



Government of Sri Lanka



European Union

Reformatted Draft National Policy on Green Public Procurement for Sri Lanka

December 2017

1. Policy Name

National Policy on Green Public Procurement

2. Effective Date

To be indicated upon receipt of the Cabinet approval

3. Introduction

I. Background

When economy of a developing country like Sri Lanka is rapidly growing, it often expands beyond the available natural resources necessary to sustain the long term economic growth and often the processes are quite wasteful. With the time, the capacity of the natural environment to purify effluents and absorb toxins reaches its threshold limits and then collapses causing significant loss of biodiversity and life-supporting ecosystems. This tendency is seen all over the globe.

The worldwide crises in energy, water and finance have created multifaceted socio-economic and environmental problems that every nation now faces. The bio-capacity of the earth is shrinking owing to the increased human demand on the ecological systems. Natural resources are limited and rapidly diminishing due to over-exploitation, especially of non-renewable resources.

As a response to this situation, the international markets for more sustainable products are growing. This trend is not limited to new markets and production or to monetary benefits; it advances knowledge on sustainability, builds credible partnerships, and leads to breakthrough innovations and improved brand reputation.

Having realized the negative impacts of unsustainable development, joining hands with the international community, Government of Sri Lanka has endorsed “Agenda 21” and the “Rio+20 Outcomes”, including the UN “10-year framework of programmes on Sustainable Consumption & Production” (10YFP) and the achievements of Sustainable Development Goals (SDGs).

II. Need

Governments play a key role in directing the utilization and management of resources in an efficient and sustainable manner. The current procurement directives of Sri Lanka have no provisions to address the environmental performance and social implications of goods, works and services procured by the government. By integrating environmental performance and social considerations in the procurement process, the government will be able to influence the demand for environmentally and socially preferable goods, works and services, and to support the ability of industry to apply environmental standards in the market.

III. Purpose & Context

The purpose of this policy is to integrate environmental performance considerations into the public procurement process for procurement of goods, works and services that minimize negative environmental impacts while achieving value for money.

IV. Rationale

By incorporating environmental and social considerations into public procurement, the Government can contribute to reducing the impact on the local and global environment, reducing costs and liabilities, and potentially improving the environmental and social quality of the country. The policy directly targets Sustainable Development Goal 12, specifically Target 12.7: 'Promote public procurement practices that are sustainable, in accordance with national policies and priorities'.

4. Policy Principle

Mainstreaming green concepts into the public procurement process and developing enabling environment for its sustainable adoption to reduce the impact of the public sector's consumption of goods and services while supporting the business sector's interest for manufacturing/offering green products and services.

5. Policy Statements

- a. Procure environmentally and socially preferable goods, works and services where criteria have been established by government;
- b. Incorporate Green Procurement Concepts into the existing Public Procurement system;
- c. Develop and publish a "Guide to Green Public Procurement" enabling producers and consumers to make prudent choices and decisions;
- d. Periodically update "Guide to Green Public Procurement" based on the lessons learned, best practices;
- e. Develop national standards and eco-labels;
- f. Develop an eco-product directory as a tool for showcasing a range of green goods, works and services, and make it public;
- g. Establish a knowledge hub in the Department of Public Finance or any other authority assigned by the government for public procurement in collaboration with the Ministry in charge of the subject of Environment with a dedicated system of networking with other relevant professional bodies;
- h. Develop a Human Resource Development (HRD) mechanism to ensure effective and efficient implementation of the green procurement policy at all levels in public procurement processes;
- i. Develop and implement awareness creation methods focusing on all target groups covering public and private sector producers and consumers as well as general public;
- j. Provide financial and non-financial incentives including rewards and recognition to procures and suppliers to support the transition to green public procurement;
- k. Monitor, verify, evaluate and report the performance of Green Public Procurement Policy focusing on legal, procedural and good governance aspects; and

- I. Make the annual progress reporting of green procurement mandatory for all public-sector institutions.

6. Policy Goals

- a. An overall analysis of Sri Lankan public procurement carried out;
- b. Targets for Green Public Procurement (GPP) with related indicators adopted;
- c. A system for development of GPP criteria established;
- d. Capacity of public decision makers and procurers built from 2018;
- e. GPP implemented for five product groups by 2020;
- f. Monitoring system for GPP implemented by 2020; and
- g. A GPP action plan developed within one year of approving this policy.

