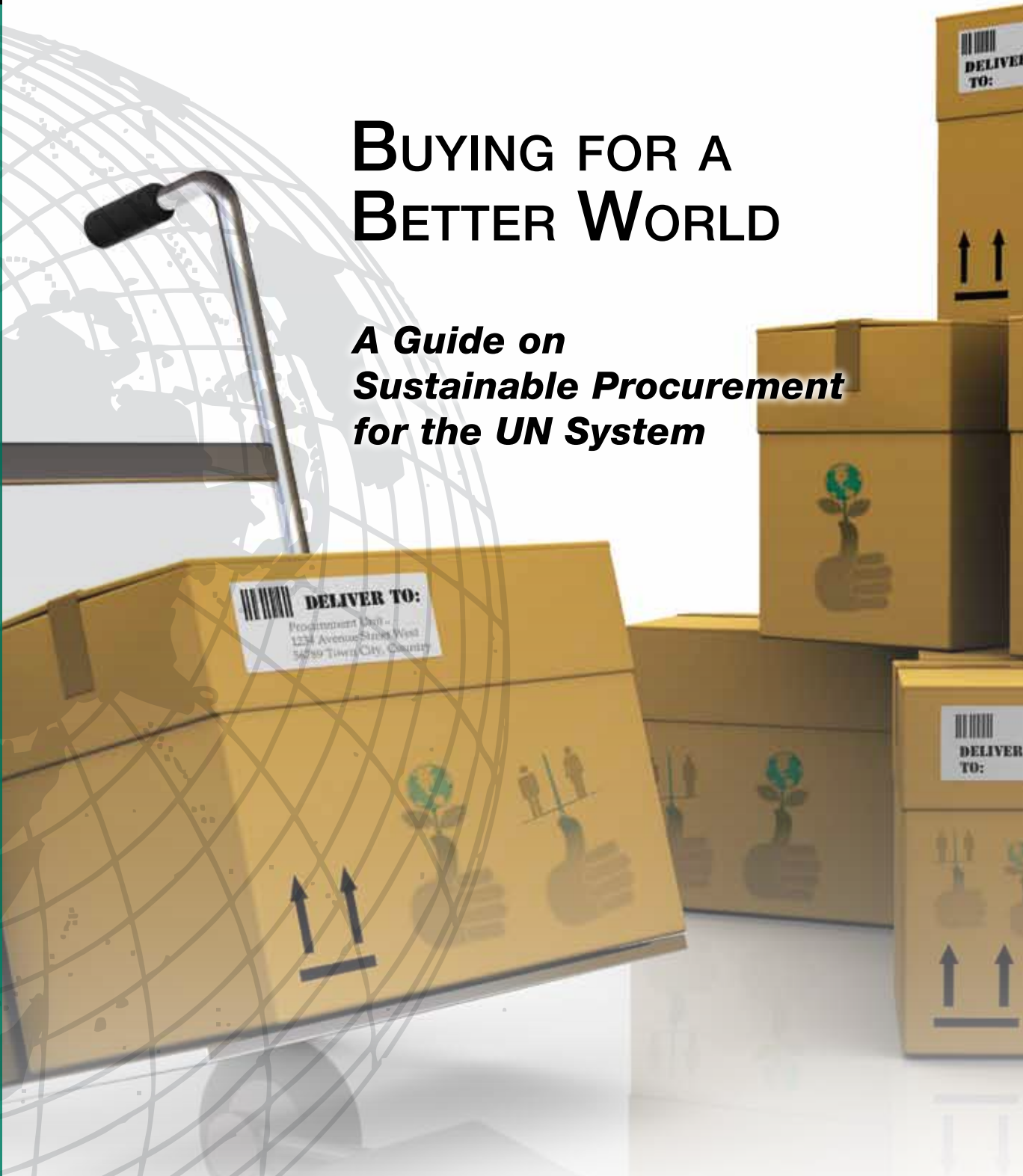




# BUYING FOR A BETTER WORLD

*A Guide on Sustainable Procurement for the UN System*

UNITED NATIONS ENVIRONMENT PROGRAMME



**UNOPS**



**ITC** 

International Training Centre

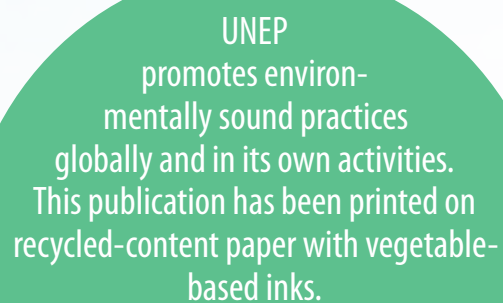
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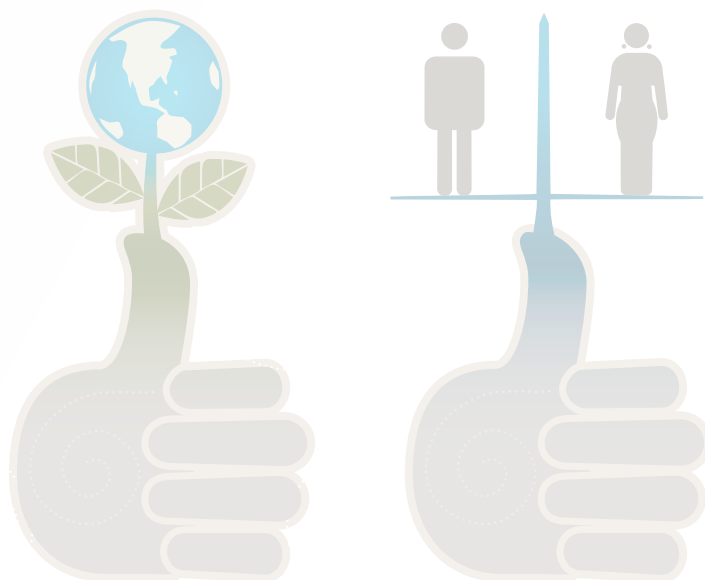
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# BUYING FOR A BETTER WORLD

***A Guide on  
Sustainable Procurement  
for the UN System***



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## FOREWORD

Sustainable development is one of the most ambitious, all-encompassing goals that the international community has ever set for itself. It requires a well-balanced relationship between lasting human development and the sustainable use of our planet's resources. As such, sustainable development cuts across the mandates of United Nations bodies who must all work together to ensure delivery on their promises.

One of the ways we can effectively collaborate to create lasting change is by using our combined purchasing power. The United Nations buys over 14 billion dollars of goods and services each year from around the world – and we need to do all we can to ensure we are putting this purchasing power in serving our sustainable development objectives. That does not just mean getting the lowest price but also using procurement to promote social justice and human rights, to ensure environmental sustainability and to build a future of equitable development and prosperity.

In recent years, the procurement service has moved from being a back-office function to become a critical and strategic component of corporate management in the UN system.

Through well designed procurement actions we can ensure that our organizations and the people we serve benefit from energy efficient equipment, vehicles and computers, as well as decent working conditions and fairly managed services.

Achieving this transition requires collaboration among different sectors and actors, including programme developers, requisitioners and procurement practitioners. *Buying for a Better World - A Sustainable Procurement Guide for the UN System* brings together the best UN expertise in procurement and sustainable development.

The guide has been developed through extensive collaboration with the High Level Committee on Management's Procurement Network and several agencies have contributed to share best practices within their respective fields of specialization. This has led to hands-on guidance on ways to facilitate the preparation of socially and environmentally responsible tender documents which can achieve 'value for money' while promoting our common objectives on the path towards sustainable development.

This is the new face of UN procurement: harmonized, efficient and sustainable.



Achim Steiner  
Executive Director  
UNEP



Jan Mattsson  
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Financial Comptroller  
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### ABBREVIATIONS & ACRONYMS

<b>ADB</b>	Asian Development Bank
<b>CEB</b>	Chief Executives Board
<b>EMAS</b>	Eco-Management and Audit Scheme
<b>EU</b>	European Union
<b>FAO</b>	Food and Agriculture Organization
<b>GA</b>	General Assembly
<b>GHG</b>	Greenhouse Gas
<b>HLCM</b>	High Level Committee on Management
<b>HLCM PN</b>	High Level Committee on Management Procurement Network
<b>IFC</b>	World Bank Group's International Finance Corporation
<b>ILO</b>	International Labour Organization
<b>IISD</b>	International Institute of Sustainable Development
<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>IFAD</b>	International Fund for Agricultural Development
<b>ISO</b>	International Organization for Standardization
<b>IT</b>	Information Technology
<b>KPI</b>	Key Performance Indicators
<b>LTA</b>	Long-term agreement
<b>MDGs</b>	Millennium Development Goals
<b>MTF</b>	Marrakech Task Force
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>RECS</b>	Renewable Energy Certificate system
<b>SCC</b>	Supplier Code of Conduct
<b>SP</b>	Sustainable Procurement
<b>SPP</b>	Sustainable Public Procurement
<b>SUN</b>	Sustainable United Nations
<b>UN</b>	United Nations
<b>UNGM</b>	United Nations Global Marketplace
<b>UNEP</b>	United Nations Environment Programme
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>UNFPA</b>	United Nations Population Fund
<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>UNICEF</b>	United Nations Children's Fund
<b>UNIDO</b>	United Nations Industrial Development
<b>UNOPS</b>	United Nations Office for Project Services
<b>UNPD</b>	United Nations Procurement Division
<b>WFP</b>	World Food Programme
<b>WLC</b>	Whole-life costing

In this document, the term "UN organizations" refers to all UN agencies, funds and programmes, as well as the World Bank. The document refers also to other international organizations such as the European Commission, development banks, etc.



## INTRODUCTION

Through their significant purchasing power, government bodies and the broader public and private sectors have an opportunity to leverage markets to produce more sustainable goods and services and thus to contribute to better resource efficiency and a more sustainable economy.

The overall procurement volume – goods and services combined – of UN organizations during 2010 reached \$14.8 billion<sup>1</sup>. UN procurement activities therefore also have significant impacts at various levels in the life of countries within which the UN operates, and have an effect on the well-being of those communities where goods or services are procured and where they are consumed. This market influence can be employed to promote a wide range of policy objectives, including protection of social and labour rights, mitigation of adverse environmental impacts, poverty eradication and support for local development.

Procurement is uniquely placed at the interface between UN activities and projects and the markets in which these operations take place. It is therefore considered as an integral part of the current effort for a system-wide coherence entitled “Delivering as One” aimed to ensure effective development operations and accelerate progress to achieve the Millennium Development Goals.

Human Rights and Environmental Sustainability are two of the five programming principles for UN assistance at the country level<sup>2</sup>. In this context, a common understanding of Sustainable Procurement in the UN can be a supporting tool to enable “Deliver as One” also from a sustainability and development point of view.

As defined by the High Level Committee on Management Procurement Network<sup>3</sup>, “Sustainable

<sup>1</sup> 2010 Annual Statistical Report on United Nations Procurement

<sup>2</sup> The five principles which must be applied at country level are: 1. A human rights-based approach (HRBA) based on the nine core international human rights treaties; 2. Gender equality, and the elimination of discrimination on the basis of sex; 3. Environmental sustainability; 4. Results-based management (RBM); and 5 Capacity development. <http://www.undg.org/index.cfm?P=223>, and [http://www.undg.org/docs/10662/ES\\_GuidanceNote\\_FINAL.pdf](http://www.undg.org/docs/10662/ES_GuidanceNote_FINAL.pdf) and <http://www.unsceb.org/ceb/priorities/system-wide-coherence>

<sup>3</sup> Definition adopted by the High Level Committee on Management Procurement Network on 4th February 2009 <http://www.ungm.org/SustainableProcurement/toolsUN/tools.aspx>

Procurement practices integrate requirements, specifications and criteria that are compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs”.

To assist with the implementation of Sustainable Procurement (SP), this Guide aims to provide:

- Concrete and valid arguments for the UN to engage in SP,
- Recommendations on the development of a SP Action Plan,
- Guidance on the integration of sustainable development principles in the UN procurement cycle.



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The United Nations Sustainable Procurement Guide can also support the efforts of various UN organizations in responding to the call of the Secretary General on climate neutrality and overall sustainability, by indicating how UN spending power can be used to deliver these outcomes through greenhouse gas emissions reduction.

### Target Audience & Structure

While this guide is essentially targeted to the procurers in United Nations system organizations, it has been structured to be of relevance to policy makers and requisitioners. The guide is presented in three modules:

- **Module 1:** Sustainable Procurement supports the UN mandates
- **Module 2:** The Sustainable Procurement Action Plan
- **Module 3:** Sustainable Procurement throughout the Procurement Process

Module 1 will be of particular interest and relevance to policy makers. It describes the key concepts behind sustainability and the UN Policy Framework to implement SP. Some concrete examples of SP practices are provided.

In Module 2, the important steps to build a SP Action Plan are described. This module will be of interest to policy makers, managers/budget holders and chiefs of procurement.

Module 3 is essentially addressed to requisitioners (programme officers, building managers, etc.) and procurers. Information and guidance are provided on how to integrate sustainability criteria in procurement processes.

#### *On-line procurement resources:*

[www.greeningtheblue.org](http://www.greeningtheblue.org)

[www.unghm.org](http://www.unghm.org)

#### *On-line training:*

[www.sustainableprocurement.net](http://www.sustainableprocurement.net)



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# Module 1

## Sustainable Procurement Supports the UN Mandate



Sustainability, corporate social responsibility, key standards of the International Labour Organization, climate change and resource efficiency: procurers are generally not exposed to these issues and some of them may appear rather confusing.

This module does not attempt to turn the reader into an expert in sustainability or in environmental sciences but provides some elements to enable the understanding of the reasons behind the concept of a more sustainable United Nations and the decision of the UN Secretary General to “make the UN more climate friendly and environmentally sustainable”.

The first section of Module 1 explains some of the key concepts behind the notion of sustainability: sustainable development, climate change, resource efficiency, green economy, human rights and Sustainable Procurement (SP). The second section focuses on the UN Policy Framework for SP while the last sections describe what the UN and the Member States are already doing to implement SP.



# 1. MAIN CONCEPTS TOWARDS SUSTAINABILITY

## 1.1 Sustainable development

The universally 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”.

Sustainable development defines three pillars of consideration: social, economic and environmental. Making sustainable choices requires balancing these three pillars and analysing the trade-offs between them – by considering what is possible to achieve in a certain culture at a particular time and location.

Sustainable development is often illustrated using the following diagram. Included in the diagram are lists of issues that relate to each pillar of sustainable development. These lists are by no means exhaustive.

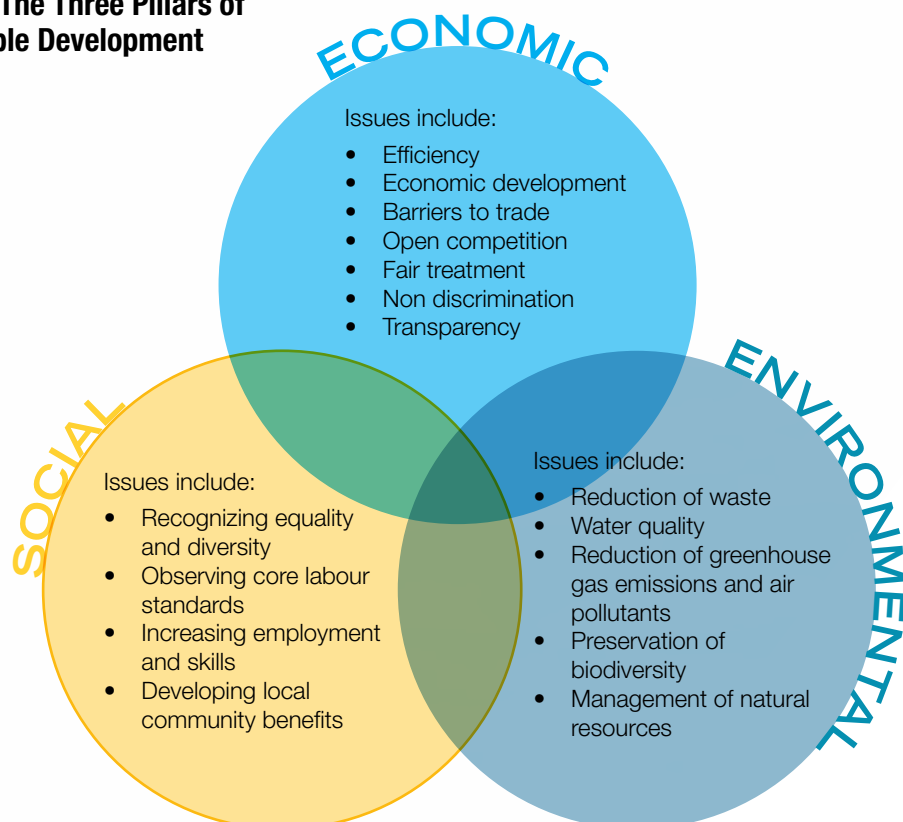
## 1.2 Climate change

Climate change fits squarely within the environmental pillar of sustainable development, but impacts both society and the economy. In fact, climate change has an influence on almost all mandates of the UN: peace-keeping, poverty reduction, gender, humanitarian relief, sustainable development, etc.

What are the root causes of climate change? The Intergovernmental Panel on Climate Change (IPCC) tells us that the planet is getting warmer because humans, using fossil fuels for their millions of factories, cars, travels, heating and cooling systems etc. are emitting more greenhouse gases into the atmosphere than ever before. Due to the rapid industrialisation in the past years, between 1970 and 2004, greenhouse gas emissions increased by 70% to achieve their highest level in 650,000 years<sup>4</sup>. As the IPCC reports, these gases are causing our

<sup>4</sup> See also the Intergovernmental Panel on Climate Change reports found at [www.ipcc.ch/index.htm](http://www.ipcc.ch/index.htm).

**Figure 1: The Three Pillars of Sustainable Development**



planet's climate to change in a variety of ways. These include an increased incidence of storm surges and flooding along with rising sea levels due to melting ice caps. In other parts of the world, it includes more frequent and prolonged droughts, desertification, changes in biodiversity balance and reduction of arable land, followed by food and water shortages, leading to poverty, displacement of communities and degradation which in turn leads to social tensions over access to natural resources. And the list goes on.

In 2006, the Stern report<sup>5</sup> suggested that if we take measures to mitigate climate change now, it will cost us about 1% of global Gross Domestic Product per year. However, if we choose to do nothing about climate change, the costs of mopping up after its impacts are estimated to cost up to 20% of global Gross Domestic Product per year.

Modifying the way we currently consume and produce can still limit the damage caused by climate change. Integrating climate change impacts in consumption and production patterns is the first and most important step ahead. This is

valid both for individual consumers<sup>6</sup> and collective purchasers, such as public authorities and mostly important in the context of the current publication, United Nations organizations.

### 1.3 Resource efficiency and green economy

International scientific assessments, such as the Millennium Ecosystem Assessment, the UNEP Global Environmental Outlook and the 4th Assessment Report of the IPCC, make it increasingly evident that the world cannot achieve sustainable economic growth without significant innovation to both the supply and demand sides of the market.

Decoupling economic growth from environmental impact and creating the 'space' for poor people to meet their basic needs will require producers to change design, production and marketing activities. UNEP defines such a green economy as one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities".<sup>7</sup>

<sup>5</sup> Office of Climate Change led by Lord Stern for the United Kingdom Government, The Stern Review on the Economics of Climate Change, October 2006. [www.occ.gov.uk/activities/stern.htm](http://www.occ.gov.uk/activities/stern.htm)

<sup>6</sup> To know more about sustainable consumption for young people, see youthXchange Training Kit on Sustainable Consumption, United Nations Environment Programme and United Nations Educational Scientific and Cultural Organisation, 2008.

<sup>7</sup> [www.unep.org/greeneconomy/](http://www.unep.org/greeneconomy/) - Synthesis for Policy Makers

#### Box 1: UN Leading by Example Greenhouse Gas Inventory Achieved

In 2008, the full range of institutions that make up the UN system compiled for the first time their greenhouse gas (GHG) emissions inventory. The inventory includes emissions from facility operations and travel, from headquarters, major centres and field offices. It provides a detailed picture of the total footprint of the UN system and its more than 210,000 personnel and represents a first step to reduce these emissions.

The aggregated GHG emissions of the UN system organizations, in 2009, are estimated at just over 1.7 million tonnes of CO<sub>2</sub> equivalent<sup>1</sup> for their facility operations travel and peacekeeping operations. When excluding peacekeeping operations, the emissions are approximately 778,000 tonnes of CO<sub>2</sub> equivalent. Air travel is responsible for roughly half of the emissions produced.

Five UN system organizations (UNEP, the Secretariat of the Global Environment Fund, Secretariat of the Basel Convention, the Secretariat of the Convention on Biological Diversity and the World Bank Group's International Finance Corporation) have declared themselves climate-neutral or carbon-neutral, and another organization (ILO) is seeking to achieve climate neutrality by 2015<sup>2</sup>.

Others have committed to substantial emissions reduction and are implementing measures to reduce emissions from their facilities and travel. In 2010, each UN institution has been asked to submit an Emission Reduction Strategy with targets to cut down emissions.

Sustainable Procurement is established in the UNEP Green Economy report as one of the enabling conditions that make green sectors attractive opportunities for investors and businesses and it also supports the market development of green goods and services. Consumers, both private and institutional such as the UN, will also need to express their environmental and social concerns – in addition to price, convenience and quality – in their purchasing decisions.

The Factor 4 approach<sup>8</sup>, a related concept, argues that we should all be able to live twice as well while using half the resources and placing half the pressure on the environment. Thus, the concept of resource efficiency refers to the efforts to ensure natural resources are extracted, processed into goods or services and consumed in a more efficient way: getting more out of less.

In concrete terms, this requires for instance:

- A reduction in the materials and energy intensity of goods or services;
- Reduced dispersion of toxic materials;
- Improved recyclability;
- Maximum use of renewable resources;
- Greater durability of products;
- Increased service intensity of goods and services;<sup>9</sup>

Measures to reduce and dispose of waste in a more efficient manner.

Industry, governments and UN organizations need to work towards a tenfold improvement in resource efficiency by 2050. Sharing technologies and know-how is also very important to ensure that everyone in industrialised and developing societies can produce more efficiently. Implementing SP in corporate and operations procurement is a very visible way for the UN to show clearly its commitment towards resource efficiency and sustainable consumption and production.

### 1.4 Human Rights

A human rights based approach to sustainable development includes adherence to the “core labour standards” (i.e., Conventions and Rec-

<sup>8</sup> *Factor 4* visualizes a quadruple increase in resource efficiency using existing methodologies whilst avoiding negative impacts on the overall quality of life.

<sup>9</sup> Lovins, L. Hunter. Rethinking production in State of the World 2008. See also World Business Council for Sustainable Development and the concept of eco-efficiency.

ommendations) of the International Labour Organization (ILO) on freedom of association, the right to organize and collective bargaining; non-discrimination in employment and occupation; prohibition of child labour; and prohibition of forced labour. Other relevant ILO conventions address fair working conditions (e.g. in terms of wages, working time, and occupational safety and health) and a wide range of additional work and social policy issues.

International labour standards are the legal component of the ILO's strategy for a fair globalization, promoting sustainable development, eradicating poverty, and ensuring that women and men worldwide enjoy decent work. These standards are backed by a supervisory system designed to monitor their application at the national level. The core labour standards are referred to in other international instruments, including the Global Compact, industry Codes of Conduct and the Supplier Codes of Conduct of a number of UN organizations. It should also be noted that the ILO Labour Clauses (Public Contracts) Convention (No. 94) and Recommendation (No. 84), 1949 aims specifically at ensuring that the social dimension of public procurement operations is taken into consideration.

### 1.5 Sustainable Procurement

#### *Key aspects of Sustainable Procurement*

As defined by the High Level Committee on Management Procurement Network, “Sustainable Procurement integrates requirements, specifications and criteria that are compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs.”<sup>10</sup>

Therefore, SP considers the economic, social/labour and environmental 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.”<sup>11</sup>.

<sup>10</sup> Definition adopted by the High Level Committee on Management Procurement Network.

<sup>11</sup> United Kingdom, Department for Environment, Food and Rural Affairs, *Procuring the Future*, Report of the United Kingdom Sustainable Procurement Task Force, 2006.

SP looks beyond the initial purchase price and short-term costs, to realise the long-term value for the organization concerned and overall, for the society, in all acquisition projects, products and services. For instance, sustainable cleaning products improve indoor air quality by eliminating the release of volatile organic compounds and carcinogenic materials that many traditional cleaning materials contain thus is less damaging to the health of workers.

The key criteria underpinning SP refer to the three pillars of sustainable development, namely:

1. **Economic factors**, which include the costs of products and services over their entire life cycle, acquisition, maintenance, operations and end-of-life management costs (including waste disposal) in line with good financial management.
2. **Social and labour factors**, which include recognizing equality and diversity; observing core labour standards; ensuring fair working

conditions; increasing employment and skills; developing local communities and their physical infrastructure.

