

# Sustainable Public Procurement: Policy Conclusions and Recommendations

Marrakech Task Force on Sustainable Public Procurement -  
United Nations Environment Programme  
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## The Marrakech Process

*The Marrakech Process is a global effort to promote progress on the implementation of Sustainable Consumption and Production patterns. The process responds to the call of the Johannesburg Plan of Implementation adopted at the World Summit on Sustainable Development from 2002 to develop a 10-Year Framework of Programmes on SCP (10YFP), which will serve as a global framework for action in support of national and regional initiatives to accelerate the shift towards SCP. Seven international Task Forces have been launched since 2005 with the aim of supporting the implementation of concrete projects on specific themes of SCP.*

## ■ Introduction

The Marrakech Task Force on Sustainable Public Procurement (MTF on SPP) led by Switzerland has developed an approach for implementing sustainable public procurement (SPP) in both developed and developing countries known as the MTF approach to SPP.

The MTF approach to SPP is currently being tested in 11 pilot countries. In 2008, the Swiss Federal Office for the Environment (FOEN) and the United Nations Environment Programme (UNEP) designed a project to roll out the MTF Approach in a number of developing countries. This project, entitled Capacity building for Sustainable Public Procurement in Developing Countries, is supported by the European Commission, Switzerland and the Organization of Francophone countries. It is being piloted in Mauritius, Tunisia, Costa Rica, Colombia, Uruguay, Chile and Lebanon.

Argentina, Ghana, New Zealand, Ghana and the UK are testing the Approach outside the direct supervision of UNEP and in British local authorities, higher and further education sector and health sector.

The main objective of the UNEP-led project is to support the development and the implementation of national SPP policies in the pilot countries through the roll out of the MTF approach to SPP. The lessons learned from the project will help to improve the Approach and will result in the elaboration at the end of 2011 of a standard methodology for the development and implementation of national policies on sustainable public procurement.

In 2012, UNEP will launch the second phase of its Capacity Building for SPP Project, based on the revised MTF Approach to SPP and supported through a UNEP-hosted expert center which will give guidance to interested countries. Through this project, UNEP will scale-up the ongoing activities and provide SPP assistance to up to 20 countries within the next 3 years, directly or through partner organizations and individual experts.

The present document contains a number of policy recommendations based on the first results and lessons drawn from pilot project implementation. It was finalized following the feedback received during the last meeting of the MTF on SPP which took place on 2-3 May 2011 in Glion, Switzerland. The present document is annexed to the MTF report presented to the 19<sup>th</sup> Session of the Commission for Sustainable Development.

## ■ Benefits of SPP



Outcomes delivered through SPP can include: improved environmental performance, specifically reduced CO<sub>2</sub> emissions (global and local environmental goals); cost savings, namely the 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 competition; drive markets for innovative and sustainable solutions adapted to local contexts; encourage early engagement and dialogue with the market (within the boundaries of procurement rules) and enhance dialogue with civil society.

Although it is up to the countries and organizations to define the nature of their priorities, UNEP and the MTF Task Force on SPP recommend balancing environmental, social and economic considerations in the SPP policy mix.



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## ■ The importance of an enabling environment for the development and implementation of SPP policies

Political willingness and leadership



Senior level, influential champions help promote and embed SPP, while ensuring that resources are available for delivery. In addition, organizations that excel in sustainable procurement can demonstrate leadership by sharing best practice and encouraging others.

A strong political commitment at the highest level is necessary for the development and implementation of SPP policies and to carry out any necessary amendments to the legal procurement framework.

### Sustainable development strategy

The existence of a Sustainable Development strategy provides a good basis for the introduction of sustainable public procurement. In turn SPP policies help deliver Sustainable development objectives.

### Sustainable consumption and production strategy

In a given country, the implementation of a sustainable consumption and production (SCP) strategy has proven to facilitate a faster deployment of SPP since these strategies usually include an SPP component.

### Modernized public procurement

Modernized public procurement including the use

of e-procurement systems, framework agreements and centrally coordinated procurement tends to make sustainable public procurement easier to implement. Management and information systems that promote good public procurement also facilitate SPP, since good procurement is sustainable procurement.

Using the savings delivered through early sustainable public procurement activities to fund those that may require additional upfront investment can be a good way to kick-start SPP practices.

The deployment of SPP has proven to be complex wherever procurement departments are not well developed or where they are still working to bring greater transparency and better governance in public spending. In today's reality, procurement systems can legitimately and objectively recognize social and environmental considerations alongside those of transparency, non-discrimination and fair competition.

Many developing countries are currently going through a process of reform and modernization of their procurement process, granting the opportunity for SPP to be embedded in such reforms.

The World Bank and other multi-lateral development banks represent for a number of countries, an important source of technical support and funding for the modernization of public procurement systems. It is essential that the inclusion of sustainability issues be recognized by these organizations as a core component of the modernization of public procurement in the supported countries.



