

Introduction to Sustainable Public Procurement



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- ▶ Key Concepts and Objectives of Sustainable Public Procurement
- ▶ Life Cycle Thinking and Ecolabels
- ▶ Integration of SPP in PP
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Sustainable Public Procurement (SPP)

“A process whereby **public organizations meet their needs** for goods, services, works and utilities in a way that achieves value for money on a **whole life cycle basis** in terms of **generating benefits not only to the organization, but also to society and the economy**, whilst significantly **reducing negative impacts on the environment.**”¹



- TERI Policy Brief, August 2013

Note that the term Green Public Procurement (GPP) focuses only on environmental objectives

Why SPP?

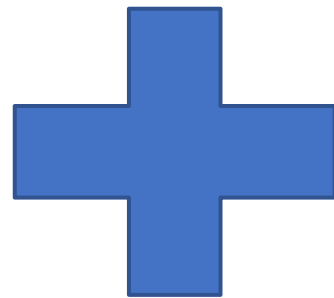
The underlying idea of SPP is to implement regulatory policies in order to spur market-driven innovation & create incentives for continuous improvement of the environmental and social performance



सत्यमेव जयते

Government

Regulatory
Power



Purchasing
Power

Market

Decoupling Growth
from Resource Use

Leapfrogging using
Cleaner Technology

SPP influences production and consumption patterns towards sustainability

Objectives of Sustainable Public Procurement (SPP)



Economic

- Promoting local economic development
- Reduced cost
- Reduced risks



Environmental

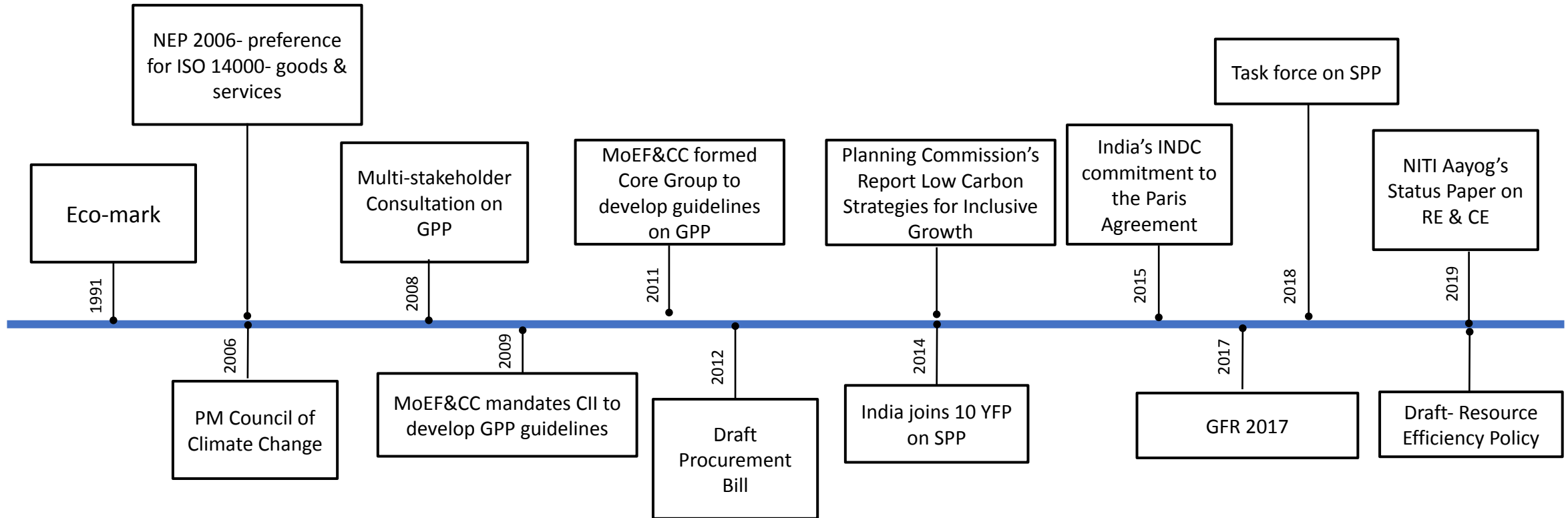
- Reducing soil, water & air pollution
- Reducing energy consumption & climate change
- Reducing materials, packaging & waste



Social

- Ensuring a strong & healthy society
- Protecting human health
- Promoting fair working conditions

Evolution of SPP Strategy in India



Current Status of SPP in India – Central & State Level

- ▶ There is **no central legislation** exclusively governing SPP in India
- ▶ Government of India **introduced the Draft Public Procurement Bill (2012)**
 - ▶ Environmental characteristics of a product as an evaluation criterion for procurement
 - ▶ It got rejected in Lok Sabha
- ▶ SPP at State Level
 - ▶ **Tamil Nadu, Karnataka, Andhra Pradesh, Assam** and **Rajasthan** have enacted state-specific legislation.
- ▶ A **Taskforce on SPP was created** by the Department of Expenditure, Ministry of Finance in 2018
- ▶ Include joint secretaries, directors-general, or other representatives from Confederation of Indian Industry (CII), Department of Expenditure, Ministry of Finance, Ministry of Environment, Forest and Climate Change (MoEFCC), **Ministry of Railways (MoR)**, Bureau of Indian Standards, Bureau of Energy Efficiency, Dedicated Freight Corridor Corporation of India, and the Public Procurement Division
- ▶ <https://doe.gov.in/sites/default/files/Task%20Force%20on%20Sustainable%20Public%20Procurement.pdf>, accessed 7th June 2020

Current Status of SPP in India – Central & State Level

Terms of Reference (ToR) to be followed by the Task Force on Sustainable Public Procurement (SPP)

- Review international best practices in the area of Sustainable Public Procurement
- Inventorize the current status of SPP in India across Government organizations
- Prepare a draft Sustainable Procurement Action Plan (the draft Sustainable Procurement Action Plan is left to be prepared)
- Recommend an initial set of product / service categories (along with their specifications), where SPP can be implemented.

