

**Report on the Expert Meeting on Sustainable Public Procurement
Copenhagen, Denmark
2-3 December 2002**

Introduction

The Expert Meeting on Sustainable Public Procurement was organized to initiate a process of exchanging information among interested governments, international organizations and other stakeholders on promotion of sustainable public procurement.

The meeting was organized by the United Nations Division for Sustainable Development and hosted by the Environmental Protection Agency of Denmark and the European Environment Agency. The meeting was held on 2-3 December 2002 at the European Environment Agency in Copenhagen, Denmark.

Participants in the Expert Meeting were from national environment agencies, international organizations, local authorities, non-governmental organizations and academia. National participants were from Argentina, Brazil, Costa Rica, Denmark, Germany, Indonesia, the Netherlands, Norway, Republic of Korea, South Africa, Sweden, Switzerland, the United Kingdom and Viet Nam. Participants from non-governmental organizations and local authorities included Ecolabelling Denmark, the GRIP foundation for sustainable production and consumption (Norway), and the City of Kolding (Denmark), who also represented International Council for Local Environmental Initiatives (ICLEI). Participants from international organizations were from the United Nations Division for Sustainable Development (UN/DSD), the European Commission, the International Labour Organization (ILO), the Organisation for Economic Cooperation and Development (OECD), the United Nations Environment Programme (UNEP) and the Inter-Agency Procurement Services Office (IAPSO) of the United Nations Development Programme (UNDP). The list of participants is included in the Annex to this report.

The meeting was opened by Mr. Ronan Uhel of the European Environment Agency, who welcomed the participants to the Agency. He expressed satisfaction that the Agency could host the meeting, but noted that the Agency is not currently working actively on sustainable public procurement.

Objectives

Mr. Ralph Chipman of the United Nations Division for Sustainable Development (UN/DSD) noted that sustainable public procurement had been highlighted, in Agenda 21, the CSD work programme on consumption and production patterns, the Programme for the Further Implementation of Agenda 21, and more recently in the Johannesburg Plan of Implementation, as one of the tools that could be used by governments to promote sustainable production and consumption.

Many developed countries have been working on sustainable public procurement, with the majority focusing on “green” public procurement. OECD and the European Commission have programmes on green public procurement of their member countries, and ICLEI is promoting “green” public procurement at the local level. However, few developing countries have programmes for sustainable public procurement. One of the objectives of the meeting and the work of the UN/DSD was, therefore, to promote exchange of information between developed and developing countries on sustainable public procurement and to transfer knowledge and tools to developing countries to promote wider use of sustainable public procurement.

For countries interested in initiating sustainable public procurement programmes, a simple but effective way to start would be a single criterion approach for a particular product group, as in the case of Energy Star for computers in the United States and recycled content for paper in many countries. High-level policy decisions can be important, as illustrated by the United States Executive Orders requiring government procurement of energy-efficient computer equipment. Another approach is to develop public procurement policies as part of established priority policies such as climate change, reduction of air pollution, improvement of waste management, or renewable energy. Policies might also focus on sectors such as building management and construction.

Initial steps, particularly for developing countries, might focus on sustainable procurement actions that were cost-saving while also providing environmental benefits, such as energy efficiency. Life-cycle costing, to identify products that, for a modestly higher price, would save money over the production lifetime, would be important for this purpose. Although criteria and standards for products should be tailored to the situation of each country, criteria elaborated in developed countries might be useful as a starting point in developing countries. Some established databases of criteria and product specifications could also provide a useful starting point in developing countries. The Data Books maintained by the Green Purchasing Network of Japan¹ and the database for designated products under Japan’s Law on Promoting Green Purchasing² could be good examples, although the information would need to be translated into English.

