

Development of Sustainable Procurement in Brazil – Current Initiatives and Challenges

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Sustainable Public Procurement
– UNDESA
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ICLEI / LACS



- Established in Rio de Janeiro in 2001 – 22 member cities in LA
- International campaigns – Local Agenda 21, Cities for Climate Protection CCP
- International seminar on Eco-procurement organized with the City of São Paulo, in March 2003 – over 300 participants
- ERNIE – joint project by ICLEI and 4 cities presented to GEF in 2002 – São Paulo pilot city (in the pipeline)
- International Seminar on Sustainable Public Procurement with GVces in 2004 – over 200 participants
- Manual for Brazilian Local Authorities on SPP with FGVces (in progress)

Sustainability Studies Center – Fundação Getulio Vargas Sao Paulo



- Most Prestigious Business School in South America
- Themes: Sustainable Consumption; Climate Change; Sustainable Finance; Corporate Sustainability.
- Focus: Research, Education & Communication
- Sustainable Procurement:
 - 2004 International Seminar with ICLEI
 - National Seminar in 2005
 - Manual for Local Authorities – with ICLEI (in progress)
 - Articles – e-newsletter
 - Weekly radio programs
 - Partnership with Greenpeace
 - Partnership with Sao Paulo State Government (in progress)
 - Contribution for SP Amazonian Wood Decree

Summary

- Overview on Brazil
 - General assessment
 - Data
 - Legal Framework
- Initiatives in SPP
 - Federal, state and local levels
 - The City of São Paulo
- Challenges and bottlenecks
- Conclusions and the way forward

Sustainable Procurement in Brazil

- Sustainability criteria not integrated in procurement policies and laws
- Few procurement experiences at all levels of government
- Initial level of discussion
- No integration policies

Procurement Figures in Brazil

- Federal government expenditure/ year – RS\$ 15.5 billion = US\$ 6,4 billion (2002) for total public procurement (all modalities)
 - Source: Study by the Brazilian Planning, Budget and Management Ministry
- Federal + State + Municipalities (2004) = RS\$120 billion = aprox. US\$ 40 billion / year
 - Source: RHS Licitações –Consulting firm

Legal Framework

- Brazilian Constitution (article 37)
- Law 8666, of 1993, regulates government procurement at the federal, state and municipal levels, and applies to all public agencies
- ***Requires non-discriminatory treatment for all bidders***

Procurement Law 8666

- No central procurement agency in Brazil
- Responsibility of each individual governmental entity
- Control is made through the budgets
- Contracts may be awarded based on various criteria, including:
 - best offer
 - ***lowest price (main criterion)***
 - best technology
 - or combination of price and technology

Initiatives at federal level

- Presidential Decree 2.783/98, ruling use of ozone depleting substances
- Revision of Law 8666/93 in progress, to include sustainability criteria (stakeholder consultation)
- Ministry for the Environment – Brazilian Agenda 21 – sustainable consumption chapter
- A3P – Environmental Agenda for Public Administration includes sustainable procurement recommendations
- Data base of eco-efficient companies
- National Water Resources Agency, ANA – Promotes sewage treatment as opposed to providing subsidies

Brazilian Ministry for the Environment

- Draft amendment to the National Procurement Law to be sent to Congress is in progress, including
 - In Article 3, the need to respect environmental sustainability as a general principle of procurement
 - Environmental protection as a criterion for the selection of products and services
 - Compliance of environmental laws as pre-condition to participate in bids

Initiatives at State Level

- ACRE – encourages use of certified wood and supports local producers and associations (rubber tappers)
- AMAZONAS - The state purchases certified chairs to be used in its public schools
- RIO DE JANEIRO - Law 3908/02, regulating genetically modified food in meals served in public schools

Initiatives at State level (São Paulo)

- State with greatest ongoing developments
- Governor's Decree/97 - bans purchase of products or equipment containing ozone depleting substances
- Governor's Resolution/04 – creates Working Group to establish environmental criteria for public procurement
- Governor's Decrees of 2005 –
 - prohibits purchase of illegal wood from the Amazon
 - establishes border control of illegal wood from the Amazon
- Pact with Greenpeace (Cities Friends of the Amazon)

Initiatives at local level in Paraná, Santa Catarina and Rio Grande do Sul

- States with highest education and economic levels
- Cities of Palmeira, São Lourenço do Sul, Pelotas, Canguçu, Novo Hamburgo
- Municipalities in partnership with small family owned organic farms and NGOs
- Local governments subsidize local production of organic food and purchase part of the production to be used in meals at local public schools
- CAPA NGO - building capacity of rural families to work in organic agriculture (over 230 families supplying over 8,000 students in public schools)

Initiatives at local level (São Paulo)

Background information:

- SP State capital with aprox. 10.4 million inhabitants
- Richest city in the country
- 12% of the country's industrial GDP
- Largest of the 39 municipalities, constituting the Sao Paulo Metropolitan Region (RMSP – over 17 million inhabitants)

