



## CONTENTS

■ Introduction	1
■ Public Procurement in India and Social Imperatives	3
■ Initial Steps to Greening Public Procurement	3
• Does the Legal Regime in India Enable Sustainable Public Procurement?	
• Is an Enabling Law Enough?	
• What is Required to Address Sustainability in Public Procurement?	
■ Conclusion	9

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# Engagement with Sustainability Concerns in Public Procurement in India: Why and How

## Introduction

Twenty per cent of the GDP or INR 12 to 15 lakh crore per annum is spent on public procurement in India.\* Given the massive size of public spending, public sector in India can be a prime driver towards sustainable production and consumption and can create environmental and economic benefits. In Brazil, procurement of recycled paper notebooks in middle and higher schools has helped in saving 8 million litres of water, 1,766 tonnes of waste, 241 kg of organo halogen compounds from procurement of 17,97,866 high and 19,94,149 middle school kits<sup>1</sup>. Moreover, the public sector, by showing its commitment to sustainable public procurement (SPP), can give an impetus to investment in research and innovation for sustainable technologies.

In recent decades, governments across the world have become increasingly conscious about the adverse and undesirable impact of their purchases on society and environment, and are adopting SPP practices facilitated by legal reforms and policy guidelines.

Sustainable Procurement is a process whereby organizations (public or private) procure goods and services in a manner that generates benefits to the organization, society and economy, while ensuring that the environmental impact is minimal.

\* UNODC, 2013

<sup>1</sup> UNEP (DTIE) (2012), The Impacts of Sustainable Public Procurement, Eight Illustrative Case Studies, pg 14, Paris

## South Africa

In 2000, in South Africa, Department of Environment Affairs adopted a Preferential Procurement Policy under the 'Preferential Procurement Policy Framework Act, 2000'. South Africa also implemented Environmental Management Policy, the National Environmental Management Act, Integrated Pollution and Waste Policy, National Waste Management Strategy which focused on sustainability principles in procurement activities with an emphasis on recycling activities. Recycling has started at various levels for consumers, collectors, waste processors, brokers, end-use markets, waste disposal, policy-makers, NGOs, etc. Sustainable Public Procurement has largely focused on job creation, reduction of pollution, conservation of natural resources, energy conservation in manufacturing sectors, litter abatement, and in the reduction of waste stream. Department of Environmental Affairs and Tourism of South Africa has also developed a Waste Information System (a centralized database) for monitoring the level of sustainability (measured in terms of indicators of impact on wastes, resources) in procurement activities of the public sector.



## China

From January 2007, provincial and central governments have made a list of environment friendly products certified by China Certification Committee for Environmental Labelling and these products have to mandatorily meet environmental protection and energy saving standards.



## Argentina

An action plan to implement SPP with training activities of procurement officials and policy-makers has started with the support of Marrakech Task Force. Training of procurement officials has also begun. Within the government policy discourse, sustainable public procurement has been mainstreamed.



## Mexico

The 2007–2012 National Development Plan brought in sustainability criteria in the procurement policy followed by a procurement law. The law recognized that all wood and furniture procurement by public agencies requires a certificate highlighting its legal origin and paper procured by public agencies will need to have 50 per cent recycled content.



**BOX 1: WHAT ARE THE BOTTLENECKS TO MAINSTREAMING SUSTAINABILITY CONCERNS IN PUBLIC PROCUREMENT (PP)?**

- Difficulty in changing procurement behaviour of a company
- Complexity of comparing financial aspect of the product with cost of externality
- Myopic financial planning and management in public departments that is predominantly undertaken on an annual basis may leave little scope for purchasing of sustainable alternatives. This is because the upfront cost of sustainable products may be higher and benefits in terms of financial savings may accrue over the useful life which may not be considered at the time of allocating funds for procurement
- Lack of suppliers of sustainable assets, suppliers or services OR lack of knowledge or capacity to identify them
- The difficulty in including factors broader than environmental considerations pertaining to human rights
- Perception that sustainable products are costly. This is largely because life-cycle costing is widely ignored and upfront costs are given primary emphasis

**Public Procurement in India and Social Imperatives**

In India, public buying has been used as a medium to achieve various social objectives, such as, reducing unemployment, providing employment to disabled individuals, and to backward regions in the country, promoting gender and ethnic equality, etc. The focus has largely been on social aspects of sustainability. Currently, in India, there is no public procurement law at the national level. Preference for certain kinds of products and services in the procurement process therefore has been introduced through policy measures and guidelines. These are primarily department-led and focus on promoting procurement from micro and small enterprises (MSEs) or give preference to indigenous procurement in the defence sector. There are also provisions for earmarking certain share of annual purchase from MSEs owned by SC/ST entrepreneurs.

