



Deutsches Institut für Entwicklungspolitik

German Development Institute

Dialogue and Transfer Forum on Sustainable Public Procurement – Municipalities as Agents of Change

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Documentation

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Programme



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Welcome notes and Introduction





Emelie Aho, Policy and Strategy Advisor, Office for Sustainable Development and the 2030 Agenda, City of Malmö



Dr. Maximilian Müngersdorff, German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE)

Potential Benefits of MUPASS - Network Expectations:

- A new network for Sustainable Public Procurement (national and international)
- Bringing together municipalities from the Global South and the Global North
- Strategic management for SPP and implementation
- Capacity building
- Pooling good practices from other countries and sharing experiences
- Learn about different regulatory frameworks
- Evaluation of labels/certificates



Introduction: expected benefits and personal contributions



Expected benefits

- Raise awareness, exchange ideas, information and experiences on the governance of SPP
- ✓ Acquire deeper knowledge of the SPP concept in Latin America and learn about implementation in European municipalities (legal basis, policies, labels etc.)
- ✓ To be inspired from other municipalities and get motivation for new SPP projects
- ✓ Share challenges, success and failure cases
- ✓ Understand SPP-approaches, learn strategies, theory, applicable methods and how to adapt them to the different regions
- ✓ Learn SPP-practices and get new insights from other countries
- ✓ Networking, meeting colleagues, building long-term relationships with peers, possible cooperation opportunities

Personal contributions

- ✓ Share implementation experiences at a national and local level
- ✓ Exchange knowledge and examples on SPP
- Present outputs on SPP of food and catering in Copenhagen, textiles in Halle, the SPP story of Costa Rica and Puebla's recycling work
- Answer questions and doubts about the complexity of countries like Mexico and Brazil
- ✓ Share implementation strategies and forms of interaction between the purchasing department and other actors
- Discuss enablers and barriers
- ✓ Share perspective on practical challenges and regulations



Dr. Andreas Stamm, German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE)



Ulrika Svallingson, Sustainability Coordinator, City of Malmö





SPP Implementation in European Municipalities





SPP in practice – The Hague, The Netherlands



How is SPP fostered in The Hague?

Conditions for SPP

- Legal framework is focused on sustainability and green procurement (e.g. social return, improving access
 to the labor market for the unemployed, green energy, etc.)
- Procurement is centralized

Success factors

- Communicate objectives to the market, create a dedicated team
- Support from politicians and managers
- Cooperation with other governments and municipalities
- Give the right example

Implementation of SPP

- National implementation
- Push the market in the right direction by stimulating innovation and supporting local economy
- SPP-action plan as guideline: links procurement with policy objectives, clear set of (long term) objectives, set priorities and communicates objectives towards the market
- Monitoring procurement procedures to make sure the process complies to the standards





Thimo de Nijs, Corporate Sustainability Advisor, Municipality of The Hague



SPP in practice – Malmö, Sweden



Case: Sustainable food procurement

Conditions for SPP

- Changes in EU and national law. Regulations by the city council: Focus on domestic social issues and Green Public Procurement
- Support by local politicians
- Risk analysis for sustainability

Implementation of SPP

- 65% of the products are organic → achieve 100% in the next years
- Expansion of the procurement department (from 10 to 30 people) and increasing its influence: Including special officers for ecological and sustainable procurement
- Cooperation with other municipalities for control of contract performance
- Cooperation between suppliers, buyers, procurement department and other departments
- Ensure that supplier complies with terms and conditions
- "It is easy to do the right thing": green and blue dots system
- Financed lunches for schools, elderly and disabled people

Success factors

- Robust national legislation as the solid guideline for SPP
- Political leadership to get support to train managers, teachers, cooks, buyers, etc.

