The Sustainable Public Procurement programme of the 10-Year Framework of programmes on Sustainable Consumption and Production (10YFP)

“Human Rights and Sustainable Procurement: Emerging good practices and lessons learned”

Webinar

19 October 2016
## Webinar Agenda

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<th>Time</th>
<th>Topic</th>
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<td>14:00</td>
<td>Welcome and introduction</td>
<td>Philipp Tepper, ICLEI, Member of the Coordination Desk of the 10YFP on SPP</td>
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<td>14:05</td>
<td>New policy frameworks on human rights and sustainable procurement</td>
<td>Claire Methven O’Brien, Strategic Adviser, Danish Institute for Human Rights</td>
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<td>Nicole Vander Meulen, Legal and Policy Associate, International Corporate Accountability Roundtable</td>
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<td>14:15</td>
<td>“Maximising leverage in monitoring global electronics supply chains”</td>
<td>Andy Davies</td>
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<td>Director, London Universities Purchasing Consortium</td>
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<td>14:35</td>
<td>“Sustainable procurement in the Swedish healthcare sector - challenges and solutions”</td>
<td>Pauline Göthberg</td>
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<td>National Coordinator, Swedish County Councils</td>
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<td>14:55</td>
<td>“Using Public Procurement to Increase Supply Chain Transparency – The Story of Madison Wisconsin”</td>
<td>Kathryn Schwenn</td>
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<td>Purchasing Supervisor, City of Madison Finance Department</td>
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<td>15:10</td>
<td>Q &amp; A</td>
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<td>Closing</td>
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The 10YFP Sustainable Public Procurement Programme

Working together to achieve a collective impact
Introduction

• Why was the 10-year Framework of Programmes created?
• The Rio+20 Conference reaffirmed that Sustainable Consumption and Production is a cornerstone of sustainable development.

• Vision of the 10YFP
• “Fundamental changes in the way societies produce and consume are indispensable for achieving global sustainable development. All countries should promote sustainable consumption and production patterns (...) all major groups should play an active role in changing unsustainable consumption and production patterns”
The 10YFP was adopted at the Rio+20 Conference. It is a global framework of action to enhance international cooperation to accelerate the shift towards SCP patterns in both developed and developing countries.

- It supports capacity building and provides technical and financial assistance to developing countries for this shift.
The 6 programmes of the 10YFP:

- Consumer information
- Sustainable lifestyles and education
- Sustainable public procurement
- Sustainable buildings and construction
- Sustainable tourism, including ecotourism
- Sustainable food systems
The 10YFP SPP

Objectives:

1. Build the case for SPP:
   improve knowledge on SPP and its effectiveness as a tool to promote greener economies and sustainable development

2. Support the implementation of SPP on the ground:
   increased collaboration and improved coordination between SPP stakeholders.

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10YFP SPP: Governance of the programme

MAC Members

1. ChileCompra
2. Eco Mark Office of Japan Environment Association
3. Environmental Development Center of Ministry of Environmental Protection (EDC)
4. Forest Stewardship Council (FSC)
5. Fundación Centro de Gestión Tecnológica e Informática Industrial (CEGESTI)
6. ICLEI – Local Governments for Sustainability (co-lead)
7. Indian Railways
8. Institut des Finances Basil Fuleihan-Lebanon
9. International Green Purchasing Network (IGPN)
10. International Institute for Sustainable Development (IISD)
11. ITC-ILO (Int. Training Center of the ILO)
12. Korea Environmental Industry & Technology Institute (co-lead)
13. Mauritius Procurement Policy Office
14. Ministry of Infrastructure and the Environment
15. National Agency for Public Procurement
16. NCPC Colombia (National Center for Cleaner Production and Environmental Technologies/CNPMLTA)
17. Secretariat of the Convention on Biological Diversity
18. SKL Kommentus
19. Sustainable Purchasing Leadership Council (SPLC)
20. Swiss Federal Office for the Environment (FOEN)
21. United Nations Environment Programme, UNEP (lead)
22. United States Environmental Protection Agency

