

# SUSTAINABLE PUBLIC PROCUREMENT



## 2022 GLOBAL REVIEW

Part II. Diffusion of Sustainable Procurement to the private sector,  
international organizations and the role of supporting entities

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with the support of



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A total of 322 individuals responded to the SP Stakeholder Survey. A list of the organizations where these individuals work is provided in Annex 1. Thanks are extended to all of them for their time and for sharing their opinions on sustainable procurement.

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The *2022 Sustainable Public Procurement (SPP) Global Review* is organized into two Parts. Part I focuses on the current state of sustainable procurement and progress in national governments and can be accessed [here](#). Part II of the *2022 SPP Global Review* (this publication) explores the diffusion of SP to the private sector, international organizations and role of supporting entities. It is composed of three Chapters: Chapters 5 and 6 examine SP implementation in private enterprise and intergovernmental organizations, while Chapter 7 explores the efforts taken by international organizations and networks in SP mainstreaming.

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# Abbreviations and acronyms

<b>ADB</b>	Asian Development Bank
<b>AfDB</b>	African Development Bank
<b>AIIB</b>	Asian Infrastructure and Investment Bank
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>ASU</b>	Arizona State University
<b>BofA</b>	Bank of America
<b>BMUV</b>	Germany's Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection
<b>BSR</b>	Sustainable Business Network
<b>CDB</b>	Caribbean Development Bank
<b>CDP</b>	Carbon Disclosure Project
<b>CSR</b>	Corporate social responsibility
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>EC</b>	European Commission
<b>ECPAR</b>	Quebec Space for Consultation on Responsible Sourcing Practises
<b>EPA</b>	Environmental Protection Agency
<b>EPPPL</b>	European Procurement and Public Private Partnership Law Review
<b>ESG</b>	Environmental, social and governance
<b>EU</b>	European Union
<b>FSC</b>	Forest Stewardship Council
<b>FY</b>	Fiscal year
<b>GDP</b>	Gross domestic product
<b>GHG</b>	Greenhouse gases
<b>GIZ</b>	Germany Agency for International Cooperation
<b>GLCN</b>	Global Lead City Network on Sustainable Procurement
<b>GPP</b>	Green public procurement
<b>HLCM</b>	High-Level Committee on Management
<b>HLCM PN</b>	High-Level Committee on Management Procurement Network
<b>ICLEI</b>	Local Governments for Sustainability
<b>IBRD</b>	International Bank for Reconstruction and Development
<b>ICT</b>	Information and Communications Technology
<b>ICSID</b>	International Centre for Settlement of Investment Disputes

<b>IDA</b>	International Development Association
<b>IDB</b>	Inter-American Development Bank
<b>IDRC</b>	International Development Research Centre (Canada)
<b>IFC</b>	International Finance Corporation
<b>IGPN</b>	International Green Purchasing Network
<b>IISD</b>	International Institute for Sustainable Development
<b>IKI</b>	International Climate Initiative
<b>ILO</b>	International Labour Organization
<b>INGP</b>	Inter-American Network on Government Procurement
<b>IPF</b>	Investment project financing
<b>IsDB</b>	Islamic Development Bank
<b>ISO</b>	International Organization for Standardization
<b>IT</b>	Information technology
<b>ITC</b>	International Trade Centre
<b>KEITI</b>	Korea Environmental, Industry and Technology Institute
<b>LAC</b>	Latin America and the Caribbean
<b>MAPS</b>	Methodology for Assessing Procurement Systems
<b>MDBs</b>	Multilateral Development Banks
<b>MIGA</b>	Multilateral Investment Guarantee Agency
<b>NAEM</b>	National Association for Environmental, Health and Safety Management and Sustainability (EHS&S) Management
<b>NSB</b>	National Standards Body
<b>NGOs</b>	Non-governmental organizations
<b>OAS</b>	Organization of American States
<b>OBSAR</b>	Observatory of sustainable procurement
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OECS</b>	Organisation of Eastern Caribbean States
<b>PAGE</b>	Partnership for Action on Green Economy
<b>PRI</b>	Principles for Responsible Investment
<b>PSCI</b>	Pharmaceutical Supply Chain Initiative
<b>R&amp;D</b>	Research and development
<b>SAPIENS</b>	Sustainability and Procurement in International, European, and National Systems
<b>SAVi</b>	Sustainable Asset Valuation (methodology)
<b>SCP</b>	Sustainable consumption and production
<b>SDGs</b>	Sustainable Development Goals
<b>SMEs</b>	Small and medium-sized enterprises
<b>SP</b>	Sustainable procurement
<b>SPHS</b>	Sustainable Procurement in the Health Sector
<b>SPLC</b>	Sustainable Purchasing Leadership Council
<b>SPP</b>	Sustainable public procurement
<b>SPRI</b>	Sustainable Purchasing Research Initiative (Arizona State University)



<b>TSI</b>	Trade support institutions
<b>UN</b>	United Nations
<b>UN SWAP</b>	UN System-Wide Action Plan
<b>UNDA</b>	United Nations Development Account
<b>UNDP</b>	United Nations Development Programme
<b>UNEP</b>	United Nations Environment Programme
<b>UNFPA</b>	United Nations Population Fund
<b>UNGM</b>	United Nations Global Marketplace
<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>UNICEF</b>	United Nations Children’s Fund
<b>UNITAID</b>	United Nations International Drug Purchase Facility
<b>UNOPS</b>	United Nations Office for Project Services
<b>UNSD</b>	United Nations Statistics Division
<b>US</b>	United States
<b>WB</b>	World Bank
<b>WBG</b>	World Bank Group
<b>WDI</b>	World Development Indicators (World Bank)
<b>WEP</b>	Women’s empowerment principles
<b>WHO</b>	World Health Organization
<b>10YFP</b>	10-Year Framework of Programmes



**5. Sustainable procurement**

**in private sector organizations**



The supply chains of private organizations have a tremendous social and environmental impact. According to the Carbon Disclosure Project (CDP), 100 companies' operations and products are responsible for over 70% of the industrial greenhouse gases emitted since 1988,<sup>1</sup> and a company's average CO<sub>2</sub> emissions are estimated to be 11.4 times higher in its supply chain than in its own operation (2021). Private organizations also face critical social challenges in their supply chains. For instance, the infamous 2013 Rana Plaza collapse killed at least 1,127 workers, many of whom were producing clothes for well-known garment brands. Recent studies indicate that most workers' rights issues occur in the supply chain (Workforce Disclosure Initiative [WDI] 2020). Since the mid-1990s, following a series of public scandals related to poor labour conditions and the use of sweatshops by major companies such as Walmart, Nike or Levi's, sustainable procurement (SP) has become an increasingly prominent business issue (Kim et al. 2018).

Accordingly, over the last decade, SP has diffused rapidly to private organizations. In fact, findings from the Stakeholder Survey<sup>2</sup> reveal that 85% of private sector participants believe that SP has become more or much more important in their organization since 2016. This is very similar to the proportion of

those representing the public sector (84%). On the one hand, private organizations deal with a growing number of complex social and environmental challenges regarding their supply chain. On the other hand, SP is a great opportunity for private organizations to positively influence their supply chains (Carter and Jennings 2004). Large multinational corporations' economic influence sometimes rivals those of governments (Now Global Justice 2016) and SP can channel this economic power to create a positive impact in their sphere of influence beyond national borders (Dumas 2013). In recent years, considerable progress has been made regarding SP's diffusion to private organizations, although further improvements are still needed.

This Chapter provides an overview of SP in private organizations. It relies on three sources of data. First, responses were gathered from 49 private organizations participating in the Stakeholder Survey (for further detail, please see Annex 1 in Part I of this publication). A total of 21 respondents represented a 'Company' or a 'Business', 27 were employed in 'Consultancy' and 1 was responding for an 'Industry Association' (see Figure 5.1). Their activities were based in Europe (42%), Asia Pacific (22%), West Asia and Africa (8%), Northern America (16%), and Latin America and the Caribbean (12%).

**Figure 5.1. Types of organizations representing the private sector**

Company or Business	21	43%
Basic metal production	1	2%
Chemical industry	1	2%
Commerce	1	2%
Financial or professional services	2	4%
Food, drink, or tobacco	2	4%
Forestry, wood, pulp and paper	1	2%
Media, culture and graphics design	1	2%
Shipping, ports, fisheries or inland waterways	1	2%
Transport (aviation, railways and road transport)	1	2%
Utilities (water, gas and electricity)	5	11%
Other sector	3	6%
Sector not indicated	2	4%
<b>Consultancy</b>	<b>27</b>	<b>55%</b>
<b>Industry association</b>	<b>1</b>	<b>2%</b>
<b>TOTAL NUMBER</b>	<b>49</b>	<b>100%</b>

Source: 2021 SPP Global Review Stakeholder Survey.

<sup>1</sup> See: [www.cdp.net/en/articles/media/new-report-shows-just-100-companies-are-source-of-over-70-of-emissions](https://www.cdp.net/en/articles/media/new-report-shows-just-100-companies-are-source-of-over-70-of-emissions)

<sup>2</sup> Results from the Stakeholder Survey are outlined in Chapter 2, while the methodology is explained in Annex 1.1. This Chapter analyses survey responses from participants representing private sector organizations.

To discuss and enrich these survey results, a series of 10 interviews were conducted with SP experts from private organizations during 2021. In addition, results of the following other recent studies on SP in private organizations were collected and analysed: Action Sustainability (2019), Carbon Disclosure Project (2019a, 2021), EcoVadis (2019, 2020), Espace québécois de concertation sur les pratiques d’approvisionnement responsable (2020), Observatory of Sustainable Procurement (2020, 2021), Massachusetts Institute of Technology Council of Supply Chain Management Professionals (2020), Sustainalytics (2021) and Sustainable Purchasing Leadership Council (2019). Some of the studies addressed the specific dimensions of SP, including: National Association

for Environmental, Health & Safety and Sustainability Management (2020), Workforce Disclosure Initiative (2020), Bank of America (2020), Principles for Responsible Investment (2017) and Business for Social Responsibility (2018). Findings from these data sources are discussed in the light of up-to-date research on SP available in scientific journals.

This Chapter is divided into the following six parts: societal trends or issues facing SP practices; drivers of SP implementation; barriers to SP implementation; SP practices; the effect of public action on SP in private organizations; and SP outcomes for private organizations and their environment.

## 5.1 Sustainable procurement trends in private organizations

### What priority issues are addressed through SP in private organizations?

With few exceptions (Espace québécois de concertation sur les pratiques d’approvisionnement responsable [ECPAR] 2020), recent studies indicate that SP in private organizations generally focuses more on social issues than on environmental ones (EcoVadis 2019; Massachusetts Institute of Technology Council of Supply Chain Management Professionals [MIT-CSMP] 2020; Observatory of Sustainable Procurement [OBSAR] 2020; OBSAR 2021). This emphasis is probably related to the increasing development of mandatory SP regulations focusing on social issues in their supply chains.<sup>3</sup> Based on the answers to the question, ‘During the next five years, which three social, economic and/or governance issues should be a priority in your organization’s sustainable procurement activities?’ combined with the results of other studies, the most common social challenges were

protecting human and labour rights; fostering local economies; and diversity and inclusion. The results of expert interviews underscored how those challenges can increase the importance placed on fair trade, working conditions at their suppliers’ workplace and collaboration with local communities.

In private organizations, one SP environmental challenge stands out: the fight against climate change. In contrast with social issues, there is little binding regulation that directly addresses greenhouse gas emissions from the perspective of buyers. The importance of climate change in SP practices can be seen as a response to increasing global awareness and public expectations, and perhaps an anticipation of future related laws.

*“We feel that they [regulators] can be even more ambitious because we know what companies are really capable of if they use the right tools and if they...have the executive support and if they set their minds to it”*

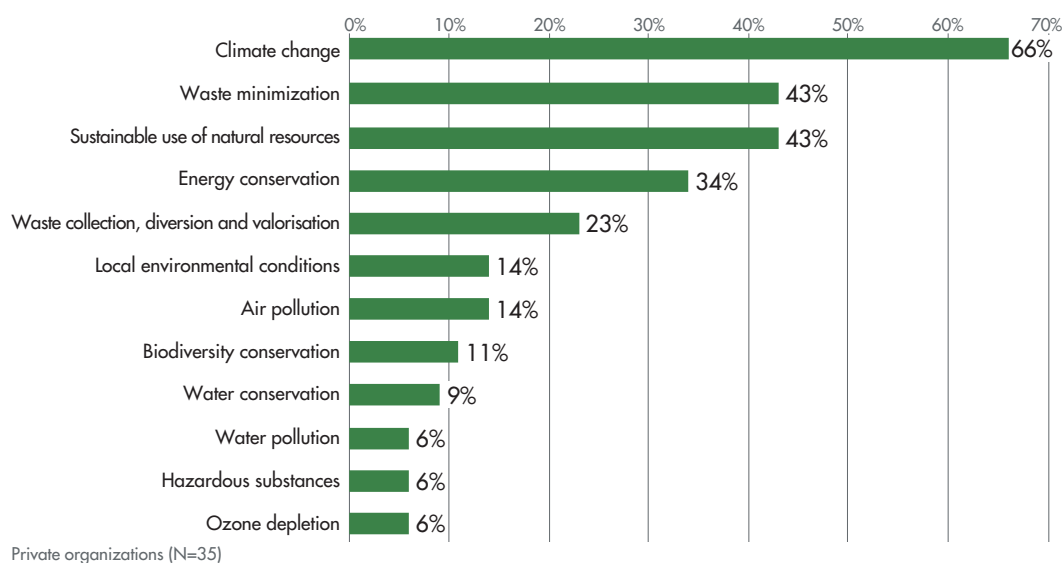
*SP expert interviewee*

<sup>3</sup> See: ‘Effects of public action on SP’ further on in this Chapter.

The answers to the Stakeholder Survey question, ‘During the next five years, which three environmental issues should be a priority in your organization’s sustainable procurement activities?’ (Figure 5.2) show the importance of reducing buyers’ environmental footprint, such as the sustainable use of resources (43%), energy conservation (34%) and waste management (23%). Finally, recent studies also mentioned water management as a

growing challenge for SP in private organizations (CDP 2019a; CDP 2020). At a more operational level, the results of expert interviews indicate that those challenges must translate into public policies to reduce and disclose supply chains’ carbon emissions and promote investment in the circular economy. They also observe that packaging and plastic are currently topical for SP practitioners in private organizations.

**Figure 5.2. Environmental priorities to address through SP**



Source: 2021 SPP Global Review Stakeholder Survey.

## Emerging issue areas

A number of upcoming challenges frequently appeared in the secondary data sources and might become more prevalent in the future. As mentioned earlier, it is clear from the data and literature analysis that private organizations are becoming more sensitive to gender equity, diversity and inclusion in their SP practices (National Association for Environmental, Health & Safety and Sustainability Management [NAEM] 2020; WDI 2020; OBSAR 2021). Several expert interviews identified the influence of social movements, such as Black Lives Matter and #MeToo, in attracting more attention to these topics. Maintaining good relationships with indigenous communities also appeared several times in documents and interviews from Northern America. Regarding general environmental challenges,

expert interviews indicated that the protection of biodiversity and water management are notably growing in importance. Biodiversity has become more relevant due to increased pressure from investors and national regulations to protect lands and forests. Experts also associate biodiversity with possible supply chain disruptions in the food and forestry sectors, which are subject to soil depletion and further regulations. The importance of the fight against deforestation is also relevant here (CDP 2019a). In terms of water management, there are growing expectations for private organizations to be accountable for the use of water in the life cycle of products such as cotton, as well as to secure water access for communities located near their operation sites.

## What has been the effect of COVID-19 on SP?

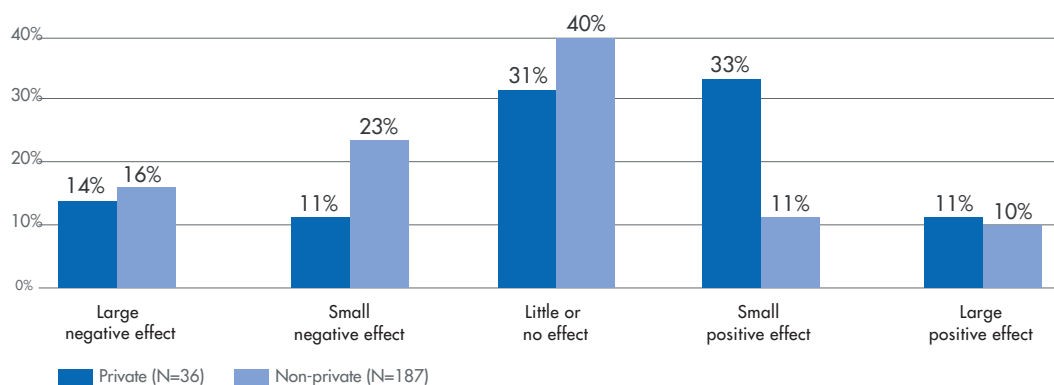
The COVID-19 pandemic wreaked havoc on world supply chains. While the pandemic's full impact on SP remains uncertain, several major consequences are becoming clear. According to expert interviews, the pandemic is likely to accentuate SP's focus on social issues and highlight two challenges in particular: essential workers and supply chain resilience.

The pandemic has exposed the vulnerability and poor labour conditions of essential workers. In Northern America and Europe, public attention has rightly been devoted to 'frontline workers'. Expert interviews and a study from World Development Indicators (WDI 2020) point to the value of workers who make essential contributions to many products and services but who are often invisible to the public because they are working abroad, deep in the supply chain. There is growing awareness that maintaining a sustainable workforce in the supply chain requires going beyond general regulations for factories and workplaces to pay more attention to the actual living conditions of local workers and their communities. For instance, available, reliable and affordable health insurance plans and medical facilities are essential to mitigate the effects of the pandemic on the workforce.

The pandemic has shaken the very structure of supply chains. Approximately 80% of global sectors experienced supply chain disruption during the pandemic (Bank of America [BofA] 2020). Similar shocks are expected to happen more frequently in the future, with supply chain disruptions of a month or longer likely to happen every 3.7 years on average (Sustainalytics 2021). As a result, several private organizations are now considering reshoring part of their production to increase the resilience of their supply chain. In terms of SP, this trend can be helpful to further promote the development of local economies, use stricter onshore labour regulations to ensure better working conditions, limit adverse environmental impacts and decrease CO<sub>2</sub> emissions due to transportation.

While several studies in 2020 envisaged a possible slowdown of SP activities in private organizations (NAEM 2020), most private organizations in the Stakeholder Survey indicated little or no effect (31%) or a small but positive effect (33%) of COVID-19 on SP implementation. These answers are quite different from those of non-private organizations (see Figure 5.3).

**Figure 5.3. COVID-19 impact on SP implementation**



Source: 2021 SPP Global Review Stakeholder Survey.



## 5.2 Drivers for implementation

### What are the established drivers of SP?

When results of the Stakeholder Survey are compared with other SP reviews (Action Sustainability 2019; ECPAR 2020; CDP 2021; OBSAR 2021) and expert interviews, the three most common drivers in the data are: mandatory regulations, leadership commitment and what could be referred to as ‘organizational adhesion’ to sustainability, that is, organizational management, culture and values conducive to SP and staff commitment to sustainability.

Regulation stands out as the most frequently mentioned driver across all data. The importance of leadership support and regulations as critical drivers for SP in private organizations is well established and consistent with recent research results (Agi and Nishant 2017; Asif et al. 2020; Kannan 2021). Interestingly, whilst these data results look at SP drivers from the perspective of buyers’ organizations, scientific research also underlines the importance of regulation as an SP driver throughout the entire supply chain (Kannan 2021). Leadership commitment is also a well-document-

ed driver of SP adoption. Recent reports suggest that SP is now receiving a good amount of attention from top-level management (EcoVadis 2019; ECPAR 2020). Regarding organizational adhesion, insights from expert interviews shed light on the importance of emulation outside the organization, notably through peer pressure within industry sectors that, in turn, promotes adhesion to sustainability inside organizations.

Stakeholder pressure and risk management (including reputational damage and organizational image) were also frequently mentioned in expert interviews, SP surveys and studies (Action Sustainability 2019; ECPAR 2020), although they often ranked below ‘Regulation’ and ‘Leadership commitment’ in terms of perceived importance for private organizations. The importance of risk management (Ferri and Pedrini 2018) and stakeholder pressures (Meixell and Luoma 2015) for SP and SP performance are also well documented in the scientific literature.

### Evolution of stakeholder pressures: consumers under 40 and green finance

Regarding stakeholder pressures, data for this study show an important evolution likely to bring significant change to SP in the near future. In relative terms, private organizations seem to experience less pressure from non-governmental organizations (NGOs) but more from other stakeholders (MIT-CSMP 2020), in particular from governments, consumers and investors (Sustainalytics 2021). This is an evolution that one of the SP interview experts sees as a step towards a form of ‘stakeholder capitalism’.

In recent years, governments have passed a number of laws targeting private organizations’ supply chains with a particular emphasis on transparency and reporting.<sup>4</sup> Those regulations increase governmental pressure for more SP, while also making supply chains more transparent for other stakeholders.

Regarding consumers, expert interviews and studies (Sustainable Purchasing Leadership Council [SPLC] 2019; Sustainalytics 2021) underscore a growing demand for sustainable goods, possibly linked to a generation shift – with younger consumers being more sensitive to sustainability. Consumers under 40, in particular, seem more informed about supply chain issues and more likely to pay a premium price for sustainable products and services (Sustainalytics 2021). The influence of age does not appear to be systematic, however. It is suggested that, while purchases of mainstream products can be predicted by a wide range of sociodemographic factors (such as age), this would not be the case for some niche products (Chintakayala et al. 2018).

According to expert interviews, the most significant shift in terms of stakeholder pressures for SP is the recent but strong involvement of investors.

<sup>4</sup> Such as the California 2010 Transparency in Supply Chain Act; Brazil 2015 Biodiversity Law; United Kingdom 2015 Modern Slavery Act; France 2017 Law on the Corporate Duty of Vigilance; Australia 2018 Modern Slavery Act; the United States 2021 Federal Acquisition Regulation, the EU 2021 Conflict Mineral Regulation; and the EU pending Modern Slavery legislation.



A growing number of investors are concerned with the environmental, social and governance (ESG) performance of their investees. According to estimates, up to 90% of a private organization’s sustainability impact comes from its supply chain (Sustainalytics 2021). As explained by Fiona Reynolds, Managing Director of the United Nations Principles for Responsible Investment, supply chains can be seen as ‘the elephant in the room’ when it comes to managing ESG risks (Principles for Responsible Investment [PRI] 2017, p.5). In addition, after the COVID-19 pandemic and in anticipation of future supply chain disruptions, good ESG performance in the supply chain is increasingly seen by investors as a proxy for resilience (Sustainalytics 2021). As a result, leading organizations in the field of green finance, such as the PRI or Sustainalytics, are now turning their attention to SP, organizing events, releasing specific reports and developing tools for investors to engage private organizations on the topic of SP. The experts also mentioned the integra-

tion of SP in investors’ commercial practices. One example would be banks offering discounted loans to private organizations that were conditional upon the adoption of SP.

Some drivers appeared less frequently but still in multiple sources and are particularly connected to the implementation of SP. Expert interviewees and results from the Stakeholder Survey point to the importance of accessing skills and tools for the management of SP, either through training and education, professional specialized tools for buyers or relevant certifications and guidelines. Another important driver in the data is the ability to measure the benefit of SP for the organization (Ecovadis 2019) and, more generally, to be able to present a convincing business case for SP to other professionals inside the organization (SPLC 2019). Finally, expert interviewees mentioned the importance of developing collaborative relationships with stakeholders, particularly with suppliers and local communities.

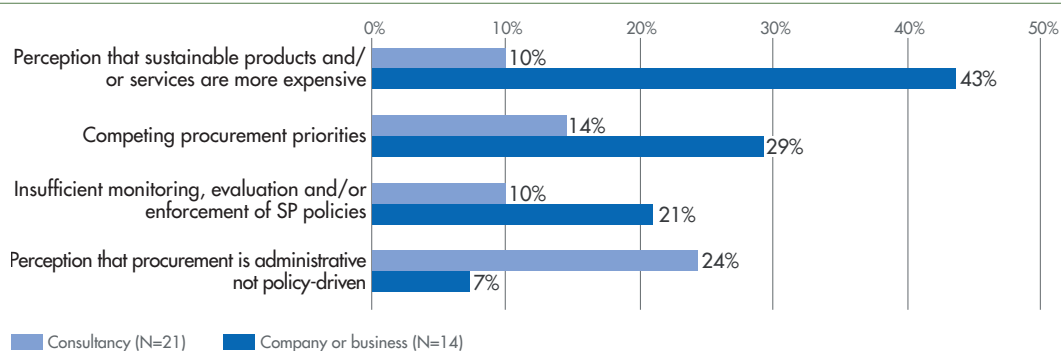
## 5.3 Barriers to implementation

### What are the known barriers to SP?

The aforementioned absence of established drivers – leadership support, regulations and SP expertise and tools – are some of the main barriers to

SP in private organizations, according to findings from the Stakeholder Survey. For the sake of conciseness, these drivers have been removed from Figure 5.4 and are not discussed in this section.

**Figure 5.4. Strongest barriers to SP implementation**



Source: 2021 SPP Global Review Stakeholder Survey.

Besides the lack of critical drivers, three barriers stand out in the results from the Stakeholder Survey and other SP studies (Ecovadis 2019; ECPAR 2020; OBSAR 2020; OBSAR 2021):

1. A general perception that sustainable products and services might prove costly for the organization, as indicated by 43% of respondents representing private sector organizations in the Stakeholder Survey.

2. Lack of resources dedicated to SP, including the difficulty of coping with ‘competing priorities’, which can be interpreted as a lack of time or human resources. This barrier was mentioned by 29% of private sector respondents in the Stakeholder Survey.
3. The absence or insufficiency of tools and infrastructure to monitor and evaluate SP (21%). In particular, expert interviewees highlighted the difficulty of measuring the benefits of SP.

Other barriers to SP implementation that appeared regularly in the data included the relative absence of standardization of SP practices. One striking example is the comparative use of certifications in France and Canada. While in France, the OBSAR 2021 Barometer shows a strong uptake of ISO 20400 on sustainable procurement, with about 40% of private organizations using this standard to define their SP policies (OBSAR 2021), in Canada, no organization reported regularly using ISO 20400 in the ECPAR barometer (see Box 5.1 for information

on ISO 20400). Instead, most Canadian respondents reported using product-oriented standards like Energy Star (56%), Forest Stewardship Council (FSC) (43%) and Leadership in Energy and Environmental Design (33%) (ECPAR 2020).

Interestingly, the accelerated diffusion of SP to private organizations also creates new barriers. While top management is now pushing for more SP inside their organization, this might result in a ‘bottleneck problem’ (Action Sustainability 2019), whereby buyers are given multiple new tasks related to SP with very few resources to conduct these new activities. Another pitfall of successful SP diffusion can be described as the ‘compliance trap’ (Ecovadis 2019). With the influx of new regulations, standards and certifications and an increase of stakeholders’ pressure to comply, buyers may be tempted to adopt a superficial ‘tick box’ approach with their suppliers. This may prevent them from engaging sufficiently with their suppliers and fostering the kind of transformations required by SP.

#### Box 5.1

### An international standard for SP: ISO 20400\*

Launched in 2017, ISO 20400 is the first and only international standard for sustainable procurement practice. The standard was developed over four years by an expert committee from more than 40 countries, and is based on established international best practice. It has been formally adopted by 17 National Standards Bodies (NSBs) and a further 30 NSBs offer the standard for sale. ISO 20400 has been officially translated into 13 languages. Evidence from a wide variety of countries and expert activities confirms that the standard provides a robust strategic framework to enable organizations of any size in any sector or area to drive sustainability performance through their supply chains.

The standard works well with organizational standards such as ISO 14001 and ISO 26000, in that it takes the user on a journey to enable them to

deliver against their sustainability ambitions through their supply chains. This is a guidance standard similar to ISO 26000, in that it is not subject to a pass/fail audit and certification, thereby allowing the user to apply the standard in a way that best suits their organization and develop their approach as inevitable changes occur.

The tool’s independent evaluation model also allows organizations to self-assess their progress towards alignment with ISO 20400. As of December 2021, over 450 self-assessments had been completed on the ISO 20400.org website and the offline version of the tool has been downloaded 120 times. As a result of its flexible nature, the standard is used in different ways. Some organizations use it to validate their existing procurement approach externally and align themselves with other criteria, while for others it is a tool to drive internal procurement processes.

