

Sustainable Public Procurement in the Philippines

presented by

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Presentation Outline

- Background Information
 - Private Sector Sustainable Procurement (SP) Initiatives
 - Public-Private Partnerships in SP
- Sustainable Public Procurement Initiatives
 - Bio-Diesel Program (Product-specific)
 - Green Procurement Program (General)
- Issues/Concerns



Background Information

- SP in the Philippines largely private sector initiatives with public sector facilitation
- Private Sector SP Initiatives – mainly by large companies, including multi-nationals



Background Information

Private Sector SP Initiatives

- **Nestle Philippines Greening the Supply Chain (GSC) Approach**
 - Official GSC Launching
 - Letters of commitment from suppliers
 - Training for suppliers and Nestle plant – based environmental officers
 - Initial Environmental Reviews
 - Quarterly business partners' environment forum
 - Suppliers' recognition awards



Background Information

Private Sector SP Initiatives

- **Nestle Phils GSC Supplier Outcome**
 - Reduced wastewater generation from 40-60%
 - Reduced water consumption by 30 – 50%
 - Reduced solid waste by 8 – 30%
 - Energy reduction by 5-10%
 - Installation and sharing among suppliers of low cost wastewater treatment facility
 - Establishment of fully functioning EMS and pre-ISO 14001 certification in some suppliers

Background Information

Private Sector SP Initiatives

- **Ford Motor Company Phils GSC**

Approach

- FMCP Memo to suppliers, Sept 1999
- Suppliers' environment awareness seminar
- Suppliers' EMS workshop
- Conduct of joint site readiness surveys
- EMS documentation training
- Regular status reporting
- Twice a year audits

Background Information

Private Sector SP Initiatives

- **Ford Motor Company Phils GSC Supplier Benefits**
 - Greater employee and supplier environmental awareness
 - Strengthened cooperation bet. FMCP and its suppliers
 - Enhanced regulatory compliance
 - Reduction in energy consumption and waste
 - ISO 14001 certification of some suppliers

Background Information

Private Sector SP Initiatives

- **Fairchild Semiconductor Phils Quest for Gold Program**
 - Company-wide program to encourage suppliers to make continual improvement
 - Criteria in 1993: Quality, delivery, service, technology and systems, env'tal responsibility, encouraging suppliers to implement EMS



Background Information

Private Sector SP Initiatives

- **Fairchild Semiconductor Phils GSC Benefits**
 - **Supplier benefits**
 - Elimination of styrofoam from frame supplier
 - Packaging materials reuse
 - regulatory compliance esp on chemicals procurement
 - 24 out of 53 suppliers ISO 14001 certified
 - **FSCP Benefits**
 - Improved relationships with suppliers
 - Certification as SONY Green Partner Cebu Business for Env Award in 1998-2000

Background Information

Public Sector Facilitation of Private Sector SP Initiatives

- Private Sector Participation in Managing the Env't (PRIME) Project (1998-2001)
 - Board of Investments - Dept. of Trade and Industry (BOI-DTI) / UNDP
- Env'tal Mgt Program for Industry Competitiveness (2002-2004)
 - BOI-DTI / UNDP
- Green Choice Philippines – National Ecolabelling Program (2003)

Background Information

Public Sector Facilitation of Private Sector SP Initiatives

- **PRIME Project**
 - Philippine Business Agenda 21
 - Environmental Mgt System (EMS)
 - Environmental Entrepreneurship
- **EPIC**
 - Institutionalization of EMS in SMEs
 - Environmental Auditors Registry
 - Environmental Entrepreneurship & Finance

Background Information

Green Choice Philippines – National Ecolabelling Program

- Type I – (Voluntary) ISO 14002 Program



- Adopted product criteria for laundry detergents, tissue paper, household batteries, engine oil, printing & writing paper products, paper & plastic packaging
- Awarded Green Choice logo to Pride detergent and Surf detergent

Background Information

Green Choice Philippines – National Ecolabelling Program

- Type I – (Voluntary) ISO 14002 Program
 - Priority categories for product criteria development:
 - Bus transport services
 - Quick-service (fastfood) restaurants
 - Blast furnished cements
 - Fire extinguisher
 - Air-conditioning units
 - Fluorescent bulbs
 - Freons



Public Procurement has significant catalytic potential in promoting SP nationwide

Table 1. Public sector share of GDP in constant prices, 1995 – 2004

by industrial origin¹

7.7% - 9.8% or 8.8% annual average

by expenditure share²

9.5% - 16.1% or 12.2% annual average

1 public construction & gov't services

2 public construction & gov't consumption

Background Information

- **Sustainable Public Procurement in the Philippines**
 - Infancy stage
 - Limited to National Government Agencies
 - Establishment of Institutional Mechanism & Procedures
 - Piloting Initiatives