3. **Environmental factors**, which include natural resource use and water scarcity, emissions to air, climate change and biodiversity over the whole product life cycle.









Achieving an appropriate balance between these factors is of paramount importance, particularly for the United Nations system, which is accountable to its members for progressing towards a wide and complex array of environmental, social, humanitarian and development goals, including the Millennium Development Goals.

***Sustainable Procurement adopting a step-by-step approach***

SP should be applied in phases adopting a step-by-step approach, through small incremental steps at a pace determined by the degree of maturity of the supply market, the development of a policy framework, staff training, and by the

**Box 2: Sustainable Procurement supports the achievement of the Millennium Development Goals**

In 2000, world leaders agreed the UN Millennium Declaration, which core achievement consists of its formal articulation of the Millennium Development Goals (MDGs). The United Nations played a crucial role in the formulation of the MDGs. Now it needs to take action to achieve these and the other development goals, and support governments to implement their national plans<sup>3</sup>. SP can help achieve these goals by providing incentives to the market that integrate environmental and social criteria in production patterns.

	GOAL 1: Eradicate Extreme Poverty & Hunger		GOAL 5: Improve Maternal Health
	GOAL 2: Achieve Universal Primary Education		GOAL 6: Combat Hiv/Aids, Malaria & Other Diseases
	GOAL 3: Promote Gender Equality and Empower Women		GOAL 7: Ensure Environmental Sustainability
	GOAL 4: Reduce Child Mortality		GOAL 8: Develop A Global Partnership For Development

The MDGs are eight time-bound objectives that range from halving world poverty to cutting child mortality, achieving universal primary education and ensuring environmental sustainability. Affordable products and services of assured quality are key inputs to achieving the MDGs. For instance, building local business linkages and employment opportunities is consistent with the first goal: eradicate extreme poverty and hunger.



## Sustainable Procurement Supports the UN Mandate

degree of readiness of the organization to achieve sustainability.

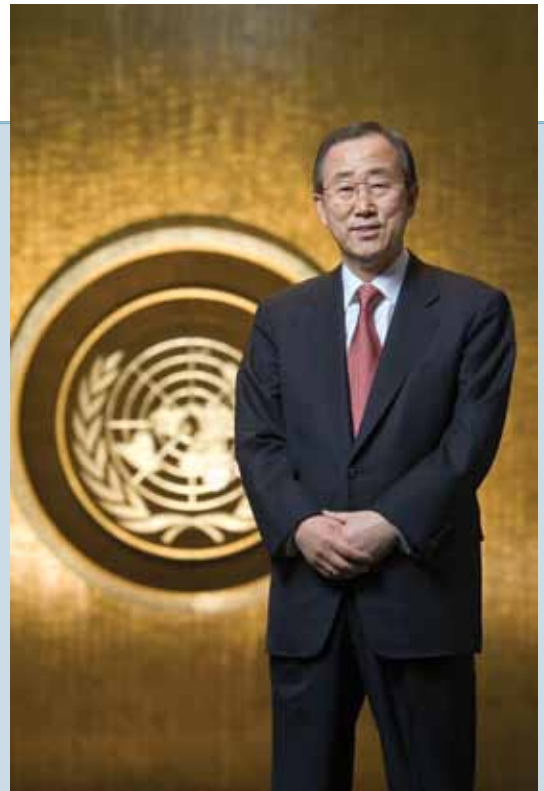
SP is not about “burdening” suppliers in the market and the UN procurement function with extra requirements; rather it is based on implementing a well-defined strategy that gradually phases in sustainable requirements in the procurement process, requires support measures, and promotes dialogue and open communication between the suppliers and procurers.

Applied properly, SP can be used as a mechanism to further the economic, social/labour and environmental development of recipient countries and/or regions and help producers – especially in the developing world – to become more efficient and competitive in larger markets.

*“...I would like to make a public commitment. We are already moving towards making our Headquarters in New York climate-neutral and environmentally sustainable. I would like to see our renovated headquarters complex eventually become a globally acclaimed model of efficient use of energy and resources. Beyond New York, the initiative should include the other UN headquarters and offices around the globe.*

*We need to work on our operations too, by using energy more efficiently and eliminating wasteful practices. That is why, today, I am asking the heads of all UN agencies, funds and programmes to join me in this effort. And I am asking all staff members throughout the UN family to make common cause with me.”*

**Ban Ki-moon**  
**UN Secretary General**  
**New York, 5 June 2007**  
**World Environment Day**



## 2. THE UN POLICY FRAMEWORK FOR SUSTAINABLE PROCUREMENT

### 2.1 Sustainable Procurement and the UN Climate Neutral Strategy

Sustainable Procurement is gaining ground in the practices of many UN organizations.

The advancement of SP cannot be dissociated from the more general trend towards sustainability management that has been fostered at the highest level in the UN system since 2007.

On 5 June 2007 on the occasion of the celebrations of the World Environment Day, the UN Secretary-General made a pledge “[...] to explore ways of making the United Nations more climate friendly and environmentally sustainable, and to develop a climate neutral approach to its premises and operations.”

This statement is extremely significant as it shows that, at the very top of the UN system, there is an acknowledgement that the UN can positively contribute to sustainable development not only in words but also through a more responsible management of its own programmes and activities.

At the October 2007 meeting of the Chief Executives Board (CEB), heads of the UN agencies, funds and programmes, responded to this pledge and committed to move their respective organizations towards climate neutrality in headquarter locations and UN centres for their facility operations and travel. Their statement “Moving towards a climate-neutral United Nations” can be found in Annex 1.

This approach was set out in the UN Climate Neutral Strategy which called for a harmonised approach consisting of efforts to estimate and reduce greenhouse emissions and to analyze the cost implications and explore budgetary modalities of purchasing carbon offsets to eventually reach climate neutrality<sup>12</sup>.

Following this commitment, a number of key initiatives related to climate neutrality and sustainability have taken place:

1. A Sustainable UN (SUN) unit in UNEP was created to work with all UN organizations to improve the sustainability performance of the UN system<sup>13</sup>.
2. An Interagency Working Group on Sustainability Management was established to measure the greenhouse gas emission of UN organizations, define emissions reductions strategies and propose to the senior officials of the Environment Management Group a system for sustainability management adapted to the needs and special characteristics of the UN system of organizations<sup>14</sup>.
3. UNEP SUN and the High Level Committee on Management (HLCM) Procurement Network started work on the development of concrete tools, capacity building and practical guidance for UN organizations on SP.
4. A report from the Office of Internal Oversight Services in 2009 analysed the efforts among organizations to reach the 2007 CEB commitment mentioned above. The report pointed out the need to involve the procurement function in the efforts to reduce the greenhouse gas and environmental footprint of UN organizations and in particular recommended that organizations develop larger strategies for improving environmental management and sustainability in general, of which SP would be a component<sup>15</sup>.
5. A report from the Joint Inspection Unit was released in March 2010 titled the “Environmental profile of the United Nations system organizations: Review of their in-house environmental management policies and practices<sup>16</sup>”. The report illustrates how UN organizations are gradually implementing environmental management measures. According to the report, these initiatives, albeit promising, still lack co-ordination and strategic

<sup>12</sup> Moving towards a climate neutral UN-The UN system footprint and efforts to reduce it, UNEP 2009

<sup>13</sup> [www.unep.org/sun/](http://www.unep.org/sun/)

<sup>14</sup> [www.unemg.org/sustainableun/](http://www.unemg.org/sustainableun/)

<sup>15</sup> [www.un.org/Depts/oios/index.htm](http://www.un.org/Depts/oios/index.htm) The mentioned report: Evaluation of Implementation by the Environmental Management Group (EMG) secretariat of the Secretary-General’s Commitment to Move the United Nations Towards Climate-Neutrality” is not publicly available.

<sup>16</sup> [www.unjiu.org/](http://www.unjiu.org/)

direction. The report proposes 12 recommendations to the General Assembly, to the Secretary-General, and to executive heads of UN organizations, for improving internal environmental management. In particular, on SP the report recommends that: “The executive heads of the United Nations system organizations involved in field activities should establish in-house Sustainable Procurement policies and guidelines, taking account of the local conditions of the host country and the needs of field offices.”

These developments show that there is a growing trend among UN system organizations to increase the sustainability performance of in-house management and that SP is considered to be a key element.

### 2.2 Sustainable Procurement: A Key Tool to Support UN Organizations Mandates and Policies

Sustainable Procurement directly supports the implementation by UN organizations of their mandates and programmes. It also responds to specific requests of the General Assembly such as:

General Assembly decision 54/449 of 22 December 2009, on the implementation of the United Nations Guidelines for Consumer Protection (as expanded in 1999). Paragraph 54 of the Guidelines in the annex of the GA decision states that “Governments and international agencies should take the lead in introducing sustainable practices in their own operations, in

particular through their procurement policies. Government procurement, as appropriate, should encourage development and use of environmentally sound products and services.”

General Assembly decision A/RES/62/211 of December 2007 also encouraged the inclusion of UN Global Compact sustainability principles in the management of the United Nations and recognizes the importance in principle of voluntary initiatives and partnerships toward the achievement of internationally agreed development goals, including the Millennium Development Goals. In particular, the Resolution “encourages the activities of the United Nations Global Compact [...] to advance United Nations values and responsible business practices within the United Nations system and among the global business community”.

The “*Johannesburg Plan of Implementation*” adopted by the World Summit on Sustainable Development, held in Johannesburg, South Africa, 2002. The Summit concluded that “the fundamental changes in the way societies produce and consume are indispensable for achieving global sustainable development”. It called on governments, relevant international organizations, the private sector and all major groups to play an active role in changing unsustainable consumption and production patterns according to the fundamental principle of common but differentiated responsibilities. Among the actions set out in the plan was “[...] to take sustainable development considerations into account in decision-making, [...] by promoting [...] public procurement policies that encourage development and diffusion of environmentally sound goods and services”.

#### Box 3: More about the Sustainable United Nations facility (SUN)

The Sustainable UN facility was established in 2008 with the aim of reducing the carbon footprint of the UN system. SUN leads the UN's efforts to measure and reduce its environmental impacts through the Issue Management Group on Sustainability Management, which reports to the Environment Management Group.

SUN also manages the Greening the Blue website, launched in 2010 to communicate with all UN staff as well as external stakeholders. The aim is to raise awareness of the importance of sustainability throughout the UN system and highlight what's been achieved, what's happening next and how staff can get involved. Procurers can also find information about Sustainable Procurement guidelines and Best Practices within the UN system.

For more information, visit the website: [www.greeningtheblue.org](http://www.greeningtheblue.org)



**Sustainable  
United Nations**

## 2.3 Sustainable Procurement in UN Procurement Rules, Procedures and Contracts

### *United Nations Procurement Manual*

From procurement regulation and rule perspectives, SP fits well in the existing Financial Regulation 5.12 which requires that four general principles should be given due consideration when exercising the procurement function in the United Nations: best value for money; fairness integrity and transparency; effective international competition; the interest of the UN. SP is in line and supports each and every of these principles in the following way:

- a. **Best value for money** – the concept 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.
- b. **Fairness, integrity and transparency** – the respect of these principles is guaranteed through the incorporation of sustainability criteria at the early stages of the procurement process. Reduced reputational risk also preserves the public image of integrity and responsibility of UN organisations.
- c. **Effective international competition** – this concept underlies SP. To uphold effective competition, SP must be implemented progressively and in full respect of the right of access to the UN market for suppliers from developing countries and countries with economies in transition.
- d. **The interest of the UN** – SP is clearly in the best interests of UN organizations, as it supports the alignment of procurement to their mandate and to their specific project objectives, while ensuring economy and efficiency are achieved.

It should be noted that specialized agencies are not subject to the UN procurement regulations and rules - as they have their own (some of which are similar to those of the UN Secretariat, but others are not).

### *UN General Conditions of Contract*

In addition, UN General Conditions of Contract already contain provisions that relate to the social and environmental aspects of SP as follows:

- a. Clauses that prohibit Child Labour, sale or manufacture of Mines, engaging in Sexual exploitation and unethical behaviour.
- b. Clauses that request suppliers to respect their national legislation (Observance of the Law clause): several Member States are signatories of the UN conventions related to environment and labour (CITES, Montreal protocol, Stockholm convention, ILO conventions, etc.) that often require national legislation, regulations and administrative measures be implemented and which have to be observed by companies. By referring to appropriate environmental and social norms, UN procurement protects the Organization’s reputation by dealing with companies that adhere to appropriate national legislation.

It should be noted again that specialized agencies have their own general contractual terms and conditions. For instance, the ILO general conditions contain a labour clause that requires adherence to a range of principles concerning international labour standards of the ILO. Any

### IT Equipment - Computers and Monitors



Consult the on-line sustainable procurement guide

### Box 4: The Global Compact principles

The United Nations Global Compact is a framework for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. The principles include:

#### Human Rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights,

**Principle 2:** Make sure that they are not complicit in human rights abuses.

#### Labour Standards

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:** The elimination of all forms of forced and compulsory labour;

**Principle 5:** the effective abolition of child labour; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.

#### Environment

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** Undertake initiatives to promote greater environmental responsibility; and

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

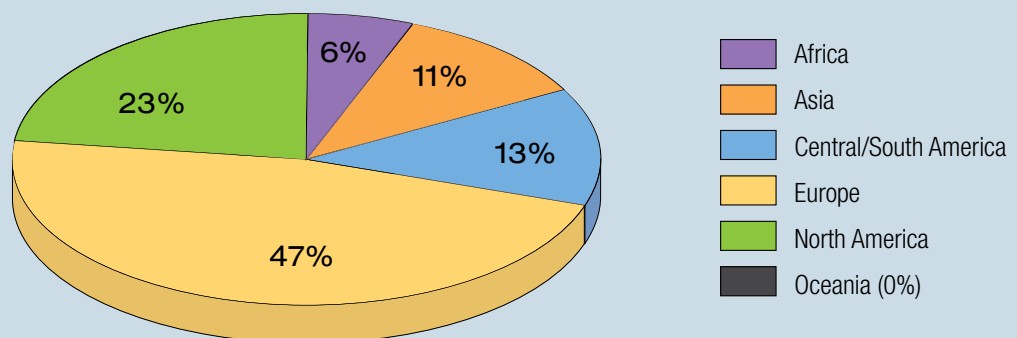
#### Anti-Corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

### Box 5: Global Compact Suppliers Geographical Origin

(According to the volume of orders)

Every year, the UN publishes statistical information (based on larger orders, > 30,000 USD) on the participation in the Global Compact among its suppliers. Global Compact membership is more widespread among suppliers located in the northern hemisphere - namely Europe and North America. Looking at historical series, it is however noticeable that the trend is towards a progressive reversal of this unbalance. The aggregated share of UN suppliers from Africa, Asia and Central/South America adhering to the Global Compact has risen from 21% in 2006 to 30% in 2010.





infringement of the labour clause by a supplier constitutes a breach of contract and therefore a basis against which the contract could be terminated by the ILO.

**Supplier Codes of Conduct**

Finally, the Supplier Code of Conduct expresses the expectations that the UN has of its suppliers and encourages them to register with the UN Global Compact initiative. The Ten Principles of the UN Global Compact cover issues such as human rights, labour rights, bribery and corruption as well as expectations on environmental management (see Box 4).

A number of UN organizations have adopted the UN Supplier Code of Conduct (SCC). Others, like the ILO, are still to adopt a Code of Conduct.

**2.4 The Expectations of the UN Global Compact**

Suppliers are part of the solution to the challenge of a resource efficient, climate-friendly and socially responsible UN. The increasing sustainability requirements of governments and large industrial groups have already led the market to respond by delivering a wider range of more sustainable goods and services.

The Global Compact was launched by Secretary General Kofi Annan at UN Headquarters in 2006 and is now embraced by over 5200 companies in 135 countries with an equal participation from small and medium-sized enterprises and large companies. More than half of the participants are from developing countries and countries with economies in transition. As demonstrated by the growth of the Global Compact, companies from around the world are embracing corporate citizenship as an important way of proactively managing risks in today's interdependent world.

The success of the initiative is due in large part to the integrity of the United Nations' reputation that attracts the business sector to be associated with the Global Compact principles. Participation provides Global Compact members with prestige and ultimately competitive advantage in various commercial fora.

Adopting SP policies and practices will be a logical consequence of the commitment the UN has to the Global Compact and a response to the request of the General Assembly (GA decision A/RES/62/211 of December 2007) that the Global Compact principles are internalised in UN management.

Cleaning Products and Services



Consult the on-line sustainable procurement guide

### 3. SUSTAINABLE PROCUREMENT IN INTERNATIONAL ORGANIZATIONS

#### 3.1 Where is Sustainable Procurement Happening in the UN system?

The United Nations, along with the international community, has recognised the potential offered by SP to purchase goods and services while preserving the environment and advancing social and labour issues.

Some examples of SP practices within UN organizations, by no means exhaustive, include:

- UN Office at Nairobi (UNON) – Paper: In the UNON Publishing Services Section, SP efforts to purchase paper helped them to comply with the ISO 14001 standard, in relation to their stated environmental policy. Paper purchased is made in South Africa where the supplier has ISO 14001 certification with 50% post consumer waste content.
- UN Office for Project Services (UNOPS)/UN Webbuy – Field Motor Vehicles: the vehicles catalogue establishes a link between disclosure of environmental data by suppliers and vehicle carbon emissions ratings.
- UN Interim Force in Lebanon (UNIFIL) – Solar Panels: Purchase of solar panels achieved Field Mission eco-friendly electricity production for Communications and IT systems (CITS), following instructions from UN Headquarters for 2008/2009: “most missions should target at least 15% of the total electricity used by CITS by non-fossil fuel energy sources by the end of FY08/09”. This procurement action had the double aim of greening the United Nations Interim Force in Lebanon, as well as granting the Mission security and independence of energy supply.
- Vienna International Centre (VIC) – Building Management Services: modifications made to budgeting rules allowed evaluation of the whole-life cycle costing of goods and services, the implementation of capital investments and buildings renovation, the maximum use

of the existing installations and equipment, environmental and energy saving measures, and accurate budgeting.

- UN Educational, Scientific and Cultural Organization (UNESCO) – Printing Services: The procurement of a long term supply agreement for multifunctional copy equipment and related services within their offices has led to substantial cost savings. Efficiencies were achieved through measures which respected and protected the environment, and also ensured that products were compliant with the international standards for safety and quality.
- UN Children’s Fund (UNICEF) – Cleaning services: Long term agreement (LTA) for cleaning services, where 90% of the products used for cleaning carry the eco-label, the Nordic Swan. IT equipment: LTA for IT equipment where computer screens and laptops carry the energy saved mark. Stationery Products: LTA for stationary products sourced from a managed forest program.
- UNHCR/HQ Geneva – Plants maintenance and furniture of Christmas trees: 10% of the technical evaluation was given to the ecological approach of the company. Suppliers had to mention in their offer the origin and eventual ecological certificate of the fertilizer and pesticide used and of the Christmas trees. They also had to describe the way these trees were going to be recycled. The guarantee of use of products non harmful to the environment allows staff and employees to work in a safer and healthier environment.

For more information and other examples, please visit the Greening the Blue website:

*[www.greeningtheblue.org/resources/procurement/bestpractice](http://www.greeningtheblue.org/resources/procurement/bestpractice)*



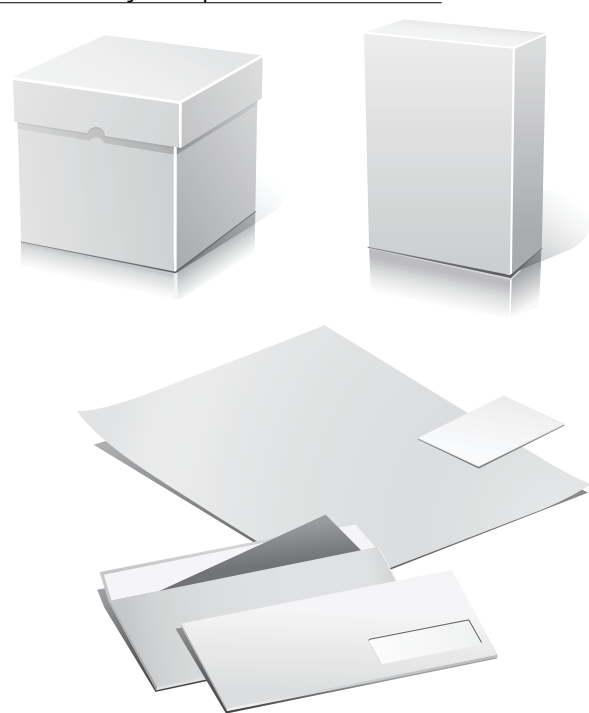
### 3.2 Implementation of Sustainable Procurement in Multilateral Development Banks

Sustainable Procurement is being implemented in major international organizations such as the World Bank, the Asian Development Bank, the Inter-American Development Bank and the African Development Bank.

The World Bank Standard Tender Documents for Major Works include provisions for environmentally and socially responsible corporate procurement and implements it in its headquarters and progressively in worldwide funded projects. The World Bank's Corporate Procurement Unit works with requisitioners to ensure that all procurement is environmentally sound and cost effective and procurement contracts are modified to include environmental specifications when possible. This includes environmentally-friendlier produced paper, soy based inks, carpet and ceiling tile recycling in renovation projects, inclusion of pallet recycling in loading dock contracts, and specification of minimal packaging and take-back programmes for electronic equipment.

Performance Standards of the World Bank Group's International Finance Corporation (IFC)

#### Stationery - Paper for Office Use



#### Box 6: The Inter-American Development Bank commitment

The Bank's Corporate Procurement Section is committed to purchasing products that promote social and environmental sustainability, as mandated by the Corporate Procurement Policy, which states: "that the Bank, through its corporate procurement practices, shall endeavor to integrate socially responsible suppliers, goods and services into its supply chain. Goods and services that promote corporate environmental sustainability will be procured whenever practical and cost-effective for the Bank."

also contribute to SP. Since 2006, IFC has applied the Policy and Performance Standards on Social and Environmental Sustainability to all investment projects to minimize their impact on the environment and on affected communities.

The Asian Development Bank (ADB) focuses on environmentally responsible procurement in line with the provisions of their Environmental Policy. ADB's January 2002 "Standard Bidding Document: User's Guide for Procurement of Goods" (page 80, paragraph 3(d)) provides that "[Technical specifications] should be established bearing in mind the environmental impacts at all stages of a product's life-cycle, from its source of origin through its transport, use and disposal". In 2007, ADB produced the "Environmentally Responsible Procurement, a Reference Guide for Better Practices" and in 2010, the "Conditions of Contracts for Construction" were published, with a special focus on staff and labour conditions.

The Inter-American Development Bank is also committed to environment and social sustainability through a variety of actions in its headquarters and on the field. The Inter-American Development Bank developed 23 Product Standards for the use of environmentally sustainable and socially responsible products and services at Headquarter locations and other bank locations as appropriate. Examples of some of the 23 Product Standards that the Bank uses are: organic food; desktop hardware; fluorescent and compact light bulbs; hardwood flooring standard; etc.

## 4. SUSTAINABLE PUBLIC PROCUREMENT: THE EXAMPLE OF MEMBER STATES

While SP is still an emerging practice within the UN, member states both in the developed and developing world are increasingly taking a clear stand. SP is being implemented across the globe as a policy instrument to support national, regional and international policies and programmes with respect to poverty eradication, wealth creation, stimulation of local economies and employment, promotion of labour rights, national sustainable development strategies, and innovation and development of environmental technologies.

In 2002, the Council of the Organisation for Economic Co-operation and Development (OECD) adopted a recommendation to improve

the Environmental Performance of Public Procurement. The recommendation calls for Member states to “ensure the incorporation of environmental criteria into public procurement of products and services including, where appropriate, environmental impacts throughout the life cycle, while ensuring that transparency, non-discrimination and competition are preserved”.

Also, in March 2004, the European Union Parliament and Council adopted directives to coordinate procedures in public procurement for goods, works, services and utilities in all European Union Member States that allow for the inclusion of both environmental

### Case Study 1: UNIDO supports sustainability criteria for public procurement in Colombia

The United Nations Industrial Development Organization (UNIDO), in close cooperation with the National Cleaner Production Centre of Colombia, is supporting the local government of Antioquia, Colombia, in introducing the concept of sustainable procurement within the normative and legal framework for purchases undertaken by public entities.

Guidelines have been elaborated in 2010 on how to incorporate sustainability criteria in the public procurement of priority goods and services, which have been previously selected based on:

- Identification of goods and services with evident impacts on environment and society and on the direct or indirect relationship with existing national/local programmes to improve environment and/or social situation,
- Analysis of quantities and costs of the goods and services purchased by the public entities during the last few years,
- Basic market analysis, technical and legal analysis for the selected goods and services.