\* [www.iso.org/standard/63026.html](http://www.iso.org/standard/63026.html)

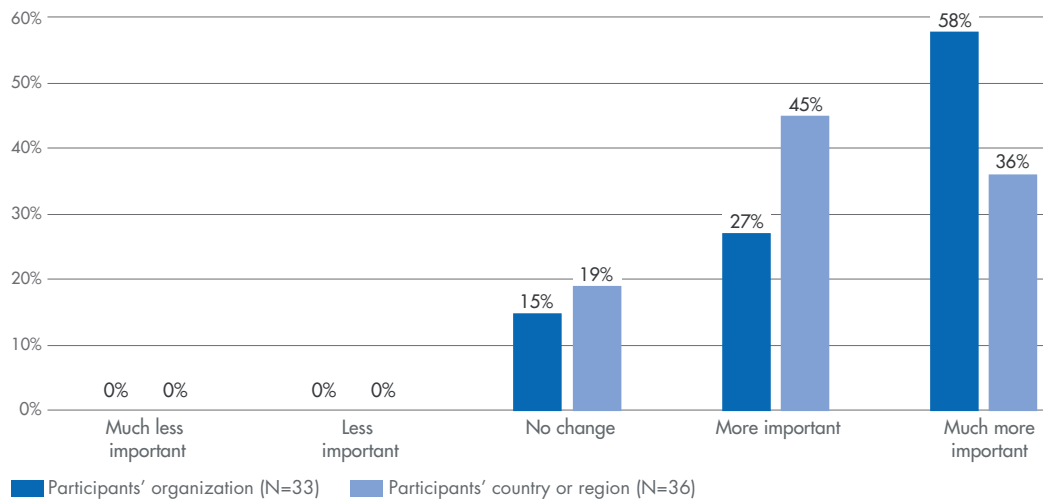
## 5.4 Sustainable procurement practices

### What signs indicate that SP is becoming mainstream business?

According to Stakeholder Survey findings, most of the participants representing the private sector (85%) believe that SP has become more or much more important in their organization since 2017.

This is very similar to the public sector percentage (84%). These participants also believe that SP has become more important in the region where their organization operates (81%), as shown in Figure 5.5.

**Figure 5.5. Expectations for the development of SP activities in the next five years**



Source: 2021 SPP Global Review Stakeholder Survey.

Other data generally support the idea that the diffusion of SP to private organizations is accelerating. All SP literature reviewed for this study shows an increase in the participation of private organizations in SP. For instance, the CDP supply chain disclosure programme went from 1,000 to 8,098 respondents between 2010 and 2020 (CDP 2021). Studies on SP provide a number of converging insights that SP is becoming mainstream business: in the United States, buyers were found to involve themselves more in SP (MIT-CSMP 2020); in Canada, SP appeared to receive an increasing and substantive support from leadership (ECPAR 2020); in an international survey of 2,010 buying organizations, 81%

of respondents claimed to be now more committed to sustainable development (EcoVadis 2019). It seems that SP has also diffused to smaller companies. While the proportion of respondents from small companies and businesses remained stable in the Stakeholder Survey (around 5% since 2017), several other studies observed an increased participation from private organizations with fewer than 500 employees (ECPAR 2020; OBSAR 2021). Interviews with SP experts also indicated that smaller companies are starting to adopt SP practices as well, and that this creates a need to tailor SP policies and tools for SMEs.

## Assessments of SP practices in private organizations

The recent acceleration of SP diffusion to private organizations results in a gap between early adopters of SP – typically large organizations that pioneered SP practices for years – and recent newcomers that started their journey with SP more recently. As a general estimate, it takes three to five years to develop mature SP practices (Action Sustainability, 2019) and most newcomers still therefore have low levels of SP maturity.

Based on expert interviews and SP studies (Ecovadis 2019; ECPAR 2020; MIT-CSMP 2020; OBSAR 2020), the most commonly found practices in private organizations are the formalization of SP through:

- ◆ Suppliers' codes of conduct
- ◆ Policies
- ◆ Training and education
- ◆ Support to local suppliers
- ◆ Certification use

It was also found that a large number of private organizations communicate publicly about SP. However, the types of SP communications may vary significantly, for instance in terms of the channel or format of communication (MIT-CSMP 2020).

## What are the limitations of SP practices in private organizations?

Overall, private organizations have made progress in formalizing their SP activities, making commitments and communicating publicly. However, there are still major limitations, especially for small and medium-sized organizations regarding SP implementation, monitoring and the ability to track SP outcomes for private organizations and their environments.

The first major limitation relates to supplier engagement. All data analysed for this study indicate buyers' difficulty in reaching beyond their first-tier suppliers. According to most studies, only a minority of organizations address their second-tier suppliers and only about 5% consider third-tier suppliers (6% in ECPAR 2020; and 4% in Ecovadis 2019). In addition, there are serious doubts about whether addressing first-tier suppliers alone will naturally lead to positive 'cascading effects' to lower-tier suppliers (Sustainalytics 2021).

Additionally, there is some suggestion that SP may lead to compliance-oriented and arm's length relationships with suppliers, instead of more collaborative and strategic relationships. While expert interviewees and the scientific literature insist on the importance of developing collaborative relationships with stakeholders for the success of SP policies in supply chains (Agi and Nishant 2017; Marshall et al. 2019), besides a handful of success stories, there was little evidence that such relationships were the norm in SP practices. The type of practices that might lead to compliance and arm's length relationships with suppliers (Locke et al. 2009) include suppliers' codes of conduct and self-assessment

tools for suppliers. Such practices also seem to pass the burden of SP on to suppliers. In addition, it is worth mentioning the deselection of suppliers for 43% of Carbon Disclosure Project supply chain programme members. There is also some suggestion of possible tensions between buyers and suppliers over SP, such as the scepticism among suppliers about their buyers' SP policies (EcoVadis 2019).

A second limitation concerns the depth of SP adoption in private organizations. Some studies report that most organizations may be unable to comply with recent regulations or standards such as ISO 20400 (OBSAR 2021). In other studies, when asked to provide minimal evidence on the SP practices they claimed to have adopted, some organizations could not comply or chose to opt out (ECPAR 2020; WDI 2020). In private organizations, SP is often limited to a relatively small number of suppliers and products. In its survey of buyers in the United States, MIT-CSMP (2020) found that SP covers fewer than 50% of suppliers on average. Canadian organizations that responded to ECPAR (2020) use SP for less than 20% of their purchases. In the Stakeholder Survey, the average percentage of purchases integrating SP criteria for private organizations is slightly higher, reaching 54%, with considerable variation. Another concern about the depth of SP adoption in private organizations is the 'governance gap' (Action Sustainability 2019). In many cases, buyers are not in charge of assessing the conformity to SP criteria in post-awarded contracts, which raises questions about the enforcement of SP criteria after contracts have been signed.

The data suggest three possible explanations for these mixed results: the lack of maturity of newcomers (private organizations that recently adopted SP), as suggested by the Stakeholder Survey;

the reduction of SP to compliance mechanisms (see Ecovadis 2019); or opportunism, as mentioned by some expert interviewees.

## Advanced and innovative SP practices in private organizations

The creation of professional tools for managing SP is an important source of innovation. The tools examined in this study include specific examples such as heatmaps, risk assessment tools for suppliers or benchmarking tools, as well as the creation of relatively high-tech tools (such as those designed to monitor SP among suppliers in real time).

A number of private organizations are taking SP practices to the next level. Some private organizations seek to extend their SP practices beyond their first-tier suppliers (CDP 2019a; ECPAR 2020). Other private organizations are upscaling the sustainable impact of their SP practices. For instance, large multinationals such as Apple and Novartis (see Box 5.2) have committed to be carbon neutral for their en-

Box 5.2

### Private sector leadership in SP: Novartis, a case study

Novartis, a global health-care company based in Switzerland, is setting new standards and levels of engagement with suppliers, making it a leader in the area of sustainable procurement. All of its suppliers and third parties need to comply with the 'Third Party Code', which outlines environmental, social and governance (ESG) standards. The Code is based on recognized international standards like the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights and is consistent with the Principles for Responsible Supply Chain Management of the Pharmaceutical Supply Chain Initiative (PSCI).

Novartis suppliers are expected to act beyond legal compliance to establish and track progress towards achieving their own environmental sustainability targets, embedding environmental sustainability objectives related to carbon, water, waste and plastics in supplier contracts. In November 2020, Novartis launched a revised Novartis Third Party Code to strengthen the environmental sustainability language and outline requirements for third parties around setting environmental targets and managing their environmental performance and that of their supply chain. In addition, in September 2020, Novartis announced a new target to achieve carbon neutrality across its value chain. To accomplish this, Novartis is developing assessments and benchmarks to accurately track the carbon footprints of its suppliers, which represent 89% of the Novartis footprint.

The Third-Party Code also specifies requirements for suppliers with respect to human rights (such as minimum wages, working hours and child labour) and reinforces commitments to diversity and

inclusion, prohibiting supplier discrimination based on national or ethnic-minority status and gender identity or expression.

Novartis works with suppliers to develop and refine their sustainability agendas, which may include audits, development and progress monitoring of corrective action plans, referring third parties to external experts and other relevant improvement plans. As part of its involvement in PSCI, Novartis engages in capability-building activities, especially in India and China. It has also worked with the PSCI to develop health, safety and environment guidance documents based on industry best practices that were rolled out during webinars and published on the PSCI's supplier platform.

Novartis also has a dedicated Third-Party Risk Management (TPRM) team, which is responsible for identifying, assessing and managing risk, promoting ethical behaviour and fostering sustainability in the supply chain by tackling the following core risk areas: anti-bribery; animal welfare; HSE; labour rights; information security; data privacy; and good manufacturing practices. In 2020, the company added financial due diligence and assessment of suppliers' business continuity plans. The latter was especially relevant during COVID-19, with some suppliers requiring support in dealing with financial distress. Through the Third-Party Risk Management programme, over 8,400 suppliers were risk-assessed in 2020, with 120 arrangements stopped due to assessment outcomes. In addition to this, Novartis measures and monitors the performance of key suppliers through a dedicated annual sustainability survey. In 2020, the firm distributed the survey to more than 80 suppliers, with an 86% response rate.

tire supply chain in the next ten years (Sustainalytics 2021). Other initiatives focus on moving from merely reducing private organizations' environmental impact to replenishing natural resources (see, for instance, the work of Regenerative Organic Alliance – a certification aimed at changing food production methods to regenerate natural resources).

Another category of innovative SP practice is the development of collaborative relationships with suppliers. Leading private organizations maintain close collaborative relationships with their suppliers, providing them with resources to develop sustainable alternatives to their products, services or manufacturing processes. Expert interviewees underlined the importance of new technologies to facilitate collaboration between buyers and suppliers around SP. For example, a software like Ivalua offers solutions to integrate SP in the selection and the management of suppliers. Optel's CarboTrace dynamically tracks direct and indirect CO<sub>2</sub> emissions and other ESG information across the supply chain and uses AI to detect and correct anomalies. Coupa

helps to integrate sustainability issues in the supply chain design, while Ulula provides real-time support on suppliers' SP performance. The Sustainable Purchasing Leadership Council, mentioned in Chapter 6, even provides a benchmark of the different supplier sustainability rating tools (2019). With the push from investors to access reliable information on SP, relevant tools are starting to integrate innovative technologies such as artificial intelligence or machine learning (BSR 2018).

Particularly when faced with complex issues, some private organizations have managed to work with the ecosystem of stakeholders in their industry. PUMA is a case in point. The sportswear company relies on a vast number of suppliers scattered across geographically distant locations, already burdened with numerous audits and constraints. To foster SP across its supply chain, PUMA chose to develop a partnership with several financial institutions and a service provider and succeeded in offering financial incentives and technical solutions to its suppliers in order to improve their SP performance (BSR 2018).

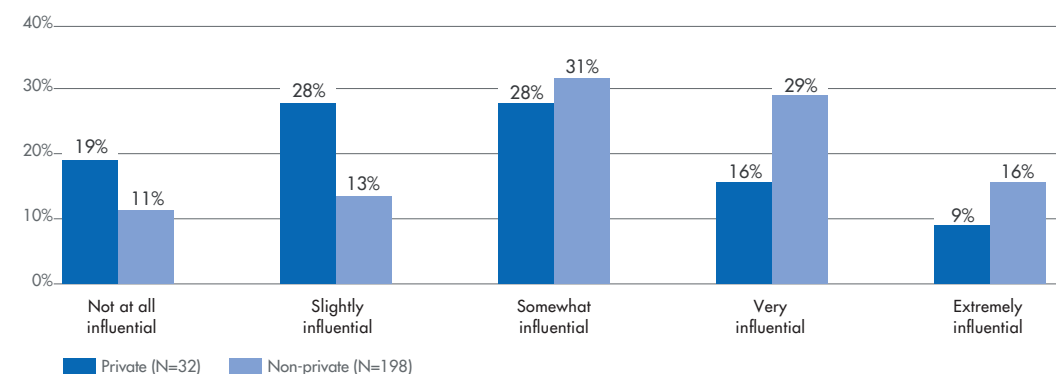
## 5.5 Effects of public action on sustainable procurement

### Mandatory regulations are critical for SP in private organizations

Unlike in public organizations, most participants representing private organizations in the Stakeholder Survey do not see a strong influence of national policy and regulation on SP (see Figure 5.6). This should not be seen as a statement on the desirability of such public action. In fact, participants in the Stakeholder Sur-

vey not only see regulations as the greatest driver for SP, but also emphasize that a lack of regulation is the second strongest barrier to SP implementation. While these stakeholders clearly see the importance of mandatory regulation for SP, the results in Figure 5.6 may suggest that current public action is insufficient.

**Figure 5.6.** Influence of national SP policy, law, regulation or mandate



Source: 2021 SPP Global Review Stakeholder Survey.



## Increased regulatory pressure for SP

Other data suggest an increase of regulatory pressures on private organizations regarding their supply chain and procurement practices in the last five years. The following is a list of binding regulations from at least two different data sources: *California 2010 Transparency in Supply Chain Act*; *Brazil 2015 Biodiversity Law*; *United Kingdom 2015 Modern Slavery Act*; *France 2017 Law on the Corporate Duty of Vigilance*; *Australia 2018 Modern Slavery Act*; *the United States 2021 Federal Acquisition Regulation*; *the EU 2021 Conflict Mineral Regulation*; and *the EU pending Modern Slavery legislation*.

Except for the California Transparency in Supply Chain Act, all these regulations came into force after 2015. Some experts believe there is a relationship between this increased regulatory pressure and the acceleration of SP diffusion to private organizations. Experts also point out that many laws now require private organizations to disclose information about their supply chain.<sup>5</sup> That disclosure can in turn be used by other stakeholders – investors in particular – to better scrutinize supply chains (BSR 2018). In addition, one study reports better sustainability performances of private organizations and their supply chains in highly regulated industries (Ecovadis 2020).

While the expert interviewees welcomed this increase in mandatory regulations, they also saw three possible disadvantages to it:

1. the risk that private organizations adopt a compliance-led view of SP, which in turn could lead to purely ceremonial adoptions of SP practices;
2. the danger of promoting a one-size-fits-all approach; and
3. data confidentiality problems, as information pertaining to supply chain management and practices can be a source of (unfair) competitive advantage.

In relation to the second point above, regulators should consider the great variety of organizations and contexts where SP takes place, as a one-size-fits-all approach may generate competitive dis-

tortions, social injustice and unintended negative environmental consequences. Generally speaking, regulators should be mindful of those possible disadvantages when designing such regulations.

## Incentives and soft power

While there is a lack of data to gauge the exact effect of sustainable public procurement (SPP) practices on private organizations, such an influence cannot be ignored. For instance, some SPP practices may broadly favour local suppliers or ‘social enterprises’ where possible. Experts underline how the social impact of suppliers is increasingly considered when granting large public contracts in British Columbia, Canada, and how certain contracts must be awarded to small social businesses or in underutilized zones under the United States Regulation Act (Sustainalytics 2021). It seems clear that SPP should have a positive effect on SP in private organizations, but more research is needed to understand how and to what extent.

Experts also mentioned the importance of subsidies, grants and other forms of public investment programmes for SP in private companies. Some believe such incentives should support R&D primarily, while others emphasize the opportunity to support SP through COVID-19 recovery packages.

At least three of the experts interviewed highlighted the influence of public authorities on public opinion, and how this could be instrumental in advancing SP in private organizations. Awards, prizes and accolades for best SP practices in private organizations may encourage the development of SP. Experts also pointed out that some public organizations serve as role models and set standards for other organizations. For instance, the ban on plastic use in public organizations has shaped public opinion and also created expectations for private organizations. Finally, experts believe in the role of regulation in (positively) influencing public opinion. Besides specific requirements, state regulations also send signals as to what is socially acceptable in a given jurisdiction.

<sup>5</sup> The French Law on the Corporate Duty of Vigilance, for example, requires all French companies with more than 5,000 employees to publicly issue a plan of vigilance. Plans of vigilance should include substantial information regarding their suppliers, ESG risk assessments and mitigation processes worldwide. This Law created a source of data that has been used by non-governmental organizations (NGOs) and trade unions to feed into the Radar on Corporate Duty of Vigilance (<https://plan-vigilance.org/>). This is an open website that collects and shares all available plans of vigilance and publicizes and monitors possible breaches of law by corporations.

## 5.6 Benefits of sustainable procurement

Private organizations see many benefits to the adoption of SP particularly with regard to risk management. These include: commercial advantage (in terms of innovation and consumers' perceptions); cost reduction (through reduced resource input) (Ecovadis 2019; OBSAR 2019; OBSAR 2020) and attractiveness for investors – as mentioned by expert interviewees and supported by several studies (PRI 2017; BSR 2018; SPLC 2019).

Other less commonly discussed benefits of SP in the data include a better alignment with international norms of behaviour in the supply chain (PRI 2017), more resilient supply chains (Ecovadis 2020; Sustainalytics 2020) and a better ability to attract and retain employees (WDI 2020). According to expert interviews, younger employees in particular are described as being sensitive to environmental and social issues.

One limitation when examining SP benefits is the relative lack of measurement within many private organizations. As explained by expert interviewees, many private organizations have invested more effort in formalizing and implementing SP than on monitoring. Furthermore, SP evaluation in private organizations generally focuses on the success of internal implementation (or the level of 'institutionalization'), rather than on actual outcomes (such as percentage of staff trained on SP issues as opposed to the CO<sub>2</sub> reductions achieved). These findings are similar to those reported by national governments (see Chapter 3), which is probably

because measuring SP institutionalization is easier than measuring SP outcomes (such as greenhouse gas emission reductions).

Having said that, a number of studies (CDP 2019a, CDP 2020; Ecovadis 2019) and scientific research tend to confirm the idea that SP brings positive outcomes to private organizations in terms of their economic, social, environmental and operational performance.

An important study by the Carbon Disclosure Project – involving more than 8,000 respondents from a variety of industry sectors – shows that efforts to reduce CO<sub>2</sub> emissions in supply chains resulted in a reduction of 619 million metric tons of CO<sub>2</sub> (CDP 2021, p. 5) and about US\$33.7 billion in savings. In addition, a number of case studies show the profitability of SP in private organizations, as in the Brazilian beef industry, where the adoption of better SP practices is linked to productivity being 2.3 times higher and profitability 7 times higher (Ecovadis 2019).

The benefits of SP to the economic, social, environmental and operational performance of private organizations are largely supported by recent research that found a link between SP and global performance in private organizations across a range of settings (Esfahbodi et al. 2017; Geng et al. 2017; Ferri and Pedrini 2018; Abu Seman et al. 2019; Shao et al. 2020).





## 5.7 Conclusion

### Key insights on private organizations

Studies show that, for most private organizations, their sustainability issues occur in the supply chain. Accordingly, private organizations need to deal with an increasing number of social and environmental challenges pertaining to SP. For decision makers in private organizations, SP is a powerful lever to push for sustainability in their entire sphere of influence.

### Trends

The most important SP socio-economic challenges for private organizations are human and labour rights, support to local economies, and the promotion of diversity and inclusion. The most important environmental SP challenge is climate change, followed by other issues related to private organizations' environmental footprints. In the future, social movements are likely to increase the importance of SP challenges linked to diversity and inclusion. On the environmental side of SP challenges, water management and biodiversity are becoming more relevant. COVID-19 has also revealed the vulnerability of workers, shedding light on the importance of the living conditions of supply chain labourers. In addition, the pandemic provided a new impetus to SP discussions about local production, including support to the local economy and reshoring.

### Drivers

The most important drivers of SP in private organizations are leadership commitment; mandatory regulations; and organizational adhesion (defined as a management, a staff and a culture supportive of sustainability). Stakeholder pressures and risk management are also often mentioned. An important evolution of stakeholder pressure for SP within private organizations has also been observed. Private organizations receive less pressure from NGOs but more from governments, informed consumers and investors. In this context, pressures from a new generation of investors, in particular, are likely to be more impactful in the near future. The importance of having the right skills and tools and developing collaborative relationships with suppliers are also often mentioned as important drivers.

### Barriers

The lack of leadership, regulations, expertise and tools appear to be the most significant barriers to SP implementation. The fear of additional costs, the lack of resources, and the difficulty of measuring SP benefits were also frequently cited. In the future, poor standardization of SP practices could become a significant barrier, according to experts. In addition, the accelerating diffusion of SP practices may create new problems for SP adoption. One example is the 'bottleneck problem' (Action Sustainability 2019), whereby buyers are given multiple SP tasks related but not enough resources to carry them out, or the 'compliance trap' (Ecovadis 2019), whereby buyers faced with too many expectations may opt for a superficial compliance-oriented approach to SP instead of truly engaging in sustainability issues and reporting.

### Practices

The diffusion of SP practices among private organizations is accelerating. There is now more solid ground for seeing SP as mainstream business. According to the Stakeholder Survey findings, this diffusion is stronger in Europe, Northern America and the Asia Pacific region. The most widespread SP practices in private organizations are those related to the formalization of principles, training and education, relationships with local suppliers, and the use of certification. In terms of adoption levels, most private organizations using SP have made formal commitments, formalized SP policies and communicated publicly on the subject. However, two important limitations to the adoption of SP practices were identified. First, there is a risk that SP leads to arm-length, compliance-oriented relationships with suppliers instead of more strategic and collaborative exchanges. Second, while many private organizations claim to have adopted SP practices, questions remain as to the depth of their adoption in many cases.

That said, there are several pioneering organizations involved in the development of innovative SP practices. Many of them foster SP beyond their first-tier suppliers, deeper in their supply chain, or even engage with the entire ecosystem of stakeholders in their industry. Some private organizations are also developing ambitious practices designed to upscale their contribution to sustainability. In addition, the production of management and pedagogical tools for SP is a dynamic field of innovation.

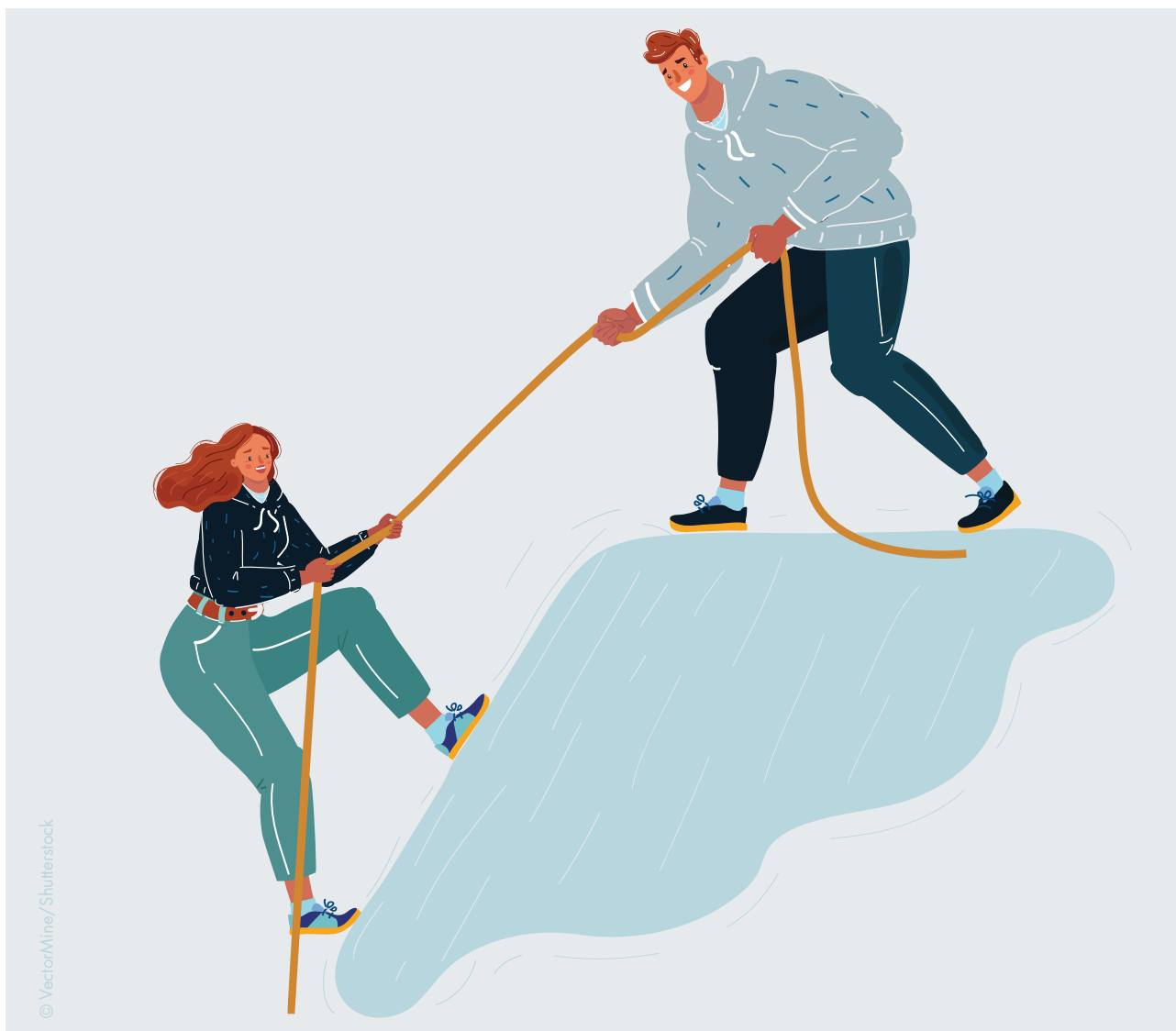
## Public action

Public authorities can support the diffusion of SP among private organizations through appropriate regulations, SPP and various incentives – to stimulate R&D in particular. Mandatory regulations seem particularly important for the adoption of SP. However, such regulations should be carefully designed to avoid encouraging a compliance-led attitude

towards SP. Regulations should be context specific and should preserve the confidentiality of some data. In addition, public authorities have a role to play in influencing public support of SP.

## Benefits

Better risk management, commercial advantages, cost reductions and attractiveness for investors are the most cited perceived benefits of SP in private organizations. Improved alignment with international norms of behaviour, more resilient supply chains and a better capacity to attract and retain employees are also mentioned. While SP outcomes are not sufficiently measured, studies and scientific research generally support the view that well-managed SP initiatives bring about economic, environmental, social and operational benefits for private organizations.



