2006, sustainable public procurement is identified as key for achieving sustainable urban development and developing resource-based industries. LAC’s regional strategy/action plan on SCP calls for strengthening the capacity of government institutions in sustainable procurement, and implementation of sustainable procurement programmes in all countries of the region. In the EU, the Sustainable Development Strategy was revised in June 2006 to include SCP as a priority area for action. The European Commission was requested to develop an EU Action Plan on SCP by 2007. Green public procurement (i.e. environmentally-friendly) is one of the building blocks for this Action Plan. This differs from the approach adopted in other regions, where a broader definition of sustainable procurement appears to be utilized (Africa, LAC). The preliminary ideas on a regional strategy for SCP developed in various meetings held in the Asia-Pacific region, on the other hand, include the support of green procurement programmes as a priority.

Given the topic of this paper, it may be worth to emphasize that, in developing the African 10-Year Framework Programme on SCP, the need to work simultaneously at the technical and political levels was perceived from the beginning. The drafting committee relied on existing SCP networks, and sought endorsement of the regional framework of programmes at ministerial level. In addition, a regional steering committee involving the key players (UN ECA, UNEP, UNIDO, AMCEN, the African Roundtable on Sustainable Consumption and Production, the Marrakech Task Force on Cooperation with Africa) was established to facilitate implementation. The committee is chaired by AMCEN, who defines priorities and decides which activities are to be carried out, while the Marrakech Task Force on Cooperation with Africa, implements projects in line with the regional priorities and facilitates support from other development agencies.

In parallel with the regional processes, seven Task Forces have been launched since 2005 with the aim of supporting the implementation of concrete projects on specific themes of sustainable consumption and production, including the Marrakech Task Force on SPP, led by the government of Switzerland. Its main objectives are to: 1) Develop a practical toolkit to provide different stakeholders in the procurement process an easy start to implement the concept of Sustainable Public Procurement; 2) Carry out research and prepare background documents in SPP; 3) Promote the implementation of SPP through pilot projects; and 4) Facilitate the dialogue and work among different countries and stakeholders interested in SPP.

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6 http://www.un.org/esa/sustdev/sdissues/consumption/Marrakech/Africa10YFPJune%202005.pdf
8 http://ec.europa.eu/environment/eussd/escp_en.htm
9 Communication from Mr. Desta Mebratu (UNEP Regional Office for Africa) at the 3rd International Expert Meeting on 10 Year Framework of Programmes on SCP (Marrakech Process), Stockholm, Sweden, 26-29 June 2007.
10 The Marrakech Task Forces are: Cooperation with Africa (led by Germany), Sustainable products (led by the United Kingdom), Sustainable Lifestyles (led by Sweden), Sustainable procurement (led by Switzerland), Sustainable tourism (led by France), Sustainable buildings and construction (led by Finland) and Education for sustainable consumption (led by Italy). The Marrakech Task Forces are voluntary initiatives led by governments with the collaboration of other stakeholders.
11 The Task Force is an international team comprising the governments of Switzerland, Austria, Argentina, Belgium, Mexico, Ghana, Philippines, China, Czech Republic, UK, Norway, USA, State of São Paulo (Brazil), European Commission, UNEP, UNDESA, ILO and ICLEI.
The Task Force has now developed a set of "sustainable procurement principles", as well as an SPP approach leading to implementation. This approach includes the development of a practical toolkit to provide different stakeholders in the procurement process an easy start to implement the concept of SPP as well as capacity-building activities. During the aforementioned Stockholm meeting, the TF presented a demo version of the Status assessment, an online self-assessment questionnaire for SPP, which is the first component of the toolkit being developed. Its goal is to highlight the key stages of SPP implementation and the steps that could be taken by those both starting and improving their existing approach. Argentina will be the first country pilot and a training event for local officials will take place in late November 2007. The Task Force on SPP has also provided financial support and technical expertise to a first course on SPP for public procurement officials held in Torino, Italy in March 2007 (“UNEP/ITCILO workshop on Sustainable Procurement”).

The definition of SPP adopted by the Task Force is that of a process whereby organizations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits, not only to the procuring organizations, but also to society and the economy, whilst minimizing damage to the environment. The three pillars of the sustainable development concept - economic, social and environmental - are thus taken into consideration in this definition.

