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# SUSTAINABLE PUBLIC PROCUREMENT IMPLEMENTATION GUIDELINES

*Introducing UNEP's Approach*



UNITED NATIONS ENVIRONMENT PROGRAMME



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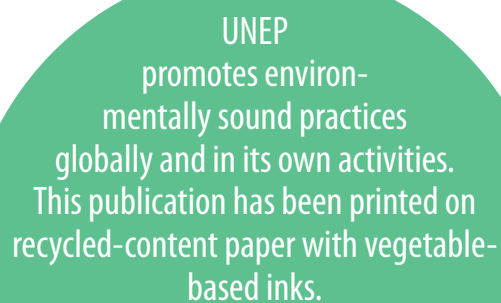
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***Introducing UNEP's Approach***

## **UNEP DTIE**

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The Guidelines draw on an initial version authored by Ms. Barbara Morton (Sustainable Procurement Limited) in 2009 which produced the first guiding document and description of the Marrakech Task Force Approach to Sustainable Public Procurement in collaboration with Ms. Eveline Venanzoni, Chair of The Marrakech Task Force on SPP Secretariat. The present revision of the initial Guidelines was done by Ms. Anastasia O'Rourke, PhD and Ms. Charlotte Leire, PhD, under the supervision of Mr. Farid Yaker and Mr. Carlos Andres Enmanuel from UNEP. Mr. Marc Steiner from the Swiss Federal Administrative Court of Switzerland revised the legal part of the Guidelines.

The revision work incorporates the lessons gathered from the pilot testing of the MTF approach to SPP in seven countries in the framework of UNEP's "Capacity Building for Sustainable Public Procurement" project. We take this opportunity to thank, the project managers and members of the Steering Committees of the 7 pilot countries for their valuable contribution to the Guidelines. We would like in particular to gratefully acknowledge the contribution of Ms. Jeannette Solano (Ministerio de Hacienda, Costa Rica), Ms. Maria Guzman (Ministerio de Ambiente y

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## Foreword

Public spending, which represents between 15 % and 30% of GDP in a given country, can help drive markets towards innovation and sustainability, thereby enabling green growth and the transition to a green economy. Sustainable Public Procurement (SPP) was identified in Agenda 21 and in Chapter III of the Johannesburg Plan of Implementation as one of the means to achieve sustainability. More recently, SPP was recognized as a priority theme for all regions as shown at the negotiations of the 19th Session of the Commission on Sustainable Development. SPP is also highlighted as a key “enabling condition” for a transition towards Green economy in UNEP’s Green economy report. Through SPP, governments can lead by example and deliver key policy objectives in the environmental, social, and economic fields.

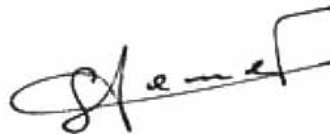
Since 2009, UNEP and the Swiss-led Marrakech Task Force on SPP (MTF on SPP) together with a number of partners have been engaged in the implementation of the “Capacity Building for Sustainable Public Procurement in Developing Countries” project aimed at assisting 7 pilot countries (Costa Rica, Colombia, Chile, Lebanon, Mauritius, Tunisia, and Uruguay) in the development and implementation of SPP policies and action plans through the Marrakech Task Force Approach to Sustainable Public Procurement. The project benefitted from the support of the European

Union, Switzerland and the International Organization of La Francophonie.

On the occasion of the 19th Session of the Commission on Sustainable Development (May 2011), the MTF on SPP and UNEP released a set of Policy Conclusions and Recommendations based on the first results of the testing of the MTF Approach to SPP in the 7 pilot countries. The document presents key success factors and proposes a series of recommendations to promote SPP implementation.

The present Guidelines incorporate all the lessons derived from the testing of the MTF Approach to SPP that were collected during a revision process which ended in October 2011 and involved a large number of stakeholders in all pilot countries.

This document aims at providing a strong departure point and appropriate guidance for all governments and organizations interested in the implementation of sustainable public procurement through UNEP’s SPP Approach. We hope that you’ll find it useful and look forward to receiving your feedback in order to further improve the next edition of the SPP Approach Guidelines.



**Sylvie Lemmet**

Director

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# Contents

- Acknowledgements.....2
- Foreword.....3
- 1. Introduction .....6**
  - 1.1 Who are these guidelines for? .....6
  - 1.2 What is Sustainable Public Procurement (SPP)?.....7
  - 1.3 The Principles of the Marrakech Task Force Approach to SPP .....7
  - 1.4 The Benefits of Sustainable Public Procurement .....9
- 2. Overview of the SPP Approach Steps.....12**
- 3. Step 1: Project Set up and Governance Structure Establishment.....13**
  - 3.1 Application and Agreement Procedure ..... 13
  - 3.2 Prepare a Start-up Meeting/Mission..... 14
  - 3.3 Establish the National Focal Organisation..... 15
  - 3.4 Establish a Steering Committee ..... 15
  - 3.5 Hold an Initial Training Session/Workshop ..... 15
- 4. Step 2: Assessment, Review and Prioritisation .....16**
  - 4.1 The Status Assessment ..... 16
  - 4.2 Legal Review ..... 18
  - 4.3 Prioritisation Exercise .....22
  - 4.4 Market Readiness Analysis .....27
- 5. Step 3: SPP Policy and Action Plan .....31**
  - 5.1 Objectives of developing SPP Policy and Action Plan.....31
  - 5.2 Relationship to other stages and studies.....31
  - 5.3 Scope and content of the SPP Policy and Action Plan .....31
  - 5.4 Adopting and Implementing the SPP Policy and Action Plan.....32
- 6. Step 4: Training.....35**
  - 6.1 Training Objectives .....35
  - 6.2 Relationship to other Stages and Studies.....35
  - 6.3 Types and Scope of Training .....35
  - 6.4 Implementation of the Training .....36

<b>7. Step 5: Implementation</b> .....	<b>38</b>
7.1 Applying sustainability criteria along the contracting cycle .....	38
7.2 Identifying needs and improving efficiency .....	38
7.3 Defining the specification and inviting bids .....	39
7.4 Using Eco-labels .....	39
7.5 Evaluating and selecting suppliers .....	41
7.6 Evaluating bids and awarding contracts .....	43
7.7 Auditing and improving supplier performance .....	43
7.8 Managing contracts for SPP .....	44
<b>8. Developing a community of practice and continuous improvement of the SPP Approach</b> .....	<b>46</b>
<b>Glossary and Acronyms</b> .....	<b>47</b>
<b>Appendices</b> .....	<b>52</b>
Appendix 1: Terms of Reference for the Steering Committee (SC) .....	52
Appendix 2: Terms of Reference for a National Focal Organisation (NFO) .....	55
Appendix 3: Recommended Implementation Plan .....	58
Appendix 4: Supplementary Status Assessment .....	64

# 1. Introduction

These Guidelines aim to give direction to governments on designing and implementing sustainable public procurement (SPP) policies and action plans. The Guidelines and the associated UNEP's SPP Approach are hereon referred to as the "SPP Approach". The aim is to provide countries a common vision, language and framework for SPP and to guide stakeholders on how to effectively pave the way towards SPP implementation.

The SPP Approach was developed within the framework of the Marrakech Task Force on Sustainable Public Procurement (see Box 1). The SPP Approach has been tested in seven countries, which benefitted from the assistance of UNEP: Chile, Colombia, Costa Rica, Lebanon, Mauritius, Tunisia, and Uruguay. Implementing the SPP Approach in these countries provided an opportunity to collect lessons, establish best practices and improve the methodology for the design and implementation of national SPP policies and action plans.

The Guidelines are supported by a number of capacity building and training activities provided by UNEP, and an information platform and a network of organisations

implementing SPP can be found at <http://www.unep.fr/scp/procurement/>.

## 1.1 Who are these guidelines for?

The SPP Approach is aimed at guiding policy makers and practitioners in designing and implementing a sustainable public procurement policies and actions. The Guidelines are primarily written for government agencies who wish to take a common step-wise approach to SPP. They are designed both for countries just beginning to consider SPP, and for those who already have an SPP plan in operation and who would like to improve it. The Guidelines are also designed to be flexible to adapt to specific country circumstances and existing practices.

Aside from government agencies, other institutional and commercial purchasers may find the SPP Approach of relevance for their purchasing and supply chain management practices. Suppliers and other stakeholders such as those involved in determining the sustainability requirements for products or services may also find the Guidelines of interest and use.

### BOX 1

#### Background to the Marrakech Task Force Approach to Sustainable Public Procurement

The Marrakech Task Forces (MTF) are voluntary initiatives, led by governments, which - in co-operation with various other partners from the North and the South - commit themselves to carrying out a set of activities, at the national or regional level, that promote a shift to consumption and production patterns towards greater sustainability.

The Marrakech Process responds to the call of the Johannesburg Plan of Implementation (2002) to develop a 10-Year Framework of Programmes on Sustainable Consumption and Production. The Marrakech Process on SCP is led by the UN Department of Economic and Social Affairs (UNDESA) and the United Nations Environment Programme (UNEP), see: <http://www.unep.fr/scp/marrakech>

In 2005, the Marrakech Task Force on Sustainable Public Procurement was launched at a Sustainable Consumption and Production expert meeting in Costa Rica. The Task Force was led by the Swiss Federal Office for the Environment, and its members included the governments of Argentina, China, Czech Republic, Ghana, Mexico, Norway Philippines, UK, and USA as well as the State of São Paulo. The Task Force also included organisations such as the European Commission, UNEP, UNDESA, the International Labour Organization, ICLEI-Local Governments for Sustainability, and the International Institute for Sustainable Development. The Task Force was active until the 19th session of the Commission on Sustainable Development (CSD 19) in 2011.

Between 2009 and 2012, seven countries tested the MTF Approach to SPP in the framework of UNEP's Capacity building for Sustainable Public Procurement project supported by the European Commission, Switzerland and the Organisation of Francophone Countries. The results of this pilot testing have informed the update of these Guidelines and insights from their experience are reported in the Guidelines.



## 1.2 What is Sustainable Public Procurement (SPP)?

Public spending normally represents 15-30% of national GDP and every purchase is an opportunity to drive markets towards innovation and sustainability. Through SPP, governments can lead by example and deliver key policy objectives. 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 respect for core labour standards. From an economic perspective, SPP can generate income, reduce costs and support the transfer of skills and technology.

Sustainable development<sup>1</sup>, requires governments and organisations to consider the social, economic and environmental aspects of their operations, with no single aspect dominating. Applying the concept of sustainable development to public procurement, 'sustainable procurement' is defined as:

*"A process whereby 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 minimising damage to the environment."<sup>2</sup>*

SPP policies and activities are now found around the world. A 2002 OECD Council Recommendation urges governments to build on these efforts by providing appropriate policy frameworks and support<sup>3</sup>. In March 2004, the European Union Parliament and Council adopted a directive to coordinate procedures in public

1 The internationally recognised definition of sustainable development is: "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs", Source: World Commission on Environment and Development's (the Brundtland Commission) report, Our Common Future, 1987. <http://www.un-documents.net/wced-ocf.htm>

2 Source: Procuring the Future – the report of the UK Sustainable Procurement Task Force, June 2006. Definition adopted by the Marrakech Task Force on Sustainable Public Procurement. The footnote to the definition reads: Sustainable Procurement should consider the environmental, social and economic consequences of: Design; non-renewable material use; manufacture and production methods; logistics; service delivery; use; operation; maintenance; reuse; recycling options; disposal; and suppliers' capabilities to address these consequences throughout the supply chain.

3 OECD, 2002 "Recommendation of the Council on Improving the Environmental Performance of Public Procurement" (2002). See: <http://tinyurl.com/dxuzys>

procurement for works and services in all European Union Member States<sup>4</sup> that allows for the inclusion of environmental criteria along with best "value for money" criterion. The European Commission is also working towards the inclusion of social criteria into public procurement of Member States.

SPP is not limited to developed economies, but is being increasingly implemented in emerging and developing countries too. For example, the Brazilian government adopted the November 2009 regulation (#12187) stating that federal procurement is an important instrument to implement climate change policy.

## 1.3 The Principles of the Marrakech Task Force Approach to SPP

The following Principles were developed by the Marrakech Task Force (MTF) to guide countries on sustainable public procurement. They include:

- Good procurement is sustainable procurement
- Leadership
- Policy through procurement
- Enabling delivery
- Implementing
- Monitoring results and outcomes

4 EU Directive 2004/18/CE of 31 March 2004, recital 5. For more information on Green public procurement policies in the European Union. See: [http://ec.europa.eu/environment/gpp/index\\_en.htm](http://ec.europa.eu/environment/gpp/index_en.htm)



These principles can be adapted to countries' legal and institutional frameworks, and are versatile enough to apply also to businesses. Each Principle is now described in turn.

### **Good procurement is sustainable procurement**

SPP includes the three pillars of sustainable development: social, environmental and economic.

As in good procurement, essential elements of SPP include transparency, fairness, non-discrimination, competition, accountability, and verifiability.

Procurement operates in a globalised market; therefore the impacts of SPP activity are felt on a global basis. SPP needs to take account of these impacts at local, national and international levels.

### **Providing and demonstrating leadership through SPP**

Senior level, influential champions help to promote and embed SPP and ensure that resources are provided for delivery. In addition, organisations that excel in sustainable procurement can demonstrate leadership by sharing best practice and encouraging others.

### **Procurement can deliver on policy goals**

SPP can contribute, or be the main means, to the delivery of a wide range of government or organisational objectives. Strategies and objectives (reflecting international and national dimensions)

include efficiency, sustainable development, sustainable consumption, and production. Whilst it is possible to achieve good SPP results without a policy, clear and consistent policies that explain objectives help procurers make good procurement decisions. Policy makers need to understand how procurement works so that they can produce policies that procurers can implement. Likewise, procurers should be involved at the early stages of policy development so that they can advise on implementation.

### **On enabling the delivery of SPP**

Policy-makers, politicians, internal customers, suppliers, contractors, as well as procurers all have a role in enabling delivery. The skills needed for SPP are similar to those usually identified with commercial procurement - influencing, negotiating, communication, and analysis. Procurers may need to inform and develop their suppliers and contractors as well as engage the market early in the process to maximise the opportunities for more sustainable and innovative solutions. They also need access to information to make the optimal decision, including baseline procurement data. SPP requires the communication of a consistent message designed for the needs of various internal and external audiences. SPP should be supported by clear lines of accountability, with incentives and penalties for delivery.



## Implementation

SPP must be based on the principle of continuous improvement and on a life cycle approach. It should be supported by the principles of the procurement hierarchy and recognise the benefits, wherever they occur. SPP should use a risk-based approach, targeting the areas of highest impact or priority, whilst also demonstrating immediate success through a 'quick wins' approach. Integrating SPP into organisational management systems, including environmental management systems, helps in making it part of routine procurement practice.

## Monitoring results and outcomes

Outcomes delivered through SPP can include: improved environmental performance, including reduced CO<sub>2</sub> emissions (global and local environmental goals); cost savings, including recognition of non-tangible benefits and costs; good governance; job creation; minority empowerment; poverty reduction; wealth creation; and transfer of skills/technology. SPP can also be used to: stimulate "appropriate" competition; create markets for appropriate technology (i.e. not necessarily high-tech solutions); drive markets for innovative and sustainable solutions; encourage early engagement and dialogue with the market (within the boundaries of procurement rules); and enhance dialogue with civil society.

## 1.4 The Benefits of Sustainable Public Procurement

Countries committing to invest their time, human resources and funding to implement SPP will have the opportunity to:

- Contribute to the delivery of a wide range of national policy objectives;
- Improve environmental performance;
- Deliver financial benefits; and
- Develop markets for more sustainable products and services.

### SPP can contribute to the delivery of national objectives

Governments are the largest single consumers in their country, as public procurement represents approximately 15 % of GDP in OECD countries and up to 30 % of GDP in developing countries.

This buying power means that public procurement provides a significant opportunity to encourage more sustainable production and consumption patterns. Governments can "lead by example" in their own purchasing. By doing so, they can increase demand and help to create new markets for sustainable products and services and thus help to motivate sustainable development.

Sustainable procurement is increasingly implemented as a policy instrument to support national, regional and international policies and programmes such as poverty eradication, wealth creation, stimulation of local economies and employment, national sustainable development strategies, and of innovation and development of environmental technologies.

In times of international economic recession, SPP offers resource efficiency, employment and wealth creation through targeted efforts in key markets which are consistent with government policy priorities. Economic stimulus packages worldwide have been geared towards sustainable performance and, in particular, in mitigating climate change.

### SPP can improve environmental performance

National governments have a significant environmental impact through their purchasing



practices. Adopting and implementing a sustainable purchasing policy can help to reduce these impacts across a broad spectrum of environmental aspects, from climate change, to water quality, to waste. It is difficult to precisely measure the impacts of purchasing given the multi-dimensionality of environmental impacts of products. Factors such as the many different environmental attributes, complex supply chains, and differences in how products are used and disposed will affect the final environmental “footprint” of a product. Nonetheless, selecting, buying and using products and services in a more sustainable way sends a clear signal to the market of the desirability of these attributes, ultimately leading to improved environmental performance. Products and services that are measurably more sustainable than their counterparts can be selected and, by doing so, the result is improved environmental performance for the organisations making, buying and using them.



## BOX 2

### INSIGHT: The Electronic Product Environmental Assessment Tool (EPEAT)

The **EPEAT electronics rating system** calculates that over their lifetime, compared to products that do not meet EPEAT criteria, EPEAT registered notebooks, desktops, and monitors purchased worldwide in 2010 reduced use of primary materials by 15.7 million metric tons; reduced the use of toxic materials including mercury by 1,156 metric tons; avoided the disposal of 59,525 metric tons of hazardous waste; and eliminated 31,991 metric tons on solid waste - the equivalent of more than 16,052 US households’ annual solid waste. Because one of EPEAT’s requirement that registered products meet the latest ENERGY STAR specifications, these products will consume less energy throughout their useful life, resulting in savings of over 9 billion kWh of electricity; avoidance of 36 million metric tons of air emissions (including greenhouse gas emissions) and over 77 thousand metric tons of water pollutant emissions.

The electronics environmental benefits calculator is available at: <http://isse.utk.edu/ccp/projects/benefitscalculator/elecbenecalc.html>

## SPP can contribute to economic performance

SPP is not only an effective way to reduce environmental impacts but it can also help the purchasing organisation reduce costs. The financial impacts of including environmental criteria in procurement was assessed in a 2007 study by the European Commission. The study compared the economic costs and benefits of GPP versus standard purchasing for national governments and individual purchasing authorities. The results of the study point to the economic benefits of calculating operating costs in the procurement, and that the purchasing cost plays only a minor role in the total life cycle costs.<sup>5</sup>

Another study, also from the European Commission, found that six out of the seven European countries surveyed (the so-called “Green-7”) were able to show costs savings achieved by purchasing greener products or services. Figure 1 shows the countries that participated in this study.

A study from the Nordic countries in 2009 also found that GPP for some of the selected product groups have clear economic as well as environmental benefits. Example product groups included computers and construction.<sup>6</sup>

<sup>5</sup> *Costs and Benefits of Green Public Procurement in Europe*, Öko-Institut and ICLEI, 2007.

<sup>6</sup> *Benefits of Green Public Procurement*, 2009, Nordic Council of Ministers, TemaNord 2009:593

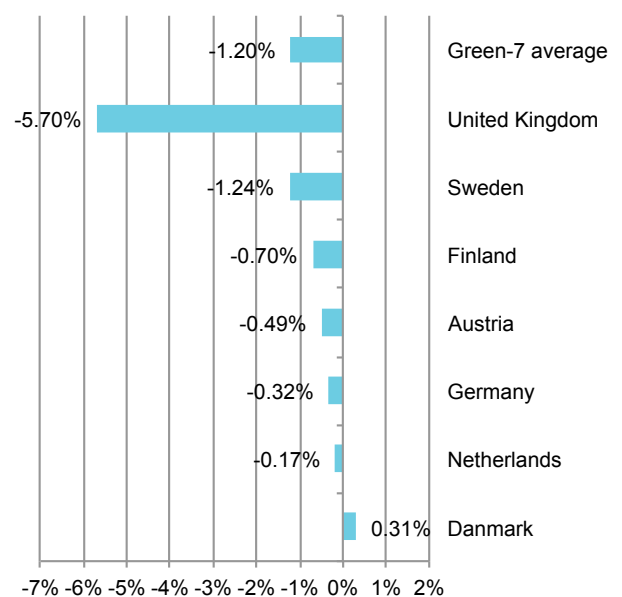


Figure 1. Financial impacts of GPP. Negative numbers imply cost reductions and positive numbers imply increases in costs. Source: European Commission; DG Environment, January 2009.

### SPP can help to develop the marketplace

The United Nations, along with the international community, has recognised the potential offered by the “Green Economy” to provide employment and wealth creation opportunities in any part of the world. In Mexico, for instance, 1.5 million people are being employed to plant and manage forests, whilst the Chinese Government has committed to produce 16 per cent of its primary energy from renewable sources by 2020.<sup>7</sup> The world market for environmental goods and services stands at \$1.3 trillion and is continuously growing.<sup>8</sup>

<sup>7</sup> UNDP, 2012. See: <http://www.unep.org/greeneconomy/SuccessStories/tabid/29863/Default.aspx>

<sup>8</sup> ECOSOC 65th Session 23-29 April 2009, E/ESCAP/65/6 02 February 2009.

By selecting for more sustainable goods and services, SPP can be used to:

- Stimulate competition;
- Create markets for appropriate technology (i.e. not necessarily high-tech solutions);
- Expand markets for innovative sustainable solutions;
- Encourage early engagement and dialogue with the market; and
- Enhance dialogue with stakeholders to promote growth in demand for goods supplied by local markets and by making sustainable products purchased by the public sector more readily available to individual consumers).



### BOX 3

#### INSIGHT: Applied whole life costing in UK procurement

The **Westminster Sustainable Business Forum** in the United Kingdom conducted an enquiry into how sustainable public procurement could provide better value for money, focusing on construction projects. A broad range of local and central government representatives, civil servants, procurement experts, business leaders and other stakeholders, agreed that using public buying power to raise environmental and social standards presented excellent value for money.