**6. Sustainable procurement in**

**intergovernmental organizations**



In recent years, intergovernmental organizations have made strides in mainstreaming sustainable procurement (SP) across their internal or corporate procurement operations. With annual procurement volumes in the billions,<sup>1</sup> these organizations are well positioned to influence and drive markets in the direction of sustainability. Moreover, by raising the bar on corporate procurement to include social and environmental considerations, intergovernmental organizations can send a strong message to both

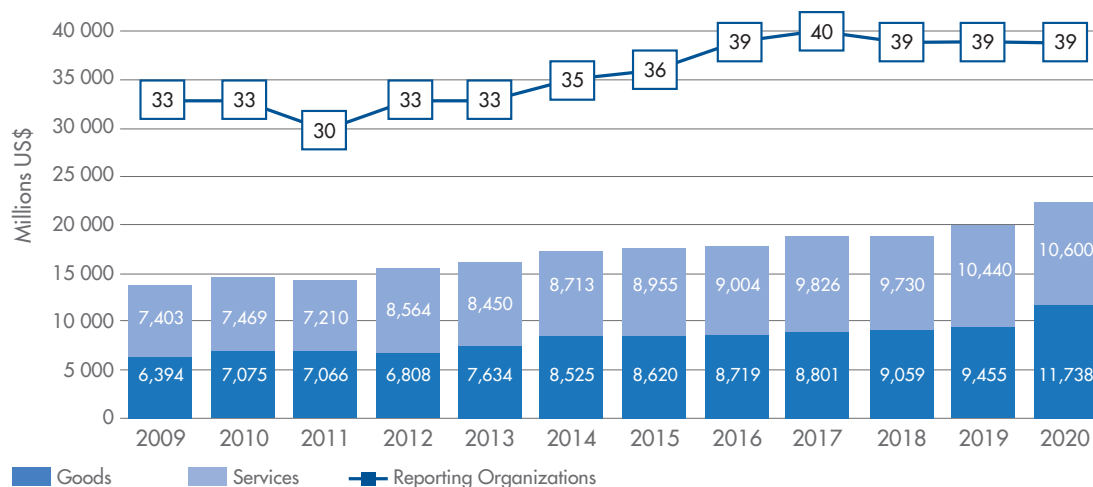
the public and private sectors, which often look to these entities as reference points for global best practice standards. This Chapter provides an overview of the SP framework of the UN System, as well as several Multilateral Development Banks (MDBs). It details the policies, strategies and tools that have been developed to guide SP implementation across their internal procurement operations and highlights relevant progress to date.

## 6.1 United Nations System

Sustainable procurement has a long-standing tradition in the United Nations (UN).<sup>2</sup> The Sustainable Procurement Statement by the High-Level Committee on Management Procurement Network (HLCM PN)<sup>3</sup> was adopted in 2009. Since 2008, achievements in the area of SP across UN organizations have been reported in the [Annual Statistical Reports of UN Procurement](#).<sup>4</sup> Given tremendous growth in the total procurement volume of UN organizations

– from US\$13.8 billion in 2009 to US\$22.3 billion in 2020 – the potential for delivering positive social and environmental outcomes from purchases is ever more pronounced (see Figure 6.1). Against this backdrop, the UN continues to improve its capacity in advancing SP across its organizations through the development of relevant policies, delivery of training programmes and the collection and reporting of data.

**Figure 6.1. Total procurement of goods and services, and number of reporting organizations, 2009–2020**



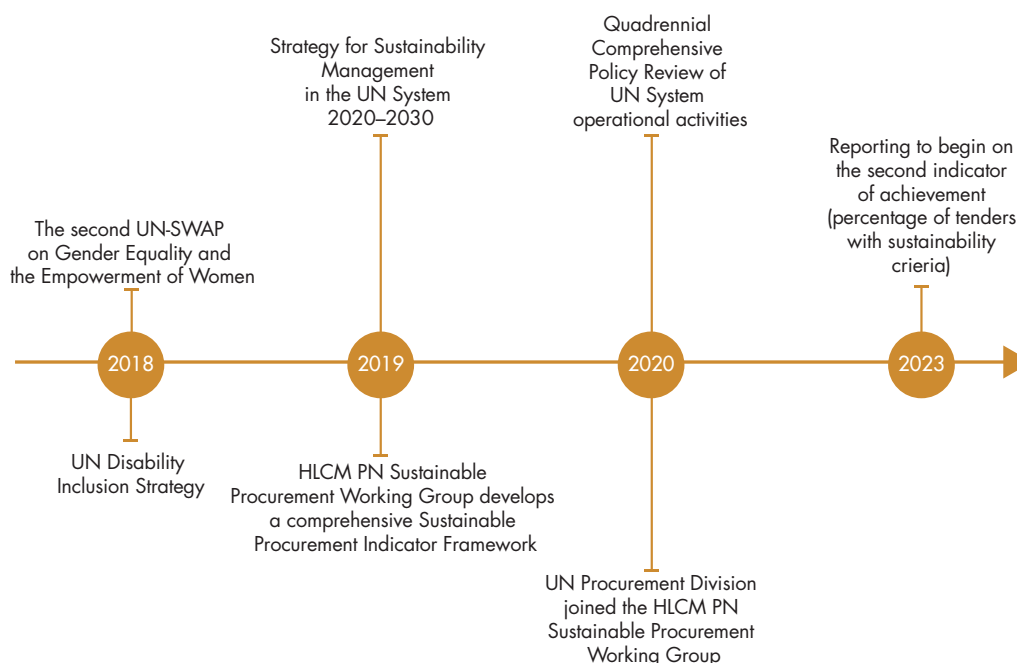
Source: 2018 and 2020 Annual Statistical Report on UN Procurement.

- 1 According to the Annual Statistical Report of the United Nations, UNICEF reported the largest procurement volume of US\$4.5 billion in 2020, followed by the World Food Programme (US\$4 billion) and the United Nations Development Programme (US\$2.6 billion). Among the Multilateral Development Banks, the World Bank Group recorded the largest procurement volume of US\$1.76 billion in 2020. See: <https://unscceb.org/sites/default/files/2021-07/2020-ASR.pdf>
- 2 The United Nations (UN) is an intergovernmental organization founded in 1945, currently made up of 193 Member States. It is part of the UN system, which, in addition to the UN itself, comprises many programmes, funds, specialized agencies and research and training entities, each of which have their own area of work, leadership and budget.
- 3 The HLCM Procurement Network (HLCM PN) was established in 2007 with a mandate of promoting the strategic role of Procurement and Supply Chain Management in programme and service delivery in a transparent and accountable manner. It is responsible for the UN Global Marketplace (UNGM), the procurement portal of the UN System and is made up of the Chiefs of Procurement from UN member organizations.
- 4 <https://www.ungm.org/Shared/KnowledgeCenter/Pages/ASR>

Since the last *SPP Global Review* publication in 2017, the adoption of a number of landmark strategies and resolutions has helped mainstream the

inclusion of social and environmental considerations across UN internal procurement operations (see Figure 6.2).

**Figure 6.2. Milestones in sustainable procurement mainstreaming, UN, 2018-2022**



In 2018, the UN laid the foundation for the development of the [UN Disability Inclusion Strategy](#),<sup>5</sup> with Indicator 8 dedicated to the procurement function. To support procurement practitioners with implementation, the Sustainable Procurement Working Group of the HLCM PN subsequently developed a comprehensive [guidance document for Indicator 8](#),<sup>6</sup> which outlines how UN organizations can make their procurement processes more inclusive with regards to goods and services procured, suppliers sourced, the set-up of digital infrastructures and so forth. In the same year, the second version of the [UN System-Wide Action Plan on Gender Equality and the Empowerment of Women](#)<sup>7</sup> was launched. Building on this, the Gender-Responsive Procurement Task Force was established within the Sustainable Procurement Working Group under the HLCM PN to enable all UN entities to work together to harmonize and develop SP strategies and share good practices and tools to promote gender equality and women’s empowerment. As of May 2021, the Gender-Responsive Procurement Task Force has published good practices on gender-responsive procurement adopted by various UN agencies

(including a commitment to non-discrimination and gender equality in all International Labour Organization procurement activities, use of third-party databases of women-owned businesses and compliance by suppliers of the UN Secretariat with the UN Code of Conduct and UN Global Compact).

In 2019, the UN published the [Strategy for Sustainability Management in the UN System 2020–2030 Phase I: Environmental Sustainability in the Area of Management](#),<sup>8</sup> with the intention to ‘raise the level of its internal ambitions and to intensify its efforts to combat climate change from within’ (p. 2). As the report states:

*‘Ten years ago, ambitions for integrating environmental considerations into UN system programmes and operations were scattered. System-wide efforts to collaborate in the area of internal environmental management were in their infancy. There was no overall vision, no coordinated gathering and reporting of data, no shared reporting, no harmonized guidance or tools. We have come a long way since then’.*

5 [www.un.org/en/content/disabilitystrategy/assets/documentation/UN\\_Disability\\_Inclusion\\_Strategy\\_english.pdf](http://www.un.org/en/content/disabilitystrategy/assets/documentation/UN_Disability_Inclusion_Strategy_english.pdf)  
 6 [https://www.un.org/sites/un2.un.org/files/2021/01/2020\\_un\\_disability\\_inclusion\\_strategy\\_guidelines\\_indicator\\_8.pdf](https://www.un.org/sites/un2.un.org/files/2021/01/2020_un_disability_inclusion_strategy_guidelines_indicator_8.pdf)  
 7 <https://unsceb.org/un-system-wide-action-plan-gender-equality-and-empowerment-women-swap>  
 8 [https://unemg.org/wp-content/uploads/2019/09/INF\\_3\\_Strategy-for-Sustainability-Management-in-the-UN-System.pdf](https://unemg.org/wp-content/uploads/2019/09/INF_3_Strategy-for-Sustainability-Management-in-the-UN-System.pdf)



The strategy further declares SP in the UN as an explicit commitment for 2030 with two indicators of achievement, namely, (1) the percentage of UN entities with policies and guidance that integrate sustainability considerations in procurement, and (2) the percentage of tenders with sustainability criteria at entity level and UN-wide.

In 2019, the Sustainable Procurement Working Group of the HLCM PN developed a comprehensive [Sustainable Procurement Indicator Framework](#),<sup>9</sup> which allows for the tracking of and reporting on sustainability considerations included in UN procurement processes on the United Nations Global Marketplace (UNGM). Using the SP Indicators, the Sustainable Procurement Working Group of the HLCM PN planned to report on the second indicator of achievement above (percentage of tenders with sustainability criteria) starting in 2023. The number of UN organizations with SP policies and strategies is already being measured and published yearly in the Annual Statistical Report. Sustainable procurement has been ingrained into the highest-level and system-wide strategy, creating a basis for more concerted and ambitious endeavours.

In 2020, the UN's commitment to SP was further consolidated as it called upon UN organizations to:

*'Adopt and mainstream a more climate- and environment-responsive approach into their programmes and strategic plans, implement measures and report regularly to their respective governing bodies (...) on their efforts to reduce their climate and environmental footprint, and ensure consistency of their operations and programmes with low emissions and climate-resilient development pathways'.<sup>10</sup>*

The official requirement helps to streamline environmental sustainability in UN operations, including procurement. As early as 2017, momentum was already building to apply effective due diligence across UN supply chains.<sup>11</sup>

Shortly after, the UN Procurement Division, which is responsible for the UN Secretariat's procurement needs, including the peace missions, officially joined the Sustainable Procurement Working Group, marking an historic step in the UN's SP journey.

*'Ten years ago, ambitions for integrating environmental considerations into UN system programmes and operations were scattered. System-wide efforts to collaborate in the area of internal environmental management were in their infancy. There was no overall vision, no coordinated gathering and reporting of data, no shared reporting, no harmonized guidance or tools. We have come a long way since then.'*

*The Strategy for Sustainability Management in the UN System 2020-2030*

<sup>9</sup> The Sustainable Procurement working group of the HLCM Procurement Network has already developed 12 SP indicators and agreed on identifying sustainable tenders as those that include at least three SP criteria – one in each pillar of sustainable development: environmental, social and economic. For details of the SP indicators, see: [www.ungm.org/Shared/KnowledgeCenter/Pages/SustainableProcurementIndicatorProject](http://www.ungm.org/Shared/KnowledgeCenter/Pages/SustainableProcurementIndicatorProject)

<sup>10</sup> In the Quadrennial Comprehensive Policy Review of UN System operational activities (QCPR) Resolution [A/RES/75/233], general guideline 29.

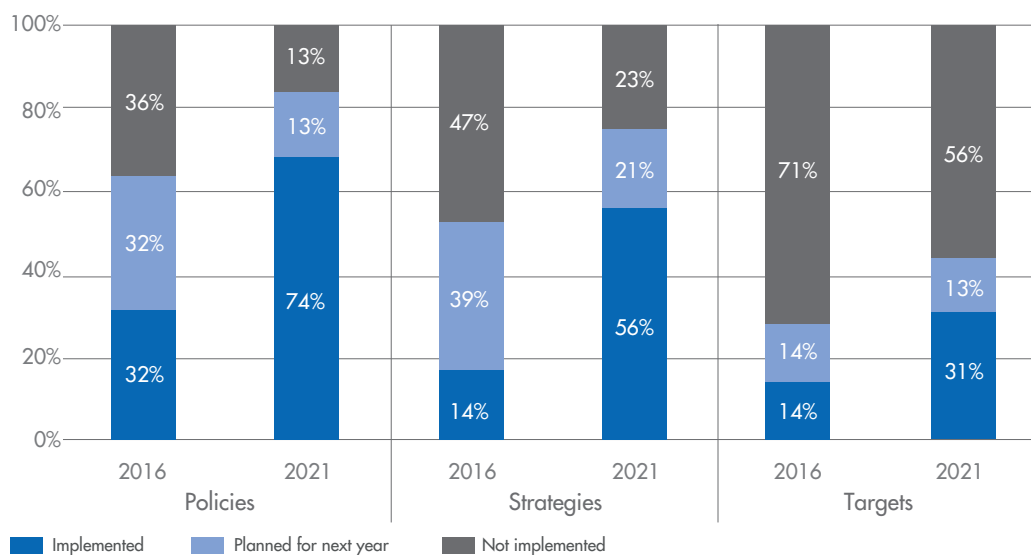
<sup>11</sup> Article 31 of the Security Council Resolution 2388 (2017) calls upon United Nations system organizations to enhance transparency in their procurement and supply chains and step up their efforts to strengthen protections against trafficking in persons in all United Nations procurement and to that effect request major suppliers to establish and implement anti-human trafficking policies and disclose information on measures taken to counter trafficking in persons in their operations and supply chains. See: [www.un.org/press/en/2017/sc.13081.doc.htm](http://www.un.org/press/en/2017/sc.13081.doc.htm)

Clearly, much has been achieved in the area of SP since the last *SPP Global Review* publication in 2017. These advances are reflected in the recent findings of the 2021 Annual Statistical Report (see Figure 6.3). In 2021, 74% (29 out of 39 reporting organizations) indicated having adopted an SP policy, compared to 32% in 2016.<sup>12</sup> More than half (56%, 22 organizations) reported having an SP strategy and 31% (12 organizations) indicated having measurable targets or objectives – a large increase on 2016, when only 14% had such measures in place. In addition, 30 organizations reportedly integrated sustainability considerations into their requirements definition, a near doubling from 2016 (17 organi-

zations) and an increasing number are including sustainability-related content in contract clauses. The UN has even launched a sector-specific informal Task Team on Sustainable Procurement in the Health Sector, to assist member UN organizations in the procurement of sustainable health care products (see Box 6.1). The importance of this initiative has become even more pronounced in the context of the COVID-19 pandemic.

Given that SP is becoming standard procedure at the UN, further advances in the adoption of SP policies, strategies and targets among UN organizations can be expected in the coming years.

**Figure 6.3. Status of sustainable procurement policy, strategy and target adoption, 2016 and 2021**



Source: 2016 and 2021 Annual Statistical Report on UN Procurement.

These successes notwithstanding, the UN continues to encounter a number of obstacles and challenges in mainstreaming sustainability across UN internal procurement operations. Time constraints in humanitarian emergency responses are a common problem, and this was recently observed in the response to the global COVID-19 pandemic. Similarly, the nature of procurement projects is such that goods and services do not remain in the hands of the UN but are passed on to beneficiaries and partners, which complicates planning for sustainable usage and

end-of-life management in the procurement decision (in terms of total cost of ownership, life-cycle thinking, recycling and so on). Another area of potential improvement is the capacity development of personnel not directly involved in the procurement function, such as project managers and personnel working in partnerships.<sup>13</sup> Global supply chains also pose a challenge, as it is more difficult to observe environmental and social practices. This is particularly true in markets where the UN is a comparably small client, such as the ICT or vehicle sectors.

<sup>12</sup> See: [www.ungm.org/Shared/KnowledgeCenter/Pages/asr](http://www.ungm.org/Shared/KnowledgeCenter/Pages/asr)

<sup>13</sup> For example, to complement the important transition to SP, UNDP has delivered system-wide procurement capacity development of UN agencies and Government counterparts in SP. A new capacity development programme aligned with the international ISO Standard 20400 for Sustainable Procurement has been provided to multiple UN System (UNDP, UNEP and ILO) and government partners identifying and outlining how procurement can meet the triple objectives of economic, social and environmental sustainability in public procurement.

In summary, the UN has come a long way in terms of sustainable procurement. Most UN organizations already have a dedicated SP policy, and even more are practising SP on a regular basis. There are promising initiatives that will increase the capacity,

coherence and quality of SP endeavours. While a few challenges remain, if current trends continue, the UN is well positioned to face and ultimately overcome them.

Box 6.1

## UN Informal Interagency Task Team on Sustainable Procurement in the Health Sector

The UN informal Interagency Task Team on Sustainable Procurement in the Health Sector (SPHS) was established in Denmark in May 2012 to achieve a more sustainable global health sector by lowering the environmental and social impact of health-care procurement. It is coordinated by the United Nations Development Programme (UNDP). The members are the UNDP, United Nations Environment Programme (UNEP), United Nations Population Fund (UNFPA), Office of the United Nations High Commissioner for Refugees (UNHCR), United Nations Children’s Fund (UNICEF), United Nations Office for Project Services (UNOPS), World Health Organization (WHO), Gavi (the Vaccine Alliance), Global Fund to Fight AIDS, Tuberculosis and Malaria and the International Drug Purchase Facility (UNITAID). The UN SPHS members command a cumulative purchasing power of health products of around US\$4.5 billion annually.

The SPHS facilitates the introduction of sustainable procurement and production practices in the health sector by spearheading several initiatives within the UN system, among manufacturers of health commodities and at different levels of government health systems. The SPHS also facilitates awareness-raising and capacity-building, including the development of guidance and policy support on sustainable health procurement.

Since inception, SPHS has pursued several exciting interventions that have contributed to strengthening environmental and social sustainability in the global health sector. For instance, over the last four years, successful global fora have been organized. The fora provided dialogues among different stakeholders in the health sector, including manufacturers of health commodities, health sector policy makers, procurers of health commodities, development partners, academia and other healthcare cadres operating at different levels of the health sector.

An appreciation and understanding of how to develop and implement sustainability actions during manufacturing, procurement, supply and disposal of healthcare products and commodities have been created. The annually published interactive SPHS reports profiled sustainability prototypes including the model tender process, providing easily replicable interventions across the health sector supply chain. During the outbreak of COVID-19, SPHS members developed a number of guidance documents and tools to support the global supply chain to manufacture, procure and use health commodities sustainably, including the [Sustainable Procurement Index for Health](https://api.savinglivesustainably.org/documents/file/764e233134ffe62af43550927d10c2eb/full/hash) \* – a monitoring tool to enable continuous improvement of green procurement practices in the health sector.

\* <https://api.savinglivesustainably.org/documents/file/764e233134ffe62af43550927d10c2eb/full/hash>





## 6.2 Multilateral Development Banks

In addition to UN organizations, many Multilateral Development Banks (MDBs), such as the World Bank, Inter-American Development Bank (IDB), the European Bank for Reconstruction and Development (EBRD), and the Asian Infrastructure and Investment Bank (AIIB) have taken steps to address sustainability considerations in their corporate procurement framework, while others, such as the Caribbean Development Bank (CDB), are currently in the process of revising their internal corporate procurement guidelines to include such considerations.

It is interesting to note that there appears to be no one formula for introducing SP in the procurement framework of these organizations. Such institutions may choose to address SP in their procurement principles and/or procurement objectives and/or selection processes. In the case of AIIB and EBRD, for example, SP is introduced by incorporating the principle of 'environmental and social sustainability' as one of the specific principles governing their corporate procurement. The World Bank, in contrast, introduces SP by emphasizing its commitments to 'fair labor practices, appropriate wages and benefits, environmental programs, and diversity of suppliers' in the overall objectives of the corporate procurement policy. The IDB, like the World Bank, has specifically incorporated provisions for socially responsible procurement as a means to address supplier activities under the categories of diversity; wages and benefits; health and safety; and accessibility. However, only the World Bank has a specific provision for environmentally responsible procurement.

Likewise, there is some variation in the approach through which MDBs implement SP. The MDBs can develop their own sustainability standards for cor-

porate procurement (such as standards for the use of environmentally sustainable products) and incorporate them into the applicable contracts (in procurement of goods or services, for instance). This is the case of IDB and the World Bank. In cases where MDBs have not yet established specific standards in their own corporate procurement policies, they may employ available best SP practices with regard to environmental and social responsibility, as in the case of EBRD. They may also adhere to existing environmental, labour or social standards in the market that are equivalent to their environmental and social policy – an approach followed by AIIB.

Regardless of the mechanism for introducing sustainability standards, it is an important procedural requirement that these social and environmental standards are clearly defined and reflected in the solicitations issued (or tender documents) by the Corporate Procurement Division – either as a part of the applicable evaluation criteria in the technical evaluation or a requirement for contract performance. This approach is currently followed by the World Bank. In most cases, MDBs restrict their engagement to consultants, suppliers and contractors that adhere to social and environmental standards that are equivalent to their own environmental and social policy and applicable law.

Despite these developments, there is still very limited information on the social and environmental impacts of these measures, as only the World Bank is monitoring and reporting its SP implementation targets (as they relate to women-owned businesses). Nevertheless, these advances send an important signal of 'leading by example' for governments and businesses alike. For further information on corporate procurement of the World Bank, see Annex 2.2.

## 6.3 Conclusion

The combined purchasing power of intergovernmental organizations, such as the UN and the World Bank, creates significant potential to influence the market in favour of green and innovative products and services, as well as to meet important gender equality, health and labour standards. Over the last decade, these organizations have been working towards integrating sustainability considerations in their corporate procurement policies and strategies – an important milestone reflecting their commitment to SP. However, these actions are just the first step in a larger process of SP implementation and mainstreaming.

Investing in the development of tools, such as gender-responsive guidance documents and sustainability criteria, will be a critical next step for ensuring successful integration of social and environmental considerations in existing procurement processes. Some organizations such as the UN and World Bank have already taken action, while others are in the early stages of defining and developing these standards and instruments. In addition, the importance of knowledge dissemination and capacity-building should not be underestimated. This is because for many, even those in the development community, SP is still a relatively new approach to procurement. While traditionally SP training is provided to those directly involved in procurement, lessons learned from UN experiences point to the importance of ex-

tending these opportunities to those also involved in project implementation, such as project managers, beneficiaries and partners when appropriate. In addition, as demonstrated by the successes of the UN Informal Interagency Task Team on Sustainable Procurement in the Health Sector, supplier engagement is a critical component of SP. Such engagement should be encouraged at the early stages of implementation in order to facilitate dialogue and understanding around sustainability issues and standards.

It will also be important to implement annual monitoring and reporting on SP, as few intergovernmental organizations carry out such exercises. Without such follow-up, progress in SP implementation cannot be measured. In order to roll out an effective monitoring plan, organizations will need to define measurable targets and indicators for SP reporting, such as those set by the World Bank as part of its supplier diversity program. A starting point for most organizations may be reporting on SP outputs or the level of SP institutionalization, as these are aspects that are easier to measure. However, with time it will be important to also report on SP outcomes, such as CO<sub>2</sub> emissions reductions. This will be a critical factor in building a business case for SP and supporting further adoption of SP practices for organizations.

*“...every purchase we make is a vehicle for change... and an opportunity to address sustainability not only on what we buy but also on (potentially and more importantly) who we buy it from”.*

*Adam Rubinfield, Senior Procurement Specialist, World Bank*

# 7. Promotion of SP: The role of international organizations and networks



International organizations and networks have been active in promoting sustainable procurement (SP) as buyers (see Chapter 5) and supporting entities. These organizations include intergovernmental organizations, Multilateral Development Banks (MDBs), international networks, non-governmental organizations (NGOs) and higher education institutions. As supporting entities, international organizations and networks assist private and public procurers in advancing sustainable procurement

activities. This Chapter highlights how some members of the international community have taken a supportive role in mainstreaming SP. It focuses specifically on the initiatives that have accelerated the global adoption of SP policies and practices. Moreover, this Chapter also recognizes the role of international organizations and networks in fostering knowledge-sharing, capacity-building and innovation in sustainable procurement.

## 7.1 Intergovernmental organizations

Over the last two decades, intergovernmental organizations have shown a strong commitment to moving the SP agenda forward at both the regional and international level. Indeed, many of the SP-related activities identified as needing external support by stakeholders in the 2013 and 2017 *SPP Global Review* publications are being addressed by intergovernmental organizations. These activities include: the development of product guidelines and criteria, engagement of stakeholders, establishment of information platforms to exchange best practices, training and awareness-raising.

This section specifically focuses on the United Nations Environment Programme (UNEP), the Organisation for Economic Co-operation and Development (OECD) and the European Commission (EC), although many other intergovernmental organizations are also working in this area. Box 7.1 highlights some of the important work of the International Trade Centre (ITC) and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) in promoting gender-inclusive public procurement.

Among the various UN organizations, UNEP has historically taken the lead in promoting SPP at the

global level. From 2005 to 2011, UNEP led the first global initiative on sustainability in public purchasing, known as the Marrakech Task Force on SPP. During this time, UNEP helped to develop a specific and adaptable implementation methodology, or 'SPP Approach', which was piloted in seven countries from 2009 to 2012. This led to the publication of the first edition of the [SPP Implementation Guidelines](#) in 2012.<sup>1</sup> The SPP Approach was later applied in 15 countries, providing an opportunity to collect lessons learned, establish best practices and refine the methodology, leading to the publication of a second edition of the [Guidelines](#) in 2021.<sup>2</sup>

In addition to developing SPP tools, UNEP has been providing technical support to over 20 countries since 2009 (see list of projects and outputs [here](#))<sup>3</sup>. It has facilitated the exchange of knowledge (notably through its participation in the One Planet Network SPP Programme), and has contributed to the global monitoring of SPP implementation through the periodical *SPP Global Review* publications and accompanying Country Factsheets, as well as data collection/monitoring exercises on [SDG Indicator 12.7.1](#).<sup>4</sup>

<sup>1</sup> [www.oneplanetnetwork.org/knowledge-centre/resources/sustainable-public-procurement-implementation-guidelines](http://www.oneplanetnetwork.org/knowledge-centre/resources/sustainable-public-procurement-implementation-guidelines)

<sup>2</sup> [www.unep.org/resources/publication/second-edition-uneps-sustainable-public-procurement-guidelines](http://www.unep.org/resources/publication/second-edition-uneps-sustainable-public-procurement-guidelines)

<sup>3</sup> [www.unep.org/explore-topics/resource-efficiency/what-we-do/sustainable-public-procurement/project-countries](http://www.unep.org/explore-topics/resource-efficiency/what-we-do/sustainable-public-procurement/project-countries)

<sup>4</sup> The 2020/2021 Data collection for SDG Indicator 12.7.1: Main results and conclusions from the first reporting exercise details the findings of the SDG Indicator 12.7.1 Monitoring Exercise. See: <https://wedocs.unep.org/bitstream/handle/20.500.11822/37967/SDG.pdf>

## International Trade Centre and UN Women: Promoting women in public procurement

Women own almost 10 million of the world's small and medium-sized enterprises, but account for only 1% of public procurement. Women-owned businesses often cite lack of information about opportunities and requirements, complex procedures and strict financial and qualification requirements as barriers to winning public tenders. The International Trade Centre (ITC) works extensively to counter this and promote women in public procurement through education, network creation, capacity-building and in-country advisory work.

For example, through the Women and Trade Programme, ITC seeks to increase the participation of women entrepreneurs and producers in global value chains and to ensure that they enjoy greater economic benefits from participating in international trade. It works continually with buyers and governments to increase the procurement of goods and services from women entrepreneurs, build the capacity of trade support institutions (TSIs) to improve the products and services that are offered to women entrepreneurs and enhance the competitiveness of women entrepreneurs in developing countries, thereby enabling them to tap into market opportunities. So far, more than 100 TSIs have worked with ITC under the Women and Trade Programme. Through publishing guidance, ITC also helps to

provide governments, procuring entities and other stakeholders with a deeper understanding of the challenges faced by women-owned businesses when participating in public procurement markets and offers tools to address these challenges and stimulate increased entrepreneurial activity by women-owned businesses, such as an [e-learning course](#)<sup>i</sup> on Women and Procurement.