One of the priorities identified in the region is the purchase of cleaning services and maintenance of public infrastructures. Sustainability criteria include environmental and social criteria. They are based upon the existing legal and normative framework, sectorial and international standards, etc. As a result, the following criteria have been suggested:

- Use of biodegradable elements not affecting the environment or human health,
- Use of detergents with levels of phosphor below the limits allowed in the Resolution 427, dated 2 March 2007,
- Use of fungicides or insecticides included in the nation register,
- Guarantee the adequate management of transportation, storage and final disposal of goods and waste.



and social criteria in procurement operations. In addition, the European Commission has developed policies, guidelines and tools in support of both green and socially responsible public procurement.

The Australian Procurement and Construction Council developed a procurement framework to incorporate all three elements of sustainability into one document. The Australian and New Zealand Government Framework for Sustainable Procurement is a set of national and trans-Tasman principles to guide Australian State, Territory and Federal

governments and the New Zealand Government in implementing SP.

Activities connected with SP are also to be found in many countries of Central and Latin America, including Mexico (paper and timber-related products, energy, waste and water); and Argentina (in particular, the City of Buenos Aires). During 2010, Brazil launched a large national campaign on SP. In addition, Chile is producing guidelines on energy efficiency as part of its electronic catalogue system and has reported overall savings of up to 2.5% of the national procurement budget through its operations.

### Box 7: Sustainable Procurement and the Marrakech Process

In 2005, Switzerland launched an international Task Force on Sustainable Public Procurement in the framework of the Marrakech process ([www.unep.fr/scp/marrakech](http://www.unep.fr/scp/marrakech)). The Marrakech Task Force on Sustainable Public Procurement developed an approach for implementing sustainable public procurement (SPP) in both developed and developing countries, known as the MTF approach to SPP ([www.unep.fr/scp/marrakech/taskforces/procurement.htm](http://www.unep.fr/scp/marrakech/taskforces/procurement.htm)).

In 2008, the Swiss government and the United Nations Environment Programme (UNEP) designed a project to roll out this approach in up to 14 countries worldwide. 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. The MTF approach is currently being piloted in Mauritius, Tunisia, Costa Rica, Colombia, Uruguay, Chile and Lebanon. (<http://www.unep.fr/scp/procurement/>)

The mandate of the MTF on SPP ended at the 19th Commission on Sustainable Development and UNEP is now the custodian of the MTF Approach to SPP which is being revised on the basis of implementation feedback. UNEP plans to scale up SPP implementation in 2012-2014 through the revised SPP Approach.

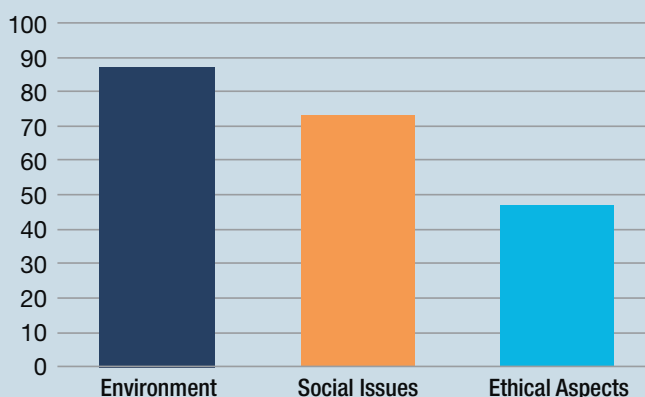
### Box 8: Sustainable Procurement in the Private Sector

The private sector has integrated sustainability and social/labour issues in their procurement for a long time. An analysis of the sustainability report of 125 enterprises from the Financial Times Global 500 (ranking the world's largest corporations) has shown that 64% of these enterprises presented Sustainable Procurement as a priority objective of their Corporate Social Responsibility policy.

87% of these enterprises mention the environmental aspects of their SP policy in their reporting, 73% refer to social aspects and 47% to ethical aspects.

Source: Ecovadis – Sustainable Supply Management and Observatoire sur la Responsabilité Sociétale des Entreprises (2010), Etude sur le reporting des grands groupes internationaux en matière d'achats responsables – Analyse de la communication externe de 125 entreprises asiatiques, américaines et européennes du Global 500, Septembre 2010, Paris. [www.ecovadis.com/website/l-fr/etudes.EcoVadis-13.aspx](http://www.ecovadis.com/website/l-fr/etudes.EcoVadis-13.aspx)

What themes are addressed by sustainable procurement policies?



In Africa, Ghana is embarking on a large project on SP as part of its public procurement reform. The International Institute of Sustainable Development (IISD) launched a project on sustainable public procurement (SPP) in 2007 with a view to promoting sustainable public procurement in emerging and developing economies. As part of their project on SPP, IISD initiated country projects in India and South Africa. An assessment of what support is required to implement SPP in South Africa has been released in 2008.<sup>17</sup>

In Asia (Korea, Thailand, India and China), laws are in place which allow SP to take place and active consideration is given on how to enforce these laws through the creation of eco-labels (e.g. see China and Thailand for, inter alia, photocopy machines, paper, food, computers).<sup>18</sup>

<sup>17</sup> [www.iisd.org/pdf/2008/spp\\_south\\_africa.pdf](http://www.iisd.org/pdf/2008/spp_south_africa.pdf)

<sup>18</sup> For a full list of third party certified Ecolabels world wide: [www.globalecolabelling.net](http://www.globalecolabelling.net)

## 5. CONCLUSION

Procurement by the UN, which had a spending power of US \$14.8 billion in 2010, sends a signal to the global market of what is important to the UN and could be a lever to push for more sustainable business practices. In this respect, UN procurement should play a role in shaping the future business culture of its suppliers through environmentally and socially responsible management of the procurement function. This will complement the existing efforts being made by governmental procurement agencies/departments and private commercial enterprises in this area, including the Global Compact.

SP is consistent with today's business best practices and with existing UN system procurement principles and rules. Several initiatives are taking place which indicate that the UN system is now better positioned to institutionalize sustainability considerations in its corporate management. UN SP does not require new rules but simply a refined approach to implementation that is more sensitive to sustainability principles.

### Cafeterias, Food and Kitchen Equipment

Consult the on-line sustainable procurement guide



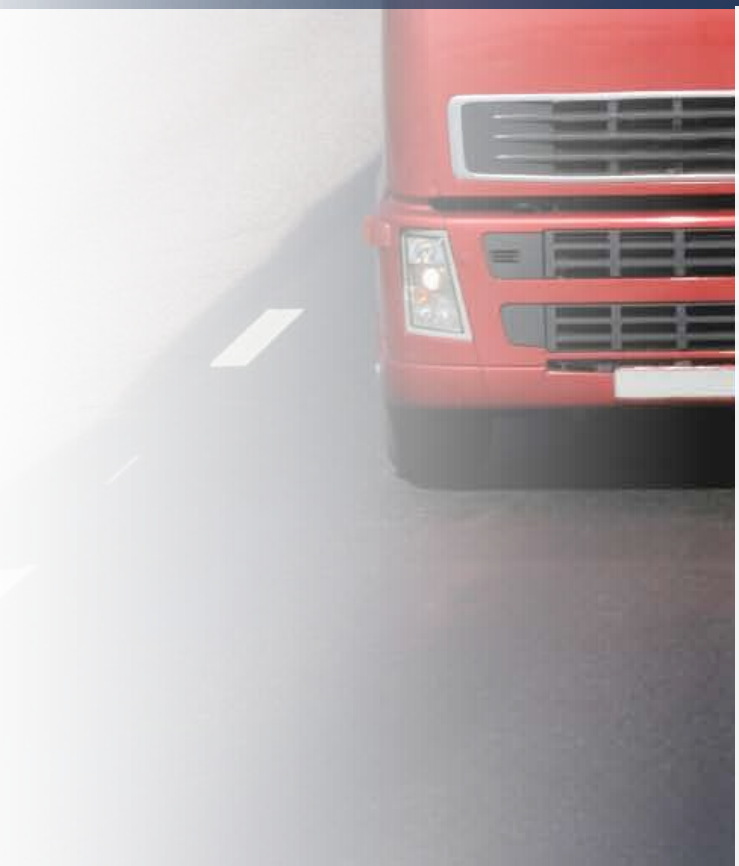




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# Module 2

## A Strategic Approach to Sustainable Procurement



In order for Sustainable Procurement (SP) to be delivered consistently across an organization, both high-level commitment and a well-structured approach are necessary.

High level commitment is generally expressed through a policy document describing the overall principles and goals pursued by the organization. More specific targets, priorities, time scales, as well as assigned responsibilities are included in an associated SP Action Plan.

The SP Policy and Action Plan form the basis of a robust approach to SP in an organization. Module 2 outlines how these elements fit together to help deliver SP in practice.

## 1. THE SUSTAINABLE PROCUREMENT MANAGEMENT CYCLE

In this module, the important steps to create a SP Action Plan and a Policy will be explained.



Taking these steps enables SP to become embedded within the organization by following a familiar management cycle. The advantage of such a model is that it can be used by an organization of any size.

### Step 1: Obtaining high-level commitment to Sustainable Procurement

Sporadic, innovative and well-prepared SP actions are happening already within the UN system. These initiatives are often the result of work of motivated requisitioners and procurers who understand the potential of their work in supporting their organization's overall goals towards achieving sustainability. However, only a high level commitment supported by clear signals and a supporting policy and implementation framework can ensure that sustainability is well integrated in the procurement function. This will also ensure that all requisitioners and procurers understand the importance and the added value of sustainability requirements in procurement and implement them in a consistent and appropriate manner.

In the UN context, it is likely that a high level commitment to SP will happen as an aspect of a wider commitment of the organization for emissions reduction or sustainability. For instance, the majority of the organizations that developed Emission Reduction Strategies proposed SP measures to reduce sustainability impacts beyond greenhouse gas emissions. Furthermore, the Environment Management Group has requested that UN organisations work on the development of sustainability management systems. Some governing bodies now ask UN organizations to report on how they are "walking the talk".

When approaching managers to discuss SP, it is always better to prepare the case well, referring to sustainability issues as well as to the benefits (e.g. potential cost and other savings and enhanced organizational reputation) that SP could bring. Specific advice can be sought from the sustainability focal points and the Emission Reduction Strategy of the particular UN organization concerned (if one exists). The names of the sustainability focal points are available on the Greening the Blue website<sup>19</sup>. Also, ILO Procurement could be contacted

<sup>19</sup> [www.greeningtheblue.org/focal-point-area/img-focal-points](http://www.greeningtheblue.org/focal-point-area/img-focal-points)

to provide information on relevant social and labour issues<sup>20</sup>.

## Step 2: Setting up a Sustainable Procurement Working Group

A vital initial step in the development of SP policies and plans is the establishment of a cross-departmental Working Group. This group will contribute to developing and implementing the SP Policy and Action Plan.

The size and composition of the group will depend on the size and structure of the UN organization concerned and the resources available. In any case, the group should have a mix of expertise and include the sustainability focal point of the organization who will ensure that the plans made for procurement are in line with the organization's Emission Reduction Strategy and other priorities at the political (including addressing social and labour concerns) and organizational levels.

If a large number of activities are proposed and a more comprehensive system is to be put in place, it will be more effective to set up a Working Group under a co-ordinator, involving representatives from the different departments which will need to take part of the implementation strategy, e.g. procurement, facility managers, environmental, legal, financial, IT, training and communications officers, internal auditors. A clear signal from top management is essential to obtain the involvement and commitment of colleagues within the organization.

## Step 3: Assessing sustainability risks in procurement and prioritizing spend areas

This step is aimed at identifying the key sustainability opportunities and risks that could be addressed by SP.

The number of sustainability impacts to be addressed and the product and service categories that the SP Action Plan will cover differ depending on the experience of the organization. It is

important to move gradually as this will ensure that staff are not overwhelmed by the issues they have to consider and understand the benefits of applying sustainability principles to procurement. Furthermore, pilot activities are very helpful in demonstrating the practicality and benefits of SP. For organizations that are further advanced, the SP implementation framework may be applied to all procurement activities.

It is therefore advisable to define a set of issues that the SP Policy will address and a small number of products or services on which the Action Plan will focus. The number of sustainably purchased products and services can be increased over time with experience.

It is also essential not to focus solely on high spend items. While these may indeed be associated with significant sustainability risk, there are also many other lower cost items that entail a very high environmental and/or social/labour risk. Taking the example of chemicals, a UN organization may spend relatively little on the purchase of these items, but their potential to do environmental damage where they are to be used and the impact on workers of inappropriate handling, for instance, make them a high sustainability risk category.

In this context, the level of expenditure involved is only one of the parameters to consider in relation to setting SP priorities. The full list of parameters to be screened includes:

1. Expenditure,
2. Environmental risk,
3. Socioeconomic risk,
4. Scope for improvement in terms of sustainability,
5. Influence on the market,
6. Reputational risk.

Each UN organization will need to develop its own list of priorities, taking into account the Emissions Reduction Strategy of the organization (if one exists), the overall climate neutrality objective and the principles which underlie the mandate of the organization (e.g. poverty, HIV aids, food, etc). In the latter regard, however, it should be recalled that the environmental and social/labour dimensions need to be addressed among the priorities of any UN organization taking SP initiatives.

<sup>20</sup> For information on a particular solicitation you may refer to the relevant procurement notice published on the ILO Procurement website [www.ilo.org/procurement](http://www.ilo.org/procurement). Further inquiries may be addressed to [procurement@ilo.org](mailto:procurement@ilo.org)



## A Strategic Approach to Sustainable Procurement

SP priorities might include, for instance:

- GHG emissions reduction,
- Ozone depleting chemical eradication,
- Natural resource use optimisation,
- Waste minimisation,
- Prohibition of child and forced labour,
- Job creation,
- Non-discrimination in employment,
- Freedom of association for workers and the right to collective bargaining,
- Fair wages and conditions for workers in the supply chain,
- Economic development,
- Legal compliance,
- Enhancement of the reputation of the UN.

In general, climate change and reduction of GHG emissions will be among the most important issues for UN organizations. These are areas that can be influenced through procurement by placing an increased focus on energy efficiency and logistics.

### Step 4: Developing a Sustainable Procurement Policy

The framework for SP implementation presented here does not require the organization to have a formal SP Policy. However, as a general rule, having the necessary senior level support for the implementation of SP is critical to success. Experiences show very clearly that without senior level backing, it can be difficult for those committed to implementation to get effective

co-operation from other colleagues. Without a SP Policy, activities may be ad hoc and largely based on the personal efforts of individuals. As these individuals leave their posts or in times of resource constraint and competing pressures, momentum tends to decrease and initiatives begin to fail. The involvement of relevant staff, such as procurers and heads of technical services, in the preparation of policy statements is also an effective way to encourage buy-in from the start.

The existence of a SP Policy provides a sound basis on which to build a coherent, well co-ordinated approach. This is essential if UN organizations are to communicate effectively with their stakeholders, including their suppliers and contractors. A policy statement on SP should be a short, high level statement of intent<sup>21</sup>. The SP Action Plan, on the other hand, goes into more depth on specific targets and responsibilities.

The SP Policy should set out the organization's aspirations and high level commitments in relation to SP and be signed off at the highest level of the organization. It should be reviewed on a regular basis to ensure that it continues to reflect the organization's values and intentions in relation to SP.

The audience for the SP Policy can include any stakeholder but will be of particular relevance to:

<sup>21</sup> For more information about how to develop a policy refer to the EU Green Public Procurement fact sheet 'Developing a Green Public Procurement Policy'. Note that this fact sheet talks about how to develop a policy which deals with environmental procurement. [ec.europa.eu/environment/gpp/pdf/toolkit/module1\\_factsheet\\_gpp\\_policy.pdf](http://ec.europa.eu/environment/gpp/pdf/toolkit/module1_factsheet_gpp_policy.pdf)



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- Senior managers within the organization,
- The national and local community within which the UN organization operates,
- Suppliers and contractors.

SP Policy development should be informed by the application of the risk-based prioritization approach outlined in Step 3 above. As SP encompasses social/labour, environmental and economic aspects, the SP Policy must deal with all three aspects. This might include issues associated with the impact on society, such as encouraging the use of small and medium sized enterprises, improving community health, requiring appropriate employment conditions for workers involved, and encouraging diversity through your procurement and within your supply chains.

## Step 5: Setting targets

The choice of SP targets will influence the strategy and activities covered by the Action Plan. Careful consideration is required when setting targets in order to ensure that they are feasible and attainable.

The targets set in the SP Action Plan may relate both to achievements of:

1. Organizational objectives – e.g. achieving carbon neutrality, reducing waste,
2. Specific objectives through the procurement process – e.g. number of tenders containing sustainable specifications, value of tenders containing sustainable specifications, number of products containing recycled content, the organization's general contractual terms and conditions include "labour clauses".

When SP targets are closely aligned to the delivery of wider organizational targets, the "buy-in" from requisitioners and other internal customers, including senior managers, is much greater. Similarly, where these benefits result in direct cost reductions or resource efficiencies, the case for SP becomes more self-evident.

Therefore, it is common to find SP targets relating to:

- Energy efficiency (through purchase of energy efficient IT equipment, lighting, etc),
- Reduced hazardous material content,
- Reduced packaging.

Qualitative targets related to how the organization will advance in the internal promotion of SP can also include, for example, the numbers of staff trained at induction, basic, intermediate or advanced level. Leading organizations are now attempting to measure the effectiveness of this training by assessing behaviour change, and the way tender documentation, processes and contracts have evolved. This is challenging but also more likely to reveal real progress in SP in the longer term, since it is better to attempt to measure the outcomes of activities, rather than the activities themselves.

Examples of SP objectives and targets can be found in the Action Plans of European Member States. In 2003, the European Commission encouraged them to draw up publicly available National Action Plans (NAPs) for "greening" their public procurement. The document National Green Public Procurement action plans (policies and guidelines) contains a comprehensive overview of the state of affairs in the 27 EU Member States<sup>22</sup>.

## Step 6: Implementing a Sustainable Procurement Action Plan

Developing an Action Plan for SP provides a roadmap of what is to be achieved, by when, and will assist in assigning responsibility to the appropriate people. It will also support the delivery of the objectives set out in the organization's policy on SP.

A SP Action Plan needs to be tailored to the specific needs and procurement activities of the particular UN organization concerned to be effective and create desired outcomes.

The SP Action Plan will:

- Provide clear practical steps on how SP will be delivered,
- Provide time scales within which SP will be delivered,
- Assign responsibility to individuals and groups within the organization,
- Identify SP objectives and targets,
- Set milestones for achievement of these objectives and targets,
- Provide information on measurement,

<sup>22</sup> [http://ec.europa.eu/environment/gpp/pdf/national\\_gpp\\_strategies\\_en.pdf](http://ec.europa.eu/environment/gpp/pdf/national_gpp_strategies_en.pdf)

## A Strategic Approach to Sustainable Procurement

monitoring and auditing of performance over a set time frame (i.e., the period covered by the Action Plan).

Where a political or high-level commitment has been articulated, reference should be made to it in the SP Action Plan – this will strengthen the message received both internally and externally. If the Action Plan is the result of a decision at the operational level and not the political level, then at least this decision and any targets set should be included.

It often includes a project work plan with a chart illustrating the schedule for recording and monitoring progress. Project management software can also be used to track progress. As far as possible, SP should be integrated into existing work patterns and structures within the organization.

It could be helpful to group the activities of a SP Action Plan under a number of relevant themes:

**Theme 1:** People, including leadership and accountability

**Theme 2:** Policy, strategy and communications

**Theme 3:** Procurement process

**Theme 4:** Supplier engagement, including market testing

**Theme 5:** Measurement and reporting

### *Theme 1: People, including leadership and accountability*

This aspect of SP comprises two key elements.

#### A. Leadership and accountability

Leadership is required from the very top of the organization. SP leadership needs to extend to all levels of the organization, so that every tier of management understands and fulfills its role. The responsibilities of each individual may be reflected in job descriptions and employment contracts. Managers responsible for procurement may work with Human Resources to identify those staff with direct purchasing responsibilities whose job descriptions need to refer specifically to SP. If senior management has been involved in the development of a SP Policy, actions under this theme will be somewhat easier as leaders will already be engaged.

#### B. Capacity-building

Consideration must be given to the capacity of staff to put into effect a workable and effective

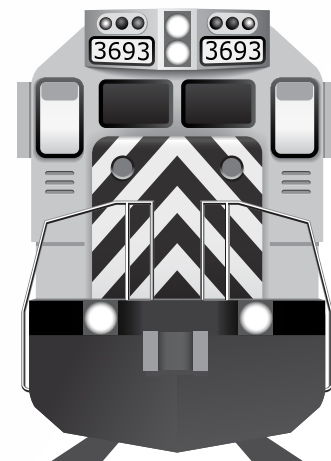
programme of action regarding SP. Alternative ways in which to deliver the social/labour and environmental policy issues being favoured can be identified by consulting with staff and suppliers.

Care must also be taken to recognise the potential creation of additional burdens on staff, as well as the capability gaps that may need to be filled. Staff may need additional training or to develop new skills in order to be able to deliver the requirements of the Action Plan. A programme of capacity-building for staff could be put in place highlighting responsibilities, processes and procedures for staff to follow in their areas of activity. This could include a SP training programme, starting with key staff from procurement, finance and facilities management.

### *Theme 2: Policy, strategy and communications*

#### A. Policy and Strategy

As seen in Module 1, SP is now regarded by leading organizations in the public and private sectors as simply a part of good procurement practice. Modern, professional procurement and supply chain management address the risks and opportunities presented by the sustainable development agenda. The SP Action Plan implemented by the organization will demonstrate the level of commitment to SP, enabling closer examination of performance. It will provide for greater transparency of performance through benchmarking. There will be closer integration of resource allocation and sustainable development objectives and since economic development and sustainable development are mutually reinforcing, the benefits of SP should become more apparent.



The Action Plan provides clarity and consistency of messages both internally and externally and facilitates closer integration of sustainable development and procurement objectives as well as reducing uncertainty and confusion. Crucially, it will have the effect of raising the profile of procurement in general and will show how SP links to commercial opportunities and wider organizational objectives.

**B. Communications**

The SP Action Plan should be communicated and made accessible to all staff at all stages of the procurement process. A communications programme for SP should be put in place. It could be informed by an analysis that identifies key stakeholders for SP including senior managers, internal clients, suppliers and contractors. This analysis will be led by procurement, working in collaboration with the organization’s communications staff. The following mechanisms could be used to communicate the organization’s approach to SP: email communications with staff and internal stakeholders, newsletters, supplier workshops, and guides for suppliers and sub-contractors on ‘how to do business with the organization’.

***Theme 3: Procurement process***

For more information about this theme, refer to Module 3.

***Theme 4: Supplier Engagement, including Market Testing***

SP is a process of interest to a wide range of stakeholders who need to be involved from the very beginning in order to gain confidence in it and become committed. These stakeholders

may include suppliers and sub-contractors who are crucial to the effective delivery of SP. It is likely that a consultation process will be needed to effectively communicate the benefits of SP, along with good practice.

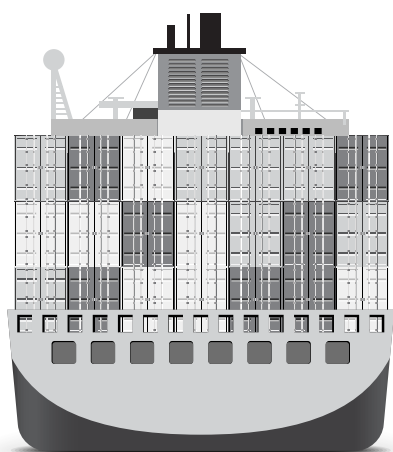
Early engagement of suppliers in the market is recognised as an essential component of SP activity. Thus, suppliers need a clear understanding of their role in helping the organization deliver SP. From the date of adoption of a SP Action Plan, procurement should lead on the development of a supplier engagement timetable, in line with the results of the risk-based prioritization exercise and taking into account upcoming contracts.

In a spirit of openness and transparency, SP messages will be conveyed to key markets on a regular basis. Procurement may communicate the organization’s targets, for example, through a planned series of supplier engagement activities and through routine communications with suppliers. Suppliers should be encouraged to innovate and develop sustainable products and services.

All contract review meetings with suppliers and sub-contractors could have SP on the agenda. Environmental and socioeconomic key performance indicators/targets could be developed by procurement staff where major opportunities have been identified for improvement during the lifetime of a contract. Annex 2 provides examples of SP key performance indicators.