7. Applicability & Scope

The National Policy on Green Public Procurement applies to all public procurement of goods, works and services. According to government priorities, implementation of GPP in Sri Lanka may start with piloting in selected government institutions and stepwise expansion of the GPP obligations over time.

8. Policy Implementation

I. Policy Implementation Strategies

Successful implementation of this policy depends largely on the degree of intra and inter-ministerial effort and cooperation (Ministries in charge of Finance, Environment and their line agencies), effective sharing of responsibilities, and pooling of resources.

Political goodwill and leadership influences positively the administrative authority to achieve the targets efficiently and to favour the trickledown effect both vertically and horizontally. Therefore, it is recommended to have a Hierarchical Model as the implementation and monitoring structure for the National Policy on Sustainable Public Procurement, with a Committee in charge – called the National Committee on Sustainable Public Procurement (NCSPP).

Key Ministers (Ministries in charge of Finance, Environment) and the National Procurement Commission (NPC) should lead the NCSPP, which should also include other Ministers and possibly other key stakeholders when relevant. The Committee shall be entrusted with the provision of overall directions, guidance and implementation monitoring of the GPP Policy and the meetings would be called at least once in six months. The terms of reference to the Committee should be established.

The table below indicates the Ministries that are directly responsible and have the authority for the implementation of this policy. Other Ministries that could support the Ministry responsible for a given task are also listed separately.

Task	Responsibility & Authority	
	Responsible Ministry	Supportive Ministries & Organizations
1. GPP criteria methodology, guidelines	NPC MoMDE	Procuring Entities
2. GPP monitoring	MoMDE	Procuring Entities
3. Public Procurement guidelines and monitoring	NPC	-

II. Monitoring & Evaluation (M&E)

As identified in the preceding section, NCSPP should carry out the M&E to assess the impact/effectiveness of the GPP policy after a period of 3 to 5 years and use the findings at the next round of policy amendment.

In order to ensure the effective implementation of the national GPP policy, a GPP monitoring system with an indicator framework will have to be established. Through the tracking of progress on established priorities and targets, indicator based monitoring and reporting is considered to be one of the most effective forms of evaluating the success of the GPP progress. The indicators will provide guidance to policy-makers on progress towards more sustainable patterns of public consumption. The monitoring of a GPP programme is an on-going process and will evolve as better methodologies and data become available.

Establishing a Single Point of Reference, GPP Cell, at the Ministry in charge of Environment for effective coordination among different levels and stakeholder organizations is important. It should be activated as the key point of reference to have access to all stakeholder focal points and others as well. This unit should be resourceful and should be strengthened with required resources in terms of staff, capacity building and finances. It is the responsibility of the GPP Cell to coordinate all GPP activities including convening of the Committee meetings. Terms of Reference for this unit should be established.

9. Glossary

The purpose of this glossary is to assist the users of this Policy document to have a fair understanding of some terminologies in the context of which this policy is developed. It is important to note that the interpretation of such terminologies in different contexts and situations could be different.

Agenda 21: Agenda 21 is a comprehensive plan of action to be taken globally, nationally and locally by organizations of the United Nations system, governments, and Major Groups in every area in which humans impact on the environment. It was adopted by more than 178 governments at the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro, Brazil, in June 1992.

Eco friendly products: Healthy and green products that are good for people, animals, and environment, and that leave the smallest possible impact on the planet.

Eco labeling: Eco labeling is a method of environmental performance certification and *labeling* that is practiced around the world. An "eco label" is a label, which identifies overall, proven environmental preference of a product or service within a specific product/service category.

Green Procurement: Green procurement is the selection of goods, works and services that minimize negative environmental impacts through an assessment of the environmental consequences of goods works and services at all the stages of their life cycle.

Life Cycle Approach / Perspective: A Life cycle approach reflects the incorporation of life cycle thinking in decision-making or development processes.

Life Cycle Assessment (LCA): Life Cycle Assessment (LCA) is a tool to evaluate the environmental and social performance of products or services along their life cycle. Under the Environmental Life Cycle Assessment (ELCA), extraction and consumption of resources (including energy), as well as releases to air, water and soil, are quantified through all stages of the life cycle. Their potential contribution to important environmental impact categories is then assessed. These include climate change, toxicity, ecosystem damage and resource base deterioration.

