SUSTAINABLE DEVELOPMENT GOAL INDICATOR 12.7.1.

Main concept, methodology and reporting process

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Presentation Contents

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I. Introduction to Sustainable Public Procurement (SPP)

UNITED NATIONS SUSTAINABLE DEVELOPMENT SUMMIT 2015
25-27 SEPTEMBER

SDG 12.7: Promote public procurement practices that are sustainable, in accordance with national policies and priorities

SDG 12

- **Goal 12:** Ensure sustainable consumption and production patterns

- **Target 12.7**: Promote public procurement practices that are sustainable in accordance with national policies and priorities

- **Indicator 12.7.1** Number of countries implementing sustainable public procurement policies and action plans

Part 1. Introduction to Sustainable Public Procurement

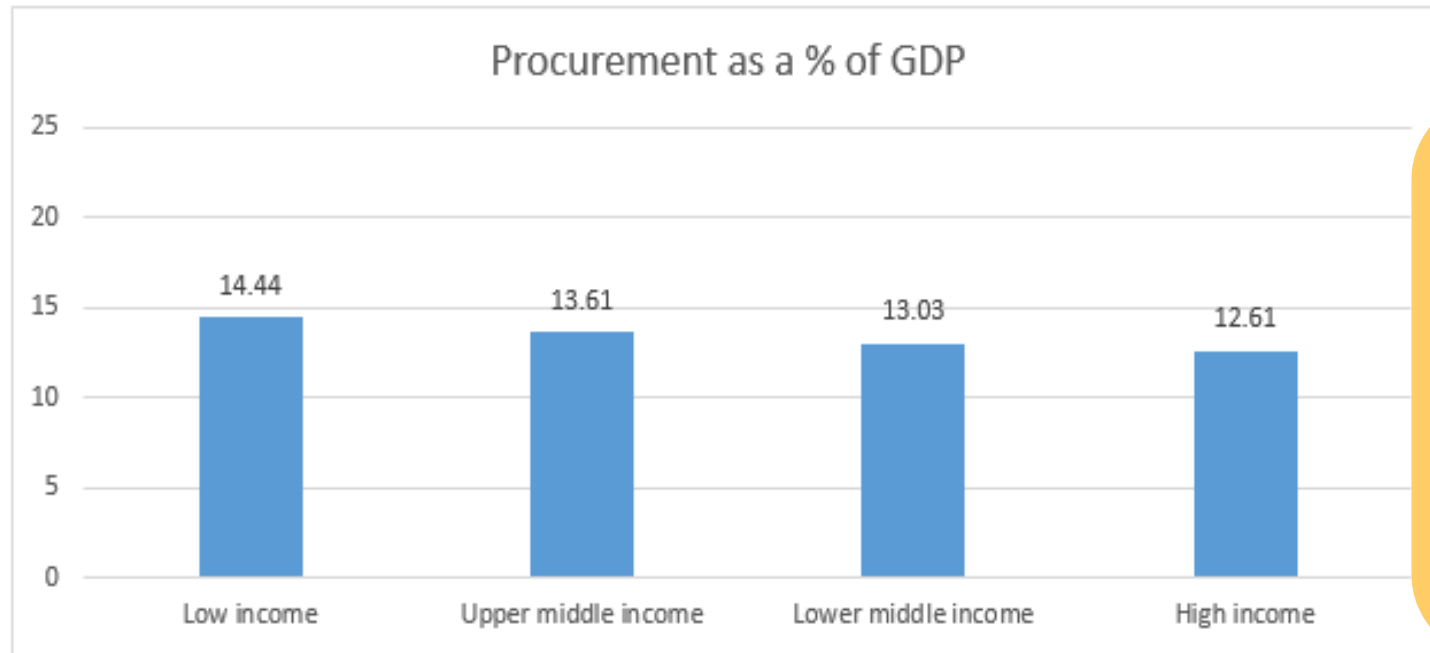## What is Sustainable Public Procurement?

Beginnings

❖ It is nothing new

❖ First experiences in 19th and 20th centuries

❖ Addressing social justice issues

　　❖ Fair working conditions

　　❖ Fair pay

　　❖ Integration of the disabled

❖ In parallel to the Welfare State

Beginnings

❖Progressive extension to other fields
  ❖Promotion/protection of disadvantaged groups
  ❖Anti-discrimination

❖Progressive concern for environmental degradation and its effect on social health and development

Why Sustainable Public Procurement?