The allocation of budgets and accounting regimes within which public procurement was identified as a major challenge; with the division of capital and revenue budgets in public sector spending and the inability to transfer funds between these budgets a key barrier. The inquiry also found that there is still a conflict between affordability and value for money which often manifests itself in the allocation of unrealistic budgets.

However, if whole life costing (or life cycle costing) is applied in public sector procurement, realistic budgets can be set and funding for sustainable procurement programmes can be delivered. Whole life costing considers the total costs of both the actual purchasing and also owning, operating, maintaining and managing the requirement over a certain time period.

Whole life costing is defined in the International Standard, ISO 15686 Part 5 as an: “...economic assessment considering all agreed projected significant and relevant cost flows over a period of analysis expressed in monetary value. The projected costs are those needed to achieve defined levels of performance, including reliability, safety and availability”.



## 2. Overview of the SPP Approach Steps

The SPP Approach guides countries through a set of steps in building an effective SPP programme. The goal is to create a policy framework that legitimizes the SPP actions and, in turn, informs the market of the objectives and priority areas so that it can gradually adapt. The SPP Approach is conceived as a series of stages or steps that must be followed to first design, then implement, a policy and action plan. The SPP Approach encourages public authorities to move towards more sustainable public procurement in a systematic and consistent manner.

The SPP Approach recognises that countries will have different legal procurement frameworks, different needs, different ambitions, and different tools at their disposal. The Guidelines are designed to be flexible to suit a country’s unique situation and need not be followed “to the letter”. Some steps can be undertaken in parallel and others can be skipped if they have already been sufficiently covered.

The SPP Approach is structured into the following four key steps:

- Step 1: Launch the project, establish project governance and conduct initial training;
- Step 2: Undertake a Status Assessment; Legal Review, Prioritisation Exercise and Market Readiness Analysis;
- Step 3: Do Strategic Planning, create a SPP Policy and Action Plan; and
- Step 4: Implement SPP throughout the procurement cycle.

As indicated in Figure 2, training is recommended to be conducted throughout the process. A detailed plan for implementing each of these steps can be found in Appendix 3, and are described in the following sections of these Guidelines.



### BOX 4

#### INSIGHT: Different pathways through the SPP Approach

In **Tunisia**, the Legal Review and Market Readiness Analysis were performed simultaneously. The Legal Review included an analysis of existing legislation for groups of products and services prioritised in the Market Readiness Analysis.

In **Mauritius**, during the development of the SPP Policy and Action Plan, a decision was made to carry out some pilot SPP actions (on products where SPP is easy to apply) to gain experience and identify areas to consider before finalizing the Policy and Action Plan.

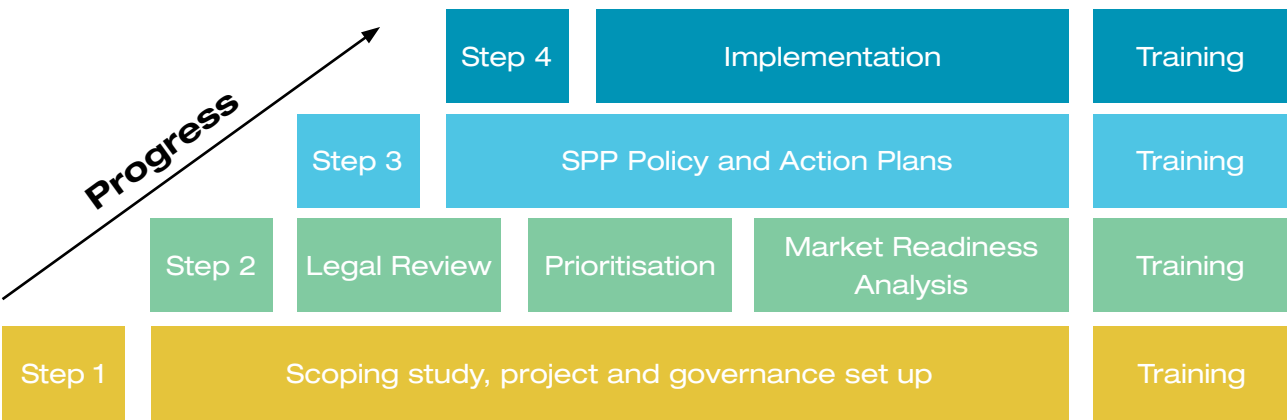


Figure 2: The SPP Approach Steps – Towards Implementation

### 3. Step 1: Project Set up and Governance Structure Establishment

#### Recommended institutional set up

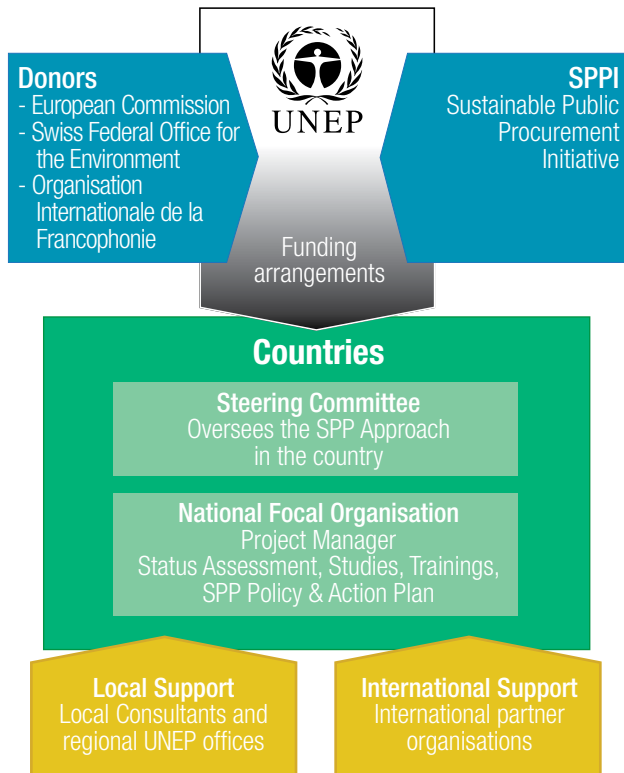


Figure 3. Institutional set up - overview of the actors involved in the SPP Approach

A National Focal Organisation (NFO) is designated to manage the process of SPP implementation; this process is overseen by a Steering Committee (SC). Countries need to also invest their own financial and human resources into building an SPP programme, increasing “ownership” of the programme and ensuring a greater likelihood of continued implementation.

#### Establishing the institutional set up

The tasks involved in completing Step 1 are described below, and include:

1. Applying and agreeing to implement the SPP Approach;
2. Organising a Start-up Mission and holding initial meetings;
3. Conducting an initial training session/workshop;
4. Establishing the National Focal Organisation; and
5. Establishing the Steering Committee.

#### 3.1 Application and Agreement Procedure

Countries interested in receiving support from UNEP for the SPP Approach should follow the following application procedure:

1. Country (preferably Minister of Finance or Minister of Environment) sends an **Expression of Interest** to UNEP’s Division of Technology Industry and Economics (DTIE) Director, copying the relevant Programme Officer at DTIE or Regional Offices

The expression of interest shall include:

- ~ Letter stating the reasons for wanting to join the countries in the SPP Approach;
- ~ Short note on the situation of Public; Procurement in the country, and if relevant, perspectives for SPP policy; and
- ~ The name of the contact person.

The letter of Expression of Interest (EOI) to participate in the project that the Governments send to UNEP must show the commitment of the relevant institution, preferably the country’s public procurement authority.

2. UNEP will then discuss with the contact person the project’s objectives, outputs, content, plan of implementation, budget, and expected contribution from the country. This contribution can be provided in kind in the form of salary for the project manager who is expected to work at least half time on the project, and who will require additional support from other officers of the implementing organisation, representatives of the Steering Committee, and external consultant teams.
3. If an informal agreement is reached, and if implementation resources are available, UNEP will then reply to the country asking for a Letter of Commitment indicating:
  - ~ The name of the National Focal Organisation and name of the project manager;
  - ~ The composition of the Steering Committee; and

~ The resources to be devoted to the project by the country.

4. The country then sends the Letter of Commitment from the highest, appropriate level within a country to UNEP. This ensures that implementation is supported and respected.
5. Both parties will then engage in a Funding Agreement. The funding agreement will detail the obligations of the recipient country with respect to reporting as well as modalities of communications between the parties. It will also include a budget with a breakdown between the various activities foreseen by the project.

### 3.2 Prepare a Start-up Meeting/Mission

Around the time that an informal agreement is reached with UNEP it is recommended that a preliminary meeting be organised by way of a Start-up Mission with the main actors. The meeting should include at least two key project stakeholders: the Ministry of Finance (or the agency responsible for public procurement<sup>9</sup>) and the Ministry of Environment (which is often the initial sponsor). If possible, the Ministries of Industry (due to its relationship with the productive sector) and Labour and/or Social Affairs (to ensure the social dimension of the SPP is addressed) should also participate.

<sup>9</sup> In countries that do not have a specific agency or entity responsible for contracting, participation in the start-up mission and involvement in the project must be undertaken by the department of planning, modernization of public administration or equivalent.

In order to be adequately informed before visiting potential project countries, a scoping study will be conducted prior to the start-up mission by UNEP's regional offices with the support of the concerned national authorities. The study should cover the following aspects: sustainable development priorities in the country, existence of a sustainable production and consumption policy or strategy, main projects and initiatives in course, economic and political outlook, structure of public procurement, key organisations and their responsibilities in procurement, previous SPP attempts and activities, etc. The results of this study will be shared with the Start-up Mission participants.

The Start-up Mission should:

- Evaluate from the outset the political will and level of commitment for promoting SPP among the key actors;
- Nominate the National Focal Organisation;
- Determine a comprehensive list of proposed organisations for the Steering Committee;
- Establish the scope of the project and define those groups who should be involved (central government, autonomous bodies, local government, etc.);
- Establish a timeline for the project (using Appendix 3 as a template) taking into consideration any elections, holiday periods and processing times (paperwork, etc.);
- Appraise the level of internal resources to be dedicated by the country to the project (noting that the experimental phase demonstrated the





importance of allocating sufficient funds for the project to make it a success); and

- Develop some basic operating procedures on how to convene the Steering Committee, preparation and review of minutes, communication with UNEP, decision-making, etc. These operating procedures will be finalised by the National Focal Organisation and Steering Committee when appointed.

More detailed instructions on creating the Steering Committee and National Focal Organisation (including roles, composition, deliverables and terms of reference) can be found in Appendices 1 and 2. All documents produced under the auspices of the project will be public, unless agreed otherwise with UNEP.

### 3.3 Establish the National Focal Organisation

Once the Letter of Commitment and the Funding agreement are signed by both parties the National Focal Organisation (NFO) is officially appointed. The NFO serves as the main contact and local manager of the project and is supervised by the Steering Committee. Typically, the NFOs are government departments and/or Ministries.

A recommended Terms of Reference for appointed NFOs can be found in Appendix 2. UNEP engages NFOs through Small Scale Funding Agreements (SSFA), which include Terms of Reference specifying the duties and responsibilities of these organisations. Importantly, the NFO will be responsible for communicating the progress and results of the SPP Approach: such as publishing material online, providing updates on the project using existing or dedicated newsletters, and presenting the project at relevant conferences.

### 3.4 Establish a Steering Committee

To begin implementing the SPP Approach, countries are expected to appoint a Steering Committee. The Steering Committee will oversee the work of the designated NFO, which is chosen by each country to apply the SPP Approach. Recommended Terms of Reference for the Steering Committee can be found at Appendix 1.

The membership of the Steering Committee is defined by each country. The SPP Approach

recommends that the Steering Committee be co-chaired by representatives from the Ministry of the Environment and the public procurement authority or the Ministry of Finance. It is also suggested to include representatives from Ministries of social affairs or labour, economy and industry, Chambers of Commerce and Industry, universities, UN organisations such as UNDP or UNOPs, and non-governmental organisations.

### 3.5 Hold an Initial Training Session/ Workshop

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 SC, and any other stakeholders important to the project, such as contracted consultants or key staff. The training session/workshop will help stakeholders to make informed contributions throughout the process; improved personal knowledge of the staff in each country will increase their performance and their willingness to exchange and collaborate.

The training workshop should cover:

- The SPP Approach, the roles and expectations of the organisations and members;
- The timeline and project plan;
- The location of information resources;
- Expected outcomes of the SPP Approach in each step; and
- Expected outcomes of the SPP Approach as a whole in that country.



#### BOX 5

##### INSIGHT: Project Communication by pilot countries

In **Mauritius**, the NFO (public procurement office) already had monthly/bi-monthly newsletter on procurement; and this was used for communicating project activities and events, including news of progress, meetings and other relevant information.

In **Chile**, ChileCompra, the NFO in this country, posted a section on SPP on its website, which included information on pre-existing actions in the field as well as information about the project's achievements.

## 4. Step 2: Assessment, Review and Prioritisation

### 4.1 The Status Assessment

#### Objectives of the Status Assessment

Undertaking a Status Assessment is an important initial step in beginning an SPP Programme. It enables organisations to assess current levels of sustainable public procurement and helps to identify steps for continual improvement.

The objectives of the Status Assessment are to enable new starters as well as experienced practitioners to:

- Identify what's happening nationally/organisationally on SPP;
- Understand the steps needed to improve SPP;
- Access sources of help and guidance to improve SPP;
- Compare their SPP approach with others;
- Raise awareness of the international commitment to SPP; and
- Check country progress at a later stage.

A Status Assessment questionnaire was designed for use by a number of actors, including national procurement policy makers, procurement managers and procurers, and also others who wish to improve existing procurement processes such as finance managers and technical experts.

#### Relationship to other stages and studies

- Following the institutional set up, it is recommended that a comprehensive Status Assessment be the first step in the SPP Approach. The main reason is that the assessment can help to acquire an initial understanding of the state of play in the country, and later to “fill any gaps” in knowledge or data.
- It is recommended that the Status Assessment be used as a starting point and reference for the Legal Review, especially for aspects of international law adopted in the country that could assist in implementing SPP.
- It is recommended that the Status Assessment be used to inform the development of the SPP policy and action plan.
- It is recommended that countries, following the Status Assessment, work on deepening their

analysis with a Legal Review, Market Assessment and Prioritisation Exercise.

- It is recommended that countries re-visit their Status Assessment in order to improve knowledge, to update information as circumstances change, and to record and track progress over time.

#### Scope and content of the Status Assessment

The scope of the Status Assessment exercise should be determined and specified whether it cover just the implementing organisation; all central administrations, including autonomous public enterprises; or all levels of government with an interest in procurement. It is also important to be clear on whether the assessment is for the country as a whole, or the particular organisation being assessed.

The questions covered in the SAQ range from national policy to procurement practices and are divided into four main sections described below. The SAQ provides brief explanations of the questions and definitions of terms. More detailed guidance is made available within a report that is generated upon completing the SAQ.

In addition to the questions in the SAQ, supplementary questions targeting the procurement organisations in a more detailed fashion are available in Appendix 4. These questions were developed and used by the countries participating in the pilot run of the SPP Approach.

- **Section A:** How is procurement implemented in your country? Questions cover:
  - ~ The extent to which public procurement is regulated, how it is structured, and how budgets are managed.
  - ~ The extent to which the public procurement regulations take sustainability into account, and whether public procurement is included in the national/federal government approach to sustainable development.
  - ~ If there is a national government approach to SPP, and what sustainability aspects are covered in procurement.
  - ~ What programmatic work is already in place, including training and tools for SPP.

- **Section B:** How is procurement implemented in your organisation? As noted above, it is important to clearly designate the specific organisation being assessed in completing this section. Questions cover:

- ~ How the organisation's procurement is structured; how the organisation manages contracts; how suppliers are evaluated; if and how bids are evaluated on criteria other than price; if suppliers are audited; training of staff; monitoring and reporting.
- ~ What aspects are taken into consideration in the procurement by the organisation including: if and how sustainability criteria are used in procurement, small businesses are supported, or other social criteria are applied.
- ~ The organisation's approach to SPP and if any governmental support is given.
- ~ If and how the identification of the products and services with the highest economic, environmental and social impacts has been made; and if and how sustainability risk is assessed.

- **Section C:** Does your organisation engage stakeholders? Questions cover:

- ~ If and how stakeholders are involved in developing the approach to SPP;
- ~ How organisations cooperate and work with government or non-governmental agencies to promote and implement SPP; and
- ~ If suppliers are engaged to develop more sustainable products and services.

- **Section D:** Which international agreements do you apply in your procurement practices? Questions cover:

- ~ If the country is a member of the World Trade Organisation and has signed the Government Procurement Agreement;
- ~ If Regional Agreements are aiming to promote free trade or creating an economic area are relevant;
- ~ If and how the Labour clause in (public) contracts convention 1949 (No. 94) is applied in procurement in the country;
- ~ Which ILO Core Conventions are applied in the procurement practices; and

- ~ Which other international agreements relevant to SPP are applied to procurement in the country.

### Implementation of the Status Assessment

The Status Assessment Questionnaire is available online at: <http://www.iclei-europe.org/mtf>

Go to: "Getting Started" -> "Assessment". The Status Assessment Questionnaire can also be downloaded and completed offline.

The NFOs are in charge of filling in the SAQ with the help of Steering Committee members. UNEP will provide assistance and guidance to NFOs to allow them to deliver an accurate assessment of progress. By broadening the base of individuals and levels of government involved in completing the Status Assessment, characteristics of the different institutions and sectors will emerge and a richer assessment will be gained.

The NFO should provide a report to the Steering Committee commenting on the results of the SA and proposing steps to start / improve SPP. This report will also be reviewed by UNEP. The Steering Committee is required to sign off the completed SA.

A recommendation coming out of the pilot country testing of the Questionnaire advises that feedback and comments received from different individuals and agencies helping to complete the SAQ are recorded, as these can contain valuable information on different approaches and understanding of SPP in the specific country.

The following actions may assist in responding to the Questionnaire and gaining internal support for SPP:

- Conducting interviews with procurers to:
  - ~ Assess their degree of training and knowledge of SPP;
  - ~ Indicate their understanding of the barriers and obstacles to implementing SPP in their administration; and
  - ~ Identify groups of products and services that each person considers a priority for SPP (due to ease, environmental/social impact, cost, etc.)
- Gather the information in meetings or workshop with the key departments/stakeholders;

- Gather and analyse a set of specifications and/or list of actions considered as SPP by different departments or organisations;
- Analyse information and programme indicators related to SPP and/or a procurement database.

Aside from gathering the relevant information, having more people involved has the advantage of building the network of individuals involved in SPP, of tapping their knowledge and capabilities, extending the knowledge of how to incorporate sustainability criteria into contracting in that particular country, and hopefully raising awareness of a broad group of stakeholders towards SPP. The disadvantage of doing it this way is that it will take more time, and potentially raise some differences of opinion between agencies at an early stage of the project.

It is possible for the Status Assessment to be completed by an individual after they have attended a training course about the SPP Approach. Based on the results of the Status Assessment, the individual may recommend to representatives of his/her country to embark on SPP implementation.

Either way, the individual(s) involved in completing the Questionnaire and reports should be recorded; their different comments and points noted; and the

information and analysis gathered should be saved as a reference tool for later steps.

## 4.2 Legal Review

### Objectives of the Legal Review

The legal and regulatory framework of each country should be taken into account in designing and implementing SPP. Legal uncertainty may hinder implementation. An analysis of the legal and regulatory framework, which is described henceforth as “Legal Review”, is very valuable when embedding procurement into a coherent policy, and is also useful in gaining political support. Therefore, it is recommended that a Legal Review be undertaken with the objective to understand the legal possibilities of implementing SPP to identify existing policies, and to propose recommendations for changes to the regulations or to the basic contracting procedures and documents. This should be considered together with the sectoral regulations that need to be taken into account in planning.

### Relationship to other stages and studies

- The Legal Review can build on the Status Assessment, so that the information collected beforehand can be used as a starting point for the aspects of international law adopted in the country that could assist in the implementation of SPP.



#### BOX 6

##### INSIGHT: Different Pilot Country approaches to the Status Assessment

In **Lebanon**, the Status Assessment was first filled in by the NFO in collaboration with key stakeholders, both future members of the SC and other organizations. This initial version was presented and discussed in the first meeting of the SC, which validated each of the responses. Most of them were approved by the SC members. It was also agreed that the legal issues (Section D of the questionnaire) were reviewed by the consultant hired for the Legal Review. Similarly, questions related to the sustainable development strategy in Lebanon were reviewed in light of the Ministerial Declaration. The relevant stakeholders were contacted to supply the required information in one week. Once all the responses had been compared, the SA was finally approved by the members of the SC via email.

In **Tunisia**, a decision was made to send the SA to 32 procurers from different ministries and government agencies to collect their responses. Of these, 16 responded. Moreover, due to their divergence, the NFO decided to use the response offered by the Government Procurement Observatory (Observatoire des achats publiques) as the baseline response, whilst, however, presenting all provided answers to the SC in a report, with some general conclusions for final approval. The difficulty encountered with this system is compensated for as it is considered a good exercise in awareness-raising for the contracting staff who answered the questionnaire. As an improvement, the project coordinator believes that better results would have been achieved in a shorter period of time if, instead of sending the questionnaires by mail, a specific workshop had been organised to fill in the SA together and reach consensus.

In **Uruguay**, the questionnaire was filled in offline between the project coordinator, the NFO and two members of the SC. The idea of sending the SA to someone responsible for contracting was initially considered, but was dismissed for lack of adequate training among them. It was subsequently discussed with the entire SC for final approval.

- The Legal Review can feed into the Prioritisation Exercise and Market Readiness Analysis if, for example, the legal framework for promoting SPP is identified that can be used to define policy priorities for sustainability in the country.
- The Legal Review can help establish the SPP Policy and Action Plan by identifying the legal possibilities and obstacles for the introduction of SPP and by providing proposals for minimising or eliminating the obstacles.



### BOX 7

#### Insight: Experience from Colombia on the Legal Review study

In **Colombia**, the report on the Legal Review for integrating SPP into Colombia took the previous study “Analysis of the Colombian legal framework and national policies to assess limitations and possibilities of including Sustainable Public Procurement” as its starting point, thus optimizing resources and time.