In paralell, other international organizations and networks have been active in promoting sustainable public procurement. For instance, the international organisation IGPN (International Green Purchasing Network) – launched in April 2005 at the First International Conference on Green Purchasing in Sendai, Japan - promotes the dissemination of environmentally-friendly product and service development and ‘green purchasing’ activities at a global scale. To this end, it collects and delivers information on best practices and trends in global ‘green purchasing’ activities, including through regional and international conferences, and cooperates to develop tools and guidelines that can be used internationally.

ICLEI (Local Governments for Sustainability), an international association of over 550 local governments and national/regional local government organizations, has been promoting sustainable procurement through the Procura+ Sustainable Procurement Campaign and "Buy it Green"-Network (BIG-Net). Established in 2004, Procura+ is an initiative designed to help support public authorities across Europe in implementing Sustainable Procurement and promote their achievements. The "Buy it green"-Network for Sustainable Procurement Professionals in Europe (BIG-Net) aims at fostering cooperation amongst public authorities and is in operation since 1996. In addition to being a forum for all professionals working in or with local authorities in Europe to share their sustainable purchasing know-how and to broaden their expertise, BIG-Net is also the meeting point at the expert level of ICLEI’s Procura+ Sustainable Procurement Campaign. ICLEI is a member of the Marrakech Task Force on SPP and is helping to develop the aforementioned SPP toolkit.

### 3. Sustainable procurement within the United Nations system

The estimated value of business opportunities linked to the United Nations system and the development
banks exceeds US$30 billion per year (UNDP/IAPSO, 2006). Beyond its impact on suppliers and markets, which is relatively small as a share of global government procurement figures, the importance of the UN incorporating environmental and social considerations in purchasing decisions lies in its leadership role. As for governments, an important way to lead is by example. In what follows, the integration of environmental and social considerations in the United Nations and other multilateral organizations’ procurement processes is discussed with the goal of highlighting the political difficulties involved and lessons learned.

In September 2004, the Environment Management Group\textsuperscript{15} requested UNEP to undertake a survey on sustainable procurement in the United Nations system during the years 2005–2006. Fifteen agencies were interviewed for the report. The report concluded that the concept of sustainable development informs procurement throughout the United Nations system at least to a limited extent, although under different names, and some initial steps are being taken to incorporate environmental or social considerations in purchasing decisions (see below). However, no comprehensive coordination or guidelines in this context exist across the United Nations system. Hence the report recommends that the Environment Management Group launch initiatives at the political and practical levels, to strengthen the discussions already under way with the procurement departments of United Nations agencies (UNEP, 2006, paragraphs 28-31).

Four basic principles underlie all procurement activities in the UN: best value for money; fairness, integrity and transparency; effective international competition; and the interest of the United Nations (UNDP/IAPSO, 2006).

The best value for money criteria allows in principle for factoring in other relevant criteria besides price (e.g. life cycle and maintenance costs; geographical balance). Its application by UN/PS (UN Procurement Service)\textsuperscript{16} has however been deemed inconsistent by a recent report of the UN Office of Internal Oversight Services (OIOS). One important factor seems to be the unclear definition of the best value for money concept in the Procurement Manual, which simply states that procurement officers need to satisfy that the best possible outcome has been achieved by taking into account all relevant costs and benefits of the complete procurement exercise.

Following receipt of the preliminary version of the report in November 2006, the UN Procurement Division provided OIOS with a draft procurement policy, where best value for money is defined as “optimization of whole-life costs and quality needed to meet the users’ requirements, while taking into consideration potential risk factors and resources available”. OIOS recommends that this definition be considered by the General Assembly to ensure that it adequately reflects Member States’ expectation of results (United Nations, 2007).

In addition to the four principles above, a number of organizations in the UN system take supplemental criteria into consideration. For instance, UNHCR (United Nations High Commissioner for Refugees) and UNIDO (UN Industrial Development Organization) allow for a 15% mark-up for those goods and services originating in developing countries. The ILO (International Labour Organization) ensures that

\textsuperscript{15} The Environmental Management Group (EMG) was established following the adoption of General Assembly resolution 53/242 with the aim of enhancing the UN system-wide inter-agency coordination related to specific issues in the field of environment and human settlements.