**Initial Steps to Greening Public Procurement**

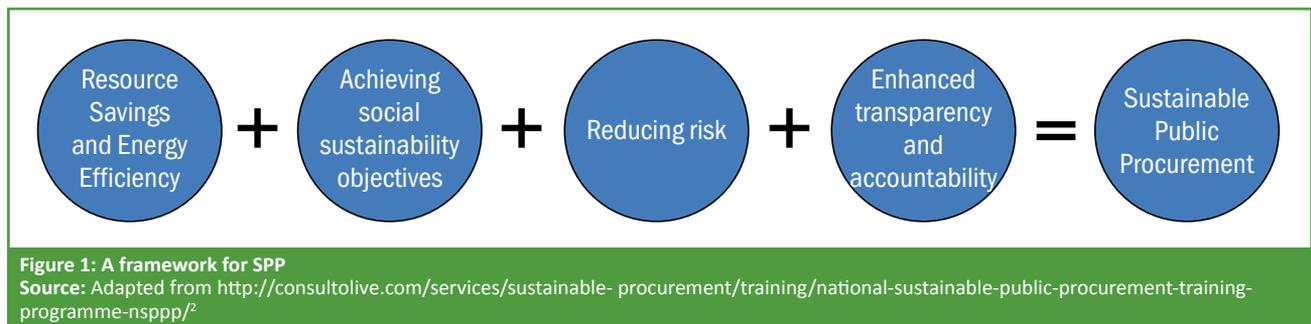
Some public sector entities and government departments have started internalizing environmental and energy efficiency criteria in their procurement decisions. For instance, Indian Railways, Bharat Heavy Electricals Limited (BHEL), National Thermal Power Corporation (NTPC), and Indian Oil Corporation are promoting sustainable public procurement in a decentralized way in project specific sites with a major focus on procurement of energy conserving equipments (TERI, 2007) in the procurement process of small items. However, such efforts have been undertaken in isolation and have not been replicated or scaled up across organizations, sectors, and levels of governments.

The Thirteenth Finance Commission of India emphasized the need for incentivizing growth of India with lower environmental and resource footprint. In this respect, SPP is a necessary tool for fulfilling the stated commitment of the country towards a green and inclusive growth. A possible framework for SPP is given below (See Figure 1) .

While the benefits of SPP are known, feasibility of using procurement as a tool for promoting sustainability depends on the existing legal and policy environment.

**Does the legal regime in India enable sustainable public procurement?**

Public sector procurement is regulated in India to ensure fairness, transparency, and accountability. Procurement officials are often risk averse and could be hesitant to implement sustainable procurement without a clear legitimization and policy direction. In the absence of a clear mandate for promoting sustainable procurement decisions and due to the presence of the traditional L<sub>1</sub> approach to procurement, public departments aim at minimising short-term financial costs. Therefore, at the onset, the key questions around SPP are: Does the legal regime incentivize procurement of environment friendly goods and services? Can environment friendly products



**Figure 1: A framework for SPP**

Source: Adapted from <http://consultolive.com/services/sustainable-procurement/training/national-sustainable-public-procurement-training-programme-nsppp/><sup>2</sup>

<sup>2</sup> The above framework captures to an extent the factors considered while taking a sustainable procurement decision by an official in a developing country – under efficiency both resource and any other efficiency consideration will come in, within the second box social considerations come in and the third one takes into account of how different risk reduction mechanisms have to be taken while addressing the first two blocks of efficiency and sustainability objectives. Finally the fourth box states the importance of enhanced transparency and accountability as one of the important considerations while implementing sustainable public procurement within India.