Some countries are currently reforming their legal framework on public procurement, a process which is also taking place on the international level (for example, the WTO Government Procurement Agreement; and the UNCITRAL Model Law on Procurement). In this respect, the Legal Review should describe the possibilities of getting national legislators to commit to SPP, and show possible legal barriers which could limit the implementation of SPP. In countries where public procurement reform is taking place, this provides an excellent opportunity to introduce sustainability considerations at a very early stage. Such opportunities should be maximised. The results of the Legal Review will therefore help public policy makers to identify said opportunities. SPP should – in this context – be seen as an indispensable part of any comprehensive procurement reform.

## Scope and content of the Legal Review

### A. International Framework

According to the hierarchy of sources, the Legal Review should begin with an analysis of the international legal framework and the respective national constitution. In many countries, public procurement is influenced by international legal and regulatory framework such as the World Trade Organisation’s (WTO) Government Procurement Agreement (GPA) or the UNCITRAL’s model law. Furthermore, public procurement guidelines developed by the World Bank or development finance institutions, including multilateral regional development banks, are becoming increasingly important. Regional economic agreements like MERCOSUR or free trade agreements may be equally relevant.

The international legal framework should also be considered when defining the legal framework and policy goals relevant for SPP. Examples include the International Labour Organisation (ILO), Conventions,

notably the Core Labour Standards, as well as multilateral environmental agreements, such as the United Nations Framework Convention on Climate Change (UNFCCC). Commitments in the context of the Agenda 21 are also often a key factor for the implementation of SPP and may also be considered.<sup>10</sup>

### B. Constitutional and Administrative Law Frameworks

In dealing with the constitutional and administrative law framework, on the one hand it should be examined whether constitutional norms (or even fundamental guarantees/human rights) on environmental protection or social constitutional goals exist which must be respected throughout the legal order. On the other hand, an eye must be kept on relevant constitutional and/or administrative law concepts on legal and policy coherence, rules of behaviour concerning the administration, the definition of public interests<sup>11</sup>, and on the balance of interests and proportionality, which can be used when reconciling the primary policy goals relevant for public procurement and SPP policy goals. The interpretation of public procurement law in compatibility with constitutional values can help to promote a mind-set change even without changing the legal framework. Furthermore, constitutions regularly contain budgetary provisions or economic concepts which can be valuable when defining the context of the national procurement legislation<sup>12</sup>.

<sup>10</sup> Agenda 21 can be considered to be a very important step towards sustainable development. Awareness of the importance of the role played by the public entities as consumers is the logical consequence. See: <http://www.un.org/esa/dsd/agenda21/>

<sup>11</sup> See for example Art. 209 of the Colombian Constitution, where it is said, that the administration (función administrativa) should serve the public interest (los intereses generales) and act in compatibility with the principles of equality, morality, efficiency, economically best practice (economía), swiftness, impartiality and transparency.

<sup>12</sup> For example, the Legal Reviews undertaken highlighted budgetary rules and an obligation to organize competition amongst bidders.

### C. Public Procurement Regulations and Goals

There is an obvious interplay between the density of the public procurement regulation in general and the specific conditions of SPP. A minimum of effective governance in the public sector is needed in order to implement SPP. It can even be described as being part of any sustainable development policy. Combining a very basic and not sufficiently implemented set of public procurement rules with a very ambitious concept on SPP may be problematic and even lead to negative effects from a governance perspective. Therefore, the Legal Review should not only cover issues relevant to SPP, but also provide an overview of the general regulation on public procurement, its density, and the enshrined primary goals relevant in this context (such as “best value for money”, “transparency”, “equal treatment of bidders”, “strengthening of the competition between tenderers”, etc.). The extent to which good procurement is currently supported by the legal framework - as well as being actually practiced - will influence the speed and the quality at which SPP is likely to be implemented.

The Legal Review should consider whether the enshrined primary goals of public procurement regulation may conflict with secondary objectives such as SPP. Where the pursuit of SPP goals is found to be in compatibility with the regulation, the legal analysis helps define where policy choices in favour of SPP can be made. Legal arguments based on the hierarchy of sources can be useful in this context (see remarks on the constitutional framework above). In principle, there can be no (legal) objection to the implementation of secondary policy objectives, as long as the primary goals are not impaired to an unacceptable extent.

It is important to consider that not all categories (technical specifications, conditions for participation in tendering, selection criteria, award criteria, conditions for performance of contracts, etc.) or stages of procurement are equally suitable for the implementation of SPP aspects. In case private contract law is deemed relevant, in addition to the public procurement regulation, a short assessment of the applicable provisions can be useful.

The Legal Review should also investigate whether there are different sets of rules for different objects of public purchasing (goods, services, construction) which are relevant to SPP. It could also be useful

to examine how public procurement is organised, whilst especially taking into account whether public procurement is centralised or decentralised (corresponding to the form of government) and whether this may – from a legal perspective – be relevant for SPP. The question of the relevance of threshold values<sup>13</sup> and a possibly broader discretion for the procuring entity if these thresholds are not reached – which perhaps would allow for a wider application of SPP – should also be addressed. Furthermore, the Legal Review could analyze whether there are specific rules for the utilities sector (water, energy, transport, postal services, telecommunication, etc.) and if this set of rules is different when assessing the possibility of considering SPP. From a procedural view, a short passage should deal with oversight mechanisms and remedies.

### D. Sustainable Development Policies and SPP Mandates

Many organisations will look to their national government for a policy mandate to incorporate sustainability issues into public procurement. This mandate may cover all three aspects of sustainability (economic, social and environmental). It is far more common for the national legal and regulatory framework to be more advanced on economic aspects at first, since control of public expenditure and the promotion of economic efficiency are primary goals of public procurement regulation and of widespread concern.

It should be noted that there are significant differences between countries in their response to environmental and social aspects of procurement. In Europe, Korea and Japan, for example, green or environmental laws and the fostering of renewable energies tend to be emphasised ahead of social concerns and regulations. However, in other countries, such as South Africa, the social agenda is clearly given a higher priority. When describing the constitutional framework and the current SPP-relevant legislation, it is important to cover the question whether – according to the national understanding – SPP is laid out to address environmental concerns and climate change policy (green public procurement), or if social concerns are more relevant to the underlying concept of sustainability.

<sup>13</sup> As they are also foreseen on international level for instance to define the scope of the GPA; see art. I:4 GPA and Appendix 1.

## Implementation of the Legal Review

In order to compare the situation in the different countries, Legal Reviews should follow a similar structure. Furthermore, this structure is useful when looking for suitable legislation examples which could serve as models for other countries. Box 8 illustrates what the Legal Review should cover.

Completion of the Legal Review should take approximately four months, depending on the degree of detail and topics covered in it. The study can be performed by the administration's own staff or an external organisation or individual.

The person responsible for delivering the Legal Review should have the following qualifications:

- Law degree;
- Good knowledge of the respective country's legal and regulatory framework, particularly concerning public administrative law, public procurement, sustainable development, sustainable business practice, and environmental standards; and
- A precise legal style of writing.

It is essential that the NFO and the organisation/ individual in charge of the Legal Review clearly agree on its contents at the beginning of the contract, and

### BOX 8

#### Structure of the Legal Review

##### A. International:

- ~ International legal framework including regional economic agreements relevant for public procurement and SPP policy goals.

##### B. Constitutional:

- ~ Constitutional norms on economy and their effects on public procurement.
- ~ Constitutional norms on sustainable development, environment and social concerns.

##### C. Administrative/Regulatory:

- ~ An overview of finance and budgetary regulation – as far as relevant.
- ~ Description of the legal framework for public procurement, primary goals, main characteristics, organisation of public procurement and remedies.
- ~ Description of current environmental regulations in the country as well as other SPP-relevant complementary legislation, goals, main characteristics, key points, including conclusions on the national understanding of sustainability.
- ~ Expressly defined criteria for sustainable/ green procurement currently developed or in development in the respective national legislation.

##### D. Analysis

- ~ Suitability of the different categories and stages of public procurement (technical

specifications, conditions for participation in tendering, selection criteria, award criteria, conditions for performance of contracts etc.) with regard to the implementation of SPP according to the legal framework in place.

- ~ Relevance of eco-labeling schemes in meeting legal requirements or more ambitious standards.
- ~ Main obstacles/barriers inherent to the national law.
- ~ Key challenges or changes to be considered in the existing legislation, so the concept of Sustainable Procurement is implemented in the best way, according to the national/international experience.

##### E. Recommendations and Proposals:

- ~ Recommendations on SPP-aspects to be incorporated into relevant legislation to be issued by the country, including the proposed wording of the relevant provisions.
- ~ Proposal of standard clauses on sustainable procurement to be incorporated in bidding conditions and criteria to use (see Step 4: Implementation) Defining the specification and inviting bids).
- ~ Final proposals.

##### F. Conclusions

- ~ Conclusions on how supportive the legal framework is from a SPP-perspective.



## BOX 9

### INSIGHT: Experience from Lebanon on the Legal Review study

In **Lebanon**, the Legal Review was contracted to a legal expert based on the terms of reference available from the project for this task. The results of the Status Assessment were sent from the NFO to the consulting firm so that they would better understand the central aspects of SPP and the expected requirements.

The study covered the Lebanese constitution; laws and contracting documents governing public transactions; domestic legislation and international conventions ratified by Lebanon on sustainable development (both environmental and socio-economic) that may be related to SPP; laws under review and jurisprudence; with a final section on problems, challenges and future proposals for implementing SPP in the country's legal framework.

During the course of the study, the consultants faced some barriers, of which the most significant were:

- The scattering of the concept of SPP throughout the legal texts in Lebanon, since some texts address SPP issues, but not under the title of SPP, with no text that integrated all relevant information.
- Difficulty of accessing contracting documents, since not all are published.

To overcome these barriers, a comprehensive review of legal texts was conducted in order to bring together all statements that could be considered as SPP. Moreover, the consultant requested access to the files from the "Court of Auditors" to gain access to unpublished bids, since all public institutions are subject to inspection by the Court.

that those responsible for managing the different aspects to cover in the Legal Review be identified. The summary of contents should be submitted to UNEP. In addition, feedback from the NFO should be expected after the draft of the Legal Review having been submitted. The Legal Review will be carefully reviewed by UNEP in collaboration with relevant regional offices, national governments, project partners, national cleaner production centres, and local business chambers. Legal Reviews will also be published on the UNEP-site on SPP in order to encourage comparative research and knowledge sharing.

### 4.3 Prioritisation Exercise

#### Objectives of the Prioritisation Exercise

SPP requires a systematic approach to achieve positive outcomes and it is important to understand the risks and opportunities associated with certain procurement decisions. Therefore, the SPP Approach includes a robust Prioritisation Exercise for deciding which products and services should be part of an eventual SPP policy and action plan.

The Prioritisation Exercise addresses not just policy priorities, but also sustainability risks associated with procurement spend categories. Using a risk-based approach ensures that the most important sustainability impacts are managed appropriately. It also guarantees that the decisions taken can be justified,

are transparent, are explained in a logical manner, and can thus withstand scrutiny. This is important for any procurement policy and practice, and also for audit and reporting purposes. Moreover, the Prioritisation Exercise aims to help the implementing organisation focus their efforts on those areas of procurement and contracting (and therefore the production and service sectors, including construction) that contribute to sustainable development in a timely and effective manner, whilst also taking into account the administration's priorities. Finally, the Prioritisation Exercise is a good tool if the NFO deems that any existing SPP policy in a country is very general or if they wish to go beyond the administration's current procurement policy.

Following the methodology outlined below enables the articulation of national sustainable development priorities and helps to identify procurement areas for improvement. Moreover, its completeness and consistency mean that the results can be used in the longer-term to guide decisions and to promote sustainable development more broadly.

#### Relationship to other stages and studies

- It is recommended that the Legal Review be undertaken before the full Prioritisation Exercise, so that the findings of the Legal Review – such as the review of sustainable development policy priorities – can inform the analysis.



- It is recommended that the market readiness study be focused on the groups of products and services selected in the prioritisation stage, so the Prioritisation Exercise should ideally serve as a prior step to the Market Readiness Analysis.
- It is recommended that once the Legal Review, Prioritisation Exercise, and Market Readiness Analysis are complete, the final decision on what to prioritise can be made, which will then be integrated into the SPP Policy and Action Plan.

### Scope and methodology of the Prioritisation Exercise

First, the scope of the analysis should be determined. In principle, the scope should be the same as for the implementation of the entire project, such as procurement only by central government, central government plus autonomous bodies, contracting derived from international loans, only centralised procurement and contracting, etc. Confirming the scope of the analysis will help to collect the right level of information. Moreover, the scope of the prioritisation should be clearly agreed on and those in the administration that are responsible for the different aspects of it should be identified and invited to participate. Their collaboration is critical in accessing the appropriate expenditure data.

Starting with an analysis of just one or two departments may be appropriate if the procurement system is large and complex or the country is new to SPP.

The dimensions that shape the Prioritisation Exercise are:

- **Policy priorities**, such as economic development, support for local markets, climate change mitigation;
- **Spend areas**, which will achieve SPP or Sustainable Development objectives in a timely and cost effective way;
- **Market availability**, which will inform the potential for goods and services to meet the SPP policy requirements;
- **Market influence**, those product categories in which the procurement entity has some market influence and thus may expect to see some change as a result of their policies and requirements;
- **Scope for improvement**, product categories that are able to be made more sustainable;
- **Certain procurement**, those product categories purchased by a centralised procurement agency which are “certain” to be procured;
- **“Quick wins” product groups**, where there exists enough experience or knowledge to implement SPP quickly along with a good cost/benefit ratio; and
- **Goods and services with particular strategic importance** for the country (such as coffee in Colombia) or for their high impact throughout their life cycle, even if they are not a contracting priority for the government.



#### BOX 10

##### INSIGHT: The virtual procurement tool in Chile

In **Chile**, the project scope was the entire Chilean administration since it is the area of procurement managed through ChileCompra, an organization that manages the procurement and contracting for all government bodies in Chile (a total of 850 central government and local government bodies) with the exception of concession management and public works).

In addition, the organization has a virtual tool, ChileCompra Express, the government’s electronic procurement and contracting catalogue, through which 20% of all the Chilean government’s goods purchasing and service contracting is performed.

ChileCompra Express is a tool managed by ChileCompra (the Chilean NFO), which makes it possible to define an initial framework for analysis and facilitates the implementation of the entire SPP process. In Chile, the Prioritisation Exercise is applied to the entire Chilean administration, and products assessed are those found in the ChileCompra Express catalogue, without applying any specific methodology but only the principles of efficiency and maximizing results.

Based on this initial selection, the market readiness analysis was then performed in order to finish prioritizing products based on real supply and market responsiveness.

It is also possible to combine criteria, such as selecting certain goods, works and services in priority areas and at the regional level, or for which there is proven experience in the countries with greater experience in SPP and a clear supply.

### Implementation of the Prioritisation Exercise

The Prioritisation Exercise involves a number of steps that are necessary to identify priority products and services. The duration of the Prioritisation Exercise should be approximately three to four months.

The following steps in conducting the Prioritisation Exercise are described below:

1. Identifying and agreeing on national sustainable development priorities;
2. Analysis of expenditure;
3. Risk and opportunity assessment; and
4. Final prioritisation of products and services.

### Identifying and agreeing national sustainable development priorities

The first step is to identify any government sustainable development objectives or plans for sustainable production and consumption. These help to indicate the key sustainability themes or issues that could be delivered by a more sustainable procurement approach. For example, it is common in many national government sustainability objectives to discuss the issue of climate change and the impact Greenhouse Gas Emissions have upon it. This is an area that can be influenced through procurement by placing an increased focus on energy efficiency, logistics, or the manufacturers own production processes. At an organisational level, objectives may be placed on such issues as supporting local business or job creation. It is necessary to define the criteria or areas of sustainable development in economic, social and environment terms, which are priorities for the country or implementing organisation, so that SPP can be considered a tool in line with existing policies.

If there is no explicit sustainable development policy, or other policy document that explains sustainable development objectives, a variety of key documents can be consulted, such as:

- Official documents of different ministries or departments on their priority lines of action, on-going programmes, policies and projects related to improving the production and business sector,

working conditions, integration of groups at risk of exclusion, gender equality, protection of natural resources and biodiversity, minimising pollution, effluent generation and waste production, etc.;

- Reports of the United Nations Development Programme, the World Bank, or other international organisations on the country's development; and/or
- International agreements ratified by the country (as identified in the Status Assessment) and other agreements such as the United Nations Millennium Development Goals.

The objective is to create a **short-list of possible issues and impacts** that the approach to sustainable procurement could support, for instance:

- Climate change and or greenhouse gas emissions reduction;
- Ozone depleting substances eradication;
- Natural resource use optimisation;
- Waste minimisation;
- Job creation;
- Equality and diversity;
- Fair pay for suppliers' staff or workers in the supply chain more broadly;
- Economic regeneration;
- Legal compliance; and
- Public image enhancement.

The above provides some examples of the issues that a more sustainable approach to procurement could begin to support. Each country will need to develop its own list of issues, taking into account the policy and strategy objectives which guide procurement nationally.

In selecting the sustainability issues, consider also how "actionable" they are. If an issue is relatively less pressing, or to improve the situation is almost impossible, then there is little point in spending time on that issue. A common mistake is to try to solve all the world's problems by spending time debating risk issues that cannot yet be resolved. It is recommended to focus on key issues and to deploy procurement resources as efficiently as possible.

### Analysing expenditure

Indicators of sustainability impacts can be derived from the amounts that countries spend, which departments are spending, and on what products and services the

money is spent. In analysing expenditure, clearly defining the scope of the analysis, and matching it to the scope of the SPP Approach project as a whole, is important.

The analysis of expenditure should build on information from, for example, spending from central government, central government plus autonomous bodies, or contracting derived from state budgets or loans. Relevant data may be found in Central Banks, Ministries of the Treasury, World Bank Statistics, etc.

A variety of ways to define the scope are feasible, such as:

- Using expenditure data disaggregated by product/service, if available;
- The budgets for the year or previous year(s); and
- The number of contracts (not only acquisition costs), as this can affect the operational complexity during SPP implementation as well as the life cycle costs.

### Opportunity and risk assessment

Once the sustainable development priorities have been agreed and expenditure analysis completed, countries are then in a position to identify risks and opportunities for improvement, and on this basis further refine the prioritisation of products and services.

Because some products with a relatively small cost or quantity carry a high sustainability risks, it is not enough to focus solely on high-spend categories. For example, the country may spend relatively little on the purchase of toxic chemicals, but their potential to do environmental damage and the social impacts of inappropriate handling make them a high sustainability risk category of spend and thus worthy of consideration.

Factors that may be taken into consideration include:

- Existing or previous SPP activities in the country;
- Areas that are easy to implement and with a high cost/benefit ratio (quick wins);
- Productive sectors that are relevant or strategic for the country;
- Environmental hazards;
- Socio-economic risks;
- Where there is scope for improvement;
- Where there is scope for influencing the market

/ suppliers (high influence: demand sustainability excellence; medium influence: target in key areas; low influence: focus on raising awareness); and

- Where any reputational risks might be addressed.

### Final prioritisation of products and services

In order to create a final list of priority products and services that the Policy and Action Plan will implement, the answers to the following questions can be used as guides:

- How important is the sustainability issue and/or sector to the national government?
- What scope is there to improve?
- Will the market be able to respond to this issue?

A numerical scale may be helpful to respond to these questions. For example, a hierarchy of 'high', 'medium' or 'low' may help to identify which risk issues to prioritise. Issues which are perceived to be high would then become the priority issues to focus on addressing through SPP actions.

The Prioritisation Exercise should be performed by the NFO, with the input from the SC. Because both the SPP Policy and Action Plan will build on the results of the Prioritisation Exercise, it is important to have key policy officials involved in the Prioritisation Exercise and to make sure they inform the feasibility of implementing SPP as part of that decision process.

If required, support from an external organisation or individual can be used in facilitating this work or in providing extra research and analysis. If an external organisation provides support in this task, it is recommended that they submit their work in at least two parts so that the NFO, SC and UNEP can review the product on time and check that it is progressing satisfactorily in order to ensure the proper direction and development of the exercise.

For the final selection of policy priorities, it is recommended that prospective methods are used, especially those based on consultation with experts, such as the Delphi Method. This shall be applied with members of the SC, NFO or a larger group if the SC does not include all the relevant stakeholders. To do so, it is recommended to hold a **prioritisation workshop** to collect expert opinions from the participants in the exercise quickly and efficiently. External facilitators with experience in the Delphi method (or related) may be contracted to run the workshop.

In the prioritisation workshop, the initial list of priority products should be discussed and assessed. The following matrices may be helpful to identify the actions that can be taken across the whole of procurement spend, within individual product and service categories, or with key markets. UNEP can provide templates for these matrixes to be used as a guide.

1. The first matrix is the “Prioritise Action”<sup>14</sup>. This matrix plots the environmental, socio-economic and reputational risk against procurement expenditure; and to weight those risks so that the most pressing risks are highlighted;
2. The second matrix is the “Buyer Approach”. This matrix plots the scope for improvement against risk. It helps to decide on actions within product and service categories; and

14 For an example of such a matrix, see <http://sd.defra.gov.uk/advice/public/nsppp/prioritisation-tool/>

3. The third matrix is the “Market Engagement Strategy” that plots the scope for improvement against market influence. It helps organisations to focus resources on those markets that are likely to be most responsive, where their influence is greatest and where the organisation and the market both have opportunities to maximise sustainability benefits.

The departments and bodies that have higher spending on the prioritised products or services should be identified, along with their budgets, to feed into the SPP policy and action plan.

At the end of this process there should be a list of priorities available and justified. This, along with information on the sustainability characteristics of the selected products and services, will inform the next step: the Market Readiness Analysis.



## BOX 11

### INSIGHT: Policy developments in Lebanon and in Mauritius

In **Lebanon**, as there is no policy framework setting out the country’s sustainable development priorities, the selection of sustainability criteria for prioritisation was done in two steps.