## ■ Key success factors for SPP implementation

### The key roles of the public procurement authority and of inter-ministerial / inter-stakeholders cooperation

In many countries, public procurement authorities have been established and are in charge of regulating the public procurement systems, training of procurers and developing and implementing of the procurement policy. As such they are an appropriate lead organization for the implementation of SPP. In the absence of a public procurement authority, other institutions such as the Ministry of Environment could lead on SPP implementation.



Alongside the public procurement authority, many institutions and organizations should play a key role in the development and implementation of SPP policies: Ministries of Environment, Industry, Social Affairs, Chamber of Commerce, NGOs, etc.

The MTF approach to SPP provides for the establishment of a National Focal Point (NFP) and a Steering Committee (SC) as central bodies in the institutional process of SPP implementation.

The National focal point is in charge of managing the implementation of the Approach in project countries.

It is recommended that wherever it is possible the public procurement authority be designated as the NFP.

The Steering Committee serves as a space of dialogue to strengthen and promote the adoption of a sustainable public procurement action plan. It oversees, legitimizes and institutionalizes the process, approving the various documents and actions arising from the application of the methodology.

Alongside the public procurement authority, the Steering Committee should include key government ministries and stakeholders that can represent and embody the country's social, economic and environmental policy priorities and interests.

A representative group will provide ownership, resulting in political buy-in from the engaged stakeholders. Steering Committee members should have a high political profile with technical and decision-making capacity in the institutions they represent.

The Steering Committee should include representatives of the micro, small and medium-sized business community as well as Chambers of Commerce and others representing larger corporations. In order to create synergies and raise awareness on SPP, it is also important that the Steering Committee involves universities and research centers active in the field of sustainability as well as unions and other civil society actors.

A multi-stakeholder Committee can prevent a bias in favor of environmental issues and ensures the balanced representation of all important aspects of sustainability.

### The importance of developing SPP policies

SPP can contribute, or be the main means, for the delivery of a wide range of government policy objectives. 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



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of policy development so that they can advise on implementation.

The MTF approach anticipates that the development of a policy proposal is made through the Steering Committee, for approval and ratification through each country's legal channel (parliamentary ratification, executive, presidential or ministerial).

Engaging in the process of SPP policy adoption should not stop a country from gradually starting SPP implementation. On the contrary, SPP policies and action plans can be informed by pilot schemes that incorporate environmental and social criteria in specific contracts, targeting in particular quick wins products and services. The experience gained through early implementation could provide evidence to support the political discussions.

### Developing and making increased use of supporting tools

Supporting instruments for SPP implementation include product guidance based on the principles of life cycle thinking as well as eco-labelling, eco-design and re-manufacturing tools and techniques. Implementation of SPP needs to take into account quality management systems, health and safety systems as well as environmental management systems.



### Facilitating access to capacity building tools and information resources

The MTF on SPP and UNEP recommend the establishment of an information clearing house in order to facilitate the access of SPP practitioners to the available capacity building tools and information resources. Such an online information repository could include resources such as contacts databases, guidance documents and product guidelines for procurers, SPP related pieces of legislations, e-training modules, reports, articles, studies, best practices, etc. Annual events could be organized to share experiences and best practices.

The online clearing house would not duplicate existing information systems but would rather ensure their inter-connection and inter-operability. Special emphasis should be given to the translation of SPP capacity building tools into the most widely spoken languages.

### Budgetary mechanisms and life cycle costing

Countries which are relatively advanced in the implementation of SPP have encountered barriers in relation to the way in which public expenditure is allocated. Amongst the issues identified are: the tension between capital and revenue budgets; failure to account for total costs of goods and services across several budgets; and short-term procurement planning horizons.

Political cycles often dictate investment decisions, which can pose a significant challenge for SPP since it requires long-term thinking and therefore long-term budgeting.

The principle of life cycle thinking should be applied throughout SPP, so that wherever possible, investment decisions and options appraisals take into account the lifespan of products and services.

The use of life cycle costing should be promoted in parallel with the reform of the budgetary mechanisms. Research work on the role of 'invest to save' and other funding mechanisms in delivering SPP should be encouraged.

### Build capacities on SPP

Training and capacity building is a key element throughout the SPP implementation process. The key aspects of SPP should be transmitted to all those involved in the process.

Capacity building programmes should include awareness raising sessions for policy makers and

Steering Committee members on the strategic value of SPP and on the MTF Approach to SPP.

A thorough training for government procurers on SPP should be integrated into existing programs and modules and supported where applicable by online education (e-learning) inclusive of case studies tailored to the reality of each country or region.

Training programmes should target suppliers, budget holders, technical specifiers, commissioners of services as well as those directly responsible for procurement. The selection process of trainees should be given careful attention.

The entire implementation process, including training and capacity building, requires robust monitoring and quality assurance. The results of these processes inform the review of policies and action plans, as well as ensuring that capacity building programmes continue to reflect the latest developments in SPP.

### Pursue the legal improvements conducive to SPP

The first results of the SPP project show that the existing legal frameworks do not prevent the implementation of sustainable public procurement.