**BOX 2: PROVISIONS RELATING TO SPP UNDER THE PROPOSED ACT**

Under the proposed Act, sustainability dimension can be incorporated in the procurement process by utilizing the following sections:

- Section 9, sub-section 2, promotes, to the extent practicable; incorporation of recognized national standards or building codes as the basis of defining the technical specifications and states that in the absence of national standards, relevant international standards may be used.
- Section 11, sub-section 2-c, states that the Central Government may, by notification, provide for mandatory procurement of any subject matter of procurement from any category of bidders, or purchase preference in procurement from any category of bidders to promote existing or future (notified) socio-economic policy of the Central Government. This section can also be used for enabling mandatory procurement of select products as has been done in the case of China.
- Section 11 (Participation of bidders), sub-section 4, of the bill enables for restricting participation of bidders in a tender concerned on the grounds to protect human, animal or plant life or their health.
- Section 21 (Criteria for evaluation) allows inclusion of the environmental characteristics of a product while defining the product characteristics.

be procured given the cost considerations? How can cost and sustainability factors be reconciled with procurement? Currently, there is no legislation specifically for procurement at the Central level in India. Few states like Tamil Nadu, Karnataka have framed state level legislation. General Financial Rules (GFR) are followed by various government departments and public entities at the central and local level as a set of guiding regulatory principles for public procurement. To fill the gap in the legal regime, a Public Procurement Bill has been introduced in the Parliament in 2012.

As per the currently applicable GFR, the fundamental principles of public buying are to bring efficiency, economies, transparency and promotion of competition in public procurement (Rule 137). Further, sub-section 1 states — “Specifications in terms of quality, type, etc., should meet basic needs of the organization without including superfluous and non-essential features, which may result in unwarranted expenditure.” Therefore, existing state level laws and GFR do not deal with SPP directly or prohibit SPP per se, but limit the legitimization of sustainable procurement based on environmental and social criteria.

The most important prerequisite for operationalizing SPP is to provide an enabling procurement law<sup>3</sup> (GOI, 2011). An enabling law should allow for incorporating sustainability factors while defining functional characteristics of the good/service to be procured, selection criteria, and evaluation methodology in public tenders.

Many countries have modified their legislation to be able to incorporate sustainability criterion into public procurement activities. OECD countries have modified their legislation in order to introduce environmental criterion in the public procurement process. Use of policy instruments to further certain social objectives or promote certain businesses has been practised in India too.

An executive order was passed by the Ministry of Micro, Small and Medium Enterprises (MSME) in 2012, whereby every Central Government Ministry, Department and Public Sector Unit (PSU) has to procure a minimum of 20 per cent of their goods and services from micro and small enterprises (MSE). The Public Procurement Policy focusing on MSE therefore extends preferential treatment to MSEs by setting a 20 per cent goal and reserving over 350 items for purchase from MSEs.

The National Environment Policy of 2006 calls for encouraging adoption of Environmental Management Systems through purchase preference for ISO 14,000 goods and services for Government procurement.

In April 2012, the Union Cabinet approved the Public Procurement Bill, which is currently pending in the Lok Sabha<sup>4</sup>. The Bill aims at ensuring ‘transparency, accountability and probity in the procurement process, promoting competition, enhancing efficiency and economy, maintaining integrity and public confidence in the public procurement process.’ Like the Procurement Policy of the MSEs, the Bill will be applicable to Central Government departments and PSUs at the central level only.

The proposed law has several commendable features which can be utilized to operationalize SPP in India. However, it lacks a clear mandate with respect to sustainability and does little to promote it. Unlike the Procurement policy on MSEs which clearly mandates supporting MSEs through procurement, the Bill or any other policy in India does not mandate such support for environmental sustainability in the public procurement process. Given that an overarching law on procurement is finally being introduced in India, the law should have a holistic approach and incorporate sustainability in public procurement as one of its main objectives.

<sup>3</sup> Ministry of Corporate Affairs of India in the annexure of its latest guidelines mentions the importance of an enabling procurement law for Indian companies to adopt sustainable public procurement. The Indian cabinet has declared a new procurement policy framework according to which 20 per cent of the total annual procurement of various central government department and public sector units will be made from micro, small and medium enterprises (MSMEs). Out of this 20 per cent, four per cent of the total annual procurement orders of central government departments and public sector units should be taken from “scheduled casts and tribes” entrepreneurs. Remaining four per cent procurement will be done from other types of entrepreneurs. Indian government has also announced to procure all defense items from domestic manufacturers with larger transparency and accountability.

<sup>4</sup> Till the time of writing this policy brief.

**This will mobilize the transition to SPP and will also clearly convey the priority of the government through clear directives for procurement officials.**

Moreover, provisions of the current draft Bill are applicable only to Central Government departments and PSUs at the Central level etc. Given that States also spend substantial amount of public money on procurement of goods and services, their expenditure should also be brought under the purview of the proposed or similar procurement legislation at the state level. **Centrally sponsored schemes can also be considered to be under the purview of this legislation.**

### Is an Enabling Law Enough?

A law can provide a governance structure to identify, understand and manage future environmental risks and opportunities. For successful implementation of sustainable public procurement, it is imperative that there is a sound governance framework providing a structure for ensuring transparency and public disclosure of key economic, environmental, and social performance indicators (Bobis and John Staniszewski, 2009).