Task Force on Sustainable Public Procurement (2018). Department of Expenditure: Ministry of Finance, Government of India. Retrieved from <https://pib.gov.in/newsite/PrintRelease.aspx?relid=199727>

Lok Sabha Question No. 1840 (2020). Ministry of Finance, Government of India. Retrieved from <http://loksabhaph.nic.in/Questions/QResult15.aspx?qref=12994&lsno=17>

General Financial Rules (2017)

- ▶ Provisions in the GFR facilitate the procurement of sustainable products by public sector
 - ▶ Rule 173 (xi) – Criteria for determining the responsiveness of bids should consider elements such as performance/efficiency/environmental characteristics;
 - ▶ Rule 136 (iii) – While designing the projects, principles of Life Cycle cost may also be considered
- ▶ Star Rating Certification
 - ▶ Rule 173 (xvii) of GFR, 2017 states that Ministries/Departments while procuring electrical appliances shall ensure notified threshold or higher Star Rating of BEE;
 - ▶ Depicts that purchase is done on the basis of Value for Money and not on the basis of L-1

Other Important Guidelines

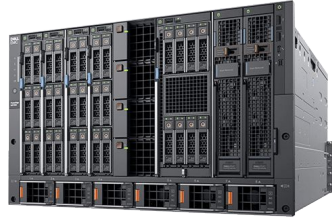
▶ **Manual for Procurement of Goods, 2017**

- ▶ Guidelines for the purchase of goods. Addresses energy, environment and compliance related expectations.

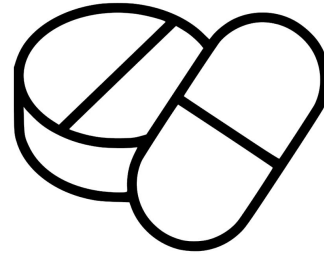
▶ **Delegation of Financial Powers Rules, 1978 (DFPR)**

- ▶ Specifications for the acquisition of Environmentally friendly products through the use of ISO 14020 or voluntary environmental standards (as per clause 2.2 Technical specifications ix).

Prioritisation of Products for SPP in India



IT Equipment



Pharmaceuticals
(Bulk Drugs)



Office Furniture



Paper

Seven product categories are covered



Lighting



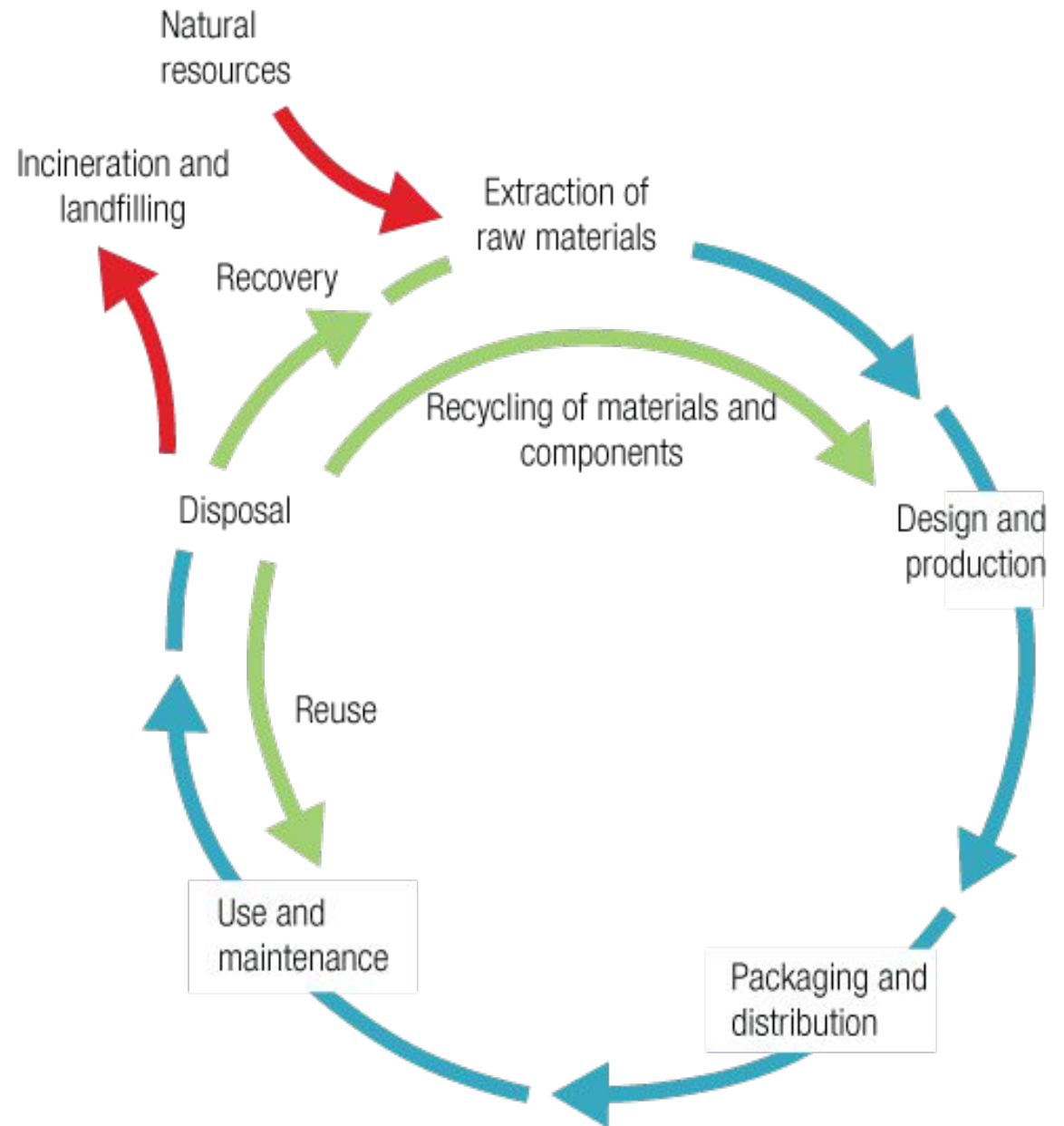
Public Works



Electrical
Appliances

Life Cycle Thinking

- ▶ Life cycle thinking means **accounting for economic, environmental and social impacts** across all stages of a product or process life cycle