The aim of sustainable public procurement should be not only to protect the environment, but also to promote social development. However, the United Kingdom appears to be one of the few countries, which pursues both aspects through its programme on “environmental and ethical procurement,” although procedures for ethical procurement are not well developed. Other examples of the use of social considerations in public procurement are long-established policies in the United States that require public contractors to pay prevailing wages, as well as policies for minority preference. Policies aiming at gender equality would also fall into this category.

Possible future work of the Expert Group could aim for a publication providing guidance on the development of sustainable public procurement policies at the national or

¹ The web-site of the GPN database: http://www.gpndb.jp/gpn/view/gpn_db_top.asp

² The web-site of the database for designated products under Japan’s Law on Promoting Green Purchasing: http://www.gpndb.jp/gpn/view/gov_index.asp

local level, particularly in countries where such programmes are just being initiated. If countries are interested in such work, further meetings of the Expert Group might be organized to pursue it.

Session 1: Status of sustainable public procurement policies

The first session reviewed work on sustainable public procurement, based on the work carried out by international organizations. Speakers included representatives from OECD, the European Commission, UNEP and UN/DSD.

Mr. Nick Johnstone of OECD presented the current work of OECD on green public purchasing (GPP)³. At OECD, support for GPP was expressed in the OECD Environment Strategy in 2001, endorsed by OECD Ministers for the Environment. A recommendation on “Improving the Environmental Performance of Public Procurement” was approved by the OECD Council in 2002. The OECD Environment Directorate has been working on GPP since 1996, and a publication reviewing GPP programmes, entitled “*Greener Public Purchasing: Issues and Practical Solutions*”, was published in 2000. The recent work addresses issues relating to: the role of GPP in the context of general environmental policy; links between GPP, competition policy and trade law; and GPP and financial, budget and accounting issues. Another publication is forthcoming, entitled “*Improving the Environmental Performance of Public Procurement: Issues of Policy Coherence*”.

GPP policy measures can be categorized into four types: improved budgetary, accounting and financing systems; price preference for greener products; set-asides for greener products; and information, labelling and training. Several lessons can be drawn from the OECD work. Firstly, effective and efficient instruments should be used, however it is difficult to assess effectiveness, primarily due to lack of data. Thus, there is a need for mechanisms for assessment and evaluation. Secondly, policy targets should be chosen with care, taking into account both direct and indirect effects. Thirdly, public procurement policies should be coherent with other environmental policies. Fourthly, procurement policies should be coherent with budget systems and accounting procedures, in particular with public expenditure management. There is a potential for environmental and public expenditure “win-wins.” Examples of win-win approaches include: longer planning horizons for public sector budgets to capture long-term savings; coordination among ministries and merging departmental responsibilities to realize synergies; increasing managerial autonomy and incentives to encourage more efficient use of resources; and improving the costing of assets and liabilities. Lastly, procurement policies should be coherent with competition policy and trade law, in accordance with European Union Directives. In general, performance criteria are preferable to technology specifications, and EMAS and criteria weighting in awarding contracts should be reviewed. Transparency in procurement procedures and criteria should be a key factor. For future work, OECD might consider developing some key indicators.

³ OECD web-site on the issue: <http://www.oecd.org/EN/about/0,,EN-about-472-14-no-no-no-no,00.html>

The OECD Environment Directorate does not address social aspects of sustainability. Those issues might possibly be addressed by the Public Management Service, but public procurement would not be a major issue there.

Mr. Paul Speight of the European Commission presented the Commission's work on legal issues of green procurement⁴. Green procurement has been identified as a useful policy tool because about 14 per cent of EU GDP is for public procurement. There has been a move towards market-based instruments in addition to regulatory measures, and environmentally sound procurement improves the image of public administration. In addition, green public procurement can be used to encourage better purchasing practice in general as well as for the environmental benefits. Although green procurement had been around for over 20 years, its development has been slow and its application patchy in countries of the European Union. The Commission has a role to play, particularly in improving legal clarity and access to environmental information. With regard to clarifying the legal framework, the Commission has Public Procurement Directives from the 1970s, but environmental aspects were not included. In 2001, the Commission published an Interpretative Communication that set out the Commission's view on basic principles, and it is now working on a Practical Handbook. With regard to improving access to environmental information, the Commission is encouraging the use of eco-labels, environmental product declarations (EPDs), and environmental management systems, where appropriate. The Commission is also developing an information database with basic information for 100 product or service groups. The pilot phase of the information database is to be ready in 2003.