Firstly, the consultant developed a list of priorities of the Lebanese government on the basis of reports from the World Bank and UNDP, official Ministry documents as well as articles and press releases identified by them or by the Ministry of Finance. The list contained 25 priority areas. To avoid omitting any important policies and so as not to give more weight to either economic, environmental or social aspects, the list was drawn as broadly as possible, for later delimitation.

In a second phase, 7 experts in the three pillars of sustainability (from NGOs, academia, the UNDP and the government) were interviewed to identify key priorities in terms of importance, room for improvement and market capacity, leaving a list of 6 priority areas. Based on these, the impact assessment of the prioritisation methodology proposed in the SPP Approach was performed.

In **Mauritius**, despite having a sustainable development framework strategy, the NFO called on all SC members to provide information on priority national policies in their areas and based on these, the sustainable development policy, the Millennium Development Goals and other documents, the final list of criteria for analysing environmental, social and economic risks was drawn up.



## BOX 12

### INSIGHT: The Expenditure Analysis in Mauritius

In **Mauritius**, during this stage the consultant had some difficulty finding the right data. Available data sources in the country were incomplete, lacked detail and were too aggregated to conduct the proper analysis.

Ultimately, information from the Central Procurement Body (CPB) was used, despite the absence of data on real expenditure, and only on project budgets being available. This meant that only those projects requiring CPB approval were included - limiting the analysis to a smaller set of product categories over a certain spending threshold. However, according to the NFO, the CPB information for 2008 represents approximately 2/3 of total expenditure, thus enough detail was available to conduct the analysis, accepting the margin of error it represents.

**BOX 13****INSIGHT: The Expenditure Analysis in Lebanon**

In **Lebanon**, for the selection of spend categories, the Ministry of Finance provided information on the distribution of government expenditure by ministry, function and economic sector. The latter was selected for application of the methodology. After prioritization, eight spend categories were prioritised. However, being categories and not specific products or services, after the initial selection, another selection process was carried out in order to define specific products/services for the Market Readiness Analysis. For each selected category, a list of products included in this category was drawn up, with the participation of experts from the administration. Then the SC members were consulted to finalize the list of specific products/services. This removed the obstacle of working with expenditure categories and not directly with products.

**BOX 14****INSIGHT: Market Readiness Analysis in Colombia and Mauritius**

The **Colombia** NFO stated that, “The Market Readiness Analysis is considered essential for the proper development of SPP, as it is a matter of supply and demand, so it is necessary to have permanent direct contact with bidders to encourage greater supply. If an in-depth market study is not done, the SPP strategy may not apply if there is no supply and thus the strategy itself will lose credibility.”

Moreover, the project coordinator in **Mauritius** stated that that one of the aspects of which they are most proud is the Market Readiness Analysis because, despite having some weaknesses, it provided them with a wealth of information and knowledge about the market in their country.

The Market Readiness Analysis will then help to develop a definitive selection of priority product and services for SPP.

- The Market Readiness Analysis should be used as a primary input to the SPP Policy and Action Plan, since it will help identify those areas in which to act in the short, medium and long term, whilst emphasising aspects necessary for improving the market situation.

## 4.4 Market Readiness Analysis

### Objectives of the Market Readiness Analysis

A study to establish the market readiness for implementing SPP should be conducted, the objective of which is to:

- Assess the existing productive capacities for sustainable products and services in the country;
- Analyse the potential responsiveness of the market and the national business sector to SPP tenders;
- Determine the capacity to meet current and future public procurement requirements for sustainable products and services;
- Identify the relevant certification or verification instruments and tools, as well as gaps; and
- Assist in planning activities for the progressive introduction of SPP.

### Relationship to other stages and studies

- It is recommended that the Market Readiness Analysis study build on the Legal Review, particularly if the legislation on priority product groups was analysed in that Review.
- It is also recommended that the Market Readiness Analysis build on the Prioritisation Exercise, since it should be applied to the set of priority products and services in order to be effective and realistic.

### Scope and content of the Market Readiness Analysis

The Market Readiness Analysis helps to identify those areas of the market that can easily respond to the inclusion of sustainability criteria in state procurement without representing an additional cost to the administration<sup>15</sup>. Nevertheless, those sectors, which are not fully prepared and are more expensive at the outset, can also be included as priority. Their selection sends a clear message of change to the market.

The Market Readiness Analysis should take into account categories of expenditure and any products or services of particular importance to the country. Certain product and service categories may have been targeted as potential growth sectors in economic development policies and there may be fiscal incentives aimed at encouraging investment in key market sectors. For example, countries may have plans to stimulate growth in markets for energy-efficient equipment or water-saving devices and they

<sup>15</sup> We consider here the total cost of ownership derived from life cycle costing.



## BOX 15

### INSIGHT: Scoping the Market Readiness Analysis in Mauritius

One of the lessons learned from the implementation of the methodology in **Mauritius**, was the importance of restraining the analysis to a relatively limited set of products or product groups. A detailed analysis of the availability of more sustainable products and services in all areas of the market requires too many resources and time.

may also have plans to promote the development of the local supply base, including small and medium-sized enterprises. These factors will inform the selection of product and service categories, which are the focus of the Market Readiness Analysis and ensure that the analysis is relevant to local policy.

The Market Readiness Analysis helps to identify those areas of the market that can easily respond to the inclusion of sustainability criteria in state procurement without representing an additional cost to the administration. Nevertheless, those sectors, which are not fully prepared and are more expensive at the outset, can also be included as priority. Their selection sends a clear message of change to the market.

Box 16 provides a structure and key aspects to be covered in the market readiness study.

### Implementation of the Market Readiness Analysis

Conducting a thorough Market Readiness Analysis can be a significant undertaking. It is thus essential that the NFO and the SC clearly agree on its content at the beginning of the contract, and that those responsible for managing the different aspects to be covered in the study be identified.

The study can be performed by the NFO's own staff with the support of an external organisation or individual if desired. The NFO and the members of the SC should actively participate in the study, even if it is conducted by an external consultant.

To ensure the proper direction and development of the study, it should ideally be submitted in at least two partial deliveries. This way the NFO, SC and UNEP can provide input and review, and check that it is progressing satisfactorily. The duration of the task should be approximately four to six months (depending on the degree of detail and topics covered in it).

The study's outcomes will be carefully reviewed by UNEP in collaboration with relevant regional offices, national governments, project partners, national cleaner production centres, and local business chambers.

The group or individual delivering the Market Readiness Analysis should have the following qualifications:

- Extensive experience in the environmental, sustainability and/or business sector;
- Experience working with the Chamber of Commerce, Ministry of Industry or University;
- Experience of market and sectoral studies;
- Knowledge of the country's economy and business sector particularly in the areas related to sustainable development, sustainable business practice, environmental technologies and service provision;
- Independence from any given sector's or stakeholder's interests;
- Excellent writing and analytical skills; and
- Evidence of the above.

Research techniques that can be used for the Market Readiness Analysis include:

- Interviews with key actors for each of the selected product groups (manufacturers, importers, accreditation/verification bodies, or those managing certifications and social and/or eco-labels, etc.);
- Questionnaire-based survey (by e-mail, online, telephone interview, visits) of companies in the selected sectors. The interviewed companies can then be selected in different ways:
  - ~ Following statistical methods for random selection of representative samples (e.g. the model used by the World Bank through its "Enterprise Surveys" analysis unit [www.enterprisesurveys.org](http://www.enterprisesurveys.org)) from a national register of companies;
  - ~ Based on the implementing organisation's list of providers; and
  - ~ The leading companies in the market (both domestic and international).
- Examination of records of certifications, eco-labels and standards to identify certified companies, products or organisations; and
- Review of public information on the identified product groups.

**BOX 16****The Market Readiness Analysis – suggested outline****1. Introduction**

- a. Background
- b. Objectives of the analysis
- c. Study methods
- d. Review process

**2. The priority goods and services for SPP**

- a. Prioritisation Exercise results
- b. Environmental and/or socio-economic sustainability attributes of the priority groups (this can range from an inventory of existing eco-labels in the region and/or internationally, to selecting specific criteria based on these eco-labels and green, social or sustainable procurement criteria for the SPP established in other countries or regions)
- c. Instruments and tools for certification or verification of the sustainability of priority goods and services (eco-labels, basic information required by law, testing laboratories and institutions, etc.)

**3. Analysis of supply**

- a. Whether there are national programmes, policies and instruments to promote sustainable production in the selected sectors and the possibility of introducing these instruments into each sector
- b. Overview of the productive sector regarding SPP (barriers and opportunities in the sector)
- c. Availability of more sustainable products and services in the national/local market penetration, historical development and forecasts (this analysis can be based on certificates or previously selected attributes in order to prioritise sustainability criteria for contracting)
- d. Characteristics of national production and importing of more sustainable goods and services (role of small and medium enterprises, prospects for production/import of these product groups and services in the short, medium and long term, and effects on the country's economy, degree of implementation of environmental management or corporate social responsibility systems and other initiatives to make production processes or services more sustainable, etc.)
- e. Economic implications (cost differential) in the acquisition of more sustainable selected products and services and throughout their life cycle
- f. Ecolabels related to the specific product and service categories

**4. Analysis of demand**

- a. Whether there are national programmes, policies and instruments to promote sustainable consumption in the selected sectors (results, possibility of introducing these instruments into other areas of society to boost their purchase – by individuals or the private sector)
- b. Changes in national and/or international demand for the most sustainable prioritised products and services (historical changes and future forecasts)

**5. Conclusions and recommendations for sustainable public procurement and contracting**

- a. In relation to the products and services finally prioritised
- b. In relation to the national programmes, policies and instruments for the promotion of the most sustainable consumption and production
- c. In connection with short, medium and/or long-term actions for groups of goods and services (differentiating between those that are easier to attack in the short term and those that require more effort – whether technical or economic – and market adaptation, for which actions have to be more progressive and medium-long term)
- d. In relation to sustainability clauses for inclusion in SPP in the short, medium and/or long term that are demanding but realistic about the market situation



## BOX 17

### INSIGHT: Market Readiness Analysis in Chile

In Chile, the Market Readiness Analysis was produced by hiring an outside consulting firm by public tendering for the service. A decision was taken to limit the products and services covered by the analysis to all those included in the ChileCompra Express catalogue, and to those goods and services in the catalogue for which the Chilean market can meet the set sustainability criteria, according to the actual available supply.

To do this, initially the NFO and contractor together defined the research and development stages for the analysis as follows:

1. Review and evaluation of the framework agreements to define the list of products in conjunction with ChileCompra.
2. Identification of social and environmental attributes from the defined list of product groups: the social attributes take into account the operations of the company, particularly to services, while the environmental attributes apply mainly to products.
3. Availability in the market: identification of the availability of products and services in the Chilean market according to the attributes, indicators and certification resulting from the previous stage.
4. Conclusions and recommendations: identification of the baselines for determining product groups as sustainable (definition of sustainability criteria divided into three levels according to their ease of inclusion and verification: main, base and complementary) and preparation of an implementation plan containing stages according to priority product groups (also divided into three levels of readiness and response from the market: high, medium and low).

One of the tools used in the study was to conduct a survey of businesses already in the catalogue. Due to the limited collaboration (few responses returned from companies), this technique did not allow for adequate information to be obtained and ultimately the decision was made to conduct the study through other means, i.e. by consulting the websites and visiting the companies in person.

Finally, thanks to the prioritization done through the Market Research Analysis, indicators were established to verify the sustainability of 80% of the ChileCompra Express products, and conclusions drawn about the readiness of industry and the feasibility of implementing SPP actions.





## 5. Step 3: SPP Policy and Action Plan

### 5.1 Objectives of developing SPP Policy and Action Plan

Creating a SPP Policy and Action Plan is a key part of implementing SPP. It provides a clear direction and mandate for implementation. The existence of an SPP Policy and Action Plan provides a sound basis on which to build a coherent, well-coordinated approach. Without these, activities may be ad-hoc and largely based on the personal efforts of individuals. By using the results from the Status Assessment, Legal Review, Prioritisation Exercise and Market Readiness Analysis, the SPP Policy and Action Plan will be informed by the current (and prospective) future SPP activities in the country.

The need for a new SPP policy depends on the prior existence of an overarching policy or strategy that clearly supports SPP implementation in the country. If the country already has developed a policy pertaining to SPP, which can be deemed valid and useful, it is not necessary to create another new policy. However, in countries with no prior experience it should be strongly recommended to develop an SPP policy in order to gain political support.

It is important to recognise that public procurement is only one of the means by which sustainable development objectives can be delivered. Other mechanisms for delivery of such objectives include:

- Regulation and legislation;
- Fiscal measures/ taxes e.g. landfill tax;
- Grants;
- Incentives;
- Penalties; and
- Fines.

Using public procurement to drive changes in markets – through stimulating innovation and opening up markets for innovative products and services – tends to be more popular. SPP offers the benefit of being an incentive-based route for engaging industry on sustainable development rather than regulation or legislation, which tends to take longer to implement and also to take effect. Fiscal measures, such as taxes on waste may be fast, but also increase the operating costs of businesses and as such, may

face opposition. Optimal results will be obtained by adopting a policy mix inclusive of an SPP component.

### 5.2 Relationship to other stages and studies

It is recommended that the NFO guides the development of an SPP Policy and Action plan, and that this is done once the Status Assessment, Legal Review, Market Readiness Analysis have been completed.

After the SPP Policy and Action Plan are complete, the next step is Implementation.

### 5.3 Scope and content of the SPP Policy and Action Plan

A wide range of government policies can be identified as appropriate for delivery through procurement. These include issues such as innovation, social enterprises, inclusion of small and medium sized businesses, employment, equality, diversity, job creation, poverty reduction and environment which may all play a part in an overarching sustainable development policy. The **SPP Policy document** will generally include:

- A general statement of policy recognising the importance of SPP and indicating commitment to continuous improvement (short, high level statement of intent);
- A clear indication of when the document was issued and who approved it;
- Revision history showing updates every 2 years or less;
- Commitment from a leader with accountability for sustainability; and
- The SPP Policy normally refers to compliance with relevant legal and legislative requirements in the country e.g. waste regulations

The scope may extend to sustainability impacts such as resource use, recycled materials, water conservation, renewable energy sourcing, carbon management, supplier awareness, fair working arrangements, and a cascade of requirements through the supply chain.

The SPP Policy document may also refer to:

- Measurable objectives for each identified sustainability impact which demonstrate a commitment to continuous improvement;
- Commitment to communicate the SPP Policy to staff, beneficiaries, partners and suppliers and to include information about it in training programmes;
- Commitment to monitor key objectives in general accordance with a recognised standard;
- Commitment to have results independently validated;
- Commitment to include sustainability issues and measures in an annual report; and
- Commitment to have annual report independently validated and published.

Once the SPP Policy is in place, the **SPP Action Plan** needs to be developed. Box 18 illustrates the recommended structure and content of the SPP Action Plan, including more detail on specific targets and responsibilities.

It is important to note that communications and dissemination of information about the project to relevant stakeholders is essential for proper deployment of the project and for subsequent implementation.

SPP Policies and Action Plans may take differing formats and content depending on the countries. One reason for this is that the suitable balance between the three aspects of sustainable development is not always easy to find. Some governments have begun to address social and economic aspects together, for example in seeking to stimulate markets and employment opportunities in their country. For others, environmental issues are beginning to dominate the agenda. There are currently concerns over climate change and the threat to agriculture or tourism, for example. Therefore, some governments are concentrating on reducing their impact on climate change through seeking alternative means of transportation, reducing emissions from factories and offices, and cutting down on energy used in the production of products.

Examples from different countries at each step in the implementation process will be made available on UNEP's SCP Clearinghouse: <http://www.unep.fr/scp/procurement/>

## 5.4 Adopting and Implementing the SPP Policy and Action Plan

The SPP Policy and Action Plans should be signed off at the highest level of the organisation, ensuring accountability for delivery and providing a mandate to those charged with implementing the policy. Without senior level backing it can be difficult for those committed to implementation to get effective co-operation from other colleagues. The involvement of relevant staff (such as procurers and heads of service) in the preparation of policy statements is also an effective way to encourage buy-in from the start.

Effective policy is likely to be developed if public procurers are able to have an influence at an early stage of policy development. The opportunities and possibilities offered by public procurement – as well as the limitations of the procurement route – can be more readily appreciated with their input.

For the definition of the SPP Policy and Action Plan, support from external consultants might be sought. In those cases, all results from the process will have to be used for the policy and action plan and experts will have to work under close review from the NFO and SC.

For one of the priority product groups to learn from practice, and to better inform the development of the action plan, countries could engage in pilot SPP actions. This is recommended if formal approval of the policy and action plan may take time.

Once the SPP Policy and Action Plan have been produced, they should be submitted to UNEP for review and agreement. This will ensure that the SPP Policy and Action Plan follow international best practice for SPP.

**BOX 18****Structure of the SPP Action Plan****1. Context**

- History of the implementation of SPP in the country
- The importance of sustainable public procurement for the country's sustainable development

**2. Sustainable development priorities**

- The SPP Action Plan should contribute to the country's sustainable development in terms of environmental protection, economic development, health, welfare, etc. This section describes the sustainable development objectives that that sustainable public procurement Action Plan will help support. These objectives will be determined according to work done for the prioritisation exercise.
- Sustainable public procurement activities should help strengthen and be compatible with the sustainable management activities of public entities. So it must define the way in which public procurement will contribute to sustainable management activities in areas such as: climate change, water consumption, reduction of waste, working conditions, wages in service contracts, etc.

**3. Political support and definition of responsibilities**

- This section describes the aspects related to the strengthening of the political support necessary for the development and mainstreaming of sustainable public procurement (current situation and type of activities needed to increase this support).
- It also presents a model of shared responsibility and accountability at different levels for different activities foreseen in the Action Plan.
- In particular, it clarifies the respective roles of the public procurement authority and other departments in charge of thematic areas (environment, social affairs, industry, etc.).

**4. Capacity Building**

- This section focuses on training and includes the identification of training needs and the development of specific tools for capacity building in sustainable public

procurement. Training needs will have been identified in the Status Assessment stage (with the SA questionnaire and any other tool used).

- Capacity building on SPP is divided into two main types of activities:
  - ~ Information sessions/ awareness raising for decision makers
  - ~ Information sessions/ awareness raising and training of procurement practitioners

**5. Communication**

- This section presents the communication strategy for the SPP Action Plan, which includes a calendar and lists the departments responsible for monitoring and evaluating the communication operations.
- The strategy should be based on an analysis of the main SPP stakeholders, particularly procurement officers, suppliers and manufacturers, which will be the target groups of communication activities (this will depend on the scope of the Action Plan and most of them will have been identified throughout the project).
- It should outline the main communication activities, tools, objectives, target groups, types of messages, etc.

**6. Sustainable Procurement in action*****Procurement framework***

- Building on the Legal Review, the Action Plan should identify any changes or adjustments that should be made to the current public procurement legislation.

***Procurement planning***

- The Action Plan should stress the importance of procurement planning as a key element in effective sustainable public procurement.

***Sustainable procurement cycle***

- The procurement authority will ensure that procurement documents and procedures allow the effective implementation of sustainable public procurement.
- The Action Plan should detail the measures that will be taken to ensure the integration of sustainability issues at all stages of the procurement cycle:
  - ~ Identification of needs and demand management;

*continued on page 34...*

- ~ Pre-qualifying and qualifying suppliers
- ~ Developing specifications and evaluating bids
- ~ Awarding contracts and contract management.

This could include the elaboration of a handbook or manual for SPP.

#### 7. Priority product groups and services

- It should also list the priority products and services, where efforts for SPP will concentrate in the SPP Action Plan and define objectives for each of them in the short and medium term (based on identified priorities and market readiness analysis). The objectives can refer to percentage of sustainable procurement (distinguishing, if relevant among Departments or public authorities) but also reduction of consumption, emissions, etc.
- In this section, the NFO and SC should decide if the plan includes as an action, the definition of SPP criteria for the whole administration or if only information from other sources will be provided. In any case, the responsibility for the definition of SPP criteria or provision of information will have to be clearly stated in the SPP Action Plan.

#### 8. Market Engagement

- Public entities must establish a process of dialogue and communication with suppliers, taking into account the results of the prioritisation exercise and taking into account forward contracts. Suppliers and contractors must have a clear understanding of the role expected of them as part of the implementation of sustainable public procurement.
- The initial dialogue with the market is recognized as an essential component of sustainable procurement activity. In a spirit of openness and transparency the main objectives of public entities are regularly shared with suppliers, taking into account the types of products and services and the timing of procurement activities.
- The SPP Action Plan should indicate how suppliers will be invited to provide information on sustainable solutions (products and services that offer social and environmental benefits and/or help reduce the environmental, social and organizational reputation).

- Leaders of the sustainable procurement policy should encourage innovation and development of sustainable products and services. The issues of sustainability should be addressed during the contract review meetings, based on indicators of environmental performance and socio-economic conditions.
- The SPP Action Plan should indicate how the Government will ensure that adequate training is provided.

#### 9. Monitoring and Evaluation

- The audit and control functions are important mechanisms to ensure the effective and successful implementation of sustainable public procurement.
- The SPP Action Plan should address how the internal audit process will evolve to reflect the incorporation of environmental and socio-economic concerns in the procurement system.
- The audit will consider key performance indicators for each contract. The evaluation process can help contract managers maximize the sustainability impacts over the life of the contracts (reduced greenhouse gas emissions, waste reduction and recycling, water consumption, as well as other socio-economic aspects).
- An SPP Action Plan Evaluation Report should be produced on a regular basis (min. on an annual basis), submitted to those responsible for implementing the policy.
- Those responsible for implementing the sustainable procurement policy should also receive information that allows them to benchmark the performance of their SPP Action Plan with other countries.
- The SPP Action Plan should clearly define monitoring and reporting activities, frequency, responsibilities and set of indicators to be measured across the board. That will include the regular completion of the Status Assessment Questionnaire.

#### 10. Budget

- The SPP Action Plan should include a component which will establish a financial estimate of the budgetary cost of the various actions needed to implement SPP.