Procurement as a % of GDP

Graph: Procurement as % of GDP in low-income, lower middle income, upper middle income and high-income countries (World Bank 2016)

13% of GDP in OECD countries (2015)
10-15% of GDP assumed as the worldwide average (2015)
16% of GDP in the EU (2017)

EU: 2 trillion euros   US: 1.7 trillion USD

Sources: WTO, 2015; Eurostat, 2017; European Commission 2018

Resource Consumption

Two Cups of Coffee a Day

> 129 liters of coffee a year.
> 8 kilograms of coffee beans
> **5.5 kilograms of fertilizer**
> **A few grams of highly toxic pesticides**
> 19.5 kilograms of coffee pulp
> **Clear cutting of forests to grow even more coffee**

Source: Scott Case

Resource Consumption

One ton of virgin paper requires 98 tons of resources to produce.

Every single purchase has hidden human health, environmental, and social impacts throughout the entire supply chain.

PLASTIC POLLUTION: HEALTHCARE WASTE

DEFORESTATION: PALM OIL / RUBBER PLANTATIONS

OVERFISHING

DISCRIMINATION

CONFLICT MINERALS, SLAVERY

NHS admits doctors may be using tools made by children in Pakistan

Impacts & Opportunities

Environmental	Social	Economic
Environmental factors affect the natural systems on which **life** depends, now and in the future.	Social factors affect the social systems on which **communities** depend, now and in the future.	Economic factors affect the health of the markets on which **commerce** depends, now and in the future.
+ biodiversity preservation + climate adaptation + resource optimization + soil health stewardship - acidification - desertification - eutrophication - freshwater pollution - greenhouse gas emissions - habitat depletion - human health impacts - land use change - marine pollution - ozone depletion - radiation pollution - resource depletion - smog - waste - water consumption	+ anti-discrimination + community engagement + diversity/equal opportunity + employee engagement + equal remuneration + fair trade + freedom of association + grievance & remedy processes + human rights + indigenous rights + occupational health & safety + right to collective bargaining + sustainable compensation + training and education + worker rights - child labor - forced/compulsory labor - human trafficking - sourcing from conflict zones	+ fair dealings + innovation research / investment + open competition + transparency of information + use of diverse suppliers + use of HUB zones + use of local suppliers - conflicts of interest - corruption (bribery, extortion…) - dividing territories - dumping - exclusive dealing - misleading market claims - monopoly (seller collusion) - monopsony (buyer collusion) - patent misuse - price fixing - product tying - refusal to deal

Source: SPLC

Definition of SP

Sustainable Procurement (SP) is

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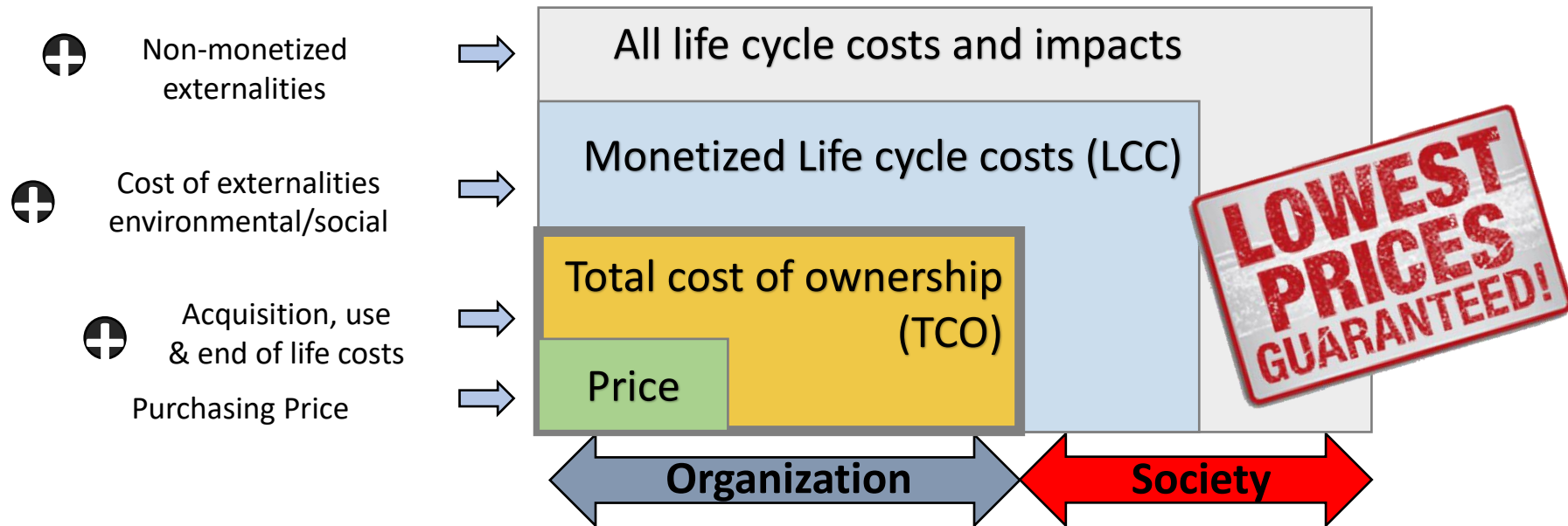
Definition of GPP

Green Public Procurement (GPP) is

> "*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*".

