SUSTAINABLE DEVELOPMENT GOAL INDICATOR 12.7.1.

Main concept, methodology and reporting process

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June 2021
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SDG 12

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

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

• **Indicator 12.7.1** Number of countries implementing sustainable public procurement policies and action plans
Part 1. Introduction to Sustainable Public Procurement

What is Sustainable Public Procurement?
Beginnings

❖ It is nothing new
❖ First experiences in 19th and 20th centuries
❖ Addressing social justice issues
  ❖ Fair working conditions
  ❖ Fair pay
  ❖ Integration of the disabled
❖ In parallel to the Welfare State
Beginnings

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

- Progressive concern for environmental degradation and its effect on social health and development
Why Sustainable Public Procurement?

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

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

EU: 2 trillion euros   US: 1.7 trillion USD

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

Two Cups of Coffee a Day

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

Source: Scott Case
Resource Consumption

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

Source: Scott Case
Every single purchase has hidden human health, environmental, and social impacts throughout the entire supply chain.
# Impacts & Opportunities

<table>
<thead>
<tr>
<th>Environmental</th>
<th>Social</th>
<th>Economic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental factors affect the natural systems on which <strong>life</strong> depends, now and in the future.</td>
<td>Social factors affect the social systems on which <strong>communities</strong> depend, now and in the future.</td>
<td>Economic factors affect the health of the markets on which <strong>commerce</strong> depends, now and in the future.</td>
</tr>
</tbody>
</table>

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

Source: SPLC
Sustainable Procurement (SP) is

... the process whereby organizations meet their needs for goods, services, works and utilities in a way that achieves “value for money on a whole life basis” in terms of generating benefits not only to the organization, but also to society and the economy, whilst minimizing, and if possible avoiding, damage to the environment.
Green Public Procurement (GPP) is

“a process whereby public authorities seek to procure goods, services, and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured”.

*Definition adopted by the European Commission*
All life cycle costs and impacts

Monetized Life cycle costs (LCC)

Total cost of ownership (TCO)

Price

Organization

Society

Source: UN Environment / ISO 20400

Non-monetized externalities
Cost of externalities environmental/social
Acquisition, use & end of life costs
Purchasing Price

LOWEST PRICES GUARANTEED!
Sustainable procurement is about buying better products from better companies
What is a more sustainable product?

• Challenge to define
• Products that have a reduced environmental or social impact along their lifecycle
• Ecolabels – information tools that help to identify and choose more sustainable products
What is a ‘Green’ Product?

- Can be recycled
- Have a recycled content
- Be energy efficient
- Emission reducing
- Re-usable
- Biodegradable
- Organic
Only the **best products** can be granted the use of the logo; Consumers may buy these products without doubt.
Part 2. overview of SPP implementation
A global report periodically reviewing the implementation of SPP

2013 Global SPP Review

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

2021 Global SPP Review
GLOBAL REVIEW OF SUSTAINABLE PUBLIC PROCUREMENT
Sustainability aspects addressed by SPP policies

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

Environmental aspects
Socio-economic aspects

3/12/2019
Farid Yaker – UN Environment
56% of governments prioritize certain product categories.
Which categories of products, services and works are prioritised?

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office IT</td>
<td>89%</td>
</tr>
<tr>
<td>Office paper and stationery</td>
<td>85%</td>
</tr>
<tr>
<td>Vehicles</td>
<td>70%</td>
</tr>
<tr>
<td>Cleaning</td>
<td>67%</td>
</tr>
<tr>
<td>Furniture</td>
<td>63%</td>
</tr>
<tr>
<td>Building design and construction</td>
<td>59%</td>
</tr>
<tr>
<td>Building equipment</td>
<td>59%</td>
</tr>
<tr>
<td>Building materials</td>
<td>52%</td>
</tr>
<tr>
<td>Energy</td>
<td>52%</td>
</tr>
<tr>
<td>Textiles</td>
<td>52%</td>
</tr>
<tr>
<td>Food and catering</td>
<td>44%</td>
</tr>
<tr>
<td>Chemical products</td>
<td>37%</td>
</tr>
<tr>
<td>Household appliances</td>
<td>37%</td>
</tr>
<tr>
<td>Infrastructure design and construction</td>
<td>33%</td>
</tr>
<tr>
<td>Waste collection and street cleaning</td>
<td>22%</td>
</tr>
<tr>
<td>Travel services</td>
<td>15%</td>
</tr>
<tr>
<td>Works execution</td>
<td>15%</td>
</tr>
</tbody>
</table>
Barriers to SPP

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

Barriers to SPP/GPP (as perceived by survey respondents)
Global review of Sustainable Public Procurement, UNEP 2017
SPP IN NATIONAL GOVERNMENTS
Participating countries in 2017 UNEP SPP Country Factsheets
Participating countries in 2017 UNEP SPP Country Factsheets
II. SDG Indicator 12.7.1 assessment methodology
Sustainable Development Goal Indicator 12.7.1:

Number of countries implementing sustainable public procurement policies and action plans

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

a/ Whether SPP policies and action plans have been developed and adopted;
b/ Whether those are implemented, or;
c/ Whether SPP might be implemented through other means.