## 6. Step 4: Training

### 6.1 Training Objectives

For proper implementation of the SPP Approach, education and training should be provided in several stages of the process and with different target groups. It is especially important to educate staff about SPP, what it involves, and to build capacity to deliver it along good procurement practices once the SPP Policy and Action Plan have been created to facilitate implementation. Training on the SPP Approach enables staff responsible for delivering and influencing SPP to understand the principles on which SPP is based and ensures they are clear about the potential benefits and the consequences if they do not deliver. The overall aim is that staff be aware of the implications of SPP, know the benefits of SPP and the consequences of not carrying it out, and have the skills necessary for its implementation.

The specific objectives of the training should be:

- Awareness raising about the benefits of SPP;
- Obtaining political support and willingness to implement SPP at all levels of government;
- To ensure proper development and implementation of the SPP Approach;
- Training of procurement and contracting staff prior to the implementation of SPP ; and
- Continuous improvement.

### 6.2 Relationship to other Stages and Studies

- Awareness-raising and training actions can be provided from Step 1 at the start of the project; then more specific trainings can be provided on the SPP Policy and Action plan when complete. Providing this training early will likely foster internal support and general interest, and begin to build a “community of practice” which may be helpful in Steps 1 - 3.
- Training needs should be identified as part of the Status Assessment step. Other training needs may surface throughout the project and should be documented.
- It is recommended that the training materials be reviewed in light of the results of the Status

Assessment, Legal Review, Prioritisation Exercise, Market Readiness Analysis, and the SPP Policy and Action Plan.

### 6.3 Types and Scope of Training

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

- Procurement;
- Finance;
- Legal Department;
- Contract Management;
- Project Management;
- Heads of Departments/Senior Management Teams;
- Any individual responsible for procurement; and
- Suppliers.

Some countries have also used training as a means of professional development for staff, and this has become part of the performance appraisal process. Where procurement capacity building and training are already well developed, SPP training can be integrated into existing programmes.

The material for training should come from two different sources. The first source is UNEP’s Training Toolkit, who will provide material that addresses the overall SPP framework, the lessons learned, and the guidelines and methodologies of the Approach, as well as general issues relating to procurement. Depending on the local language, these may need translation. These materials will be posted on the SCP Clearinghouse.

Countries should also contribute by providing data and information to adapt the material to the national specific context (in areas related to the legal framework, prioritised products/services, etc.) and also the particularities of the SPP Policies and Action Plans developed in Step 3.

It should be noted that the content of the training is likely to vary depending on countries. However, it is recommended that three areas are covered: awareness-raising, the SPP Approach, and implementation. These are further described in Box 19.

## 6.4 Implementation of the Training

For proper implementation of the SPP Approach, education and training should be done in several stages of the process and with different target groups. Thus:

- At the start of the project, the team involved in implementing the Approach (both the person coordinating the project and the NFO and the

members of the SC) should be trained in 1) SPP in general and its benefits and 2) the objectives and phases SPP Approach, in order to be clear about the expectations of the project and be able to make informed contributions in accordance with the scope of each stage of the Approach.

- Early in the process, a session should be held to raise awareness among policy makers and managers (heads of departments, management

### BOX 19

#### Suggested Training Content

##### 1. Awareness-raising:

- Definition of sustainable development
- Sustainable development principles, policy and strategy of the country
- Definition of sustainable procurement
- Basic procurement practices in the country (for non-procurement professionals)

##### 2. On the SPP Approach, Policy and Action Plan:

- Partners, objectives, stage, resources, timelines, etc.

##### 3. On SPP implementation:

- Applying sustainability principles and incorporate sustainability considerations throughout the procurement process
- Involving key stakeholders in the implementation of SPP, including engaging with suppliers on the development of more sustainable products and services
- Sharing best practices with internal and external stakeholders
- Prioritising spend areas and the results of the prioritisation exercise
- Monitoring, measuring and reporting on progress on SPP
- Communicating effectively about SPP with internal and external stakeholders
- Training and engaging the private sector, including suppliers.



### BOX 20

#### INSIGHT: Experience from Mauritius and Chile on the training

In **Mauritius**, firstly the SC was trained on the Approach during the UNEP and the MTF expert mission.

Secondly, an initial 2-hour general session was held for more than 300 people for the purpose of raising awareness and introducing participants to SPP, its benefits, international trends and the initiative in Mauritius.

The rest of the training is to be provided through existing training programmes for contracting staff. A module on basic sustainable development and SPP concepts has already been included in the short programme (2-3 months). A specific module on SPP is being developed for the long programme (a 2-year course), with support from national and international consultants. As staff development depends not only on experience but also on training in contracting and supply management, it is expected that in 3-5 years almost all recruited staff will have received this training.

In **Chile**, taking into account the previous work and the provision of an e-learning platform for contracting managers from across the country, the agreement with UNEP was modified, replacing the two workshops for 40-50 people with the generic term “training”, and the SPP materials for the electronic platform are currently being developed. This platform is used by the entire Chilean public administration.

teams) who will ultimately decide the strategic value and direction of SPP. Training should emphasise the importance of SPP, the potential benefits, and the value of international alliances.

- Throughout the project, especially as part of the SPP Policy and Action Plan, training should be provided to officials involved in contracting (purchasing, finance, legal issues, management contracts, project management, and anyone responsible for procurement). It should cover general awareness about the importance of SPP, and the implementation of SPP.
- SPP training should be integrated into existing training programmes so that expectations are integrated into job functions. To that end, prior to planning training activities, the government's usual training channels should be analysed for opportunities to integrate the SPP approach and material.
- Training for suppliers and other private sector stakeholders should be considered. This way they will be better able to understand

and respond to new SPP requirements and expectations.

A training programme may take the form of face-to-face workshops, written guides and may be combined with e-learning elements. All of these methods can be useful and productive means by which to ensure staff is willing and able to deliver on SPP. Using one method alone may not be enough to guarantee success. It is recommended that, whichever method is employed, refresher training is provided on a regular basis to keep issues up to date and staff and stakeholder apprised. Refresher courses are also an opportunity to trouble-shoot any challenges which may have arisen during implementation and to refine the approach taken.

In-country training can be delivered by trainers who have been trained by UNEP on SPP. A standard set of training materials can be utilised to ensure that the message delivered is coherent and follows best practice.



### BOX 21

#### INSIGHT: Experience from Mauritius on training

In **Mauritius**, if the project coordinator had to implement the Approach again, he would ensure that training was given greater importance by providing training activities from the start, even if only to a small group of people, in order to:

- Better understand the expected outcomes of different project studies, and therefore to be in a better position before hiring external consultants;
- Be able to perform some pilot SPP activity (since there is no previous experience) on simple products (such as computers, vehicles or paper) at the start of the process in order to learn from practice and become more aware of the implications of implementing SPP, for the purpose of drafting the SPP policy and action plan.



## 7. Step 5: Implementation

This final step builds on the results achieved in the previous phases, and deals primarily with the insertion of sustainability criteria throughout the procurement cycle.

### 7.1 Applying sustainability criteria along the contracting cycle

The insertion of sustainability criteria relates to all stages of the procurement process, from supplier selection, specification, evaluation of suppliers, awarding of contracts, auditing and improving supplier performance, and finally on-going contract management.

Whilst different countries may have different procurement terminology, the procedures and stages in procurement cycles are often similar. With this in mind, Figure 4 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.

### 7.2 Identifying needs and improving efficiency

Every purchase – every product or service bought – has some impact on the environment, on the economy, and on people. By consuming less, we require fewer raw materials, including non-renewable natural resources. Reducing demand also has the added benefit of direct savings. The most sustainable purchase is often the one you don't make.

This is not about denying a service, nor is it about challenging the authority of internal customers and budget-holders. Some goods and services are vital to the delivery of the government's objectives and it is not the role of procurement to deny the need for such purchases. However organisations often achieved successful SPP by "re-thinking" their needs. This is a similar concept to that of "product service systems" (also called "product servicing" in some regions), whereby purchasers shift from buying products to buying services and system solutions with the effect being reduction of the environmental impacts of consumer needs and wants. Product service systems is a concept along the lines of dematerialisation. It



Figure 4: The typical procurement cycle

refers to the pre-designed combination of products and services in a market that can fulfil consumers' needs. Product service systems are the outcome of the rethinking of the product value chain and ways of delivering utility to customers<sup>16</sup>. For example, instead of simply looking for a less environmentally damaging vehicle, or changing the specification of their existing fleet, organisations have challenged the need to travel at all. Video-conferencing in some cases may replace the need for in-person meetings. If video-conferencing is used to replace some travel, cost savings will result as well as a reduced environmental impact from travelling less. If video-conferencing is used substantially, organisations may ultimately reduce the number of vehicles purchased, saving financial resources and lowering the environmental impacts of their operations.

An examination of what is essential to delivery of governmental services also 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 wrong specifications. Money saved through more sustainable - and more intelligent - procurement can be channelled back into core operations. This represents better value for money

<sup>16</sup> Swedish Environmental Protection Agency, 2000, Product-Service Systems, AFR-REPORT 288



for the organisation as well as a more sustainable solution for the environment and society. Indeed, many of the ways of reducing sustainability impact are relatively easy to implement and extremely cost-effective. They may also result in unexpected benefits such as raising staff morale by encouraging the development of both formal and informal networks.

### How to identify needs?

The questions that can be asked are:

- What need is being fulfilled and what function is being delivered by this purchase?
- Are there other ways of meeting that need or delivering that function?
- Do we really need to buy at all?
- If we need to purchase, can we develop a more sustainable specification? This may involve a performance-based specification, allowing the market to innovate to meet the performance required;
- How can we work with internal customers, budget-holders, and users to re-shape the demand? For example, if there is a surplus in one department, it can be used to meet the needs of another department; and
- What are the whole life costs of meeting this need in this way?

Some techniques that can help to identify needs and improve efficiency include:

- Auditing energy use, water use and waste generated;



- Establishing a web-based exchange for products and services between departments;
- A green travel plan to reduce the incidence of air travel for short haul, non-urgent business travel and encouraging the use of fuel efficient vehicles; and
- Establishing a tele-working policy to reduce travel purchases

### 7.3 Defining the specification and inviting bids

Specification setting is critical as it defines the requirement, presents significant scope to drive the sustainability agenda with suppliers, demonstrate leadership on SPP.

All contracts require a specification that describes the need to be fulfilled through the contract. What changes with different products/services is the depth of the specification. The specification for a train ticket is quite straightforward: get me from A to B by train. In comparison, the specification for a new school construction would be very detailed.

Producing a specification is not a simple task, but it is extremely important to ensure the organisation gets what it needs at the optimum cost, whilst maximising sustainability.

#### How to define sustainability in specifications?

When determining sustainability criteria for a specification, a number of approaches and tools can be used. Some options for integrating SPP into specifications 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. Innovation should only be encouraged if the procuring organisation will seriously evaluate alternate solutions as suppliers will become frustrated if their ideas are not given due consideration.
- Threshold criteria (minimum or maximum levels) that must be met can be used. These criteria give a clear signal to the suppliers that unless they meet this minimum level, their bid will not be considered. Thresholds are usually influenced by market availability, as well as the sustainability level below which the product or service would not be purchased.

- If it is unclear how the market will respond to a higher standard of performance, additional (preferred or award) criteria can be used. This technique can also be used where the procurer wishes to see a breakdown of the additional costs involved in applying tougher sustainability criteria where not otherwise known.

## 7.4 Using Eco-labels

An eco-label is “a visual communication tool indicating environmentally preferable products, services or companies that are based on standards or criteria”<sup>17</sup>.

Product standards and eco-labels can, and do, serve as information intended to facilitate SPP decisions. Eco-labels primarily deal with the environmental performance of a product or service. Eco-labels can be helpful in managing the environmental criteria associated with a product or service, and can be used to help define specifications or be used directly as a requirement for products.

There are currently more than 430 active eco-labels available worldwide in the marketplace<sup>18</sup>, representing a great degree of diversity in how they were developed and what issues they address. Some focus on a single environmental attributes (e.g. energy efficiency); some consider multiple environmental attributes. Some focus on a single phase of the lifecycle (e.g. material sourcing); some attempt to address the full life-cycle of a product. Some focus on environmental attributes and issues; others address social aspects (e.g. labour conditions in facilities where a product has been made). There are also diverse approaches to procedural aspects of standards and eco-labels, such as the process by which the standard was set, how a conformity assessment process is designed (that is, the verification/certification/accreditation methods used), and who may apply for and receive the logo.

Despite the wide range of available eco-labels, there are still many product categories and regions for which no credible eco-label or standards exist. New eco-label schemes, and new standards for products within existing eco-labels, are also being developed,

<sup>17</sup> Green Products Roundtable, March 2011, see <http://www.keystone.org/spp/environment/Green-Products-Roundtable>

<sup>18</sup> Ecolabel Index, a global database of eco-labels, is currently tracking 430 labels. See: [www.ecolabelindex.com](http://www.ecolabelindex.com)

especially in developing countries. This has increased the availability of more efficient and environmentally sustainable goods and services. For example, China and Thailand have their own eco-label schemes and are supporting them through public procurement<sup>19</sup>.

### How to use eco-labels

UNOPS, ITC-ILO and UNEP produced “A Guide to Environmental Labels for Procurement Practitioners

<sup>19</sup> See “Expert Workshop on Green Public Procurement (2008) Meeting Report. Environmental Development Centre (EDC). Beijing, China June 11th, 2008. See: [http://www.unep.fr/scp/marrakech/consultations/national/pdf/NatRoundtable\\_China2008\\_FinalReportENGLISH.pdf](http://www.unep.fr/scp/marrakech/consultations/national/pdf/NatRoundtable_China2008_FinalReportENGLISH.pdf). See also: “The Role of the Thai Green Label Scheme in Thailand’s Environmental Management”. GEN-AGM 2009. Kobe, Japan, See: [http://www.globalecolabelling.net/docs/japan2009/09kobejapan\\_1-2\\_thailand.pdf](http://www.globalecolabelling.net/docs/japan2009/09kobejapan_1-2_thailand.pdf)



### BOX 22

#### INSIGHT: Guidelines with social and environmental criteria

There are currently various sources of product-category SPP guidelines incorporating environmental and social criteria. Some notable examples are listed below, and refer to the SCP Clearinghouse for a complete list of links.

- The **Sustainable procurement guidelines** developed as part of the Sustainable United Nations facility have been developed for ICT, Cleaning, Stationery, Furniture and Toner Cartridges. Each set of Guidelines includes background information on the main environment/social threats in the product sector, as well as information on the status of the market for more sustainable options. The background to each Product Guidelines illustrates why and how the UN developed those specific documents and can provide useful information to procurers in adapting the Guidelines to their specific needs. See: <http://www.unep.fr/scp/sun/facility/reduce/procurement/guidelines.htm> or <http://www.ungm.org/SustainableProcurement/toolsUN/tools.aspx>
- The EU Green Public Procurement (GPP) policy offers a series of Green procurement criteria for 19 products and services including: copying and graphic paper, cleaning products and services, ITC, construction materials, transport, furniture, electricity, food and catering services and gardening products and services. See: [http://ec.europa.eu/environment/gpp/gpp\\_criteria\\_en.htm](http://ec.europa.eu/environment/gpp/gpp_criteria_en.htm)
- Procura+ is an initiative designed by ICLEI (the International Council for Local Environmental Initiatives) to help support public authorities in

of the United Nations system”, with the aim of assisting United Nations procurers with the delicate handling of eco-labels in United Nations procurement actions<sup>20</sup>. This Guide states that *“the advantage of using environmental labels in procurement is that the procedure of drafting the green specifications, evaluating them, etc. is greatly simplified.”* They advise that procurers should:

- Use criteria from eco-labels to draft technical specifications;
- Verify compliance through eco-labels (where they are available); and

<sup>20</sup> See: [http://www.unep.fr/scp/sun/facility/reduce/procurement/PDFs/BFABW\\_Final\\_web.pdf](http://www.unep.fr/scp/sun/facility/reduce/procurement/PDFs/BFABW_Final_web.pdf)

implementing sustainable procurement – and help promote their achievements. Purchasing criteria can be found including for tender documents for buses, cleaning products & services, electricity, food & catering services, IT products and building construction & renovation. See: <http://www.procuraplus.org/>

- The International Green Procurement Network (IGPN) offers a green procurement “Starter Kit” along with guidelines and criteria from major procurement organisations, covering vehicles and transport, street and property, furnishing and textiles, services, refrigerators, TV sets, toilet paper and tissue paper, IT and telecom, stationary and office supplies, energy, copies and printers, facsimile machines, washing machines, lighting apparatus and lamps, cleaning and laundry services, offset printing services, food, nursing and care, personal computers, air conditioners, printing and copying paper, and hotels and inns. See: <http://www.igpn.org/>
- The Responsible Purchasing Network (RPN), a network of buyers dedicated to socially responsible and environmentally sustainable purchasing in North America, has a series of purchasing guidelines available to members that are also available for purchase by non-members. Currently 13 product categories have guidelines, including: bottled water, carbon offsets, cleaners, computers, copy paper, fleets, food services, green power, light-duty tires and wheel weights, lighting, office electronics, paint, and toner cartridges. See: <http://www.responsiblepurchasing.org/>

- Where available, prioritise Type I eco-labels (see Box 23 for definition) as these provide the best assurance of quality and reliability of the criteria.

The UNOPs/UNEP guide furthermore cautions procurers to not use an eco-labels without first checking its credibility, independence, and scientific basis; and to not use criteria that have not been published in advance.

It may make sense to use the criteria for the relevant eco-label, but let the supplier decide how to demonstrate that they meet it, for example via third party verification or by providing lab test results directly<sup>21</sup>. The Legal Review should raise some of these issues and constraints depending on relevance for the country or region.

## 7.5 Evaluating and selecting suppliers

Sustainability criteria can be applied at any stage of the procurement process: from identification of need, through specification, to supplier selection, bid evaluation, and contract management. When practising sustainable procurement, certain sustainability risks could be managed by the selection of supplier; for example, when buying timber products only choosing a supplier who meets a particular environmental management systems standard or sustainable forestry certification system. Alternatively, procurers may choose to invite many suppliers to bid for a contract and put the emphasis on the specification and bid evaluation to determine who is awarded the contract.

In many instances, suppliers have to be pre-selected before they can place a bid for contracts, and the selection needs to be legal, logical and structured. Suppliers may be selected based on their 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

<sup>21</sup> For example, The European Parliament “takes the view that, in order to develop the full potential of public procurement, the criterion of lowest price should no longer be the determining one for the award of contracts, and that it should, in general, be replaced by the criterion of most economically advantageous tender, [...] taking into account the entire life-cycle costs of the relevant goods, services or works, [and] stresses that this would not exclude the lowest price as a decisive criterion in the case of highly standardised goods or services” (Resolution of 25 October 2011 on modernisation of public procurement)

## BOX 23

### Types of Eco-labels

The International Standards Organisation (ISO) defined the principles and practices which can be used to categorize eco-labels and therefore indicate their usefulness to help assess the environmental performance of products and services in the ISO 14024 standard.

- Type I provide a 'seal of approval' where a Type I eco-label programme issues a licence to use their eco-label logo on products or services which have met the programme's published specifications.
- Type II (green claims) marks are self-declaration claims and environmental declarations. These types of eco-labels do not involve independent audits.
- Type III are self-declared environment impact data and are given in the form of 'environmental product declarations', or 'report cards'. These summarise quantified data using predetermined parameters and procurers can use them to compare the data to find the best performing product.

Eco-labels can also be described as follows:

#### A. Public, single-issue labels

Single-issue labels are labels that relate to one particular environmental issue like energy use or emission levels. Oftentimes these are run by government agencies, hence are designated as 'public'. There are two different types of single-issue labels.

- The first type is based on one or more pass/fail criteria linked to a specific issue, e.g. energy efficiency. If a product meets those criteria, then it may display the label. Examples of this type of label are the EU organic label or the 'Energy star' label for office equipment.
- The second type of label works by grading products or services according to their environmental performance on the issue in question. Examples of the second type include the EU energy label, which grades household goods according to their energy efficiency, with A++ as the most efficient and G as the least efficient.

Single-issue labels can be very useful if a step-by-step approach to greening procurement is begun followed because they allow for gradual improvement. For example, using energy efficiency standards and the Energy Star eco-label would be a good first step towards a wider green purchasing programme, where they are available. The different grades allow purchasers to decide easily how far they would like to go.

#### B. Private or Voluntary labels

In addition to the major public labels, there are a number of voluntary private labels, run by NGOs, industry groups, or combinations of stakeholders. Examples include forestry certification schemes, such as the FSC (Forest Stewardship Council) or PEFC (Pan European Forest Certification Council) schemes, organic food labels (as accredited by IFOAM), or multiple-criteria labels such as the Swedish label 'Bra Miljöval.'

#### C. Social Labels

A social label is a broad term relating to the social or socio-economic capacity of the producer/supplier and can cover both fair trade and ethical aspects such as child labour. Social labels are a useful source of information and can help procurers to make more ethical choices. Though not as numerous as eco-labels, however some social labels are beginning to emerge in a number of market sectors, such as "Fairtrade" in coffee. However, it should be noted that there is no common standard applied across social labels and each one will focus more or less on different socio-economic issues. It is therefore left to the procurer to review the standards used in the chosen social label. In many instances, social labels have even less scrutiny applied than eco-labels and as such need thorough research before use. Social labels tend to target the supplier's performance more than the products' performance. In other words, they may not relate specifically to a product or service but rather how it is produced, manufactured or distributed. Therefore, social labels and criteria can be challenging to use as specifications.

ask to see three comparable projects that the supplier was involved in order to pass an “ability” test.

Depending on their production and manufacturing processes, suppliers can have considerable impact on the sustainability performance of their goods and services. They are also likely to be in a position to control and manage the sustainability performance of their own suppliers and contractors. It is important to bear in mind however, that suppliers may not always be in a strong position in relation to a number of their suppliers. If they are distributors, or other intermediaries, they are unlikely to be able to exert much influence on major global players – in the ICT or automotive sector, for example. So market influence is an important factor to take into account.

