

United Nations Environment Programme and Green Growth Knowledge Partnership

United Nations Development Account

Project “Enhancing sustainable public procurement for the regional transition to inclusive green economy in Eastern Europe, Caucasus and Central Asia”

Sustainable Public Procurement: The sleeping giant

2 March 2021

SUMMARY

On 2 March 2021, the United Nations Environment Program (UNEP) and Green Growth Knowledge Partnership (GGKP) – as part of the UN Development Account project "Enhancing sustainable public procurement for the regional transition to inclusive green economy in Eastern Europe, Caucasus and Central Asia (EECCA)" (UNDA SPP project) – held a webinar on sustainable public procurement (SPP). The aim of the webinar was to discuss the benefits of using SPP in countries with economies in transition, such as EECCA countries.

Panellists, representing different organizations and countries, including developed countries and those with economies in transition, were as follows:

- Mr. Kakha Demetrashvili, Deputy Chairperson, State Procurement Agency of Georgia
- Ms. Helene Hoggen, Senior Adviser/Project Manager, Norwegian Agency for Public and Financial Management/DFØ
- Mr. Kubat Kanimetov, Director, NGO Promotion and Development Center, Kyrgyzstan
- Ms. Rosemary Kumwenda, Coordinator, UN informal Interagency Task Team on Sustainable Procurement in the Health Sector, United Nations Development Programme (UNDP)
- Ms. Lilia Lakhtionova, Director, Public Procurement Department, Ministry of Development of Economy, Trade and Agriculture of Ukraine
- Webinar was moderated by Mr. Farid Yaker, Programme Officer, United Nations Environment Programme (UNEP)

During the webinar, panellists tried to find answers to key questions that would present their country's/organization's position in the context of promoting SPP and its practical application. Below is a brief summary of the discussion.

How is sustainability being integrated into national procurement processes?

“The important issues for us in the area of state procurement is the choice, not only [in terms of] the lowest price but also taking account the green characteristics of the goods...The new edition of the Ukrainian law on public procurement sets legal economic principles for procurement that delivers the needs of the states and provides tutorials for using the e-platform. This new edition offers the possibility to apply various non-price criteria, and those criteria will help governments to effectively procure high-quality and sustainable goods and services.”

- **Lilia Lakhtionova**, Director, Public Procurement Department, Ministry of Development of Economy, Trade and Agriculture of Ukraine

“Starting from 2019, we’ve been helping the Department of Government Procurement make their procurements more sustainable. Initially, we acted as a consulting organization and provided reviews, analyzed international experiences, and then made a prioritization of products and an assessment of

markets. We elaborated on the technical specifications and requirements for individual products. Currently, we are working on a methodology to train procurers on how to implement and put the specifications into practice in their work.”

- **Kubat Kanimetov**, Director, NGO Promotion and Development Center, Kyrgyzstan

“It was our initiative to include sustainable procurement provisions into Georgian national legislation. Parliament will now consider them and it’s in the process of the review...We are now on the third stage of identification of [sustainable] goods. The Georgian government made a strategic decision to prioritize goods over services, and not address construction work... So it was several stages of policymaking. Making primary laws, secondary laws, defining the target objects, and now we are developing the guidelines and manuals on how to implement the guidelines for contracting authorities.”

- **Kakha Demetrashvili**, Deputy Chairperson, State Procurement Agency of Georgia

What can SPP offer governments, particularly to the countries with economies in transition, such as the countries of Eastern Europe, the Caucasus and Central Asia?

“We have been discussing the economic costs of public procurement, but we must not forget that it also offers a lot of economic gains. If we don’t cut emissions in half by 2030, then it will cost us a lot...And we’ve seen increasingly that [SPP] will promote green competitiveness for industries if we manage to do sustainable procurements.”

- **Helene Hoggen**, Senior Adviser/Project Manager, Norwegian Agency for Public and Financial Management/DFØ

“SPP is a great avenue for the development of the local public procurement landscape, especially in countries of transition where there is often a lack of capacity and budgets for procurement officers.”

- **Kakha Demetrashvili**, Deputy Chairperson, State Procurement Agency of Georgia

“COVID-19 has changed consumer demand and showed how countries can create opportunities for SMEs [small and medium-sized enterprises] to produce locally. We need to encourage participation of SMEs and support their local manufacturers based on demand. Guidance would help governments to ensure that there isn’t overconsumption, there isn’t wastage and we protect the ecology as a whole.”

- **Rosemary Kumwenda**, Coordinator, UN informal Interagency Task Team on Sustainable Procurement in the Health Sector, United Nations Development Programme (UNDP)

How can governments manage a lack of availability and/or higher up-front costs of sustainable goods and services?

“The Ministry of Trade and Development is the body that deals with public procurement. [A major objective] is the development of tools to increase consumer proficiency and awareness about sustainable procurement. [Another] goal is to increase the number of categories of procurement items and expand the list of non-value criteria, and to set up an educational platform to build consumer and business awareness around how to use the new sustainability criteria.”