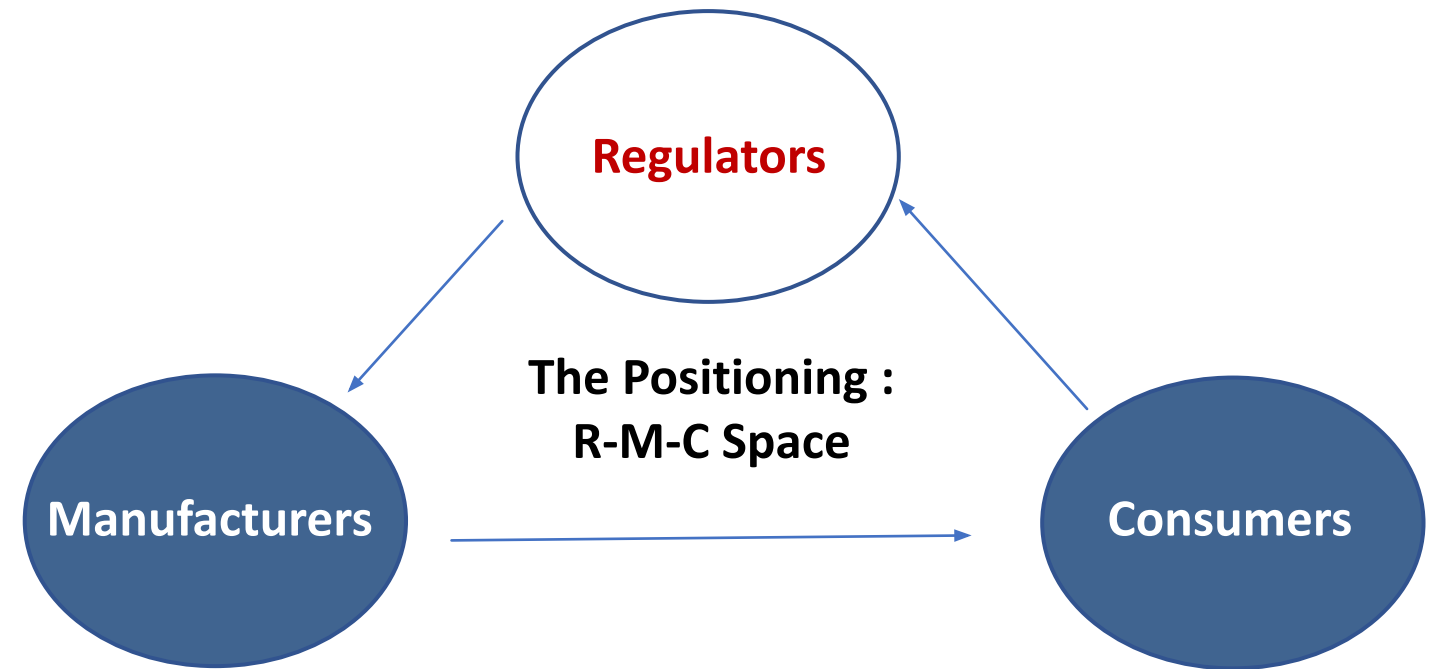
A Typical Product Lifecycle Diagram

Technical Specifications : Case of Paper

Item No.	Name of Goods & Related Service	Technical Specifications and Standards
8	Bristol Paper Red, 250gsm (570x730)mm	<p>This item is used for the printing of confidential file covers. A red colour Bristol paper is required for that purpose. The substrate should have a good bending resistance. They should not crush while creasing</p>
9, 10, 11, 12, 13, 14, 15	Bristol Paper 320gsm, different colours, (570x730)mm	<p>These items will be required for the printing of file covers. The substrate should have a good bending resistance. They should not crush while creasing.</p>
19	<p>Manifold Paper 60gsm, green (640x900)mm</p> <div data-bbox="338 889 935 986" style="border: 1px solid orange; padding: 5px; margin: 10px 0;"> <p>? Biodegradability</p> </div> <div data-bbox="550 1015 1146 1190" style="border: 1px solid orange; padding: 5px; margin: 10px 0;"> <p>? Can the paper be recycled</p> </div>	<p>This item is meant for the printing of National Lottery Tickets. <u>The substrate should tolerate the following:</u></p> <ul style="list-style-type: none"> <li data-bbox="1276 919 1819 965"><u>(i) 54 numbering machines;</u> <li data-bbox="1276 1019 1765 1065"><u>(ii) Recto and verso print;</u> <li data-bbox="1276 1119 1658 1165"><u>(iii) Invisible ink; and</u> <li data-bbox="1276 1219 1684 1265"><u>(iv) Perforating Rule.</u> <div data-bbox="1888 875 2484 1051" style="border: 1px solid orange; padding: 5px; margin: 10px 0;"> <p>? Is the paper free from EC</p> </div> <div data-bbox="1888 1086 2484 1336" style="border: 1px solid orange; padding: 5px; margin: 10px 0;"> <p>? Where does the virgin materials come from</p> </div>

Use of Ecolabels

- ▶ An ecolabel identifies products or services proven environmentally preferable overall, within a specific product or service category. Global Ecolabelling Network members operate some of the world's strongest ecolabels