Shortcomings

Procurers do not know how to implement SPP-regulations → Capacity building needed



Gunilla Andersson, Environment Department, Unit for Lifestyle and Consumer Affairs, City of Malmö

SPP Map – Malmö, Sweden



Implementation

TIME

Introduction

Strategic governance

- National Agency for Public Procurement
- Clear goals on SPP
- Budget planning
- Continous and systematic follow ups and monitoring

Robust political basis

- Tax financed nutrious school lunches
- 2006: 25% organic in public sector
- 2006: Fair Trade Town
- 2009: Procurement policy for Malmö
- 2010: Policy for sustainable development in food
- National sust. procurement criteria

Regulatory

Procurement management

- Dialogue with suppliers
- Guide for green purchase
- Blue and green dots in electronic purchase system
- Sustainable training

Early organisational support

- Steering group for policy for sustainable development and food
- Network with other cities about organic food
- School restaurants ready to try new ways
- Good experiences from buying 98% organic for pilot school

Organisation - CONTENT

Assuring long-term support for SPP

- Ongoing trainings
- Supportive procurement officers
- Test the boundaries of the procurement legislation
- Good relation with suppliers
- Broad acceptance of sustainable ambitions
- Patience and duration

Agents of Change

- Mayor from green party
- Supportive procurement officer
- Engaged staff
- Supportive environment department
- Managers at all levels



SPP Map – Halle (Saale), Germany



Implementation

Introduction

TIME

Strategic governance

- Action Plan: learn from others and gain experience
- Priority: pilot project on textiles

Robust political basis

- Procurement law Saxony-Anhalt
- FTT 2015
- ILO

Regulatory

Procurement management

- Capacity building: Human Resources, Workshops, Trainees
- Challenge: decentralize procurement
- Exchange with market actors (suppliers) and other frontrunners

Early organisational support

- Internal exchange: issuing agency
- External exchange: NGOs, other federal states, market actors and other frontrunners

Organisation - CONTENT

Assuring long-term support for SPP

- Overcome rejection: internal instructions
- Good relations with people in leading positions
- Round tables
- Create positive examples with pilot projects

Agents of Change

- Political leaders
- Civil society
- City council
- Relevant departments



SPP Map – Friedrichshain-Kreuzberg (Berlin), Germany



Implementation

TIME

Introduction

Strategic governance

- No action plan
- Evaluation of the pilot tenders → adaption if necessary
- Implementation of social standards tenders

Robust political basis

- Procurement law prescribes
 ILO conventions
- Political decision of the district to go even beyond the law
- Positive statement of the local legal office

Regulatory

Procurement management

Dialogue between external office, agent of municipal development policy, standard organisation and bidders

Early organisational support

Engagement of the office of procurement and the responsible department

Organisation

CONTENT

Assuring long-term support for SPP

- Bidders dialogue
- Exchange between districts and Senate
- Berlin's law should exclude simple self declarations and state effective evidence: e.g. suppliers are free to demand social stantards that go beyond the ILO convention and social criteria can be integrated in all stages of the procurement process

Agents of Change

- Agent for municipal development policy
- Councilor for environment and the One World policy
- Health manager



SPP Map – Rhine District of Neuss, Germany



Implementation

Introduction

Strategic governance

- Raise awareness among politicians, employees and civil society
- Be a role model for other municipalities
- Implement SPP mgmt on district level
- Update of PP Regulation as priority
 → basis for all the subsequent processes
- Pilot project (e.g. SPP of textiles and cloting)

Robust political basis

- 2012: PPR update: including enhanced focus on social and environmental criteria
- 2018: Resolution of the Agenda 2030 with broad political support by the district. Basis for the future elaboration of the development policy in terms of the Sustainable Development Goals

Regulatory

Procurement management

- Centralized Procurement Mgmt works close with the offices' procurement operators
- In-house trainings by experts in collaboration with coordinator for development cooperation
- Exchange: bidder dialogues during procurement procedure

Early organisational support

- CPM (Zentrales
 Vergabemanagement) in
 collaboration with coordinator for
 development politics and
 procurement operators
- External: seminars on SPP (e.g. by Femnet e.V.) and networkingconferences
- Internal: internal workshops for procurement operators and staff of the CPM

Organisation CONTENT

Assuring long-term support for SPP

- PPR, capacity building in-house trainings, awareness raising, PR
- Promote SPP in terms of the SDG's.
- Show that SPP does not have to be associated with additional costs
- Basic knowledge of national procurement law to explain operators the possibilities of including sustainable criteria in the procurement process

Agents of Change

- Political and administrative leaders
- Employees: necessary to have specialized personnel
- Civil society: pressure on politicians



SPP in practice – Copenhagen, Denmark



Case: Contracts for sustainable food procurement

- Sustainable aspects as priority in procurement
- Goal: to be Co2 neutral by 2030