For the European Commission, the lack of good statistical information is an obstacle to research, but some good work has been done, such as the RELIEF project carried out by ICLEI⁵. RELIEF found that if all public authorities in Europe switched to green electricity, it would save 60 million tonnes of CO₂, equivalent to 25 per cent of the EU's Kyoto commitment. The Commission has two linked surveys under way to determine the extent and trends in green procurement in the European Union. Combined with RELIEF, this will provide a better picture of the status and effectiveness of green procurement.

Ms. Isabella Marras of UNEP spoke on UNEP's work on sustainable procurement activities⁶. UNEP's work concentrates on procurement by international organizations. The United Nations spent \$3 billion on procurement of goods and professional services in 2000, while the estimated value of business opportunities linked to the UN directly or indirectly would amount to \$30 billion. UNEP, together with the Inter-Agency Procurement Services Office (IAPSO) of UNDP⁷, is developing a procurement database with over 200 sites providing information on environmentally responsible procurement,

⁴ The European Commission's web-site on this issue:

<http://www.europa.eu.int/comm/environment/gpp/index.htm>

⁵ The web-site of the RELIEF project: <http://www.iclei.org/europe/ecoprocura/relief/index.htm>

⁶ UNEP's web-site on this issue: <http://www.uneptie.org/pc/sustain/design/green-proc.htm>

⁷ The web-site of UNDP-IAPSO: <http://www.iapso.org/news/>

including 106 eco-label sites⁸. In cooperation with IAPSO, UNEP is developing sustainable procurement modules, mainly for IAPSO training, but also usable by UN training and development agencies. This is the first such system aimed at UN suppliers and provides a basis for the development of a common language and procedures for UN procurement in support of sustainable development. UNEP is a member of an UN interagency group on environmentally and socially responsible procurement, which is developing a plan of action, including exchange of information, development of joint procurement documents, capacity-building, research and evaluation. As part of that work, an ADB consultant in cooperation with UNEP is preparing a report on the activities of the group members.

Ms. Chikako Takase of UN/DSD reported on work in the United States and Japan, which did not have participants at the meeting. Among many programmes in the United States, the Resource Conservation and Recovery Act (RCRA) of 1976 and Executive Order 13101 of 1998 on greening Government through waste prevention, recycling and federal acquisition⁹ were highlighted since both had direct impacts on federal procurement for a wide range of products. Under the RCRA, the United States Environmental Protection Agency (EPA) identified products made with recycled waste materials or solid waste by-products and developed Comprehensive Procurement Guidelines (CPG)¹⁰ for their procurement. The EPA has designated 54 products for this purpose, and government procurement agencies are required to purchase such products with the highest recovered-material content practicable. Executive Order 13101 (1998) encouraged federal agencies to buy products that were environmentally preferable or bio-based. For environmentally preferable products, the EPA, through its Environmentally Preferable Purchasing program (EPP), issued a set of general guiding principles in 1999 and developed a database of environmental information on products and services, with vendor lists of over 600 products and links to relevant information. With regard to bio-based products, the US Department of Agriculture (USDA) was to compile a list. The 2002 farm bill (Section 9002) established a Federal purchasing program for bio-based products similar to the programme for recycled products under RCRA, products to be designated in 11 categories. Reviews for both programmes are available, concluding that there is a need for specific implementation programmes, agency-specific mandates, monitoring, and a list of designated products rather than general guidance.