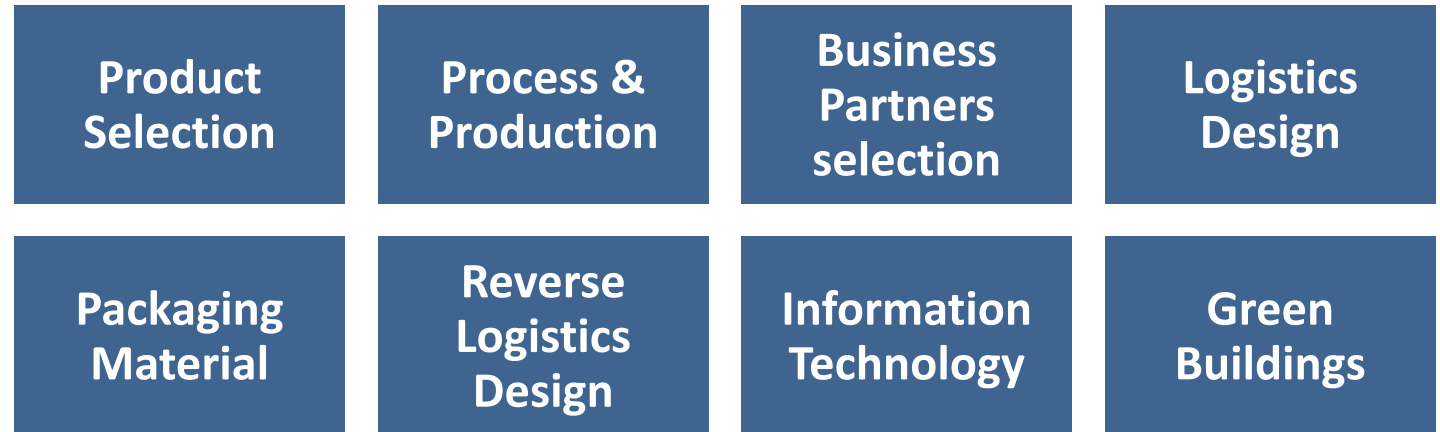


There are 3 main types of ecolabels guided by ISO 14024, ISO 14021 and ISO 14025 respectively.

Other Types of Ecolabels – Energy Star, ISEAL labels etc.

Greening of Supply Chain

- ▶ Green Supply Chain Management is all about delivering products and services from suppliers, manufacturers to end customers through material flow, information flow and cash flow in the context of sustainability



Ways to build Green Supply Chain

Indian Railways' Green Interventions towards SPP

Design and installation of bio-toilets

Introduction of paperless e-ticketing

Use of compostable plates in catering

Installation of Water Vending Machines (WVM) at stations

Promotion of water recycling after washing coaches automatically

Use of biodiesel, & other alternative eco-friendly fuels

IGBC Green Railway Stations and Railway Building Rating System



IR's Interventions towards SPP: Use of Compostable Plates

- ▶ Passengers are served meals in compostable plates and bowls in place of polymer ones
 - ▶ **Supplier** – Yash Papers based in Faridabad
 - ▶ **Brand Name** – CHUK
 - ▶ **Introduced in** – 2018
 - ▶ **Trains in which introduced** – Various Shatabdi, Duronto and Rajdhani trains
- ▶ **Product details** –
 - ▶ Sugarcane fiber is used. Completely chemical free
 - ▶ Lightweight, flexible and leak proof
 - ▶ Decomposes in 60-90 days after being disposed



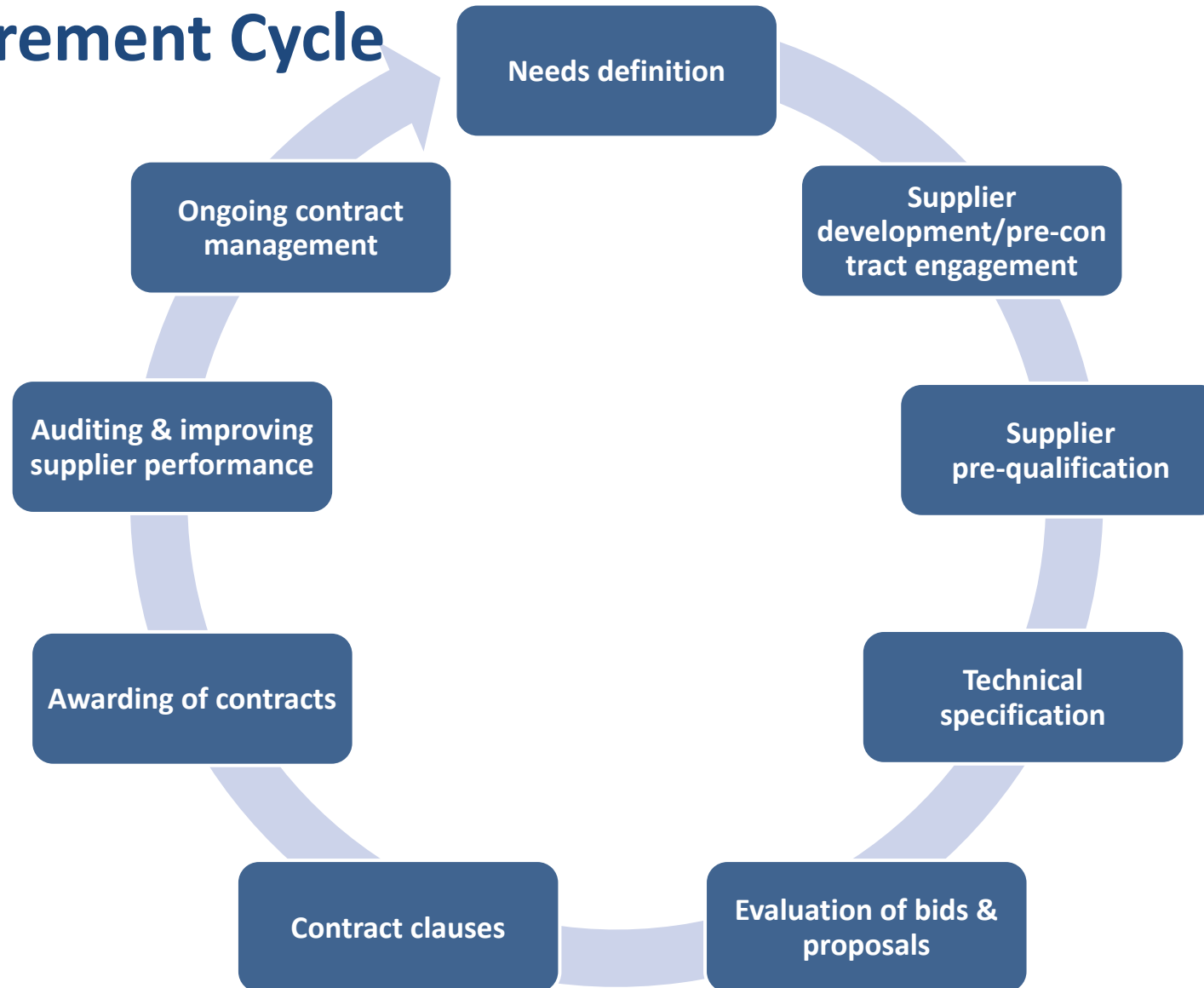
Case Study of Implementation of SPP in India – BHEL