### How to evaluate and select suppliers?

- The results of Step 2 (Legal Review, Prioritisation Exercise and Market Readiness Analysis) will help to decide how sustainability issues can be tackled at the supplier selection stage. For example, the legal regime may allow for requiring suppliers have in place evidence of correct waste handling procedures; and the Market Readiness Analysis could indicate that some sectors are more able to respond to those sustainability requirements than others.
- An approach is to evaluate a range of suppliers to determine which have the highest likelihood of meeting their needs. These suppliers are then invited to bid for the contract.
- It is useful to consider the risk profile of the contract and set sustainability criteria appropriately. In some cases, paying more for a product or service with reduced environmental or social impact may be considered. Whilst the decision on competing bids will not be taken until later – at bid evaluation – the organisation’s willingness to pay a price premium should be established.
- It is possible to use weightings for specific sustainability criteria as well as to the suppliers’ overall sustainability performance in addition to traditional procurement criteria. A minimum sustainability threshold can then be set, below which suppliers are rejected from bidding. Procurement rules and regulations must be respected.
- It is recommended to have a structured and logical supplier evaluation process. This will

ensure that all suppliers are treated fairly and equally and that the most appropriate suppliers to fulfil the contract are selected. It will also ensure that the appropriate level of sustainability is applied, that risks are managed, and that the suppliers are selected based on sustainability and risk management principles.

## 7.6 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 to ensure the best decision is made, and made transparently.

### How to evaluate bids and awards?

- The definition of bid evaluation criteria (award criteria) should be based on the SPP Policy and Action plan.
- The acceptability of a price premium (if it exists) should be considered.
- 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 factors. Having a structured and logical bid evaluation process will ensure that all suppliers are treated fairly, innovation is suitably rewarded, and that the best award decision is made. This will ensure that the appropriate level of sustainability is applied, that risks are managed, and that the organisation is actually awarding contracts based on sustainability and value for money principles.
- If bids are evaluated on criteria other than cost, then a bid evaluation model should be produced. In effect, the bid evaluation model is the formula/ decision-making process that will be used to judge the various bids from suppliers. It ensures that all bids are treated equally, that sustainability risks are managed, and that the award decision can be justified. It should be common practice in the public sector for bids to be evaluated on “value for money” grounds, where this is consistent with the prevailing legal framework.

The risk profile of the contract should be considered and sustainability criteria set appropriately.

## 7.7 Auditing and improving supplier performance

Evaluating in detail a supplier's approach to meeting the SPP aspects of a contract and undertaking their own business in a sustainable manner, as well as how they apply sustainability principles with their suppliers down the supply chain, will ensure the long-term success of the SPP Approach. The sustainability principles that are of most interest will vary, and may include such issues as job creation, impacts on the environment, health impacts of products and services, education, human rights, working conditions, or innovative technologies.

Suppliers are usually receptive to development work as it can bring commercial as well as sustainability benefits by building a stronger commercial relationship.

### How to audit and improve supplier performance?

Determining a supplier's approach to these and other sustainability issues could be achieved in a number of ways:

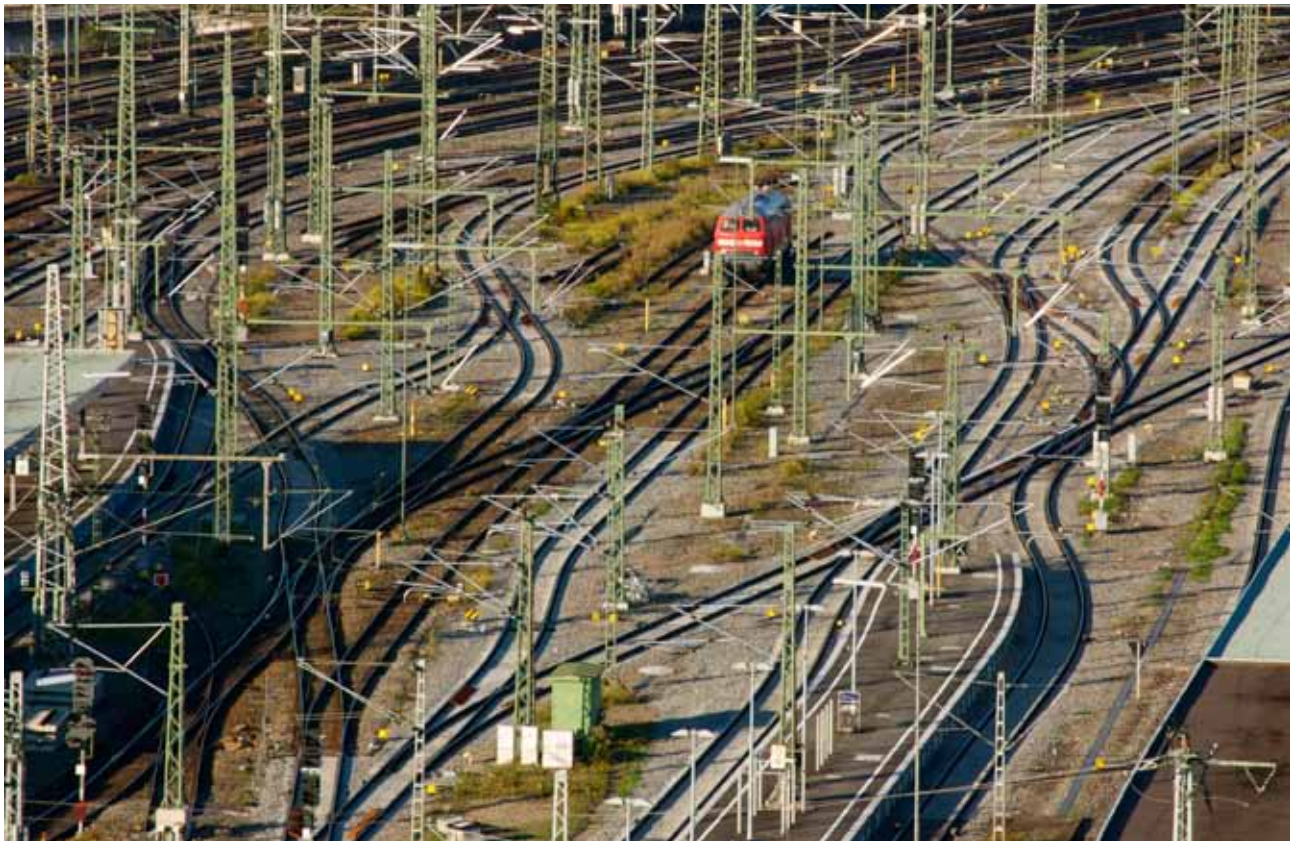
- Interview suppliers directly or use a Questionnaire, a technique often used in supplier selection.

There should be a focus on evidencing a supplier's approach through undertaking a supplier sustainability audit and agreeing on improvement actions that encourage the supplier to improve their sustainability performance. Since most procurement organisations have limited resources for auditing and verification, deciding where and when to audit or verify performance will be determined in light of the risks associated with the product or service being procured.

- Supplier development which is an intensive activity so needs to be focussed on key suppliers. These suppliers should target sustainability activities appropriately and use the contract to inform areas of review. Of particular importance is to review the supplier's own approach to sustainable procurement and their application of sustainability principles throughout the supply chain.
- Apply targeted supplier reviews, agree on actions, and provide support for improvement.

## 7.8 Managing contracts for SPP

Contract management is essential to ensure that suppliers and contractors keep to the commitments



they made in their bids. During the lifetime of major contracts, large sustainability benefits can be delivered, so effective contract management is especially important for realising the gains of SPP. If an organisation is to deliver SPP it must ensure that its suppliers deliver on the sustainability commitments made, improve performance, and that results are measurable. This will ensure that the procuring organisation can show sustainability improvement and demonstrate its true commitment to SPP.

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. However, often the task falls to budget-holders or service-users to ensure that obligations are being met. In such cases, procurement is called upon only when problems arise with the contract. This is neither a good use of resources nor an effective means of driving performance improvement in the supply chain.

It requires time and commitment to build a solid working relationship between the procurer and supplier. Although effective contract management is essential in all kind of contracts, it is 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 items being supplied have high sustainability impacts and are often essential purchases for the buying organisation.

### How to manage contracts for SPP?

If contract management is practised successfully, procurers and their colleagues will be able to show continuous improvement and demonstrate successful delivery of SPP to all stakeholders. Consideration of contract management should:

- Engage early with the market, including awareness raising events for key sectors, will help to make lasting sustainability improvements. Suppliers should be asked for their measurement proposals and these can then be used as part of bid evaluation as an indication of their commitment to improved sustainability. These initial proposals can also form the basis of negotiation to agree specific sustainability targets.
- The performance criteria used to manage and evaluate the contract should be determined at

the risk assessment and contract strategy stage. Sustainability targets can be used as performance criteria. It might take some adjustment from suppliers to report on sustainability targets and performance criteria.

- The consequences of suppliers' performance should be considered. For example, some organisations establish a "gain-share" arrangement, whereby if any cost savings are achieved by, for example, reducing fuel consumption, the money saved is shared between the supplier and the contracting authority. If risk and reward mechanisms are being used procurers will need to ensure that the criteria are measurable and fair, but also tough enough that suppliers are only rewarded for improved or exceptional performance.
- It should be established and communicate how the contract will be evaluate. For example, contracts can be managed through review meetings – on a monthly or quarterly basis - the timing and frequency will be determined by the nature and duration of the contract. Milestones for the performance improvement will need to be established and evaluated.
- Practical aspects worth considering include:
  - ~ Informing stakeholders of the launch of the contract;
  - ~ Advising users on how they can access the contract;
  - ~ Establishing who will be responsible for handling queries from contractors and internal customers;
  - ~ How often review meetings will be held with internal customers and suppliers/contractors;
  - ~ How performance will be measured and monitored and by whom; and
  - ~ How suppliers/contractors will be rewarded or penalised if they fail to perform.
- Potential suppliers and contractors should be made aware of the SPP Policy and Action Plan. This will help them to prepare, not just to bid for contracts, but also for the contract management requirements.

## 8. Developing a community of practice and continuous improvement of the SPP Approach

These Guidelines have been designed to assist countries in getting started on rolling out a credible and meaningful approach to sustainable public procurement. By investing resources in the initial phases of project governance, assessment and prioritisation, the SPP Policy and Action plan will be robust, strategic, and already socialised with key stakeholder groups who will help in the implementation phase.

Countries differ widely in how procurement functions are organised and run. Implementing sustainable approaches to procurement will be no less diverse. There are many lessons that can be learned from others' experiences, and UNEP encourages the sharing of experience and expertise amongst countries as they make progress on SPP. To that end, UNEP invites all involved in SPP to share their experiences in workshops and online using the SCP clearinghouse. Tell us your story, share your materials and assessments, and join what we hope to be a vibrant community of practice.

Countries can also benefit from taking a continuous improvement approach to their SPP programmes, and building in a “plan, do, check, act” approach to their work. Encouraging feedback, reporting, and learning-by-doing will also aid improvement over time. Monitoring and evaluation of the different process steps and activities will help to track that progress and help to demonstrate to a broad group of stakeholders the value and benefit of SPP.

The Guidelines and SPP Approach will also benefit enormously from the interaction with those using them. As such, the SPP Approach, and Guidelines themselves, will be improved over time with your feedback and input. Contact the UNEP SPP team directly, or go to the SCP Clearinghouse at <http://www.unep.fr/scp/procurement/>





## Glossary and Acronyms

The following terms and acronyms used in the Guidelines are defined in the following table. Definitions are taken from a variety of sources, as noted.

<p><b>10-Year Framework of Programmes on Sustainable Consumption and Production (10 YFP)</b></p>	<p>The Johannesburg Plan of Implementation (JPOI), adopted as the Framework of the 2002 World Summit on Sustainable Development (WSSD) Programmes/ recognises that fundamental changes in the way societies produce 10 YFP and consume are indispensable for achieving global sustainable development. The Plan calls for the development of a 10-year framework of programmes in support of regional and national initiatives to accelerate the shift towards sustainable consumption and production; to promote social and economic development within the carrying capacity of ecosystems by addressing and, where appropriate, delinking economic growth and environmental degradation through improving efficiency and sustainability in the use of resources and production processes; and reducing resource degradation, pollution and waste. Source: Johannesburg Plan of Implementation, Chapter III</p>
<p><b>Capacity building</b></p>	<p>Means by which skills, experience, technical and management capacity are developed within an organisational structure, often through the provision of technical assistance, short/long-term training, and specialist inputs. The process may involve the development of human, material and financial resources. Source: based on OECD Glossary of Statistical terms (source publication Employment-Intensive Investment Programme (EIIP), International Labor Organization)</p>
<p><b>Cleaner production and resource efficiency</b></p>	<p>The continuous application of an integrated preventive environmental strategy to processes, goods, and services to increase overall efficiency, and reduce risks to humans and the environment. Cleaner Production can be applied to the processes used in any industry, to goods themselves, and to various services provided in society. Source: UNEP DTIE (<a href="http://www.unep.fr/scp/cp/understanding/">www.unep.fr/scp/cp/understanding/</a>)</p>
<p><b>Commission on Sustainable Development - &amp; CSD 19</b></p>	<p>The United Nations Commission on Sustainable Development (CSD) was established by the UN General Assembly in December 1992 to ensure effective follow-up of the United Nations Conference on Environment and Development (UNCED), also known as the Earth Summit. The Commission is responsible for reviewing progress in the implementation of Agenda 21 and the Rio Declaration on Environment and Development, as well as providing policy guidance to follow up the Johannesburg Plan of Implementation (PMOJ) at the local, national, regional and international levels. The PMOJ reaffirmed that the CSD is the high-level forum for sustainable development within the United Nations system. The CSD meets annually in New York, in two-year cycles, with each cycle focusing on clusters of specific thematic and cross-sectoral issues, outlined in its new multi-year programme of work (2003-2017) (E/CN.17/2003/6) Source: CSD Secretariat/UNDESA (<a href="http://www.un.org/esa/dsd/csd/csd_index.shtml">www.un.org/esa/dsd/csd/csd_index.shtml</a>)</p>

<p><b>Continuous improvement</b></p>	<p>Continuous improvement is an ongoing systematic effort seeking small improvements in processes and products, with the objective of increasing quality and reducing waste, as well as reducing footprints and minimising environmental and socio-economic burdens, while maximising economic and social values. Source: Based on UNEP DTIE: Life Cycle Management: <i>How business uses it to decrease footprint, create opportunities and make value chains more sustainable</i> and Bnet business dictionary (<a href="http://dictionary.bnet.com/definition+continuous+improvement">http://dictionary.bnet.com/definition continuous+improvement</a>)</p>
<p><b>Core Conventions of the International Labour Organization:</b></p>	<p>Core Conventions of the International Labour Organization:</p> <ul style="list-style-type: none"> <li>• C-29 Forced Labour Convention, 1930</li> <li>• C-87 Freedom of Association and Protection of the Right to Organise Convention, 1949</li> <li>• C-98 Right to Organise and Collective Bargaining Convention, 1949</li> <li>• C-100 Equal Remuneration Convention, 1951</li> <li>• C-105 Abolition of Forced Labour Convention, 1957</li> <li>• C-111 Discrimination (Employment and Occupation) Convention, 1958</li> <li>• C-138 Minimum Age Convention, 1973</li> <li>• C-182 Worst Forms of Child Labour Convention, 1999</li> </ul> <p>Source: ILO Website (<a href="http://www.ilo.org">www.ilo.org</a>)</p>
<p><b>Environmental Labelling and Certification / (Eco-label)</b></p>	<p>Voluntary procedure of ensuring that a product (refers to both goods and services, including their production processes) meets certain specified criteria.</p> <ul style="list-style-type: none"> <li>• Environmental label – claim that indicates the environmental aspects of a good or service.</li> <li>• Eco-label is awarded by an impartial third-party in relation to certain products that meet environmental leadership criteria based on life cycle considerations.</li> <li>• Certification is awarded to those products that comply absolutely with a set of baseline standards.</li> </ul> <p>Source: Based on International Organisation for Standardisation (ISO) 14020 series</p>
<p><b>Ecological footprint</b></p>	<p>A measure of how much biologically productive land and water an individual, population or activity requires to produce all the resources it consumes and to absorb the waste it generates using prevailing technology and resource management practices. The ecological footprint is usually measured in global hectares (a common unit that encompasses the average productivity of all the biologically productive land and sea area in the world in a given year). Because trade is global, an individual or country's footprint includes land or sea from all over the world. Source: Global Footprint Network (<a href="http://www.footprintnetwork.org/en/index.php/GFN/page/glossary/">www.footprintnetwork.org/en/index.php/GFN/page/glossary/</a>)</p>
<p><b>End of life</b></p>	<p>Stage in the life cycle of a product when it becomes obsolete or has reached the end of its useful life. When goods become obsolete (such as when they break, have no use, or simply become unwanted) consumers then make decisions about the end of life of the things they buy, which could be reused, recycled, or thrown away for final disposal. Source: UNEP/SETAC Life Cycle Initiative (<a href="http://www.unep.fr/scp/lifecycle/">www.unep.fr/scp/lifecycle/</a>)</p>

<b>Environmental management systems (EMS)</b>	An environmental management system (EMS) is part of an organisation's management system used to develop and implement its environmental policy and manage its interactions with the environment. A management system is a set of interrelated requirements used to establish policy and objectives, and to achieve those objectives it includes organisational structure, planning activities, responsibilities, practices, procedures, processes and resources. Source: ISO 14001:2004 Environmental Management Systems
<b>Environmental/green technology</b>	Technologies that protect the environment, are less polluting, use resources in a more sustainable manner, recycle more of their wastes and products, and handle residual wastes in a more acceptable manner than other technologies. In the context of pollution, they are "process and product technologies" that generate low or no waste, for the prevention of pollution. They also cover "end of the pipe" technologies for treatment of pollution after it has been generated. They are total systems which include know-how, procedures, goods and services, and equipment as well as organisational and managerial procedures. Source: CSD/UNDESA ( <a href="http://www.un.org/esa/dsd/agenda21/res_agenda21_34.shtml">www.un.org/esa/dsd/agenda21/res_agenda21_34.shtml</a> )
<b>Government Procurement Agreement (GPA) - WTO</b>	The Agreement on Government Procurement (GPA) is to date the only legally binding agreement in the WTO focusing on the subject of government procurement. It is a plurilateral treaty administered by a Committee on Government Procurement, which includes the WTO Members that are Parties to the GPA, and thus have rights and obligations under the Agreement. Source: WTO ( <a href="http://www.wto.org/english/tratop_e/gproc_e/gp_gpa_e.htm">http://www.wto.org/english/tratop_e/gproc_e/gp_gpa_e.htm</a> )
<b>GPP – Green Public Procurement</b>	Defined by the European Commission in the Communication (COM (2008) 400) "Public procurement for a better environment" as "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." Source: European Commission <a href="http://ec.europa.eu/environment/gpp/what_en.htm">http://ec.europa.eu/environment/gpp/what_en.htm</a>
<b>ICLEI</b>	The International Council for Local Environmental Initiatives' (ICLEI) is an international association of local governments and their associations that have made a commitment to sustainable development. Source: ICLEI ( <a href="http://iclei.org/">http://iclei.org/</a> )
<b>ICT</b>	Information and Communication Technologies
<b>Johannesburg Plan of Implementation (JPOI)</b>	Adopted at the 2002 World Summit on Sustainable Development (WSSD) held in Johannesburg, South Africa, ten years after the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro, the Johannesburg Plan of Implementation affirmed UN commitment to "full implementation" of Agenda 21, alongside achievement of the Millennium Development Goals and other international agreements. The JPOI asserts that poverty eradication, changing consumption and production patterns, and protecting and managing the natural resource base for economic and social development are the over-arching objectives of sustainable development and acknowledges that problems such as global inequalities, loss of biodiversity, and climate change must be addressed. Source: Based on Johannesburg Plan of Implementation (JPOI)

Life cycle approach	A life cycle approach reflects the incorporation of life cycle thinking in decision-making or development processes. Source: UNEP/SETAC Life Cycle Initiative ( <a href="http://www.unep.fr/scp/lifecycle/management.html">www.unep.fr/scp/lifecycle/management.html</a> )
Marrakech Process on Sustainable Consumption and Production	The Marrakech Process is a global and informal multi-stakeholder process to promote the implementation of policies and capacity building on sustainable consumption and production (SCP) and to support the development of a 10 Year Framework of Programmes on SCP. UNEP and UNDESA are the facilitating agencies of this global process, with an active participation of national governments, development agencies, private sector, civil society and other stakeholders. Launched in 2003, in response to Chapter III of the Johannesburg Plan of Implementation, the Process inherits its name from the host city of its first meeting. Since 2003 the process has developed activities at national, regional and international levels, through an expanding network. The Marrakech Process has promoted and supported as needed the development of regional SCP programmes or action plans in Africa, Latin America, West Asia and in the European Union, with the institutional support of the regional intergovernmental organisations. In Asia and the Pacific the Marrakech Process is working closely with the Green Growth Initiative. These programmes or action plans address issues that are highly relevant to the energy, food, water, and climate crises. Engagement from North America has also rapidly increased during the past two years.
Marrakech Task Force (MTF)	<p>The Marrakech Process Task Forces (MTF) are active mechanisms of the Marrakech Process, building North-South cooperation, implementing concrete projects and contributing to the 10-Year Framework of Programmes. They are voluntary initiatives led by governments, and focusing on specific themes of SCP.</p> <p>The Task Forces focus on:</p> <ul style="list-style-type: none"> <li>• Education for Sustainable Consumption</li> <li>• Sustainable Tourism Development</li> <li>• Sustainable Public Procurement</li> <li>• Sustainable Products</li> <li>• Sustainable Buildings and Construction</li> <li>• Cooperation with Africa</li> <li>• Sustainable Lifestyles</li> </ul> <p>The Task Forces are contributing to the design of SCP policies and supporting capacity building activities and demonstration projects, as well as the collection of good practices on SCP.</p>
MTF Approach to SPP	Methodology for the implementation of SPP developed by the Marrakech Task Force on Sustainable Public Procurement
MTF on SPP	Marrakech Task Force on Sustainable Public Procurement
NFO	National Focal Organisation
SPPI	Sustainable Public Procurement Initiative (SPPI) launched by UNEP at Rio+20 with the aim of promoting worldwide implementation of SPP through increased cooperation between key stakeholders and a better understanding of its potential benefits and impacts.
SC	Steering Committee

<b>Sustainable Consumption and Production (SCP)</b>	The use of services and related products, which respond to basic needs and bring a better quality of life while minimising the use of natural resources and toxic materials as well as the emissions of waste and pollutants over the life cycle of the service or product so as not to jeopardise the needs of future generations Source: Norwegian Ministry of Environment, Oslo Symposium, 1994
<b>Sustainable Public Procurement (SPP)</b>	<p>Sustainable Procurement is a process whereby organisations Procurement / meet their needs for goods, services, works and utilities in a way Green that achieves value for money on a whole life basis in terms of Procurement generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment. Sustainable Procurement seeks to achieve the appropriate balance between the three pillars of sustainable development i.e. economic, social and environmental.</p> <ul style="list-style-type: none"> <li>• Economic factors include the costs of goods and services over their entire life cycle, such as: acquisition, maintenance, operations and end-of-life management costs (including waste disposal) in line with good financial management;</li> <li>• Social factors include social justice and equity; safety and security; human rights and employment conditions;</li> <li>• Environmental factors include emissions to air, land and water, climate change, biodiversity, natural resource use and water scarcity over the whole product life cycle.</li> </ul>
<b>UNDP</b>	United Nations Development Programme
<b>UNEP</b>	United Nations Environment Programme
<b>UNOPS</b>	United Nations Office for Project Services
<b>Value for money (VFM)</b>	Value for Money is defined by the UN as the “optimization of whole-life costs and quality needed to meet the user’s requirements, while taking into consideration potential risk factors and resources available”. Accordingly, economy and effectiveness can be delivered by ensuring that quality factors extend to social as well as environmental performance, where reduced energy consumption results in greater efficiencies and long-term costs savings. Source: UN Procurement Manual
<b>Whole life costing (WLC)</b>	Whole life costing is defined in the International Standard, ISO 15686 Part 5 as an: “... economic assessment considering all agreed projected significant and relevant cost flows over a period of analysis expressed in monetary value. The projected costs are those needed to achieve defined levels of performance, including reliability, safety and availability”. Source: ISO 15686
<b>WTO</b>	World Trade Organization

# Appendices

## Appendix 1: Terms of Reference for the Steering Committee (SC)

### What is the role of the Steering Committee?

The SC has a number of tasks to fulfill:

- Monitor the progress of the implementation of the project;
- Propose corrective measures, where appropriate
- Approve and sign off the outputs of the project (filled in Status Assessment, Legal Review and Market Readiness Analysis, SPP Policy Plan, etc.);
- Provide advice and guidance to the NFP;
- Serve as a forum for the consideration of issues that may impede the implementation of the project and propose ways to address the identified obstacles;
- Provide advice and guidance to the NFO in focusing the outputs to be developed during implementation of the MTF Approach to SPP and participate in its development if deemed appropriate; and
- Disseminate and promote the project as such and SPP in general, given that for the success of the initiative, not only political support is required, but also awareness-raising among the various public and private actors involved.