The [Women's Empowerment Principles](#)<sup>ii</sup> (WEPs), outlined by UN Women, offer guidance to businesses on how to promote gender equality and women's empowerment. UN Women suppliers are invited to become signatories to the WEPs, which have been adopted by nearly 5,000 CEOs. Principle 5, implementing supply chain and marketing practices that empower, relates directly to SPP. UN Women has generated [guidance](#)<sup>iii</sup> to help businesses who are signatories of the WEPs in putting Principle 5 into practice to prioritize, establish and implement gender-responsive and ethical procurement practices without compromising quality, efficiency, cost savings and value for money. This is supported by a [manual](#)<sup>iv</sup> on gender-responsive procurement, which details the barriers and challenges that women-owned businesses face and outlines actionable steps that corporations can take to increase the share of women-owned businesses in procurement.

i <https://learning.intracen.org/course/info.php?id=187>

ii [www.weps.org](http://www.weps.org)

iii [www.weps.org/resource/gender-responsive-procurement](http://www.weps.org/resource/gender-responsive-procurement)

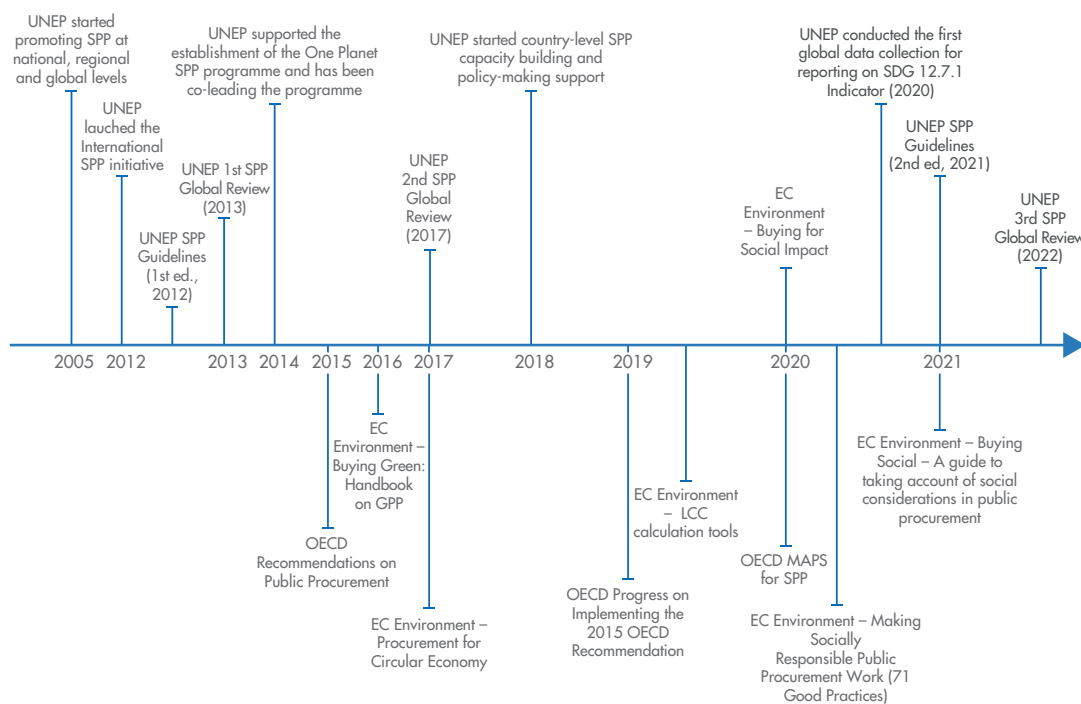
iv [www.unwomen.org/en/digital-library/publications/2017/3/the-power-of-procurement](http://www.unwomen.org/en/digital-library/publications/2017/3/the-power-of-procurement)

*Women-owned businesses often cite lack of information about opportunities and requirements, complex procedures and strict financial and qualification requirements as barriers to winning public tenders. The International Trade Centre (ITC) works extensively to counter this and promote women in public procurement through education, network creation, capacity-building and in-country advisory work.*

Aside from global promotion and monitoring of SPP, intergovernmental organizations are also active in developing SPP policy recommendations and implementing guidelines. In 2015, OECD released the 2015 [Recommendation on Public Procurement](#),<sup>5</sup> which supports measures including the use of public procurement systems to pursue secondary policy objectives such as sustainable green growth, development of small and medium-sized enterprises, innovation and standards for responsible business conduct or broader industrial policy objectives. Specifically, Recommendation No. V recognizes the importance of balancing secondary policy objectives against the primary objectives of public procurement such as transparency, competition and integrity.<sup>6</sup>

A year later, the European Commission (EC) released the 2016 Handbook on Green Public Procurement (known as [Buying Green](#))<sup>7</sup> and then the 2017 brochure on Public Procurement for a [Circular Economy](#),<sup>8</sup> which introduces the European Policy Framework – including practical guidance for those involved in public procurement decisions. Subsequently, EC released several other publications supporting not only environmental protection, but also [social considerations](#)<sup>9</sup> in public procurement (see Figure 7.1).

**Figure 7.1. Milestones in the organizational support for SPP (UNEP, OECD and the European Commission)**



Source: Reports by UNEP, OECD and the European Commission in Annexes A2.1, A2.2 and A2.3, respectively.

<sup>5</sup> [www.oecd.org/gov/public-procurement/recommendation](http://www.oecd.org/gov/public-procurement/recommendation)

<sup>6</sup> Recommendation V provides that 'Adherents recognise that any use of the public procurement system to pursue secondary policy objectives should be balanced against the primary procurement objective. To this end, Adherents should:

- i) Evaluate the use of public procurement as one method of pursuing secondary policy objectives in accordance with clear national priorities, balancing the potential benefits against the need to achieve value for money. Both the capacity of the procurement workforce to support secondary policy objectives and the burden associated with monitoring progress in promoting such objectives should be considered.
- ii) Develop an appropriate strategy for the integration of secondary policy objectives in public procurement systems. For secondary policy objectives that will be supported by public procurement, appropriate planning, baseline analysis, risk assessment and target outcomes should be established as the basis for the development of action plans or guidelines for implementation.
- iii) Employ appropriate impact assessment methodology to measure the effectiveness of procurement in achieving secondary policy objectives. The results of any use of the public procurement system to support secondary policy objectives should be measured according to appropriate milestones to provide policy makers with necessary information regarding the benefits and costs of such use. Effectiveness should be measured both at the level of individual procurements, and against policy objective target outcomes. Additionally, the aggregate effect of pursuing secondary policy objectives on the public procurement system should be periodically assessed to address potential objective overload.

<sup>7</sup> [https://ec.europa.eu/environment/gpp/buying\\_handbook\\_en.htm](https://ec.europa.eu/environment/gpp/buying_handbook_en.htm)

<sup>8</sup> [https://ec.europa.eu/environment/gpp/pdf/Public\\_procurement\\_circular\\_economy\\_brochure.pdf](https://ec.europa.eu/environment/gpp/pdf/Public_procurement_circular_economy_brochure.pdf)

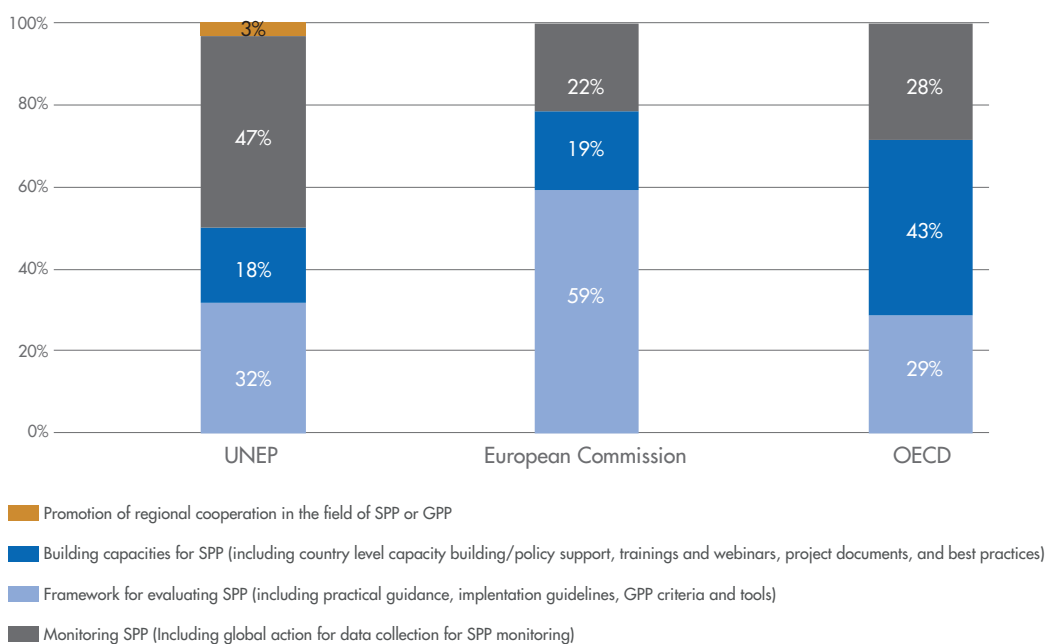
<sup>9</sup> <https://op.europa.eu/en/publication-detail/-/publication/cb70c481-0e29-4040-9be2-c408cddf081f>



Between 2016 and 2021, UNEP, OECD and EC strengthened their commitment to SPP promotion through country-level capacity-building and policy making support. In addition, Horizon 2020, the EU’s research and innovation funding programme from 2014–2020 provided significant support to SPP in the region.<sup>10</sup> Together, these organizations have

supported 37 countries in a broad range of SPP-related activities. Figure 7.2 summarizes the various types of SPP initiatives and activities undertaken by these organizations to support SPP since 2016. The initiatives and activities vary depending on the needs of member countries.

**Figure 7.2. SPP Initiatives (support) by OECD, European Commission and UNEP, 2016–2021**



Source: Report by UNEP, OECD, and the European Commission in Annex 2.1.

In the case of EU Member States, the EC has been very active in providing practical guidance, criteria, tools and capacity-building through the publication of best practices (such as the [76 good practice cases](#) on socially responsible public procurement published in 2020)<sup>11</sup>. While UNEP is providing the same support at the global level, it is also focusing on promoting regional cooperation in the field of SPP or GPP through, for example, the [Asia Pacific](#)

[Green Public Procurement Network](#)<sup>12</sup> that aims to enhance GPP knowledge-sharing and capacity-building in the Asia Pacific region or through the [One Planet Network SPP Programme](#).<sup>13</sup> As for OECD, it has been active in applying the Methodology for Assessing Procurement Systems (MAPS) to both OECD member and non-member countries, while testing and finalizing the [Sustainable Public Procurement Supplementary MAPS Module](#).<sup>14</sup>

<sup>10</sup> The Horizon 2020 programme was succeeded by Horizon Europe for 2021–2027 with a budget of €95.5 billion.

<sup>11</sup> [https://ec.europa.eu/info/making-socially-responsible-procurement-work-71-good-practice-cases\\_en](https://ec.europa.eu/info/making-socially-responsible-procurement-work-71-good-practice-cases_en)

<sup>12</sup> See more about Asia Pacific Green Public Procurement Network here: <https://www.unep.org/explore-topics/resource-efficiency/what-we-do/sustainable-public-procurement/asia-pacific-green>

<sup>13</sup> See more about One Planet Network SPP Programme here: [www.oneplanetnetwork.org/programmes/sustainable-public-procurement](http://www.oneplanetnetwork.org/programmes/sustainable-public-procurement)

<sup>14</sup> [www.mapsinitiative.org/methodology/MAPS-Sustainable-Public-Procurement-Module.pdf](http://www.mapsinitiative.org/methodology/MAPS-Sustainable-Public-Procurement-Module.pdf)

## Bilateral development aid for SPP advances in Asia

While many national governments support intergovernmental organization efforts to mainstream SP, a number of countries have actively pursued projects and programmes in this area. The mainstreaming of SPP across a number of Asian countries has been supported by Germany's Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV) and the Republic of Korea's Environmental, Industry and Technology Institute (KEITI) (a quasi-governmental organization affiliated with the Korean Ministry of Environment).

For instance, over the last decade BMUV has been supporting Asian countries with the implementation and advancement of eco-labelling and GPP-structures (with the International Climate Initiative (IKI) and the Germany Agency for International Cooperation (GIZ) as implementing partners).

The ongoing project [Proliferation of sustainable consumption and production \(SCP\) in Asia – the next 5 countries \(SCP Outreach\)](#)<sup>i1</sup> supports the development and implementation of environmental labels (eco-labels), as well as sustainable consumption and production patterns in five developing Asian countries (Bhutan, Cambodia, Laos, Myanmar and Viet Nam). Aided by Thailand, the project is geared to country-specific needs and focuses on strengthening institutions, specialist training courses, knowledge transfer and integrated

solutions at the regional level. The project also supports transnational knowledge sharing events and stakeholder meetings to define core criteria for eco-labelling and GPP in the ASEAN Economic Community.

As for KEITI, it has also been supporting the development of eco-labels in the region. From 2017-2018, through the GPP Plus Project, KEITI worked with UNEP and Local Governments for Sustainability – ICLEI to develop the Viet Nam Green Label criteria for items frequently purchased by public authorities. Using the Korean eco-labelling experience as a model, KEITI provided detailed methodologies and guidelines for applying GPP criteria to the procurement process in Viet Nam. This project also aimed to strengthen the legal framework for GPP in both Viet Nam and Thailand.

More recently, KEITI has been working to strengthen the capacity of national governments in the implementation of GPP via the establishment of the [Asia Pacific GPP Network](#).<sup>ii2</sup> This Network aims to enhance GPP knowledge-sharing, networking and capacity-building in the Asia Pacific region, with a view to stimulating markets for eco-friendly products and services. The Network is also committed to monitoring the progress of GPP in the Asia Pacific region by assisting with the measurement of SDG Indicator 12.7.1.

i [www.international-climate-initiative.com/en/details/project/proliferation-of-sustainable-consumption-and-production-scp-in-asia-the-next-5-countries-scp-outreach-20\\_1\\_330-2965](http://www.international-climate-initiative.com/en/details/project/proliferation-of-sustainable-consumption-and-production-scp-in-asia-the-next-5-countries-scp-outreach-20_1_330-2965)

ii [www.unep.org/fr/node/28735](http://www.unep.org/fr/node/28735)

***MDBs also work with member countries to modernize and reform their national and regional public procurement frameworks, including the area of SP.***



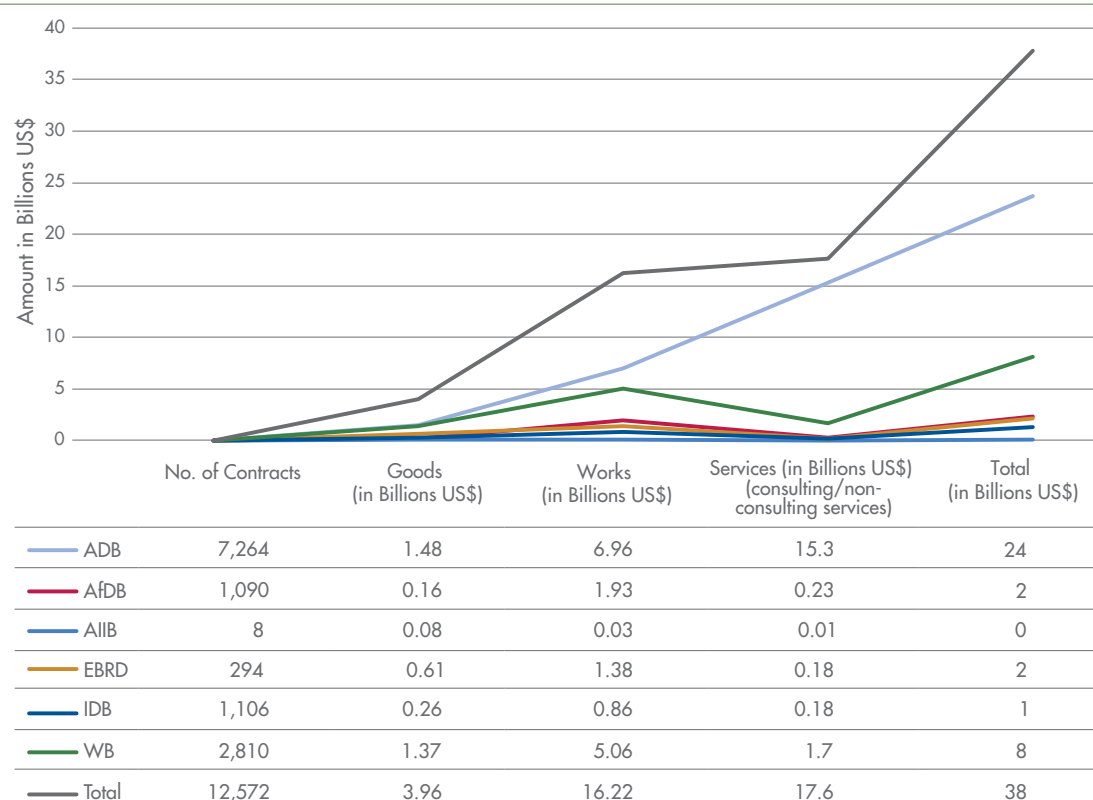
## 7.2 Multilateral Development Banks

Multilateral Development Banks (MDBs) have also been active in moving the SP agenda forward. At the most basic level, MDBs can drive borrowing countries towards sustainability by setting minimum social and environmental requirements for project financing (Kahn 2012). The Caribbean Development Bank (CDB), for example, screens projects according to its Environmental and Social Review Procedures (2014), ensuring that minimum standards or 'performance requirements' are met across eight priority areas (pollution prevention, natural habitats, vulnerable groups and so forth). Borrowing countries are encouraged to build on these minimum performance requirements, integrating social

and environmental sustainability considerations into project design and operations, cascading all the way down to the standard bidding documents that now explicitly require contractors to prepare plans and strategies to address specific environmental and social issues under the terms of the contract.

Delivering sustainability impacts through public contracting under MDB-financed projects is an emerging area of influence. In 2020 alone, 12,572 contracts with a total value of US\$37.8 billion were issued to support project operations of seven of the largest MDBs (see Figure 7.3).

**Figure 7.3. Value and number of contracts awarded by MDBs for FY 2020**



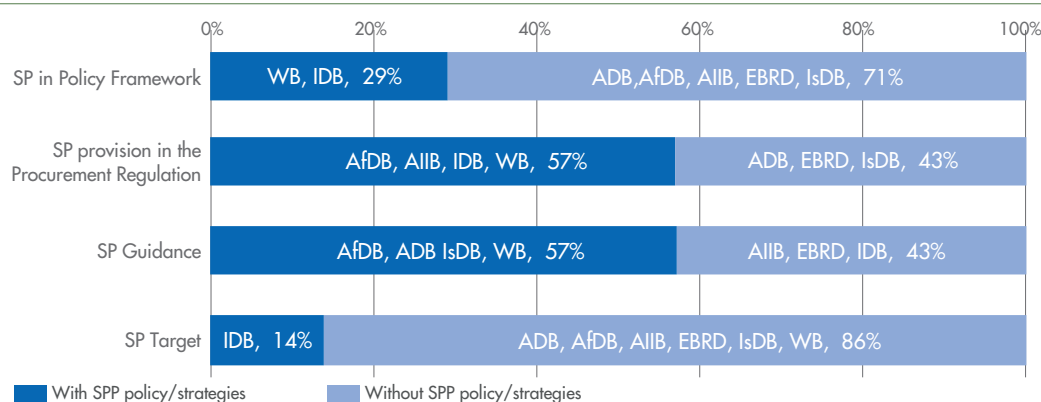
Sources: Official websites of MDBs on operational procurement databases (ADB),<sup>15</sup> contract awards/awarded contracts/contract award notice (AfDB, AIIB, IDB, and WB) and annual procurement notice (EBRD).

**15** ADB, Operational Procurement Database (2016-2021), available at Operational Procurement Database (2016-2021) | ADB Data Library | Asian Development Bank, last visited 13 September 2021.)

Given the enormous potential to deliver social and environmental impacts through project procurement, many MDBs have adopted a specific SP policy in their procurement framework or regulations or have revised their project or operational procurement guidelines to include sustainability considerations (see Figure 7.4).<sup>16</sup> The World Bank, for example, has a specific SP policy in their procurement framework and regulations with corresponding SP Guidelines.<sup>17</sup> The Inter-American Development Bank (IDB) also has a specific SP policy in its procurement framework and regulations but without specific SP guidelines.<sup>18</sup> Some MDBs, such

as the African Development Bank (AfDB),<sup>19</sup> Asian Infrastructure Investment Bank (AIIB)<sup>20</sup> and Islamic Development Bank (IsDB),<sup>21</sup> do not have a specific SP policy framework but include SP provisions in their procurement regulations (AfDB,<sup>22</sup> AIIB<sup>23</sup> and IsDB),<sup>24</sup> while three of them have an SP guidance note (AfDB,<sup>25</sup> ADB<sup>26</sup> and IsDB).<sup>27</sup> Others, such as the European Bank for Reconstruction and Development (EBRD),<sup>28</sup> do not have an explicit SP provision in their procurement policy framework and regulations, but use equivalent terms such as good procurement practices, as indicated in the scope of the 2017 EBRD Procurement Policies and Rules.

**Figure 7.4. SP policy and strategies among seven MDBs**



Source: Official websites of ADB, AfDB, AIIB, EBRD, IsDB, WB, and IDB.

<sup>16</sup> See: Chapter 5 for the integration of sustainability considerations in MDB corporate procurement.

<sup>17</sup> See: Section C, para. 2 on Core Procurement Principles, the 2017 World Bank Procurement in IPF and Other Operational Procurement Matters, Section 5.12 of the 2020 World Bank Procurement Regulations for Investment Project Financing (IPF) Borrowers and the 2019 Guidance on Sustainable Procurement.

<sup>18</sup> See: para. 1.9 of the General Considerations and Core Procurement Principles, 2019 Policies for Procurement of Goods and Works financed by the Inter-American Development Bank and para. 5.5 of the IDB Update of the Strategy for Strengthening and Use of Country System, 2019.

<sup>19</sup> See: Section. 2.1.1 on Methodology for Country Level Assessment on the Principles, Considerations and Approach of the 2015 Methodology for Implementation of the Procurement Policy of the African Development Bank.

<sup>20</sup> See: paras. 5 on Procurement Arrangements and 7 on Project Delivery Strategy Template of the 2016 AIIB Interim Operational Directive on Procurement Instructions for Recipients.

<sup>21</sup> See: Chapter 2 on the use of margin preference in case of international competitive bidding, Chapter 3 on the use of community participation as one of the other methods of procurement and Chapter 4 on special procurement arrangements on the use of negotiation involving terms and conditions, including social, environmental and innovative aspects of the 2019 IsDB Guidelines for the Procurement of Goods, Works and Related Services under IsDB Project Financing.

<sup>22</sup> See: Section. 2.1.1 on Methodology for Country Level Assessment on the Principles, Considerations and Approach of the 2015 Methodology for Implementation of the Procurement Policy of the African Development Bank.

<sup>23</sup> See: paras. 5 on Procurement Arrangements and 7 on Project Delivery Strategy Template of the 2016 AIIB Interim Operational Directive on Procurement Instructions for Recipients.

<sup>24</sup> See: Chapter 2 on the use of margin preference in case of international competitive bidding, Chapter 3 on the use of community participation as one of the other methods of procurement and Chapter 4 on special procurement arrangements on the use of negotiation involving terms and conditions, including social, environmental and innovative aspects of the 2019 IsDB Guidelines for the Procurement of Goods, Works and Related Services under IsDB Project Financing.

<sup>25</sup> See: AfDB Sustainable Public Procurement Guidance Note, 2020.

<sup>26</sup> See: ADB Sustainable Public Procurement Guidance Note on Procurement, 2021.

<sup>27</sup> See: IsDB Guidance Note on Social, Gender and Sustainable Public Procurement in IsDB financed Procurements, 2019.

<sup>28</sup> See: EBRD, Annual Procurement Review, 2020, available at Procurement reports ([ebrd.com](http://ebrd.com)).

It is worth noting that only the IDB has specific SP targets for environmental and social governance systems as part of its updated strategy for strengthening the use of country procurement systems.

However, despite these developments, the inclusion of sustainability considerations under project procurement is considered voluntary on the part of the borrowing country. It is also considered risky, as demonstrated by the requirement for prior review of any proposed sustainability requirements to ensure compliance with other procurement principles such as transparency, integrity and open competition.<sup>29</sup> The World Bank, for example, considers SPP as a “policy on its own... that supports the environmental, social and economic policies of the Bank... and clients who are interested may opt to implement the Bank’s policy on SPP in their funded projects...” (H. La Cascia, Senior Procurement Specialist, WB). In certain cases, MDBs may agree on the use of sustainability considerations in public contracting under their projects depending on the sustainability strategies or policies in the beneficiary country, such as when sustainability instruments are already embedded in the procurement law or public procurement framework.

For the time being, however, the extent to which SPP is applied in public contracting under MDB-financed projects is unknown, as there are no available data on the proportion of purchases under MDB-financed projects that have incorporated sustainability considerations (in terms of expenditure or number of contracts).

Nevertheless, MDBs have introduced several pilot initiatives to assist member countries in voluntarily applying SPP in procurement process for MDB-funded projects. For instance, IDB recently provided technical assistance on the ‘inclusion of women in works contracts in Nicaragua’,<sup>30</sup> which supported the inclusion of sustainability requirements in road project procurement through competitive international bidding (requiring the training and hiring of women to operate heavy machinery). Fifteen women were trained and certified during this pilot project, which was expanded to all IDB road projects to

benefit 117 women in Nicaragua. The certification programme is now considered as one of the main sources of high qualified jobs in the road construction sector.<sup>31</sup> IDB also funded the technical assistance on ‘gender inclusion and sustainable construction for social housing in João Pessoa’, Brazil, which incorporated gender inclusion from the design stage using tools such as ‘gender walks’ to identify specific needs and expectations (including greater inclusion of women in the civil construction market).<sup>32</sup>

MDBs also work with member countries to modernize and reform their national and regional public procurement frameworks, including the area of SP. For example, CDB is currently working with most Eastern Caribbean countries to prepare new public procurement laws and regulations to encourage them to incorporate SP considerations into their legal frameworks. The end goal is for such considerations to be applied under CDB-financed projects, assuming they are consistent with CDB principles. Likewise, IDB is assisting a number of South American countries in procurement reform at the national level (Brazil, Chile, Paraguay and Uruguay) and subnational level (Brazil and Argentina), with the drafting and implementation of public procurement related laws and regulations inclusive of SP.

Besides influencing laws and facilitating sustainable procurement under projects financed by them, MDBs are also active in building a business case for SP. The World Bank, for example, recently published a new report on a [Global Procurement Partnership for Sustainable Development 2021](#),<sup>33</sup> which demonstrates how public procurement can support broader policy goals such as environmental stewardship, resilient and inclusive economic development and social protection. A recent IDB study on the fiscal impact of sustainable procurement of goods and services in the Latin America and Caribbean region also highlights the importance of SP through a series of case studies that demonstrate how purchases of sustainable products instead of conventional ones can bring about economic benefits.<sup>34</sup> Together, such efforts demonstrate MDBs’ increasing commitment to supporting SP advances at a global level.

<sup>29</sup> See: Section. 3.1 on Procurement Prior Review, Annex II, Procurement Oversight, The World Bank Procurement Regulations for IPF Borrowers, November 2020, p. 55.

<sup>30</sup> See: [www.youtube.com/watch?v=rOrLpx-EH&feature=youtu.be](https://www.youtube.com/watch?v=rOrLpx-EH&feature=youtu.be)

<sup>31</sup> See: [www.youtube.com/watch?v=rOrLpx-EH](https://www.youtube.com/watch?v=rOrLpx-EH)

<sup>32</sup> See: <https://publications.iadb.org/en/inclusive-cities-urban-productivity-through-genderequality>

<sup>33</sup> <https://documents1.worldbank.org/curated/en/173331642410951798/pdf/Synthesis-Report.pdf>

<sup>34</sup> To be published in 2022.