Actions by the City of São Paulo

- DECREE 42.318/2002 establishes the Environment Quality Municipal Program
 - Program to promote changes in purchasing patterns and encourage technology innovation
 - Construction sector – pioneering introduction of sustainable procurement practices
- Participated in preparing ERNIE, ICLEI's project on SPP
- Joined as pilot city in the CCP campaign, both in 2002
- Signed pact with Greenpeace's "Cities Friends of the Amazon" campaign in 2005

Actions by the City of São Paulo

- Administrative Orders establish:
 - (1) ban on the use of mahogany;
 - (2) creation of a board to review criteria on the purchase of furniture;
 - (3) incentive for certified wood;
 - (4) incentive for substituting asbestos in civil construction.
- Organizing consumers' sustainability guide on wood and products – published in 2004
- Organized seminar on ecoprocurement – March'03 (with ICLEI / ANNAMA)

International seminar on SPP

- 1day seminar on 7 May 2004
- FGV-EAESP and ICLEI
- Over 200 participants, representatives from Ministry, SMA, SP government, local governments and municipal associations, NGOs, academy and private sector

International seminar on SPP

- Themes:
- Sustainable Consumption and Initiatives Around the World (Africa, Italy and Japan)
- Legal and Practical Aspects
- Public procurement for Income Generation, Employment Creation, Fair Trade and Affirmative Action
- Sustainable Procurement as a Public Policy

International Seminar Panelists

INTERNATIONAL GUEST SPEAKERS

- Chikako Takase – *UNDESA*
- Hideki Nakahara - *Green Procurement Network (GPN Japan)*
- Leluma Mattoane - *ICLEI South Africa*

GOVERNMENT

- Adriano Diogo - *São Paulo City Secretariat for the Environment*
- José Goldemberg - *São Paulo State Environmental Secretariat*
- Marijane Lisboa - *Brazilian Ministry for the Environment* Silvia Nascimento - *Legal Department, SP State Env. Secretariat*
- Valéria D'Amico – *State Government of São Paulo*

BUSINESS

- Fabio Feldmann – *consultant*

International Seminar Panelists

ACADEMIA

- Peter Spink – *FGV-SP*
- Rubem Mazon – *FGV-SP*
- Mario Monzoni - *GVCes SP*
- Giovanni Barontini - *PUC-SP*

NGOs

- Rachel Biderman – *IPSUS*
- Laura Valente de Macedo – *ICLEI-LACS*
- Laura Prada, *Imaflora*
- Beat Grüninger - *Fairtrade Labelling Organizations International*
- Gustavo Vieira – *Greenpeace Brazil*
- Hédio Silva Jr. - *Centro de Estudos das Relações do Trabalho e Desigualdade (CEERT)*

Challenges and Bottlenecks

Government:

- Actions are inconsistent and do not continue over different terms of office
- Insufficient knowledge about sustainable procurement
- Lack of political will (and courage) of decision makers
- Lack of public policies and regulations on sustainable procurement
- Highly bureaucratic public procurement system
- Need to organize data base on availability of sustainable products and services

Challenges and Bottlenecks

Private Sector:

- Few companies engaged in sustainable production
- Insufficient availability of certified products and services
- General perception about high costs of sustainable products
- Lack of awareness about sustainable procurement

Challenges and Bottlenecks

General:

- Lack of integrated and comprehensive study on how to use EMGs and certification to establish sustainable procurement
- Lack of consistent knowledge on basic sustainable procurement issues
- Lack of awareness on elaborate issues such as sustainable consumption and production, sustainable procurement, environmental management systems, even among local environmental authorities
- Insufficient media coverage and public disclosure of initiatives

Conclusions

- Need to improve institutional framework:
 - Sustainable procurement initiatives should not depend only on the political will of individual politicians or decision makers
 - It must be incorporated as a public policy at all government levels and implemented in a consistent fashion as part of a greater public management policy
- Need to build public awareness:
 - Improve perception about economic benefits of sustainable procurement
 - Promote it as a sound business opportunity
- Some initiatives by NGOs and government officials suggest a movement towards amending the current procurement law to include sustainable procurement practices in the country as mandatory and should be consolidated

The Way Forward

- Improve transparency on governmental practices
- Reduce bureaucracy on procurement procedures
- Reduce corruption in government
- Revise Federal Procurement Law to incorporate SP
- Develop and implement instruments to facilitate access to relevant information
- Build public awareness and foster debate on SP
- Guarantee enforcement of environmental laws and norms against bribery
- Capacity building in socio-environmental sustainability
- training of governmental officials

THANK YOU!

Links and other sources of information:

- Ministry for the Environment: www.mma.gov.br
- São Paulo State Pollution Control Agency:
www.cetesb.sp.gov.br
- Municipal Secretariat for the Environment of São Paulo:
www6.prefeitura.sp.gov.br/secretarias/meio_ambiente
- Instituto Socioambiental: www.socioambiental.org
- Brazilian Statistics Institute: www.ibge.gov.br