Definition adopted by the European Commission

Life Cycle Costing

- ⊕ Non-monetized externalities → All life cycle costs and impacts
- ⊕ Cost of externalities environmental/social → Monetized Life cycle costs (LCC)
- ⊕ Acquisition, use & end of life costs → Total cost of ownership (TCO)
- Purchasing Price → Price

Organization ←→ Society

LOWEST PRICES GUARANTEED!

Source: UN Environment / ISO 20400

Sustainable procurement is about buying better products from better companies

Price, Performance, & availability
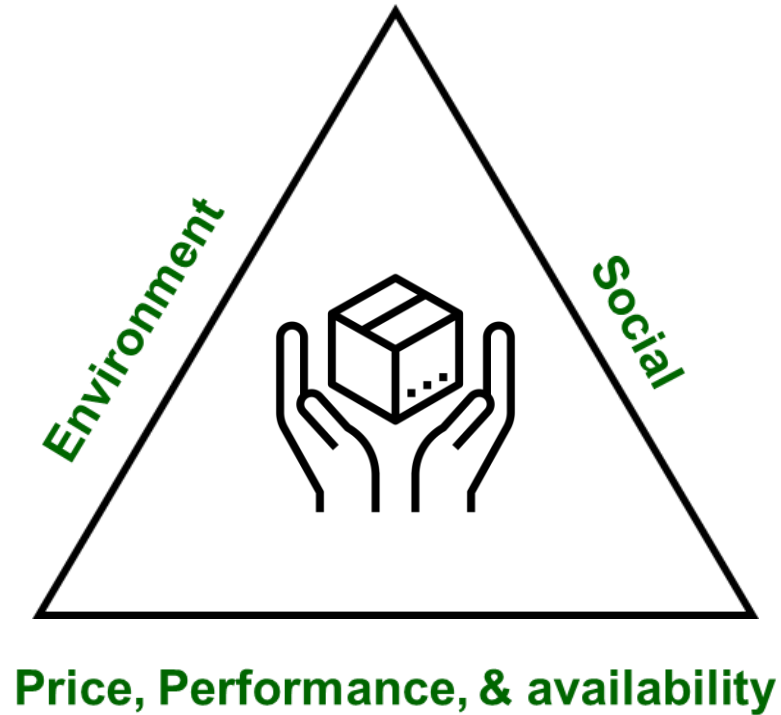
What is a more sustainable product?

- Challenge to define

- Products that have a reduced environmental or social impact along their lifecycle

- Ecolabels – information tools that help to identify and choose more sustainable products

What is a 'Green' Product?

- Can be recycled
- Have a recycled content
- Be energy efficient
- Emission reducing
- Re-usable
- Biodegradable
- Organic

Type I Ecolabelling

Only the best products can be granted the use of the logo; Consumers may buy these products without doubt.
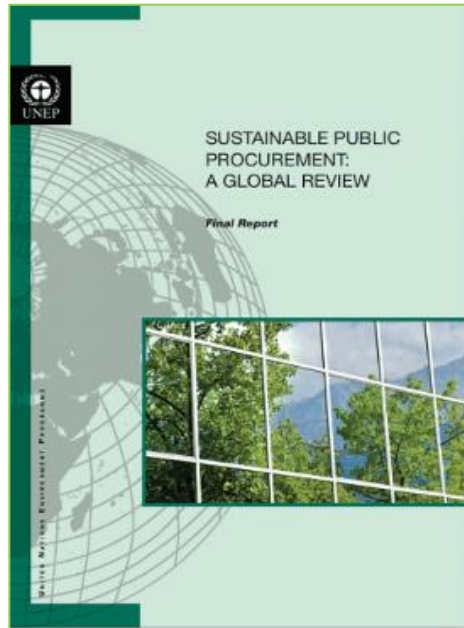
Part 2. overview of SPP implementation

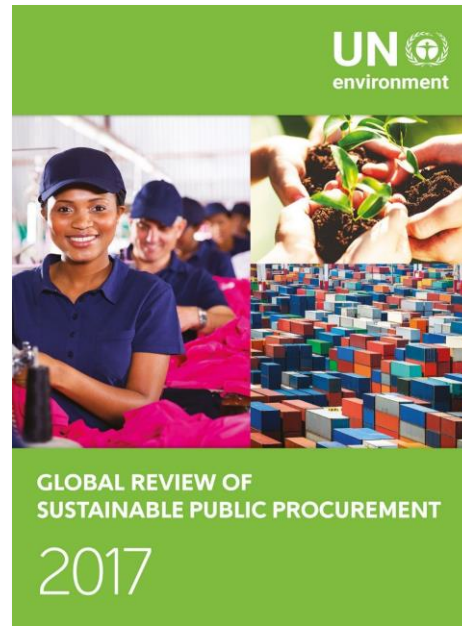A **global report** periodically reviewing the implementation of SPP

