



Learning manual for public procurers: Sustainable Public Procurement (SPP)

1. Introduction

The Sri Lankan public sector is using approximately 25% of the total GDP on public procurement. By increasing the public demand on sustainable goods and services, the government can influence the market supply. Consequently, public procurement can be used as a strategic policy tool to promote sustainable goods and services and thus contribute to a sustainable development in a larger scale. The government of Sri Lanka therefore in 2017 drafted a Green Public Procurement (GPP) Policy.

In the long run it will be mandatory for all government institutions in Sri Lanka to take environmental considerations into account when procuring. However, sufficient human resources in the government institutions is a precondition for SPP, hence building sufficient human capacities on SPP is therefore the most urgent task to create a successful system of SPP.

The objective of this manual is to enlighten public procurers about sustainable consumption and further indicate how procurement can be used as a strategic policy tool to support sustainable development in Sri Lanka.

2. Definition of Sustainable Public Procurement

Sustainable Public Procurement (SPP) can be defined as *“a process by which public authorities seek to achieve the appropriate balance between the three pillars of sustainable development - economic, social and environmental impacts - when procuring goods, services or works at all stages of the project.” (EU)*.

The environmental considerations of procurement is named *“Green Public Procurement”* and aims at reducing the negative environmental impacts such as green house gasses, use of scarce resource and the use of chemicals in the procurement. It is necessary to look at the environmental impacts of the entire lifecycle including production, use and disposal to get an adequate insight into the environmental potential. By demanding products that are produced in an environmental friendly manner, the public bodies can support a clean and sustainable production.

The social considerations refer to the procurement of products that are social responsible, supporting local communities and ensuring labor rights.



Economic considerations are to procure in a resource efficient manner, ensuring free competition across suppliers and avoid any kind of corruption throughout the entire supply chain.

3. Sri Lanka's Sustainable Public Procurement Policy

The Sri Lankan government when drafting the above policy has focused on followings:

1. Integrate considerations of environmental performance into the public procurement process
2. Decrease negative environmental impact while achieving value for money
3. Increase the demand for sustainable goods, works and services, thereby increasing the supply of sustainable goods

As the definition notes, sustainable procurement is about *balancing* between the environmental, social and economic considerations, thus acknowledging that trade-offs between the pillars may occur. In some instances environmental friendly goods are more expensive than those goods that would otherwise have been bought, thereby indicating a potential conflict between the environmental and economic considerations. The Sri Lankan government aim of focusing on increasing resource efficiency and similar priorities that ensures value for money while still decreasing the negative environmental impact.

4. A System of SPP Criteria

One of the policy targets is to develop a national system of SPP criteria that you - as a procurer - can use to integrate sustainable requirements in the tender documents. By creating a common national system it will not be necessary to develop new criteria every time a new procurement is to be carried out, rather the SPP system will ensure that the resources will be used efficiently by letting anyone access the national developed criteria that can be pasted directly into the tender invitation and also be used to inform suppliers prior to tendering.

However, as a public procurer, it is still useful to have insight into how criteria are formulated. For the criteria formulation a tool box with screening, life cycle assessment, total cost of ownership, and market and users dialogue is offered. Below, each of the tools will be presented in turns.

Screening



When starting the criteria-formulation for a specific product group it can be helpful to screen if such criteria already exist in other countries SPP or eco label systems. It is very likely that criteria are already developed, but it is crucial to adapt those so they will fit into a Sri Lanka context. Market supply and need can vary across countries just like procurement policies, therefore it is very important to examine whether the criteria are relevant in a Sri Lankan context. Whether the criteria can be applied in a Sri Lankan context can be examined through market- or user dialogue which is described below.

Furthermore, several public institutions in other countries use “green criteria”, indicating that those criteria focus on green public procurement. It is necessary to be attentive and ensure to balance all pillars of sustainability.

Life Cycle Assessment (LCA)

LCA is method that estimates the environmental impact of a product throughout its entire lifecycle including production, use and disposal. LCA can be used to compare the environmental profile between different products to show which product to choose.

Total Cost of Ownership (TCO)

TCO is another way to measure the cost of a product as opposed to the direct procurement price. Instead of only looking at the price when buying a product, TCO states the price of the entire period of ownership. TCO take into consideration that an environmental friendly light bulb will use less energy than a regular light bulb during the bulb's lifetime. So even though the low energy light bulb will be more expensive to purchase it is cheaper in the long run. TCO is in particular a useful tool when the product is using energy or other resources during its operation.