## 7.3 International networks and NGOs

International networks (sometimes referred to as transnational networks) also play a key role in SP promotion that extends beyond the public sector to private enterprise. In fact, international networks are essential for the exchange of knowledge and experience across cities, countries and local and international businesses in a way that contributes to the adoption of innovative policy ideas and practices (Namyskak 2014 and Wolfram 2018, cited in Frantzeskaki et al. 2019). In the case of SP promotion, “a lot of successful initiatives in introducing sustainability as a part of public procurement policy reforms have been done through networks that are in place in the region... with the help of the network, there is ease of implementation and leadership that help accelerate the progress” (Adriana Salazar-Cota, IDB).

### International networks

The first international network to advocate for sustainable procurement was the [ICLEI Local Governments for Sustainability](#).<sup>36</sup> Founded in 1990, ICLEI has been promoting sustainable procurement since 1996, providing technical assistance to local governments to help them achieve their sustainability objectives.

Since then, a number of important international networks promoting SP have emerged. Some, such as the [International Green Purchasing Network](#) (IGPN),<sup>37</sup> [Procura+](#)<sup>38</sup> and the [Inter-American Network on Government Procurement](#) (INGP)<sup>39</sup> have a regional focus, while others, such as the [Sustainable Purchasing Leadership Council](#) (SPLC),<sup>40</sup> the

Non-governmental organizations (NGOs) have also started to refocus some of their work from corporate social responsibility to collaboration between companies and NGOs in influencing purchasing decisions that have direct impact on people and the environment (Procurement and Supply Australasia 2015).

This section looks at the important contributions of several international networks and NGOs in supporting governments and private sector organizations in introducing more sustainability considerations in their purchasing processes.<sup>35</sup>

[Global Lead City Network on Sustainable Procurement](#) (GLCN)<sup>41</sup> and the [One Planet Network's Sustainable Public Procurement Programme](#),<sup>42</sup> have a broader global reach. Networks can also vary in terms of their mission and membership. The IGPN and SPLC, for example, are committed to promoting sustainable procurement across both government and private enterprise, while others, such as the INGP, Procura+, GLCN and the One Planet Network, are mainly focused on strengthening the capacity of public authorities to implement SP. For a timeline of important milestones in the history of these international networks, see Figure 7.5; for their membership composition, see Figure 7.6.

<sup>35</sup> It is beyond the scope of this publication to cover all international networks and NGOs promoting sustainable procurement; only those are covered which submitted their reports for the 2022 SPP Global Review publication. These are ICLEI, IGPN, INGP, the One Planet Network and SPLC.

<sup>36</sup> [www.iclei.org](http://www.iclei.org)

<sup>37</sup> [www.igpn.org](http://www.igpn.org)

<sup>38</sup> <https://procuraplus.org/home/>

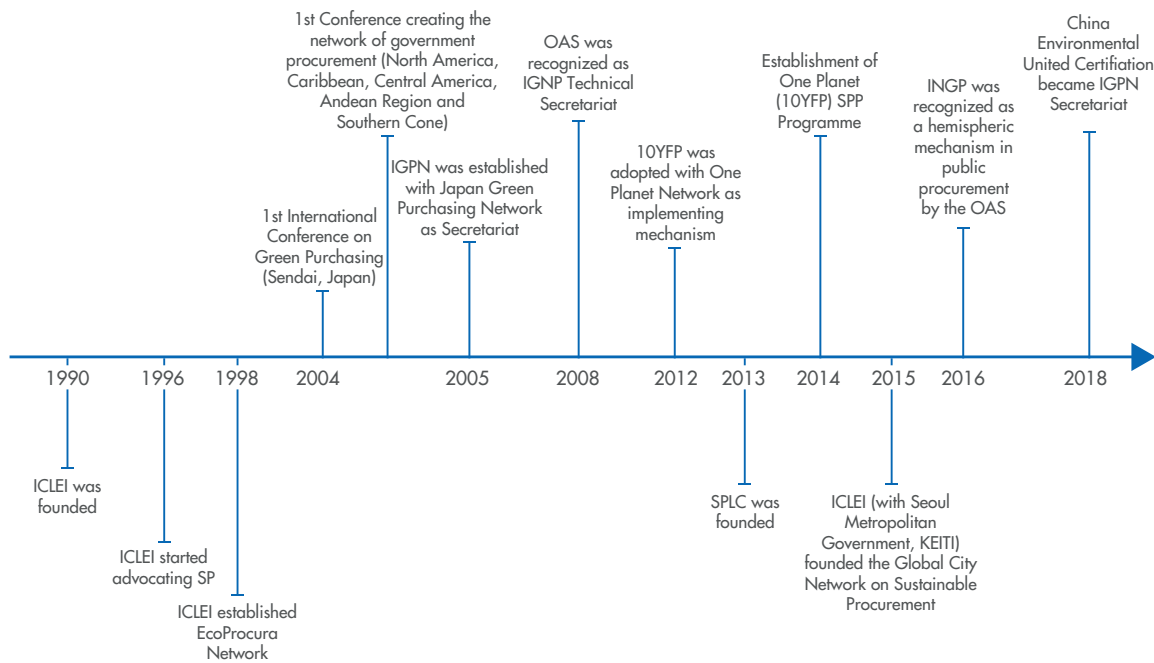
<sup>39</sup> <http://ricg.org/en>

<sup>40</sup> [www.sustainablepurchasing.org](http://www.sustainablepurchasing.org)

<sup>41</sup> <https://gln-on-sp.org>

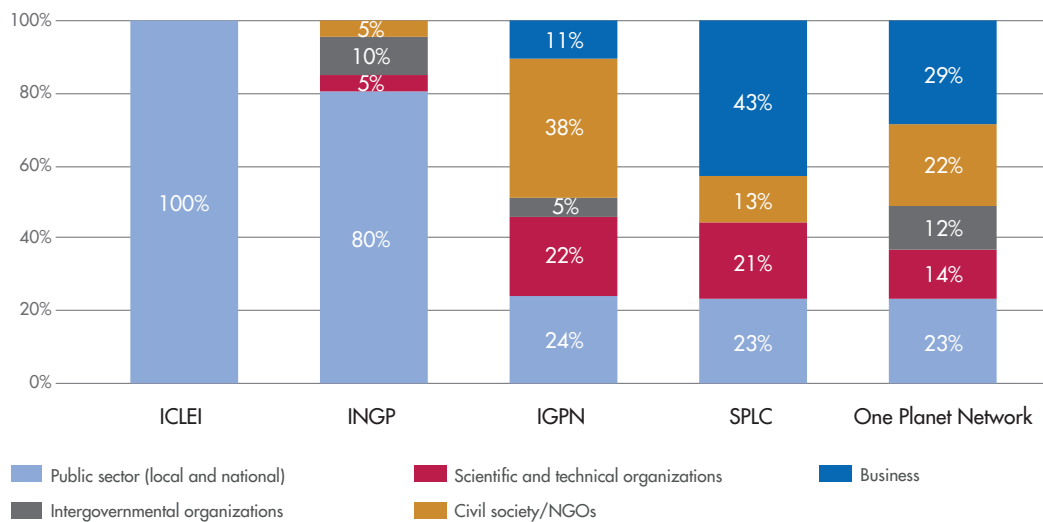
<sup>42</sup> [www.oneplanetnetwork.org/programmes/sustainable-public-procurement](http://www.oneplanetnetwork.org/programmes/sustainable-public-procurement)

**Figure 7.5. Milestones in the establishment of international networks promoting sustainable procurement**



Source: Official websites of ICLEI, IGPN, INGP, SPLC and the One Planet Network.

**Figure 7.6. Membership of international networks (ICLEI, INGP, IGPN, One Planet Network), 2021**



Source: ICLEI, INGP, IGPN, One Planet Network websites and submissions.

International networks promote sustainable procurement through a wide range of activities. These range from knowledge-based initiatives (policy frameworks and tools, capacity-development and awareness-raising, research, analysis and assessment) to action-oriented projects supporting the shift to more sustainable procurement practices across sectors and regions.

For example, the SPLC hosts webinars on diverse sustainable procurement topics open to the general public; deep-dive events focused on key SP topics (such as regenerative procurement, supply chain GHG reduction and leveraging ratings and reporting systems); as well as annual in-person summit conferences for sustainability and sustainable procurement professionals to share resources and learning. In addition, it offers an SP Founda-

tions Strategic Sustainable Procurement coaching programme and has recently developed a customizable Sustainable Procurement Supplier Development Training Toolkit for its members.

The Sustainable Public Procurement Programme of the One Planet Network differs from the other

## Non-governmental organizations

Non-governmental organizations (NGOs) have also been active in the area of sustainable procurement, although traditionally their role has been more focused on moving businesses and individuals towards sustainable consumption. Many NGOs have already initiated a wide range of projects engaging businesses and households to change current consumption patterns towards greater sustainability through approaches such as assessing environmental impacts of products, or designing and developing innovative products to change the way people consume or minimize the environmental impacts of consumption (Kong et al. 2002). The One Planet Network has already recorded 25 projects initiated by civil society organizations (or NGOs) in the area of sustainable consumption.<sup>43</sup>

More recently, NGOs have been providing support to SP mainstreaming across governments, the private sector and their own operations. The [International Institute for Sustainable Development \(IISD\)](#),<sup>44</sup> for example, has been active in the area of SP since 2016. Its work has largely focused on raising awareness, providing technical assistance and building capacity for the implementation of SP among public authorities of goods, services and infrastructure (for further details, see Annex 2.3). [Electronics Watch](#)<sup>45</sup> is active in the area of SP monitoring, as its name suggests. Formally launched in 2015, it is the first NGO to monitor public buyers leading responsible public procurement of electronics products on the

networks in that it provides a platform for pooling project and programme portfolios, initiatives and resources to enable joint value creation, innovation and implementation of initiatives on a larger scale. For further information on the SPP activities of international networks, please see Annex 2.3.

ground in Europe. The organization facilitates collaboration between public authorities and civil society monitors in regions of production to protect the rights of workers in their electronics supply chains.<sup>46</sup>

Moreover, NGOs are also active in lobbying for legislative initiatives to introduce SP in national procurement frameworks and regulations. One example is the [Fair Trade Advocacy Office](#) championing Fair Trade public procurement, or the introduction of Fair Trade considerations into the different stages of public procurement procedures.<sup>47</sup>

Despite this, there is much untapped potential for progress on NGOs in public procurement (Besely and Ghatak 2017) and their capacity to contribute to sustainability. Reasons for this include the difficulty of accessing quantifiable evidence of sustainability impacts, which makes it even more complex to advocate for civic engagement in the procurement process.<sup>48</sup>

Nonetheless, several international initiatives have been launched to increase NGO engagement in public procurement in terms of policy formulation (by adopting a multi-stakeholder collaboration approach) and direct involvement in public procurement (through community-based procurement) (Cravero 2019). The challenge is how to maximize the application of these initiatives.

43 See: [www.oneplanetnetwork.org/programmes/sustainable-public-procurement/knowledge-centre?f%5B0%5D=content\\_type\\_knowledge\\_centre\\_programme%3Aicc\\_project](http://www.oneplanetnetwork.org/programmes/sustainable-public-procurement/knowledge-centre?f%5B0%5D=content_type_knowledge_centre_programme%3Aicc_project)

44 [www.iisd.org](http://www.iisd.org)

45 <https://electronicswatch.org/en/>

46 See: [https://wwfafrica.awsassets.panda.org/downloads/WWF\\_2018\\_Moving\\_towards\\_sustainable\\_performance\\_based\\_procurement\\_WC.pdf](https://wwfafrica.awsassets.panda.org/downloads/WWF_2018_Moving_towards_sustainable_performance_based_procurement_WC.pdf)

47 See: <https://fairtradeadvocacy.org/our-work/key-topics/public-procurement-3/>

48 See for example, Cravero (2019) on the role of NGOs (civil society) in assessing not only transparency and integrity but also sustainability in public procurement through the OECD Methodology for Assessing Procurement (OECD MAPS 2018) and its supplementary module on sustainable public procurement (OECD MAPS-SPP 2021), and the World Bank (2009, as cited in Cravero, 2019) on eight international case studies on civic engagement in procurement, available at <https://openknowledge.worldbank.org/handle/10986/12633>



## 7.4 Higher education institutions

The presence of SP is accelerating in academic activities (research, teaching and policy design). Over the last 20 years, a wide range of data and studies have been accumulated in various SP areas, reflecting the interdisciplinary nature of SP. The first areas to be researched included environmental management systems (Delmas 2000) and integrated product policy. While the original themes, and certification schemes and labels more specifically, are still relevant, considerable recent attention has been focused on life-cycle analysis and life-cycle costing (Andhov et al. 2020; Castelli et al. 2020); socially responsible public procurement, including the protection of disadvantaged groups (Shai et al. 2019); community benefits (Cravero 2017; Wontner 2020); Corporate Social Responsibility (CSR) (Andrecka and Peterkrova 2017); and the protection of human rights along the supply chain (Martin-Ortega and Methven O'Brien 2019). Research has also been extended to new themes, such as climate change (Martinez Romero et al. 2017; Schooner and Speidel 2020), the circular economy (Witjes and Lozano 2016) and organizational aspects including the role of local authorities and procurers (Grandia and Voncken 2019), as well as geographic areas beyond developed countries (Eyo 2017).

In a number of leading academic institutions around the world, SP is a taught subject (including Sydney University, Australia; Universidad Externado de Colombia; University of Copenhagen, Denmark; Tor

Vergata University, Italy; University of Belgrade, Serbia; Nottingham University and King's College, United Kingdom; and Arizona State University in the United States).<sup>49</sup> The University of Turin, together with the International Training Center (ITC) of the International Labour Organization (ILO), has long offered a one-year Masters programme in Public Procurement Management for Sustainable Development. In addition, SP has been taught at the Caribbean Procurement Training and Consultancy Centre of the University of Technology in Jamaica since 2017, as part of a project co-financed by the World Bank and Caribbean Development Bank.

The subject is also the focus of a number of research projects (Sustainability and Procurement in International, European, and National Systems (SAPIENS) and SMART SPP – innovation through sustainable procurement),<sup>50</sup> specific conferences (European Procurement and Public Private Partnership Law Review [EPPPL] 2017)<sup>51</sup> and events focusing on sustainable business (such as the Microsoft System Center Operations Manager [SCOM] 2020).

Research outcomes are driving significant changes in policy documents and proposals. For instance, the George Washington University Government Procurement Law Program aims to address the impact of climate change on island nations by restructuring procurement systems and building capacity within workforces.<sup>52</sup> Furthermore, the research proposals

*Over the last 20 years, a wide range of data and studies have been accumulated in various SP areas, reflecting the interdisciplinary nature of SP.*

<sup>49</sup> In addition, it is worth mentioning the Procurement Law Unit of Stellenbosch University in South Africa, which promotes research and training on public procurement regulation in the African continent, as well as the building of networks in Africa and with similar units elsewhere. The Unit aims to provide a permanent inter-institutional platform for in-depth research in an area of law that is critical to development in Africa, but currently largely neglected. Although the Unit does not focus specifically on sustainable procurement, sustainability is a high relevant theme for the group and they have developed very good research on the topic. For instance, the theme of the forthcoming Fourth International Conference on Public Procurement Law Africa 2022 is on Public Procurement and the Sustainable Development Goals in Africa: A Decade of Opportunity. See details of the conference at: <http://africanprocurementlaw.org/fourth-international-conference-on-public-procurement-law-africa-5-6-november-2020/>.

<sup>50</sup> See: <https://sapiensnetwork.eu>; <https://www.smart.uio.no/research/sustainable-public-procurement>.

<sup>51</sup> See: <https://epppl.lexxion.eu/issue/EPPPL/2017/3>

<sup>52</sup> Advancing the Paris Agreement's Goals Through Low Carbon and Energy Procurement | GW Law | The George Washington University; Environmentally Sustainable Procurement Policymaking Project



within the SMART Project include extending mandatory SPP, which is now part of the European Green Deal launched by the European Commission.<sup>53</sup>

Research also translates itself into training. George Washington University is taking the lead in advocacy and training activities linked to President Biden's commitment to address climate change, which will require a shift from eco-labels to assessing greenhouse gases of particular goods and services.<sup>54</sup> In China, the Central University of Finance and Economics in Beijing is managing a project of SPP seminars/lectures linked to the double Carbon Goal announced by President Xi Jinping.

## 7.5 Conclusion

International organizations and networks have been supporting SP in a broad range of activities from awareness-raising, knowledge-sharing and capacity-building to the development of policy recommendations and tools that guide and facilitate SP implementation. Dozens of countries have directly benefited from targeted programmes and projects that create an opportunity to collect lessons learned and establish best practices. Networks have been particularly key in providing a platform for the exchange of ideas and experiences, while higher learning institutions have led research in various disciplines relevant to SP.

Several projects for SP implementation have also been undertaken to address some of the barriers to adoption (including the perception that sustainable goods and services are more expensive and a lack of regulatory frameworks), but also to train procuring entities in government agencies and to benefit from the technical support of SP experts overseeing project completion. The challenge, however, is how to maximize all platforms and opportunities towards a more collaborative approach, whilst drawing on lessons learned and best practices to ensure that SP becomes the new norm.

Overall, SP is increasingly embedded in academic curricula and the difficulties that are encountered will require a further increase of multidisciplinary and transdisciplinary research focused on outcomes and impacts. It will be important to assess the findings and convert them into advanced SP training in order to develop professionalized procurers and suppliers capable of working with SP and contributing to the policy debate and SPP implementation. For further information on higher education institutions, please see Annex 2.4.



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<sup>53</sup> Andhov, M., Caranta, R., Stoffel, T., Grandia, J., Janssen, W.A., VORNICU, R., Czarnecki, J.J., Gromnica, A., Tallbo, K., Martin-Ortega, O., Mélon, L., Edman, Å., Göthberg, P., Nohrstedt, P. and Wiesbrock, A. (2020). Sustainability Through Public Procurement: The Way Forward – Reform Proposals. SSRN Electronic Journal. 17 December, available at: <https://ssrn.com/abstract=3559393>.

<sup>54</sup> Steven L. Schooner and Markus Speidel (2020). Warming Up to Sustainable Procurement. 60 *Contract Management*, Issue 10, 32.

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# Annexes



# Annex 2 Activities of international SPP support organisations and networks

## A2.1 Intergovernmental organizations

### Organisation for Economic Co-operation and Development (OECD)

The Organisation of Economic Co-operation and Development (OECD) has been working to ensure awareness and alignment of public procurement spent and infrastructure investment with national visions and commitments for decarbonisation, resilience, resource efficiency, biodiversity protection, gender equality, good health and well-being, clean water and sanitation, so that they can be used as strategic tools to support the implementation of Sustainable Development Goals.

Building on evidence from work with member and non-member countries, the OECD [Recommendation on Public Procurement](#) (2015) promotes a strategic use of public procurement, such as using public procurement to achieve broader policy objectives. Representing 12% of GDP in OECD countries and 1/3 of government expenditures, public procurement is one of the most relevant policy tools that can be used by public entities to deliver public services, improve the quality of life and the well-being of citizens. The Recommendation provides a comprehensive framework that supports a balanced approach to the use of procurement as a smart governance tool to achieve national and local level policy priorities and long-term development goals, such as sustainable green growth, promoting innovation, and ensuring responsible business conduct. [The Checklist for Supporting the Implementation of OECD Recommendation of the Council on Public Procurement and the web-based platform, the Public Procurement Toolbox](#) provides both policymakers and practitioners with evidence, policy options and country examples on sustainable public procurement as well as indicators to measure the environmental, social and economic impact of public procurement systems and operations.

Recent OECD analysis (Reforming Public Procurement – Progress in implementing the 2015 OECD Recommendation (2019)) shows that governments are increasingly employing public procurement to achieve strategic policy objectives in line with the 2030 Agenda on Sustainable Development. However, important challenges to the strategic use of public procurement remain, including risk aversion, absence of incentives, lack of skills and capabilities, or lack of quality data and not sufficient monitoring of results. To successfully mainstream sustainability into public procurement practices, policy makers and public purchasers need to address the culture of risk aversion and learn how to manage risks, improve their skills, enhance data collection and monitor results, and try out new forms of partnerships and coordination.

In order to address these challenges, the OECD has been working on different aspects of SPP, with OECD and non-OECD countries alongside the below dimensions:

### Frameworks for evaluating SPP

Evaluating and assessing the quality and effectiveness of public procurement systems help governments to understand whether their systems properly support the implementation of Sustainable Development Goals. The OECD actively participated in the revision of the [Methodology for Assessing Procurement Systems \(MAPS\)](#), an international standard to evaluate any public procurement system (regardless of income level or development status) and thus support evidence-based policy work. It has strong elements on sustainability in its core assessment tool that are further enhanced in

the [Supplementary Module on Sustainable Public Procurement](#) (MAPS SPP), which allows countries to dive deeper into the sustainability features and objectives of their public procurement systems. Using MAPS provides a roadmap for achieving the goals of value for money, transparency, and good governance, and thus realising their associated societal benefits, such as reduced risk of corruption; maximising the value generated through public expenditures; supporting socio-political goals such as sustainability, diversity and equality; harnessing economies of scale in public consumption to reduce costs; and increasing trust, understanding and collaboration between public and private sectors.

The OECD has been applying the MAPS to OECD member and non-member countries. Since 2018, the OECD has conducted [assessments of public procurement systems using the MAPS framework](#) in Norway, Kazakhstan and five Eastern Caribbean States and is currently applying it in Greece. At the same time, the OECD was responsible for the testing and finalisation of the MAPS SPP module in Norway (see: [Sustainable Public Procurement in Norway](#)), which allowed it to be ready for further use in OECD and non-OECD countries. These exercises have proven to be very effective for the countries in question, as they allowed for informed decision making, building the case for the development of action plans, white papers and national strategies based on data and structured analysis. That was clearly the case of Norway, as demonstrated by the reports and further presentations, available at the MAPS initiative website.

## Monitoring SPP

Monitoring sustainable procurement practices and achievement of sustainable targets is another important task. In this regard, the OECD has worked with Finland and Chile and is currently working with New Zealand to define and test a comprehensive framework for measuring the performance of the public procurement system, including measuring environmental social and economic impacts (see: [Productivity in Public Procurement: A Case Study of Finland: Measuring the Efficiency and Effectiveness of Public Procurement](#)). The OECD Framework for Measuring Well-Being and Progress covers factors beyond economic growth on which public procurement can have the most impact, such environmental and human capital fac-

tors. The Framework was applied in the review of the German federal public procurement system (see, [Public Procurement in Germany: Strategic Dimensions for Well-being and Growth](#)).

## Responsible public spending through ensuring transparency throughout the public supply chain

Ensuring responsible and ethical public spending practices requires transparency throughout the entire public supply chain and the enforcement of social, labour, environmental and integrity standards and human rights in the full public supply chain. The recently published OECD report on [Integrating Responsible Business Conduct in Public Procurement](#)

### Methodology for Assessing Procurement Systems (MAPS)

MAPS is an international standard methodology to diagnose public procurement systems in any country, supported by both OECD and non-OECD countries' procurement agencies, bilateral development agencies, and multilateral development banks. With 12% of GDP spent on public procurement in OECD countries,\*1 improving procurement systems is fundamental to achieving economic and social outcomes. As a diagnosis tool, MAPS is the first step to improving procurement and planning reforms.

The MAPS Secretariat housed at the OECD's Public Governance Directorate oversees the development and use of MAPS. The mission of the Secretariat is:

- ◆ Promoting the MAPS Initiative and its tools globally
- ◆ Ensuring quality control and certification of assessment and assessors
- ◆ Conducting studies, gathering data and distilling knowledge on MAPS usage and impact
- ◆ Maintaining and improving the methodology
- ◆ Training assessors and officials on the methodology

The Secretariat provides support for all kinds of stakeholders, including:

- ◆ Advice to country teams for planning and management of assessments
- ◆ Quality review of central deliverables in assessments
- ◆ Advice to assessment teams on the methodology
- ◆ Facilitate collaboration and partnerships with a view to conducting assessments

For further information see: [www.mapsinitiative.org](http://www.mapsinitiative.org)

\* OECD (2019), *Government at a Glance 2019*

shows that most countries lack the efficient policies and implementation tools to ensure supply chain transparency. In a pilot exercise on textile public procurement, OECD is currently supporting the development of mechanisms and tools for supply chain transparency, exploring also the possibilities of using new technologies and data-driven approaches.

## Building capacities for SPP

To successfully mainstream sustainability, circularity and innovation into procurement practices, policy makers and public purchasers need to learn how to manage risks, improve their skills and capacities, enhance data collection and monitor results, and try out new forms of partnerships and coordination. In recent years, OECD supported EU member states like Slovakia, Lithuania and Bulgaria with developing comprehensive public procurement capacity building strategies, including training materials, with special focus on sustainable public procurement (e.g., Improving Lithuania's Public Procurement System COMPONENT 1 – Implementation of Professionalisation and Certification Frameworks; and Public Procurement Training for Bulgaria: Needs and Priorities). OECD is also working with different countries on promoting the wider use of strategic public procurement in the context of EU Cohesion Policy under the "Pilot Action on Strategic Public Procurement".

OECD is providing capacity building and practical "hands-on" support to contracting and/or managing authorities in the EU Member States for their strategic procurement initiatives, such as in Portugal (Centro Region) in building and increasing the capacity of regional stakeholders in the field

## The European Commission – DG Environment

The work of the GPP team in the European Commission, DG Environment, since 2016, can be grouped under the following headings:

### Publications

◆ *Buying Green! A Handbook on green public procurement* (2016): this is the third edition of the European Commission's main guidance document to help public authorities buy goods and

of circular procurement for food. OECD was also part of the advisory group that contributed to the development of the European Commission led EU competency framework for public buyers (Procur-CompEU) that includes a dedicated competence on sustainability. With EU support, OECD is currently testing the different use cases of this competency framework in some selected EU and non-EU OECD member countries.

## Governance for sustainable infrastructure

The OECD [Recommendation on the Governance of Infrastructure \(2020\)](#) provides a framework that supports sustainable and resilient infrastructure. Key governance solutions for implementing quality infrastructure include, amongst other, a strategic long-term vision for infrastructure, clear, transparent and comprehensive prioritisation processes, a rigorous project appraisal and selection process (that should take into account economic, social, environmental and climate-related costs and benefits for the full-life cycle of the asset), fiscal sustainability, systematic and effective stakeholder participation and effective procurement strategies. The OECD has just produced an Implementation Handbook for Quality Infrastructure Investment (2020). This document provides governments with policy options, evidence and good practice examples on how to design an effective governance framework for implementing quality infrastructure in a post-COVID-19 context. The conclusions from this work highlight the main governance challenges in sustainable infrastructure investments and a number of policy solutions to support the fulfillment of policy objectives related to sustainable growth.

services with a lower environmental impact. Available [here](#) in all official languages of the EU.

◆ *Public Procurement for a Circular Economy* (2017): this brochure provides an introduction to the European policy framework and practical guidance for those involved in public procurement decisions. Available in [English](#), [French](#), [German](#), [Italian](#), [Polish](#) and [Spanish](#).



## GPP criteria

New GPP criteria sets (plus Technical Background Reports) have been published for 13 product groups since 2016. Each set is available [here](#) in all official languages of the European Union:

- ◆ Computers, monitors, tablets and smartphones (2021)
- ◆ Data centres, server rooms and cloud services (2020)
- ◆ Imaging Equipment, consumables and print services (2020)
- ◆ Food catering services and vending machines (2019)
- ◆ Public space maintenance (2019)
- ◆ Road transport (2019)
- ◆ Paints, varnishes and road markings (2018)
- ◆ Cleaning products and services (2018)
- ◆ Road lighting and traffic signals (2018)
- ◆ Textiles (2017)
- ◆ Furniture (2017)
- ◆ Office building design, construction and management (2016)
- ◆ Road design, construction and maintenance (2016)

Further criteria updates planned for the near future include Road Transport (2021) and the Office Buildings (end of 2022).

## GPP training

The European Commission provided GPP training across 11 EU Member States – Bulgaria, Croatia, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, and Romania in 2019 and 2021.

As part of this training programme, a GPP Training Toolkit was prepared, covering six independent modules and ten operational modules which focus on specific product categories. The materials for each module can be accessed [here](#) in English, Bulgarian, Croatian, Estonian, Greek, Hungarian, Latvian, Lithuanian, Polish, Portuguese, and Romanian.