Japanese experience on green public procurement includes the Action Plan for Greening Government Operations (1996-2000) and the recently introduced Law on Promotion of Green Purchasing (2001)¹¹. The Action Plan had a set of quantitative time-bound targets, but only 4 out of 13 targets were achieved. The major elements of the Law on Promotion of Green Purchasing were the Basic Policy on Promoting Green Purchasing and a database on eco-friendly goods. Under the Basic Policy, 152 items are currently designated, with environmental evaluation criteria specified for each. Under

⁸ The web-site of the database: http://www.uneptie.org/pc/sustain/design/green_find.asp

⁹ <http://www.epa.gov/oppt/epp/pubs/13101.pdf>

¹⁰ The web-site of the CPG: <http://www.epa.gov/cpg/index.htm>

¹¹ The web-site of Japan's Law on Promotion of Green Purchasing: <http://www.env.go.jp/en/lar/green/index.html>

the Law, government bodies are required to publish quantified procurement targets for designated items and a summary of performance each fiscal year. The database, which is hosted by the Green Purchasing Network, contains information provided by suppliers on products that satisfy the criteria.

Session 2: Country experience on sustainable public procurement

In the second session, country experiences in sustainable public procurement were presented. Presentations covered activities in Sweden, Denmark, Switzerland, the United Kingdom and South Africa.

Ms. Isa-Maria Bergman of the Swedish Environmental Protection Agency reported on the experience of Sweden on ecologically sustainable public procurement. In the 1990s, tools and good practices were developed mainly through local and regional activities, including in such cities as Malmö, Stockholm and Göteborg. In 2002, a Revised Act on ecologically sustainable public procurement was adopted, in line with the EU Interpretative Communication. The Committee for Ecologically Sustainable Development has been the focal point, with the main tasks including promotion of ecologically sustainable public procurement, development of common internet-based guidelines, identifying strategically important goods and services, and analysis of legislation and policies. The EKU guideline is an internet-based database containing proposed environmental requirements for about 75 products, as well as environmental information, a handbook, a discussion forum and information on best practices¹². The EKU office is responsible for quality control and maintenance of the database. The guideline is developed and updated by multistakeholder working groups, and responsibility is shared by local authorities, county councils and government agencies. A survey showed that two-thirds of the agencies always or often set environmental requirements in public procurement. It found that the tools were used to a large extent, but that ignorance and insecurity were common. Interest was large, but the work was still in its infancy. However, there was an understanding that procurement decisions had an impact, but that routines and monitoring were lacking. There was a need to collect examples of good practices, to prepare guidance information and models for evaluation, and to undertake broader environmental education. Future work includes the development of EKU-guidelines and an environmental training programme for public purchasers, top managers and politicians.

Ms. Rikke Traberg of the Danish Environmental Protection Agency presented information on greener public procurement in Denmark. The Danish Action Plan for a Green Public Procurement Policy was adopted in 1994, and a Circular to State institutions was published by the Environment Ministry in 1995. Activities have included publication of handbooks, leaflets, product specific guidelines and guidelines on eco-labels, EMS and EU procurement directives, as well as organizing seminars and conferences, offering education and training, and providing subsidies for networks of purchasers. The product specific guidelines cover 47 product groups and indicate the

¹² The web-site of EKU guideline: <http://www.sou.gov.se/eku/english/guidelines.htm>