While continuing to implement SPP within the existing legal boundaries, countries should pursue any necessary legal improvement to facilitate the integration of sustainability criteria into public procurement.

### Assessment, engagement and dialogue with the market

*Institutionalize forms of dialogue with the productive sector:* in order to promote public demand and supply of more sustainable products and services in the domestic market it is important to establish close cooperation between the productive sector and the public sector through various means and channels. The first steps can be the analysis of the markets' capability to produce sustainable goods and services and the establishment of an institutionalized and participatory dialogue process.

*Manage SPP in accordance and in support to the country's economic development strategy and market structure and potential:* SPP should be strongly linked to the existing economic development strategy of the country, using the purchasing power of the public sector to encourage the development of a national or regional market for sustainable products and services.

The selection of priority products and / or services should take into account the structure and market potential of each country. Prioritizing sustainable products with high export potential can also be considered a legitimate strategy by developing countries seeking to strengthen and green their economy.

*Promote ecolabels and all forms of certification:* the lack or weakness of environmental or social certification in a number of countries hampers the implementation of SPP..

Parallel to the implementation of SPP, the development of social and environmental certification, as well as additional resources for evaluating products and services over their whole life cycle should be considered.

### ■ Dispelling misconceptions regarding SPP

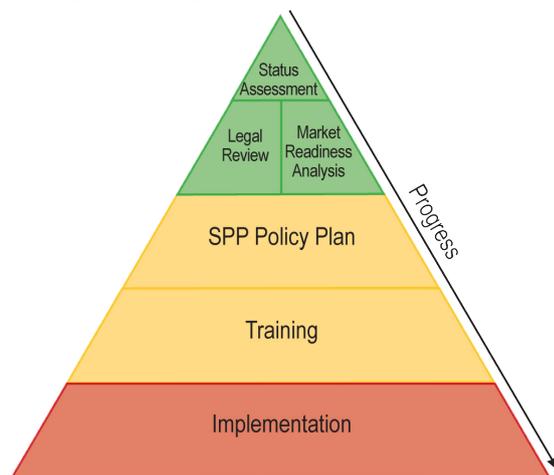


- There is an assumption that SPP will be more expensive than 'traditional' procurement. SPP does not need to cost more, particularly when total costs are calculated over the lifetime of products and services.
- Another common perception is that SPP is mainly concerned with the environment. This is far from the case and the project has shown that socio-economic objectives such as stimulation of local industries, the creation of jobs and the promotion of micro, small and medium-sized businesses are of importance to many countries starting to implement SPP.
- Far from excluding SMEs, SPP can in fact promote their role in the provision of sustainable products and services.
- SPP does not necessarily lead to an increase in imports from global supply

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chains. On the contrary, SPP can stimulate markets for technologies offering the sustainable outcomes required in a developing country, often using indigenous designs and materials.

- It is also very important to link a country's SPP policy to its national economic policies since public procurement has the capacity to drive markets towards sustainability and promote the productive and export capacities of green businesses.



## ■ The MTF Approach to SPP offers sufficient flexibility to accommodate various contexts

The strength of the MTF methodology lies in its holistic and flexible nature which allows for steady progress in implementation and horizontal cooperation between the participating entities in the project.

The approach is owned by the country concerned and is not designed to offer a 'one size fits all' solution. Project implementation and the implementation of SPP in day-to-day procurement both require flexibility in their application, in response to country circumstances and market conditions, for example.

The application of the prioritization component of the Approach has proved to be one of the core elements of the entire approach. It is a robust risk and opportunity-based method, allowing countries and organizations to focus on those products and services with the greatest sustainable development impact.

## ■ Role of regional and international cooperation

*Supporting exchanges and transfers of experience at the regional level:* the spread of SPP can be greatly facilitated by transfer of experiences and know how from more advanced to less advanced countries in SPP implementation as evidenced by the numerous and profitable exchanges which took place between pilot countries in the testing phase of the MTF Approach to SPP.

Exchanges and transfers of experience have proved to be particularly fruitful at the regional level where multilateral development banks and Regional economic commissions can provide support for such cooperation projects and where contexts and implementation conditions are often similar.

*Embedding SPP in the list of cooperation priorities:* bilateral cooperation agencies and other financing mechanisms should include the support to SPP implementation in the list of their priorities.

The European Union and the OECD are already playing a leading role by encouraging candidate countries and project recipients to include sustainability concerns in their public procurement.

## ■ Conclusion

SPP is increasingly being recognized as a legitimate and appropriate means of addressing the growing challenges of poverty eradication, wealth creation and climate change, amongst others. However, even in the most advanced countries, SPP is still work in progress and an evolving practice. Throughout the world, further effort and resources will be required to ensure that the benefits of SPP are captured and equally disseminated to all countries.

UNEP is dedicated to pursue its work of accompaniment of SPP implementation in developing countries and will continue to share the lessons learned in the framework of international processes such as CSD and Rio+20.



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