- ◆ Module 1: Green Public Procurement – An Introduction
- ◆ Module 2: Strategic Aspects of GPP
- ◆ Module 3: Legal Aspects of GPP
- ◆ Module 4: Needs Assessment
- ◆ Module 5: GPP and the Circular Economy
- ◆ Module 6: Market Engagement

- ◆ Module 7: Product Categories
  - ◆ Module 7.1: Computers and Monitors
  - ◆ Module 7.2: Copying and Graphic Paper
  - ◆ Module 7.3: Furniture
  - ◆ Module 7.4: Indoor Cleaning Services
  - ◆ Module 7.5: Office Building Design, Construction and Management
  - ◆ Module 7.6: Paints, Varnishes and Road Markings
  - ◆ Module 7.7: Road Design, Construction and Maintenance
  - ◆ Module 7.8: Road Lighting and Traffic Signals
  - ◆ Module 7.9: Road Transport
  - ◆ Module 7.10: Textiles Products and Services

## Life Cycle Costing tools

In 2019, the European Commission published a series of sector specific LCC calculation tools which aim to facilitate the use of LCC amongst public procurers.

- ◆ Computers and Monitors: [LCC Tool](#) and [User Guidance](#)
- ◆ Imaging Equipment: [LCC Tool](#) and [User Guidance](#)
- ◆ Indoor Lighting: [LCC Tool](#) and [User Guidance](#)
- ◆ Outdoor Lighting: [LCC Tool](#) and [User Guidance](#)
- ◆ Vending Machines: [LCC Tool](#) and [User Guidance](#)

## GPP Good practise case studies

The [EU GPP News Alert](#) is currently published eight times per year, including the latest news on GPP, interviews with experts and practitioners, and good practice case studies. Since 2016, 76 Good practice Case Studies have been published. A full list of all case studies published since 2010 can be found [here](#).

## GPP webinars

Since 2016, the GPP Helpdesk has hosted 12 GPP webinars on topics including the latest GPP Criteria and the LCC Tools. [Webinars](#) include expert inputs – in particular from the Joint Research Centre – and good practice examples. Recent topics include the procurement of imaging equipment, consumables and print services (Mar 2021); GPP of data centres, server rooms and cloud services (Nov 2020); and the new GPP Criteria for food, catering services and vending machines (Apr 2020).



## Socially responsible public procurement

In addition to the above GPP activities, the European Commission has recently published several resources to support public procurers with socially responsible public procurement:

- ◆ [Buying Social: A guide to taking account of social considerations in public procurement \(2021\)](#). This is the second edition of the European Commission's guidance for contracting authorities on how to introduce social criteria into public tenders. Available in all official languages of the European Union.

- ◆ [Making socially responsible public procurement work: 71 good practice cases \(2020\)](#). Available in English.
- ◆ [Buying for Social Impact](#). In 2019, the Commission held workshops in 15 EU countries to raise awareness of socially responsible public procurement (SRPP) to local public buyers and social economy organisations. Key findings plus 22 inspiring examples were published as a result.

## United Nations Environment Programme (UNEP)

The UN Environment Programme (UNEP) has been active in the promotion of Sustainable Public Procurement at the national, regional and global level since 2005.

### Country-level capacity-building and policy-making support

Since 2018, UNEP has assisted many governments through various projects in the development and implementation of SPP policies.

- ◆ Enhancing sustainable public procurement for regional transition to inclusive green economy in Eastern Europe, Caucasus and Central Asia (EECCA): in the framework of UNDA and PAGE funded project, UNEP supports Kyrgyzstan, Kazakhstan and Uzbekistan in the development of their first SPP actions plans.
- ◆ [EU4Environment project](#) (2019–2022): UNEP is one of the 5 implementing partners of this EU funded programme, assisting Moldova, Ukraine and Georgia on SPP policy development, implementation and capacity building.
- ◆ Thanks to the support of Norway and in partnership with the Organisation of Eastern Caribbean States, UNEP assisted Grenada, Antigua and Barbuda and Dominica to develop a sustainable procurement policy for construction materials under the *SPP in the OECS project*. The outputs include a [Status Assessment](#), [Market Readiness Analysis](#), [Model Policy](#), Procurement Guidelines and Action Plans for [Dominica](#), [Grenada](#) and [Antigua and Barbuda](#).
- ◆ UNEP also supported SPP implementation in India through its Country Office and with the financial support of Norway. Sustainable Procurement

Guidelines were developed for air conditioners and paper. The main highlight was the launch of the Green Air Conditioning on the Global e-Market place on the occasion of the World Environment Day (June 5, 2021).

- ◆ Support is being provided to Senegal on SPP policy development in the framework of the PAGE (German funding for green recovery) and UNDA programs. A [legal study](#) was developed with the support of the African Development Bank and a consultancy will assist on product prioritisation and development of SPP Product Guidelines.
- ◆ UNEP is also supporting Uganda in the framework of the *Switch Africa Green project*. A status assessment report was published and the public procurement law was revised to facilitate SPP implementation.

Outputs of the UNEP SPP projects can be found [here](#).

## Promotion of regional cooperation in Sustainable or Green Public Procurement

### Asia Pacific Green Public Procurement Network (2020–2022)

With the support of KEITI (Korea Environmental Industry & Technology Institute), UNEP launched the [Asia Pacific Green Public Procurement \(GPP\) Network](#) which aims at enhancing GPP knowledge-sharing and capacity building in the Asia Pacific region. As of May 2022, the Network had been joined by 15 government institutions from 12 countries acting as core members, and by 82 individuals from 25 countries and 14 organisations from 9 countries acting as regular members.

Network activities include webinars aimed at fostering experience-sharing and peer learning. Following the Network's launch in 2021, five capacity building and knowledge sharing webinars were hosted between May 2021 and March 2022. The webinar recordings and related presentations are available on the Asia Pacific GPP Network webpage. Questionnaires related to GPP implementation were also collected from core member institutions, which feed into the present *2022 Global Review* and the national government SPP Factsheets.

UNEP has also integrated over 250 SPP documentary [resources](#) originating from Latin America into the knowledge hub of the One Planet SPP Programme.

## Global action

### Data collection for 2020 reporting on Sustainable Development Goal (SDG) Indicator 12.7.1

UNEP, as custodian of SDG 12.7, has developed the methodology to assess the degree of SPP implementation in any given country. The methodology has been upgraded into the Tier 2 classification in February 2020. The results of the first data collection exercise can be found in this [report](#). The next data collection exercise will be initiated in the fall of 2022.

### One Planet Programme on Sustainable Public Procurement

UNEP initiated the International SPP Initiative at Rio+20 in 2012 which transformed into the [One](#)

[Planet SPP Programme](#) in 2014. It has been co-leading the programme since then. UNEP heads the SPP [Monitoring Interest Group](#) of the One Planet SPP Programme.

A flagship publication of UNEP is the *SPP Global Review*, which has been published every four years since 2013. The Review is complemented by SPP National Factsheets which detail the progress of the leading countries on SPP implementation.

## SPP Implementation Guidelines

These guidelines reflect the progress made in terms of methodological approaches in recent years and include the latest SPP concepts and trends. The [latest edition](#) was published in October 2021 to provide improved and up-to-date guidance on setting up SPP policies and action plans to support SPP implementation.

## International directory of SPP criteria

UNEP developed a database of SPP criteria around the world. [Download](#) the document to find SPP criteria for a variety of products in the European Union, Austria, Belgium, Denmark, France, Germany, Italy, Lithuania, Netherlands, Sweden, Switzerland, and the USA.

A list of UNEP's publications can be found [here](#).

For more information, please email [unep-spp@un.org](mailto:unep-spp@un.org)

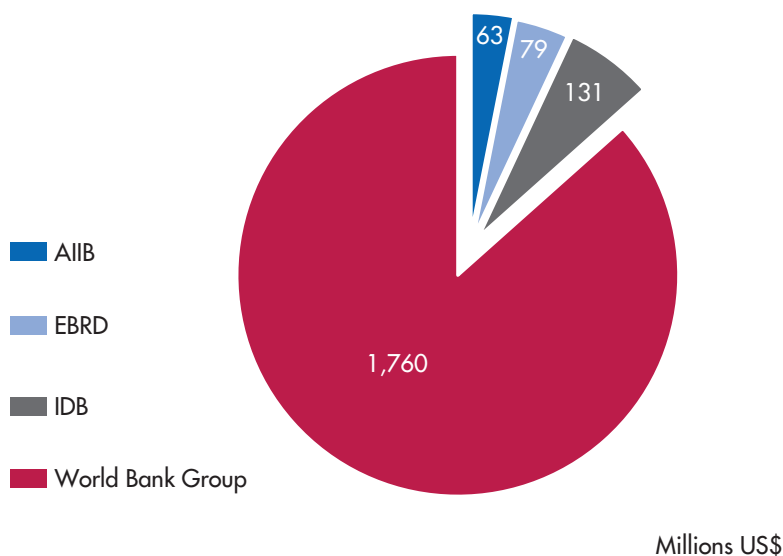
## A2.2 World Bank Group corporate procurement

The World Bank Group’s approach to sustainability in its corporate procurement can be best summarized as follows: “every purchase we make is a vehicle for change... and an opportunity to address sustainability not only on what we buy but also on (potentially and more importantly) who we buy it from” (Adam Rubinfield, Senior Procurement Specialist, World Bank).

With 189 member countries, staff from more than 170 countries and offices in over 130 locations, this group of five institutions has great potential

to drive change through its internal or corporate procurement.<sup>1</sup> Corporate purchases of the World Bank Group (WBG) are defined as those goods, services, works and consulting services that are procured for the purpose of internal WBG requirements and are distinct from project or operational procurement that is carried out by borrowers or recipients of World Bank funding.<sup>2</sup> The WBG spends nearly US\$2 billion annually on corporate procurement – far more than some of the other Multilateral Development Banks (see Figure A2.1).

**Figure A2.1. Estimated annual value of MDBs corporate procurement, 2019-2020<sup>3</sup>**



(Note: The annual corporate procurement covers the Fiscal Year 2020 except for EBRD, which covers 2019.)

As early as 2013, the Corporate Procurement Unit at the WBG introduced sustainability in its procurement processes through distinct policies on Socially Responsible Procurement and Environmentally Responsible Procurement. The objectives set out

in these policies were later integrated in the most recent [Corporate Procurement Policy](#) (2019), which emphasizes commitments to ‘fair labor practices, appropriate wages and benefits, safety, environmental programs, and the diversity of its suppli-

<sup>1</sup> The World Bank Group (WBG) is a global partnership consisting of the following five institutions with a shared commitment in reducing poverty, increasing shared prosperity and promoting sustainable growth and development: the International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID). Together, IBRD and IDA form the World Bank, which provides financing, policy advice and technical assistance to governments of developing countries.

<sup>2</sup> See: Chapter 6Z for World Bank project procurement.

<sup>3</sup> AIIB, 2020 Annual Corporate Procurement Report, available at [https://www.aiib.org/en/opportunities/business/\\_content/index/\\_download/2020-Annual-Corporate-Procurement-Report.pdf](https://www.aiib.org/en/opportunities/business/_content/index/_download/2020-Annual-Corporate-Procurement-Report.pdf). EBRD, Annual Report on Procurement Activities under the Corporate Procurement Policy, 2019, available at [www.ebrd.com/procurement/corporate-procurement.html](http://www.ebrd.com/procurement/corporate-procurement.html). IDB and World Bank (sourced from MDBs’ representatives).

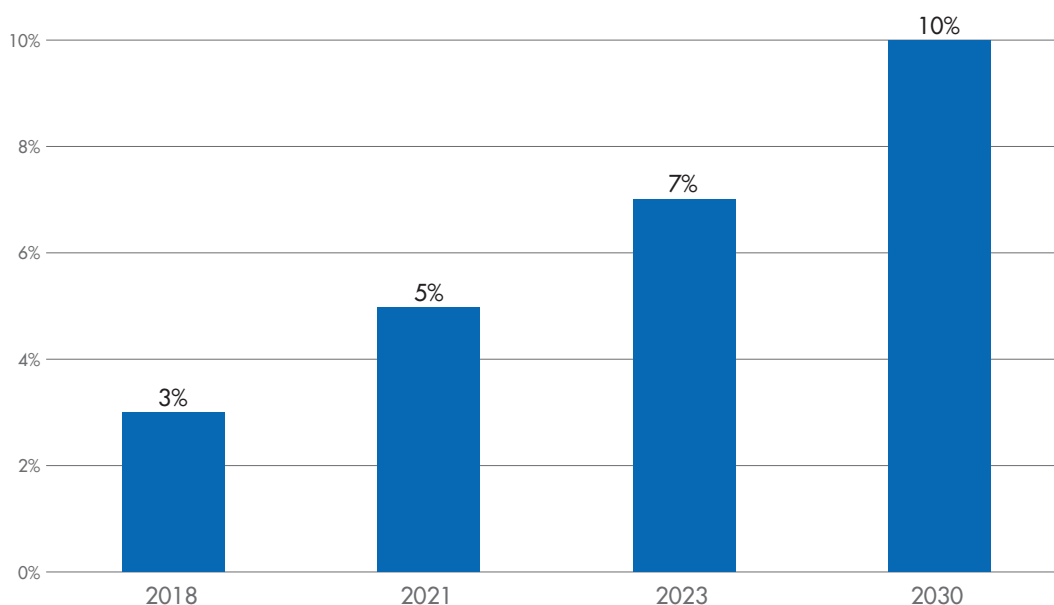
ers'.<sup>4</sup> The Corporate Procurement Policy includes provisions for socially responsible procurement<sup>5</sup> as a means to address supplier activities under the categories of diversity, wages and benefits, health and safety and accessibility, as well as a specific provision for environmentally responsible procurement.<sup>6</sup>

Through socially responsible procurement, WBG ensures the inclusion of wages and benefits, and health and safety considerations in its corporate procurement solicitations and contracts for labour services by either specifying criteria for contractors to provide their service employees with safe working conditions and fair and equitable work practices or, if appropriate, applying said criteria in the technical evaluation and

cost analysis of all the submitted quotations, bids and proposals. The WBG likewise provides opportunities for access to minority-, women- and disabled-owned business enterprises through either direct contracting or by working with WBG prime contractors (first-tier vendors) in expanding their subcontracting works to such enterprises (second-tier vendors).

In fact, in 2018, the WBG committed to more than double the share of their global corporate procurement with woman-owned business enterprises to reach 7% by 2023. As shown in Figure A2.2, the share of woman-owned businesses in corporate procurement has already nearly doubled, moving from 3% in 2018 to 5% in 2021.

**Figure A2.2. WBG progress and targets in the share of women-owned business in corporate procurement**



Source: Adam Rubinfeld, Senior Procurement Specialist, World Bank.

In 2021, WBG further expanded the scope of its supplier diversity program by committing to increase the share of United States-based procurement with minority-owned businesses to 8% by 2025, from a 4.2% baseline in fiscal year 2020.

Through environmentally responsible procurement, WBG ensures that, wherever possible, in its procurement of goods and services, specifications are expanded in favour of environmentally preferred products such as: durable, reusable, energy-efficient and low-pollution products, products (including those used in services) that contain the maximum level of post-consumer waste and/or recyclable content, and products that in any other

<sup>4</sup> See para. 2 of the Corporate Procurement Policy Summary for Vendors Doing Business with the World Bank Group dated November 2019. Available at: <https://thedocs.worldbank.org/en/doc/496441507809952444-0180022017/original/CorporateProcurementPolicySummary.pdf>

<sup>5</sup> See para. 11 on Socially Responsible Procurement, supra at note 20. Available at: <https://thedocs.worldbank.org/en/doc/496441507809952444-0180022017/original/CorporateProcurementPolicySummary.pdf>

<sup>6</sup> See Section 5.3.B, supra at note 21. Available at: <https://thedocs.worldbank.org/en/doc/496441507809952444-0180022017/original/CorporateProcurementPolicySummary.pdf>

way have a minimal harmful impact on the environment (see Figure A2.3). Applicable evaluation criteria are included in the technical evaluation and considered in the cost analysis of all quotations, bids and proposals to not only ensure that the products are made available at competitive prices, but more importantly to guarantee that full consideration of the environmental benefits is included in the long-

term and complete cost of the products procured. In fact, in major corporate material purchases (including office construction and renovation, paper, IT hardware and furniture), sustainability impacts are considered by incorporating mandatory environmental specifications as evaluation criteria to reward sustainability practices.

**Figure A2.3. WBG progress in the use of sustainable materials in their corporate procurement of goods and services**

Materials Used (Metric Tons)	Fiscal 2021	Fiscal 2020	Fiscal 2019
<b>Total non-renewable materials</b>	<b>20</b>	<b>100</b>	<b>185</b>
Electronic equipment	20	37	9
Office products	*	63	172
Bottled water (plastic)	0	0	4
<b>Total renewable materials</b>	<b>39</b>	<b>277</b>	<b>455</b>
Paper	39	204	358
Bottled water (glass)	0	23	35
Consumables related to food services	0	50	62

\*Data not available at time of publication

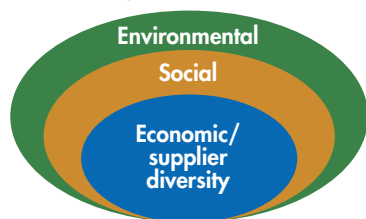
Source: GRI Index 2020.<sup>1</sup>

The WBG’s Sustainable Procurement Framework, which was adopted in 2020, provides a road map for integrating sustainability into corporate procurement processes, policies and practices. The Framework identifies how WBG intends to segment procurement categories into those with more or less inherent sustainability impacts, and how it in-

tends to integrate WBG strategic priorities such as climate change, gender, fragility and violence into corporate procurement (see Figure A2.4).<sup>2</sup> Given these developments, WBG sustainable corporate procurement is expected continue to increase in the future, setting a standard for governments and private sector entities to follow.

**Figure A2.4. WBG Sustainable Procurement Framework**

Sustainability goes beyond environmental considerations to consider the economic and social impacts and benefits as well.



**Sustainable Procurement Priorities**

License to operate		Strategic Priorities	
Fair wages, benefits & working hours	Gender-based violence	Developing woman-owned businesses and minority owned businesses in WBG supply chain	Tracking and reducing supply chain GHG emissions
Health and safety	Forced labour & human trafficking		
Human rights	Child labour	Eliminate single-use plastics in our supply chain	Developing FCV-based businesses in WBG supply chain
Anti-corruption	Environmental responsibility		

Source: Introduction to the World Bank: the World Bank Group’s Commitment to Inclusive Sourcing webinar, 17 November 2020.

1 See: <https://openknowledge.worldbank.org/bitstream/handle/10986/34529/Global-Reporting-Initiative-GRI-Index-2020.pdf?sequence=1&isAllowed=y>

2 Adam Rubinfield, Sustainability and Supplier Diversity Program Lead, Corporate Procurement of the World Bank Group discussed the WBG Sustainable Public Procurement Framework during the webinar ‘Introduction to the World Bank: The World Bank Group’s Commitment to Inclusive Sourcing’, held on 17 November 2020. (‘... our sustainable public procurement framework, which was endorsed by our senior management in 2018, ensures that we address what we consider license to operate such as fair wages, gender based violence, child labour and environmental responsibility within our supply chain...’).

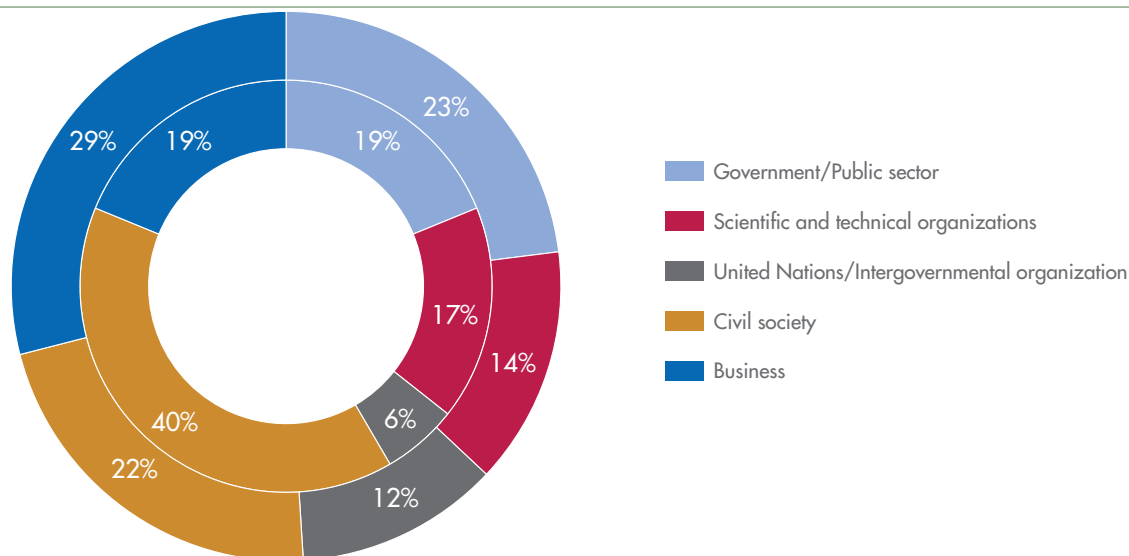
## A2.3 Networks and NGOs

### One Planet Network

The One Planet Network implements the 10-Year Framework Programme on Sustainable Consumption and Production (10YFP) and is formally designated implementation mechanism for Sustainable Develop-

ment Goal 12 (SDG 12) by generating collective impact through its network of 700+ partners including 428 representatives from the public sector, of which 271 are national focal points (See Figure A2.5).

**Figure A2.5. One Planet network stakeholders**



N.B. The inner circle in the figure represents the distribution of stakeholders for the year 2017, while the outer circle shows the membership as of 2020. Though there was a decrease in membership from the civil society and the scientific/technical organisations, it is still worth noting the increase in membership from the private sector (business groups, from 19 in 2017 to 29 in 2021), government/public sector and intergovernmental organisations.

As a global, multi-stakeholder partnership comprising national and local governments, civil society, businesses, scientific and technical organisations, and international organisations, the One Planet Network leads the shift to sustainable consumption and production through its six accelerator programmes: Sustainable Public Procurement, Sustainable Food Systems, Sustainable Buildings and Construction, Consumer Information, Sustainable Tourism and Sustainable Lifestyles and Education.

This section highlights the One Planet's programme achievements in Sustainable Public Procurement from 2017 to 2020.

The [Sustainable Public Procurement Programme](#) aims to build the case for sustainable public procurement (SPP) by improving the knowledge on SPP and elevating its reputation as an effective tool to promote sus-

tainable consumption and production (SCP), support greener economies and enable sustainable development while simultaneously reducing procurement cost. The programme supports the implementation of SPP on the ground by assisting procuring entities and procurement practitioners at local, regional, and national levels in implementing sustainable procurement policies and projects; by mobilising political leadership and support for sustainable procurement as a key delivery mechanism in implementing the 2030 Agenda; by supporting countries in measuring and reporting on their impact and progress in implementing sustainable procurement; and by facilitating increased collaboration and better access to capacity-building tools and technical advice from SPP experts.

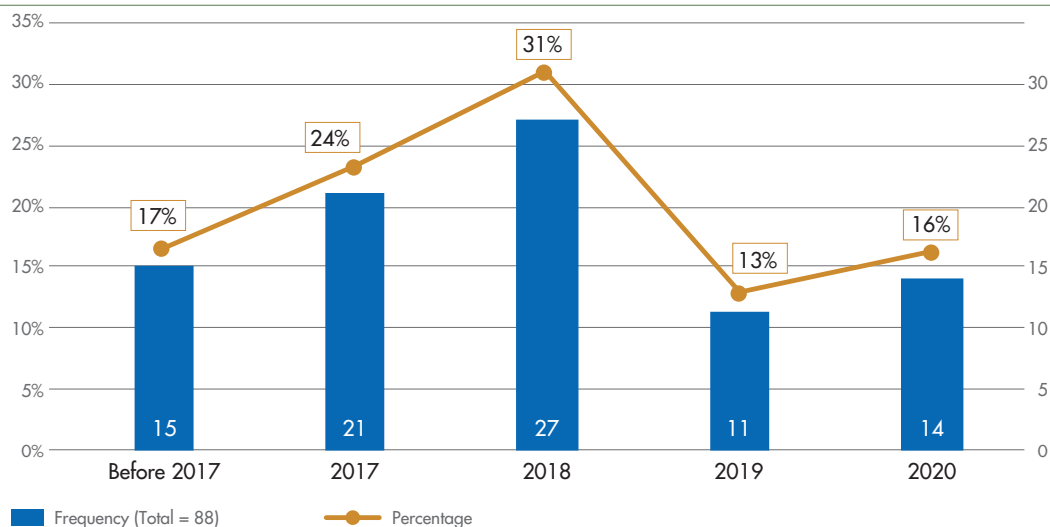
The pooling of portfolios with initiatives and resources across the One Planet Network enables joint value creation, innovation, and implementa-



tion of initiatives at a greater scale. By the end of 2020, a total of 88 core programmes/initiatives<sup>1</sup>

had been recorded across various themes and approaches (See Figure A2.6).

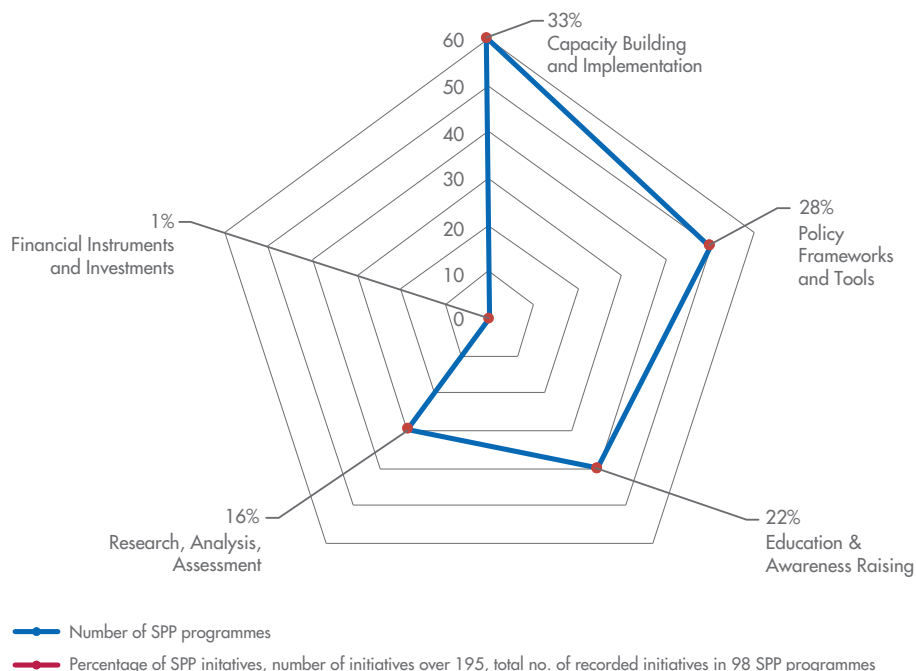
**Figure A2.6. Distribution of One Planet network SPP programmes and initiatives per year**



These ranged from knowledge-based initiatives – i.e., capacity building and implementation, policy frameworks and tools, education and awareness raising, research, analysis, and assessment

– to action-oriented projects supporting the shift to more sustainable public procurement across various sectors in different regions (see Figures A2.7 – A2.9).