***Theme 5: Measurement and Reporting***

Audit and scrutiny are important mechanisms for ensuring effective delivery of SP. Monitoring



Freight Forwarding Services

Consult the on-line sustainable procurement guide



## A Strategic Approach to Sustainable Procurement

and controlling to ensure effective implementation involves setting up internal/external measures to assess outcomes against identified targets for SP. Internal measures would need to be linked to existing reporting systems and auditing procedures. External measures might involve independent auditing and benchmarking against past performance/other organizations' performance.

Reference should be made to the key performance indicators/targets developed for each contract. The scrutiny process can help to ensure that contract managers are maximising their potential to drive sustainability benefits through the lifetime of long-term contracts. These benefits will include greenhouse gas emissions reductions; waste reduction and recycling; hazardous material content reduction; ensuring that workers are paid fairly and work under appropriate conditions; etc.

Results of the organization's SP Action Plan could be reported annually. Procurement could carry out an assessment on a quarterly basis as part of the internal monitoring and reporting process. The results of this assessment could feed into briefings for senior managers and be available for audit and scrutiny purposes.

The SP Action Plan will be developed in the context of an organization's audit and scrutiny regime. It needs to include clear and measurable outcomes that are linked to the audit process itself. It is helpful if those responsible for audit and scrutiny are involved in the development of the SP Action Plan in order to provide a coherent framework.

The results of the Action Plan will feed into the organization's reporting system. SP results may be reported as one element of procurement performance. Organizations usually want to keep track of their significant issues monthly or quarterly and reporting needs to be done on a six-monthly or at least annual basis. For some aspects such as energy use or waste, reporting cycles will be much shorter. These results will also feed into the wider reporting arrangements.

The organization may continue to review its progress and, at the appropriate time, consider the advantages and opportunities for benchmarking SP practices with other organizations.



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# Module 3

## Sustainable Procurement throughout the Procurement Process



This Module describes how to apply sustainability principles at each stage of the procurement process: procurement planning, requirement definition, sourcing, evaluation and contract management.

Guidance is given on how sustainability principles can be integrated into traditional procurement practices in an accurate, viable and effective way. While a good Sustainable Procurement (SP) Policy is a prerequisite, specific expert advice should be integrated into the procurement cycle, so as to improve delivery of the planned sustainable outcome.

Module 3 provides requisitioners and procurers with tools, concrete examples and access to resources.



## 1. GETTING READY FOR SUSTAINABLE PROCUREMENT

The inclusion of sustainability principles in the procurement process, especially when an organisation or a procurement practitioner is new to SP, can present some challenges. It is therefore recommended to embark upon planning activities that will highlight the main sustainability concerns relevant to a tender. Special consideration should be given to identifying the main sustainability impacts and to evaluating the financial implications throughout the life cycle of the product or service.

### 1.1 Mapping sustainability impacts throughout the life cycle

When approaching the procurement of a product or service, the first question that comes to mind is “What are we aiming to achieve?”. In SP, the goal can be broadly defined as the purchase of a product or service which minimizes potential negative impacts on society and the environment. The next logical step is to understand what these harmful impacts are. A useful technique for identifying potential adverse impacts of a procurement action is to perform a (simplified) life cycle impact assessment.

If the organisation has performed a global risk analysis and prioritization, the results of such analysis should be considered in the procurement process. Organizations that have decided to embed SP usually perform an organization-wide prioritization exercise, where the main categories of expenditure are identified, as well as the main sustainability impacts associated with each of them. Being able to rely on this internal body of knowledge reduces drastically the efforts required from procurement practitioners at the initial phase of the tender.

#### *What is a life cycle impact assessment?*

A life cycle assessment is the analysis of social and environmental impacts throughout the life cycle of a product (or service), from selection of raw materials to delivery, use and disposal at the final location. It is useful as it highlights almost all relevant impacts, while a layman’s approach would tend to focus more narrowly on evident impacts.

Life cycle impact assessment, often a complex process, is a field of study in its own right. The

technique proposed here offers a simplified version that can support procurers and requisitioners in their approach to SP. The result of this analysis will highlight how the procurement action can be designed to reduce, realistically, the impacts identified.

#### *Life cycle impact assessment: a tool for SP practitioners*

This exercise should be undertaken by a team involving procurers, requisitioners and other stakeholders in the organization. It is important to highlight that this exercise always implies a margin of subjectivity, especially when it comes to distinguishing the main from less relevant impacts. This shortcoming can be addressed by including sustainability experts in the team performing the analysis, according to whether the size and value of the prospective contract justifies such an approach.

The life cycle assessment can take the form of a “brainstorming session”, where all sustainability impacts related to the four main phases of a product life cycle are identified:

1. **Raw materials** – this stage should contain all impacts related to the main inputs of a product or service.
2. **Manufacture/service delivery** – this stage covers the production phase - including an eventual supply chain - and the logistics associated with a product/service.
3. **Use of the product/service** – impacts from the use phase are often those most evident from a consumer/procurer perspective.
4. **Disposal of the product/conclusion of the service** – often overlooked, this stage deals with impacts taking place during the unavoidable final step of any product/service.

Annex 3 provides examples of questions that could be used during this brainstorming session to ensure that all major sustainability impacts are identified.

The main impacts identified should be considered to be the main risks that SP planning will seek to mitigate.



## IN PRACTICE: The Case of a Printer - Determining the impacts

What are the adverse impacts of a printer? At first sight, one would think of its electricity consumption during the use phase. The use phase is probably significant in a printer, but a simple life cycle impact assessment can reveal much more:

### 1. RAW MATERIALS

- Limited durability hence high demand of raw materials
- Working conditions at the extraction site (oil, metal components)
- Over-demand of limited resources, e.g. plastic derived from oil

### 2. PRODUCTION & LOGISTICS

- Material intensive manufacturing: fuel, chemicals and water use
- Pollution to water, air and soil
- Excessive packaging
- Working conditions at the production plant
- Supply chain concerns
- Emissions from logistics & distribution

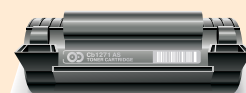
### 3. USE

- Energy consumption resulting in CO<sub>2</sub> emissions
- Paper and ink consumption
- Noise

### 4. DISPOSAL

- Heavy metal, Flame retardants dispersed in the environment
- Solid waste for landfill or dispersed in the environment
- VOCs

It is clear that the life cycle impacts of a printer, both social and environmental, are more complex, and more diverse in time and space than what might initially be envisaged.



## 1.2 Identifying costs through a Whole-Life Costing<sup>23</sup>

After conducting a life cycle impact assessment, procurement practitioners and requisitioners will have a clearer picture of the main sustainability implications of their procurement action. The life cycle impact assessment also identifies money-consuming activities that occur throughout the life cycle of a product. Highlighting the impact of running a product that consumes utilities and the activities necessary to dispose of it brings attention to the costs associated with these activities. In this sense, a life cycle impact assessment is a contributor to a whole-life costing analysis.

<sup>23</sup> The content of this chapter has been adapted from the publication "Life Cycle Costing in Sustainable Public Procurement: A Question of Value", Oshani Perera, Barbara Morton, Tina Perfrement, IISD, 2009. The material has been reproduced and adapted with the authorisation of the authors.

### What is Whole-Life Costing?

As defined by UNEP<sup>24</sup>, whole-life costing (WLC), or life-cycle costing, is a compilation and assessment of all costs related to a product, over its entire life cycle, from production to use, maintenance and disposal. It was first developed and used by the U.S. military in the 1960's in order to assess the costs of long living goods such as tanks and tractors. The motivation is that, for many products, the purchase price reflects only a minority of the costs that will arise from a product.

Typical WLC analyses are therefore based on:

- Purchasing costs and all associated costs such as delivery, installation, commissioning and insurance;

<sup>24</sup> [www.unep.fr/shared/publications/pdf/DTI1x1164xPA-guidelines\\_sLCA.pdf](http://www.unep.fr/shared/publications/pdf/DTI1x1164xPA-guidelines_sLCA.pdf)

- Operating costs, including utility costs such as energy and water use and maintenance costs;
- End-of-life costs such as removal, recycling or refurbishment and decommissioning;
- Longevity and warranty time frames of the asset.

Some understanding of WLC is essential if procurement staff are to implement the concept of “best value for money” in its full meaning.

WLC tools are used mainly for the evaluation of offers, by applying financial models calculating the simple payback, Net Present Value or Internal Rate of Return. However, they could be used at the planning stage as well for assessing alternative projects and indirectly procurements.

Procurers and requisitioners can use WLC broadly to:

1. Design environmentally and socially preferable tender specifications. This includes both mandatory (or basic) as well as the optional (or advanced) requirements that suppliers are required to meet.
2. Develop financial evaluation formulas that take into account not just the up-front costs, but the whole cost of ownership.
3. Justify the purchase of environmentally and socially preferable alternatives that require a high purchasing cost but would provide the best value for money across the life cycle.

### Case Study 2: UNRWA Renewal of vehicle fleet and infrastructure

United Nations Relief and Works Agency (UNRWA) has taken life cycle aspects into account when evaluating the acquisition of new vehicles. To compare two offers from car companies, an assessment of the life cycle costs of the vehicles was part of the final analysis and decision to award the contract.

Taking the lower fuel consumption rate into consideration was an important factor because it achieved increased cost-savings – especially with the likelihood for fuel prices to continue increasing.

See more about environmental considerations that were also taken into account when evaluating this offer in Case Study 7.

4. Determine the “need to purchase” and subsequently discern between the outright purchase of an asset and the option of contracting services that would fulfill this need. For example, organizations could opt to lease office equipment such as laptops, integrated printers and photocopiers instead of purchasing them. The advantage is that such service contracts typically include maintenance, repair, replacement and end-of-life disposal services, which passes the benefits of WLC-efficient design back to the manufacture. Such service contracts are of growing use in the procurement of information and communication technologies, vehicles and transport services, and catering services.
5. Establish Energy Performance Contracting Agreements, a policy option of increasing uptake in North America and the European Union, which are contractual agreements that oblige developers to build and refurbish in such a manner that specified levels of energy costs savings can be guaranteed.

In advocating the use of WLC, it is important to acknowledge that the science behind it is far from perfect. Its findings will be skewed according to how future costs are perceived and forecasted and depending on the reliability of the data used, which discounting rates are applied



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and what stages of asset life cycle are included in the analysis. Additional uncertainties arise when quantifying the lowered risks, avoided environmental damage, avoided clean-up costs, and non-financial benefits such as contributions to social development. Forecasting such costs and benefits with an acceptable degree of certainty is very challenging.

**Table 1: Products and services best suited for WLC in procurement decisions**

Frequently purchased items	Level of applicability of WLC		
	Very applicable	Moderately applicable	Not applicable
<b>Products</b>			
Office and server ICT equipment	Very applicable		
Vehicles	Very applicable		
Indoor lighting	Very applicable		
Outdoor lighting	Very applicable		
Paper		Moderately applicable	
Office supplies			Not applicable
Fuel	Very applicable		
Furniture		Moderately applicable	
Apparel made with modern fibres and polymers	Very applicable		
<b>Services</b>			
Software			Not applicable
Electricity	Very applicable		
Transport	Very applicable		
Couriers and postal services		Moderately applicable	
Waste handling	Very applicable		
Catering: food		Moderately applicable	
Catering: beverages	Very applicable		
<b>Works</b>			
New buildings	Very applicable		
Refurbishment of existing buildings	Very applicable		
Landscaping		Moderately applicable	
Railways	Very applicable		
Roads	Very applicable		

Source: "Life Cycle Costing in Sustainable Public Procurement: A question of Value", International Institute for Sustainable Development (IISD), December 2009

Finally, an internal organizational barrier to an appropriate application of WLC for sustainability purposes could arise from the disconnection between the procurement unit and that bearing the life cycle costs. When planning their procurement and acquisition activity, organizations should give due attention to those costs traditionally lost in overheads. Where no one sees the cost of energy as being associated with the goods and services they require, there is little or no incentive for them to reduce consumption. This can be overcome by attributing overhead costs to each department or to each individual procurement. When people are directly responsible for the cost of consumption of resources, they have a much greater incentive to find ways of reducing consumption overall or maximizing the value they get from a product or service.

### 1.3 The procurement cycle

Sustainability considerations can be integrated into various steps of the UN procurement cycle, from planning to contract management.

Figure 2 outlines the general procurement process and highlights the stages at which sustainability procurement interventions can be integrated. *Source: Adapted from the UNDP Environmental Procurement Practice Guide (2008)*

The sections which follow provide more details about considerations to be taken into account at each major stage of the procurement cycle: **Procurement planning, Requirement definition, Sourcing, Evaluation, Contract Management.**



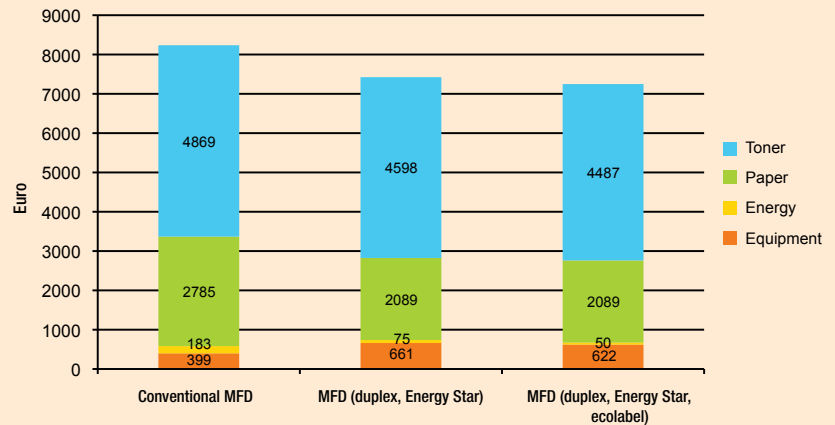
### IN PRACTICE: The Case of a Printer - Considering whole-life cycle costs

The following figure gives an indicative overview of the whole-life cycle costs for multifunctional devices comparing energy efficient and non-energy efficient products. The WLC is calculated over a period of five years, excluding disposal costs.

The results show that energy efficient products with a duplex function (i.e. the ability of an automatic printing of a sheet of paper on both sides) have reduced LCC in comparison to conventional products.

The WLC of the sustainable version of a multifunctional device as specified in the costs and benefits study (i.e. automatic duplex unit meeting ENERGY STAR® requirements) is between 7 and 11% lower than the WLC of the conventional version. Even though the purchase price of the printers with automatic duplex unit is between 20 and 25% higher than the price of the conventional version, the lower costs during the use phase compensates for this difference through the much lower paper consumption.

Comparison of life cycle costs over five years (energy costs and purchase price) of conventional MFDs (without duplex), MFD with duplex unit and ENERGY STAR®, MFD with duplex unit, ENERGY STAR® and ecolabel Blue Angel.



Source: Ökoinstitut 2008

Energy consumption is also reduced through the life cycle of the MFD, in particular for eco-labeled MFD.

### Box 9: Sources of information on Sustainable Procurement for UN

The UNEP series of Sustainable Procurement Guidelines (developed by the Sustainable Procurement Working Group of the HLCM Procurement Network) provide very useful information to requisitioners and procurers in integrating sustainability with their specific needs and performing a life cycle impact assessment of different products and services. These guidelines have been developed by UNEP SUN with the HLCM Procurement Network and the UN Environment Management Group.

Background Reports and Product Sheets have been developed for Information and Communication Technologies, Cleaning, Stationery, Vehicles, Kitchen equipment and various other products and services.

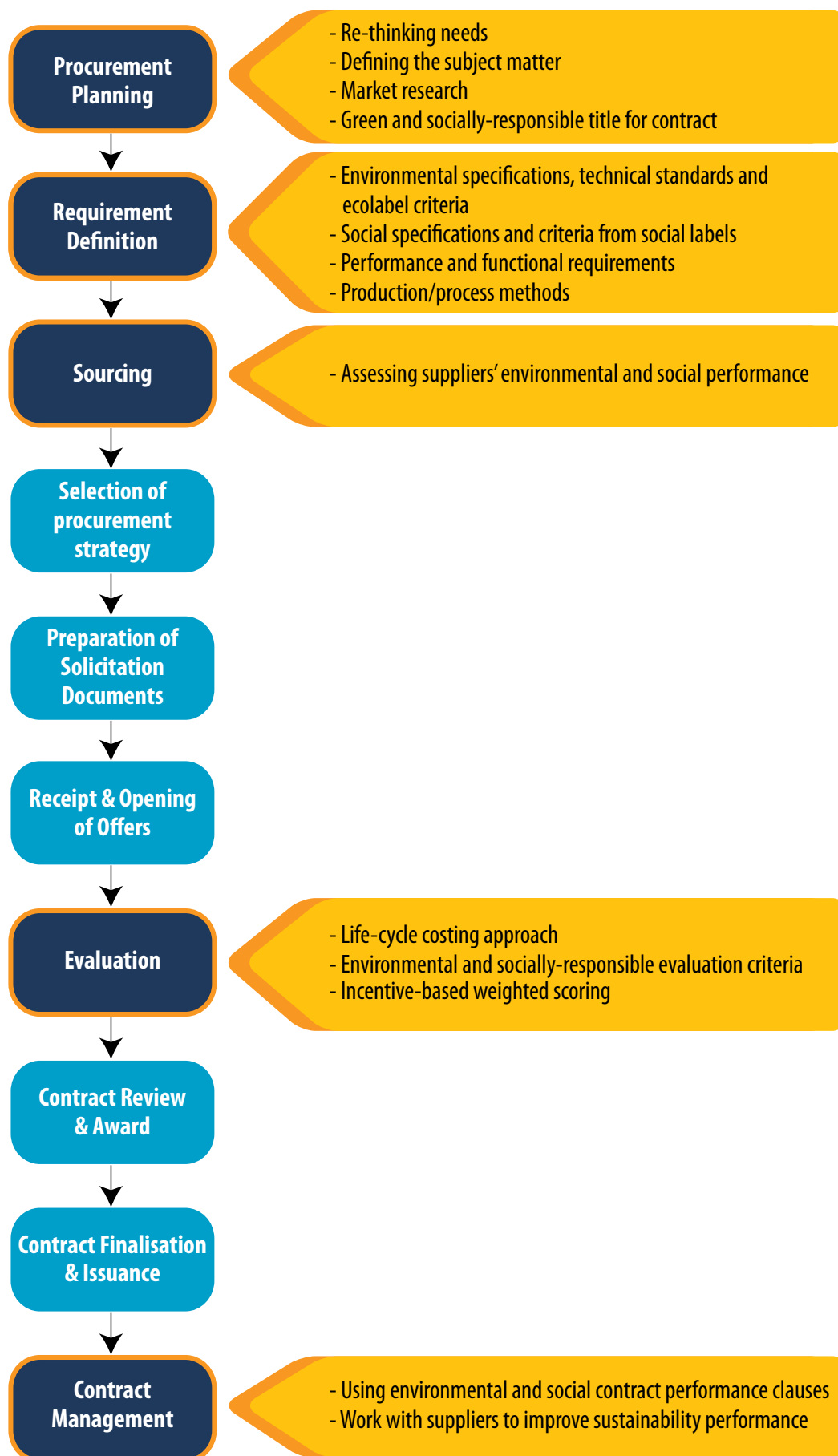
- The Background Report provides information on the main environmental and social threats in the product sector, as well as information on the status of the market for more sustainable options;
- The Product Sheet describes in detail the technical specifications that could be used.

The UN Guide to Environmental Labels for Procurement Practitioners of the United Nations System developed by UNOPS and the UNEP SUN facility provides guidance to procurement practitioners who are entering the world of environmental labels. It sheds light on the nature of different environmental labels, ecolabels, product declarations and many other logos that, more or less accurately, define the environmental performance of consumer products.

The Guide also explains how to use environmental labels in the context of UN procurement and how to avoid misuses and misconceptions commonly found in the booming 'green' market. Overall, the Guide aims to help procurement practitioners safely navigate this complex area, to use environmental labels more effectively and transparently, and to enhance the sustainable performance of their tenders.

These documents are available on the Greening the Blue website ([www.greeningtheblue.org/resources/procurement](http://www.greeningtheblue.org/resources/procurement)) and on the United National Global Marketplace website ([www.ungm.org/SustainableProcurement/toolsUN/tools.aspx](http://www.ungm.org/SustainableProcurement/toolsUN/tools.aspx)).

**Figure 2: The Procurement Process with Indications of Sustainability Interventions**





## 2. PROCUREMENT PLANNING

Good planning is essential for SP. It ensures that the organization as a whole is able to fulfill its objectives in a cost-effective, transparent, responsible and sustainable manner.

A well-designed procurement activity should be:

- Well planned: where decisions are made taking into consideration the overall context of the requirements to identify better the needs. However, in some cases of emergency or where lives are at risk, the requirement is therefore urgent and procedures need to be designed so as to be able to respond quickly and effectively to meet needs arising in such circumstances.
- Less expensive: since procurers have time to compare different possibilities, they have a better idea of the prices on the market. Furthermore, they do not need to command premium prices for 'urgent' requirements.

### Case Study 3: Cutting down on travel at UNIDO

Travel is essential to UNIDO's work but represents 61% of its total greenhouse gas emissions. This has made it a key issue in the UNIDO Climate Team's search for ways of reducing the carbon footprint of the organization, without adversely affecting its performance. That's why its directors, leading from the top, agreed to commit themselves to cutting their own travel by as much as 30% in 2009.

The directors' pledge was an early success. Other initiatives from the Climate Team have focused on how staff travel is authorized. Changes to the Travel Authorization form now mean that every time anyone travels, they are informed of their travel-related greenhouse gas emissions over the last 12 months. Even before they travel, staff must look into alternatives such as teleconferencing and videoconferencing, and the videoconferencing facilities at UNIDO headquarters in Vienna have been upgraded to make e-communications more attractive.

Find out more at: [www.greeningtheblue.org/case-study/unido-directors-leading-top](http://www.greeningtheblue.org/case-study/unido-directors-leading-top)

- More sustainable: sufficient time is allocated for taking into account whole life impact and costing considerations.

Requisitioners and procurers need to work closely with each other and a range of other internal stakeholders to ensure that planning is effective. Planning needs to address the alternative means by which an operational requirement can be met, as well as the most appropriate procurement method to be used to meet that need.

### 2.1 Demand management: Challenging Needs

Every product or service bought by an organization or individual has some impact on the environment, on the economy and on people. In this sense, the most sustainable purchase is often the one you don't make.



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Organizations that have made most progress in SP have often achieved success through ‘re-thinking’ their needs. Instead of simply looking for a less environmentally damaging vehicle, or changing the specifications of their existing fleet, they have, for example, challenged the need to travel. Where video-conferencing can replace the need for a meeting, the total fuel bill is reduced, along with the carbon emissions associated with that travel. Where the number of vehicles purchased has been reduced, organizations have found their costs and sustainability impacts significantly reduced.

Challenging needs will lead to an examination of what is essential to that delivery, and helps to identify where there is ‘waste’ in the system. Waste can, for instance, take the form of:

- Duplication of effort
- Over-ordering of materials – as a safety net or buffer
- Repeat purchases

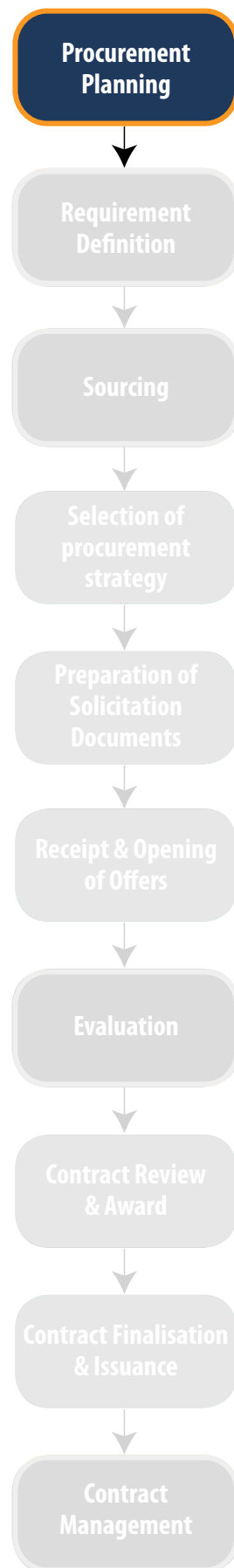
By consuming less, fewer raw materials – including non-renewable natural resources – are depleted.

Some management techniques that can help in re-thinking needs are:

- Auditing energy use, water use and waste generated highlights leakages and identifies where more efficiency could be implemented;
- Adopting a home-working policy reduces emission from commuting, and also the resource intensity of the office space;
- Establishing a web-based exchange for office products and services reduces the need for new purchases and also the amount of equipment, etc ending up in landfills;
- Implementing a green travel plan reduces the incidence of air travel for short haul, non-urgent business travel and encourages the use of fuel-efficient vehicles.

Reducing demand has the added benefit of direct savings to the organization too. Money saved through more intelligent procurement can then be channelled back into core operations.