Note: The SC should be created in light of the likely later role of the Committee as a control and supervision body for implementation of the SPP Action Plan in the short and long term. This will result in progressive institutionalization throughout the entire project and ensures its continuity.



#### BOX 24

##### INSIGHT: The advantage of the Steering Committee in Costa Rica

According to the **Costa Rica NFO**, the major advantage of the SC is that it is able to overcome ministerial sectionalism. The SC is a cornerstone for the creation of an inter-agency mechanism to facilitate the achievement of common goals through the coordination of the complementary expertise of each member of the SC.

### Who should be part of the Steering Committee?

The composition of the Steering Committee is defined by the implementing organisation. Due to the cross-cutting nature of the SPP (consideration of economic, environmental and social aspects) and the aim of changing the market (products with less negative impact, environmentally and socially improved services, etc.) it is important to get good representation of the stakeholders in the field of SPP from the start. This includes:

Ministries or departments of Economics, Finance, Public Administration, Industry, Commerce, Labour, Social Affairs, Environment and/or Sustainable development, to maximize the integration of policies, create synergies between initiatives and ensure ownership of the project and SPP.

- Companies and public companies of the implementing organisation that are part of the project scope, have an important role in public procurement and/or have an important role in promoting sustainable production and consumption.
- Chambers of commerce, trade associations and/or business and industry associations, in order to involve them from the beginning, to get to know the reality of the country and promote gradual adaptation and improvement.



- Universities, research centers and expert organisations, to support the public and private sectors in defining tools and criteria for more sustainable production in both environmental and social terms.

Tertiary sector organisations such as trade unions, NGOs, consumer associations, etc., to be able to highlight the priorities from the ground up and to be part of the potential demand for more responsible products and services.

For determining the member organisations of the SC, just as for defining the project scope, the start-up mission can comment on the structure of the State, procurement systems and procurement and contracting volumes (including central government, decentralized agencies and others of interest) and on organisations that are fundamental to the deployment of SPP in both the public and private sectors (business, academia, etc.), according to the relevance for each country.

The people in charge of each area or member organisation of the SC will preferably hold senior positions with decision-making authority within the organisations they represent, to ensure the strategic and institutional character of the SC.

If there are high-level political representatives, it will be ensured that each organisation also appoints expert technical staff to support the development of studies and outputs planned under the MTF Approach to SPP.

The Steering Committee is set for the duration of the project.

### How is the SC organised and run?

In order to recognize the important role of other government departments in promoting and implementing SPP, in addition to the NFO, it is recommended



#### BOX 26

##### INSIGHT: Lessons learned in Uruguay

In **Uruguay**, the uneven attendance of members at SC meetings (a group of stakeholders participates regularly and others do so occasionally) leads to time being “wasted” bringing up to speed those people who did not attend previous meetings. This leads to delays and difficulties in making the decisions necessary to advance the process. Also, the open SC representation makes it difficult to work in groups since there are sometimes several members per agency.



#### BOX 27

##### INSIGHT: Lessons learned in Mauritius and Uruguay

In **Mauritius**, the project started with a small SC that has gradually grown as the implementation of the Approach has progressed. Thus, it has created a large working group with all members of the SC plus other stakeholders, to develop the SPP policy and action plan. In order to streamline operation within the working group, a sub-committee has been created to prepare the documents to be discussed in the large group.

Moreover, in **Uruguay**, work is organized based on small ad-hoc groups formed with members of the SC, the coordinator and the NFO, to work on the various steps and outputs of the Approach and discuss them afterwards with the whole SC in order to refine them and reach consensus. Due to the size and representativeness of the SC, this work procedure streamlines discussions and input from the SC. In this sense, working and discussing on specific documents allow achieving results and is a good balance between not providing opportunities for discussion and discussing without a tangible, achievable result.



#### BOX 25

##### INSIGHT: The role of Steering Committee in Uruguay and in Colombia

In **Uruguay**, the SC stands out for its wide representation of public and private organizations and its gradual expansion, as it has detected the interest or need. Positive aspects include being able to integrate existing projects that interact with SPP (such as one on energy efficiency and another on contracting for the development and promotion of SMEs). On the other hand, participation of NGOs and trade unions is lacking, although the best time for their inclusion is a matter of uncertainty.

In **Colombia** the academic presence within the Committee is noteworthy, and contributes experience and knowledge about the technical aspects of SPP. The country has only one national environmental certification programme, and with regard to international certifications, there are few options in the market. In this sense, universities or research organizations are key for defining the criteria to help guide SPP in the future.

that the SC be co-chaired by sustainable development/environment representatives and the public procurement authority or equivalent body.

Moreover, each area or body shall appoint a representative and a substitute with decision-making powers as members of the SC, to ensure continuity in the Committee and to allow it to take decisions in meetings.

The implementing organisation must decide on the structure and functioning of the SC at the start of the project. This will be done between the NFO and a core group of bodies or areas of the implementing organisation itself and may take one of the following forms, for example:

- A SC with two levels, a relatively small group of permanent members and a larger group with members who vary depending on the content of the meetings. The drawback of this system is the partial participation of some members in the process and weaker ownership of the project by less involved actors.
- An SC with two levels, one large and one unchanging, small and operational, which reports

back to the larger group for joint decision making. Disadvantages could be minimal participation from some stakeholders and difficulties coordinating agendas.

- A large SC with the highest possible representation of key stakeholders, operating as small ad-hoc working groups created to fit each stage of the implementation process to prepare reports or strategies for discussion later in the SC. The drawback could be the difficulty in coordinating schedules and organizing meetings but allows stronger ownership.

Procedures for convening meetings and for preparation and review of meeting agendas and minutes (with deadlines for production, review and submission to UNEP) should be determined and documented. The SC should document and make available to SC members and to UNEP:

- The expected frequency of meetings;
- The system for decision-making and document review;
- A process for incorporating new members;
- Minutes from meetings.





## Appendix 2: Terms of Reference for a National Focal Organisation (NFO)

### What is the role of the National Focal Organisation?

The various tasks and missions of the National Focal Organisation include:

1. Planning and scoping:
  - Communication with potential members of the SC, explaining the aim of the project and sending information to clarify the scope of each stage of the process so as not to create false expectations.
  - Initial determination of the focus of the different studies together with UNEP or the leading organisation and the SC, as stated in the Agreement and ToR.
  - Advance supervision of the project outputs, so as to submit comments or recommendations prior to approval by the Steering Committee.
  - Lead the SPP policy and/or action plan approval process (if no other department takes the lead on this).
2. Carrying out the diagnosis of the progress in sustainable procurement in the partner countries including:
  - Guiding and supporting the SC members in filling in the Status Assessment<sup>22</sup> (explain the instructions, provide examples of filled in Status Assessment, etc.)
3. Identifying resource people and organisations which could assist the NFO
4. Undertaking or commissioning the analysis of the legal framework for procurement in the country and identification of the legal possibilities to integrate SPP principles (Legal Review)
5. Carrying out or commissioning a country-based Market Readiness Analysis, which will determine the sectors that are offering more sustainable products/solutions in the country or in which there are opportunities to improve the availability of sustainable products.
6. Carrying out a training programme for procurement officers. At least two physical sessions (about 20 to 25 participants per training workshop) including:
  - Drafting the sessions' agendas.
  - Adapting the MTF Approach materials to the local situation on the base of the local legal and market analysis and the SPP policy plan
  - Acting as main trainer (if licensed by UNEP/ MTF on SPP) in the national capacity building sessions (or hire a trainer "licensed" by UNEP /MTF on SPP)
  - Collecting and analysing any oral or written feedback from the participants in order to improve the MTF Approach
7. Developing a country-based SPP Policy Plan. This should include the organisation and facilitation of the participatory processes with key stakeholders (meetings and workshops) aimed at defining the content of the policy plan for SPP.
8. Assisting key stakeholders in the implementation of the national SPP Policy and Action Plan for a year after adoption of this policy and plan. Preferably, it will be the organisation responsible for coordinating and monitoring the implementation of the SPP Action Plan in the medium and long term by supporting all those involved in its deployment. This will include activities such as:
  - Assisting procurers in the launching of tenders incorporating environmental and social criteria

<sup>22</sup> The Status Assessment is a tool developed by the Marrakech Task Force on SPP, that helps to determine the state of play of SPP in the target country.



### BOX 28

#### INSIGHT: Example action from the National Focal Organisation in Lebanon

In Lebanon, to engage new organizations, the NFO sends an official letter to all ministries and organizations inviting participation in the SC and explaining the aim of the project. Attached to the letter is a document explaining the project, the MTF Approach to SPP, the expected outcomes and the significance of the project. In this way the SC members understand the project framework and the overall goal, thus avoiding misunderstandings and false expectations.

- Developing and implementing information campaigns on SPP and the national SPP Policy Plan.
8. Reporting to UNEP/ MTF:
    - Present mid-term short reports on a quarterly basis with the main project activities, advances, problems encountered and intermediate results
    - Develop a final report with the main outcomes, impacts and lessons learnt, including indicators. No more than 30 pages. Every report submitted to UNEP/MTF must be previously cleared by the Steering Committee.
    - Submit the agendas and minutes of SC meetings to ensure proper project monitoring.
  9. If possible - developing the country webpage for the project including uploading information and documents relevant to the project and developing the website as a tool for linking project stakeholders (e.g. through newsletters, a calendar of events, electronic forums, etc.)



#### BOX 29

##### INSIGHT: How the National Focal Organisation was organized in Chile, Lebanon and Mauritius

In **Chile**, ChileCompra is the organization that manages procurement and contracting for all public administrations in the country (a total of 850 government and local agencies) with the exception of concession management and public works. Due to its direct management of contracting and therefore its responsibility for introducing most of the SPP measures both in the short and long term, ChileCompra is nominated as the NFO.

In **Lebanon**, the Institute of Finance is chosen as the NFO for its role in the development and modernization of the Lebanese administration, its knowledge in the field of SPP (the Institute participated in training in Torino), its training capacities and for having recognition and credibility among key stakeholders.

In **Mauritius**, the Procurement Policy Office was established after the reform of public procurement in order to promote the development of a modern, efficient public procurement system in Mauritius by monitoring progress and performance, audits, training and research. On this basis, the Office is considered the most appropriate organization to be the NFO and coordinate the project.

#### Expected deliverables and communications from the National Focal Organisation

In short, the following are the expected deliverables from the NFO. There should be a joint definition of the communication actions for the duration of the project, beyond those defined in the SPP Action Plan:

- Filled in MTF Status Assessment
- Revised and completed Legal Review
- Completed Market Readiness Analysis
- At least 40-50 procurement officers trained in SPP
- Development and implementation of an SPP Policy Plan
- Information and communication tools on SPP for the country

#### Who should be the National Focal Organisation?

Due to the nature of the project deployment responsibilities, the body designated as the NFO will preferably be the State's public procurement authority. If none exists or other factors are at play, the NFO will be chosen taking the following into account:

In any case, the choice should be defined primarily by technical and not political consensus, based on real technical abilities. However, the NFO's capacity for leadership in bringing together other organisations and garnering knowledge of sustainability issues must also be taken into consideration.

Under the MTF approach to SPP project, the tenure of the NFO is approximately 18 months, although this will be determined on a case by case basis.

### How to choose the National Focal Organisation?

To guarantee the political will and the strong commitment necessary to promote SPP in the administration, before signing a cooperation agreement (between the administration and UNEP or the leading organisation) a meeting will be organised (by way of the "start-up mission") with the main actors in the implementing organisation, to choose the NFO by consensus.

### Project coordination

Each country should allocate the equivalent of a (almost) full-time person-power for the roll out of the project. This effort can be delivered by either the project manager alone or the manager with the support of other staff.

The project coordinator, in order to fulfil their tasks, must have experience in project management, public policies and public procurement, allowing easy integration of all concepts related to SPP (both economic, social and environmental).

That role should not be delegated to an external consultant in order to keep the expertise in house.



#### BOX 30

##### INSIGHT: Two examples of how to organise the National Focal Organisation

In **Tunisia**, coordination is led by the NFO and external consultants are contracted only for preparing the Legal Review and the market readiness study, including prior prioritisation of product/service groups.

In **Uruguay**, by contrast, an expert is hired to join the NFO, working from its offices and is responsible for coordinating the project (convening meetings, writing reports, support for the preparation of preliminary studies, etc.).

### External support for the process

For various reasons the NFO may require external support from a consulting firm to perform various tasks related to the project. In such cases:

- We recommend contracting different companies that are experts in each of the study areas, through independent contracts.
- If, however, a company or a consultant is hired as a support for the whole process (which is not recommended), ensure that:
  - ~ The partnership agreement or contract (whether with the implementing organisation or through another organisation) explicitly includes the subordinate relationship of the consultant to the NFO.
  - ~ The government staff is present in all meetings and communications with stakeholders to demonstrate firm commitment, ensure the development of internal capabilities and maintain contacts internally (strengthen internal exchange so that this knowledge does not remain with the external consultant). The terms of the relationship between the NFO and the consultant must be established, not only in relation to the work schedule but also the definition of tasks (based on the responsibilities of the NFO), the exchange of documents and review prior to sending to other involved actors (including UNEP or the leading organisation) in order for work to be adapted to the reality and pace of the administration and not vice versa.
  - ~ If the external person is responsible for coordinating the project, an attempt will be made to ensure that they are located physically in the same offices as the NFO, in order to maximize coordination and monitoring and maintain the coordinating role of the NFO.

### **Appendix 3: Recommended Implementation Plan**

Expected Duration of the SPP Approach:

- Steps 1-3: 24-30 months
- Step 4 (Training and Implementation): On-going.

Terms/Acronyms used in the table:

- “Country” refers to the Ministry of Environment and/or Ministry of Finance
- LR: Legal Review
- MRA: Market Readiness Analysis
- NFO: National Focal Organisation
- Prioritisation Exercise
- RFP: Request for Proposal
- SC: Steering Committee
- SPP: Sustainable Public Procurement
- TOR: Terms of Reference
- UNEP: United Nations Environment Programme (DTIE, SCP Programme).

Name of Activity		Responsible Party	Notes	
STEP 1: Project Set up and Establishment of Governance Structure	Apply and agree to implement the SPP Approach	Send the Expression of Interest by country	Country	Expression of Interest letter to be sent to UNEP
		Clarify processes and deliverables	UNEP, Country	First contact between UNEP and country's contact person
		Appoint a Project manager to set up the SPP project	Country	The project manager should lead the SPP Approach and act as the main liaison with UNEP
		Send Letter of Commitment	Country	The Letter of Commitment should nominate the person who will act as project manager, the Steering Committee (SC) and the National Focal Organisation (NFO)
		Agree on funding	UNEP, Country	Small Scale Funding Agreement contract between UNEP and Country/NFO.
	Organise a start-up mission / conduct an initial scoping study	Conduct initial study	Regional UNEP offices	Indicative content of the study: sustainable development priorities in the country, existence of a sustainable production and consumption policy or strategy, main projects and initiatives in course, economic and political outlook, structure of public procurement, key organisations and their responsibilities in procurement, previous SPP attempts and activities, etc.
		Start-up mission	Country (Min. of Finance/ Environment/Industry/ Social Affairs) and other nominated stakeholders	Organise a start-up mission workshop to: Nominate the NFO; create a list of potential candidates for the SC; Establish the scope of the project; Establish a timeline; Appraise internal resources to support the project; Establish operating procedures for operating SC and NFO
	Establish National Focal Organisation	Officially appoint the National Focal Organisation (NFO) and establish Terms of Reference (ToR)	Country	The NFO serves as the main contact and local manager of the project as an implementing organisation and are supervised by the SC. ToR should be agreed – see Appendix 2 for template ToR for the NFO
	Establishes Steering Committee	Officially appoint the Steering Committee (SC) and establish Terms of Reference (ToR) for the SC	Country	The Steering Committee should be made up of major SPP players and be co-chaired by representatives from the Environment Ministry and the public procurement authority or the Finance Ministry; and may include other Ministries, Chambers of Commerce and Industry; Universities; UN organisations such as UNDP or UNOPs; and non-government organisations. Terms of reference should be agreed, – see Appendix 3 for template TOR for the SC
	Initial training/ workshop	Hold an initial training workshop with members of the NFO, SC and other key stakeholders	NFO, SC, Consultants	The workshop should cover the SPP Approach, the roles and expectations of the organisations and members; the timeline and project plan; the location of information resources; expected outcomes of the SPP approach in each step; and expected outcomes of the SPP Approach as whole in that country.

