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HEADING TOWARDS GREEN PUBLIC PROCUREMENT

“Doing more with less” is an ideal Mantra in the face of current economic and environmental impacts including Climate Change in Sri Lanka. It is obvious that the consumption in domestic level as well as institution level needed to be rethought, redesign and change to overcome the current distress.

Public procurement plays a vital role in any economy, and it has become a key component of national income and well-being of the country. The Organization for Economic Cooperation and Development (OECD) estimates public procurement globally amounts to approximately 15% of GDP. The economic development of a country does not only depend on the volume of funds allocated and disbursed by the government. Moreover, Effective and efficient utilization of public funds in economical manner is a critical success factor for the development. Therefore, sound procurement practices help to spend public funds meaningfully, while maintaining Transparency, Accountability, Equal opportunity and Sustainability.

Traditional procurement has mainly focused on lowest cost, technical and commercial compliance as key criteria to determine what is best in public procurement. Also the initial cost is defined as the cost of investment rather integrating running cost, maintenance cost, environmental cost, social aspects and disposal cost etc. The Green Procurement (GP) is the procurement that integrates environmental considerations into the procurement process, with the goal of reducing adverse impacts upon health and the environment. Green Procurement integrate strategic priorities focusing specifications and criteria that minimize environmental hazards, and in support of economic development beyond the financial and technical factors in making procurement decisions.

Main considerations in the National Policy on Green Procurement

The Policy strategically seeks to identify the green goods, services and works; create awareness; involve in capacity building and knowledge management of relevant stakeholders; take necessary actions related to legal mechanism and dispute resolution; Monitoring, Verification, Evaluation and Reporting; facilitate to local producers especially the SMEs; introduce appropriate Financial Mechanisms and keep International Cooperation.

Short-term, medium-term and long-term benefits of Green Public Procurement

It contributes to long-term cost savings and smart investment; for example; GPP concerns about *total cost of ownership* (TCO) as a key factor for evaluation of bids and proposals while considering disposal income instead of disposal cost. TCO is sum of the purchase price of an asset plus cost of purchase and the cost of operations, maintenance and disposal. Though the purchasing cost of a green product could be higher than non-green alternative yet the TCO could be lower.

It improves *Value for Money* (VfM) throughout the product lifecycle. VfM is the explicit commitment to ensure the best results possible from the money spent. It is necessary to encourage Procuring entities to get the procurement related decisions focusing value of sustainability, improving it to best value across the project/ product lifecycle.

GPP promotes using of natural resources more efficiently and effectively and encourage to protect natural resources through Circular Economy, Green Designs, Green Material, Renewable Energy and Sustainable Energy practices such as use of Solar Panels and Bio-gas, Rain Water

Harvesting, Waste Water Management. These could be expected as the long term benefits in GPP.

In medium term it would encourage to reduce adverse effects of pollution and waste, invent new Green and Eco - friendly products and innovation incentives in the industry sector. Meanwhile the improvements of sustainable consumption habits and use of standards for green products can be expected in short term.

Particularly public sector in most of the low and middle income countries consume imported equipment, vehicles and machineries in large volumes as well as the required accessories, spare parts and other peripherals imported from the same manufactures. If the public sector organizations concern more about TCO and reverse supply chain practices, unnecessary foreign exchange movements can be minimized. Economic growth also could be enhanced due to the establishment of new markets such as for biogas and renewable energy resources. Especially local authorities annually allocate considerable amount of money for city cleaning and waste management where the cost of waste management can be minimized adopting green procurement and circular economy practices.

Green procurement practices create good market opportunities for Small and Medium Enterprises (SMEs). Introducing 'green' qualifications and evaluation criteria in public procurement can influence the marketplace by promoting new entrants in the field of environmental technologies and products, potentially resulting in increased competition and reduced prices.

In addition to the green considerations, social aspects also could be incorporated to the Public Procurement covering three pillars of sustainability which is called Sustainable Public Procurement (SPP). Through SPP, social benefits could be achieved apart from environment and economic benefits. Countries implement both GPP and SPP considering their capacities and priorities.

Status of GPP/SPP programs in other countries. Benefits they have gained through those programs.