However, challenging needs is not about denying a service to internal or external customers, nor is



**Box 10: Innovative Practices**

**Rethinking procurement: buying a function**

Among the emerging practices in institutional and corporate procurement, the preferences to closed loop business models are among the most promising from an economic and sustainability point of view.

In a closed loop model, the entire business, including the production process, is designed to provide the procuring organization with the functionality of a product – such as for instance a floor covering – without the need for the organization to own the product. In effect the ‘product’ being purchased is the functionality of the floor covering – comfort, insulation properties, noise reduction, aesthetic properties of a carpet, in this instance. When the manufacturer takes responsibility for the physical product – including taking a large proportion of the material back into production, then the total consumption of scarce resources is minimized. In effect, one person’s waste becomes the ‘raw material’ for the next round of manufacturing.

Having designed the process on a closed loop basis, manufacturers can sometimes offer such solutions to the procuring organization at no additional cost above current prices paid. In some cases, the closed loop product is even less expensive. Such a solution however has the limitation of not yet being applicable everywhere to every product category. The most common examples of function procurement can be observed in the case of: carpeting, textiles, photocopy machines, ICT, etc.

It is important to stress that such closed loop models are not ‘leasing’ models in place of outright acquisition. The fact that material is taken back into production is what distinguishes these systems from a leasing model. This distinction is vital, especially as leasing can be an issue for some finance systems.

### Case Study 4: Re-thinking printing services at UNESCO

#### Standardization of Multifunctional Copy Equipment at UNESCO

When UNESCO had to simplify administrative proceedings, harmonize contractual agreements and achieve significant savings, an Open International Competition was launched by the Procurement Division in close cooperation with the Sectors Administrators. It was a great opportunity for UNESCO headquarters in Paris to modernize and rationalize their park of printing machines and make it a lot more eco-friendly and efficient in terms of resources.



The previous situation was characterized by a total decentralization of the administration for multifunctional copy equipment and where Sectors, Bureaus and Services rented equipment far beyond their needs, with individual contracts varying in duration, prices and level of services. This also involved high energy and toner consumption and no possibility for double-sided printing or scanning.

Based on this observation, UNESCO established two Long-term Agreements for multifunctional copy equipment, achieving both better quality and cost reductions. Total expenditures have been cut by 50% with rental fees cut by over 60% and maintenance down from 0.082 US\$ to 0.048 US\$ per copy. It also generated significant savings in operation costs, staff resources and time.

This initiative increased the sense of ownership and responsibility of administrators and raised staff awareness about environmental impacts convincing them to use network printing capacity and eliminate stand-by printers.

Conclusion: Under the given circumstances (old equipment with less functionalities, under contract for a varying number of years to come and at significantly higher costs), these Long-term Agreements represented a solution that is in the best interest of UNESCO, because it equips the Organization with modern machines and thus, grants access to all members of the Secretariat at Headquarters to the network printing and a free-of charge scan-function, that should result in the reduction of paper and consumables, as well as energy consumption, thus contributing to the Greening UNESCO - initiative.

Suggested improvements for next time: Give due consideration to sustainability (environmental aspect in particular), decisions and strategy regarding Sustainable Procurement should be imposed by the upper management to facilitate the organization Sectors and Bureau to reduce the quantity of equipment they purchase. Training should not be limited to technical and procedural information, but include sustainability and green aspects in order to make staff aware of issues.

#### IN PRACTICE: The Case of a Printer - Re-thinking needs

Re-thinking needs requires innovative thinking. To many people, a printer may seem to be a straightforward item. But what is the need being fulfilled by an office printer? Many offices are equipped with working stations including individual printers. But to fulfill the office need for printing, there is no need for individual printing stations. A high-efficiency printing station can be created instead in a common area. Even better, a multiple function machine, fulfilling the need for printing, scanning and photocopying, can be selected.



This would represent a substantial economic saving for the organisation because the number of printers, scanners and copiers purchased is drastically reduced, even if the single high-efficiency, multi-function machine would probably be more expensive; electricity consumption is reduced because fewer machines are constantly connected to the grid.



Even before approaching the procurement action itself, the good practice of re-thinking needs has taken place - in the above case, several concerns have been identified in the impact assessment: the issue of over-consumption of scarce resources and reduction of electricity usage and emissions linked to electricity use.

it about questioning the authority of requisitioners and budget-holders. Many goods and services are vital to the delivery of the organization’s objectives and it is not the role of procurement to deny the need for or access to such purchases. What procurement practitioners can do is to provide their professional advice on alternative ways of delivering the desired outcome, highlighting more sustainable options and challenging common pre-conceptions about sustainability.

The questions that can be asked are:

- What is the need being fulfilled and the function being delivered by this purchase?
- Are there other ways of meeting that need or delivering that function? Do they have lower life cycle costs?
- Do we really need to buy at all?
- How can we work with requisitioners, budget-holder and users to re-shape the demand? For example, if there is a surplus in one part of the organization, it can be used to meet the needs of another part of the organization. This follows the principle that ‘one person’s waste is another person’s raw material’.

## 2.2 Resource allocation

Good procurement depends on the appropriate allocation of an organization’s limited resources to meet its operational requirements. In this respect, SP is good procurement, since it seeks to deliver the maximum outcome from a limited amount of input over the longest period of time.

There is a tendency in many organizations to focus on short-term payback rather than long-term value. Sustainable products and services can have a higher initial purchase price. Nevertheless, looked at over their entire lifetime, they are often more cost-effective. Tight restrictions on capital budgets mean that these benefits are not being realised in many cases. An initial investment of additional capital is therefore required to deliver savings in the medium and long-term.

Some UN organizations are implementing new procedures to meet this challenge:

- A solution to face financial constraints is to spread the expenditure over time. The Universal Postal Union (UPU) decided to renovate their entire lighting system with energy efficient

lighting and presence detectors<sup>25</sup>. The capital investment of this renovation was substantial (over \$US 500,000) and, therefore, spread over a number of years. The work has been undertaken over several years and by the time it is completed the amount of electricity used for lighting is expected to have dropped by more than 70%, thus reducing the UPU’s carbon footprint even further.

- Another means of overcoming short-term thinking is to allow savings made in one procurement action to be channelled back into schemes or products with a longer payback. The Vienna International Centre used WLC to evaluate goods and services used in Building Management. The Centre was able to ‘ earmark’ funds to secure financial availability beyond the normal budget cycle and develop a special fund, which made it possible to budget exactly for the real requirements, without the funds having to be reimbursed or causing budget reductions in future years. The fund was used to assist in the delivery of a number of energy-saving related projects, such as replacement of facade window glass and the lighting system; measures to reduce water consumption, such as the use of well water for irrigation purposes; environmental preservation measures, including recycling of waste; and finally, health and safety measures<sup>26</sup>.

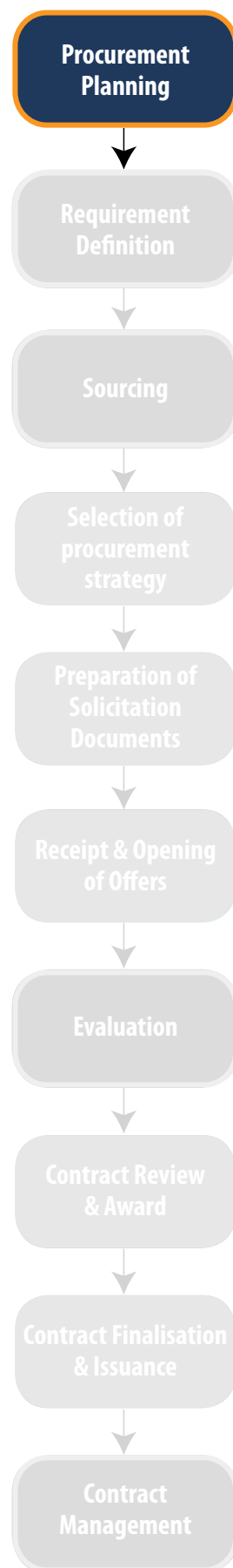
## 2.3 Market analysis

In order to be able to determine what to procure, it is essential to have a good understanding of the market and the types of products and services available given the context within which the tender is being prepared. Sustainable alternatives are not available everywhere and sustainability requirements in procurement need to be attuned to what the market can supply and to the need of procurers to have a sufficient number of good quality offers to select from.

It is important to remember that markets are better able to supply more sustainable products and services if these requirements are signalled well in advance. A dialogue with key suppliers will help build that understanding and enable procurers to be aware of sustainable products and services that might be available but have not

<sup>25</sup> [www.greeningtheblue.org/sites/default/files/UPU-energy.pdf](http://www.greeningtheblue.org/sites/default/files/UPU-energy.pdf)

<sup>26</sup> To know more, please visit: [www.greeningtheblue.org/sites/default/files/VIC\\_0.pdf](http://www.greeningtheblue.org/sites/default/files/VIC_0.pdf)



been brought forward by suppliers because a specific request did not previously exist. It must however be recognised that some suppliers may be resistant to change and if they do not identify and/or take advantage of market opportunities this could constrain a SP approach.

**2.4 A good title**

A good way to send an early and consistent signal to the marketplace is to include the relevant wording ‘sustainable’ or ‘environmental’, for example, in the subject matter or title of a tender and the associated contract. Therefore,

a tender and contract for facilities management becomes more likely to deliver higher standards of environmental and social performance if it is entitled ‘Sustainable Facilities Management’ or ‘Sustainable Workplace Management’. Suppliers should understand clearly that such tenders and contracts will include specific sustainability requirements and the message that sustainability is an important consideration for the procuring organization will be reinforced.

The table below provides example of titles highlighting sustainability concerns in the subject matter.

**Table 2: Sustainability Titles**

Product/service	Traditional Title	Sustainable Title
IT equipment PCs, notebooks and monitors, printers, copiers, scanners and MFDs	Purchase of [PCs, notebooks, monitors, printers, copiers, scanners and MFDs]	Purchase of energy efficient and socially-responsible produced [PCs, notebooks, monitors, printers, copiers, scanners and MFDs] with a reduced content of hazardous substances OR Purchase of energy efficient and socially-responsible produced [PCs, notebooks and monitors, printers, copiers, scanners and MFDs] with low environmental and social impacts throughout the life cycle
Cleaning Products	Provision of cleaning products	Provision of sustainable cleaning products
Office Furniture	Provision of office furniture	Provision of office furniture made in an environmentally and socially responsible way

**IN PRACTICE: The Case of a Printer - Tender Notice**

In the past, a tender notice for office printers would probably be called something like “Purchase of printers for xx office”. Even if the tender contained sustainability criteria, suppliers would have to have read through the document before identifying its purpose. A title such as “Purchase of energy efficient and socially responsible produced multifunctional devices (printer, scanner, photocopier), with low environmental and social impacts throughout the life cycle” would communicate much better the sustainability objectives of the procuring entity.





### 3. REQUIREMENT DEFINITION

Defining requirements is an important step in the procurement process and is a key factor in ensuring best value for money and the most sustainable outcome. Simply, the requirement definition is the preparation of technical specifications, terms of reference or statements of works, which should reflect the need(s) to be satisfied by the organization through procurement.

The quality of the requirement definition determines the quality of the resulting supplier work.

Requirement documentation should be regularly updated and the temptation should be resisted to simply repeat the last procurement process using the previous documentation, as it may not reflect today's approach to this product or service or indeed the organization's new requirements. When preparing the requirement definition and the sustainability criteria within, it is important to consider:

- The results of the life cycle assessment of the required product or service
- Key success factors for the tender (i.e., what is the need the tender intends to fulfil? And, from a sustainability perspective, what are the minimum requirements that must be fulfilled if the result of the procurement action is to be considered successful?)
- Previous requirement definitions, if available and appropriate
- Information obtained from a number of potential suppliers/contractors
- Information obtained from colleagues in other parts of the organization, from external stakeholders and from catalogues of SP best practices existing in the UN system.
- Guidance available on SP. A non-exhaustive list of region-based guidelines can be found in **Annex 4**.

#### 3.1 Minimum sustainability criteria in the requirement definition

Specifying sustainability criteria at this stage involves making a decision on what are the minimum standards that all bids will have to respect. The sustainability criteria are in fact

defined and stated in the solicitation documents as mandatory requirements of suppliers. If procurers wish to attribute additional weighting/points to offers that exceed minimum requirements, they can do so during the evaluation stage (see chapter 4 of this module for more information on sustainability criteria at the evaluation stage).

Minimum sustainability standards are influenced by both market availability and the sustainability agenda of the purchasing organization: for instance, UN organizations having a climate neutral or environment policy should simply refuse to consider goods or services that do not have a minimum energy efficiency coefficient; and all organizations should reflect their concern about human rights, including labour, issues, by including relevant provisions (e.g. labour clauses) in their general contractual terms and conditions and Supplier Codes of Conduct.

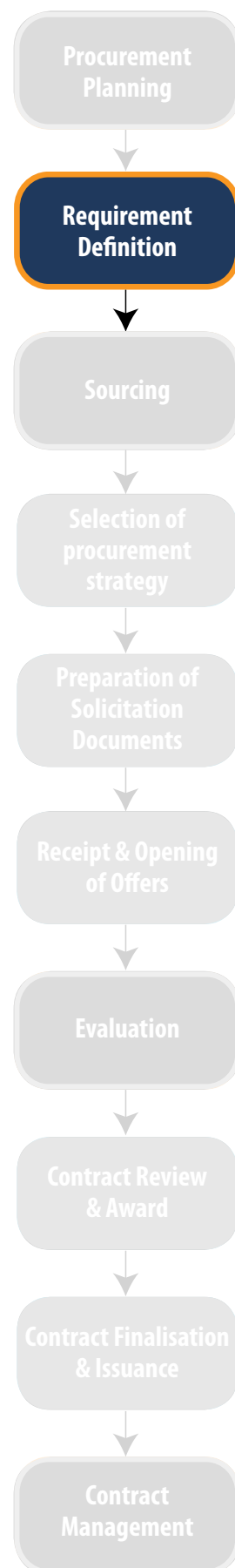
It is especially important that an early market analysis identifies the sustainability options available. Procurers will then be able to "set the bar" of their minimum requirements at a level that can be realistically matched by a sufficient number of offers. On the contrary, sustainability requirements that are excessively high for the market could have the unwanted effect of alienating suppliers and thus jeopardising the tender for lack of offers.

The UNEP Sustainable Procurement Product Sheets can help in developing minimum and additional sustainable criteria. "Basic" and "advanced" criteria have been developed taking into account the availability of sustainable solutions in different regions, and the level of ambition of requisitioners and procurers.

#### *Drafting sustainability specifications: conformance, performance and functional specifications*

When drafting technical specifications, consideration should be given to what type of specification will be used, whether conformance, performance or functional (or some combination):

- **Conformance specifications** describe the physical characteristics of a good, including dimensions, weight, technical drawings, etc. An example would be a detailed drawing of a low energy consumption cooling system.
- **Performance specifications** define the output rather than the physical components,





often making reference to standards to ensure quality; for instance, a cooling system carrying the Energy Star label or equivalent.

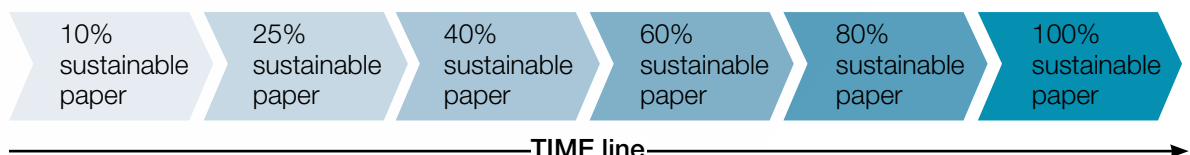
- **Functional specifications** define the objective to be reached. This kind of specification would require that the room temperature does not exceed 25 degrees in the summer, and leave it to the supplier how to deliver this result (for instance, through a sea water cooling system).

Performance and especially functional specifications can be used to test the market and leave greater freedom to suppliers to present innovative, sustainable solutions. However, it should be recalled that excessively wide specifications could lead, for example, to a product not meeting the stated needs. It should be remembered that the degree of control maintained by procurers tends to decrease as suppliers' freedom increases. Procurement practitioners therefore need to exercise extra care to ensure that bids can be properly compared and are evaluated carefully against specified requirements.

### *Drafting sustainability specifications: materials, labour costs and production processes*

Procurement practitioners can specify the material content of the products they intend to buy. From a sustainability point of view, this option can be used to exclude the presence of some substances harmful to people or to the environment (e.g. specifying PVC free). On the other hand, it can also be used to increase the percentage content of more sustainable material (e.g. recycled materials).

Specification of sustainable material content is a good example of how procurers can adopt a progressive approach to SP. For example, if a procurer intends to purchase sustainable paper in an immature market, he or she would start with setting a relatively low requirement for recycled paper/paper from sustainably managed forests. Over time, procurer knowledge and experience would increase and the market should eventually evolve to meet higher sustainability requirements. Progress along the "sustainability continuum" would progressively deliver increasing sustainability benefits as the market evolves:



The ILO Labour Clauses (Public Contracts) Convention (No. 94) and Recommendation (No. 84), 1949 support socially responsible public procurement by requiring bidders to align themselves with the locally established prevailing pay and other working conditions as determined by law, collective bargaining or arbitration award. The aim of these instruments is to remove wages and working conditions from the price competition necessarily involved in public tendering and to ensure that public contracts do not exert downward pressure on wages and working conditions.

Convention No. 94 requires bidders to be informed in advance, by means of standard labour clauses included in tender documents, that, if selected, they would have to observe in the performance of the contract wages and other labour conditions not less favourable than the highest minimum standards established locally by law, arbitration or collective bargaining. The same rules apply to their subcontractors as well as to assignees of the public procurement contract. Bidders are required to prepare their offers accordingly.

The Convention proposes a common level playing field—in terms of labour standards—for all suppliers, and thus promotes fair competition and socially responsible procurement. Most importantly, the Convention enables contracting authorities to evaluate bids based on objective criteria, such as the efficiency of production methods, the quality

### **Case Study 5: Paper recycled with UN paper itself**

The UN print office in Nairobi purchases recycled paper from a regional producer in South Africa and sanitary paper from a waste recycling company based in Kenya. Collection of waste paper to be used by the recycling company in Kenya is carried out in the UN compound. This helps to save paper costs since the raw materials for the paper derive from the waste paper generated by the occupants of the UN compound. The additional benefit deriving from this situation is the creation of jobs having safe working conditions.

[www.greeningtheblue.org/sites/default/files/UNON-Multi-purpose-office-paper.pdf](http://www.greeningtheblue.org/sites/default/files/UNON-Multi-purpose-office-paper.pdf)

of materials, or long-term benefits including technology transfer, which ultimately leads to cost-effective public procurement operations and contributes to sound economic development.

Convention No. 94 provides for two specific types of measures in cases where the labour clauses are not fully respected (without prejudice to other available remedies such as judicial proceedings): first, national authorities must take measures, such as the withholding of payment due under the contract, so that the workers concerned can receive the wages to which they are entitled; and second, national authorities must provide for adequate sanctions, such as the withholding of contracts.

Procurement practitioners can also demand specific production methods, such as organic production methods for food, or renewable energy for electricity purchase. Very often, when using special production methods, it is not possible to distinguish the final product from one produced in a traditional manner. For instance, it is not possible to distinguish energy produced from renewable sources from energy produced in a coal-fired generation plant. To achieve a sustainability goal, the process of production used makes all the difference. In such circumstances, procurers would have to request a reliable means of verification, as quality inspection through normal appraisal methods is not possible. In the case of renewable energy, a suitable means of verification would be a guarantee of origin from an independent issuing body, preferably government approved.

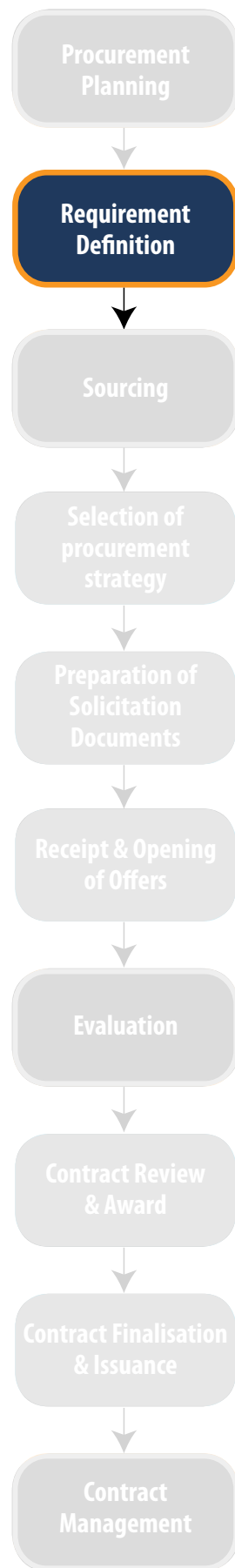
**Drafting sustainability specifications: product lifetime, quality and modularity**

One of the causes of environmental deterioration is the increasing demand for finite and scarce natural resources. The logical consequence of this fact is that every act aimed at avoiding or reducing consumption is, by definition, more sustainable.

Consequently, relying on specifications aimed at extending the lifetime of procured objects, often resulting in lower costs over their useful life, is a good way of enhancing the sustainability profile of a procurement action.

International standards on product quality and durability can be referred to by procurers: for example, product specific standards such as ISO (standards produced by the International Organization for Standardization) or EN (norms developed by the European Committee for Standardization), or other relevant industry standards. Higher quality products sometimes have higher up-front costs, but often result in more limited maintenance and other costs over an extended lifetime.

Specifying for modularity is another way of avoiding repeated purchase of products that are still functional in most of their parts: this principle can be applied to a wide range of goods. It could take the form of ordering refillable stationery items for the office, or expanding the memory of PCs instead of replacing the entire piece of equipment.



**Case Study 6: FAO, IFAD and WFP: Powering ahead together**

In a true example of collaborative working, the three Rome-based UN organizations (FAO, IFAD and WFP) have been working together to develop joint purchasing of electricity for their offices based entirely on the Renewable Energy Certificate System (RECS).

The project was started by FAO, IFAD and WFP with a test run of 25% of total electricity based on RECS. All other criteria, for example compliance with technical requirements and cost, remained standard for electricity tenders. Purchasing electricity through RECS proved to be not much more expensive and, in 2008, the organizations went for 100% of their electricity purchased through RECS at the additional cost of 10,000 Euros on a bid of 1,880,000 Euros: only 0.5% more.

The experience proves that additional criteria do not pose problems for electricity providers. It does take time to adapt the UN's tendering procedures and reconcile the rules of different organizations but once the procedures were established, the tenders were easier in the subsequent years: a proof that doing things together delivers economies of scale and that sustainable choices don't necessarily require huge extra upfront costs.

In a joint statement, facility managers from the three UN organizations showed their support for the scheme saying: "Investing in renewable energy drives the market toward developing sustainable energy sources, reducing emissions and our need to purchase offsets. It's a better solution environmentally – and it is clearly preferable financially as well."

### 3.2 Use of environmental labels<sup>27</sup>

Environmental labels can be valuable tools for implementing SP because they can help requisitioners and procurers in overcoming some of the main difficulties they face. When properly applied, environmental labels can be useful in preparing technical specifications and award criteria.

Procurers and requisitioners can:

- Use criteria from labels to draft technical specifications,

<sup>27</sup> This section is based on the UN Guide to Environmental Labels for Procurement Practitioners of the United Nations System. Executive Summary with links to the full document can be found at: [ungm.com/SustainableProcurement/toolsUN/EnvLabels\\_executive%20summary.pdf](http://ungm.com/SustainableProcurement/toolsUN/EnvLabels_executive%20summary.pdf)

- Verify compliance through labels or their equivalent,
- Benchmark offers at the award stage,
- Use single issue labels for a progressive approach.

Procurers and requisitioners should never:

- Require products to carry a label,
- Use a label without verifying its credibility, independence and scientific basis,
- Raise the level of environmental requirement without first conducting a market analysis,
- Use criteria that have not been published in advance.

#### Box 11: Different labels with numerous levels of environmental performance.

To navigate safely in the complex area of environmental labeling, procurement practitioners should learn how to distinguish labels, how to evaluate their features, and how to use their criteria in line with UN procurement system rules and principles. They can do so by referring to the UN Guide to Environmental Labels for Procurement Practitioners of the United Nations System\* developed by UNOPS and the UNEP SUN facility.

There are many labels and declarations of environmental performance. This large and composite family should be referred to as “environmental labels”.

Procurement practitioners can distinguish between different types of environmental labels and their main characteristics by using the International Standards Organisation (ISO) classification system.

The ISO has classified labels into three typologies: Type I (eco-labels), Type II (green claims) and Type III (environmental impact labels).