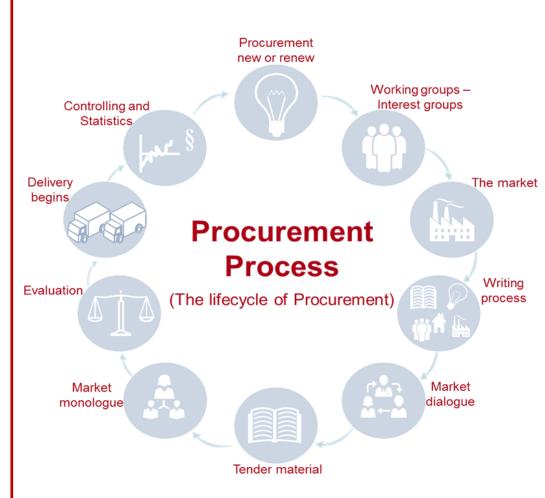
Procurement Process

- 1. Collect working groups/interest groups to meet the demands of the citizens
- 2. Understand the market
- Writing process: getting the market, 7. politicians and interest groups together and get procurement material as result
- 4. Market dialogue meeting: with working 8. groups and people from the market to present ideas 9.
- 5. Write tender and publish it
- 6. After publishing, call a monologue

- meeting explaining the tender material to the market before opening it
- 7. Evaluation to find a winning supplier (criteria: quality of the food, seasonality, variety, price etc.)
- 8. After finding the winner the delivery starts (within an implementation period)
- 9. Contracts last 4 years. Suppliers have to provide relevant information for controlling and statistics
- 10. Control and follow up



Betina Bergmann Madsen, Senior advisor Food Procurement, City of Copenhagen







SPP Implementation in Latin American Municipalities





















SPP in practice – Rio de Janeiro, Brazil



Case: SPP + Solidary Economy + Fair Trade

- More than 1.500 public schools and day-cares → 1.5M meals per day in rural areas in and around the city
- Fair Trade Town since 2015

Implementation of SPP

 Open markets for small producers from favelas and rural areas around the city (food, fashion and textile)

Project **Zona Franca Social** (social free zone): Direct PP of goods and services for local schools, day-cares and public hospitals. The government pays them directly (not more than €12 000 per year per entrepreneur¹)→€10M in procurement for small producers from favelas around Rio

- Support local sustainable food production with local fairs and SPP for school feeding
- Green Catalogue: law on climate change and sustainable development states that sustainable products should only be compared with other sustainable products when purchasing

Goals

- 2020: 30% of school feeding from small producers
- Promote local development and capacity building
- Support local market and city hall to have access to products from solidarity and cooperative Economy Business

Fair Trade Town

Green Catalogue Municipal policy on climate change and sustainable development \$.248/2011 Products / Products / Services Zona Franca Social Public schools / day-cares day-cares



Ana Asti, Municipal Secretariat for Development, Employment and Innovation, Rio de Janeiro

¹ Limit established by a national law



SPP in practice – São Paulo, Brazil



SPP Programme – Socio-Environmental Catalogue

Regulatory

- 2003: Start of the SPP programme with the accession to the Marrakesh Task Force
- 2005: Label with social-environmental criteria as an essential tool for SPP programme
- The law about procurement is the same for federal states and municipalities

Organisation: Coordination of social-environmental label

Environmental Secretary: goods and general services with sustainable criteria, promotion of social policies, water and energy consumption, reduction of waste generation, reduction of pollutant emissions, use of recycling materials and practice reverse logistics in their contract, etc.

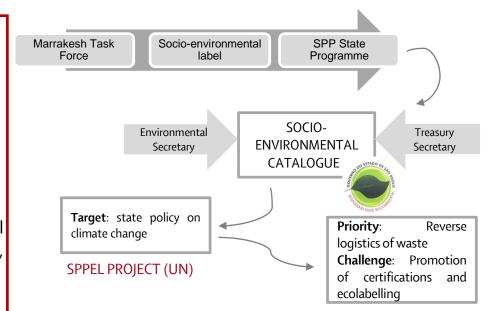
Treasury Secretary: transparent management of the procurement e-system

Implementation of SPP

- Monitoring the use of label in procurement for food and services with codes
- 25 billion Reals per year (~6 billion €) per year for SPP

Goals

- 20% of SPP until 2020
- Reverse logistics of waste in public contracts
- Promote the use of certifications, standards and eco-labels and show its importance for the development and verification of criteria before and after the procurements