\textsuperscript{16} UN/PS provides procurement services to the various departments and offices of the UN Secretariat in New York, UN Peacekeeping missions worldwide, UN regional commissions, tribunals and other offices away from headquarters, and some other organizations of the UN system including special assistance programmes. The value of UN/PS procurement reached US$1,991 million in 2006, up from US$309 million in 1997 (http://www.un.org/Depts/ptd/trend.htm).
the work conditions offered by suppliers to their employees comply at least with ILO’s core conventions. For some agencies, quality is the key criteria (e.g. FAO, United Nations Population Fund). Most agencies do not purchase from companies employing child labour or manufacturing land mines, and UNHCR’s field-based requisitioners have modified specifications and service requirements to local standards and split large good and service contracts into smaller ones in order to promote participation by Small and Medium-sized Enterprises (SMEs) (UNEP, 2004).

In 1997, UNHCR formally established guidelines for environmentally sensitive procurement. Guidelines and specifications have initially been established for four groups of commodities and will also apply to in kind donations: potentially hazardous chemicals, ozone depleting substances, office paper, and computers. Notwithstanding, according to UNHCR (2004), “environmental considerations will not necessarily be the over-riding factor in adjudication. For example, in an emergency, delivery may have to take precedence over all other factors. UNHCR (2004, paragraph 28) also recognizes that markets in different regions do not always provide access to more environmentally friendly alternatives at acceptable prices or delivery times. Care will therefore be exercised to ensure that the application of this policy does not systematically discriminate against markets that operate under less stringent environmental regulations. All offers are considered, but where two are substantially the same, environmental factors may be decisive in awarding the contract”.

UNDP’s procurement manual also includes a set of environmental guidelines. Although not mandatory, procurement officers are encouraged to take these guidelines in consideration before finalizing the purchase of goods and services. Furthermore, UNDP’s (2006:10) user guide provides a comprehensive definition of best value for money to help guide procurement staff in their decisions: “the selection of the offer, which presents the optimum combination of life-cycle costs and benefits, which meet the Business Unit’s needs…the Business parameters can also include social, environmental and other strategic objectives defined in the procurement plan”.

UN/PS (2007:1) has now issued a UN Supplier code of conduct in line with the Global Compact principles on human rights, labour, environment and anti-corruption. The code of conduct explicitly states that “it is the expectation of the UN that suppliers, at a minimum, have established clear goals toward meeting the standards set forth in this Code of Conduct. The UN may monitor that milestones have been set and management systems have been put in place to ensure that the principles (...) have been met and failure to do so may impact the future ability of a supplier to do business with the UN. Notwithstanding the aspirational character of the principles contained in this Code of Conduct, UN Suppliers must understand that if they are awarded a contract with the United Nations, the United Nations General Conditions of Contract are an essential part of UN contracts and, therefore, legally enforceable against UN contractors”.

Aspects of sustainable procurement have been an issue for discussion at the Environmentally and Socially Responsible Procurement (ESRP) Working Group meetings held since 2001 with the participation of environmental and procurement specialists from multilateral development banks and UN agencies. The ESRP Working Group’s objective is to address the issues of and seek commonalities in approaches to environmentally and socially sustainable procurement.

Finally, a number of organizations are implementing activities with the aim of reducing their contribution to greenhouse gas emissions or becoming carbon-neutral. For instance, in 2006, the World Bank Group achieved carbon neutrality of its Washington DC facilities, Spring and Annual meetings, staff commuting, and all operational travel from headquarters. This was done through the purchase of renewable energy certificates to cover 100% of the electricity used in the Washington offices and of
carbon dioxide equivalents in verified emission reductions from projects in Moldova and Costa Rica. UNEP is developing a carbon neutral scheme, which is to take effect in 2007 (UNEP, 2006). In 2005, the United Nations Climate Change conference (COP 11) in Montreal, Canada, was one of the first large international events to become carbon neutral, followed in 2006 by the Inter-American Development Bank April meeting in Belo Horizonte, Brazil, the World Urban Forum (UN-HABITAT) June meeting in Vancouver, Canada, and the Asian Development Bank September meeting in Manila, the Philippines. In June 2007, the UN Secretary-General pledged that the organization would make its own in-house practices more climate-neutral and environmentally-friendly.

Despite progress in a number of areas, the aforementioned pledge by the UN Secretary-General reflects the need to do much more to make procurement processes more sustainable within the UN system. It also highlights the need for high political commitment and support to developing SPP policies or programmes.