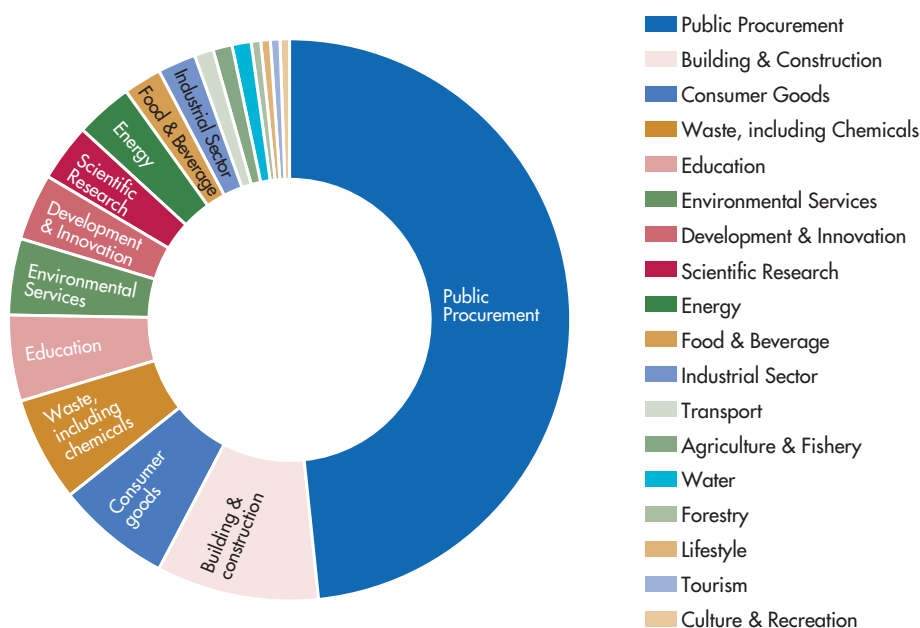
**Figure A2.7. Types of initiatives under the One Planet SPP programmes**



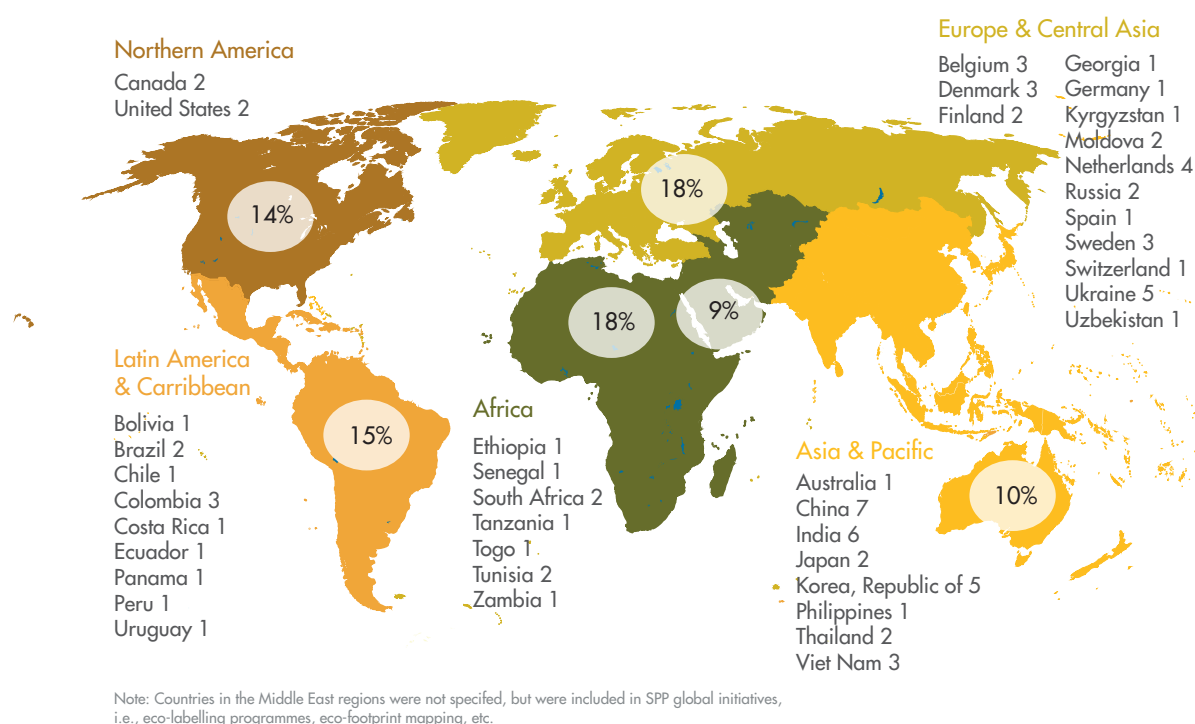
(Note: As of February 2022, there are 98 programmes, registering 180 initiatives).

<sup>1</sup> The SPP core programmes/initiatives cover four work areas: 1) facilitate and support SPP implementation, 2) stimulate change in international sectoral markets, 3) advocate and mobilise political leadership and support, and 4) demonstrate public value of SPP implementation and measure impacts and progress. For more details on the growing list of projects and resources.

**Figure A2.8. Sectors of activities under the One Planet SPP programmes**



**Figure A2.9. One Planet SPP Programmes Initiatives per country/region**



The SPP Programme and its members faced new and unprecedented challenges in 2020. While the COVID-19 pandemic disrupted regular procurement processes and also set back endeavours on sustainable procurement (due to time and financial constraints), the public procurement function was at the forefront of the emergency responses of states and societies.

Nonetheless, every crisis comes with opportunities. Recognising that the disruption of the status quo comes with the possibility to rethink the way things have been done, the SPP Programme in the form of the co-lead organisations and MAC members devised a Joint Statement on procurement’s role for a responsible recovery, encouraging the global public

procurement community to use public procurement as a pro-active tool for the transition to a sustainable society. In line with the SPP Programme's 2019-2022 strategy, the approach taken focuses on sectorial recommendations and food for thought and, finally, culminates in a Call to Action.

In particular, the SPP Programme called upon organisations, companies, governments and procurement officials to:

1. **Use procurement as an important lever for CO<sub>2</sub> savings** by applying life-cycle costing, shadow pricing or similar techniques. For instance, in construction the pre-investments for savings are recommended to be set at about 1% of the tender budget. This investment will result in cost savings over the whole lifetime of the structure.
2. **Develop and implement national SPP action plans** inclusive of ambitious SPP targets and put in place monitoring tools to measure progress. Countries are recommended to set a minimum target of 30% SPP for the most impactful procurement categories by 2030 and 50% by 2040.
3. Where SPP action plans are already implemented, **ensure that they are amended** to contribute to the sustainability of the post-COVID recovery plans.
4. [Join the One Planet Network programmes](#)
5. [Contribute to the One Planet Multi-Partner Trust Fund for SDG 12](#)
6. [Share your SPP initiatives and best practises on the One Planet Network website](#)
7. Join one of the sector initiatives of the SPP Programmes on Health, ICT, Construction, Monitoring or Circular Procurement or initiate your own group for responsible procurement
8. As a One Planet Network partner, [report on your SPP projects](#)

In addition to this collaborative effort, the SPP Programme experienced a strong surge of interest and activity in their workstream on circularity in 2020, par-

ticularly in the field of ICT. On the programme level, the [Circular and Fair ICT Pact](#) was initiated (and launched in 2021) by the Dutch ministry of Infrastructures and Water Management (Rijkswaterstaat), one of the co-leads of the SPP Programme. The Pact brings together international public procurement entities in regional buyer groups to create a platform for knowledge exchange and collaborative projects. Coordinated by participating governments, those buyer groups are subsequently supported with capacity building programmes, guidance materials and more.

On the partner level various organisations made significant contributions to this important shift in 2020 in the form of knowledge products, tools and conferences. TCO Development launched their new certification scheme through which e-waste in developing countries will be collected and recycled. In addition to that, they also published a comprehensive list of tips and suggestions on circular ICT management. RE: Source published guidance for governments that want to identify conditions and different possible ways towards a circular economy. Meanwhile the German Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety hosted a digital conference on Environmental Aspects in Public Procurement in Europe, which also had circularity at its core. With explicit focus on electronics, ICLEI launched educational events, like a webinar series on socially responsible ICT procurement and case studies towards fair procurement of ICT, and they published criteria for socially responsible public procurement of ICT hardware. And lastly, ICLEI in collaboration with the Nordic buyers organised the Nordic forum for market dialogue to raise awareness in the electronics industry about circularity and social responsibility.

In its role as custodian of SDG Indicator 12.7.1 (number of countries implementing sustainable public procurement policies and action plans), UNEP has led the methodological development of the indicator, with support from members of the One Planet SPP programme and in the framework of its Monitoring Working Group.

## Local Governments for Sustainability (ICLEI)

ICLEI – Local Governments for Sustainability is a global network of more than 2,500 local and regional governments committed to sustainable urban development. Active in more than 125 countries,

the organisation influences sustainability policy and drives local action for low emission, nature-based, equitable, resilient, and circular development.

Since 1996, ICLEI has been advocating for, promoting and demonstrating the value of sustainable innovation, circular and strategic procurement. ICLEI provides professional information, advice, networking opportunities, training and tools to public authorities wanting to implement better, more cost-effective procurement practices.

In the past five years, ICLEI has been active in activities ranging from projects to conferences, policy advisory and global advocacy on sustainable procurement. ICLEI has been actively driving the change to sustainable procurement through a number of efforts:

- ◆ Growing the Procura+ Sustainable Procurement Network in Europe, East Asia and Africa as a means to foster exchange between procurers. Activities included such as city matches on the topic of procuring recycled concrete as well as Interest Groups such as on socially responsible procurement of ICT or the annual Procura+ Awards.
- ◆ Hosting the EcoProcura Conference Series where public procurement policy meets practice, and where future innovations originate in 2018 in Nijmegen.
- ◆ Co-leading the One Planet Network SPP Programme, 10YFP, with the ambition to drive implementation of SPP globally on the ground as a means to achieve the UN's Sustainable Development Goal 12. In addition to strategic leadership and coordination, ICLEI for example advised on pilot procurements in China and Korea and started the Interest Group on Circular procurement.
- ◆ Founded in 2015 through Seoul Metropolitan Government, KEITI and ICLEI, the Global Lead City Network on Sustainable Procurement has

become a global platform showcasing cities that are leading by example in sustainable procurement implementation. The member cities have established clear and measurable targets and are working on strategies to deliver on them.

- ◆ ICLEI has worked on various projects. To highlight a few:
  - ◇ SPP Regions focused on building and strengthening regional sustainable procurement networks around Copenhagen (Denmark), Rotterdam – The Hague (Netherlands), and Turin (Italy);
  - ◇ BUYZET partnership of cities seeks to achieve zero emission urban delivery of goods and services; and
  - ◇ MakeICTFair aims at improving the lives of workers and those impacted along different stages of the Information and Communication Technology (ICT) supply chain through ethical procurement.
- ◆ Writing guidance on SPP topics such as [market engagement](#) and case studies such as a collection of 71 examples of socially responsible procurement on behalf of the European Commission.
- ◆ Shaping action around circular procurement as means to implement circular economy in sectors such as construction, furniture or ICT.
- ◆ Bringing together public buyers with shared demands, for example by coordinating the European Commission's Big Buyers Initiative and Procura+ Joint Statement of Demand Circular, Fair Smartphones.

More information about ICLEI's work on SPP can be found [here](#).

## Inter-American Network for Government Procurement (INGP)

The Inter-American Network on Government Procurement (INGP) is a hemispheric mechanism recognised by the Organisation of American States (OAS), as its Technical Secretariat, through the General Assembly Resolution GA/RES. 2894 (XLVI-O/16) (June 2016) in order to provide high-level horizontal technical cooperation to generate and strengthen synergies among its members.

The OAS has been serving as technical secretariat to the INGP since 2008, acting as a focal point to ensure that the national public procurement insti-

tutions are included through constant, ongoing interaction between its member countries and other international organisations. The INGP is represented by the public procurement national agencies of 34 countries in the Americas, with the highest technical and legal authority over public procurement regulation, management, supervision, and reform; and is supported by the institutional and financial contributions of international and multilateral organisations such as the Inter-American Development Bank (IDB), the International Development Research Centre (IDRC) of Canada, among others.

The INGP aims to strengthen the institutional capacity of its members to mobilise institutional practices and capacities in public procurement. The INGP has been supporting the region's countries to enhance their procurement systems since 2004. That support has had the effect of reducing time and risk in the implementation of modernisation initiatives for government procurement processes and of boosting the quality and impact of the solutions adopted in each country.

## INGP activities

For approximately 10 years, the OAS as Technical Secretariat of the INGP has worked as a regional channel to promote the implementation of Sustainable Public Procurement in Latin American and the Caribbean (LAC) countries, as a key factor for the fulfilment of the Sustainable Development Goals.

To achieve this goal, the OAS has been supported technically and financially by important stakeholders such as the International Development Research Centre (IDRC) of Canada, the United Nations Environment Programme (UNEP), the International Institute for Sustainable Development (IISD) and the Inter-American Development Bank (IDB).

This common agenda has provided important achievements on:

- ◆ Raising awareness, commitment and capacity building through many dialogue spaces that allowed the identification, sharing and dissemination of good practises and lessons learnt in SPP. Through these workshops, LAC countries became aware of the need to deepen and homogenise concepts in SPP; and to develop short-medium-term action plans to include sustainable criteria in the procurement processes. It was also possible to identify challenges, as well as existing tools to overcome these barriers.
- ◆ Knowledge generation to provide a state of the art of advances and challenges of the LAC region in SPP; as well as practical and essential recommendations to procurement agents for the implementation of sustainable evaluation criteria and indicators in the public procurement process, including:
  - ◇ Handbook for the implementation of SPP (Spanish and English)
  - ◇ Towards a greener and more competitive SMEs (Spanish)

- ◇ Measuring the Impact and Progress of Sustainable Public Procurement in LAC (Spanish)
- ◇ Toward strategic public procurement in Latin American and the Caribbean. Case studies- Argentina, Chile, Paraguay and Dominican Republic (Spanish and English)
- ◇ Sustainable public procurement in LAC: Actions towards implementation (Spanish and English)
- ◇ Feasibility study toward a triple impact economy through public procurement in Argentina (Spanish)
- ◇ Feasibility study toward a triple impact economy through public procurement in Panamá (Spanish)
- ◇ Feasibility study toward a triple impact economy through public procurement in Paraguay (Spanish)
- ◇ Feasibility study toward a triple impact economy through public procurement in Uruguay (Spanish)
- ◇ Model Directive for the Promotion of Sustainable Public Procurement <http://ricg.org/en/publicaciones/model-directive-for-the-promotion-of-sustainable-public-procurement/>
- ◆ Development and implementation of a virtual course in SPP (both English and Spanish languages), which has enabled training of approx. 500 public servants from 24 LAC countries.
- ◆ Joint initiative with UNEP for the development of a Sustainable Procurement Platform which provides access to good practises, examples of legislation that allow the implementation of sustainable criteria, and a repository of useful information and reference for the incorporation of sustainability in public procurement processes.
- ◆ Technical assistance in LAC countries for the implementation of action plans on sustainable criteria in public procurement processes.

Currently, the INGP secretariat is working on a project to foster the frontiers of sustainable public procurement by including new components. This includes the promotion of purpose driven business to accelerate the transition toward a triple impact economy where SPP can be a key enabler, signalling a market opportunity for companies to develop products or services with high standards of social and environmental impact. Some of the upcoming activities planned with this focus are the development of a tool

to strengthen the suppliers' registers of public procurement systems; development of a support tool for the self-evaluation of companies; development of a legal instrument model for SPP; and definition of a set of impact indicators, among others.

In general, the implementation of the activities carried out in the last few years by the INGP, has had technical and political impacts on procurement agencies and public procurement in the region and advanced the inclusion of sustainable criteria within its modernisation processes. LAC countries have made progress in the implementation of SPP

in recent years, aligning their efforts towards the 2030 Agenda. For example, 66% of 32 countries have sustainability regulation and clear actions and instruments, guidelines, and training to promote the participation of MSMEs in public procurement; 19% promote women participation, and a lower but growing percentage include environmental criteria in public procurement processes.

These results reflect a clear advance at the regional level toward public procurement systems as a driver of sustainable development.

## International Green Purchasing Network (IGPN)

The International Green Purchasing Network (IGPN) was founded in 2005 with the objectives to: (a) promote globally the development of environmentally friendly products and services and green purchasing activities; (b) share information and know-how on green purchasing and environmentally friendly products and services internationally; and (c) harmonise the efforts of green purchasing and the development of environmentally friendly products and services from a global viewpoint.

The IGPN includes green purchasing networks from China, Japan, South Korea, Singapore, Malaysia, Thailand, the Philippines, India, Vietnam, Chinese Taipei, and China Hong Kong.

As a global multi-stakeholder partnership, IGPN plays a key role in advocating sustainable public procurement implementation and promoting the sustainable consumption and production transition through its professional knowledge, expert team, and independent position.

In 2018, the China Environmental United Certification Centre took over from the Japan Green Purchasing Network to host the IGPN Secretariat. The IGPN 2019 annual meeting was held during the International Symposium on Green Consumption-25 Years of China Environmental Labelling Program, which discussed the progress of the green purchasing movement in China.

Some examples of activities led by the members are the Green Product of the Year Award organised by the Korea Green Purchasing Network; Ecolabelling programs which serve as an effective market mechanism tool to promote green purchasing nationally in the Green Purchasing Networks of China, Thailand, Malaysia, and the Philippines; the Sustainable Procurement Charter developed by the Green Purchasing Network of Hong Kong China.

Innovative approaches, such as the Green DNA Certification, were piloted by the Green Purchasing Network of Singapore; or the Greener Product Directory carried out by the Green Purchasing Network of India.

## Sustainable Purchasing Leadership Council (SPLC)

The Sustainable Purchasing Leadership Council (SPLC), founded in 2013, convenes a multi-stakeholder alliance of some 200 organizations expert in sustainable procurement strategy and dedicated to leadership in environmental and social sustainability. The Network's focus is driving positive change in the world through the core business processes of procuring goods and services and managing ethically and environmentally sound production and delivery of goods and services

to meet the needs of procuring organizations.

A membership-driven non-profit, SPLC develops leadership models that enable public and private organizations to be strategic in their sustainable purchasing, to drive meaningful social, economic, and environmental impact. SPLC and its members share a deep understanding of the field of sustainable procurement. It has been their collective focus for decades of professional practice, refine-



ment and shared learning. For nearly ten years, sustainable procurement professionals have collaborated through the SPLC to jointly build strategies that work – driving social and environmental impacts for their own organizations, in supply chains, across sectors, and in the communities where they operate.

SPLC brings together stakeholders from all aspects of the value chain, including purchaser members managing over \$800 billion in annual spend. Together, through the cross-functional collaboration that is the key to identifying critical shifts and best practice solutions, the needle can be moved on climate, waste, ethical production and procurement, and more.

Through SPLC, purchasers and suppliers, advocates and certifiers access the information, frameworks and partnerships they need at every stage of their sustainable procurement journey.

Over the past five years, the SPLC has:

- ◆ Executed a [Supplier Sustainability Ratings Assessment](#) project that reviewed and scored third party sustainability rating systems for their compatibility for use in Procurement – assessing some 350+ different systems against the expressed needs of our purchaser members to identify 7 systems best suited for procurement
- ◆ Executed a Landscape Review of Supply Chain Greenhouse Gas Emissions Tools for Purchasers for members
- ◆ Published [new guidance](#) for sustainable procurement on:

- ◇ Sustainable Foodware
- ◇ Climate Friendly Refrigerants
- ◇ Sustainable Research Lab Supplies
- ◇ (upcoming) Standardized Sustainability Requirements for Office Supplies
- ◆ Updated our existing Sustainable Procurement Guidance
- ◆ Developed a customizable Sustainable Procurement Supplier Development Training Toolkit for our members
- ◆ Published two [white papers](#) based on interviews with leading SPLC members to support early-stage sustainable purchasing programs:
  - ◇ “Making the Case for Investment in Your Sustainable Procurement Program” – primarily focused on private organizations, and
  - ◇ “Six Strategies to Maximize Engagement in Sustainable Public Procurement”

The SPLC has held over 30 webinars on diverse sustainable procurement topics, open to the wider public, hosted 3 annual in-person Summit conferences and 1 fully virtual Summit, for sustainability and sustainable procurement professionals to share resources and learning. During 2021, it held three Deep Dive events focused on Regenerative Procurement, Supply Chain GHG reduction, and Leveraging Ratings and Reporting Systems.

Fourteen organizations completed the SPLC’s SP Foundations Strategic Sustainable Procurement coaching program in 2021. And 35 organizations have been recognized with Leadership Awards and more than 50 additional organizations with Outstanding Case Study recognition.

## International Institute for Sustainable Development (IISD)

The International Institute for Sustainable Development’s (IISD’s) work on Sustainable Public Procurement (SPP), since 2016, has largely focused on raising awareness, providing technical assistance, and building capacity for the implementation of SPP of goods, services, and infrastructure.

### Making the case for sustainable infrastructure with the Sustainable Asset Valuation (SAVi) methodology

Since 2015, IISD has been using the [Sustainable As-](#)

[set Valuation \(SAVi\)](#) methodology to provide decision makers, including public procurers, with a comprehensive analysis of how much their infrastructure projects and portfolios will cost throughout their life cycles, taking into account risks that are overlooked in a traditional valuation.

SAVi uses a combination of system dynamics and project finance modelling to capture the full costs of environmental, social, and governance (ESG) risks. Moreover, SAVi calculates the dollar value of externalities that result from infrastructure development.

Decisionmakers can therefore use SAVi to make investment decisions that are not only based on a holistic valuation of risks, but also on the extent to which their investments will contribute to fulfilling national development priorities, curbing climate change and addressing its effects, and achieving the UN Sustainable Development Goals. Public procurers, infrastructure planners and investors can thus use SAVi to steer spending towards sustainable infrastructure.

## Implementing the CO<sub>2</sub> Performance Ladder in Europe to accelerate carbon emission reductions

[The CO<sub>2</sub> performance ladder](#) is one of the tools that is being used to advance low-carbon public procurement decisions in the Netherlands and Belgium. Since 2021, IISD has been working together with SKAO and the IKEA Foundation to identify and support other European public procurement agencies and international “buyer groups” (e.g. European Railnetwork) with the use and roll-out of the CO<sub>2</sub> performance ladder.

## Advocating for and mainstreaming performance-based procurement in the Western Cape, South Africa

In 2017, IISD worked together with the World Wildlife Fund, South Africa and the One Planet Network to advocate for performance-based procurement. Performance-based procurement is where procurement agencies focus on the performance they are looking for, rather than technically prescribing the product or service they are buying, thereby creating opportunities for innovation for suppliers. This is an important component of SPP.

[This project](#) introduced the business case for performance-based procurement, addressed potential public accounting hurdles, and developed a guidance tool as basis for capacity building for the Western Cape Province in South Africa, as well as cities and municipalities in the Western Cape.

## Advancing strategic public procurement in Latin America and the Caribbean

For public procurement to become a strategic lever for sustainable development, the entire procure-

ment process and function of the public procurer must be redesigned. Latin American and Caribbean countries have been working together with IISD through the Inter-American Network on Government Procurement (INGP) on the transformation of public procurement from an administrative to a strategic function.

[This paper](#) presents four best practices from the region on how that transformation is taking place. It discusses how procurement has been used to contract with micro, small and medium-sized enterprises in the Dominican Republic, to support family agriculture in Paraguay, to promote the triple-impact economy in Argentina, and to advance gender equality in Chile.

The paper concludes with 10 key ingredients for strategic public procurement for sustainable development in the region. This work builds on the [Handbook for the Inter-American Network on Government Procurement \(INGP\): Implementing Sustainable Public Procurement in Latin America and the Caribbean](#).

## Implementing Green Public Procurement as a cross-sectoral industrial strategy in Bhutan

IISD, in partnership with the Bhutan Chamber of Commerce and Industry, the Royal Institute of Management, the Royal Society for Protection of Nature and the Collaborating Centre on Sustainable Consumption and Production established and implemented [Green Public Procurement as a strategic approach for development in Bhutan](#).

The project developed policy recommendations on GPP in Bhutan, dedicated GPP guidance materials for public procurers, designed preferential programs for SMEs and disadvantaged suppliers, facilitated GPP training sessions for public procurers and suppliers, provided technical assistance on GPP pilot tenders in selected industrial sectors and established a GPP knowledge platform and permanent curriculum on GPP for public servants.

## Advocating for public procurement as a driver for low-carbon innovation in Europe

Together with the European Climate Foundation, IISD collected best practices of public procurement laws, processes and strategies that are currently deployed to drive low-carbon innovation in the construction and infrastructure sector. [The work](#) identified the challenges and opportunities and ultimately resulted in strategic recommendations for public procurement agencies, European Union policymakers and member states on how to better position public procurement as a strategic driver of low-carbon development in Europe.

## Other resources on SPP (2016–2021)

- ◆ [Canada's International Trade Obligations: Barrier or opportunity for sustainable public procurement?](#)
- ◆ [How can Procurement Drive the Global Green Recovery?](#)
- ◆ [The Role of Public Procurement in Deploying Sustainable Infrastructure](#)

For further information, please contact Liesbeth Casier, Senior Policy Advisor, Public Procurement & Sustainable Infrastructure, [lcasier@iisd.org](mailto:lcasier@iisd.org)

## A2.4 Higher education institutions

SPP is interdisciplinary. It requires the coordinated effort of engineers and hard scientists who have the information on innovative – and even future – sustainable products and solutions, of economists and business scientists capable of understanding how to place, find and purchase those products and solutions through supply chains spanning the world, organisation and mind scientists capable of motivating procurers to buy sustainably and, last but not least, lawyers capable of reading – and often adapting – the legal framework to empower public procurers.

SPP is fast accelerating its pace in academic activities, be it research, teaching or policy design. Since this is the first report focusing specifically on the academic sector, some background information will be provided before illustrating the state of the art in research, teaching and policy and before drawing some conclusions taking stock of the most recent developments which will for sure reflect themselves in the coming years.

### Research

The first research outputs on SPP date from about 20 years ago. Among the areas which were researched in these early stages are environmental management systems (Delmas 2000), integrated product policy – IPP (Li and Geiser 2005) and Socially Responsible Public Procurement (McRudden 2007). Already some ten years ago global overviews of SPP research were possible (e.g. Brammer and Walker 2011) and edited volumes were published (Arrowsmith and Kunzlik 2009; Trybus and Caranta 2010; Piga et al. 2014).

These days monographs are dedicated to SPP (e.g. Duque Botero 2018). A wide bibliography on PP is collected and updated every few years by the [University of Nottingham Public Procurement Research Group](#) and includes works on SPP.

The methodology used by the different disciplines must diverge. With much oversimplification, economists and some business scientists prefer case studies and/or quantitative research from which they often draw inferences which are believed to be generally applicable. Lawyers are necessarily bound to often local rules and case laws which are investigated through qualitative methods. More than case-studies, there are reports on the legal development in one or more jurisdictions (Bolton 2008). Lawyers seldom pretend to preach universally applicable truths but they – as other social scientists – might well want to highlight best practices which could be adopted in other jurisdictions (Tomossy and Alam 2017).

While the original themes, and specifically certification schemes and labels, are still relevant (Pernas García 2013; Darnall 2018; Czarneski 2019), more recently much attention has been paid to life-cycle analysis and life-cycle costing (Andhov et al. 2020; Castelli et al. 2020); to SRPP, including the protection of disadvantaged groups (Shai et al. 2019; Carlo Marzuoli – Simone Torricelli (cur.) 2017), community benefits (Wontner 2020; Cravero 2017), CSR (Andhov and Petrova 2017) and the protection of human rights along the supply chain (Martin-Ortega and Methven O'Brien 2019).

Research has been extended to new themes in the past very few years, notably, climate change (Schooner and Speidel 2020; Martinez Romera and Caranta 2017; Alvarez and Rubicon 2015) and the circular economy (Witjes and Lozano 2016; Pernas García 2020). Organisational aspects, including the role of local authorities and of procurers, have been investigated (Grandia and Voncken 2019; Ji and Darnall 2018), see also the very [recent reports on local governments](#). The geographic scope of research has also been widened beyond developed countries (e.g. Eyo 2017; Stoffel et al. 2019) also to include procurement under development aid (La Chimia 2018). Lawyers' interest has been much raised by forthcoming (Semple 2012) legislative reform (Reisdorfer 2016; Sjøfjell and Wiesbrock 2016; Dragos and Neamtu 2014). Possibly more important, SPP has become a core team of sustainability studies (Freitas 2019). As will be shown in the conclusions, initiatives taken at the political level are going to prod much research in the coming years.

In the past few years SPP has been the object of numerous research projects (Andhov led the group studying SPP within the EU funded [SMART project](#)). Specific conferences leading to original publications were organised focusing on SPP (eg EPPPL 2017/3, edited by Andhov); SPP has been an unavoidable topic in more general PP events (eg leading the contributions collected by (Castelli et al. 2020) or in events focusing on sustainable business (eg the conference organised by Mélon to close the EU funded Sustainable Companies – SCOM Project, Barcelona 2020 – a book collecting the proceedings is forthcoming). In Italy the [Public Procurement Observatories of Bocconi University](#) (Fracchia) and [Trento University](#) (Cozzio) are both meant to research the field of public procurement with specific reference to the critical issues of Sustainability, Digitalization and “Next Generation” European funds. The activity is conducted through an interdisciplinary and comparative method which considers the different approaches across Europe as well as Latin America.