A report published by the SWITCH-Asia Regional Policy Advocacy Component (RPAC) has documented that 80% of the countries have included GPP and/or Sustainable Public Procurement (SPP) in their national guidelines or policies; and 60% of the countries already have a dedicated GPP/SPP policy, regulation and/or mandate in place to promote GPP/SPP in North-East and South east Asia regions.

In 2018, the Republic of China government has procured Eco- Labelling Products (ELP), reached RMB 164.7 billion, accounting for 90.2% of its product procurement categories. Procurement of Energy Conservation Products (ECP) (computers, monitors, printers, lamps, air conditioners, electric heaters, televisions, urinals and water faucets) and ELP are the two main regulations to promote GPP. GPP implementation is monitored annually in terms of the level of green products introduced. The number of product categories included in both lists has increased over the years from the original 8 and 14 categories for the ECP and ELP respectively to 43 and 93 in 2019.

Taipei has increased the GPP volume from 80 million to 2.2 billion and through this program they were able to save electricity and water, and reduce CO₂ emission. Malaysia has introduced the National Green Technology Policy recently. Malaysian National Development Plan considers GPP as a tool to stimulate the growth of the green industry in the country. Now it has become a mandatory requirement for all public sector in Malaysia.

Bhutan, has recognized GPP as a national priority for implementing green procurement practices and they procure low Carbon and eco-friendly products. Japan has a Green Public Procurement law enforcement and an Act on Promoting Green Purchasing. Republic of Korea implements a

successful GPP Program where their market for eco-labeled products is growing currently. Therefore, it is obvious with those multiple examples across the globe and our region that GPP and SPP Programs are progressing well.

Challenges we may face as a middle income country in implementing GPP and what are the solutions.

Several challenges could be expected at the outset, and even in the implementation phase. It is needed to take actions to solve them strategically. Successful implementation of GPP policy needs reliable product standards and certification. Limitations in existing institutional mechanism and available infrastructure, laboratory facilities and human resources as well as lack of knowledge on GPP, product standards and TCO are some of the possible challenges. Changing the “Low price is the Best Price” mentality is another challenge. Financial resource for GPP could be challenging because the initial prices of the green products are fairly higher than those of non-green products. Almost all the GPP implementers face such challenges irrespective to the level of development, yet identifying the challenges from the beginning and taking correct measures with a robust plan against them is the most important approach.

Green Public Procurement contribute to Sustainable Development.

GPP/SPP comes directly under the 12th Sustainable Development Goal “**Ensure sustainable consumption and production patterns**” as target 12.7; “**Promote public procurement practices that are sustainable, in accordance with national policies and priorities**”.

It is also related with the other SDGs such as Goal 06, 07, 09, 13, 14 and 15. Through the GPP, a public demand can be created for low GHG emitting products, energy efficient products, resource efficient products, products with green materials, more healthy products, improve the facilities for waste management, implement environmentally friendly construction projects, use sustainable transportation etc. It paves a way to procure the services instead of purchasing products which offers same services. For example, photocopying could be introduced as a service instead of purchasing photocopy machines for the public sector.

GPP/SPP creates green job opportunities in the countries where it implements successfully.

Significance of implementing this program in the current context of the Covid 19 Pandemic.

COVID-19 has created different changes in different sectors throughout the globe. Positive or/and negative impacts are being created by this pandemic on the global and local supply chains. It has adversely effected to the foreign trade and stability of global economy. Some of them are indirect, as a result of direct issues, such as exchange rate and foreign reserves crisis etc. Therefore, most of the countries imposed restrictions for import and export. For some economies like Sri Lanka, such restrictions provide opportunities to produce alternative local products to fill the market vacuum and people are attracting to some herbal products, Ayurvedic medicine, natural drinks and organic fertilizer etc. than the pre COVID-19 situation. Therefore, governments can leverage procurement to protect employment and create green jobs and support to SMEs through green procurement.

In addition to that, most of the manual procurement practices are being converted into the online procurement systems and digital platforms while reducing non-value added activities, paper usage and cost of procurement, with the influence of pandemic.

Considering all the economic, social and environmental benefits over GPP, it could be expected that it will play an important role in achieving desired Sustainable Development Goals as a key strategy in the country.