

Sabine Engelhard: Sustainable procurement: a smart way to procure, keeping the "big picture" in mind

What is Sustainable Procurement?

A process whereby organizations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole-life basis in terms of generating benefits not only to the organization, but also to society and the economy whilst minimizing damages to the environment.¹ Sustainable Procurement is based on the same essential principles as any public procurement: economy, integrity, efficiency, fairness, and transparency, striving to achieve value for money. What is different, however, is the approach. It is more encompassing and long-term oriented, considering economic, environmental, and social factors at all stages of the procurement cycle, both in the determination of what to procure and how to achieve value for money.

Looking at public procurement through a lens of sustainability requires thinking more about the "big picture" and the potential consequences of decisions. It is not just about meeting the needs of a program, a project, an institution, or a country, obtaining the right quality of goods and services, on time, and at a competitive price. It is about meeting procurement needs in a way that does not compromise the ability of future generations to meet their own needs² Sustainable Procurement is a core component of a society's efforts for achieving sustainable development, as clearly illustrated by the United Nations Sustainable Development Goals³, in particular SDG 12.7 which is about: "promoting public procurement practices that are sustainable, in accordance with national policies and priorities".

Embracing Sustainable Procurement starts with a review of a country's existing policies, legislation, and commitments at a national or international level. This legal framework will reflect the country's political commitment to Sustainable Procurement. The applicable rules may contain requirements pertaining to public access to certain information, requirements to treat hazardous waste, or prohibitions on using certain building materials, manufacturing products, or processes that might be detrimental to the environment or the health of citizens. These sets of rules may also require the use of eco-labelled or certified products, or products that do not have a negative effect on the environment. They may also entail provisions requiring suppliers to be industry-certified, and/or to make self-declarations concerning the products or manufacturing processes they use. Additionally, these rules

¹ Department for Environment, Food and Rural Affairs (2006): Procuring the Future: Sustainable Action Plan: Recommendations from the Sustainable Procurement Task Force. London, in:

[http://collections.europarchive.org/tna/20080530153425/;](http://collections.europarchive.org/tna/20080530153425/)

<https://www.sustainabilityexchange.ac.uk/files/sustainableprocurementactionplan.pdf>

² World Bank, guidance on Sustainable Procurement:

<http://pubdocs.worldbank.org/en/788731479395390605/Guidance-on-Sustainable-Procurement.pdf>

Sustainable Procurement An introduction for practitioners to sustainable procurement in World Bank IPF projects, April 2019 [https://thedocs.worldbank.org/en/doc/788731479395390605-](https://thedocs.worldbank.org/en/doc/788731479395390605-0290022019/original/GuidanceonSustainableProcurement.pdf)

[0290022019/original/GuidanceonSustainableProcurement.pdf](https://thedocs.worldbank.org/en/doc/788731479395390605-0290022019/original/GuidanceonSustainableProcurement.pdf)

³ <https://sdgs.un.org/goals>

may include commitments pertaining to the disposal of public property such as computers, construction equipment, cars, chemicals, etc.

This wholistic approach leads to a more nuanced and flexible approach to public procurement at all stages of the cycle. For instance, at prequalification or initial selection stage, specific certification, or verification of an industry environmental or social standard, or a management system could be required. When technical specifications are conformance-based, they will detail special attributes/characteristics that the procured products must meet (e.g., recyclable content, sustainably managed timber). For performance-based specifications, the proposed functions to be performed by the product will be included (e.g., fuel/energy efficiency). For bid evaluation, qualifying criteria, minimum requirements, or performance standards can be introduced as well as rated criteria and weighting of scores. Monetizing impacts (e.g., energy consumption and waste) is also an option. Bid evaluation can also be conducted based on life-cycle cost or whole-life criteria, taking into consideration all three pillars (economic, environmental, and social). At contract negotiation, corporate and social responsibility commitments can be negotiated and incorporated into the contract. During contract implementation, Key Performance Indicators (KPIs) can be used to measure suppliers' performance. Provisions could also be incorporated into the contract, providing for bonuses when KPIs are met, or penalties for non-compliance.