Type-I labels are also known as “eco-labels”, which are only a sub-group and follow these characteristics:

- Distinct leader environmental performance
- Multi-criteria based on life-cycle considerations
- Multi-sectoral programme
- Voluntary
- Based on sound scientific evidence
- Third-party certified

Type-II labels are claims from companies themselves, which may entail a risk of greenwashing (i.e. an evocation of environment rather than real environmentally sound practices.)

Type-III labels are qualified product information. They provide independently verified environmental parameters. But they do not convey any judgement on the environmental performance of a product, unlike type-I labels. These declarations are often used for durable products such as buildings and cars.

There is a fourth group called “Type I-like”. These labels have a verification and certification process similar to that of eco-labels, but focus on single issues such as energy consumption, sustainable forestry, etc. and therefore, can be applied only in one industry and sector.

\* A United Guide to Environmental Labels for Procurement Practitioners of the United Nations System. Executive Summary with links to the full document can be found at: [ungm.com/SustainableProcurement/toolsUN/EnvLabels\\_executive%20summary.pdf](http://ungm.com/SustainableProcurement/toolsUN/EnvLabels_executive%20summary.pdf)










Choosing to base a procurement action on a label- that covers several product and service categories, offers a holistic impact assessment over the life cycle and guarantees the impartiality of the scheme – is an assurance of the quality and reliability of the criteria. Very well known eco-labels are the European Ecolabel, the Nordic Swan and the Blue Angel. The fact that these labels have their origin in Europe has sometimes led to the allegation that the concept of eco-labelling and that of sustainable production and consumption are developed country concepts imposed on developing world suppliers. On the contrary, eco-labels are now found globally, including in developing countries and countries with economies in transition. Developing countries are increasingly using European eco-labels for their export products destined for the European market. Moreover, there are eco-label schemes in many developing countries. Procurers may consider

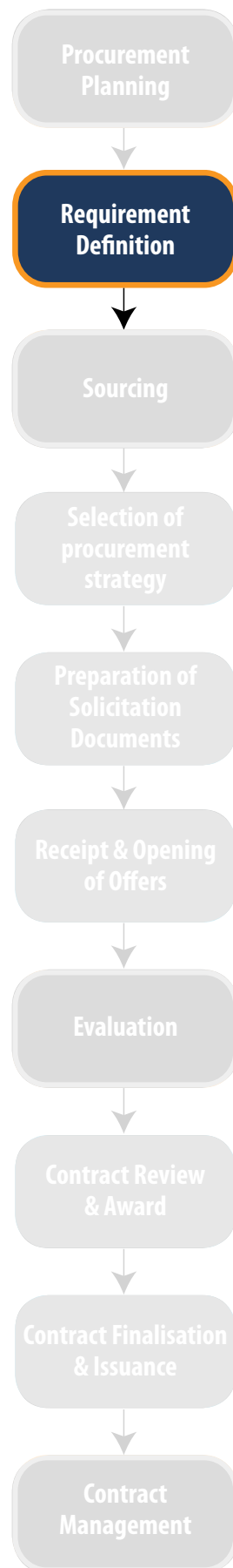
the following overview of reliable eco-labels. Their balanced geographical distribution can be kept in consideration when exploring local market conditions for green products.

The complete list of product categories that major eco-labelling programmes cover can be found on the website [www.globalecolabelling.net/categories\\_7\\_criteria/](http://www.globalecolabelling.net/categories_7_criteria/). The website [www.ecolabelindex.com/ecolabels/](http://www.ecolabelindex.com/ecolabels/) provides information on the 300 environmental labels existing worldwide in more than 211 countries.

There are concerns about the proliferation of various labels which can confuse and overwhelm consumers. While this concern is legitimate, such diversity of labels in the market demonstrates the importance of information about products to consumers and the complexity of product impacts and markets in which they are bought and sold.

**Table 3: Example of eco-labels worldwide**

Type	Country	Logo	Name	Description
Type I	European Union		European Flower	Covers 28 product categories: paints, cleaning products, paper, etc. <a href="http://ec.europa.eu/environment/ecolabel/">http://ec.europa.eu/environment/ecolabel/</a>
Type I	Nordic		Nordic Swan	Covers 65 product categories: cleaning products, paper, building materials, etc. <a href="http://www.svanen.nu/eng/">www.svanen.nu/eng/</a>
Type I	Germany		Blue Angel	Covers 70 product categories: paints, paper, photovoltaic products, phone, etc. <a href="http://www.blauer-engel.de/">www.blauer-engel.de/</a>
Type I	Japan		Ecomark	Covers 60 product categories: paper, textile products, toner cartridges, etc. <a href="http://www.ecomark.jp/english/">www.ecomark.jp/english/</a>
Type I	China		China Environmental Labelling	Covers 50 product categories: energy saving products, furniture, aerosols, etc. <a href="http://www.sepacec.com/">www.sepacec.com/</a>
Type I	Thailand		Thai Green Label	Covers 40 product categories: detergents, steel furniture, computers, etc. <a href="http://www.tei.or.th/">http://www.tei.or.th/</a>
Type I	USA		Green Seal	Covers 30 products categories: paints, air conditioning system, etc. <a href="http://www.greenseal.org/">http://www.greenseal.org/</a>
Type I	Malaysia		SIRIM Eco-Labelling Scheme	Covers 29 product categories: packaging, personal care, building materials, etc.
Type I	Brazil		Rótulo Ecológico ABNT	Covers 7 product categories (more in preparation): personal care, textiles, etc.





There are many initiatives underway, including by UNEP, to harmonize and achieve convergence among these labels. For example, many type I eco-labelling programmes are members of the Global Ecolabelling Network which has the objective of information-sharing and cooperation amongst its members through common core criteria or mutual recognition approaches. The important thing to remember for procurers is to

ascertain the credibility of labels and the impacts that they address.

### 3.3 Use of social labels<sup>28</sup>

Though not as numerous as eco-labels, some social labels are beginning to emerge in a number of market sectors. Social labels can cover different types of socioeconomic issues, such as human rights, workers rights, a ban on child labour, payment of a fair price to developing country producers, etc. Some labels also incorporate both environmental and social aspects. As is the case with certain eco-labels, some social labels focus on a single issue, while others have a wider focus.

The main challenge for procurement practitioners with regard to social labels is the necessity to justify their use. When writing technical specifications, procurers and requisitioners have to make sure that the specifications related to the social performance of the suppliers are relevant to what is being procured.

One example<sup>29</sup> can be given in relation to the purchase of coffee. If the procurement practitioner wants to ensure that the coffee purchased has been produced “fairly”, he/she should reflect the issue in the title to the contract, e.g. “Purchase of fair trade coffee”.

<sup>28</sup> Attention is drawn to the fact that, although certain social labels make express reference to some or all of the ILO fundamental Conventions, none of these is mandated, certified or otherwise authorized by the ILO.

<sup>29</sup> Cited in: A United Guide to Environmental Labels for Procurement Practitioners of the United Nations System. Executive Summary with links to the full document can be found at: [ungm.com/SustainableProcurement/toolsUN/EnvLabels\\_executive%20summary.pdf](http://ungm.com/SustainableProcurement/toolsUN/EnvLabels_executive%20summary.pdf)





#### IN PRACTICE: The Case of a Printer - Addressing environmental concerns

A procurer or requisitioner wouldn't necessarily have to be aware of all environmental concerns associated with IT equipment, as this is not within his/her field of professional expertise.

Fortunately, several international eco-labels have been developed to seek to secure greener electronics. The Energy Star label has developed energy efficiency criteria for printers, and the Blue Angel ecolabel, more comprehensive criteria based on life cycle considerations. Procurers can easily access these criteria on the internet, and use them for setting clear and undisputable specifications.



Table 4. Example of social labels worldwide

Logo	Name	Description
	Fairtrade Labelling Organizations	It guarantees that products are conformed to fairtrade standards and contribute to the development of disadvantaged producers and workers.
	Rugmark	Carpet production is inspected and certified for not using illegal child labour.
	Le Label Social Belge	Certifies respect of ILO Core Conventions throughout the supply chain.
	Rainforest alliance	This ecolabel is a conservation tool according to a specific set of criteria balancing ecological, economic and social considerations.



One of the most well known social labels is 'Fairtrade'. The Fairtrade Labelling Organizations International is a non-profit, multi-stakeholder association involving 23 member organizations<sup>30</sup>. It contributes to sustainable development by offering better trading conditions to marginalized producers and workers in developing countries. The Fair Trade mark appears on a wide range of products such as coffee, fruit, rice, juices, chocolate, cotton, and flowers.

It should be kept in mind that, as is the case with environmental labels, procurers and requisitioners should never require suppliers to register with a particular social labelling scheme, and should add the wording "or equivalent" whenever mentioning a specific label. Similarly, as noted under they can use evaluation criteria to include social issues in their procurement.

## 4. SOURCING

Suppliers sub-contractors are responsible for environmental and social impacts both through the products and services they supply and through their own supply chain. It is therefore essential – looking back at the impact assessment and evaluating the risks that a contract may pose – that requisitioners and the procurers identify which risks can be minimised through the optimal choice of suppliers.

The risks associated with poor performance from suppliers from a sustainability point of view can be summarised under the following categories:

**Legal risks:** the goods/services do not respond to legal requirements regarding emissions, disposal, materials etc., or if related manufacturing processes do not comply with local legislation. These defaults may be passed on to the purchasing organisation, if they are not identified during the evaluation phase prior to contract award.

**Performance risks:** goods and services which do not respond to legal requirements may also not perform at the level required and jeopardise the operations which rely on them.

**Health and safety risks for UN staff and other users:** often lack of environmental "proficiency" is also associated with deficiencies in observance of relevant health and safety standards. Hazardous

emissions from equipment are not only dangerous for the environment but also to users, UN staff and/or project beneficiaries. This is valid for a large range of products and services: from printers to cleaning products, food and catering services, vehicles, textiles, nets, electronic equipment, etc.).

**Reputational risks:** the UN organisation involved could be associated with potential media scandals in which suppliers are involved (e.g. UN uniforms made by children; UN materials in refugee camps turn out to be toxic for the user; UN electrical supplies containing hazardous materials found in an illegal garbage dump; etc.)

### 4.1 Assessing the environmental and social performance of suppliers

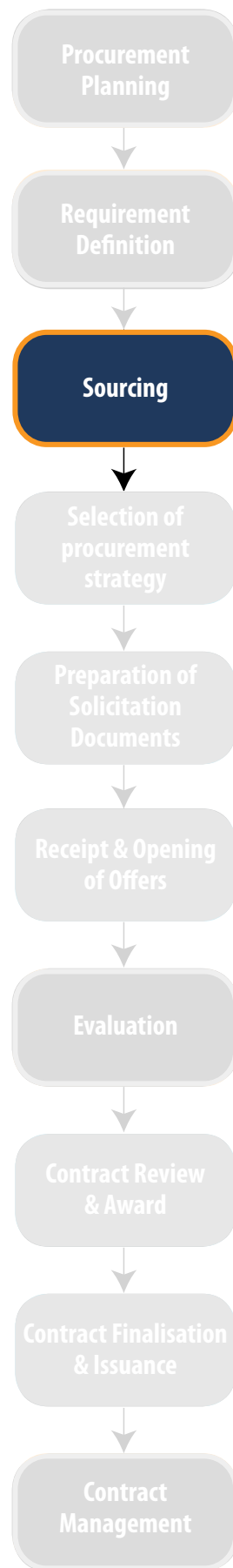
Procurers and requisitioners who intend to promote SP practices in their organisation should ensure that this ambition is clearly communicated to the market through a suppliers' engagement programme which emphasizes sustainability. Such a programme could involve supplier seminars, production of guidance materials for prospective suppliers, and any other means of communication that the organization uses.

This is the stage at which procuring organizations may want to stress the importance of the environmental and/or social qualifications of suppliers.

Nowadays several frameworks exist to ensure that organisations can fulfil their objectives for social and environmental performance; these are called social and environmental management systems. They can be autonomously implemented by organizations of any type and size, and in many cases it is also possible to obtain external, independent certification. This chapter provides information on the most common of such standards.

ISO 14001 specifies a framework of control for an Environmental Management System against which an organization can be certified. Similarly, the EU Eco-Management and Audit Scheme (EMAS) is a management tool for European companies and other organisations to evaluate, report on and improve their environmental performance.

A widely recognised global standard for managing human rights in the workplace is SA8000:2001.



30 [www.fairtrade.net/](http://www.fairtrade.net/)

It is the benchmark against which companies and factories measure their performance in terms of protection of the basic human rights of workers. It draws on the principles of the ILO conventions, the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child. The standard is suitable for any-sized organization in virtually all industrial sectors, anywhere in the world.

Compliance with SA 8000 can be used as a specification criterion to seek to ensure that workers employed by a supplier are subject to appropriate employment conditions (e.g. in relation to a supplier in the catering or cleaning services sector), or when the nature of a contract requires extra care on behalf of a supplier (e.g. for construction contracts in which workers need to be particularly protected). For instance, it makes perfect sense to ask suppliers to have ISO 14001 and SA 8000 for a contract for the provision of sustainable catering and or sustainable cleaning services. Also in the case of construction works these standards are often used for the environmental and social implications that any construction work implies. It is important to reiterate that, the term 'or equivalent' should always be associated to the reference to a standard

or label and suppliers' own good evidence has to be accepted as proof of compliance.

The demand for guidance on the correct use of social criteria from purchasers in the public and private sector has substantially increased in recent years because of various types of "scandals" and related consumer pressure. This was also due to the uptake of sustainable public procurement in a number of countries.

Consequently, ISO 26000 was published in 2010 to provide guidance to all types of organizations, regardless of their size or location, on the principles and practices of corporate social responsibility. ISO 26000 is not a certification standard like SA8000, which means that companies will not be able to be certified according to its terms. But it can be used as a basis for developing a serious approach to social responsibility.

### 4.2 Suppliers' appraisal and short-listing

To minimize risks arising from a supplier's own management decisions and to the related supply chain, procurers have the duty to perform a

#### IN PRACTICE: The Case of a Printer - Requesting proof of compliance

The provision of IT equipment is a typical example of a long supply chain, usually spanning to developing countries where the low value-added phases of production and assembly take place. An impact assessment has identified a risk that labour rights are not fully respected during manufacturing. To reduce this risk of social misbehaviour, the procurer can ask all printer suppliers to attest that they abide by the principles of the ILO core labour standards and provide documentary evidence that they comply with locally established prevailing pay and other working conditions as determined by law or collective bargaining, as provided for in the Labour clauses (public contracts) Convention, 1949 (No. 94). The core labour standards concerned are the following Conventions (and associated Recommendations):

- Freedom of Association and Protection of the Right to Organise (No. 87)
- Right to Organise and Collective Bargaining (No. 98)
- Forced Labour (No. 29)
- Abolition of Forced Labour (No. 105)
- Equal Remuneration (No. 100)
- Discrimination (Employment and Occupation) (No. 111)
- Minimum Age (No. 138)
- Worst Forms of Child Labour (No. 182)

Printer suppliers may also be asked to provide proof that the manufacturer of the product meets the same requirements imposed on suppliers throughout its whole supply chain. The supply chain includes Original Equipment Manufacturers, Electronic Manufacturing Services firms and Original Design Manufacturers. Furthermore, it includes contracted labour (contract manufacturers) that may design, market, manufacture and/or provide goods and services that are used to manufacture and supply the final product.

background check and analysis of the supplier's suitability for specific procurement opportunities. If the procurer is handling a SP case, social and environmental considerations will be included in this background check.

Many UN organizations source suppliers from approved lists. These lists could increasingly reflect the sustainability issues of importance to the UN by reporting also on the environmental and social performance of particular suppliers.

**Box 12: Suppliers' engagement with the Global Compact**

Procurers should also bring to the attention of prospective and current suppliers the United Nations Secretariat Suppliers Code of Conduct (see box 14) and similar Codes of Conduct published by other UN organizations, and encourage them to sign up to the principles of the Global Compact.

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

In a situation where a short list of potential suppliers has been established, procurers will normally perform an initial screening of the sustainability qualifications of the suppliers concerned when including them on the list. A more detailed appraisal of particular suppliers is usually conducted during the evaluation of bids arising from a tender.

**Use of sustainability criteria in pre-qualification**

Using a pre-qualification approach may help reduce the risk of contract failure in cases of complex or specialised procurement. On the other hand, it can be a complex and costly exercise. Advantages and disadvantages should be considered carefully. When a formal method of pre-qualification is selected, it can also be used to ensure that only those potential suppliers that meet the organization's key sustainability criteria are selected to submit bids under a tender. It can also help the UN organization concerned to sensitize the market to its sustainability requirements, including in relation to environmental and social performance in products and services. Procurers can, for instance, refer to social and environmental management systems or other reliable standards in their pre-qualification approach.

**Box 13: United Nations Suppliers Code of Conduct**

The United Nations Supplier Code of Conduct (and similar Codes established by other UN organizations) is an instrument which can guide the prequalification process. The Supplier Code of Conduct expresses the expectations that the United Nations has of its suppliers and encourages them to register with the UN Global Compact initiative. Suppliers are expected to comply with the Code of Conduct in their dealings with the UN Secretariat.

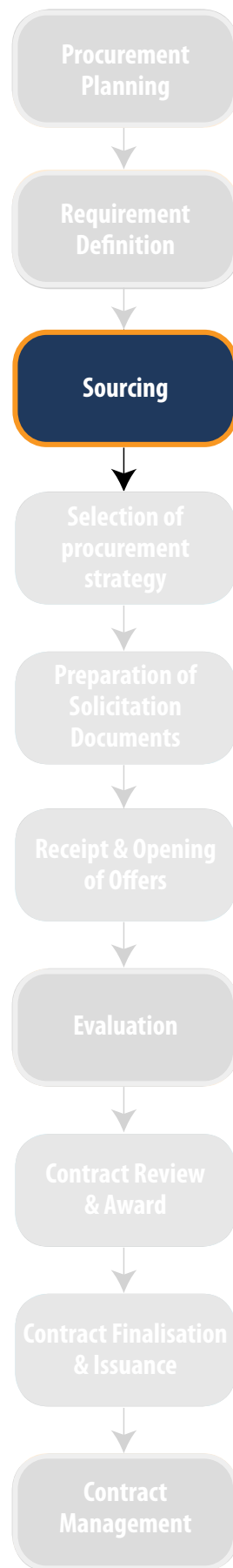
By attaching the United Nations Supplier Code of Conduct to the tender documents and referring to it in the tender, UN procurement is protecting the organization's reputation by dealing with companies which adhere to a high standard of social responsibility and environmental good practice by reference to compliance with national legislation.

Here the UN makes specific requirements of its suppliers and contractors in terms of social, ethical and environmental aspects. For example:

- "9. Compensation: The UN expects its suppliers to comply, at a minimum, with all wage and hour laws and regulations, including those pertaining to minimum wages, overtime wages, piece rates, other elements of compensation and to provide legally mandated benefits."

Issues addressed in relation to the environment include:

- "14. Environmental: The UN expects its suppliers to have an effective environmental policy and to comply with existing legislation and regulations regarding the protection of the environment. Suppliers should wherever possible support a precautionary approach to environmental matters, undertake initiatives to promote greater environmental responsibility and encourage the diffusion of environmentally friendly technologies implementing sound life-cycle practices."



### 4.3 Identifying sustainability sources through UNGM

The United Nations Global Marketplace (UNGM), which is a supplier registration and sourcing portal for UN system organizations, provides a unique location to capture information on supplier environmental and social performance. The supplier sourcing tools (including UNGM) which are currently available to UN procurers, however, do not adequately address environmental and social considerations. This will change and improve as the UN as a whole further engages in SP.

At present, suppliers registering with UN organizations on the UNGM provide only basic data on their environmental and social initiatives. This data includes: stating whether an environmental management system is in place and to which standards (such as ISO 14001, EMAS, etc), if any, they adhere. In addition, the UNGM enables UN organizations to customize their registration criteria in accordance to their individual requirements. A number of organizations have taken advantage of this functionality to address their data requirements pertaining to supplier environmental and social performance. These organizations include UNFPA, UNHCR, UNICEF and UNPD, which ask suppliers to provide data on environmental policies, Global Compact membership, and, if available, adherence to social accountability standards, codes of ethics and SP policies.

Procurers using UNGM to source suppliers are currently able to search the rosters of these organizations in order to identify suppliers that have provided data on the criteria outlined above.

As SP continues to evolve within UN procurement, so too is the UNGM. The system is being progressively developed to address more effectively the needs of UN procurement practice. A part of these developments are directed to enable the UNGM to function as a repository of environmental and social performance data from UN registered suppliers. This is to be achieved by integrating criteria designed to address environmental and corporate social performance, including with respect to health and safety issues. These sustainability criteria will form an optional registration step, but suppliers will be encouraged to provide this information in the form of self-declarations, where possible.

The integration of these criteria within the UNGM will in turn enable procurers to define supplier searches to return results of suppliers that can demonstrate sound environmental and social performance. By providing a repository for SP related supplier data and an associated sourcing mechanism the UNGM will further support SP within the UN procurement system.

### 4.4 Scoring sustainability criteria and determining the suppliers to bid

The scoring method aims to indicate how well each supplier meets each of the specific sustainability criteria that are relevant to the proposed contract. Therefore, for example, potential suppliers aiming to compete for a waste management contract would need, inter alia, to be able to provide evidence of their environmental management systems, as well as their health and safety record.

## 5. EVALUATION

In the UN system, evaluation is increasingly made on the basis of best value for money. The evaluation process must provide a fair, transparent and accountable method for assessing supplier bids on the basis of balancing cost with sustainability and other non-financial factors. This is not necessarily the same as selecting the lowest initial price option. Rather, it represents the best return on investment, taking into consideration the evaluation criteria specified in the solicitation documents.

In order to obtain best value for money for the organisation, a correct, objective and fair evaluation process has to be carried out against sustainability criteria, namely by:

- Carefully establishing the evaluation criteria and weightings
- Considering all indirect costs; e.g. life cycle costs, maintenance costs, SP considerations
- Ensuring impartial and comprehensive evaluation of offers in a timely manner
- Ensuring selection of the supplier whose offer is the most realistic and whose performance is expected to best meet the specified requirements at the lowest overall expense to the organization.



**Box 14: Understanding the difference between sourcing and evaluation criteria**

The evaluation process is distinct and separate from the sourcing process. The evaluation process looks forward at the proposals for the specific contract, whereas the sourcing process looks back at the status and previous performance of suppliers. Procurers must not ask the same questions in both stages and the timing of questions needs careful consideration.

Some general recommendations are valid for evaluation criteria as they were with respect to preparing specifications. Criteria should be clear and measurable, and they should be relevant to the characteristics of the product or service that is being procured. Most importantly, they should not leave unrestricted freedom of choice to the procuring authority.

It is essential that criteria and weightings have been determined at the start of the procurement process, when risks and opportunities for improvement are identified. Under no circumstances can evaluation criteria be modified during the evaluation process. This confirms again that the inclusion of sustainability elements should be accurately planned at the beginning of the process.

Evaluation criteria are usually divided into formal, technical and financial criteria. Formal evaluation criteria are mostly concerned with establishing compliance with any formal requirements (e.g. proper signatures, required documentation, acceptance of contract conditions, etc.). Technical and financial criteria can be used to further sustainability objectives.

**5.1 Using whole-life costing (WLC) in the financial evaluation criteria**

Financial evaluation criteria are important from a sustainability perspective, because it is here that life cycle costs come concretely into play. It is important that the solicitation documents clearly state what costs will be taken into account. In procuring vehicles, for example, the categories of costs to be taken into account will include the basic bid price plus:

- Fuel/energy use
- Maintenance/spares

- Storage
- Training
- Licensing
- Insurance
- Call out charges
- Warranties
- Manuals
- Future upgrades
- Compatibility/integration cost
- Finance costs (interest, inflation etc)

Less - any residual value of the vehicle  
 Plus - disposal cost of the vehicle

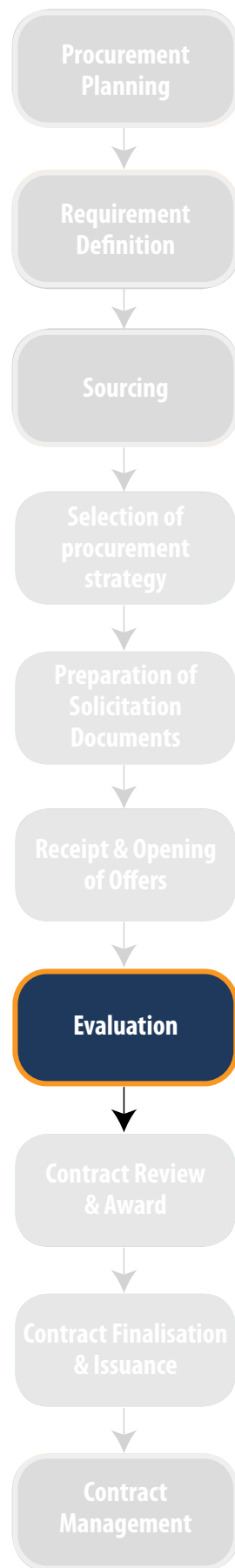
All of these costs – and any other relevant costs identified by the procuring organization – should make up the WLC. The same principle should apply to all procurement, although in practice, simple WLC will be used for routine purchases, while more complex models will be applied for major building construction and renovations, works and other large-scale procurements. As services contracts become more popular, it is appropriate to quantify and evaluate the total costs of a service to the procuring organization. For this reason, it is recommended that a template breakdown of costs is provided within the bidding documents for services and works.