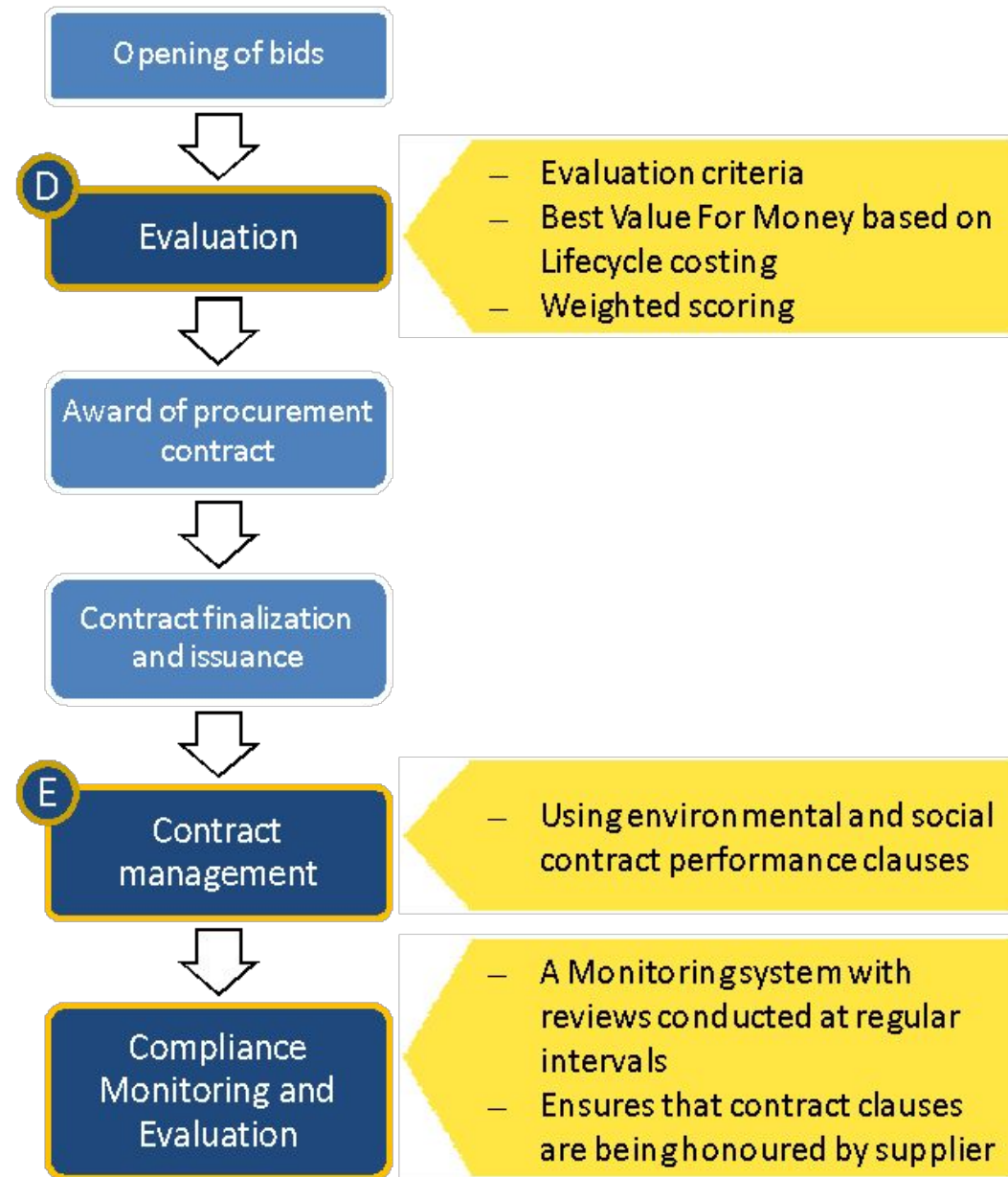
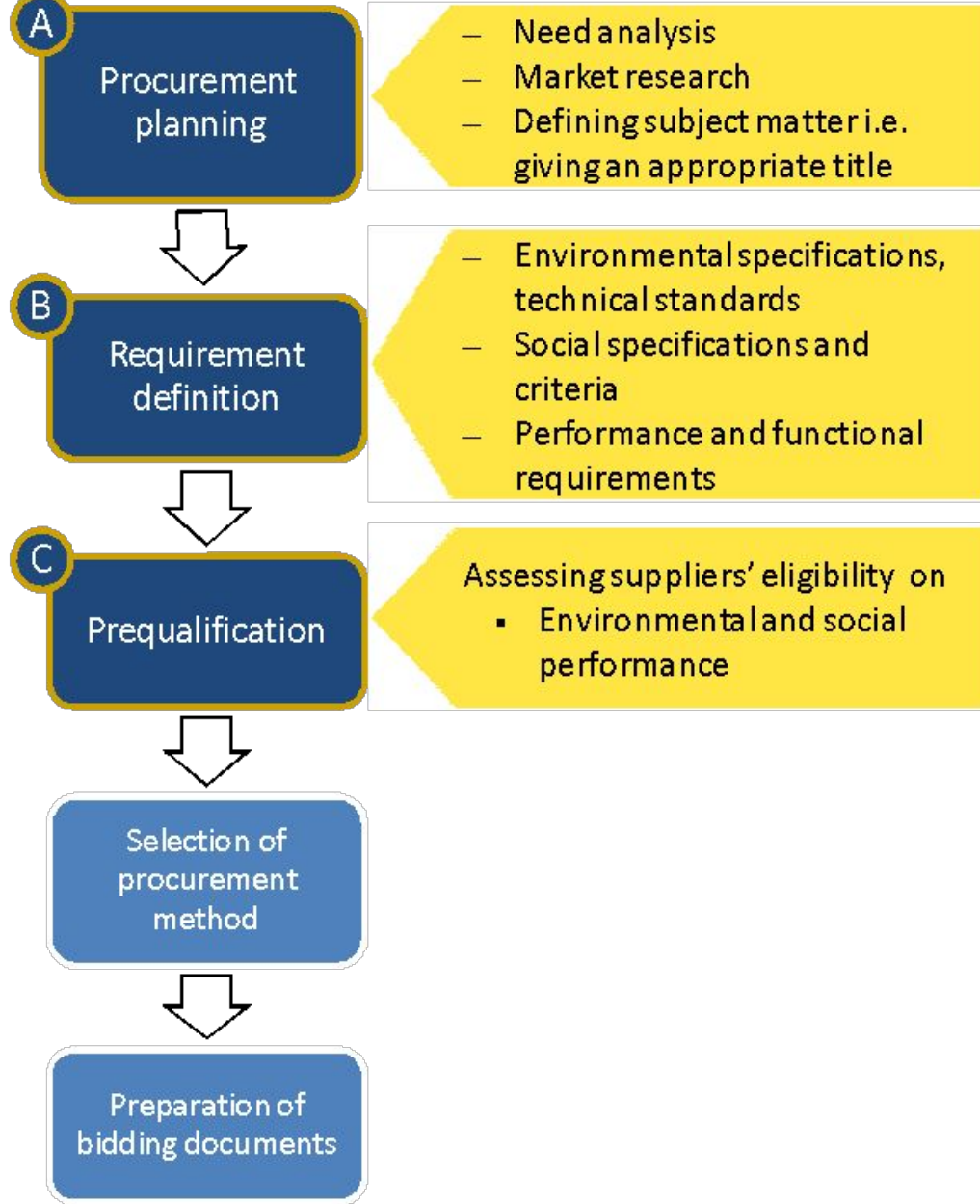
- **Micro and Small Enterprises (MSEs) and local suppliers** in and around the manufacturing units are part of BHEL's supply chain
- **Regular Vendor Meets and Supplier development programs** are organized
- Many of BHEL's manufacturing units have their own foundry shop wherein mild steel scraps/off-cuts are recycled
- **BHEL recycled/reused nearly 3-5% of its materials as recycled input materials**
- **For packing and other activities, reusable materials are being used.**
- While all the manufacturing units and other entities of the company have been accredited to Quality Management Systems (ISO 9001:2008), major manufacturing units have also been **accredited to Environmental Management Systems (ISO 14001:2004) and Occupational Health & Safety Management Systems (OHSAS 18001:2007).**