SPP has been at the center of a number of additional scientific meetings which also include the first Transatlantic Roundtable on Sustainable Public Procurement: 5 April 2019, organised by Pace University's Elisabeth Haub School of Law in New York City together with the University of Copenhagen

and George Washington University and the VIII Congresso Internacional de Direito e Sustentabilidade, Curitiba 2018, or the 1st Brazilian Scientific Meeting of Researchers in Law and Sustainability. The pandemic has moved some activity online, with a [webinar](#) hosted by George Washington University and a [panel](#) on LCC hosted by Klinger during the 2021 Conference of the Society for Benefit Cost Analysis in Washington D.C. Academic discussion on SPP is going to continue: the theme of APLU's upcoming Fourth International Conference on Public Procurement Law Africa is going to be “Public Procurement and the Sustainable Development Goals in Africa: A Decade of Opportunity”.

The past few years have also seen the discussion of a number of PHD thesis on different aspects of SPP, a safe pointer to a mature research environment (Zago, São Paulo, 2017; Savioli, São Paulo, 2018; Aschieri, Turin and Maastricht 2019; Czarneski – Uppsala 2020; Cravero, Turin and Paris Nanterre, 2021), and more are in the pipeline. Thanks to an EU Horizon 2020 MSCA Grant, 15 PHDs started will start working in September 2021 as part of [The Sustainability and Procurement in International, European and National Systems ITN project](#). The 15 research projects will be eminently interdisciplinary, covering the economic, management and legal aspects (including a Human Rights angle) of SPP and will cover both the actors – such as international organisations, MDBs, central purchasing bodies – and the most relevant topics for SPP such as the circular economy, IT and gender aspects. The SDGs – and how public procurement may be deployed to achieve them – will be the compass guiding all research.

## Teaching

SPP is today a core chapter of PP courses, such as those taught at the [Universidad Externado de Colombia](#) or those imparted at the [IMPPM at Tor Vergata University](#) (Rome). SPP is taught at Nottingham (UK) University in both the executive postgraduate diploma and the LLM (Master of Laws) in public procurement law and policies. Sustainable Logistics and Procurement is taught at Sydney University and SPP is at the center of the elective module on “Policy and Public Procurement Law” in the [two programmes in public procurement law](#), the LLM (Public Procurement Policy and Regulation) and the PGDip (Public Procurement Policy and Regulation)

at Stellenbosch University.

Moreover, the University of Turin together with the ITC-ILO has for many years taught one year master programs in [Public Procurement Management for Sustainable Development](#) (currently in English and French).

Teaching blurs into communication and dissemination which apply to research results as well. The website of the [Arizona State University's Sustainable Purchasing Research Initiative](#) provides a suite of information available to individuals interested in advancing green purchasing.

## Policy design and policy delivery

Research does not just feed teaching, it also feeds policy documents and proposals for change.

The [George Washington University Law Government Procurement Law program](#) is working to address the impact of climate change on island nations. The goal is two-fold: to reinforce the procurement systems in those nations so that they are better able to withstand rising ocean levels, and to build capacity in the islands' workforces, capacity that can be carried off-island if these small island nations must be abandoned.

The procurement research group within the SMART Project concluded its work with an articulated research project 'Sustainability Through Public Procurement: The Way Forward – Reform Proposals' (Andhov et al. 2020). These research proposals include extending mandatory SPP which are now part of the European Green Deal launched by the European Commission.

In the US the Biden administration has made clear its commitment to addressing climate change. For the United States government, the inflection point

will likely come in the shift from eco-labels (already required by the [Federal Acquisition Regulation](#)) with a long-planned move to assessing greenhouse gases attributable to particular goods and services. This comes with the acknowledgement that procurement professionals will play a critical role in the belated but necessary effort to slow the pace of climate change. To be effective, procurement professionals will need to rethink how their profession is defined. Successfully establishing a sustainable procurement regime will require dramatic change, including, among other things, overcoming the persistent tyranny of low price, understanding and adopting lifecycle costing, considering externalities in the value proposition, and, of course, specifying and identifying truly sustainable solutions (Schooner and Speidel 2020).

In China too, the recent double Carbon Goal includes SPP. The above and similar initiatives in other countries will in turn prod more research. President Xi Jinping has vowed to adopt stricter policies that would allow China to become carbon neutral by 2060 — a move he described as "green recovery". CUF Beijing is organizing a project with of SPP seminars/lectures linked to the double Carbon Goal.

In summary, SPP has taken a growing foothold in Academia. The challenges we face will require more and more interdisciplinary, transdisciplinary and coordinated research that is results and impact oriented. More specifically, the benefits of SPP will have to be objectively assessed to preserve fairness in the procurement markets (Hsueh 2020; Klinger 2020). The research results will have to be further translated into advanced teaching and training to form professionalized procurers and suppliers capable of effectively working with SPP and feed into the policy discussion and delivery.



# Annex 3 Study from Arizona State University on SP in local governments

## Authors

This study was co-authored by the following researchers who either collected data in the five countries that form the analysis or contributed substantially to the development of the summary: Angela Fox, Nicole Darnall, Justin M. Stritch, Jake Swanson, Stuart Bretschneider, Yifan Chen, Jacob Ivy, Andie Wilkerson, Lauren Carter (Arizona State University); Francesco Testa, Fabio Iraldo, Fabio Iannone (Scuola Superiore Sant'Anna, Italy); Bryan Husted, David Perez-Castillo, José Ernesto Amorós, Ana Rosa Blanco (Tecnológico de Monterrey, Mexico); Sandor Lukacs De Pereny (ESAN University, Peru); Gavin Schwarz (University of New South Wales, Australia); Toshi Arimura (Waseda University, Japan); Takuro Miyamoto (Tohoku Gakuin University, Japan).

Many national governments are endorsing sustainable public procurement (SPP), but so too are local governments. Our fundamental knowledge about local governments' SPP activities is at an early stage of development. However, cities are assuming an increasingly significant role in dealing with sustainability issues, and leading innovations in the area of SPP (Olmsted 2020). In an effort to grow that knowledge, researchers at Arizona State University created the Sustainable Purchasing Research Initiative (SPRI)<sup>1</sup> to learn more about sustainable public procurement within local governments worldwide. Through this initiative, more than 2,500 local gov-

ernment directors in Australia, Italy, Japan, Mexico, and the United States participated in a global survey to uncover both the drivers and barriers to SPP at the local level. This report presents the results of this survey.

Based on the data gathered, four themes emerged as more statistically significant across all participating countries. Local governments with SPP policies in place were more likely to have the following:<sup>2</sup>

1. Complementary sustainability policies
2. Established procurement criteria
3. Access to information
4. Access to external resources

Each of these four items is described more fully in the sections that follow. Please note that the differences in findings across countries depend to a large extent on the national context, therefore some items may matter less given the context. For instance, veteran-owned businesses may be less relevant in Australia, Italy, Japan and Mexico than in the United States because these four countries have been involved in fewer/no international conflicts. Similarly, because of country-level demographics, minority-owned businesses may be less relevant in some countries.

## Local government's adoption of complementary sustainability policies

Local governments often adopt several sustainability policies that complement one another. Policies that are complementary require similar organisational capabilities to implement and manage. Because they often work together to achieve an overarching sustainability goal, complementary policies help create management commitment and shared

vision around sustainability issues. Some complementary policies focus more broadly on improving an organisation's sustainability impacts (Darnall et al. 2017; Darnall et al. 2018; Leal et al. 2020; Lukas de Pereny et al. 2020; Testa et al. 2020; No et al. 2021). These policies include environmental sustainability, green building, and greenhouse gas

1 SPRI's university partners include Arizona State University, USA; Korea University, Republic of Korea; Scuola Superiore Sant'Anna, Italy; Tecnológico de Monterrey, Mexico; University of Granada, Spain; University of New South Wales, Australia; University of Victoria, Canada; Waseda University, Japan.  
2 Differences were assessed using chi-square statistical tests. Only statistically significant ( $p < 0.05$ ) survey items are displayed.



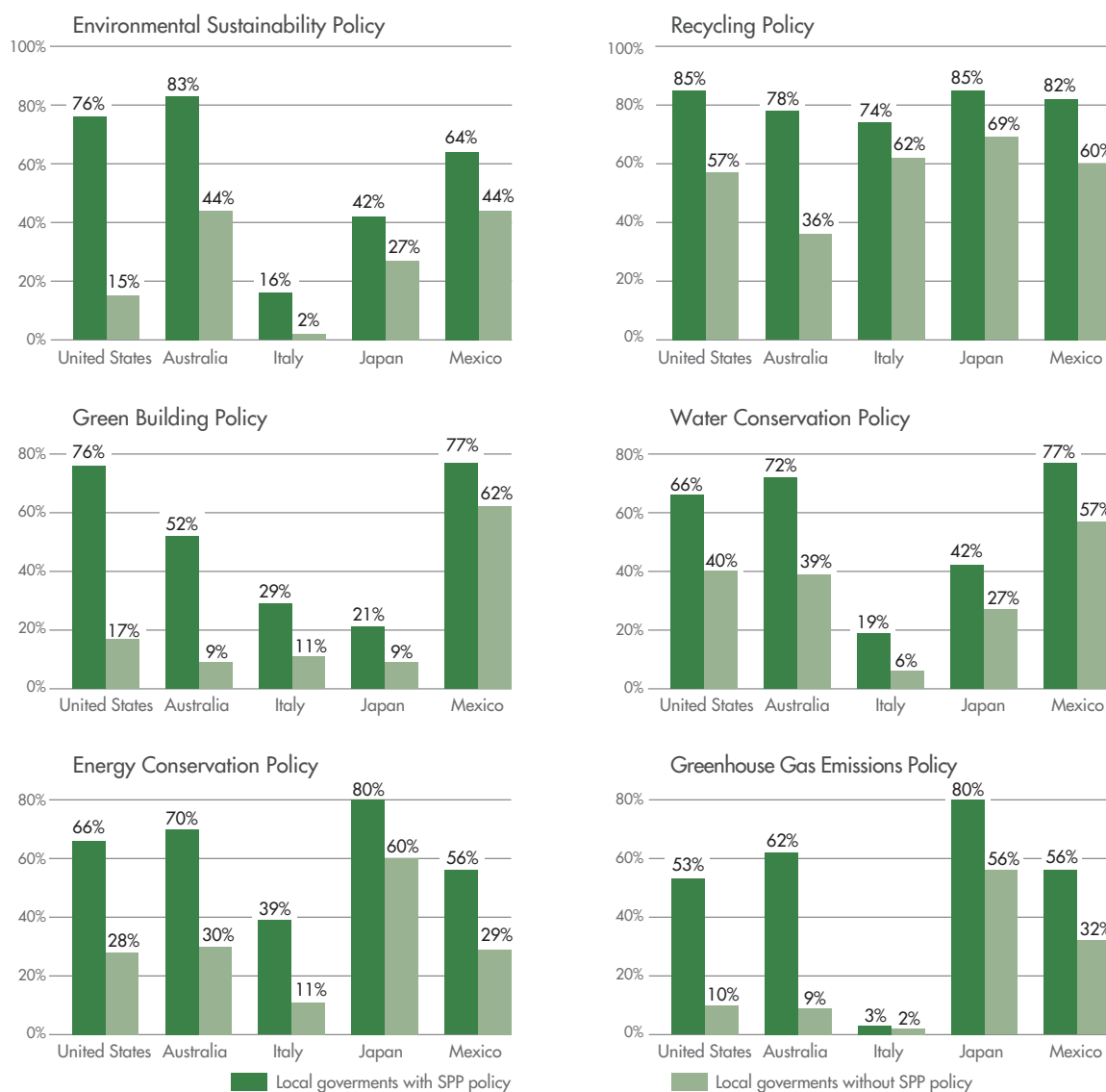
emissions policies. Other complementary policies, such as energy conservation, water conservation, and recycling policies, may be more targeted in their focus and sustainability impact. In the words of one of the expert SPP interviewees, “Sustainable public procurement is often a supporting policy that strengthens or shapes existing and future sustainability policies by further prioritising environmental and social goals”.

Department directors were asked about their local government’s complementary environmental and practises across the following areas:

- ◆ Environmental sustainability
- ◆ Green building
- ◆ Energy conservation
- ◆ Greenhouse gas emissions
- ◆ Water conservation
- ◆ Recycling

Figure A3.1 shows that overall, regardless of the focus of these complementary environmental policies, local governments that have adopted SPP policies are more likely to have these complementary policies than local governments without SPP policies, although there are some important differences.

**Figure A3.1. Local government’s adoption of complementary environmental policies**



Local governments with broader complementary environmental policies are more likely to adopt SPP policies than local governments that adopt more focused complementary environmental policies. For instance, in the United States, 76% of local governments with SPP policies reported having green building policies as well, compared to only 17% of local governments without. Australia is similar, where 52% of local governments with SPP policies also have green building policies, versus only 9% of local governments without. Greenhouse gas emissions policies show a similar relationship in the United States and Australia among local governments with and without SPP policies.

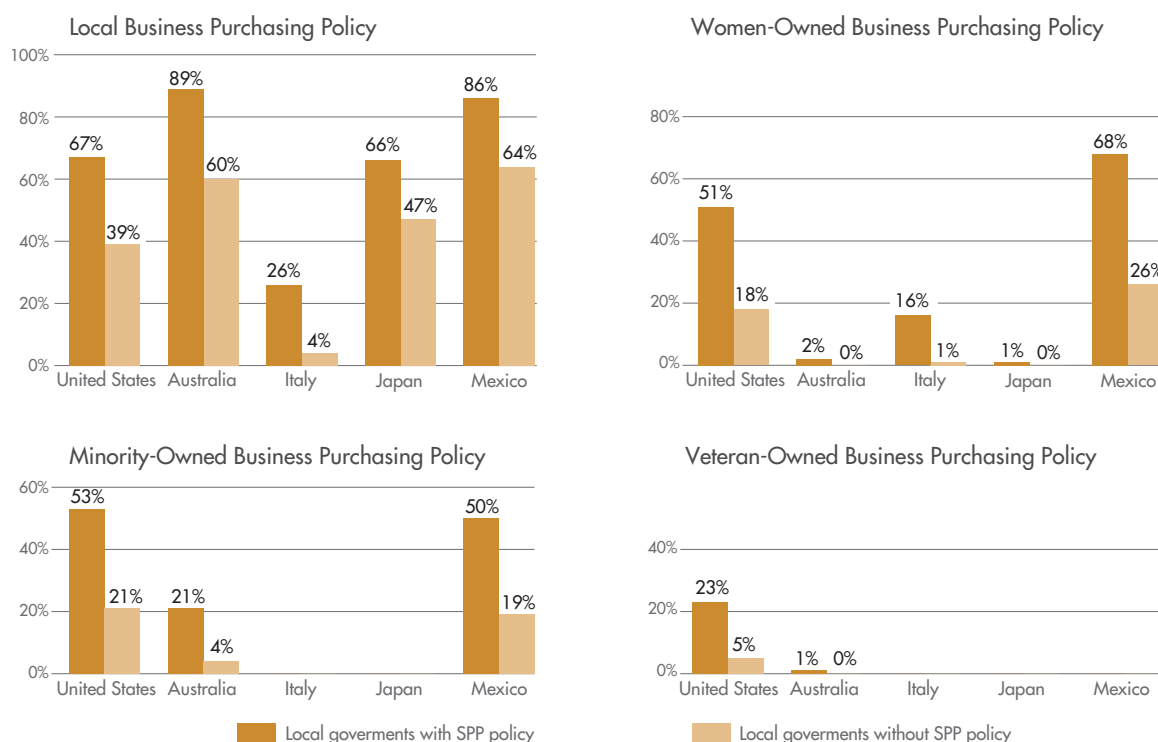
Local governments with SPP policies are also more likely to have focused complementary environmental policies, than local governments without, but show smaller (although still significant) differences. For example, Italy reported that 74% of its local governments with SPP policies also have recycling policies, while only 62% of local governments without SPP policies have them. In Japan, 85% of local governments with SPP policies also have recycling policies, in contrast to only 69% of local governments without. Greater differences are seen with energy conservation policies. For example, in Australia, 70% of local governments with SPP policies report having energy conservation policies as well,

while only 30% of local governments without SPP policies have them. In the United States, the difference is even greater – 66% of local governments with SPP policies have energy conservation policies, compared to only 28% of local governments without. Department directors were also asked about their local government’s complementary social policies and practises that target the following groups:

- ◆ Local businesses
- ◆ Minority-owned businesses
- ◆ Women-owned businesses
- ◆ Veteran-owned businesses

Similar to findings on the relationship between SPP policies and complementary environmental policies, data revealed that local governments with SPP policies are likely to have more complementary social policies than local governments without, as shown in Figure A3.2. However, these policies are less prevalent overall than complementary environmental policies. These findings are supported in recent research (Cravero 2017) and the Stakeholder Survey, which indicates that SPP is still dominated by the environmental dimension, although there is an increase in a broader scope of SPP that considers both social and environmental dimensions.

**Figure A3.2. Local government’s adoption of complementary social policies**



For example, in the United States, 67% of local governments with SPP policies also have policies to support local businesses versus only 39% of local governments without such a policy. In Mexico, 68%

of local governments with SPP policies reported supporting policies for women-owned businesses versus 26% without.

## Established procurement criteria

Procurement criteria are the factors that local governments consider when deciding on a good or service. Establishing formal purchasing criteria around sustainability concerns can help procurement managers decide between which products to purchase because the criteria offer clear guidance on organisational priorities and goals. Examples of sustainability procurement criteria include:

- ◆ Reducing greenhouse gas emissions
- ◆ Recyclability or reuse of an item
- ◆ Environmental impacts of products or services
- ◆ Technical Specifications to manage environmental concerns
- ◆ Reducing packaging waste
- ◆ Buying from minority- or women-owned businesses



Department directors were asked, “In thinking about your department’s purchasing criteria, how important is each of the following characteristics of a product or service?” Figure A3.3 shows that across all five countries that we surveyed, and the six procurement criteria listed above, local governments with SPP policies are more likely to have procurement criteria for SPP. For example, local governments that have adopted formal SPP policies are more likely to have procurement criteria focused on reducing greenhouse gas emissions as compared to local governments without such policies. More specifically, Italy reported that 81% of local governments with an SPP policy also have procurement criteria focused on reducing GHG, versus 40% of local governments without. In Australia, 66% of local governments that have adopted a formal SPP

policy have also established procurement criteria around recycling and reuse, versus only 29% of local governments without such a policy. Other criteria, like disposal costs, are associated with smaller differences between local governments with and without SPP policies, although the differences are still statistically significant. Expert interviewees all felt that SPP policies could shift markets. One expert said, “Sustainable public procurement can be a powerful leveraging tool to shift markets towards more sustainable options. The purchasing power of local governments is vast. Many supply chains will shift entire modes of operations to secure government contracts making their entire organisation more sustainable and just as a result of those contracts”.

**Figure A3.3. Established procurement criteria**



## Access to information

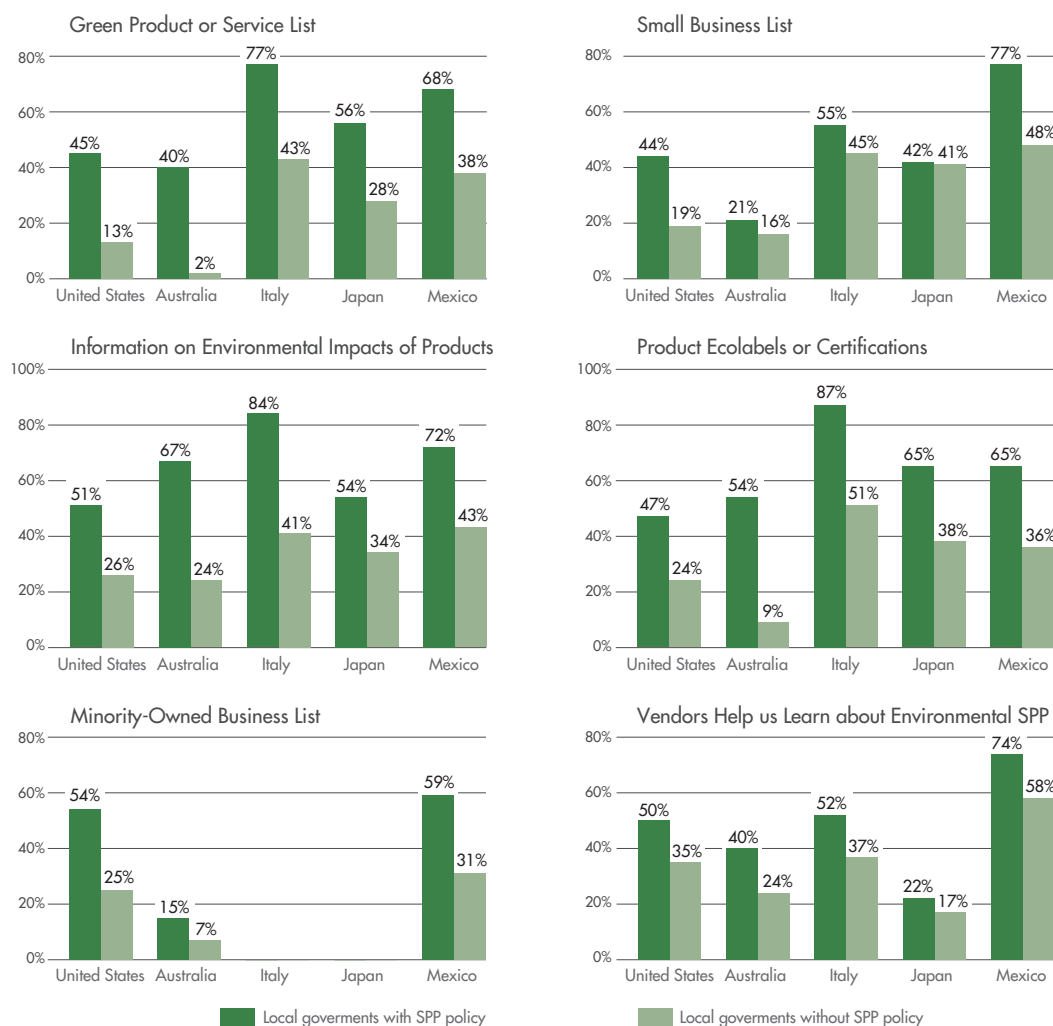
Information influences procurement decisions and outcomes. Access to sustainability information can help organisations meet their broader sustainability goals. For this reason, department directors were asked about their departments' access to the following information sources:

- ◆ Green product or service list
- ◆ Minority-owned business list
- ◆ Information on environmental impacts of products
- ◆ Small business list
- ◆ Product ecolabels or certifications
- ◆ Vendors help local governments learn about environmental SPP

Across all five countries, local governments with formal SPP policies reported having greater access to information that can facilitate their sustainable purchases (see Figure A3.4). Greater access to in-

formation often occurs prior to the development of local governments developing formal SPP policies. For instance, in Japan by 2001 the national government developed a database on information about the impacts of products that could be used by local governments. However, not all Japanese local governments were aware that the information existed. Those that did, were more likely to develop an SPP policy and emphasise the availability of this database in their department purchasing. In Italy, for example, local governments with SPP policies are 77% more likely to have access to green product lists as compared to 43% of local governments without. 84% of Italian local governments with a SPP policy have access to companies' environmental impact reports when making their procurement decisions as compared to 41% of local governments without SPP policies. 87% of local governments with formal SPP policies have access to information about eco-label-

**Figure A3.4. Access to information**



led products at the point of their procurement decisions, as compared to 51% of local governments that do not have a formal SPP policy. Vendors are another reliable source of information as they are often familiar with the sustainability attributes of their products and services. Across all countries, local

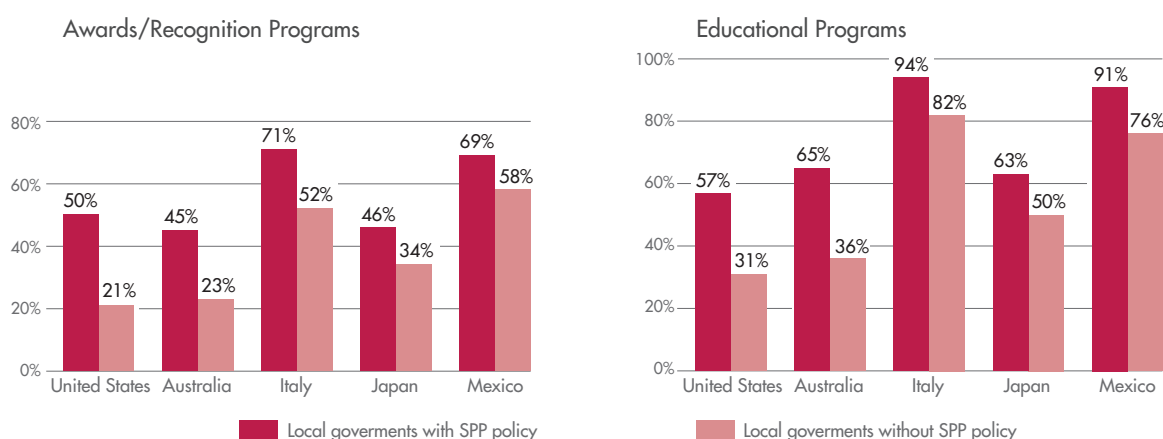
governments with formal SPP policies reported that their vendors offer more sustainability information than local governments without SPP policies. These patterns are similar across all forms of sustainability information that are included in our survey.

## Access to external resources

An organisation's access to external resources can affect its ability to adopt a formal SPP policy and initiative. For this reason, local governments were asked about the importance of external support in

promoting their local government's sustainability programs. Respondents were asked to report on external awards and recognition programs in addition to external education programs (see Figure A3.5).

**Figure A3.5. Access to external resources**



Across all five countries, local governments with formal SPP policies reported that these external resources are more important to their sustainability efforts than local governments without SPP policies. More specifically, local governments with SPP policies are more likely to be aware of national or sub-national (state/prefectural) award or recognition programs promoting sustainability in local governments than local governments without SPP policies. In Italy, 71% of directors in local governments with SPP policies reported that awards and recognition programs are important in promoting municipal-level environmental sustainability, compared to about one-half (52%) of local governments without SPP policies. In the United States, 50% of local governments with SPP policies reported the importance of external awards and recognition versus 21% of local governments without SPP policies.

Across all country settings, similar patterns are seen related to external training programs. For example, in Italy, 94% of local governments with SPP policies reported that external educational training programs are important in promoting their sustainability in their organisations. This compares to 82% of local governments without a formal SPP policy. Greater differences are seen in the United States and Australia. Approximately 57% of U.S. and 65% of Australian local governments with SPP policies reported that external educational training programs are important, as compared to 31% of U.S. and 36% of Australian local governments without a formal SPP policy. As more opportunities for external online training programs expand, they will become accessible to a broader array of local governments, which is likely to facilitate greater SPP policy adoption efforts.



## Conclusions

This study identifies the factors that are associated with thousands of local governments adopting SPP policies. Four themes emerged as more statistically significant across all the participating countries. Local governmental SPP policy adopters are more likely to have:

1. Complementary sustainability policies – Local governments that have adopted broader complementary environmental policies are more likely to adopt SPP policies to a greater extent than local governments that adopt more focused complementary policies.
2. Established procurement criteria – local governments with SPP policies are more likely to have procurement criteria that facilitate their sustainable purchasing decisions.
3. Access to information – local governments are more likely to adopt SPP policies if they have greater access to information that can facilitate their sustainable purchases.
4. Access to external resources – local governments with SPP policies are more likely to have greater access to external resources that support their sustainability efforts than local governments without. More specifically, local governments with SPP policies are more likely to be aware of national or sub-national (state/prefectural) awards or recognition programs that promote sustainability in local governments than local governments without such policies.

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The *2022 Sustainable Public Procurement Global Review* examines the state of sustainable procurement policies and practices undertaken by national governments, private enterprise and intergovernmental organizations worldwide. Building on the findings of the previous editions published in 2013 and 2017, as well as on the results of the first data collection exercise on Sustainable Development Goal indicator 12.7.1 (*number of countries with sustainable public procurement policies and action plans*), this report aims to track global progress in sustainable procurement and to deepen the collective understanding of the current barriers, needs, opportunities and innovations in this important area.