2013 Global SPP Review

http://www.scpclearinghouse.org/resource/sustainable-public-procurement-global-review-2013
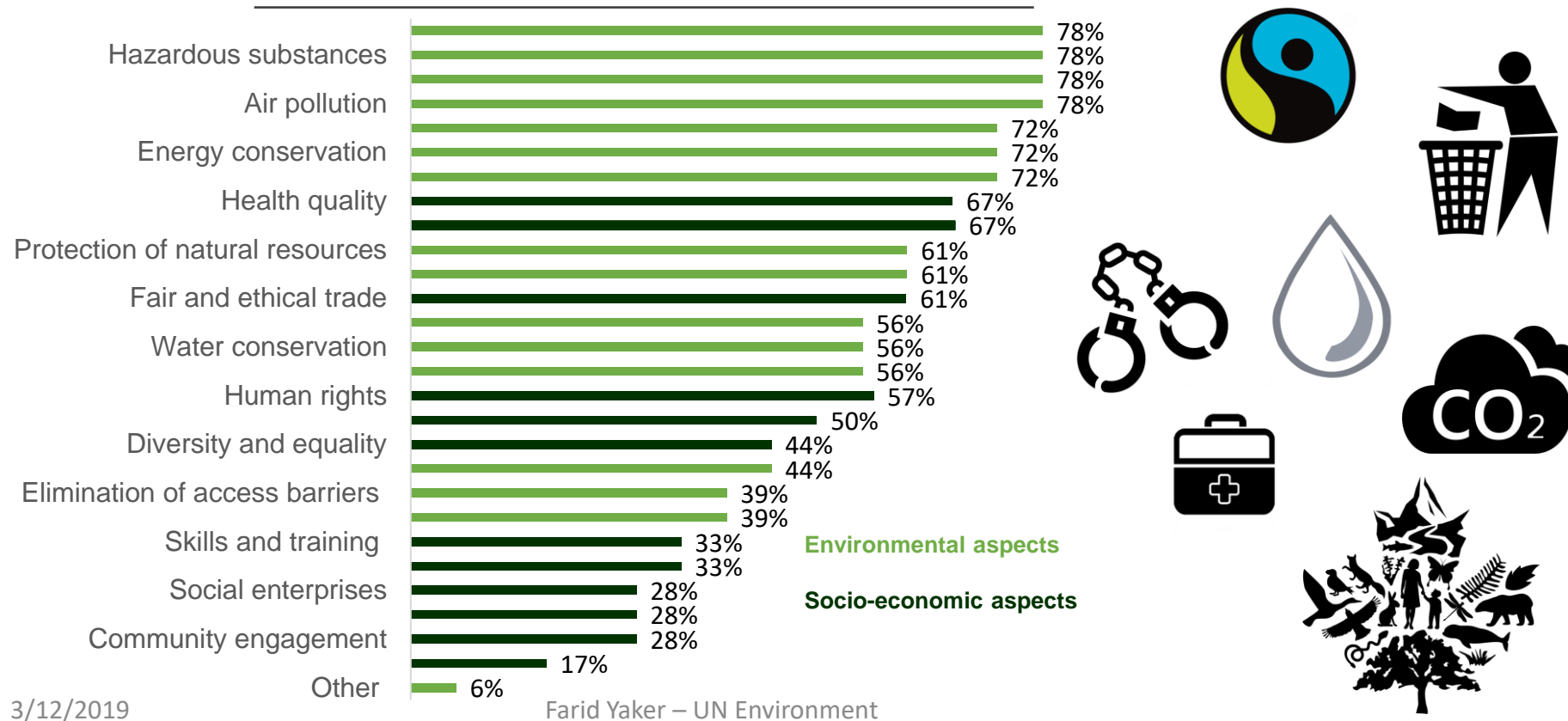
2017 Global SPP Review

http://www.scpclearinghouse.org/resource/2017-global-review-sustainable-public-procurement

2021 Global SPP Review

2021

GLOBAL REVIEW OF SUSTAINABLE PUBLIC PROCUREMENT

Sustainability aspects addressed by SPP policies

Aspect	Value
Hazardous substances	78%
	78%
Air pollution	78%
	78%
Energy conservation	72%
	72%
Health quality	72%
	67%
Protection of natural resources	67%
	61%
Fair and ethical trade	61%
	61%
Water conservation	56%
	56%
Human rights	56%
	57%
Diversity and equality	50%
	44%
Elimination of access barriers	44%
	39%
Skills and training	39%
	33%
Social enterprises	33%
	28%
Community engagement	28%
	28%
	17%
Other	6%

Environmental aspects

Socio-economic aspects

3/12/2019

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24

Categories of products prioritized by SPP policies

56% of governments prioritize certain product categories.