Another necessary condition for the successful integration of environmental and social considerations in procurement processes is the identification of clear criteria defining ‘sustainability’ (see ‘best value for money’ example above). More specifically, guidelines and training on how to incorporate such criteria throughout the procurement process, from bidding documents to monitoring and evaluation, must be provided to procurement officials. This typically requires human and financial resources that the UN, like many national governments, tends to have in short supply. According to an OECD (2007:6) survey, the barrier to implementation of green purchasing policies most cited by respondents is “lack of training for public procurement officers”. 17

Moreover, it is important that clear priorities are defined as to what goal - economic, social or environmental - takes precedence, as UNHCR has done, and to “think out of the box” in terms of preparing bid documents, so that e.g. SMEs are not excluded simply because of contract size. More broadly, for individual countries at low levels of development, the supply side will be a key issue, i.e. there may be the need to develop or upgrade the domestic industry before SPPs can be put in place.

This raises the issue of compliance with the domestic and international legal framework in which the country operates (or, in the case of the UN, the rules and regulations approved by the General Assembly). While most developing countries are not parties to the Government Procurement Agreement (GPA) - a plurilateral agreement of the World Trade Organization (WTO) limiting the use of discriminatory procurement provisions - and would as a result be immune from direct challenge under international law for utilizing social and/or environmental criteria, in practice they are bound by similar restrictions as a result of GPA-like provisions being adopted in other contexts (e.g. as part of international financial institutions’ loan conditions or of bilateral free trade agreements). Still, a broad array of methods/approaches compatible with the international and regional instruments on procurement, is available to incorporate sustainable development goals into public procurement. While an extended discussion of this topic is out of the scope of this paper, we refer the interested reader to a paper and a policy-maker’s summary commissioned by the Marrakech Task Force on SPP (McCrudden, 2007a and b).

Countries may need to modify their legislation to be able to incorporate sustainability criteria into public procurement activities. More than half of the OECD countries responding to the aforementioned

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17 19 countries participated in the survey: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Italy, Japan, Republic of Korea, Mexico, Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom and United States.
OECD (2007) survey had to modify their legislation in order to introduce environmental criteria in public procurement. As pointed out already before, however, often a key barrier is the uncertainty regarding what is allowed and what is not, rather than legal prohibitions per se (see e.g. Borg et al., 2006). In fact, a correlation between the existence of a law supporting SPP (or green procurement) and a country’s performance in this context does not appear to exist (UK Sustainable Procurement Task Force, 2006).

In summary, the implementation of a sustainable procurement policy must be regarded as an investment leading to long term benefits that more than outweigh relatively high short-term costs, but the legal framework and organizational/country specific conditions, including supply side ones, must be taken into account.

4. SPP policies at country level: an overview

As mentioned in chapter two, a great deal has happened since Johannesburg. This chapter attempts to provide an overview of the current state of affairs in terms of SPP implementation worldwide. Since the mid-nineties, many countries have taken steps towards adopting “green” procurement policies. At the same time, countries in both developed and developing regions, have historically used public procurement to pursue social goals – including to reduce unemployment, raise labour standards, provide employment opportunities for disabled persons, and promote gender, racial and ethnic equality (McCrudden, 2004; see table 1).

The lack of integration of such policies with the efforts to incorporate environmental criteria in public procurement could potentially become problematic. Clearly, conflicts may arise from decisions that have environmental benefits but detrimental social effects (either domestically or overseas). In this context, it is of concern that according to the OECD (2007:10) survey “many respondents report that they have no idea what the employment and social impacts of green purchasing policies are likely to be”.

Finally, many countries are still trying to come to terms with ensuring that public procurement is transparent and free of corruption, particularly – but not exclusively - in the developing world. This important aspect of public procurement does have both social and environmental implications but is out of the scope of the paper. The efforts undertaken in those countries should nonetheless be acknowledged as a necessary step in achieving SPP.

Provided that the principles of non-discrimination and transparency are respected, EU legislation allows national authorities to use appropriate and objective environmental and social criteria for the public good. According to a survey undertaken in March-April 2007 in the EU, 9 (out of 26) EU member-states have adopted national SPP or ‘Green’ action plans, 5 have drafted a national action plan but it has not yet been adopted, and 2 are in the process of preparing one. Out of 103 SPP initiatives identified in the survey (which in addition to “hybrid” instruments like national action plans, include informational, partnering, economic/financial and regulatory instruments) roughly half have both a social and an environmental focus, 40% a strict environmental focus and 7% a strict social focus (Steurer and Konrad, 2007).