main environmental aspects over the whole life cycle¹³. The guidelines include questions, checklists and information on “the easy way”, such as eco-labels and EMAS/ISO 14001, for contracts below the EU threshold for call for tenders. She reported that the guidelines were available both in hard copy and on the Internet and that a new Internet tool with more facilities was under development. A survey showed that adoption of green procurement policies increased among municipalities from 15 per cent in 1997/98 to 31 per cent in 2000 and among counties from 42 to 69 per cent in the same period. For central Government institutions, in 2000, 52 per cent had green public procurement policies. A small survey conducted in 2001 among suppliers to National Procurement Limited showed that a little over half encountered environmental questions from public purchasers regularly and a little less than half experienced purchasing decisions based on environmental aspects, at least sometimes. In the same survey, 50 per cent of the suppliers responded that the environmental requirements of public sector agencies influenced product development, and 80 per cent expected more environmental requirements in the future. Obstacles to green public procurement included such factors as knowledge, time, money, motivation and a lack of political decisions at the local level. Some municipalities had also addressed social issues, such as working conditions and unemployment, in their public procurement policies. The experience with greener public procurement in Denmark indicates that the public sector has a potential to make a difference in the market, and although there has been an increase in green public procurement, growth has been slow.

Ms. Eveline Venanzoni of Switzerland described work on sustainable public procurement in Switzerland¹⁴. In Switzerland, there have been bottom-up activities in green public procurement, with cooperation through two groups, IGöB and KöB, consisting of Federal agencies, Cantons and municipalities. A Federal Law and Decree on Public Purchasing was adopted in 1996 and the Ecological Purchasing Service was established in the same year. In 2002, a Sustainable Development Strategy was developed by the Swiss Federal Council, providing a general policy context to green public procurement. The Strategy included an Integrated Product Policy (IPP) within financial policy, which turned out to be more effective than working through environment policy. Through the IPP, the Federal Council sought to shift public sector and consumer demand towards products meeting high economic, environmental and social standards throughout their life cycle. With regard to public procurement, the Strategy called for clarification of legal considerations of taking into consideration ecological and social aspects of public procurement. It also aimed to facilitate, especially from the legal point of view, taking sustainable factors into consideration while respecting international restrictions on discrimination. As practical action, the Strategy aimed to make available tools, guidelines, information and training in compliance with legislation. The Swiss Environment Agency is working on development of ecological criteria; training of the Federal Procurement Officers; collaboration on revision of the Federal Procurement Law and Decree; collaboration with the two interest

¹³ The web-site of Danish guidelines: <http://www.mst.dk/homepage/> (under Products and Industry)

¹⁴ The ecological public purchasing web-site of Switzerland: http://www.umwelt-schweiz.ch/buwal/eng/fachgebiete/fg_produkte/umsetzung/oeffentliche_beschaffung/index.html

Groups on GPP and harmonisation of on-going work; and international collaboration, such as with OECD and an IPP informal network.

Mr. Christopher Browne of the Environment Agency for England and Wales described the work of the Agency¹⁵. Of €1.1 billion of annual operating costs, the Agency spends €600 million on procurement. The Agency's focus is on sustainability risk assessment, contracting strategy, and supplier management and development, including support for improvement. Risk assessment addresses environmental issues and social factors, with the social aspect focusing on procurement in developing countries through the supply chain. The approach requires sustainability risk assessment for each contract. However, in order to ease the task of procurement officers, generic risk assessments and product fact sheets are being developed for high-impact products. A life cycle input-output matrix was developed to identify impacts at each stage and to develop mitigation strategies. A "Boston Matrix" of sustainability impact and contract size was used to identify high-risk contracts.

The Agency approach also includes supplier assessment and development. For supplier assessment, the Agency's top 20 suppliers were studied in detail, leading to environmental profiles and director-level discussions. The top 500 suppliers were assessed on environmental and social factors. With regard to supplier development, the Agency worked with the top 20 suppliers to improve their sustainability performance, through agreements on actions and provision of support. With the top 500 suppliers, feedback on sustainability performance was given and a CD-ROM-based training package was provided, covering environmental impacts and corporate social responsibility. The Environment Agency is attempting to lead good practice on sustainable procurement within the United Kingdom and highlight the importance of the philosophy of start simple, but continuously improve. The risk-based approach is thought to deliver real benefits through managing key suppliers. The Agency is currently carrying out a pilot study on organic food procurement. The Agency is also earmarking €5 million for the development of an information base.