Denize Cavalcanti, Secretariat of Environment, State of São Paulo



SPP in practice – Puebla, Mexico



Case: Disposable vs. Reusable

Plastic/unicel consumption in Puebla's city council per year:

- 14 000 liters in bottles 141 000 spoons
- 61 000 unicel cups
 95 000 plates

Implementation of SPP

- Use of alternative materials (ceramic, steel, glass, etc.) to reduce the consumption of plastic and unicel utensils. The city council and GIZ planned a SPP strategy comparing costs for the municipality in Puebla
- The study made with GIZ proved that replacing materials could allow around 60% annual savings in costs
 of acquisition, use and disposal → approved sustainable purchasing law: it is mandatory for the
 municipality of Puebla to purchase reusable materials
- Hazardous detergents are banned in the municipality because of the pollution they cause to a the Atoyac River

<u>Main goals</u>

Create awareness about environment and generate a recycling culture

Costs analysis¹				
		Plastic or unicel ²	Alternative materials ³	
Cost of acquisition		€ 15 286.90	€ 3 410.71	
Cost of use		N.A.	€ 2 754.73	
Cost of disposal		€ 11.02	€ 2.55	
TOTAL COSTS		€ 15 297.92	€ 6 167.99	
TOTAL ANNUAL SAVINGS	5	€ 9 129.93		
	VS			
3	VS	~	~	
	VS	-		

¹ Costs were converted from Mexican Pesos (MXN) to Euros using the exchange rate of 1 EUR = 22.82 MXN (13/11/2018, https://www.oanda.com/currency/converter/).

² Costs for plastic bottles, spoons, plates and unicel cups consumed by Puebla's city council per year.

³ Average costs of the proposed alternative materials were considered.



SPP in practice – Chihuahua, Mexico



Northern Mexico's challenges

- No best practices, only challenges
- Border with USA
- Lack of resources, large territorial extension and communities with low population density → difficult to deliver goods to many communities

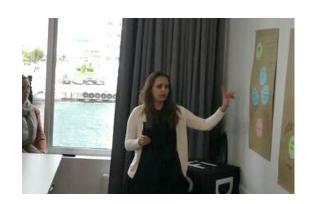
Challenge faced in PP

- Cultural differences, even in the same country and strong North American influence; People in the North of Mexico are less aware about environmental issues and consume more plastic
- Frequent cases of corruption in PP. Consequences:
 - o Dilemmas in the design of procurement
 - Lower efficiency
 - o Difficult decision-making about when and how to chose local and small producers

Goals

- Working on E-procurement system. Committed to have better data analysis
- Support local producers
- Only buy from environmentally aware enterprises





Rocío S. Olmos L. General Director of Institutional Development, Attorney General's Office, Chihuahua



SPP in practice – Heredia, Costa Rica



Searching new ideas for sustainable projects in Heredia

<u>Challenge</u>

No action plan on sustainability issues

only ideas for projects to be developed

Implementation of SPP

Example of a successful project in Heredia: Contracted cleaning services in a very unstable region developing a scoring system for cleaning companies that created more jobs in the region. The main objectives of this project were to fight poverty, improve living conditions and boost the region economically and socially.

Upcoming plan: The municipality plans to acquire land for a sustainable public park. The objective of the park is to generate jobs for its maintenance and use the natural resources obtained in a sustainable way. This would be done by hiring people from a specific community in order to generate employment in a marginalized area.

Goals

- Add social, environmental and cultural criteria as a requirement in public contracts
- Adding value in the hiring of labor services integrating the vulnerable population (disabled, poor, etc.)





Enio Vargas, Municipal provider, Municipality of Heredia



SPP Map – Buenos Aires, Argentina



Implementation

TIME

Introduction

Strategic governance

- Strong network between provinces
- Sustainable procurement law has a gradual, flexible and progressive implementation system
- *Criteria*: price, value for money, environmental impact and social inclusion (support for women suppliers and small businesses)
- Recommendations on cross-cutting issues to minimize environmental impact: energy efficiency, paper purchasing, packaging, etc.