When life cycle costs are considered, it is more likely that resource inefficiencies are eliminated. Very often this will lead to a better sustainability performance as well, thanks to reduced consumption of utilities, longer useful life, etc. For more information on the points of contact between WLC and Life Cycle Analysis, see chapter 1 of this module.

WLC techniques are evolving rapidly. They range from relatively simple spreadsheets to much more complex software-based packages. Procurers should choose the solution that best fits the procurement at hand.

Environmental costs are now appearing on the agenda of many organizations and likewise life cycle and WLC models are beginning to include such costs<sup>31</sup>. As a result of the UN Climate

<sup>31</sup> For example, the EU Directive on the Promotion of Clean and Energy Efficient Road Transport Vehicles requires that energy and environmental impacts linked to the operation of vehicles over their whole lifetime are taken into account in all purchases of road transport



Neutral Strategy and the movement towards environmental sustainability, a number of UN organizations are in the process of developing emission reduction strategies. Some of them have already started to purchase carbon offsets; more are expected to join them. Organizations that have started on this course should consider including costs for emission reductions and offsets in their life cycle costing procedures to get a realistic picture.

### Box 15: Tools for calculating WLC

The ways in which organizations and individuals calculate WLC vary. Some practitioners use simple spreadsheets to calculate the WLC associated with one decision compared with another. Others use comprehensive national databases. Both systems can be effective in helping to determine value for money.

Forum for the Future and Fife Council have together developed a tool that enables procurement professionals to understand the total cost of a product from its purchase through to, and including, its end of life. It can be found at: [www.forumforthefuture.org/project/WLC+CO<sub>2</sub>](http://www.forumforthefuture.org/project/WLC+CO2). Another Excel tool (with a User Guide) for calculating both life-cycle costs and CO<sub>2</sub> emissions in procurement is now available in four languages (English, Spanish, Portuguese and Danish) for testing at: [www.smart-spp.eu/index.php?id=7633](http://www.smart-spp.eu/index.php?id=7633). You can find some information related to this subject in French on the Ademe website: [www2.ademe.fr/servlet/KBaseShow?sort=-1&cid=96&m=3&catid=13201](http://www2.ademe.fr/servlet/KBaseShow?sort=-1&cid=96&m=3&catid=13201)

## 5.2 Using technical and qualification criteria to advance sustainability

Technical and qualification criteria are derived from the technical specifications, Terms of Reference or Statement of Work prepared for a tender. During evaluation, only those bids that comply with the minimum sustainability requirements will be considered compliant. Besides this compliance/non-compliance assessment, evaluation criteria can also be used to assign extra weight to those offers which exceed the minimum sustainability requirements without causing an excessive increase in costs. This is usually done through a weighted scoring system.

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vehicles. A Lifetime Costs Calculator monetizes energy consumption, CO<sub>2</sub> emissions and pollutant emissions together with traditional costs components. More info on [www.cleanvehicle.eu](http://www.cleanvehicle.eu).

The choice of method of solicitation can have an influence on the extent to which evaluation criteria can be used for SP. Organisations can have slightly different rules, but in general weighted scoring methods tend to be used with requests for proposals (RFPs), while the lowest priced compliant offer method is used with requests for quotations (RFQs) and invitations to bid (ITBs).

While this is the general practice, it is increasingly more common to use weighted scoring methods also with RFQs and ITBs. Procurers should explore their options at the planning stage, when selecting the procurement strategy. The award of additional points during the evaluation phase can be very useful for advancing sustainability.

Contrary to technical specifications, evaluation criteria should be used to mitigate sustainability risks that are not crucial to the success of the procurement project. They can also be used strategically, when procurers are not certain of the market maturity for SP and of the eventual price increase.

Using evaluation criteria in a strategic manner to advance sustainability presents the advantage of flexibility. Procurers will assign extra points to the preferred sustainability criteria. If some bids meet the more comprehensive criteria at a reasonable price level, they will be awarded the contract. Otherwise, the contract will be awarded on the basis of the lowest price offer compliant with the minimum requirements. Procurers will not have to repeat the bidding exercise for lack of compliant bids and, in any case, a signal is sent to the market that sustainability is favoured by a particular agency.

The evaluation criteria used at this phase have to be created and published in advance, together with the rest of the bidding documentation, so that suppliers know on what basis their offer will be evaluated.

## 5.3 Developing an evaluation matrix

To compare a range of technical criteria with the price element, a weighted scoring system has to be created. This usually takes the form of an evaluation matrix.

The sustainability risks that will be addressed at this stage are those which are not crucial to the success of the procurement action. The sustainability features are those that qualify as “good to

have” rather than “must have” (the latter should be addressed under minimum requirements). The relative importance of different criteria should also be considered, because it will have an influence on the relative weightings assigned to them in the evaluation matrix. This choice is usually influenced by the organisation’s priorities, and the market readiness per product/service group.

Once the evaluation criteria are selected, they are assigned additional points based on the relative importance of criteria. Points can be assigned for the fulfilment of additional criteria compared to those stated in the minimum requirements; points can also be assigned to encourage progress in some key areas that are already addressed in the minimum requirements. For instance, if the minimum requirement for recycled content of paper is 60%, extra points can be progressively assigned to bids that offer a higher percentage:

- From 61% to 75% - 1 point
- From 76% to 85% - 2 points
- From 86% to 100% - 3 points

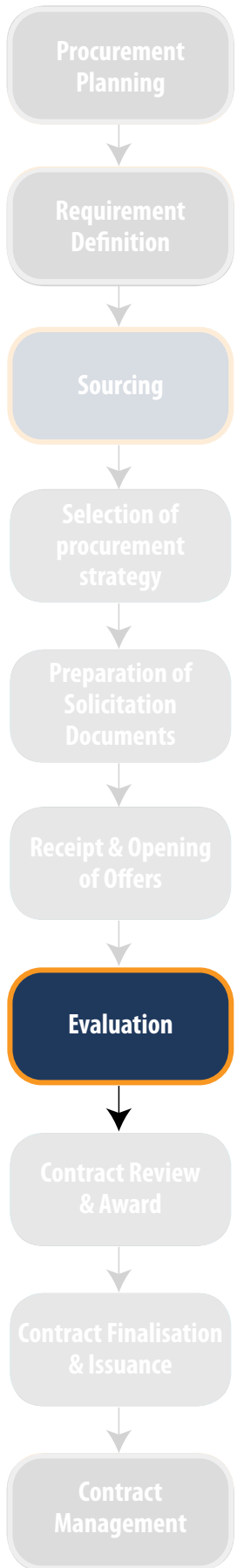
The total points assigned for sustainability criteria have to be weighed against other possible criteria (such as quality, functionality, etc) and price. For an ambitious approach to sustainability, it is recommended that sustainability criteria account for 20% of the weight compared to price. In a

progressive approach, where the market for sustainability is not yet mature or the organisation is taking its first steps with SP, a lower weighting should be established.

The overall weight assigned to sustainability criteria also determines the price increase ceiling. To give a practical example, a bid receiving 10 points out of 100 for sustainability criteria will in fact surpass a 9% cheaper bid without the sustainability element, but not an 11% cheaper one. While the purchase of a safer and more sustainable product or service can often justify a slight price increase, it is important to be aware of that when setting the weightings during planning, because the weightings published with the tender documents cannot be changed at a later stage.

**IN PRACTICE: The Case of a Printer - Bid Evaluation**

A number of bids have been received. The evaluation team is going to use an evaluation matrix published together with the rest of the bidding documents. When developing the matrix, the procurer has included a few advanced criteria to test the market’s maturity, and has assigned extra points to products with lower energy consumption than Energy Star (the minimum requirement set in the specifications). Sustainability criteria have an overall weight of 10% compared to financial criteria.



**Case Study 7: UNRWA considers climate change to evaluate proposals**

The UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) provides assistance, protection and advocacy for some 4.8 million registered Palestine refugees in the Middle East. It has operations in Gaza, West Bank, Jordan, Syria and Lebanon.

In 2010, UNRWA issued a Request for Proposal to establish a long-term agreement for the supply and support of light sedan vehicles that will gradually replace the existing fleet of 700 vehicles in the field offices. The Evaluation Committee received ten technical offers, among which two contained marginal differences in terms of price and technical scores. Therefore, to ensure that the correct type of vehicle was selected, two of the key determining factors for the award of this contract were the greenhouse gas (GHG) emission rate and the fuel consumption of the vehicles.

Suppliers were asked in the Request for Proposals to “include data on emissions expressed in gCO<sub>2</sub>/km and provide manufacturers fuel consumption data for the engines proposed”. When comparing the final two offers, the climate aspect was determinant. Choosing the car with the lowest emission rate had a considerable impact on avoiding GHG emissions – which were estimated at 5.6 metric tonnes of CO<sub>2</sub> saved over the life cycle of each vehicle. This amount of CO<sub>2</sub> saved is considerable given that the fleet consists of 700 vehicles.

Individual consumers are more and more aware of the environmental impacts of vehicles. By taking into account Sustainable Procurement, UNRWA has provided a new incentive for car manufacturers to produce cleaner and more efficient vehicles.

## 6. CONTRACT MANAGEMENT

From a sustainability perspective, contract management ensures that suppliers meet their sustainability commitments, and creates a mechanism to improve performance through the use of performance indicators. It is therefore important that every unit concerned with the contract management process understands its roles and responsibilities.

Traditionally in the UN, “contract management” is not considered a matter for procurers. Requisitioners and service users in the field are usually responsible for the day-to-day management of contracts. However, good communications between contract managers and the procurers who put the contract in place is essential.

Effective contract management is particularly important for longer-term contracts where the buying and supplying organizations will be working together for many years. The approach to contract management depends on its positioning in a supplier relationship matrix. This is an adaptation of a Kraljic matrix, where the contract value is mapped against its sustainability risk.

Wherever contracts are being assessed on the basis of their sustainability risk and their value in relation to organisational spending, they will fall in one of the four quadrants of the matrix in Figure 3 below.

The four types of contracts require that a different management approach be applied in relation to their sustainability component:

- **Critical spend areas:** Closely manage, focus on driving value and minimising risk with the supplier but build an effective working relationship
- **Secure spend areas:** Closely manage, consider paying cost premium to manage risks associated with the purchase
- **Cost Driven spend areas:** Assertively manage, lever savings from suppliers and use savings to fund costs in higher risk areas
- **Acquisition spend areas:** put most efficient measures in place to manage these areas

Whilst all contracts need to be managed, it is particularly important for high-risk contracts as the items being supplied have high sustainability impacts and are often essential purchases for the buying organization. A key issue is ensuring that suppliers of ‘secure’ items (low value, but high sustainability risk) are closely managed as the value of the business is relatively low so the supplier will need to be motivated by other factors to ensure successful service provision.

### 6.1 Sustainability contract clauses

Contract clauses specify how the contract should be carried out. They can be used for sustainability purposes to address aspects that could not be

**Figure 3: Establishing a Management Approach using an Adapted Kraljic Matrix**





easily addressed at previous stages, precisely, because these matters are related to the execution of the contract.

The General Terms and Conditions of Contract of a number of UN organizations already contain some clauses addressing child labour, production and sale of anti-personnel mines, and sexual exploitation.

Including some form of sustainability requirements in contract conditions is fair, open and transparent as every potential supplier competing for the contract will be aware from the very start of the process of the contractual obligations they will be required to meet.

Procurement practitioners should be aware that suppliers will also price their bids on the basis of their prospective contractual obligations, and therefore avoid introducing contract conditions that do not bring a proportionate benefit.

For example, contract conditions can be used to reduce the environmental impacts of packaging and transport of goods:

- Requiring delivery of products in bulk and outside peak hours,
- Requiring the removal of non-recyclable containers,
- Requiring a minimum percentage of recycled materials in packaging.

Or, they can be used in service contracts to improve health and safety conditions and reduce environmental impacts:

- Including clear instructions and training to staff of the supplier on the correct amount of chemicals to be used for cleaning,
- Ensuring that such staff are trained on safety concerns in using these chemicals and on the sustainability impacts of the service they are delivering.

Or, for example, in contracts for construction works, provisions should be used to guarantee the respect of workers' rights and health and safety rules:

- Prevailing wages and working conditions in the particular location should be complied with to avoid companies underbidding by cutting labour costs,

- Applicable legislative and other requirements governing staff health and safety issues should be applied.

Every modification to standard contract conditions should undergo internal legal review.

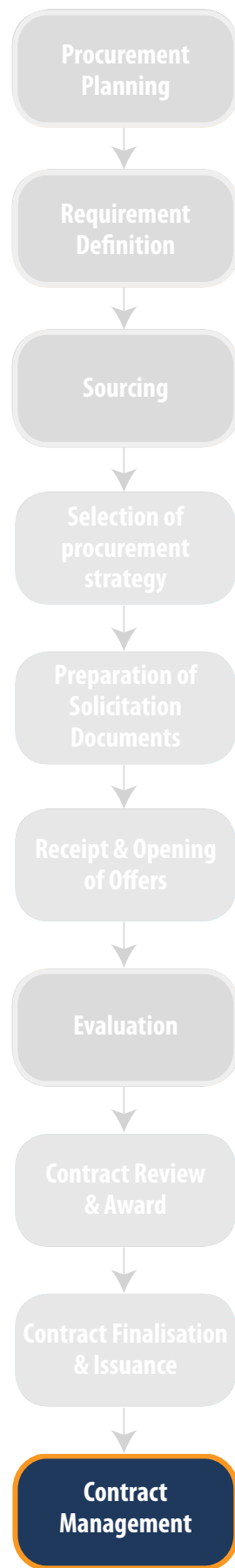
Some UN agencies (such as ILO and UNOPS) rely on "labour clauses" in the general contractual terms and conditions applicable to its suppliers. The contractual terms and conditions are published together with the proposed contract at the time a tender is launched. These clauses require respect for principles derived from the core and other international labour standards. These standards address freedom of association and the right to collective bargaining; prohibition of forced or compulsory labour; equal remuneration for men and women for work of equal value; non-discrimination in employment and occupation; and prohibition of child labour. Other principles covered by the labour clauses included in ILO contractual terms and conditions concern proper payment of wages for workers; provision of appropriate wages, working hours and other conditions of work; and adequate safety and health standards in the workplace. Any infringement of the labour clauses by a supplier constitutes a breach of

**Case Study 8: Contract Clauses for Cleaning Products**

When considering their cleaning products and services contract, the UN Economic Commission for Latin America and the Caribbean took the issues associated with environment and health very seriously. ECLAC approved only products that could not affect the environment, to avoid soil, underground water and/or air pollutants. Similarly, all products that could affect human health and safety were excluded. Finally, the supplier should provide all the required safety equipment for its employees (masks, gloves, safety shoes, etc.).

The measures taken to ensure that the contract adhered to sustainability criteria improved the image of the organization as well as its overall health and safety and environmental performance<sup>5</sup>. In Santiago de Chile, air pollution is a daily hazard and the population and government at large try to implement greening practices and policies. Therefore, vendors are mostly aware and willing to comply with social and environmentally friendly policy.

For more information go to: [www.greeningtheblue.org/sites/default/files/ECLAC-cleaning-products-and-services.pdf](http://www.greeningtheblue.org/sites/default/files/ECLAC-cleaning-products-and-services.pdf)



contract and therefore a basis against which the contract can be terminated by the ILO.

A number of UN organizations are now interested in the possibility of integrating labour clauses into their own general contractual terms and conditions. Others have integrated the principles underlying the core labour standards in Supplier Codes of Conduct. More effort needs to be directed among UN organizations to coordinate their work in these areas to ensure that the UN system can present a united front where labour costs are removed as a source of advantage for some suppliers.

### 6.2 Performance indicators

The way in which the supplier is managed (review meetings, progress reports, etc.) is influenced by the nature of the contract. Milestones should be established and reviewed, and performance assessed against pre-agreed performance measures. The milestones and performance criteria used to manage the contract should have been determined at the risk assessment stage.

Additionally, when determining the approach to contract management, it is suggested that procurers consider:

1. How users will be made aware of the contract
2. How the contract will be administered through existing IT systems, for example
3. How day-to-day queries will be handled
4. How often review meetings will be held with internal users and with suppliers
5. The Key Performance Indicators required for the contract
6. Any risk / reward mechanisms for the supplier based on performance

From a sustainability point of view, contract management can involve having suppliers undertake to deliver year-on-year (or more frequent) improvements in a number of sustainability-related aspects, including: greenhouse gas emissions reduction, energy efficiency, increasing proportion of recycled content and water consumption.

Appropriate Key Performance Indicators (KPIs)<sup>32</sup> to be used as part of contract management should be devised so as to be as straightforward and easy to understand as possible. In the case of environmental considerations, examples of KPIs are:

- Reduction in energy used/carbon dioxide/other greenhouse gas emitted during performance of contract
- Water consumption during delivery of contract (litres over specified time period)
- Waste diverted from landfill (tonnes) over duration / specific period of contract

Contract management milestones and KPIs can be part of contract clauses, for example by providing for regular meetings to review sustainability performance. This 'ratcheting up' of performance over time is one of the primary aims of good contract management. Raising the bar for suppliers will help them improve their performance and will have the effect of raising the standard of sustainability performance across their sector.

Good contract management also supports the organization's supplier relationship management programme. Professional procurement increasingly involves building appropriate, open and transparent relationships with suppliers in markets, so that suitable sustainable solutions can be developed and delivered.

### 6.3 Links to supply chain management

Many of the sustainability impacts reflected in a contract will actually be present further down the supply chain. In this respect, of key importance in any supplier review, is how the supplier deals with its own suppliers and sub-contractors. To ensure that sustainability commitments made in the contract are applied down the supply chain, procurers need to verify that 'back-to-back contracts' are in place between the main supplier and any sub-contractors/suppliers they may have involved in delivering the contract.

<sup>32</sup> For a more comprehensive list of suggested KPIs refer to Annex 6

'Back-to-back contracts' require the main contractor to pass on its contractual obligations and requirements to its sub-contractors in the supply chain. These will often include sustainability requirements. However, it must be recognised that back-to-back contracts are only usually used for higher risk/value contracts as they are often not popular with suppliers.

### 6.4 Site inspections

Supplier audits are a very useful way of determining the extent to which suppliers can and do meet sustainability requirements, address key sustainability issues in an appropriate manner and ensure that responsibilities are cascaded appropriately along supply chains.

However, resource constraints mean that UN organizations cannot hope to perform audits on all of their suppliers (or potential suppliers). So, once again, the impact/risk assessment approach is used to inform the identification of situations in which audits are not only justified, but essential to ensuring security of supply.

On-site reviews/audits of suppliers' premises and operations require careful planning. Reviews

should be based on the risks identified in the contract and the issues that are of most importance to the purchasing organization. If the supplier has made specific claims in any pre-qualification or bid then these could also be investigated as part of the review. Some UN organizations, including UNICEF for example, use on-site inspections as part of the contract award process itself. For high-risk contracts, site inspection is an essential element before and after contract award. The quality, health and safety and environmental performance standards of producers are vital considerations for such high-risk contracts as the supply of vaccines, for example.

Third parties may be employed for supplier audits, particularly where there are specific cultural or language issues. Environmental audits can also be undertaken in-house as part of a quality, health and safety audit for example.

The issue of establishing collaboration between the different UN Organizations on auditing their common suppliers' base could be mentioned. An illustration is presented below of the problems associated when audits of the same supplier are conducted by different organizations.

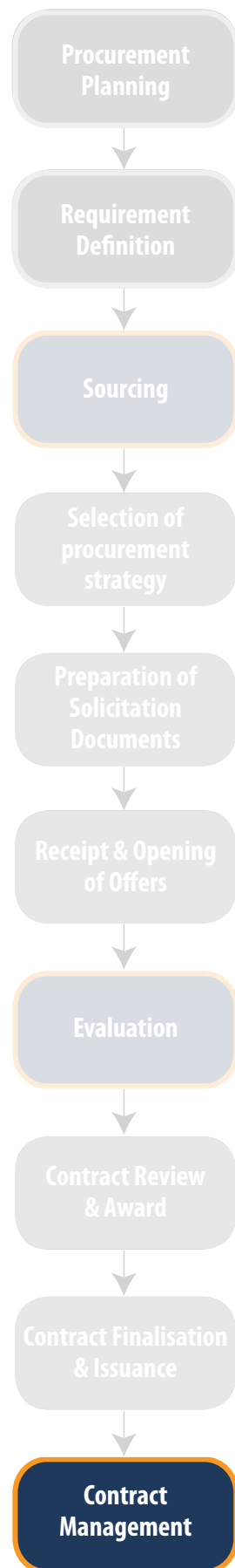
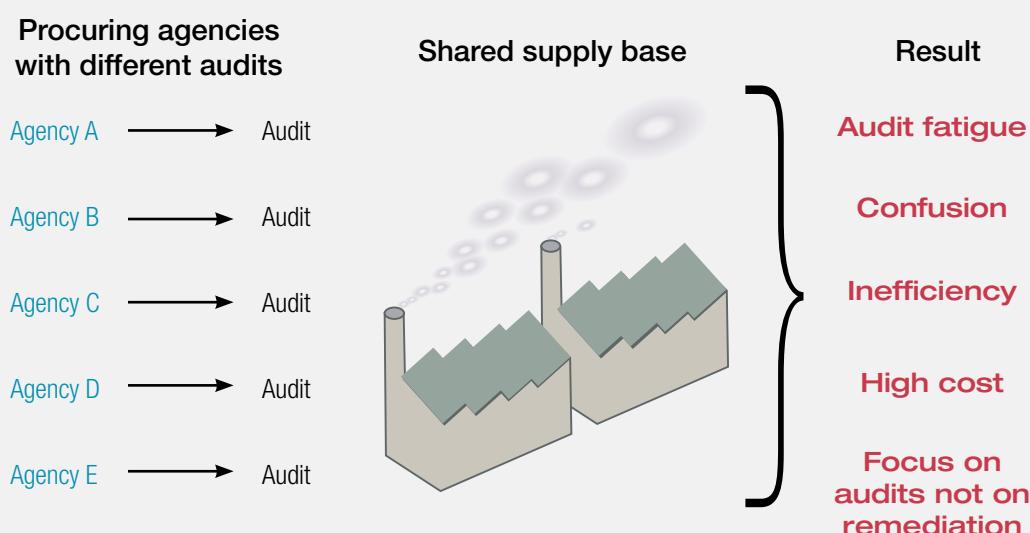


Figure 4: Rationale to Collaborate



Source: Adapted from "Win/Win: Achieving Sustainable Procurement with the Developing World", CIPS and Traidcraft



### 7. FINAL REMARKS

There are no limitations to applying sustainability criteria throughout the procurement process as long as they abide by procurement regulations. The real challenge for requisitioners and procurers is to think about the specific environmental and social risks and determine how it is best to manage them. Procurers and requisitioners need to consider the risk profile of the contract and set sustainability criteria appropriately.

They also have to decide, even before starting the procurement process, whether or not they are willing to invest more to obtain products that are more sustainable. This decision includes not only the up-front price of goods and services but the benefits the more sustainable option brings to the organization during their whole life cycle.

Requirements must be proportionate to the reality of the market conditions. In situations where sustainability is not yet established, like in some developing countries, asking for advanced standards and certifications has the potential to paralyse the process and not be fair to the supplier base. Consideration must be given to the appropriate place to set the bar for minimum sustainability requirements, because if the requirements are excessively ambitious too few suppliers will be able to bid.

Having a structured and logical supplier selection and evaluation process will ensure that all suppliers are treated fairly and equally and that the most appropriate supplier is selected. At the same time, encouraging the continuous improvement of their sustainability performance is a goal of Sustainable Procurement.

Finally, contract management has the potential to ensure that suppliers' commitments are implemented and sustainability benefits are achieved. Performance indicators are also an incentive for the organisation to work with suppliers towards sustainability and improve overall performance of the organization in terms of energy efficiency, social considerations, etc.

When applied in a transparent, efficient and intelligent manner, Sustainable Procurement has a lot to offer to UN practitioners, to the environment and to the people that we serve.