Internationally, as of 2006, only Austria, Belgium, Denmark, Finland, the Netherlands, and Switzerland were explicitly considering both environmental and social issues in public procurement processes. Still, the consideration of social aspects is limited in scope and training of procurement officials – with
the exception of Switzerland – is poor (UK Sustainable Procurement Task Force, 2006). According to its 2007-2010 “Environmental and Social Responsibility in Public Procurement Action Plan”, Norway “will survey the possibilities and limitations of current legislation and consider ways in which social and ethical standards can be promoted in public procurement”. The UK government endorsed a Sustainable Procurement Action Plan in March 2007 that includes a package of actions to deliver more environmentally-friendly public services but also wider sustainable development goals.  

At the local level, there is a wider array of initiatives relating to the inclusion of social aspects in procurement processes, although again, they are relatively limited in scope. The Munich City Council, for instance, decided that some products (e.g. orange juice, carpets) should be tendered for with respect to the ILO Convention 182 against child labour, and the City Council of Düsseldorf only purchases service clothing for the fire department produced according to international labour standards (Petridis, 2004). In Italy, a large number of local authorities, including large and medium-sized cities such as Rome, Turin, Venice, Florence, Genova and Piacenza purchase Fair Trade products on a regular basis for canteens in public schools. Two thirds procure these products through public tendering. Over the last few years Fair Trade specifications are increasingly used for vending machines as well. The city of Amsterdam (the Netherlands) has developed a guide to assist its procurement officers when buying clothes to ensure that the clothes bought are in accordance with Clean Clothes standards, and thus the production and related processes respect appropriate environmental and social standards.

As far as green public procurement (GPP) is concerned, according to a study prepared for the European Commission in 2005/06, green public procurement is implemented in a meaningful manner in only seven out of the EU’s 25 Member States. In Austria, Denmark, Finland, Germany, Netherlands, Sweden and the UK, 40% to 70% of all tenders published on TED incorporate some environmental criteria, but in the remaining 18 countries, this figure drops below 30% (Bouwer et al., 2006).

Among all OECD countries, prior to 2003, only Japan, Norway and Sweden, report to have systematically taken environmental considerations into account in their public procurement policy. Most countries report an increase in GPP between 2000 and 2004, with the approximate share of reported GPP averaging 32%, from just 6% in Korea to 60% in Sweden (OECD, 2007).

In Australia, the National Audit Office (ANAO) 2006 audit of Commonwealth green office procurement, established that government agencies appeared to lack a clear policy framework to drive better environmental outcomes in their purchasing activities, resulting in “significant shortcomings” in their green procurement performance. For instance, while the Commonwealth Greening of Government Policy encourages agencies to develop their own Environmental Management Systems (EMS), in accordance with ISO14001 or other internationally recognized EMS, by the end of 2002, few agencies had met this timetable, and only 45% of agencies surveyed in the audit had an EMS of any sort in place four years later, of which only 7 were certified to ISO14001 (ANAO, 2006).

In Canada, attempts to develop a government-wide approach to green procurement were made since

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21 Tenders Electronic Daily, which publicises all tenders above certain thresholds as defined in EU public procurement Directives.
1992. However, “for a variety of reasons—including confusion about organizational roles; shifts in responsibilities; unclear relationships between the green procurement policy, its guidelines, and the strategy; and lack of dedicated staff” by 2005 there was still no government-wide green procurement policy or strategy. In fact, according to government-wide survey on procurement including questions such as “What should be the secondary objectives of contracting?” and “What constitutes effective procurement?”, only 12 of the 64 departments and agencies who responded made any reference to the environment, sustainable development, or green procurement (Office of the Auditor General of Canada, 2005).

In 2004, in the Speech from the Throne and in 2005, in the federal Budget, the federal government finally committed to implementing a green procurement policy by 2006. This was followed by the Prime Minister giving the Minister of Public Works and Government Services Canada (PWGSC) the lead to make rapid progress in greening government operations, including greening procurement. To help fulfill this mandate, in April 2005 PWGSC launched the Office of Greening Government Operations. A Policy on Green Procurement was finally issued in April 2006 (idem).