Which categories of products, services and works are prioritised?

Category	Percentage
Office IT	89%
Office paper and stationery	85%
Vehicles	70%
Cleaning	67%
Furniture	63%
Buidling design and construction	59%
Building equipment	59%
Building materials	52%
Energy	52%
Textiles	52%
Food and catering	44%
Chemical products	37%
Household appliances	37%
Infrastructure design and construction	33%
Waste collection and street cleaning	22%
Travel services	15%
Works execution	15%

Global Review of SPP, 2017

Barriers to SPP

33%	Perception that sustainable products and/or services are more expensive
33%	Lack of expertise on SP implementation
30%	Lack of policy commitments/goals/action plans
28%	Lack of strong political and organizational leadership on SP
28%	Lack of mandatory SP rules/legislation
26%	Lack of sustainable products and/or services to purchase
25%	Insufficient monitoring, evaluation and/or enforcement of SP policies
22%	Competing procurement policies
22%	Competing procurement priorities

Barriers to SPP/GPP (as perceived by survey respondents)
Global review of Sustainable Public Procurement, UNEP 2017

SPP IN NATIONAL GOVERNMENTS

Participating countries in
2017 UNEP SPP Country Factsheets

Participating countries in
2017 UNEP SPP Country Factsheets

Antigua and Barbuda

Canada

Czech Republic

Germany

Italy

Mexico

Peru

Spain

Argentina

Chile

Denmark

Hungary

Ivory Coast

Mongolia

Poland

Sweden

Austria

China

Dominican Republic

Indonesia

Japan

Netherlands

Republic of Korea

Switzerland

Belgium

Colombia

Finland

Ireland

Lebanon

Norway

Singapore

Uruguay

Brazil

Croatia

France

Israel

Malaysia

Paraguay

Slovakia

United States of America

II. SDG Indicator 12.7.1 assessment methodology

SDG Indicator 12.7.1. Methodological development

Sustainable Development Goal Indicator 12.7.1:

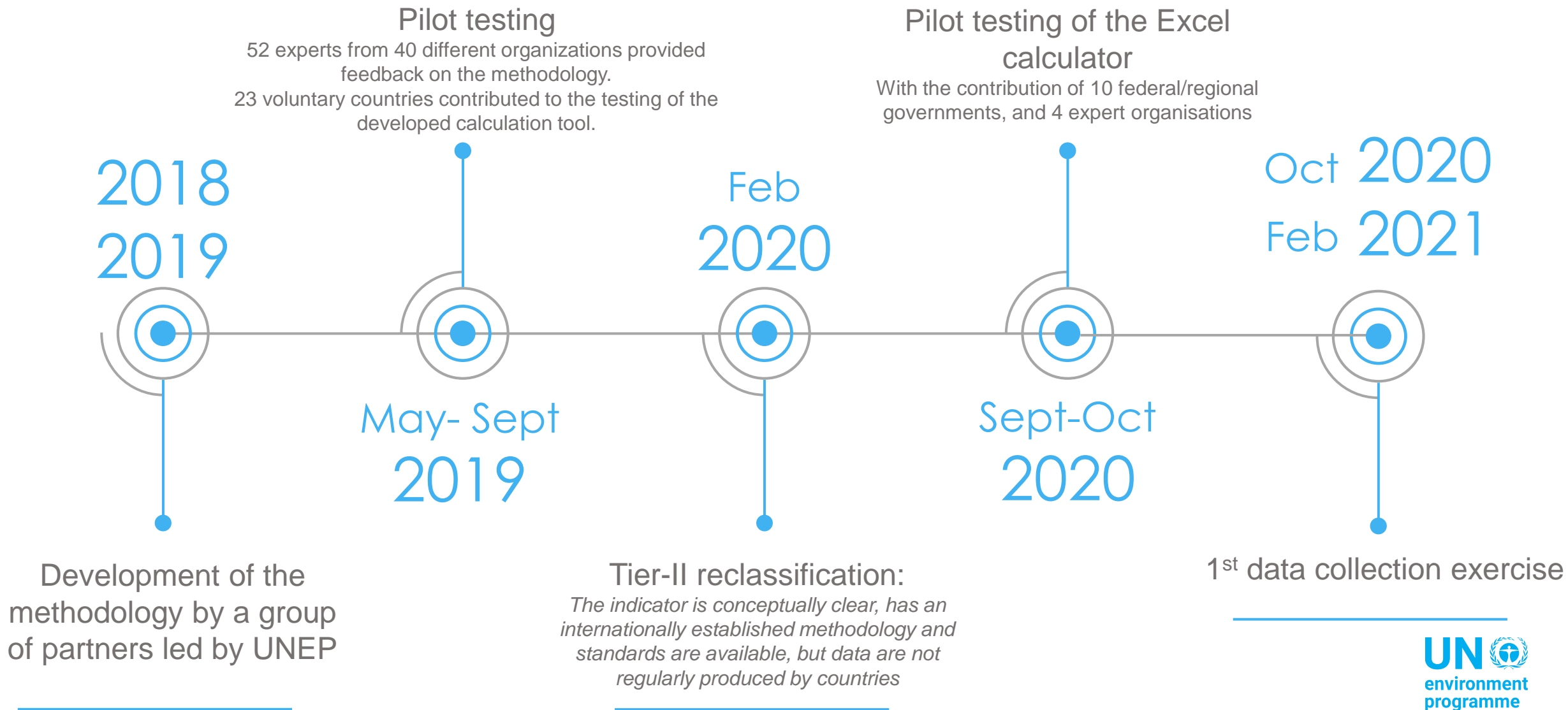*Number of countries implementing sustainable public procurement policies and action plans*