#### *On-line procurement resources:*

[www.greeningtheblue.org](http://www.greeningtheblue.org)

[www.ungm.org](http://www.ungm.org)

#### *On-line training:*

[www.sustainableprocurement.net](http://www.sustainableprocurement.net)





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# Annexes



- Annex 1 Statement of the Chief Executives Board for Coordination Moving towards a climate-neutral United Nations
- Annex 2 Suggested Key Performance Indicators
- Annex 3 Example of sustainability questionnaire used to support the analysis of the life cycle impact assessment
- Annex 4 List of region-based guidelines for Sustainable Procurement

## ANNEX 1: STATEMENT OF THE CHIEF EXECUTIVES BOARD FOR COORDINATION MOVING TOWARDS A CLIMATE-NEUTRAL UNITED NATIONS

**CEB/2007/2**

*Having taken note* of the report<sup>11</sup> entitled “Strategy for a climate-neutral United Nations” prepared by the Environment Management Group;

*Conscious* of the need for our broader engagement to integrate the principles of sustainable development into our daily work routines and activities;

*Recognizing* that leading by example will contribute to the ability of the United Nations to better support developing countries — those most vulnerable to climate change;

*Commending* efforts by those who have already taken initiatives to offset their emissions before the adoption of this common approach; and

*Noting* that there can be significant cost savings to the United Nations from energy efficiency and other mitigation measures;

We, the Heads of the United Nations agencies, funds and programmes, hereby commit ourselves to moving our respective organizations towards climate neutrality in our headquarters and United Nations centres for our facility operations and travel.

In particular, by the end of 2009 we will:

- Estimate our greenhouse gas emissions consistent with accepted international standards,
- Undertake efforts to reduce our greenhouse gas emissions to the extent possible,
- Analyse the cost implications and explore budgetary modalities — including consulting with governing bodies as needed — of purchasing carbon offsets to eventually reach climate neutrality.

We make this commitment with a view to achieving the goal of climate neutrality at a date to be set in the future, by reducing emissions first and then offsetting the remainder through the purchase of offsets from the Clean Development Mechanism, that meet high international standards of additionality, transparency and verification and which promote sustainable development in developing countries.

We support the further development and implementation of a United Nations system-wide strategy for reaching climate neutrality; for monitoring our collective efforts; and for reporting back on progress made and difficulties encountered.

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1 EMG/AM.07/06/Rev.2.



## ANNEX 2: SUGGESTED KEY PERFORMANCE INDICATORS

The following key performance indicators are examples. Please use them as a guide to the key performance indicators you may wish to set depending on your Organisation's Sustainable Procurement objectives.

**Table 5: Performance indicators**

Sustainability theme	Contract management/ performance measure
Carbon dioxide and particulate emissions from travel	Reduction in miles travelled to deliver and support the contract Reduction in carbon emissions from transport Continuous improvement against the sustainable travel plan % carbon off set against miles travelled
Non-renewable resource use and associated waste of spare parts / consumables and packaging waste	Continuous improvement in re-use of spares/ consumables Reduction in consumable use Reduced waste to landfill
Energy use Non-renewable resource use to create electricity and associated carbon dioxide emissions	Reduction in power consumption Overall increase in use of renewable energy
Supplier organisational commitment to and management of its sustainability impacts	Year on year update of impacts and action planning Achievement of sustainability targets Delivery of Sustainable Procurement
Management of electronic waste – specifically old desk tops, lap tops, mfd's, servers and other hardware	Time from de-installation to waste disposal, reducing target % electronic waste to landfill, reducing target
Use of chemicals	Periodic check of any chemicals being used Maintenance of COSHH sheets
Delivery of corporate sustainability targets	KPI's linked to delivery against organisational targets, but covered elsewhere specifically in this document
Sustainability competency of supplier staff on organisation's premises	Contract compliance (note there are links to any monitoring of compliance with diversity targets)
Compliance with minimum labour standards in the locality concerned	Records maintained by suppliers that demonstrate compliance with minimum labour standards established by law and/or collective bargaining e.g. wages, hours, union membership, etc
Sub contractors must equally deliver on sustainability	KPI's on sub-contractor performance
Sub contractors receive fair remuneration	Records maintained by suppliers that demonstrate compliance with minimum legal requirements
Supply base diversification	Monitoring of compliance with diversity targets, but do not link to incentives
Compliance with sustainability legislation	Records of any legal investigations/ prosecutions by legal authorities e.g. environment infractions
Eco-label to manage main environmental impacts of hardware selection	KPI linked to Eco-label e.g. Cat A purchasing of Energy star hardware and % overall against a eco-label
Carbon dioxide emissions from hardware logistic distribution	Year on year improvement See earlier section on mileage targets
Power consumption of hardware both on and off site (hosted services)	Reduction in power consumption Overall increase in use of renewable energy
Non renewable resources used in hardware	Continuous improvement in re-use of hardware Reduction in hardware use Reduced waste to landfill
Disabled user accessibility	100% compliance in provision of equipment to facilitate use by disable users
Asset management / replacement strategy that minimises consumption	% Reduction in equipment consumption % Amount of equipment re-deployed for re-use

## ANNEX 3: EXAMPLE OF SUSTAINABILITY QUESTIONNAIRE - SUPPORTING THE ANALYSIS OF THE LIFE CYCLE IMPACT ASSESSMENT

When introducing life cycle impact assessment principles into procurement, it is best to start as simple as possible and focus on a few key questions. These can always be changed and added to over time and policy makers, requisitioners and procurers become used to thinking about sustainability as risk issues in procurement.

There is no set formula for this, since the risks procurement practitioners choose to assess vary based on the key sustainability issues their organisation supports. However, to illustrate an example, the following are a simple set of risk questions that could be applied to any procurement (see Table 5). The idea here is to simply and quickly identify key risks. The list should not be seen as comprehensive, but as a place to start and an inspiration for successfully completing a life cycle impact assessment (see Module 3, par. 1.1). It could be used for both an organisation-wide prioritisation exercise and a single Sustainable Procurement case.

The approach can be used to generate a few key questions that can be applied to any procurement

(goods, services or works). By keeping the number of questions short and making them “yes” or “no” issues, it should not be too difficult for procurers and/or requisitioners to consider them as part of the procurement process. This approach is particularly beneficial to people starting to apply SP as there is a strong need to make the process easy to apply so that it does not create any excessive burden or time requirements on staff. By keeping the methodology quick and simple at the outset, the practice is most likely to be adopted. The approach and questions can always be enhanced over time.

Using the example set of questions detailed in Table 5, an illustrative example of their application to the procurement of computer equipment is presented in Table 6.

In applying a simple approach such as this, clearly there are limitations and the need to supplement high sustainability impact areas with additional appraisal. However, it can provide a good start and help facilitate organisations efforts to integrate sustainability into their procurement practice.

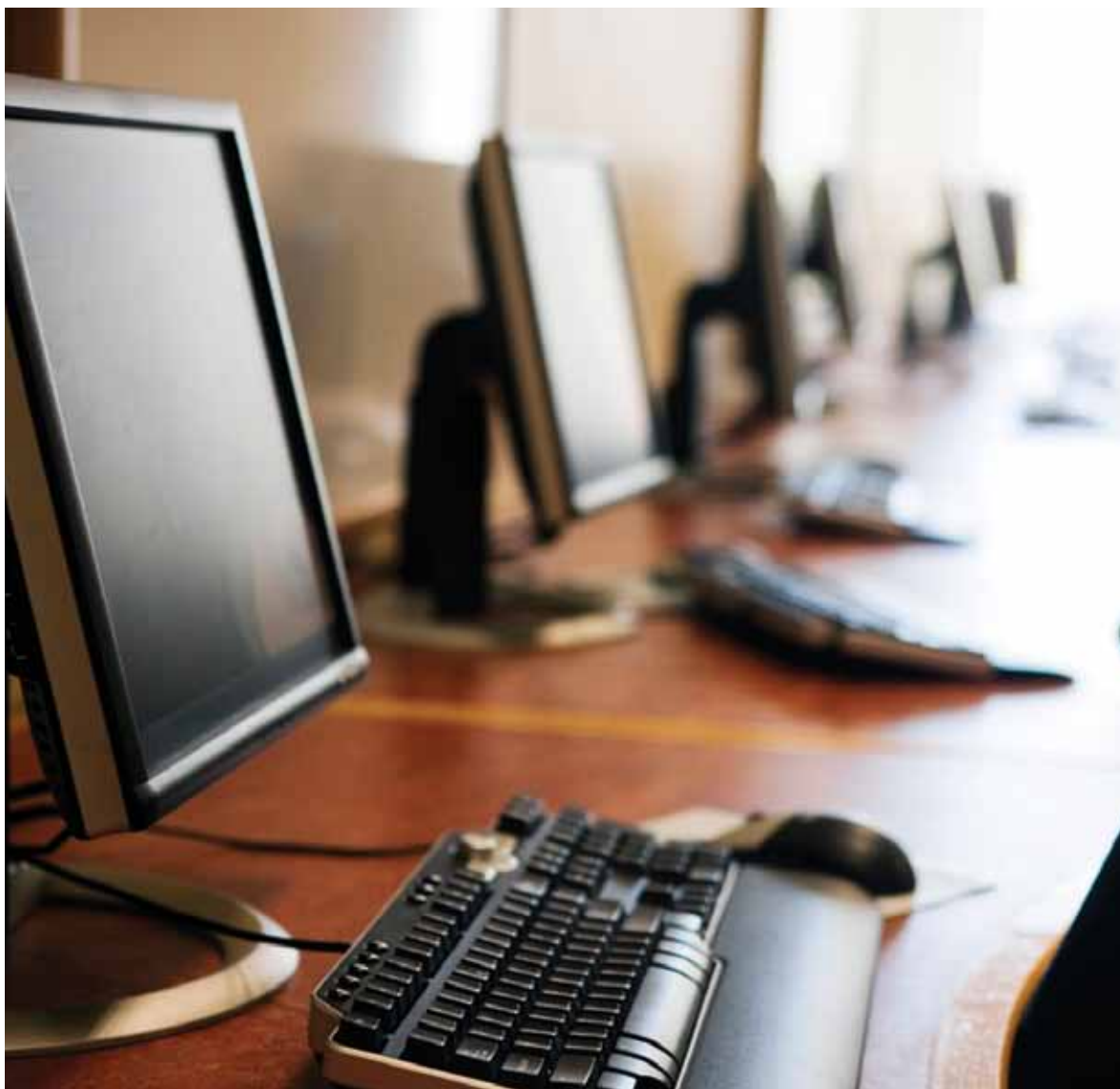
**Table 6: Illustrative examples of simple risk assessment questions**

Issue of concern	Quick Risk Question	Notes
CO <sub>2</sub> reduction	Does the purchase have potential for high-energy consumption?	Consider if the item or service being contracted for is typically a high energy use such as a pump, a bus, a service provider of power washing services etc.
Public image protection and enhancement	Is there a sustainability risk to our organisations reputation?	Taking the answers into account, is there the potential for negative press through the letting of this contract, possible areas include timber, buying from big polluters, child labour in the supply chain, switching suppliers, causing a supplier to go out of business etc.
Efficient use of natural resources	Is the product made of or does the service provider use unsustainable material?	This is a potentially complex question, in the first instance consider if the materials that the product is made or the service provider uses actually regenerates itself within 50 years such as softwood timber, as opposed to metals/ plastics etc
Legislative compliance	Is the industry that supplies this inspected by Government to ensure compliance with standards?	In many countries, the most environmentally damaging industries are inspected regularly.
Fair Pay	Is there the likelihood of a developing world supply chain?	Is this supplier operating in a country/sector experiencing difficulties with the enforcement of minimum wage rates?



**Table 7: Completed example of simple risk assessment for computers**

Risk Question	Answer	Justification
Does the purchase have potential for high-energy (Gas, Water, Electric, Petroleum derivatives etc) consumption?	Yes	Computer equipment includes both desktops and lap tops as well as peripherals and servers. Due to the volumes consumed, power use is a key factor.
Is there a sustainability risk to our organisations reputation?	Yes	Computer equipment has a developing world supply chain, uses energy and is often made of unsustainable materials and is now becoming subject to pressure group scrutiny.
Is the product made of or does the service provider use unsustainable material?	Yes	Computer equipment is often made from virgin non-renewable materials such as plastic, metals etc.
Is the industry that supplies this inspected by Government to ensure compliance with environmental standards?	No	Note this will depend on the country in question. However, many countries do not regard computer equipment manufacture as a high risk activity
Is there the likelihood of a developing world supply chain?	Yes	It is highly likely that both product assembly and component manufacture will be in the developing world.



## ANNEX 4: LIST OF REGION-BASED GUIDELINES FOR SUSTAINABLE PROCUREMENT

**Table 8: Region-based Guidelines**

Organization	Substantive coverage	Link towards resources
<b>European Commission</b>	<ol style="list-style-type: none"> <li>1. Copying and graphic paper</li> <li>2. Cleaning products and services</li> <li>3. Office IT equipment</li> <li>4. Construction</li> <li>5. Transport</li> <li>6. Furniture</li> <li>7. Electricity</li> <li>8. Food and Catering services</li> <li>9. Textiles</li> <li>10. Gardening products and services</li> <li>11. Windows, Glazed Doors and Skylights</li> <li>12. Thermal insulation</li> <li>13. Hard floor-coverings</li> <li>14. Wall Panels</li> <li>15. Combine Heat and Power (CHP)</li> <li>16. Road construction and traffic signs</li> <li>17. Street lighting and traffic signals</li> <li>18. Mobile phones</li> </ol>	<a href="http://ec.europa.eu/environment/gpp/first_set_en.htm">http://ec.europa.eu/environment/gpp/first_set_en.htm</a> <a href="http://ec.europa.eu/environment/gpp/second_set_en.htm">http://ec.europa.eu/environment/gpp/second_set_en.htm</a>
<b>The Swedish Environmental Management Council</b>	<ul style="list-style-type: none"> <li>Vehicles and transport</li> <li>IT and telecom</li> <li>Cleaning and laundry services</li> <li>Street and property</li> <li>Office</li> <li>Food</li> <li>Furnishing and textiles</li> <li>Energy</li> <li>Nursing and care</li> <li>Services</li> </ul>	<a href="http://www.msrf.se/en/green_procurement/criteria/">www.msrf.se/en/green_procurement/criteria/</a>
<b>Canada</b>		<a href="http://www.tpsgc-pwgsc.gc.ca/ecologisation-greening/achats-procurement/trousse-toolkit/page-3-eng.html#it">www.tpsgc-pwgsc.gc.ca/ecologisation-greening/achats-procurement/trousse-toolkit/page-3-eng.html#it</a>
<b>USA</b>	<ul style="list-style-type: none"> <li>Buildings and Construction</li> <li>Carpets</li> <li>Cleaning</li> <li>Electronics</li> <li>Fleets</li> <li>Food Services</li> <li>Landscaping</li> <li>Meetings &amp; Conferences</li> <li>Office Supplies</li> <li>Paper</li> </ul>	<a href="http://www.epa.gov/epp/pubs/products/index.htm">www.epa.gov/epp/pubs/products/index.htm</a>

Organization	Substantive coverage	Link towards resources
<b>Japan Green Purchasing Network</b> (in English and Japanese)	Printing/Copying Papers Copiers, Printers and Facsimile Machines Toilet Paper Tissue Paper Personal Computers Refrigerators Stationery and Office Supplies Washing Machines Lighting Apparatus/Lamps Automobiles Air Conditioners Office Furniture Televisions Uniforms and Work Wear Offset Printing Service Hotels and Inns Toilet facilities	<a href="http://www.gpn.jp/English/guideline.html">www.gpn.jp/English/guideline.html</a>
<b>Canton of Geneva Switzerland</b>	Papier et carton Articles de papeterie et fournitures de bureau Matériel électrique et électronique Mobilier Vêtements Produits de nettoyage Voitures de tourisme et véhicules utilitaires légers Bus, véhicules d'entretien et de voirie Restauration Nuitées hôtelières et hébergement collectif Prestations de déplacements Gestion technique et entretien des bâtiments Aménagement et entretien des espaces verts	<a href="http://www.achats-responsables.ch/leguide/produits_prestations/">www.achats-responsables.ch/leguide/produits_prestations/</a>
<b>ICLEI – Procura+</b>	Buses Cleaning products & services Electricity Food & catering services IT products Building construction & renovation	<a href="http://www.procuraplus.org/index.php?id=4583">www.procuraplus.org/index.php?id=4583</a>
<b>Costa Rica</b>	1. Paper 2. Cleaning products and services 3. Office IT equipment 4. Transport 6. Furniture 7. Stationary	<a href="https://www.hacienda.go.cr/comprared/Manual_Compras_Verdes.pdf">https://www.hacienda.go.cr/comprared/Manual_Compras_Verdes.pdf</a>

## The HLCM's Procurement Network

In 1976, a group of senior purchasing staff from different UN agencies met in Geneva to discuss “whether cooperative procurement among the Executing Agencies would result in cost savings, speedier deliveries, better maintenance, and various other improvements in procurement activities”. This meeting was the beginning of the Inter-Agency Procurement Working Group. Thirty-one years later (April 2007), this informal working group was formalised under the Chief Executive Board's (CEB) High Level Committee on Management (HLCM). It is now known as the HLCM's Procurement Network.



Forty Organisations actively participate in the Network's bi-annual meetings. These Organisations are represented by their Purchasing Directors, Head and/or Chiefs. Together these representatives have responsibility for the approximately USD 14 billion that the United Nations annually spends to support its activities and programmes in more than 164 countries all over the world.

The Network's mandate is to promote the strategic importance of Procurement and Supply Chain Management in programme and service delivery in a transparent and accountable manner. Its programme of work focuses on the efficiency and effectiveness of the purchasing function within the UN system, through collaborative arrangements, simplification and harmonisation of procurement practices, and by fostering professionalism amongst the staff responsible for procurement.

The Network also promotes business opportunities to potential suppliers, with specific focus on developing countries as well as those from countries with economies in transition. To help meet the needs of the business community, the United Nations Global Marketplace [www.ungm.org](http://www.ungm.org) has been developed with the support of the Network, and acts as a procurement portal for suppliers to the UN System.

[www.ungm.org](http://www.ungm.org)

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## Environment Management Group

The Environment Management Group (EMG) is a United Nations (UN) System-wide coordination body. Its Membership consists of the specialized agencies, programmes and organs of the United Nations including the secretariats of the Multilateral Environmental Agreements. It is chaired by the Executive Director of United Nations Environment Programme (UNEP) and supported by a secretariat provided by UNEP.

The EMG furthers inter-agency Cooperation in support of the implementation of the international environmental and human settlement agenda. It identifies issues on the agenda that warrant joint efforts, and finds ways of engaging its collective capacity in coherent management responses to those issues. The current issues under consideration by the group include: IMG on Land, IMG on Biodiversity, IMG on Green Economy, IMG on Sustainability Management, Inputs for International and Environment Governance (IEG) and the EMG Consultative Process on Environmental and Social Safeguards.

[www.unemg.org](http://www.unemg.org)

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## Sustainable United Nations

Sustainable United Nations (SUN) is a UNEP initiative that provides support to UN and other organizations to reduce their greenhouse gas emissions and improve their sustainability overall.



SUN was established in response to the call from UN Secretary General Ban Ki-Moon at the World Environment Day 2007 (5 June) to all UN agencies, funds and programmes to reduce their carbon footprints and “go green”. This call was echoed in October 2007 in a decision of the UN Chief Executives Board (CEB/2007/2, annex II) to adopt the UN Climate Neutral Strategy, which commits all UN organizations to move towards climate neutrality.

SUN is in this context working with the UN Environment Management Group – the UN body coordinating common environmental work within UN – to provide guidance, and develop tools and models for emission reduction within organizations. SUN is using a “whole-organization” approach in identification of sources and causes for emissions and opportunities for reduced emissions and improved sustainability. In this way opportunities for improvements are typically found within one of the three major focus areas for SUN:

- Physical assets: building, equipment, vehicles...
- Management processes: procurement, travel, management systems...
- Organizational Culture: day-to-day office behaviour and “corporate” culture, green meetings...

SUN operates in synergy with existing initiatives and networks such as the Sustainable Buildings and Construction Initiative, the High Level Committee on Management Procurement Network, the UN Global compact, the Marrakech Task Force on Sustainable Public Procurement and many others.

[www.greeningtheblue.org](http://www.greeningtheblue.org)

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## UNOPS

UNOPS mission is to expand the capacity of the UN system and its partners to implement peacebuilding, humanitarian and development operations that matter for people in need.



Our partners range from UN organisations, international financial institutions to governments, non-governmental organisations and intergovernmental organisations and our services include project management, procurement, human resources management and financial management.

Working in some of the world's most challenging environments UNOPS vision is to always satisfy partners with management services that meet world-class standards of quality, speed and cost effectiveness.

As a central procurement resource in the UN, UNOPS mainstreams environmental sustainability in procurement processes and infrastructure construction, promotes the concept of 'One UN' and helps advance progress towards the Millennium Development Goals.

[www.unops.org](http://www.unops.org)

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## International Labour Organization (ILO)

The International Labour Organization (ILO), created in 1919, is devoted to promoting social justice and internationally recognized human and labour rights, pursuing its founding mission that labour peace is essential to prosperity. Today, the ILO helps advance the creation of decent work and the economic and working conditions that give working people and business people a stake in lasting peace, prosperity and progress.



The ILO is the only tripartite U.N. agency with government, employer, and worker representatives from its 183 Member States. This tripartite structure provides a unique platform for promoting Decent Work for all women and men.

The overall goal of Decent Work is to effect positive change in people's lives at the national and local levels. The ILO provides support through integrated Decent Work Country Programmes developed in coordination with ILO constituents. They define the priorities and the targets within national development frameworks and aim to tackle major Decent Work deficits through efficient programmes that embrace each of the ILO's four strategic objectives:

Creating Jobs • Guaranteeing rights at work • Extending social protection • Promoting social dialogue

To pursue these objectives, ILO serves its constituents in a number of ways, including: developing related international policies and programmes; creating international labour standards, supported by a unique supervisory system; developing and implementing an extensive programme of international technical cooperation in active partnership with its constituents to assist them in putting these policies and standards into practice; and training, education and research activities to support all of these efforts.

[www.ilo.org](http://www.ilo.org)

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## The International Training Center of the ILO (ITC-ILO)

The International Training Center of the ILO (ITC-ILO) was founded in 1965, through an Agreement between the ILO and the Government of Italy, with the mandate of providing training and learning services for the development of human resources and the strengthening of organizational capacity in the fields of social and economic development and in particular in furtherance of the ILO's four Decent Work strategic objectives namely: (1) fundamental principles and rights at work; (2) employment and income opportunities for women and men; (3) social protection for all; (4) tripartism and social dialogue. As part of its mandate the Centre has emerged to become a key provider of training and capacity-building services in the domain of Sustainable Development and Governance through long-term collaboration with prominent multi-lateral actors like the EU, the Multilateral Development Banks, OECD and the UN.



The Sustainable Development and Governance Programme is a key programme of ITC-ILO in charge of providing training and capacity-building services for mainstreaming of sound public management practices and the effective utilization of public funds in the pursuit of sustainable development.

[www.itcilo.org/en](http://www.itcilo.org/en)

[www.itcilo.org/en/training-areas/sustainable-development-and-governance-cluster](http://www.itcilo.org/en/training-areas/sustainable-development-and-governance-cluster)

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

The UNEP Division of Technology, Industry and Economics (DTIE) helps governments, local authorities and decision-makers in business and industry to develop and implement policies and practices focusing on sustainable development.

The Division works to promote:

- > sustainable consumption and production,
- > the efficient use of renewable energy,
- > adequate management of chemicals,
- > the integration of environmental costs in development policies.

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

- > **The International Environmental Technology Centre** - IETC (Osaka, Shiga), 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.

*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.fr](http://www.unep.fr)**

For more information, contact:

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*Through their significant purchasing power, government bodies and the broader public and private sectors have an opportunity to leverage markets to produce more sustainable goods and services and thus to contribute to better resource efficiency and a more sustainable economy.*

*Procurement is uniquely placed at the interface between UN activities and projects and the markets in which these operations take place. It is therefore considered as an integral part of the current effort for a system-wide coherence entitled “Delivering as One” aimed to ensure effective development operations and accelerate progress to achieve the Millennium Development Goals.*

*To assist with the implementation of Sustainable Procurement (SP), the “Buying for a Better World” guide aims to provide:*

- *Concrete and valid arguments for the UN to engage in SP,*
- *Recommendations on the development of a SP Action Plan,*
- *Guidance on the integration of sustainable development principles in the UN procurement cycle.*

*This guide also supports the efforts of UN organizations in responding to the call of the Secretary General on climate neutrality and overall sustainability, by indicating how UN spending power can be used to deliver these outcomes through greenhouse gas emissions reduction.*