China
Japan
China
Global
Costa Rica
Global
India
Lebanon
Global
Global
Korea
Mauritius
Netherlands
Sweden
Colombia
Global
United States
Switzerland
Global
United States
The network of the SPP programme counts 99 partners in more than 40 different countries and includes governments, international organizations, NGOs, consultancies, private sector representatives and SPP expert.
Revised 10YFP SPP Programme biennial work plan 2016-2017

Implementation

1. Implementing SPP on the ground

1a. SPP Tender Implementation & Impact Monitoring

4. Collaborating with the private sector

4a. Promoting supply chains’ sustainability*
4b. Ecolabels & Sustainable Standards
4c. Promoting resource-efficient business models and circular economy
4d. Developing purchasing guidance for priority sectors*
4d1. Food waste minimization through SPP

3. Identifying Obstacles & Promoting Innovative Solutions

3a. Addressing price barriers and Promoting life-cycle costing (LCC)*
3b. Identifying legal and trade issues & promoting solutions*
3c. Including Small and Medium Enterprises (SMEs) in SPP

2. Assessing Implementation & Impacts

2a. Monitoring SPP Implementation*
2b. Measuring Impacts & Communicating Benefits*
2c. Promoting SPP best practices*

Ad-Hoc group on the measurement of SDG 12.7 indicator

4. Knowledge management, outreach and communication, cross-cutting research activities:
   Global Review on SPP, Global SCP Clearinghouse, websites and social networks, webinars, SPP Academic Network

*We welcome potential leads and donors for non-active groups as well
Contact us:

- Philipp Tepper, Coordinator, Sustainable Economy and Procurement, ICLEI – Local Governments for Sustainability
  philipp.tepper@iclei.org

10YFP SPP newsletter
6th issue – released in September 2016
NEW POLICY FRAMEWORKS ON HUMAN RIGHTS AND SUSTAINABLE PROCUREMENT

Claire Methven O’Brien, Strategic Adviser, Human Rights and Development, Danish Institute for Human Rights  
COB@HUMANRIGHTS.DK

Nicole Vander Meulen, Legal and Policy Associate  
International Corporate Accountability Roundtable  
Nicole@icar.ngo
Network of procurement officers, policymakers, NGOs, Academics, NHRIs, and other relevant actors

Forum for dialogue and experience sharing on integrating human rights into public procurement

Identifying effective practices and scaling them up

Creating and disseminating tools and guidance for procurement officers and policymakers
UN Guiding Principles on Business and Human Rights

I. State duty to protect
II. Corporate responsibility to respect
III. Access to remedy

All internationally-recognized human rights
PILLAR 1: STATE DUTY TO PROTECT HUMAN RIGHTS

- Adequate laws
- Enforcement
- Guidance
- General regulatory & policy functions
- Consistency across agencies
- Bi-lateral, multilateral agreements
- SOEs
- Procurement
- Privatization / contracting out
- State-business nexus
- Guidance
- Collective action
- Jurisdiction
- Conflict-affected areas
- Policy coherence
- Consistency across agencies
- Bi-lateral, multilateral agreements
States should

...exercise adequate oversight in order to meet their...human rights obligations when they contract with, or legislate for, business enterprises to provide services...

— UN Guiding Principle 5

...promote respect for human rights by business enterprises with which they conduct commercial transactions

— UN Guiding Principle 6
“...companies supplying the government with goods and services are required to respect human rights under the “social conditions” of existing national sustainable procurement policy included in all central government EU contract award procedures since 2013”

The government commits to review “…the degree to which...State contracting and purchasing of goods and services are executed with respect for human rights, and make recommendations to ensure compliance with the UNGPs”
Other policy frameworks

- ISO 20400 (2017)
- 2014 EU Procurement Directives
- 2030 Agenda for Sustainable Development
- Recent policy initiatives on “responsible global value chains” (e.g. G7, ILO)
Increasing attention from civil society
20-jurisdiction survey 2015 (2)

- Little explicit law, policy or guidance
- HR as secondary “social” considerations
- Little use of incentives or penalties linked to HR
- No HRDD, supply chain disclosure requirements, notification for high-risk contracts, performance monitoring
20-jurisdiction survey 2015 (2)

- Pockets of innovation by individual public authorities in cooperation with civil society
- Need to clarify measures compatible with legal framework
- Need to identify, share and implement transferable good practices – in order to meet government commitment to UNGPs, OECD Guidelines for MNEs and 2030 Sustainable Development Goals
Maximising leverage in monitoring global electronics supply chains

Andy Davies
Director, LUPC
Welcome to London Universities Purchasing Consortium

London Universities Purchasing Consortium (LUPC) is a not-for-profit professional buying organisation, owned by its Members, for its Members.