Case Study of Implementation of SPP in India – Tech Mahindra

- Encourages its suppliers to deliver products/services with minimal negative impact on environment and adopt safe practices in the cycle from production to delivery.
- **Preference is given to products that are eco-friendly, energy efficient and less polluting.** Clean technology and/or clean fuels are used.
- **Waste Management System** – disposes goods to authorized agencies in environmentally friendly manner.
- Its array of products are water efficient and reduce water use, and are less toxic.
- Constantly monitors, evaluates sustainability performance and identify improvement opportunities. **It also encourages logistics optimization** and waste reduction.
- Promotes a safe and healthy workplace for its employees.

Typical Procurement Cycle





Transitioning towards SPP

Indicators Used to Track SPP (1/2)

a) Policies/Laws/Plans

- Incorporation of SPP into National Action Plans or other national objectives
- Existence of SPP specific mandates and who must meet them
- Existence of SPP targets or other commitments
- Extent to which SPP requirements are mandatory or voluntary
- Whether SPP is integrated into procurement regulations
- Whether SPP is integrated into environmental regulations, policies
- Ministries engaged in the design and implementation of SPP policies

b) Implementation Activities

- SPP as a percentage of total public procurement (in terms of monetary value)
- SPP as a percentage of total public procurement (in terms of the number of contracts)
- The environmental impact of SPP in terms of CO2 emissions/ resource efficiency
- The financial impact of SPP in terms of the lifecycle costs

Indicators Used to Track SPP (2/2)

c) Impact Indicators

- % of environmental impact of SPP in terms of CO2 emissions/ resource efficiency
- % of financial impact of SPP in terms of the lifecycle costs
- The number of green products on the market before & after a given SPP policy is enacted, for example, as measured by the number of certified products in a given product category and/or market share.



Engraving Sustainability in the Community through SPP

SPP policies can be mandatory, voluntary, or a mix of both

- ▶ When they are a mix, SPP is mandatory at the national level, and voluntary for regional and local public authorities (e.g. Finland, Japan or Slovakia).
- ▶ In some cases, SPP policies are mandatory for certain priority product groups or for a single environmental or socio-economic issue. This applies to most Asian, Northern American, and European national governments.
- ▶ Voluntary application of SPP policies is more common in Latin America and in some European national governments such as Croatia, Spain, and Switzerland.

ISO 20400

- ▶ A new standard, ISO 20400, Sustainable procurement – Guidance provides guidelines for organizations wanting to integrate sustainability into their procurement processes.
- ▶ Launched in April 2017. “Sustainable procurement is a key aspect of social responsibility, thus ISO 20400 complements ISO 26000,.”



One of the new trends is looking at sustainable public procurement far more strategically and embedding it more into governments' policies and, most importantly, action plans.

- ▶ The most common form of target consists in setting a quantitative goal on the proportion of purchases driven by SPP principles.