Robust political basis

- The legal framework includes laws about sustainability, environmental protection and social inclusion and guarantees these rights
- The public procurement law takes these regulations as guideline

Regulatory

Procurement management

- Electronic purchasing system
- Contracting modality used to achieve a favorable relationships with suppliers

Early organisational support

- Guidelines are designed with suppliers, purchasers and technical government agencies
- Federal purchasing network in Argentina and exchange of information on sustainable procurement
- System administration is centralized but purchases are decentralized

Organisation CONTENT

Assuring long-term support for SPP

- Changes in culture: use less paper and make all records electronic
- Internal dissemination on the importance of certifications
- Train buyers and call joint meetings between buyers and suppliers
- Call for environmental tenders
- Communication with government actors and non-government agencies
- The Procurement department received two certificates as sustainable office

Agents of Change

- Directors of the purchasing department of each federal state in Argentina
- National purchasing director
- IDB technical support





World Café





World Café: Organisational Support



Specific factors and reforms related to the administration of each municipality are key to the introduction of SPP. However, some factors instead of serving as **organisational support** and drive the development of the city, are rather obstacles or stumbling blocks to the implementation of SPP. In some cases it is necessary to have a department to advise procurement officers on sustainability issues.

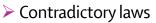


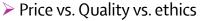




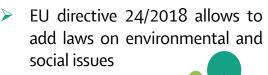


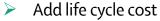






- Local governments have a hard time deciding for "sustainable" criteria because **businesses** often push for price
- > Civil servants change too often
- ➤ In Germany there are not good statistics to follow the % of SPP





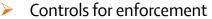
Malmö:

- Existing guide for sustainable products, but civil servants still do not buy them
- The office of SPP is becoming a strategic unit
- More action is needed

Puebla:

No strategy but local law





- Raise awareness about the value of SPP
- Make it easier to do the right thing















World Café: Exchange



Municipalities often **exchange** SPP experiences with other municipalities in a formal or informal way. Each representative of the invited municipalities shared their concrete experiences at local, national and international level. They also expressed what they would like to learn from other cities, academic institutions, governmental organisations, NGOs, etc.

GIZ









Partners

- Municipalities in other European countries
 FTT Group
- Specialized local NGOs
- Public schools and hospitals



Council - local politicians

- Communication with Brazilian Federal Government on SPP issues and tools
- Municipalities in São Paulo State use the e-procurement system and SPP tools



Gothenburg - circular criteria in tender

Experiences

- Dialogue between biddes and procurers from other municipalities
- Examples of guidelines for SPP and norms for regulations
- Implementation of pilot projects
- Exchange ideas on administrative organisational structures
- Internships in pther municipalities



Procurement network fair in Hamburg. German northern municipalities meet for conferences, networking, etc.







World Café: Exchange





Level of Exchange

National

International



Partners

Collaboration agreement with Chile

Federal public procurement network

Environmental Protection Agency

Development policy networks

Experts forum on Consumption +

KEPOL – coordinators and Managers

- Joint audits on suppliers
- Specialized national NGOs

production

Global SPP network - leading cities

Standards Institute

Committee 20400

European network on

EU Commission

ISO Standards

Procura+

SPP

- FTT Group
- Department offices

- National Agency on PP (reference group on social environmental criteria)

- Femnet e.V
- SKEW
- Weed, CIR, CCC
- Communication with UN about environment and capacity building for public agents
- Catering companies

Green deals:

- Circular procurement
- Logistics / transport
- Network on social procurement

Experiences

- Tender criteria
- Moral support
- Monitoring
- Networking events
- Exchange about labels and SPP for food (e.g. school catering)



- Municipalities' network about green public procurement
- Interregional project about circular economy in procurement