- **Lilia Lakhtionova**, Director, Public Procurement Department, Ministry of Development of Economy, Trade and Agriculture of Ukraine

“I would like to touch upon some issues, some problems that we are faced with. The first is political instability. In the past 15 years we’ve had three revolutions and since the start of our projects, we’ve seen four prime ministers and every prime minister has their own program and their own view. Every time a new prime minister takes over, we have to explain to him what SPP is about.”

- **Kubat Kanimetov**, Director, NGO Promotion and Development Center, Kyrgyzstan

“One issue that we’ve been looking into lately is the splitting up of contracts to see whether that can help, so you don’t have such big contracts. For instance, when you procure in the food area, then that might open up more for local suppliers. We’ve also introduced a programme that we’ve copied basically from a UK and Scotland government tech programme, which includes startups in the procurement process.”

- **Helene Hoggen**, Senior Adviser/Project Manager, Norwegian Agency for Public and Financial Management/DFØ

How can we incentivize local suppliers to scale up the provision of sustainable goods and services?

“SPP is without a doubt a key entry point to reducing environmental and health risks of the implementation of [COVID-related] health programmes. We launched the [Sustainable Health in Procurement Project](#) with the aim to reduce greenhouse gases, resource depletion and chemical pollution by working with ministries of health, procurement authorities, ministries of environment and others in 10 countries in Eastern Europe and Central Asia.”

- **Rosemary Kumwenda**, Coordinator, UN informal Interagency Task Team on Sustainable Procurement in the Health Sector, United Nations Development Programme (UNDP)

“It doesn’t make sense to keep buying yesterday’s products and solutions when we know that we have to halve climate emissions and we also have to do a green transition...If we want to ensure that our businesses are competitive in international markets then we have to help them by demanding these sustainable products and services from them.”

- **Helene Hoggen**, Senior Adviser/Project Manager, Norwegian Agency for Public and Financial Management/DFØ

“A huge challenge is protecting local producers. You want to lobby them or educate them or introduce them to SPP provisions, but on the other hand there are a lot of international obligations and free trade agreements with a lot of countries, and [prioritizing local producers] is strictly prohibited under each free trade agreement. This creates more challenges.”

- **Kakha Demetrashvili**, Deputy Chairperson, State Procurement Agency of Georgia

“When assessing sustainability, it’s important to use not only material indicators, but also some moral indicators. There is an international index of charity which includes the level of volunteering.”

- **Kubat Kanimetov**, Director, NGO Promotion and Development Center, Kyrgyzstan

How can governments simplify SPP tender processes to remove barriers to access for small businesses (e.g. e-procurement, margins of preference)?

“We are not introducing any national preferences. We do believe that it is not only against the World Trade Organization principles, but also it is against all our local economy...We have companies and they have high competitiveness. They export their products to Kazakhstan, Uzbekistan and other countries, so there is potential. Here we have to take into account the regulatory base on external trade. We have zero-custom tariffs for the import of innovative equipment and technologies, and our domestic companies can come to a rather good level without violating any regulations.”

- **Kubat Kanimetov**, Director, NGO Promotion and Development Center, Kyrgyzstan

“Customers have to understand that the priority is not the cost factor. The product has to be long term, durable and environmentally sound. Given this, it’s very important for us to interact with UNEP in order to increase awareness on behalf of our customers and help them implement and use the right instruments.”

- **Lilia Lakhtionova**, Director, Public Procurement Department, Ministry of Development of Economy, Trade and Agriculture of Ukraine

“Governments face a lot of challenges to integrate sustainability into their procurement system. You need championing practitioners. You need to start by promulgating approaches that promote local production and support small and medium-sized enterprises to manufacture sustainable goods and services. We need to involve smaller and medium-sized manufacturers for them to be part and parcel of that. We need to define which sustainable dimensions we want in the product...The total cost of ownership for product selection is very important. Sometimes we just look at the cost, but that’s not enough. The total cost of ownership would capture the potential cost savings from circularity.”

- **Rosemary Kumwenda**, Coordinator, UN informal Interagency Task Team on Sustainable Procurement in the Health Sector, United Nations Development Programme (UNDP)

“There is a forthcoming national action plan, which has been developed by my own agency in close cooperation with the [national] environmental agency. It was very useful to have OECD maps for sustainable procurement, which was published in 2020. This map pointed to the strengths and weaknesses of sustainable procurements in Norway...We saw weakness on the implementation side, and a lack of competence on the procurement side because public procurement is very decentralized. So we have to boost that competence and we are now launching a national green competence boost. We also saw that there was a lack of participation of small and medium-sized enterprises, and a lack of systematic monitoring of sustainable public procurement, which will also be addressed in this action plan.”

- **Helene Hoggen**, Senior Adviser/Project Manager, Norwegian Agency for Public and Financial Management/DFØ

The seminar was attended by 92 people (49 men and 43 women) (list of participants is attached).

Lesya Nikolayeva, UNDA SPP project representative, thanked panellists for their interesting discussions and diverse opinions and prospects on SPP, as well as all participants for their active contribution on the promotion and application of SPP in their countries.

The recording of the webinar is available at: ggkp.org/SPP-webinar.