In the United States, an EPA (Environmental Protection Agency) survey conducted in 1999/2000 concluded that Executive Order provisions (EO 13101 of 1998) on the “Greening of Government” were not perceived by federal employees to be mandates, that few of them recognized the term “environmentally preferable purchasing” (EPP) - although some did consider the environment in purchase decisions -, and that awareness of EPA’s EPP tools and resources was low (EPA, 2001). Since then, a number of activities have been undertaken to step up implementation, including the development of guidelines, tools and training on green purchasing. New regulations setting stricter environmental goals for the federal government were also issued. The most recent one, EO 13423 (“Strengthening Federal Environmental, Energy, and Transportation Management”), issued in January 2007, integrates and updates prior practices and requirements. Agencies are required to integrate four existing disparate purchasing requirements into an integrated Federal purchasing effort that applies to all types of acquisitions of goods and services. This aims at increasing federal purchasing of energy efficient, recycled content, biobased, and environmentally preferable products. The E.O. also continues the requirement that agencies purchase office paper containing 30 percent postconsumer fiber.

Apart from procurement, a complementary way for governments to integrate sustainable consumption and production in administration and operations is by promoting resource efficiency, including energy and waste management, and the new EO strengthens federal targets in this regard as well. For instance, EO 13423 requires federal agencies to reduce energy intensity by 30% by the end of fiscal year 2015 - up from the 20% reduction in the Energy Policy Act of 2005 (EPAct 2005).

Federal agencies must also ensure that: at least half of renewable energy comes from new renewable sources (the EPAct 2005 included no mention of new sources); water consumption is reduced by 2% annually through 2015 (EPAct 2005 had no such explicit goal); fleet total petroleum consumption is reduced by 2% annually, use of alternative fuels is increased by 10% a year, and plug-in hybrid (PIH)

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23 This is not to say that there was no progress in terms of the environmental performance of federal agencies. For instance, energy efficiency was improved by 30% between 1985 and 2005, and petroleum consumption was reduced by 70% over the same period. Federal goals for renewable energy purchases were exceeded during the 2000-2005 period totaling 6.9% vis-à-vis the 2.5% goal (http://www.fedcenter.gov/_kd/Items/actions.cfm?action=Show&item_id=6454&destination=ShowItem).  
vehicles are used when available at reasonable costs.\textsuperscript{26}

According to a survey undertaken in 2006/2007 in Canada and the United States, 76% and 64% of the government departments or agencies surveyed now have green purchasing policies in place, respectively (TerraChoice, 2007). In line what was suggested in the previous chapter, these countries’ experiences demonstrate the need for high political commitment.

A number of developing countries are making efforts in GPP, although most are still at a preliminary stage of development. UNEP has supported Ghana and Morocco on capacity building to implement sustainable procurement practices (UNEP and UNDESA, 2007). In China, from January 2007, the central government and provincial-level governments are asked to give priority to environment-friendly products listed in a “green product inventory”. The list, released in late 2006, is the first of its kind in the country and includes products ranging from cars to construction materials that have been approved by the China Certification Committee for Environmental Labeling. Products are required to meet the environmental protection and energy saving standards set by the State Environmental Protection Administration in order to obtain the environmental label. The policy will be further implemented at all government levels from 2008 onwards (China Daily, 2006a and b).

Brazil (particularly at the sub-national level), Mexico and Argentina are currently developing projects on SPP.

In Brazil, a bill amending the National Procurement Act, to include an article requiring proof of the legality of the source of wood used in public construction and infrastructure projects has recently been ratified, following initiatives by IUCN – the World Conservation Union, WWF and Greenpeace, in collaboration with senators from the state of Acre.\textsuperscript{27} In May 2007, the House of Representatives approved a bill (7709/2007) amending the 1993 National Procurement Law (8666/93), establishing that public purchases should take environmental criteria into consideration whenever possible.

In Mexico, with the support of NAGPI, green cleaning products and methods have been used on a voluntary basis in the headquarters of the Secretariat of Environment and Natural Resources, SEMARNAT, since January 2006, and green guidelines are to be included in the agency’s public tenders for cleaning services starting in 2007. The government hopes that this pilot project helps to establish a domestic market for green cleaning products and services.

Argentina will be the first country to implement the SPP approach of the Marrakech Task Force on SPP, starting with a pilot project in the Environment and Sustainable Development Agency to switch from conventional to recycled paper. Argentina plans to have a GPP action plan ready by the end of 2007.