Awards will be made to the bidder having submitted the "most advantageous bid" rather than the "lowest-evaluated substantially responsive bid". Determination of the most advantageous bid will be achieved using the factors and criteria described earlier, considering relevant costs and benefits, assessing risks and non-price attributes and/or life-cycle costs, or whole-life criteria, including disposal costs. Illustrating this shift in approach, some countries have adopted in their public procurement legislation, or introduced regulations linked to such legislation provisions regarding the process, procedures, and oversight of public property disposal.

Over the years, the emphasis on sustainable procurement has evolved from a mostly "green procurement" focus to a more developmental and inclusive perspective where environmentally, socially responsible procurement (ESRP) considerations are front and center. Looking at the "big picture", ESRP can contribute to a country's economic development agenda and strategic goals. This can be achieved in different ways, for instance through the mandatory use of certain percentages of local labor for public infrastructure projects, leading to the creation of new jobs in a region. Alternatively, it can be achieved through the introduction of requirements to use locally manufactured goods or equipment, allowing the use of margins of preferences in the evaluation of bids containing locally manufactured goods or equipment, the creation of set-asides, reserving sets of public procurement contracts for pre-identified categories of economic operators (e.g., small, and medium-size enterprises, women-owned businesses, disabled-owned businesses).

ESRP can also lead to the adoption of more inclusive hiring and employment policies, prohibiting discrimination based on gender, sexual orientation, race, or religion. It can further result in the introduction of health and safety standards in the workplace, the prohibition of certain behaviors such as forced labor, child labor, sexual harassment, sexual exploitation, and abuse. Adopting these measures will also depend on the country's legal framework and its adherence to the corresponding

conventions/declarations at the international level. In line with the applicable legal framework and commitments, specific provisions will be incorporated into public procurement legislation, regulations, bidding documents, and public procurement contracts.

Sustainable Procurement comes with a lot of advantages. It can reduce total operating costs by purchasing more efficient and better-quality goods, works and services. It makes the disposal process of products at their end of life more transparent and minimizes its social cost. It can help promote the market's development capacities and competitiveness. It saves money on a long-term basis by applying life-cycle or whole-life costing. From a risk management perspective, it helps identify economic, legal, and environmental threats and opportunities, and contributes to developing approaches to manage them.

How a country or an organization embraces sustainable procurement will reflect its cultural and ethical values – as it reveals its willingness to incorporate considerations of long-term detriments and benefits as well as the common global well-being in its current decision-making process. Decisions taken today on a national level impact future generations around the world.

For all these reasons, Sustainable Procurement is smart procurement!

The Institute for Development and Social Initiatives (IDIS) "Viitorul", in supporting and promoting sustainable public procurement, implemented, in the period 2020-2023, in partnership with the Faculty of Economic Sciences of the State University of Moldova, the project "Consolidation of sustainable public procurement in the Republic of Moldova", which aimed at strengthening the sustainability component of public procurement in the Republic of Moldova through theoretical-methodological and applied research, but also through the analysis of good European practices in the field of sustainable public procurement.

Within the project it was developed [the "Sustainable public procurement" best practices guide](#) (in Romanian), a document that aims to present and analyze European practices regarding the application of sustainability criteria in the public procurement process, but also to promote sustainable public procurement practices, in accordance with policies and national priorities.

Also, [the 3rd edition \(2022\) of the Perception Index of the public procurement system](#) was developed, including the perception regarding the regulation and implementation of sustainable public procurement in the Republic of Moldova. The index presented in a comprehensive and systematic manner, the perception of all actors in the system (contracting authorities, private sector and civil society / monitors) regarding the use of public money through the national public procurement system. For the first time, the 3rd edition of the study evaluated the perception regarding the regulation and implementation of sustainable public procurement in the Republic of Moldova.

At the same time, were analyzed (in Romanian): (1) [mapping the commitments assumed by the Republic of Moldova within the framework of international agreements with reference to public procurement sustainable](#); (2) [the concept of sustainability in public procurement law: regulation versus](#)

enforcement; and (3) sustainability and environmental protection. Components of the secondary normative framework in public procurement