LUPC exists to generate savings and better value for our Members through the collaborative procurement of goods and services.

➤ Read More  ➤ Our Agreements and Suppliers
LUPC is

- A not-for-profit professional buying organisation
- One of six UK university purchasing consortia
- Owned by its Members, for its Members
- Collaborative Framework Agreements in IT hardware, legal services, travel, security and cleaning, temporary staff, insurance and more.
• 72 full LUPC Members
• 34 Further Education Colleges
• £204m of spend by LUPC Members in 2014/15
• £33m of savings
• Over 100 supply agreements.
LUPC shares the values of its Members.

We all want quality higher education without causing harm to others.

Responsible procurement is good for business.
“States should promote respect for human rights by business enterprises with which they conduct commercial transactions.”

UN Guiding Principles on Business and Human Rights, 2011
The Modern Slavery Act 2015 requires all “commercial organisations” with turnover >£36m pa to publish an annual *Slavery and Human Trafficking Statement*, saying what they have done to address risks to human rights in their supply chains.

A Private Member’s Bill is looking to extend the requirement to public authorities.
• Organisational structure
• **Vision, priorities and policy**
• The categories of goods and services purchased
• The **risks** to human rights you understand are inherent in these spend areas
• The **due diligence processes** in place
• **Plans for the future**
• Awareness training for senior management team and staff

• Joint projects with suppliers in high-risk spend categories - to map supply chains, identify risks and take steps to mitigate them, e.g. factory audits

• Collaboration with others – buying through consortium framework agreements and joining monitoring organisations like Electronics Watch.
electronics watch

Improving working conditions in the global electronics industry
Each year, UK Higher Education buys...

- **£800m** of IT supplies and services, including...
- **£100m** of desktop and notebook PCs through a national supply agreement for HE led by LUPC
- **£100m** of devices using the Apple operating system through another national supply agreement for HE.
And *Generation Z* has arrived...

- Students have **grown up** with social media. News about human rights abuses **spreads fast**.
- There is **no** business case for abusing people.
- **Universities cannot afford to gamble with their reputation.**
A case study in maximising leverage:
Electronics Watch and The Wistron Corporation
Sustainable procurement in the Swedish healthcare sector
- challenges and solutions

Pauline Göthberg
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National Coordinator
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County councils and regions

- 21 county councils
- Responsible for
  - healthcare
  - dental care
  - public transport
- 250,000 employees
- Procures goods and services to the amount of 13 billion euro
Bad Medicine

How the pharmaceutical industry is contributing to the global rise of antibiotic-resistant superbugs
Slave labour in medical gloves factories

BMA highlights labour abuse in latex glove supply chain

posted by Andrew Allen in Ethics, Supply chain

4 April 2016
The wake-up call in 2007

Swedwatch Report
White coats and sharp scissors

A report on the county councils lack of ethical procurement
Why sustainable public procurement?

“States should promote respect for human rights by business enterprises with which they conduct commercial transactions.”

**UNGP 6**

- Obligation to protect human rights – We cannot conduct healthcare to the detriment of people in other parts of the world
- Opportunity to influence the market and create a demand for sustainable products and services
- Risk management – reputational risk, economic risk
• Since 2010 national co ordination – more effective and lower costs
• Common Code of Conduct and contractual clauses
• National follow-ups and share results
• Co-finance factory audits
• Public access to audit results
Five steps to sustainable procurement

1. Code of Conduct
2. Contract Clauses
3. Desktop Follow-up
4. Audit
5. Corrective Action Plan
Special contract terms

The supplier must have procedures in order to ensure that the production is in compliance with the CoC, at least:

• Policy commitment
• Division of responsibilities at the supplier regarding social responsibility in the supply chain
• Demands on subcontractors in terms of social responsibility
• Procedures for risk assessment in supply chain
• Procedures for monitoring and verification of compliance
• Procedure for handling non-compliance
The supplier is additionally obligated to make it possible for the purchaser, either in person or by a representative, to conduct inspections at the premises of the supplier and/or any of the supplier’s subcontractors in order to ensure that the requirements of § 1 are being fulfilled.
EIGHT RISK AREAS

A. Instrument
B. Food
D. Dressings
E. Läkemedel
F. GLOVES AND DISPOSABLES
H. TEXTILES

M.TECH
Riskanalysis and action plan (2016-2018)

Salient human rights issues

Supply chain mapping
Identify SDG:s
Goals
Activities (follow-ups and dialogue)
Guidance for suppliers and public procurers

To be launched in October
Sustainable public procurement makes a difference!
… but still improvements are needed

• Improve quality of audits (look at recruitment, living wage off-site interviews, corruption)
• Follow-ups necessary but not sufficient
• Capacity building among suppliers
• Internal capacity building (competence, processes, resources, political leaderships)
• Increase leverage through collaboration with other public buyers (Norway, BMA, municipalities, UNDP/SPHS)
Thank you!

“Do what you feel in your heart to be right—for you’ll be criticized anyway. You’ll be damned if you do, and damned if you don’t.”

—Eleanor Roosevelt

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Supply-Chain Transparency in procurement of apparel

The story of Madison, Wisconsin

Kathy Schwenn, CPA – Purchasing Supervisor
Where is Madison?
Home of the State Capitol
Home of the State University
Home of the Transparent Uniform Contract
Early 2000s

SOLIDARITY

usas
organizing for student and worker power
2005

City council adopts apparel ordinance

Protect worker rights
- Living wage
- ILO core labor standards
- Compliance with Law: wages, hours, working conditions
- Women’s rights

Require bidder disclosure
- Factory locations and managers
- Wages, benefits, normal hours, actual hours for past 3 months
- Past and recent monitoring reports

Require monitoring
- Work with independent agency
- Encourage compliance, not punishment
2014

Combined 3 agencies: $600,000
Fire, transit & police
2016

Combined 3 agencies: $644,000
Fire, transit & police

2016 UNIFORM BUDGET

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<tr>
<td>Fire</td>
<td>$205,000</td>
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<tr>
<td>Police</td>
<td>$358,698</td>
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<tr>
<td>Metro</td>
<td>$80,000</td>
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RFP #8300

**Bidder disclosures**
- Required prior to submitting a proposal

**Sliding scale for transparency**
- Worked with Sweatfree Committee created by the Mayor and the Sweatfree Purchasing Consortium (SPC)

**Sweatfree compliance plan**
- For all contractors with $25,000 or more annual purchases within the first year of the contract

**Rebate to the city** – to finance monitoring
- $100,001 - $200,000 – 1% rebate
- $200,001 - $300,000 – 1.5% rebate
- $300,001 and above – 2% rebate

**Cooperative contract clause**
- Other cities may join the contract – same terms
Transparency at the bidding stage

- **Four** bidders provided disclosures – all provided the required 60% disclosure.
- Three invited to Madison for vendor interviews.

Contract with Galls

- Unanimous selection of Galls by the evaluation panel.
- One year contract with Galls signed in 2015.
- Madison exercised the first of two renewal options.
- The current contract will expire on 4/16/2018.
Lessons & Challenges

Lessons

• The strategy worked: Vendors respond to purchasing power.

• Vendors will do what is in their best interest. Work with them to create this joint vision.

• Work towards compliance, not punishment.
Lessons & Challenges

Challenges

• As of yet, no other cities or school districts have joined this cooperative contract.
• Collaboration is essential. The city relied on the SPC for:
  • A panel of experts to vet bidder disclosures to ensure factory locations were accurate
  • Recommendations for a point system to score bidders
  • LinkUp database where suppliers under the Madison contract are now visible
• The SPC cannot offer:
  • Factory monitoring
Questions

• What are good models for expanding collaboration and funding it? For example:
  • Multi-city collaboration to monitor shared contractors (Los Angeles, San Francisco, and Austin also purchase from Galls)
  • Multi-city collaboration on future solicitations
Contact information
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