Ms. Maryna Mohr-Swart of South Africa noted that not much has been done on sustainable public procurement in South Africa. The Environment Department has not undertaken any work on the topic, and tenders do not have environmental specifications. However, the Central Purchasing Office of the Department of Finance and Treasury has some thoughts on how to start, with a bottom-up approach through an alliance between the Government and non-governmental organizations. The business community is very much aware of sustainable public procurement. Social issues are being addressed through consideration of "diversity" and providing access to disadvantaged groups. But the basic obstacle is that the Government does not have enough money even to buy products for basic use. Nevertheless, there is an active group looking into environmental aspects of public procurement in the Department of Finance. On more general sustainable consumption issues, the Environment Department is promoting the use of recyclable plastic bags, but faces major concerns from the trade union. Currently, chain

¹⁵ The web-site of the Environment Agency, England on this issue: http://www.environment-agency.gov.uk/business/317943/318529/?lang=_e®ion=

stores are taking the lead in sensitizing consumers on this issue. The promotion of unleaded petrol is also being considered.

In the discussion, it was noted that South-South exchange of information might help facilitate sustainable public procurement in developing countries. For developing countries, where procurement budgets are generally severely limited, sustainable public procurement policies should emphasize short-term gains and money-saving measures.

Session 3: Linkages with local initiatives

Although the main focus of the meeting was on sustainable public procurement at the national level, initiatives at local level can also be important. Presentations were made on procurement-related activities of the International Council for Local Environmental Initiatives (ICLEI), represented by the City of Kolding (Denmark), and the GRIP foundation for sustainable production and consumption (Norway).

Mr. Michael Damm, of the City of Kolding and speaking for ICLEI, noted that local authorities were closer to public and were able to act quickly¹⁶. There were, however, limitations on actions that local authorities could take by themselves. Tools such as eco-labels, for example, on a local basis could only cover a very limited number of products; green public procurement may require greater environmental expertise than is available in local authorities; opportunities for exchange of information and knowledge among local authorities are not well supported by the European Union; and cooperation and harmonization among authorities is often required for effective sustainable public procurement programmes. The “Buy-it-Green” Network (BIG-Net)¹⁷, an ICLEI initiative that the City of Kolding chairs and Mr. Damm coordinates, provides a forum for municipalities and local authorities to address these concerns.

ICLEI, together with the European Commission, is supporting a research project on the “Environmental Relief Potential of Urban Action on Avoidance And Detoxification of Waste Streams Through Green Public Procurement” (RELIEF), the initial results of which indicate that there would be substantial benefit from pursuing green public purchasing. For example, 25 per cent of the European Union commitment on greenhouse gas reductions under the Kyoto Protocol could be met through public procurement of green electricity; additional benefits could be expected from improved building insulation and improved fuels. Public procurement in the EU accounts for 2.8 million computers annually, 12 per cent of the market, but the effect of public procurement could extend to the entire market. Furthermore, buying eco-products would have larger environmental effects than buying locally or regionally, even with food. However, these benefits are not generally recognized. Implementation of green public procurement is limited to a few pioneering cities. For large-scale implementation, strong political leadership would be needed.

¹⁶ ICLEI’s web-site on this issue: <http://www.iclei.org/ecoprocura/>

¹⁷ The web-site of BIG-Net: <http://www.iclei.org/ecoprocura/network/index.htm>

The “Cities for Green Purchasing Campaign” is being pursued to realize larger scale implementation of green public procurement. The Campaign is to develop simple criteria to be used throughout Europe, raise political awareness, and encourage strategic procurement activities in the European Internal Market. As part of the Campaign, a manual is being developed to describe such issues as the legal and political framework, organization of green procurement, and examples of green products. ICLEI is also involved in a Global Environment (GEF) project addressing cities in developing countries, entitled Eco-Responsible Procurement Guidance in Developing and Newly-Industrialized Economies (ERNIE), involving Sao Paolo, Brazil; Puerto Princesa and Naga, Philippines; Durban, South Africa; and Bourgas, Bulgaria. Other cities from Asia, Africa, Latin America and Eastern Europe are invited to join as an observing committee. The Eco-Procurement Programme of ICLEI and UNEP DTIE have been invited to develop the pilot project.