As in the case of social criteria, there are numerous GPP initiatives at the local level, of which I list only a few below. The Clinton Climate Initiative is working with C40, a group of the world's largest cities committed to tackling climate change, to organize a purchasing consortium that will help cities buy energy efficient technologies at lower prices and create a measurement and information tool to help cities take an inventory of energy use to help direct future activities.\textsuperscript{28} According to a survey released in June 2007 by the U.S. Conference of Mayors (2007), proactive actions to reduce GHG

\textsuperscript{26} \url{http://www.fedcenter.gov/_kd/Items/actions.cfm?action=Show&item_id=6454&destination=ShowItem}.

\textsuperscript{27} \url{http://www.iucn.org/en/news/archive/2007/06/12_forest.htm}.

\textsuperscript{28} \url{http://www.c40cities.org}.
emissions are widespread among cities throughout the country, regardless of their size. A large number of cities in Europe apply environmental criteria in the purchase of electricity, food, furniture, IT equipment, cleaning products, paper, construction, timber and transport. In Australia, the leading organization at the local level is the ECO-Buy programme of the Municipal Association of Victoria, which works with local councils to increase the purchasing of recycled, greenhouse friendly, water saving, non-toxic and other green products (Good Environmental Choice Australia, 2005). Finally, some states in Brazil have started to promote SPP, with the state of São Paulo being the most advanced. Environmental criteria for public procurement have been defined for a large number of products and services and are being incorporated in the electronic bidding system. An online training course on SPP is being developed to support implementation.

5. Conclusions

In 1992, Agenda 21 identified unsustainable patterns of consumption and production to be a major cause of continued deterioration of the global environment, and briefly alluded to government purchasing as one way in which governments can exercise leadership to promote sustainable development. In 1999, the UN Guidelines for Consumer Protection were expanded to include promotion of sustainable consumption, calling upon governments and international agencies to take the lead in introducing sustainable practices in their own operations, including through their procurement policies. The 2002 Johannesburg Plan of Implementation (JPOI), urged relevant authorities to promote public procurement policies that encourage development and diffusion of environmentally sound goods and services, and in the same year, the OECD Council issued a recommendation on improving the environmental performance of public procurement.

This explains why, although various countries historically had used procurement to pursue social goals, and had some sort of “green” procurement initiatives in place since the nineties, real impetus for SPP/GPP implementation only emerged after 2002, including within the UN system. Although progress has been rapid in the OECD, particularly in some EU countries, only a few relatively wealthy developing countries (China, Argentina, Brazil, Mexico) have initiated efforts to include sustainability criteria in their procurement processes. In poorer parts of the world, where budgets depend to a significant extent on external funding, a clear signal in favour of SPP from international financial institutions and development agencies implementing or supporting projects locally is fundamental to achieve a faster dissemination of sustainable procurement practices (UNEP and UN DESA, 2007).

The evidence detailed in chapter 3 suggests that although this may not happen at once and remain constrained by other considerations deemed prioritary (geographical balance, quality, timeliness), high level political commitment is key to ensure that gradually, sustainability criteria are indeed incorporated in procurement processes.

The experiences reviewed, both within the UN system and in the “real” world, also show that it is fundamental, from the very beginning, to work simultaneously at the technical and political levels, so that those responsible for procurement not only know how they should purchase but also feel that there is a strong mandate to do so. In relation to the technical aspects, it is of paramount importance that

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29 Key findings of this survey include the fact that: a large majority of the 130 survey cities now use renewable energy, or are considering beginning by 2008; almost all are using more energy-efficient lighting technologies in public buildings, streetlights, parks, traffic signals, and other applications, or expect to do so by next year; and 72% percent of city fleets now run on alternative fuels and/or use hybrid-electric technology.
clear criteria defining sustainability are defined. More specifically, guidelines and training on how to incorporate such criteria throughout the procurement process, from bidding documents to monitoring and evaluation, must be provided to procurement officials. Finally, it is important to consider, that especially for countries at low levels of development, the supply side will be a key issue, i.e. there may be the need to develop or upgrade the domestic industry before SPP policies can be put in place. This is what Argentina is trying to accomplish with the support of the National Cleaner Production Centres in the country, starting with the reconversion of the paper industry.

Since 2003, sustainable procurement has received international support in the context of the “Marrakech Process”, a global process to support regional and national initiatives to promote the shift towards sustainable consumption and production patterns, jointly coordinated by the United Nations Department of Economic and Social Affairs (UN DESA) and the UN Environment Programme (UNEP). The Marrakech Task Force on SPP is currently developing a practical toolkit to provide different stakeholders in the procurement process an easy start to implement the concept of Sustainable Public Procurement, promoting the implementation of SPP through pilot projects, and facilitating the dialogue and work among different countries and stakeholders interested in SPP.