To allow for the measurement of this indicator, considering its nature and name, it appeared necessary to evaluate:

a/ Whether SPP policies and action plans have been developed and adopted;

b/ Whether those are implemented, or;

c/ Whether SPP might be implemented through other means.

A detailed methodology **assessing the level of SPP implementation** in each country was therefore developed between 2018 and 2020 under the leadership of UNEP, with the contribution of experts and voluntary governments.

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Indicator 12.7.1. Methodological development and 1st data collection

A specific methodology was developed to assess the **level of SPP implementation** in each country

Pilot testing
52 experts from 40 different organizations provided feedback on the methodology.
23 voluntary countries contributed to the testing of the developed calculation tool.

Pilot testing of the Excel calculator
With the contribution of 10 federal/regional governments, and 4 expert organisations

2018
2019

Feb
2020

Oct 2020
Feb 2021

May- Sept
2019

Sept-Oct
2020

Development of the methodology by a group of partners led by UNEP

Tier-II reclassification:
The indicator is conceptually clear, has an internationally established methodology and standards are available, but data are not regularly produced by countries

1st data collection exercise

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How is SPP implementation evaluated?

SDG 12.7.1. Measurement methodology in detail

- The methodology aims at measuring a government's SPP implementation.
- It is **focused on** **policy and practical implementation aspects** of SPP, via 3 main aspects:

1 - What are the **measures taken** at **political and legal** levels to mandate/facilitate the implementation of SPP?

- A: SPP policies, action plans and/or SPP regulatory requirements

- B: Public procurement legal framework

2 - What are the **practical outputs** of SPP policy implementation, and the **support given to public procurement practitioners**?

- C: Practical support and guidance

- D: Environmental criteria and social considerations in public procurement

3 - Are the actual results and outcomes of SPP implementation **monitored**?

- E: Monitoring system

- F: Percentage of sustainable public procurement

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SDG 12.7.1. Measurement methodology in detail

A: SPP Action plan / Policy

A: SPP policy, action plan, and/ or SPP legal dispositions (1 point, <u>mandatory</u>)

- A SPP action plan, policy and/or SPP regulatory requirements has/have been developed and approved by the government.

- Action plan, policy-related documents and/or relevant regulatory requirements should be accessible online.

B. Public Procurement regulatory framework conducive to SPP (1 pt)

- B(a) Provisions in the legal and regulatory framework allow for sustainability considerations to be incorporated at different stages of the procurement process (0.7 pts)

  1/ Drafting technical specifications:
  - Minimum (environmental / social) compliance criteria
  - Type I Eco-labels, social labels, or relevant sustainability standards
  - can be used as reference to specify the minimum level of compliance.

  2/ Sourcing of suppliers: sustainability requirements can be specified as:
  - Sustainability requirements can be specified as pre-qualification / exclusion criteria
  - For example, suppliers may be asked to provide proof of compliance with social or environmental standards, evidence that they have adopted an environmental management system approach or a supply-chain management and tracking system.

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B. Public Procurement framework

3/ Drafting award criteria

o Contract award can be based on **criteria other than price** (i.e. sustainability criteria), on "**Best Value for Money**" or "**Most Economically Advantageous Tender (MEAT)**" approaches.

o **Life-cycle costing (LCC)** can be used in the evaluation of tenders.

4/ Contract performance:

o **Sustainability requirements** can be specified in **contract performance clauses**.
For example: requiring an efficient use of resources such as electricity and water on construction sites; requiring reduced CO_2 emissions associated with transport; asking for packaging to be taken away for reuse, for recycling or appropriate disposal of product.