Ms. Linda Rønneberg and Mr. Øystein Sæstrang, both from the GRIP foundation for sustainable production and consumption of Norway, presented the work of GRIP, which was founded by the Norwegian Ministry of Environment in 1995¹⁸. Activities to date have focused on eco-effectiveness, but in the future, social issues may be considered. Activities have been initiated in such areas as purchasing, tourism, commodity trade, building and real estate, and hazardous chemicals. GRIP activities related to purchasing are based on data obtained through surveys conducted every second year. The results are reflected in handbooks, guidelines and tools, as well as awareness-raising activities such as counselling, speeches and courses. The GRIP Handbook is targeted at professional purchasers for both the public and private sectors.

A review of public purchasing by GRIP concluded that the guidelines and handbooks that had been developed were not used to a satisfactory degree because they were too complicated and there was not enough demand locally. GRIP proposals for the next step include: implementation by public enterprises of purchasing policy including environmental issues and social standards; development of a general handbook on purchasing and environment; and development of a simple, but advanced tool for developing technical specifications. Such a tool might be a global standard or label that would address social standards in the workplace, environmental issues, quality management systems and product standards.

Session 4: Panel on social considerations in public procurement

Session 4 was organized as a panel with a keynote presentation by Mr. Terje Tessem of the International Labour Organization (ILO). Other panellists were Mr. Christopher Browne, Environment Agency for England and Wales, the United Kingdom, Ms. Isabella Marras, UNEP DTIE, and Mr. Niels Ramm, UNDP/IAPSO. Since there are few examples of public procurement programmes addressing social issues, this session focused on exchanging information on possible options.

¹⁸ The web-site of GRIP: <http://www.grip.no/Innkjop/English/Hoved.htm>

For ILO, the key instrument is Convention 94 on Labour Clauses (Public Contracts), adopted in 1949, which provides that working conditions under public contracts should be not less favourable than prevailing conditions of work. The Convention has been ratified by 59 countries¹⁹. The infrastructure sector is particularly important in developing countries, where 20 per cent of total investment and 40 to 60 per cent of public investment goes to infrastructure. With a total of \$200 billion spent on new infrastructure every year, the potential of this sector for job creation with decent condition is great. It is important to mobilize local resources, make local-level contracts and engage “community management”. Examples of large-scale social procurement include the cases of Chicago in the 1920s, of Norway in the 1960s, and of South Africa, where targeted procurement has been carried out. Involvement of Ministries of Planning and Finance is crucial for large-scale public procurement taking into account social aspects of sustainability.

For countries initiating such public procurement programmes, the construction and building sector might be the initial focus. In many developing countries, labour regulations are non-existing or irrelevant, necessitating modification of labour legislation to implement sustainable public procurement. Safety is an important issue as 55,000 deaths are reported annually in the sector. Social dialogue and transparency are key factors. In order to implement these, training would be required in many countries.

A basis for good labour policies would be the Declaration on Fundamental Principles and Rights at Work, which covers such issues as elimination of forced labour and child labour, promotion of equal opportunities and non-discrimination, and the right to organize for workers and employers. It also addresses agreed working hours, minimum wage and wages paid on time, basic provisions for safety and health, workers’ compensation for work-related accidents and application of social security regimes.