Although a regional strategy on SCP has been endorsed by the Forum of Environment Ministers of Latin America and the Caribbean in 2003, calling among other things for strengthening the capacity of government institutions in sustainable procurement, and implementation of sustainable procurement programmes in all countries of the region, concrete actions and coordination at the regional level have remained low. Recently, however, some countries, particularly those in the MERCOSUR, have started to get more engaged with each other, realizing the benefits of learning from each other’s experiences in implementing SPP. UN DESA and UNEP will also be supporting more actively the regional consultations in the context of the Marrakech Process, starting with the organization of a regional meeting to be held in Brazil in fall 2007, and through facilitation of information exchange and awareness-raising activities. Of course, although international actors can play a supporting role, ultimately leadership from national governments is the key to promote SPP and achieve more sustainable consumption and production patterns.

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**Author’s biography**

Mónica Kjöllerström is a Sustainable Development Affairs Officer at the United Nations Department of Economic and Social Affairs (UN-DESA) in New York. Prior to that, she worked for the Agricultural Development Unit of the United Nations Economic Commission for Latin America and the Caribbean, in Santiago, Chile. Before joining the United Nations, Ms. Kjöllerström worked for the Embassy of Portugal in the United States as deputy economic counselor and as a researcher at the Portuguese Ministry of Planning. She holds a degree in Economics from the Technical University of Lisbon, Portugal, and a Master of Science in Agricultural Economics from McGill University in Montreal, Canada.

**Author’s contact information**

Mónica Kjöllerström  
Sustainable Development Affairs Officer  
Policy Integration and Analysis Branch, Division for Sustainable Development  
United Nations Department of Economic and Social Affairs (UN-DESA)

Address: 2 United Nations Plaza, DC2-2242  
New York, NY 10017  
Phone: + 1 212 963 5003  
Fax: + 212 963 1267  
Email: kjollerstrom@un.org  

**Tables**

**Table 1. Use of public procurement to achieve social goals: current examples**

<table>
<thead>
<tr>
<th>Country</th>
<th>Policy/programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium and Netherlands</td>
<td>Several municipal governments require that contractors recruit the long-term unemployed.</td>
</tr>
<tr>
<td>Brazil</td>
<td>In force since January 2007, a New Law on SMEs (<em>Nova Lei Geral das MPE</em>) establishes, among other things that: only SMEs can participate in bids up to US$80,000; in the case of technically equivalent offers, the small or medium sized enterprise must be given a chance to submit a revised tender; and one may require that SMEs are to be sub-contracted for the execution of services and/or construction work.</td>
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<tr>
<td>Canada</td>
<td>Since April 1996, for contract above C$5,000, and for which aboriginal populations are the primary recipients, procurement is to be restricted to qualified aboriginal suppliers, provided certain conditions are met. Contracts below that value may also be set aside if it is deemed practical. Since 1997, each government department or agency with an annual contracting budget above C$1</td>
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<tr>
<td>Country</td>
<td>Description</td>
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<tr>
<td>India</td>
<td>Procurement rules stipulate that certain goods must be purchased from small and micro-enterprises, even if prices are up to 15% higher than those offered by the competition.</td>
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<tr>
<td>Malaysia</td>
<td>In order to encourage greater participation of the bumiputeras (indigenous Malays), tenders from bumiputera companies receive preferential treatment in government contracts. The preference varies from 10% for contracts of RM 100,000 to 2.5% for contracts of over RM 15 million over a reference price. Tenders are invited only from local manufacturers and therefore Bumiputera manufacturers will not be competing with international bidders.</td>
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<tr>
<td>South Africa</td>
<td>The 2000 Preferential Procurement Policy Framework Act provides that a preference points system must be followed in awarding public contracts, in order to promote the advancement of people historically disadvantaged by unfair discrimination on the basis of race, gender or disability.</td>
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<tr>
<td>United Kingdom</td>
<td>The Special Contract Arrangements (SCA) requires contracting authorities to give special consideration to buying goods and services from suppliers which employ severely disabled people. The scheme involves giving the opportunity for registered suppliers to submit a revised tender. If that tender matches the best offer, it should be accepted.</td>
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