SDG 12.7.1. Measurement methodology in detail

B. Public Procurement framework

B(b) Provisions in the legal and regulatory framework mandate (or only allow) the procurement of sustainable alternatives (0.3 pts)

- Voluntary

- Or, Mandatory, <u>at least for some</u> categories of products/services:

    - EU "Clean Vehicles" Directive "*making it mandatory for contracting authorities to take energy and environmental impacts into account when purchasing road transport vehicles*".

    - Mandatory whenever specific labels or minimum sustainability criteria have been identified.

SDG 12.7.1. Measurement methodology in detail

C: Practical support

C: Practical support delivered to procurement practitioners on the implementation of SPP / GPP (1 pt)

- Guidelines and tools

- Best practice, case studies

- Regular communication of updated information

- Training sessions

- Helpdesk

SDG 12.7.1. Measurement methodology in detail

D: Environmental criteria / Social considerations

D: Environmental criteria / Social considerations

- **D(a): Environmental criteria have been defined, or labels** have been recommended for specific categories of products and services.

- **D(b): Social, economic or governance-related considerations** are considered in the practical implementation of SPP:

- **D(c): A risk-assessment or impact analysis** has been undertaken, ahead of the criteria drafting and prioritisation process, to identify procurement categories with the highest risks (e.g. in the Textiles supply chain).

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SDG 12.7.1. Measurement methodology in detail

E: Monitoring of SPP

E (a) Monitoring of SPP action plan / policy implementation

- 1. Is the **progress of your SPP action plan / policy** implementation monitored?

- 2. Has a specific **target** been set for SPP implementation? (for example, % of contracts)

- 3. Is the **progress towards the achievement** of this target monitored?

E(b) Monitoring of SPP implementation

- 1. Is the **number and/or value of contracts with sustainability requirements** monitored?

- 2. Does monitoring also entail the **measurement of sustainability outcomes**?
(such as the monitoring of reduction in CO2 emissions, or the creation of green jobs)

- 3. **How** is data monitored?

  - via surveys, self-assessment, internal/external audit, or traditional reporting to management
  - via an information system
  - via an elaborate e-procurement platform

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SDG 12.7.1. Measurement methodology in detail

F: Percentage of sustainable public procurement

F: Measurement of the actual percentage of sustainable public procurement (in value)

- Provision of the value of contracts which included sustainability requirements (e.g. total value of contracts for the purchase of green alternatives), per type of procurement spend.

- A percentage is calculated based on the part represented by those contracts in the total value of the government's public procurement spend.

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How is SPP implementation evaluated?

SPP implementation score calculation

SPP implementation at government level is evaluated based on the calculation of the following score:

$$\text{Score} = A \times (B + C + D + E + F)$$

Where each letter represents the score obtained in each section of the evaluation system
- 1 point per section (for each sub-indicator A, B, C, D, E, F)
- Participation in the reporting is possible, even when not all sections are filled (except for A)

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How is the level of SPP implementation assessed?

Maturity model based on calculated SPP Implementation score:

4 — **High level of SPP implementation**
- (Score higher than 4)

3 — **Medium-high level of SPP implementation**
- (Score: 3 to 4)

2 — **Medium-low level of SPP implementation**
- (Score: 2 to 3)

1 — **Low level of SPP implementation**
- (Score: 1 to 2)

0 — **Insufficient data or implementation**
(Score below 1)

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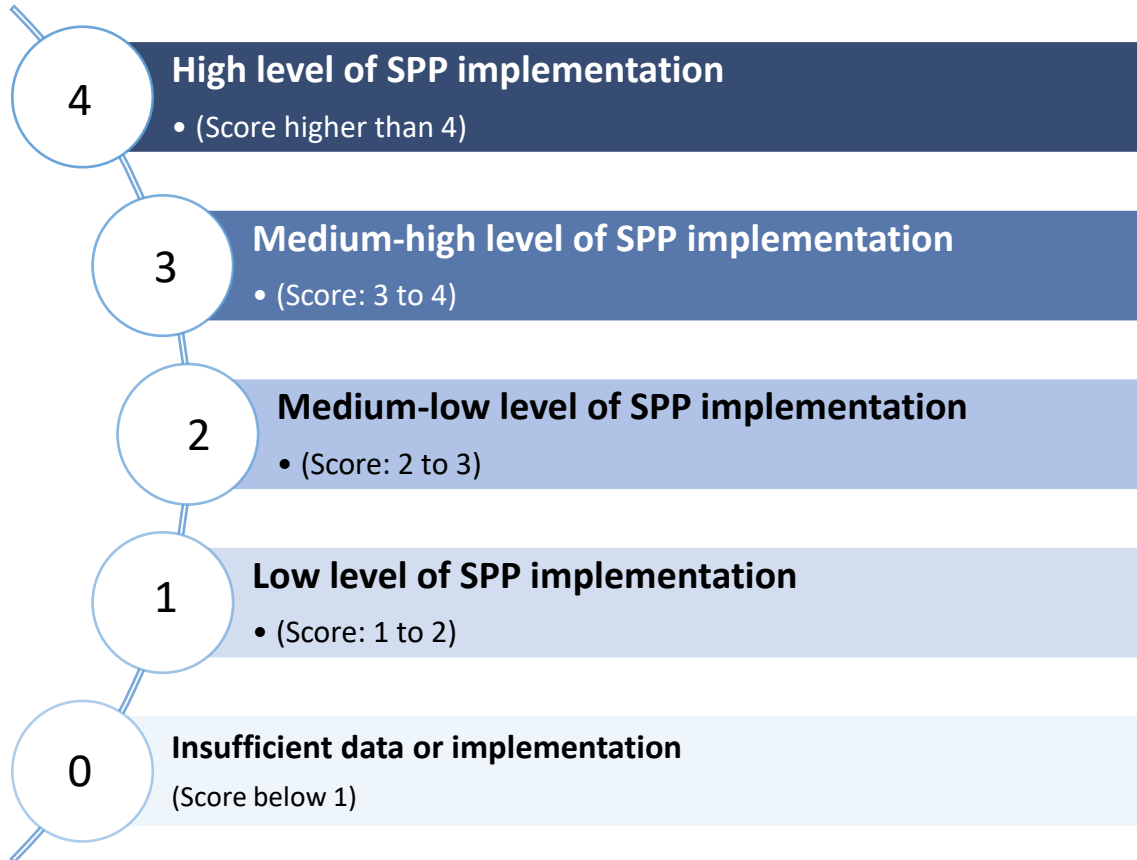
III. Reporting on SDG Indicator 12.7.1