Some recent agreements and initiatives in this field covering social issues include a framework agreement between the International Federation of Building and Wood Workers (IFBWW) and the Confederation of International Constructors’ Association (CICA); the initiative of the United Kingdom Department for International Development (DFID) addressing social aspects of construction; and the work of the International Federation of Consulting Engineers (FIDIC) on responsible investment in construction. The Fair Labor Association promotes adherence to international labour standards and improved working conditions and enforces an industry-wide Workplace Code of Conduct, which is based on the core labour standards of ILO. There is also on-going work on the development of international guidelines on labour standards, involving Governments, DFID, CICA, IFBWW, IFI and FIDIC.

In the discussion, the SA 8000 workplace standard²⁰, developed by Social Accountability International through a multistakeholder process, was noted as a relevant social standard, which went beyond the ISO 9000 standard. However, the difficulty of monitoring compliance was also noted. United Nations procurement, for example, totals

¹⁹ The text of ILO Convention 94 can be obtained from: <http://www.ilo.org/ilolex/english/convdisp1.htm>

²⁰ SA8000: <http://www.cepaa.org/SA8000/SA8000.htm>

about \$4.1 billion annually, of which \$1.7 billion or 37 per cent is purchased from developing countries. The United Nations Inter-Agency Procurement Services Office (IAPSO) is developing a database to identify environmentally and socially responsible suppliers, but verification of the entries would be very difficult. The International Programme on Elimination of Child Labour is an important initiative to improve social standards for procurement. Important issues for future work include development of standards, improvement of monitoring, and involvement at the local level, including in monitoring.

Session 5: Future work of the Expert Group, organization procedures and future meetings

The concluding session was devoted to possible future work on sustainable public procurement. Participants generally agreed that further work was needed in this area and that international exchange of information and cooperation coordinated by the United Nations would be useful, even though there were many other initiatives and programmes being carried out at different levels.

One such possible focus area would be the development of a website leading to sources of information, including guidelines for sustainable public procurement, product criteria, product suppliers, and on-going work, identifying the language of each source. This database would build on and link to databases such as that of IAPSO/UNEP.

The work of an international expert group could also facilitate cooperation and division of work among countries that were pursuing sustainable public procurement using different approaches. International exchange should also include local authorities as they did a large share of public procurement and had difficulty coordinating among themselves because of budget constraints. The group could elaborate linkages between efforts at national and local levels.

In order to facilitate coordination and cooperation, the idea of developing an Action Plan was suggested.

Many participants expressed their interest in working to integrate social aspects, although some green procurement programmes were developed by environmental agencies, which did not have a mandate covering social issues. It was suggested that a workshop might be organized to develop and disseminate tools for addressing social aspects.

It was also suggested that the group could develop practical tools, such as a quick checklist, which could also include social factors.

Noting that there are soft laws and hard laws applicable to public procurement, the group might also clarify legal issues concerning sustainable public procurement.

It was felt that recommendations from such a UN-lead group on how to focus international cooperative work on sustainable public procurement would be useful. For example, if the group recommended a few priority initiatives, ICLEI could test the recommendations in selected cities. Another approach might be to come up with a larger number of recommendations, with various governments, organizations or local authorities testing them and reporting back. One possible approach for such a group would be to build on OECD Council recommendations.

The group might make specific recommendations for developing countries interested in initiating sustainable public procurement programmes, focusing on approaches that provided short-term economic, environmental and social benefits and were easy to implement.

An international expert group might also develop guidelines for sustainable public procurement for voluntary use at national and local levels. Such guidelines could be developed as on-going exercise with testing and feedback. Countries could then select and modify elements of the guidelines to meet their own needs.

Finally, it was noted that in order to organize future meetings, some financial support would be required. Organizing such meetings in conjunction with other planned meetings on related topics might reduce the cost. Planned related meetings include the European EcoProcura meeting, organized by ICLEI in Göteborg in September 2003, ICLEI World Congress in Athens in November 2003, and an OECD workshop on evaluation, planned for 2004.

In the meantime, it was agreed that the United Nations Division for Sustainable Development would establish a web-site as a preliminary information source on sustainable public procurement.

Annex

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