A detailed methodology assessing the level of SPP implementation in each country was therefore developed between 2018 and 2020 under the leadership of UNEP, with the contribution of experts and voluntary governments.
Indicator 12.7.1. Methodological development and 1st data collection

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

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

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

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

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

1st data collection exercise

Feb 2020

Sept-Oct 2020

Feb 2021
How is SPP implementation evaluated?
SDG 12.7.1. Measurement methodology in detail

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

1 - What are the measures taken at political and legal levels to mandate/facilitate the implementation of SPP?
   - A: SPP policies, action plans and/or SPP regulatory requirements
   - B: Public procurement legal framework

2 - What are the practical outputs of SPP policy implementation, and the support given to public procurement practitioners?
   - C: Practical support and guidance
   - D: Environmental criteria and social considerations in public procurement

3 - Are the actual results and outcomes of SPP implementation monitored?
   - E: Monitoring system
   - F: Percentage of sustainable public procurement
A: SPP policy, action plan, and/or SPP legal dispositions (1 point, mandatory)

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

- Action plan, policy-related documents and/or relevant regulatory requirements should be accessible online.
SDG 12.7.1. Measurement methodology in detail

B. Public Procurement framework

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

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

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

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

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

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

4/ Contract performance:

- **Sustainability requirements** can be specified in contract performance clauses. For example: requiring an efficient use of resources such as electricity and water on construction sites; requiring reduced CO2 emissions associated with transport; asking for packaging to be taken away for reuse, for recycling or appropriate disposal of product.
B(b) Provisions in the legal and regulatory framework mandate (or only allow) the procurement of sustainable alternatives (0.3 pts)

- Voluntary

- Or, Mandatory, at least for some categories of products/services:
  
  - EU “Clean Vehicles” Directive “making it mandatory for contracting authorities to take energy and environmental impacts into account when purchasing road transport vehicles”.
  
  - Mandatory whenever specific labels or minimum sustainability criteria have been identified.
C: Practical support delivered to procurement practitioners on the implementation of SPP / GPP (1 pt)

- Guidelines and tools
- Best practice, case studies
- Regular communication of updated information
- Training sessions
- Helpdesk
D: Environmental criteria / Social considerations

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

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

- **D(c): A risk-assessment or impact analysis** has been undertaken, ahead of the criteria drafting and prioritisation process, to identify procurement categories with the highest risks (e.g. in the Textiles supply chain).
SDG 12.7.1. Measurement methodology in detail

E: Monitoring of SPP

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

1. Is the progress of your SPP action plan / policy implementation monitored?
2. Has a specific target been set for SPP implementation? (for example, % of contracts)
3. Is the progress towards the achievement of this target monitored?

E(b) Monitoring of SPP implementation

1. Is the number and/or value of contracts with sustainability requirements monitored?
2. Does monitoring also entail the measurement of sustainability outcomes? (such as the monitoring of reduction in CO2 emissions, or the creation of green jobs)
3. How is data monitored?
   - via surveys, self-assessment, internal/external audit, or traditional reporting to management
   - via an information system
   - via an elaborate e-procurement platform
F: Measurement of the actual percentage of sustainable public procurement (in value)

- Provision of the value of contracts which included sustainability requirements (e.g. total value of contracts for the purchase of green alternatives), per type of procurement spend.
- A percentage is calculated based on the part represented by those contracts in the total value of the government’s public procurement spend.
How is SPP implementation evaluated?

SPP implementation score calculation

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

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

Where each letter represents the score obtained in each section of the evaluation system:

- 1 point per section (for each sub-indicator A, B, C, D, E, F)
- Participation in the reporting is possible, even when not all sections are filled (except for A)
How is the level of SPP implementation assessed?

Maturity model based on calculated SPP Implementation score:

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

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

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

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

0
- Insufficient data or implementation
  - (Score below 1)
III. Reporting on SDG Indicator 12.7.1
Reporting on SDG 12.7.1 indicator
Tools and Guidance

Reporting tools and documents

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

- PDF Reporting instructions

- Frequently Asked Questions

Supporting documents

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

Any questions?

- National or regional governments may contact our team any time at unep-spp@un.org for support and clarifications.
Data holders for Sustainable Public Procurement implementation are usually those entities in charge of its implementation:

- Ministry of Environment, or;
- Ministry of Finance/Treasury Board, or;
- Public Procurement Agency

In a few cases, they may also be:

- External institutions mandated by the national government to support the development of greener products and services (e.g. environmental institutes)
Why report on SDG Indicator 12.7.1?

- Participate in the global movement of the SDGs
- Set up a baseline to monitor your future progress
- Receive a personalised benchmark on the final evaluation
2021 SDG Indicator 12.7.1. reporting timeline

(Provisional timeline)

2021 Data collection process

- **September-October 2021**: Calculator and instructions sent out to national focal points.

- **October-December 2021**: Data Collection through government focal points in charge of SDG 12.7.1 reporting. Focal points coordinate the data collection process and work with other relevant institutions within government or at other administrative levels.

- **December-January 2022**: National reports and evidence will be reviewed by UNEP.
A total of 79 governments submitted reports in 2020 data collection exercise, which included:

- 40 national/federal governments
- 39 subnational governments