International Case Studies - Japan

- ▶ Key factors for success
 - ▶ Act on Promoting Green Purchasing
 - ▶ Japan's Green Purchasing Network
 - ▶ Responsibility of each organization to develop and publish a GPP policy, implement it, track purchasing records and report them publicly
 - ▶ Open publication of the GPP results by local authorities
 - ▶ **Monitoring the level of green purchases**

- ✓ **SPP Institutionalization**
- ✓ **Sustainable products, services or works purchased**

Region: Asia, Japan

Promoter: Government of Japan, Ministry of Environment

Targeted Public Administrations: All Levels

Enforcement: Mandatory for the Central Government (ministries and Incorporated Administrative Agencies); Voluntary for local authorities (prefectures, cities, towns and villages)

Role of SPP in Sustainable Development

10-Year Framework of Programmes on Sustainable Consumption and Production (10YFP12) established a programme on SPP in April 2014. UNEP co-led the programme with Korea Environmental Industry & Technology Institute (KEITI) and ICLEI – Local Governments for Sustainability.

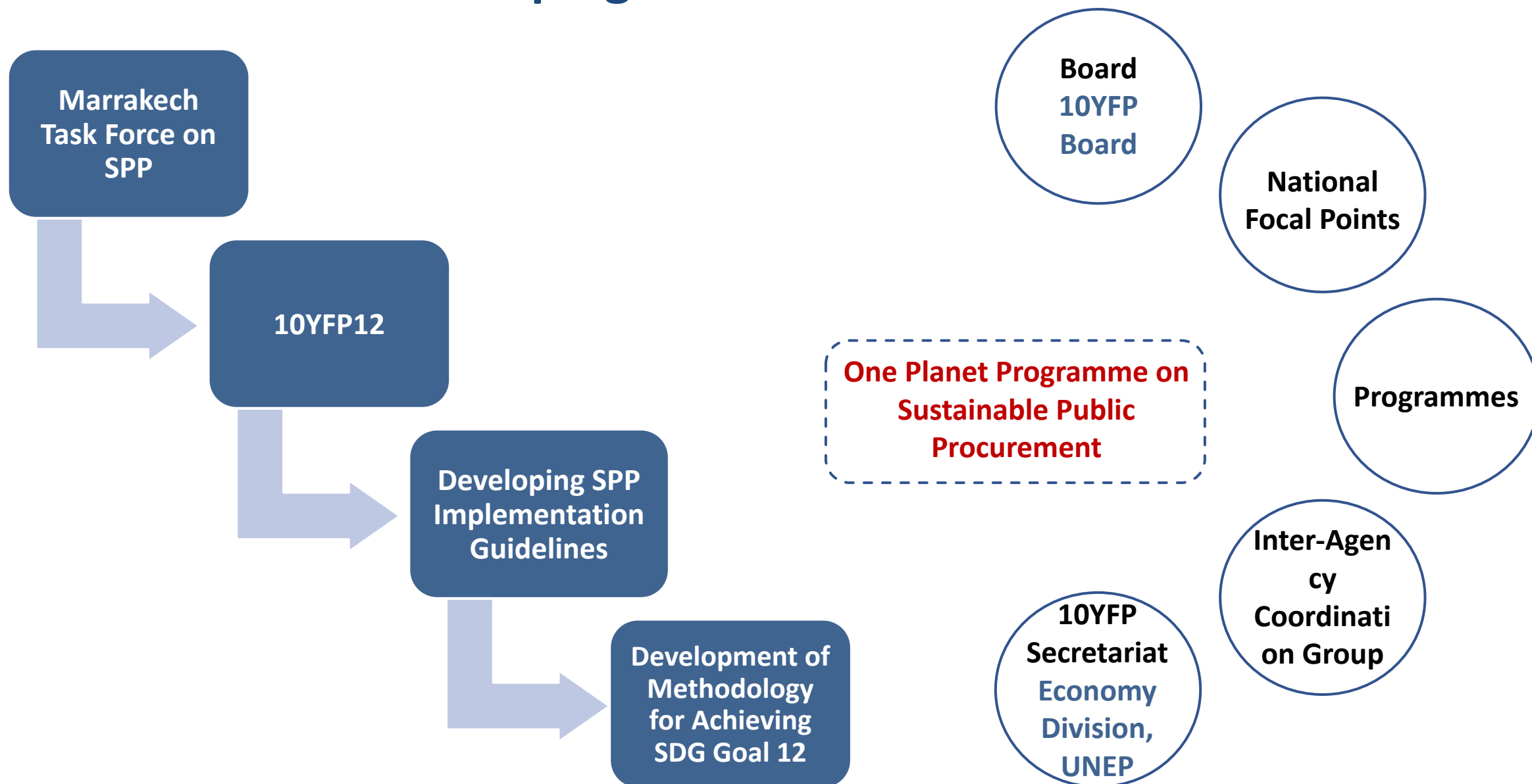
Sustainable Development Goal (SDG) 12.7
pertains to SPP

Promote public procurement practices that are sustainable in accordance with national policies and priorities