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Biodiesel Program

- **Memorandum Circular 55** - Directing All Departments, Bureaus, Offices and Instrumentalities of the Government, Including Government-owned and Controlled Corporations to Incorporate the Use of One Percent (1%) by Volume Coconut Methyl Ester (CME) in their Diesel Requirements (9 Feb 2004)
- **Legal basis**
 - **RA 7638** – Department of Energy Act of 1992
 - **RA 9749** – Philippine Clean Air Act of 1999

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Biodiesel Program

- A Social & Environmental Program
 - Savings of Php 0.47/km/liter
 - Reduction in diesel importation equivalent to 977,328 liters or Php 24.4 million
 - Poverty alleviation for 20-25 million Filipinos involved in coconut industry; increased income for 3.5 million coconut farmers
 - Better combustion, less pollution and more engine power with long maintenance intervals

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Biodiesel Program

- Initial Assessment (anecdotal)

Upside

- Easy application
- Favorable engine performance & fuel mileage
- Additional cost may be offset by better fuel efficiency
- Improved vehicular emission : Average black smoke reduction by 40% in test runs of vehicles

Downside

- Lack of budget
- Lack of awareness
- Unreliability of CME supply in several provinces

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Green Procurement Program

- Executive Order 301 - Establishing a Green Procurement Program for All Departments, Businesses, Offices & Agencies of the Executive Branch of the Gov't (23 March 2004)
- Legal basis:
 - RA 9003 – Ecological Solid Waste Mgt Act of 2000
 - RA 9184 – Government Procurement Reform Act

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Green Procurement Program

- **Goals/Activities**

- Promote env'tly-informed decision in purchase/use of products/services w/ price, performance, availability, & safety considerations
- Include env't criteria in public tenders, when possible
- Establish specifications requirements for products/services considered env'tly advantageous based on scientific consideration such as life cycle analysis



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Green Procurement Program

- Goals/Activities

- Develop incentive program for suppliers of envtly advantageous products/services
- Promote ecolabelling as instrument to identify/measure envtl preferability of products/services
- Purchase products, services in compliance with gov't procurement policy and international std, such as the WTO Agreement

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Institutional Mechanism

- Governance Procurement Policy Board (GPPB) – Policy oversight, Coordination and Monitoring
- Office of the President - Presidential Management Staff (OP-PMS) – Implementation oversight, Coordination and Monitoring
- National Ecolabelling Program Board (NELPB) – Technical support to the oversight bodies & whole bureaucracy including 3rd party verifier to env't soundness of products/services, training/orientation, Technical Committee for Green Procurement (TCGP)
- Agency Technical Committees for Green Procurement
 - Focal agencies for the program

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Implementation Arrangements

- Formulation & publication of annual green procurement policy of each national agency targeting at least 30% of the planned budget for green products & services
- Submission of these annual procurement policies to the NELPB for compliance review, monitoring and transmittal to the OP-PMS & GPPB
- Legal/administrative sanction by OP-PMS & GPPB for non-compliance



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Implementation Arrangements

- Conduct of research/studies by NELPB on the identification of environmentally preferable products and services, establishment of ecolabelling criteria for products & services, etc.
- Pilot-testing by the Dept. of Budget & Mgt of green procurement for its centralized procurement system of commonly used goods of government

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Green Procurement Program

- Initial Technical Guidelines¹

1. When making purchasing decisions, envtl conservation shall be included in addition to price and quality considerations;

2. Max reduction of negative impact shall be incorporated in a wide range of envtl factors (i.e., global warming, air pollution, water pollution, biodiversity lost, human health risk) in purchasing products and services;

3. Products and services shall be selected with respect to their characteristics to reduce their envtl impacts throughout their life cycles. Local envtl issues shall be taken into consideration;

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Green Procurement Program

- Initial Technical Guidelines

4. Purchasing envtl goods and services does not necessarily increase its price value in the market. ***However, a 10 percent difference of prices of the same products or services shall be acceptable with preference on products/services that have environmental claim;.***
5. Green purchasing does not pose unnecessary barrier to international trade, in compliance with the WTO Agreement on Government Procurement. Likewise, it must conform to the guidelines and procedures of RA 9184;

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Green Procurement Program

- Initial Technical Guidelines

6. Type I Ecolabelling Program (i.e., *Green Choice-Philippines*) or its equivalent shall be the basis of verifying the authenticity of the claims. In the absence of available Type I eco-label in a particular product or service category, a Type II self-declared eco-label could serve as the basis of verification.

7. Designated procurement items and services and its criteria shall be improved and new items shall be added at a given time.

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Green Procurement Program

- Issues and Concerns

Supply side : Limited range of domestically available envtly advantageous products and services (EAPS), esp in the provinces

1. Readiness of domestic industries to provide EAPS – technology, financing
2. Inadequate technical capabilities (manpower, laboratories & equipment) for EAPS testing and certification - insufficient technology, tight fiscal position
3. domestic vs foreign EAPS providers – competition, mutual recognition of stds

Green Procurement Program

- Issues and Concerns

Demand Side

1. tight fiscal position
2. Inadequate advocacy and monitoring efforts
 - coordination problems, mainly ad hoc/individual agency efforts