Reporting on SDG 12.7.1 indicator

Tools and Guidance

Reporting tools and documents

- **An Excel®-based calculator/questionnaire with:**
    - Pre-set answers and automatic score calculation facilitating data collection.
    - (with however further evidence to be included)

- **PDF Reporting instructions**

- **Frequently Asked Questions**

Supporting documents

- Please note that governments have to provide evidence to support each claim (policy document, procurement guidelines inclusive of sustainability criteria, green contracts, monitoring reports, etc.).

Any questions?

- National or regional governments may contact our team any time at unep-spp@un.org for support and clarifications.

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SDG 12.7.1. Reporting

Possible data sources

Data holders for Sustainable Public Procurement implementation are usually those entities in charge of its implementation:

- Ministry of Environment, or;

- Ministry of Finance/Treasury Board, or;

- Public Procurement Agency

In a few cases, they may also be:

- External institutions mandated by the national government to support the development of greener products and services (e.g. environmental institutes)

SDG 12.7.1. Reporting

Why report on SDG Indicator 12.7.1?

- Participate in the global movement of the SDGs

- Set up a baseline to monitor your future progress

- Receive a personalised benchmark on the final evaluation

2021 SDG Indicator 12.7.1. reporting timeline

(Provisional timeline)

2021 Data collection process

Calculator and instructions sent out to national focal points.

Data Collection through government focal points in charge of SDG 12.7.1 reporting. Focal points coordinate the data collection process and work with other relevant institutions within government or at other administrative levels.

National reports and evidence will be reviewed by UNEP

September-October 2021

October-December 2021

December-January 2022
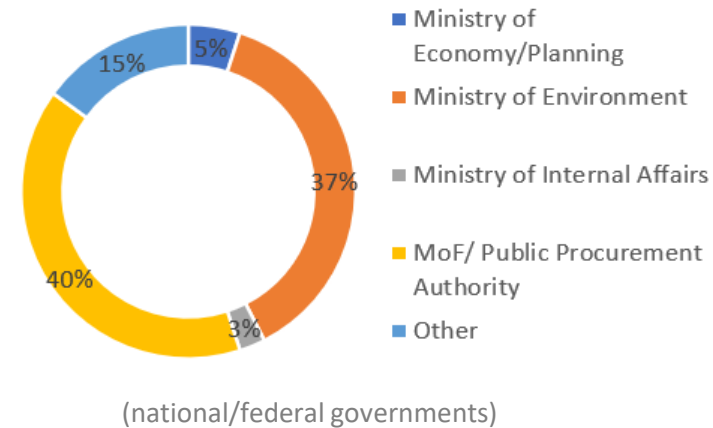
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2020 SDG 12.7.1 Data collection Outcome

Results of 2020 reporting exercise on SDG Indicator 12.7.1

A total of 79 governments submitted reports in 2020 data collection exercise, which included:

- 40 national/federal governments

- 39 subnational governments

Distribution of reporting entities

Legend:
- Ministry of Economy/Planning — 5%
- Ministry of Environment — 37%
- Ministry of Internal Affairs — 3%
- MoF/ Public Procurement Authority — 40%
- Other — 15%

(national/federal governments)

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شكراً!

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