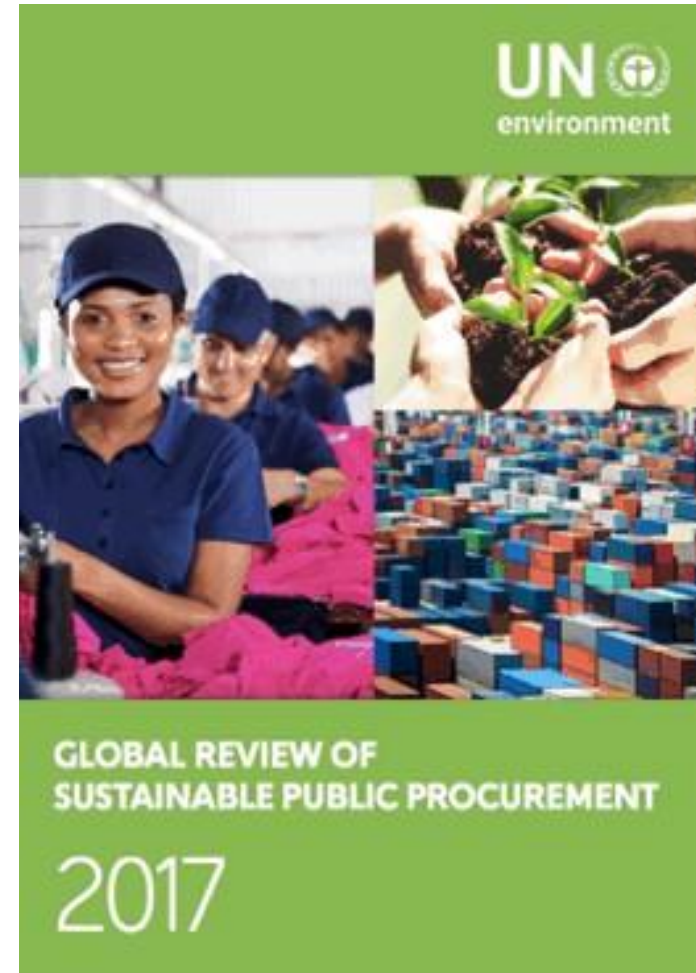
SPP and related SDGs

Role of UNEP – Developing SPP Guidelines



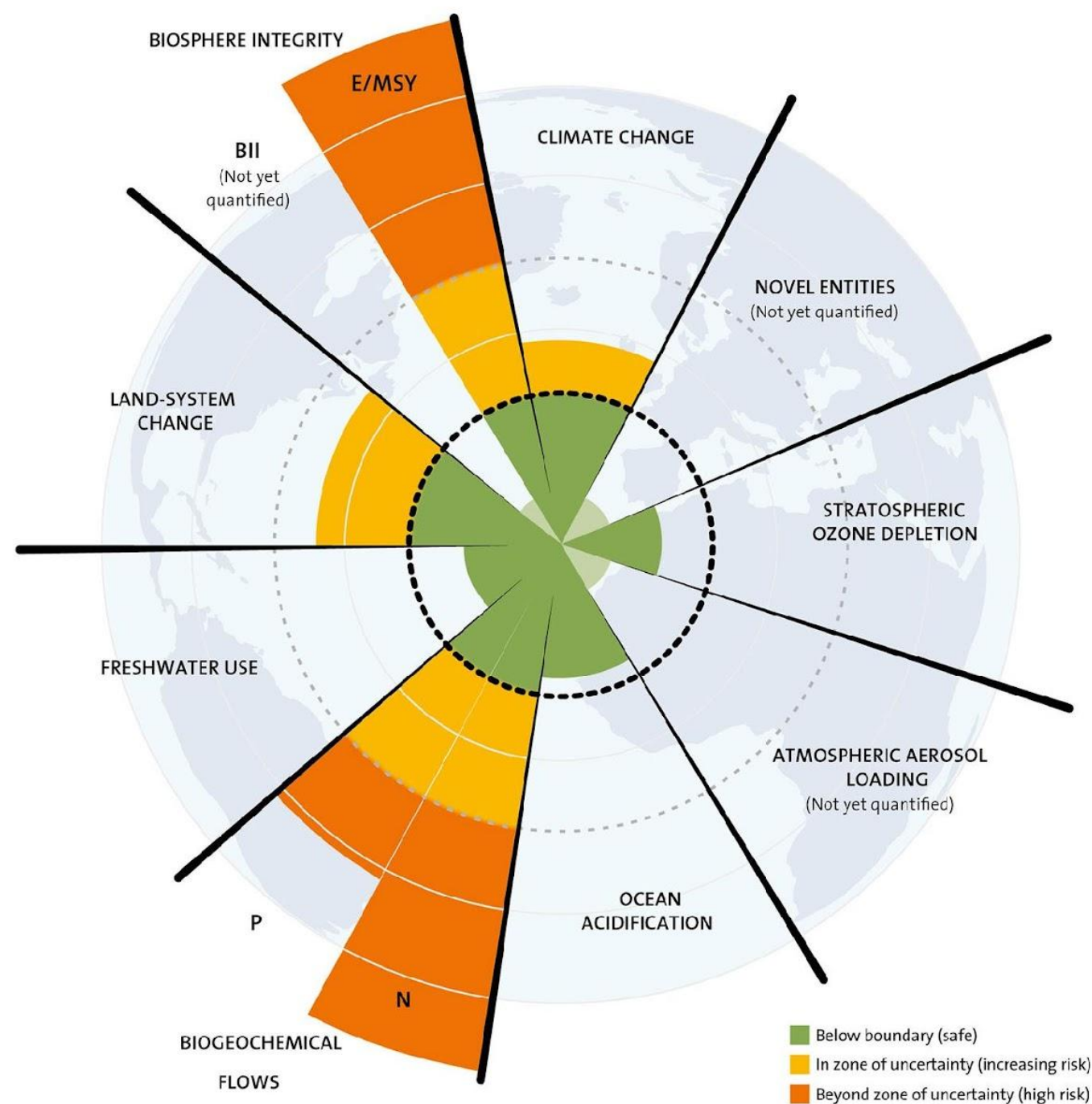
2017 Global Review of SPP: objectives

- ▶ Investigation of the current 'state-of-play' in national government sustainable purchasing activities around the world, highlighting recent activity, trends, challenges and opportunities



SPP and Planetary Boundaries

- ▶ Nine key processes regulate the stability and resilience of the Earth system
- ▶ Crossing the quantitative planetary boundaries proposed by scientists increases the risk of generating large-scale abrupt or irreversible environmental changes.
- ▶ Sustainable Public Procurement (SPP) is one of the key drivers to sustain progress that respects planetary boundaries in line with the Sustainable Development Goals (SDGs)



Planetary Boundaries and 9 Key Processes

Thank you



Ministry of Environment, Forest
and Climate Change



Indian Railways
Lifeline to the nation...



**NATIONAL ACADEMY
OF INDIAN RAILWAYS**
Ministry of Railways - Government of India