Name of Activity		Responsible Party	Notes	
STEP 2: Assessment, Review and Prioritisation	Status Assessment	Send Instructions and Guidance for Status Assessment	UNEP	UNEP sends guidance material and instructions for the completion of the online and Supplementary Status Assessment Questionnaires
		Fill-in Online Status Assessment Questionnaire	NFO, SC	NFO in consultation with other relevant stakeholders completes the SA
		Fill-in Supplementary Assessment Questionnaire (optional)	NFO, SC	NFO in consultation with other relevant stakeholders (SC) completes the supplementary SA; SC reviews
		Review the Status Assessment questionnaire(s)	SC	SC reviews
		Approve Status Assessment	SC, UNEP	SC reviews the documents and submits it to UNEP
	Legal Review	Draft Terms of Reference (ToR) and Request for Proposals (RFP) for the Legal Review	NFO	The TOR and RFP should clearly state the scope and timeline and required expertise for the study. Note that the Legal Review can be conducted in parallel with the Market Readiness Analysis
		Issue RFP; receives proposals, evaluates and awards contract	NFO	NFO sends out call for proposals for LR and selects the most qualified expert/consultant for the task.
		Conduct Legal Review	Consultant/NFO	Intermediate drafts of the Legal Review should be sent to the NFO, SC and UNEP for comment
		Provide Comments on Draft	NFO, SC, UNEP	Comments to be sent from NFO, SC, and UNEP
		Final Version	Consultant, NFO, SC	After comments are reviewed and integrated, the Legal Review is finalised
		Approve Legal Review	UNEP, SC	SC reviews the documents and submits it to UNEP

Name of Activity		Responsible Party	Notes	
STEP 2: Assessment, Review and Prioritisation	Prioritisation Exercise	Nominate team to conduct the exercise	NFO, SC	The NFO should ideally conduct the Prioritisation Exercise with input from the SC and other stakeholders. External facilitators / experts in deliberative methods may be helpful in streamlining process and coming to consensus.
		Determine Scope and Methodology	NFO	Clarify and communicate to stakeholders participating the scope and methods for the Prioritisation Exercise
		Identify and agree on national sustainable development priorities	NFO, SC	Draws on findings from the Legal Review and Status Assessment. Objective is to create a short-list of possible issues and impacts that your approach to SPP could support
		Analysis of expenditure	NFO	The analysis should build on information from, for example, spending from central government, central government plus autonomous bodies, contracting derived from state budgets or loans. Relevant data may be found in Central Banks, Ministries of the treasury, World Bank Statistics, etc.
		Assessing risks and opportunities	NFO	Conduct an assessment of risks and opportunities for SPP using sustainable development priorities and expenditure analysis. UNEP can provide templates for matrixes to help identify the actions that can be taken across the whole of procurement spend, or within individual product and service categories or with key markets
		Initial list of priority products	NFO	Create an initial list of priority products for SPP
		Workshop	NFO, SC, Consultants	With input from SC, key policy officials and external consultants, conduct a workshop that deliberates and decides on the final priorities for SPP.
	Agree on final prioritisation	SC, UNEP	Send the final list of priority products and outputs from the Prioritisation Exercise to UNEP for review and approval	
	Market Readiness Analysis (MRA)	Draft Terms of Reference (TOR) and Request for Proposals (RFP) for the Market Readiness Analysis	NFO	The TOR and RFP should clearly state the scope and timeline and required expertise for the study. Note that the Market Readiness Analysis can be conducted in parallel with the Legal Review
		Issue RFP; receive proposals, evaluate and award contract	NFO	NFO sends out request for proposals for MRA and selects the most qualified expert/ consultant for the task.
		Conduct MRA	Consultant/NFO	Intermediate drafts of the MRA should be sent to the NFO, SC and UNEP for comment
		Provide Comments on Draft	NFO, SC, UNEP	Comments to be sent from NFO,SC and UNEP
		Approve Market Readiness Analysis	SC	SC reviews the documents and submits it to UNEP

Name of Activity		Responsible Party	Notes
<b>STEP 3: SPP Policy and Action Plan</b>	SPP Policy and Action Plan	Analyse need for new or adapted SPP Policy	NFO Determine if there is a need to create a new SPP Policy, to adapt and existing policy, or skip to Action Planning. The need for a new SPP policy depends on the prior existence of an overarching policy or strategy that clearly supports SPP implementation in the country
		Draft SPP Policy	NFO If a new or adapted SPP Policy is needed, research other country's policies using the SCP Clearinghouse and create a draft policy.
		Review SPP Policy	SC, UNEP SC and UNEP to review draft SPP Policy
		Finalise SPP Policy	NFO, SC SC reviews the policy and submits it to UNEP
		Prepare a draft SPP Action Plan	NFO The involvement of relevant staff such as procurers and heads of service in the preparation of action plans can be useful. The Action Plan could also be created by a consultant with input from the NFO and SC. If so a TOR and RFP should be created and reviewed by the SC and UNEP.
		Create a pilot SPP project	NFO The (optional) pilot project can focus on one of the priority product groups to learn from practice and to better inform the development of the action plan.
		Share updates & collect feedback on Action Plan	NFO, SC, UNEP Disseminate information about the about the Policy and Action Plan to all relevant stakeholders. Collect and integrate feedback.
		Finalise Action Plan	NFO SC reviews the Action Plan and submits it to UNEP
		Start Procedures for Official Approval	NFO Determine which Ministry needs to approve the Policy and Action Plan, create a timeline and project pan for approval.
		Official Country Approval of SPP Policy and Action Plan	Country SPP policy and/or action plans should be signed off at the highest level of the organisation, ensuring accountability for delivery and providing a mandate to those charged with implementing the policy



Name of Activity		Responsible Party	Notes	
STEP 4: Implementation	Training	Create & translate training material	NFO, UNEP, Consultant	With the elements gathered from the LR, MRA, SA and other important documents, UNEP experts adapt the training material and where necessary translate for the workshop to be held for the country. UNEP provides material on SPP framework, lessons learned, guidelines, methodologies, and procurement information. Countries supply data and information to adapt the material to the national specific context and languages.
		Identify trainees and other training venues	NFO	Identify stakeholder groups to be trained at different stages of the project. The government's usual training channels should be analysed for opportunities to integrate the SPP approach and material
		Deliver Workshops and training sessions	NFO, UNEP, Consultant	In-country training is to be delivered by trainers. Training should be done in several stages of the process and with different target groups.
	Implementation	Identify implementing Agencies	NFO, SC	Implementation should follow the Action Plan, and include the following steps. The implementing agencies should be identified and coordinated by the NFO and overseen by the SC.
		Create a monitoring and evaluation system and reporting plan	NFO	Create a framework and indicators for monitoring, evaluating and reporting on results of implementation, and templates for implementing agencies to complete periodically. Periodically require updates from implementing agencies to gather data and communicate results.
		Identify needs for improving efficiency	NFO, Implementing Agency	The implementing agency collaborates with the NFO
		Define the specification and inviting contracts	NFO, Implementing Agency	The implementing agency collaborates with the NFO
		Use ecolabels	NFO, Implementing Agency	The implementing agency collaborates with the NFO
		Evaluate and select suppliers	NFO, Implementing Agency	The implementing agency collaborates with the NFO
		Evaluate contracts and awards	NFO, Implementing Agency	The implementing agency collaborates with the NFO
		Audit and improve supplier performance	NFO, Implementing Agency	The implementing agency collaborates with the NFO
		Manage contracts for SPP	NFO, Implementing Agency	The implementing agency collaborates with the NFO
		Communicate Results	NFO, Implementing Agencies, UNEP	Communication of interim and final results achieved builds support, motivates and improves implementation in country and elsewhere.

## Appendix 4: Supplementary Status Assessment

To obtain more specific information in the baseline evaluation phase, in addition to that established in the Status Assessment, a number of details questions as regards the capacity of the persons and their organisations can become useful. The following questions are supplementary questions to those in the online Status Assessment (see chapter 4) and can be used as a questionnaire or interviews on site.

The questions are divided into five themes:

1. Information about the person and the organisation/department that he or she represents
2. Scope of procurement, processes and practices
3. Country experience with SPP and GPP
4. Perceptions, barriers and obstacles regarding sustainable public procurement and contracting
5. Training and support for implementing SPP

Before you begin, clearly identify the scope of the organisation for which you are replying – i.e. a programme, a department, or the federal government as a whole.

### A. Information about the person and the organisation/department that he or she represents

1. List your professional training qualifications. (Enter all that apply)

List all educational qualifications that you hold	Name of the qualification
1. Secondary	
2. Tertiary	
3. Undergraduate	
4. Masters	
5. Doctorate	

2. Year that you entered the public sector.

Title of current position	
Length of time in current position	
Time performing activity linked to public procurement	

3. About your current position.

Company/Organisation	
Area or department	
Position	
Responsibilities	

4. About the organisation you work for, which of the following statements best describes your responsibility in relation to procurement? (Check only one; the one that best describes your situation)

1. Purchases depend on your personal technical reports.		5. You approve the purchasing process.	
2. Purchases depend on reports in which you participate.		6. You participate actively in defining your organisation's procurement policies.	
3. You receive instructions and implement them.		7. You have a degree of involvement in the definition of procurement policies.	
4. You participate in the development of the conditions of the tenders or supervise the procurement process in one of its phases.		8. Other:	

5. Are you familiar with the following concepts?

	yes	no
Sustainable Development		
Sustainable procurement/green purchasing		
Recycled/Reusable		
Eco-efficient product/sustainable product		
Green procurement		
Efficient procurement		
Environmental procurement		
Clean procurement		
Sustainable procurement		
Responsible procurement		

6. Are you a member or have you ever participated in the Steering Committee for the SPP Project?

SC Member	
Not a member, but participated in at least one SC meeting	
Not a member; never participated in SC meetings	

## B. Scope of procurement, processes and practices

7. Indicate the estimated percentage of different funding sources that are used in the country for procurement and contracting.

National Budget (internal only)	Credit (Internal/External)	Other (donations, royalties, etc.)
%	%	%

8. Indicate the scope and extent of national public contracting rules and estimate the percentage of public purchases that are processed by the national system for each area of application.

Area of application	Scope (mark with an X)	% participation in the procurement system
Central Administration		
Public Works and Services		
Decentralized bodies		
State enterprises and companies		
Universities		
Armed forces		
Provinces		
Municipalities		
Other (please specify)		

9. Indicate the procurement and contracting mechanisms provided for in the regulations of your country, assigning 1 to the most used and 5 to the least used.

Mechanisms	Degree used (rank 1-5)
Public Bidding	
Framework Agreements	
Private Bidding	
Direct Purchase	
Other (please specify)	

10. For what mechanisms does your country use the electronic procurement system?

Mechanisms	Electronic procurement
Public Bidding	
Framework Agreements	
Private Bidding	
Direct Purchase	
Other (please specify)	

11. For the purchases made (in \$) last year in your organisation, estimate roughly the percentage of those made through the different mechanisms below.

Public Bidding	%	Direct Purchase	%
Abbreviated Bidding	%	Other:	%

12. Select the phrase that best describes how specifications are drawn up for purchases in your organisation.

The technical requirements are developed by the units that require the products and services. The Procurement Unit is responsible for administrative matters.	
The technical requirements are developed jointly by the units that require the products and services and the Procurement Unit.	

The technical requirements are developed by the units that require the products and services. The Procurement Unit is responsible for administrative matters. The units responsible for sustainable development, environmental and social issues then contribute their clauses or sustainability criteria for final consideration by the Procurement Unit.	
Other (please describe)	

13. For the three **main** products or services that your organisation has purchased over the past years, please estimate the percentage of purchases for which the same supplier has been retained.

Product	%

### C. Country experience with SPP and GPP

14. Are there any defined initiatives – policy, action plan, strategy, programmes – in your country for implementing SPP? If so, please state the level to which it is applied.

The national/federal government has adopted SPP initiatives	
There are initiatives, but they are not yet available	
Initiatives are under development	
The implementation status of the initiatives is not clear	
There are no defined initiatives	

15. Indicate if your organisation considers the following factors and where.

Factor	Procurement plans	Strategic / Operational plans	Regulations
Economic factors are considered			
Environmental factors are considered			
Social factors are considered			
Social and economic factors are both considered.			
Environmental and economic factors are both considered.			
Environmental, social and economic factors are all considered.			
Providers are required to comply with environmental and/or social criteria.			
Support is provided to suppliers with target-setting and follow-up for environmental or social improvements			

16. If you had to define and evaluate certain environmental characteristics for the products that you procure, what are the information sources would you would use?

Public bodies	
Suppliers' claims	
Research centres	
Universities	
Environmental NGOs	
Internet	
Literature/specialist journals	
Eco-labels or environmental product declarations (please specify)	
Other (please specify)	

17. For purchases made by your organisation, could you identify any product or service in the acquisition of which environmental or social criteria have been incorporated? If yes, please identify the product or service.

Product	Environmental criteria	Social criteria

18. For purchases and/or consumption by your institution, have the environmental consequences of any of the following products or services ever been considered?

Paper	Electricity	Cleaning	Water	IT	Furniture	Other

19. According to your knowledge, prioritise from 1 to 10 (where 1 = high priority, and 10 = low priority) the following products that could potentially be purchased by your organisation by applying environmental and social criteria, taking into account the reality of the market and your experience.

	1	2	3	4	5	6	7	8	9	10
Lighting equipment										
Toner										
Paper										
Photocopiers										
Printers										
Cleaning Services										
Cleaning Products										
Computers										
Monitors										
Laptops										
Other:										

20. When evaluating suppliers, which specific aspects of the sustainability paradigm are currently taken into account?

None	
Supplier compatibility (products, practices and policies) with the organisation's sustainability policy.	
Compatibility of the supplier's contracting policies with ISO, EMAS standards and conventions signed by the country (e.g. ILO).	
Other (please specify)	

21. Does your organisation have a compliance audit for suppliers in the following areas?

Area	Audit of first-tier suppliers	Audit of second and tertiary tier suppliers
Job creation (e.g. recruitment of the unemployed)		
Environmental impacts		
Impacts of products and services on health		
Education (e.g. learning, youth training)		
Human rights (e.g. discrimination)		
Employment conditions (e.g. minimum wage, health and safety)		
Use of innovative environmental technologies		
Encouraging, where possible, a certain percentage of local materials, components and labour that contribute to a finished product		
Promoting SMEs		
Promoting supplies from less privileged areas within a country		
Promoting technology transfer and capacity building		
Promoting tenders that create opportunities for disadvantaged groups		
Other		
None		

22. What is the most feasible way to integrate environmental and social criteria in the procurement process?  
(Rate from 1 to 5: 1 is most feasible, 5 is least)

Requirements that providers meet environmental regulations	
Technical specifications for the works, supplies or services	
Environmental performance of candidates as one of the contract award criteria	
Environmental protection or efficiency during the execution of contracts or performance of goods or services	
Other	



23. Indicate your degree of agreement with the following statements. (1 is strongly disagree and 6 is strongly agree)

	Disagree				Agree	
	1	2	3	4	5	6
In my organisation, when making a purchase, the determining factor is usually price.						
Public purchasers would be willing to incorporate sustainability criteria in procurement if they had sufficient training.						
When planning the budget, what matters is economic reasoning; social and environmental aspects are secondary.						
Current regulatory frameworks limit the ability of my organisation to adopt sustainable public procurement systems.						
In the market there are not enough reliable suppliers capable of providing sustainable services and products. If I add sustainability criteria, I limit the number of tenders excessively.						
Purchasing units have no input in developing technical requirements, so they cannot incorporate sustainability criteria in procurement specifications.						
In general terms, we prefer large suppliers with extensive experience, compared to small suppliers with little or no experience.						
In the national market, the conditions are in place to provide the State with sustainable products and services, but it is a matter of political will.						

24. Thinking about the three major products/services your organisation purchases, if you were to include environmental criteria in procurement, how would you say the following attributes would vary with respect to conventional products? (Please circle)

Product 1 (please define): \_\_\_\_\_

Attribute	Change		
Price	Increase	No change	Decrease
Technical characteristics	More modern	No change	Basic
Functionality and performance	Increase	No change	Decrease
Quality	Increase	No change	Decrease
Acceptance in your organisation	Positive	Indifferent	Negative
Availability	Sufficient	Insufficient	

Product 2 (please define): \_\_\_\_\_

Attribute	Change		
Price	Increase	No change	Decrease
Technical characteristics	More modern	No change	Basic
Functionality and performance	Increase	No change	Decrease
Quality	Increase	No change	Decrease
Acceptance in your organisation	Positive	Indifferent	Negative
Availability	Sufficient	Insufficient	

Product 3 (please define): \_\_\_\_\_

Attribute	Change		
Price	Increase	No change	Decrease
Technical characteristics	More modern	No change	Basic
Functionality and performance	Increase	No change	Decrease
Quality	Increase	No change	Decrease
Acceptance in your organisation	Positive	Indifferent	Negative
Availability	Sufficient	Insufficient	

25. To what extent does your organisation perform “ex ante” analysis of environmental and social impact of procurement and contracting of goods and services?

No ex-ante impact analysis is performed	
An analysis only of the environmental impact is performed	
An analysis only of the social impact is performed	
A comprehensive analysis is performed	
Briefly mention the mechanism through which this analysis is performed:	

26. To what extent does your organisation perform “ex post” evaluations of the environmental and social impact of procurement and contracting of goods and services?

It does not perform ex-post evaluations	
Evaluations of the environmental impact are performed	
Evaluations of the social impact are performed	
A comprehensive analysis is performed	
Briefly mention the mechanism through which this analysis is performed:	

27. Estimate the level of participation of SMEs in public procurement and contracting in your country.

< 20%		20 – 50%		>50%
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28. Indicate, if possible, the 3 main groups of goods and services provided by SMEs in your country.

1.
2.
3.

#### D. Perceptions, barriers and obstacles regarding sustainable public procurement and contracting

29. Do you consider that the procurement areas of the public sector are in a position to implement sustainable procurement mechanisms in their purchases?

Yes		No		If no, why not:
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30. What are the main motivations in your country for adopting SPP?

Following international trends on the modernization of public procurement systems	
Implementation of a framework policy for promoting sustainable development	
Specific objectives for improvement and environmental protection	
Improving efficiency and reducing contracting costs	
Need to stimulate the environmental goods and services market	
Compliance with social aspects such as labour legislation, employment promotion, occupational health and safety, etc.	
Other, please specify:	

31. Which of the following do you think could motivate your organisation to initiate or accelerate the work with implementing environmental procurement? (Multiple choice)

Access to written information (procurement manuals or guides)	
Exchange of practical examples of environmental procurement with pioneer countries or institutions	
Information workshops	
Advice from an external consultant	
Online access to a database on environmental criteria	
Other (please specify)	

32. If your country has set a priority list of goods and services for implementing SPP, indicate the degree of availability with which they are found in the local market.

Product	Readily available	Not readily available	Available only in the international market	Not at all available

33. Indicate the obstacles that are seen to hinder or impede the adoption of SPP practices in your country.

Sustainable products are more expensive	
The main selection criterion is price	
There is insufficient supply of goods and services	
There is supply, but it is available only on the international market	
Lack of information and knowledge about SPP	
Lack of interest and commitment from users of the procurement system	
Resistance and obstacles generated by suppliers	
Difficulty getting Comptroller/Audit office approval	
The overall public procurement system is inadequate for incorporating SPP	
Lack of legislation or regulations	
Other (please specify)	

34. In your opinion, what are the barriers to integrating environmental criteria into your organisation's procurement processes? *(Place 1 next to the barrier that you consider most significant, 2 next to the one you consider to be in second place, and 3 next to any remaining obstacles).*

	Barrier ranking (1-7)
Lack of information	
Restricted supplier competition	
Supplier resistance to rule changes	
Lack of technical capacities on environmental issues	
Disinterest	
Budgetary restrictions	
Other	

## E. Training and support for implementing SPP

35. Indicate what type of training you received in your organisation with regard to Sustainable Public Procurement.

Government		International agencies		Private		Have not received training	
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36. Estimate the degree of interest among procurement officials in your organisation for participating in sustainable public procurement training and/or information programmes.

Substantial		Some		Little		None	
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37. To what extent does your organisation offer procurement and contracting training to staff?

No training is provided	
There have been courses on "how to buy" for key personnel in the procurement system (choice of suppliers, specifications, tender evaluation, supplier assessment)	
Training courses on "how to buy" include sustainability issues and are given to key personnel in the procurement system. This includes areas such as life cycle assessment, avoiding the purchase, risk assessment, specifications, tender evaluation, etc.	
Training courses on "how to buy" include sustainability issues and are given to all personnel involved in the procurement system (specifications writers, lawyers, project managers, etc.).	
Other, please specify:	

38. Indicate what type of national/federal environmental and social management environmental policy and programme initiatives exist in your country and if they are used as support for promoting SPP.

Policy and/or programme initiatives	Existing initiative	Is used for promoting SPP
Pollution prevention and clean production in the private sector		
Pollution prevention and clean production in the public sector		
ISO certification,		
Eco-labels		
Awards for best practice		
Energy efficiency		
Supplier development		
Technology conversion		
Ecodesign and life cycle analysis		
Compliance with labour laws		
Employment promotion		
Employment opportunities for disabled workers		
Anti-discrimination programmes (racial, gender, native communities)		
Promoting human rights		
Do not know/do not exist		

39. Does your organisation work with other governments and public authorities to promote and implement SPP?

Ministry of Economy - Finance	
Environmental Authority	
Ministry of Labour	
Ministry of Health	
Ministry of Social Affairs	
Legal system/Comptroller	
Other Productive sector	

## **About the UNEP Division of Technology, Industry and Economics**

Set up in 1975, three years after UNEP was created, the Division of Technology, Economics (DTIE) provides solutions to policy-makers and helps change the business environment by offering platforms for dialogue and co-operation, innovative policy options, pilot projects and creative market mechanisms.

DTIE plays a leading role in three of the six UNEP strategic priorities: climate change, harmful substances and hazardous waste, resource efficiency.

DTIE is also actively contributing to the Green Economy Initiative launched by UNEP in 2008. This aims to shift national and world economies on to a new path, in which jobs and output growth are driven by increased investment in green sectors, and by a switch of consumers' preferences towards environmentally friendly goods and services.

Moreover, DTIE is responsible for fulfilling UNEP's mandate as an implementing agency for the Montreal Protocol Multilateral Fund and plays an executing role for a number of UNEP projects financed by the Global Environment Facility.

### **The Office of the Director, located in Paris, coordinates activities through:**

- > **The International Environmental Technology Centre** - IETC (Osaka), which implements integrated waste, water and disaster management programmes, focusing in particular on Asia.
- > **Sustainable Consumption and Production** (Paris), which promotes sustainable consumption and production patterns as a contribution to human development through global markets.
- > **Chemicals** (Geneva), which catalyzes global actions to bring about the sound management of chemicals and the improvement of chemical safety worldwide.
- > **Energy** (Paris and Nairobi), which fosters energy and transport policies for sustainable development and encourages investment in renewable energy and energy efficiency.
- > **OzonAction** (Paris), which supports the phase-out of ozone depleting substances in developing countries and countries with economies in transition to ensure implementation of the Montreal Protocol.
- > **Economics and Trade** (Geneva), which helps countries to integrate environmental considerations into economic and trade policies, and works with the finance sector to incorporate sustainable development policies. This branch is also charged with producing green economy reports.

*UNEP DTIE activities focus on raising awareness, improving the transfer of knowledge and information, fostering technological cooperation and partnerships, and implementing international conventions and agreements.*

For more information, see  
[\*\*www.unep.org/dtie\*\*](http://www.unep.org/dtie)

*The SPP Approach guidelines present the UNEP step-by-step methodology for the development of sustainable public procurement policies and action plans. The proposed methodology is derived from the Marrakech Task Force (MTF) Approach to Sustainable Public Procurement that UNEP tested in 7 pilot countries from 2009 to 2012.*

*The guidelines build on a 2009 document presenting the MTF Approach and incorporate the lessons gathered from the pilot testing phase. The guidelines are aimed at policy makers and procurement practitioners, wishing to implement sustainable public procurement with the assistance of SPP experts. UNEP's methodology consists of three building blocks (i) Assessment phase: Status Assessment (online questionnaire); identification of policy priorities; review of the legislative framework to analyze the possibilities for integrating social and environmental criteria into procurement activities; market readiness analysis to identify the potential responsiveness of the market to SPP tenders. (ii) Strategic planning phase: Development of a national SPP policy including choice of priority products and services, capacity building and training. (iii) Implementation: integration of priority products and services in the country's procurement system; Market engagement; Procurement Cycle Management; monitoring and evaluation of SPP activity.*

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