Market Dialogue

To ensure that the market can fulfill the sustainability requirements, it can be beneficial to invite relevant suppliers to a market dialogue beforehand. The suppliers can then deny or confirm whether the market is ready for such sustainability requirements. They can also inform if they have any other products that might be even more sustainable. The market dialogue can be structured in different ways. Either it can be conversations with just one supplier at a time, in case the suppliers will not reveal their products' specific characteristics when their competitor is present. It can also be a larger group discussing the market in more general terms. Other stakeholders can be invited too e.g. producers or specialists that can help qualify the dialogue.

User Dialogue



Typically (when dealing with SPP) the purpose of the purchased product is to function in a public organization either serving public employees or citizens. It is not always that the procurers know the functional requirements of the product; therefore it can be useful to include the users to “evaluate” the product and ensure that they are satisfied with the sustainable product. The users are those who need to use the given product, so their satisfaction is important.

Circular procurement

The concept of circular economy is gaining ground. Shortly told, circular economy is about recirculating the products in either the technical or biological cycle depending on the type of product. Instead of throwing the product out when it is no longer in use, it is ensured that the product will be re-used, thus the circular economy settles with the idea of “produce, use, dispose”. Procurement can be used to promote the circular economy by requiring that the suppliers take back the product after use and recycle it, what is termed a “take-back” solution. Another example of a requirement that support a circular economy is that the product should be produced in a way that allows for separation after use so each part can be reused or at least recycled. Circular economy can prove to be less costly because the resources and materials are reused.

5. Conclusion

The aim of this manual is to inform procurers about sustainable public procurement and how to carry out such a procurement in practice focusing on the different tools in relation to criteria making.



Training Module – Public Procurers

Sustainable Public Procurement in Sri Lanka

The purpose of the training module is to apprise Public Procurers about the potential effects of and methodologies for utilizing public procurement as a lever for sustainable development

The training module covers the topics mentioned below and specifically identified on the slides. It is important to be familiar with the roles of the participants and stakeholders to carry out the training. The trainer should have knowledge about topics as procurement, green procurement, strategy development and strategy implementation.

Course Audience

The course is intended for public procurers.

Module Overview:

This Module will be covered in Five Sections.

Module 01: National Public Procurement System and the essence of Public Procurement

Module 02: Introduction to Sustainable Public Procurement, SPP

Module 03: International Experience with SPP

Module 04: Implementation of SPP

Module 01 – National Public Procurement System and the Essence of Public Procurement

This module serves to provide an overall picture of the Sri Lankan public procurement model:

- Public Expenditure
- Currently applicable guidelines
- Principles of Public Procurement
- Myths and misconceptions of Public procurement
- Bid Evaluation
- Purchasing Vs Procurement
- Selection Criteria

Module 02 – Introduction to Sustainable Public Procurement

This module serves to provide an overall picture of the sustainable public procurement:

- Case study – Sustainable procurement of Textiles



- SPP Definition
- Conventional Vs Sustainable Procurement
- Life-Cycle thinking

Module 03 – International Experience with SPP

This module serves to provide information on SPP experience from selected Asian countries and to identify good organisational practices that can inspire development of the Sri Lankan organisational model for SPP:

- SPP in Asia
- Success Factors
- Case Study – Fridges for universities
- Practical challenges

Module 04 – Suggested Sri Lankan SPP Policy targets

This module presents a draft strategy for introduction and implementation of SPP in Sri Lanka. The strategy has been discussed with key stakeholders in November 2017

- Strategy Principles and steps
- Clarified scope, structure and responsibilities, 2018
- Clear SPP guidelines with stepwise how-to-do, 2018
- System for SPP criteria and five product criteria, 2018
- Capacity created in key institutions, 2019
- Pilot SPP exercises, 2019
- Monitoring system for SPP, 2020
- New Action plan for SPP, 2020

Module 05 – Criteria for Five Product Groups

This module presents criteria for selection of product groups.

- Criteria System
- Product selection
- Criteria for five products

Module 06 – Implementation of Sustainable Public Procurement

This module presents how to accommodate sustainable concept in the public procurement system.

- Applicable guidance
- Defining the need – Need Analysis/planning
- Selecting and excluding bidders
- Awarding a contract
- Possible approach to procure ‘Green’ Paint
- Compliance monitoring



Learning Outcomes

By the end of the programme, participants will be able to:

- i. Understand the national public procurement process
- ii. Understand the concept of SPP
- iii. Bring SPP from a concept into practical use
- iv. Integrating SPP in the public procurement processes, practices, and procedures
- v. Use specifications to improve the sustainable outcome of the procurement process
- vi. Understand how evaluation criteria can be used in SPP
- vii. Understand the methods and importance of contract management in the SPP process

Suggested methodology to deliver

Through discussions where the trainers and trainees engage in two-way communications in order to optimize the training process.