Food Procurement Network

- Internships in other countries e.g. GoEurope
- Workshops and seminars



- Pian0o
- Learning networks







ICLD

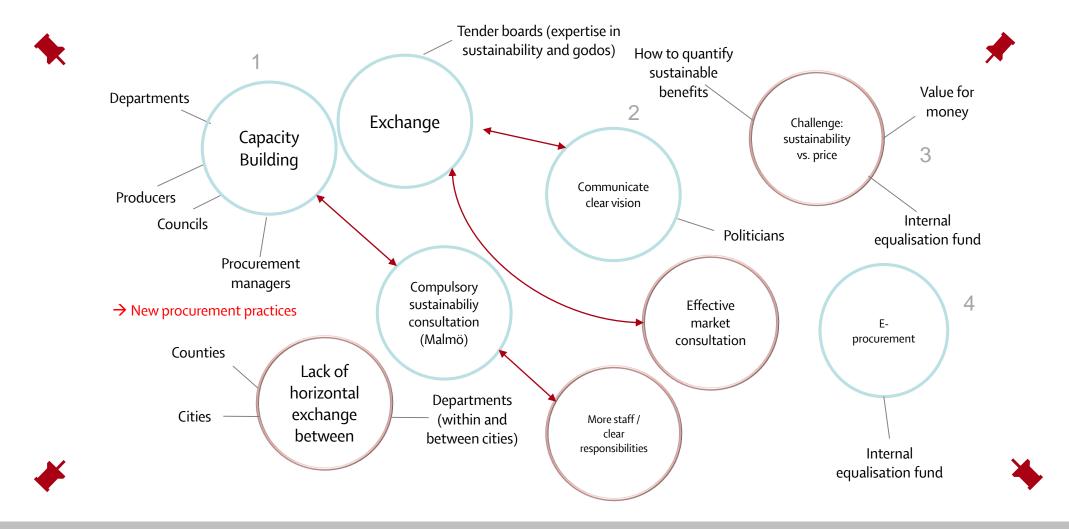
MUFPP



World Café: Procurement Management



Successful SPP implementation requires organisation and structure. Working on reforms in the **procurement management** could be helpful and necessary for some municipalities.

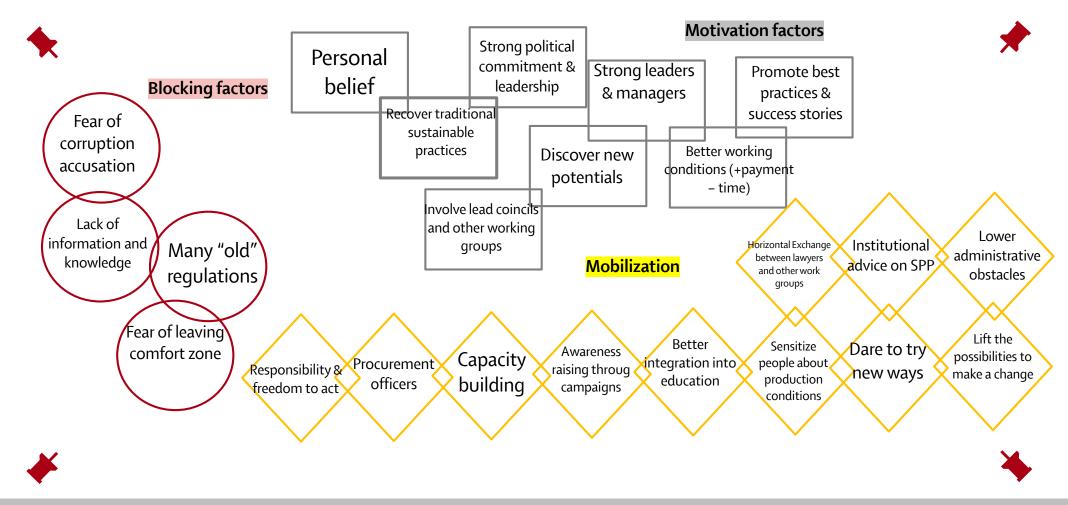








Every municipality needs change agents to drive its development by focusing on matters such as organisational effectiveness, improvement and sustainability. It is important for the city government and administration to identify what factors motivate or block people to be change agents. The focus is on the **people** and their interactions.







Conclusions, future challenges and opportunities































Where do we stand now? - Profound System Transformation



Linear Economy



- Sharing and recycling culture
 - Changing Mindset

Turnaround in production and consumption.

- Environmental and social awareness
- **consumption** International collaboration
 - Information and knowledge

Circular Public Procurement

About the MUPASS Project

Targets

- ✓ Identifying success factors of well performing SPP governance on municipal level
- Assessing the effectiveness of SPP verification instruments in value chains
- ✓ Setting up new transfer and dialogue networks for municipalities in the Global North and the Global South on SPP

Challenges & opportunities

- Verify impacts of SPP
- Relationships between end users and producers
- Keep driving sustainable development in agricultural and food production
- Verification of compliance with social standards
- Understand and minimize the obstacles that municipalities face internally when implementing fair and sustainable PP





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Thank you!

¡Gracias!

Danke!

Obrigado!

Dank!

Tak!

Tack!

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