Life Cycle Thinking: Life cycle thinking expands the traditional focus on the production site and manufacturing processes and incorporates various aspects over a product's entire life cycle from cradle to cradle (i.e. from the extraction of resources, through the manufacture and use of the product, to the final processing of the disposed product).

Policy Goals: Following on from the Underpinning Policy Principles, a policy has "goals". These goals describe the range of desired outcomes or what is to be achieved by implementing the policy. A policy goal is a broad statement of intent providing guidance for action.

Policy Objectives: Goals and Objectives are not the same. "Measurability" is always considered to be an important principle in setting objectives. Objectives are usually linked to one or more "operational units" and are typically "short term". It is perfectly possible to write a policy that does not have measurable objectives and it will serve the country's need. Goals are sufficient enough to ensure the policy longevity. Policy Objectives is the written guidance contained within the policy that helps the reader understand what they have to do in order to adhere to the policy. This written guidance needs to be very well worded, unambiguous and clear.

Policy Principles: The policy principles are the reasons why a policy exists. A policy exists for a purpose and this is expressed in the form of underpinning principles. Policy principles outlines why the government is issuing the policy, and what its desired effect or outcome of the policy should be. Policy Principles are equivalent to the vision statements in corporate or strategic plans.

Policy Statements: Policy statements are the key statements of the Government's position. Through the policy statements, the intent of the policy is stated in the form of simple and concise statements. Therefore, the policy statements are used to designate a straightforward statement or declaration on a particular topic or topics. Policy statements have longevity without being subjected to continual amendment. At the same time, they are general enough to allow for flexibility and accommodation to unanticipated circumstances in the future. In general, policy statements govern or guide the actions that will be taken. Policy statements state what is to be done, and not how it will be done. Policy Principles and Policy Statements have very clear distinction. Policy Principles are the "Basis or Believes" of the action or thinking even if there is no strong scientific proof or data. Upon "believing" in these policy

principles, then the Policy Makers "State" what they commit themselves to pursue". Therefore, Policy Statements become "clear messages announced to the audience saying that this is what we want"

Sustainable Consumption & Production: Sustainable consumption and production is the "The use of services and related products, which respond to basic needs and bring a better quality of life while minimizing the use of natural resources and toxic materials as well as the emissions of waste and pollutants over the life cycle of the service or product so as not to jeopardies the needs of future generations."

Sustainable Development: Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable development promotes the idea that social, environmental, and economic progresses are all attainable within the limits of our earth's natural resources. Sustainable development approaches everything in the world as being connected through space, time and quality of life.

Sustainable Development Goals (SDGs),: World 2030 Agenda for Sustainable Development is a set of seventeen aspirational "Global Goals" with 169 targets between them.

Sustainable Procurement / Green Procurement: Sustainable Procurement is a 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 damage to the environment. Sustainable Procurement seeks to achieve the appropriate balance between the three pillars of sustainable development i.e. economic, social and environmental. Economic factors include the costs of goods and services over their entire life cycle, such as: acquisition, maintenance, operations and end-of-life management costs (including waste disposal) in line with good financial management; Social factors include social justice and equity; safety and security; human rights and employment conditions; Environmental factors include emissions to air, land and water, climate change, biodiversity, natural resource use and water scarcity over the whole product life cycle.

Sustainable Products: A product that incorporates environmental and social factors and minimizes its impact throughout the life cycle, throughout the supply chain and with respect to the socio-economic surroundings.

Ten Year Framework of Programmes / 10 YFP: The Johannesburg Plan of Implementation, adopted at the 2002 World Summit on Sustainable Development recognizes that fundamental changes in the way societies produce and consume are indispensable for achieving global sustainable development. The Plan calls for the development of a 10-year framework of programmes in support of regional and national initiatives to accelerate the shift towards sustainable consumption and production; to promote social and economic development within the carrying capacity of ecosystems by addressing and, where appropriate, delinking economic growth and environmental degradation through improving efficiency and sustainability in the use of resources and production processes; and reducing resource degradation, pollution and waste.

Annex: List of Related Policies

Reviewed list of national sectoral policies that have some relevance to SPP policy are given below:

- 1 Draft National Policy on Sustainable Consumption and Production

Draft