Similar to the policy on MSEs, the proposed Public Procurement law could include provisions for mandatory procurement of certain goods which are in line with government initiatives towards sustainable growth. The Bill proposes that technical specifications in the subject matter of procurement shall, 'to the extent practicable, be based on the national technical regulations or recognized national standards or building codes' [Section 9 (1)]. While this clause can be interpreted to include certain environment related standards, it leaves room for discretion. This section can encourage SPP by making specific reference to use of standards and labelling for promotion of energy efficiency and environmental protection as and when they become available. The Bill contains certain other provisions that allow governments to give preference or restrict participation to promote sustainable alternatives (Section 6, 14 & 31). **However, utilization of such provisions must be complemented with guidelines and supported by a policy framework.**

Such support could also be provided through General Financial Rules of Ministry of Finance (2005). The Indian government has given such flexibility for procurement of khadi, handloom and specific products from the small scale sector to support the livelihoods of people engaged with specific products from the small scale sector. Rule 144 of General Financial Rules provide for specific purchase by central government departments from Khadi and Village Industries Commission(KVIC) and other notified handloom units of ACASH (The Association of Corporations and Apex Societies of Handlooms). **Such preference should be extended to procurement of products with long-term cost savings and beneficial impact on economic, environmental, and social indicators.**

Therefore, enactment of an enabling law is a necessary condition for providing legitimacy to SPP. However, it is not sufficient for implementing SPP. To promote and encourage use of sustainability as a criterion for procurement, besides an enabling law, a clear policy framework aimed at promoting SPP is needed. Such a framework must have enabling laws, policy environment, complementary actions, clear identification and statement of priorities.

An integrated national policy framework on SPP for India will give legitimacy and an impetus to various ongoing initiatives and incentivize new actions across the entire public sector. A policy will clearly communicate the priority of the government and will expedite implementation of SPP.

### What is Required to Address Sustainability in Public Procurement?

Broadly, the following measures need to be taken to address sustainability in public procurement:

#### Identify Sustainability Factors

As a starting point there is a need to identify sustainability factors that should be considered in purchase of products by the public sector of India. This is essential as the term sustainability can have varied interpretations and its applications vary across organisational hierarchies and sectors. In many EU countries, Sustainable Public Procurement (SPP) is interchangeable with the concept of 'Green Procurement' which predominantly refers to environmental dimension, whereas in South Africa social dimension is also included in the Sustainable Public Procurement Policy. Therefore, the policy has to identify and lay down clearly the sustainability factors for appropriate consideration for inclusion in the procurement process. Some of the most widely used factors which can be included in the policy are listed below (See Box 3):

#### BOX 3: SUGGESTED SUSTAINABILITY FACTORS THAT COULD BE INCLUDED IN PROCUREMENT DECISION MAKING

Environment	Resource Efficiency	Social
Reducing pollution	Reducing energy consumption	Reducing human health impacts
Minimizing the adverse impacts on biodiversity	Addressing the depletion of natural resources	Promoting local businesses
Reducing toxic especially persistent organic pollutant	Promoting recycle and reuse	Promoting social inclusiveness and justice
Minimizing waste generation		Promoting social equality, equity

### Devise an Action Plan

With little or no experience and lack of training to officials and suppliers, getting started may require careful planning. Therefore, a clear and concrete action plan must be laid out to implement the policy.

#### BOX 4: DUNKERQUE CASE STUDY (GETTING STARTED: SIX STEP METHODOLOGY- FRANCE)

Dunkerque's (Communauté Urbaine de Dunkerque) sustainable development project started with three target items—cleaning products, paper and paints. The environmental department developed a six-step methodology for this. These steps included:

- Step 1: Ask usual suppliers for environmentally preferable products.
- Step 2: Inform and raise awareness among employees as to the objectives and conditions of the change and the employees' role in it.
- Step 3: Test the eco-product samples over a few months in order to assess their efficiency, quality and user friendliness and compare them to conventional equivalents.
- Step 4: Elaborate a diagnosis from the test results.
- Step 5: Introduce a purchasing procedure aimed at progressively replacing conventional products by eco-products.
- Step 6: Communicate the results in the municipal newsletter.

The methodology was successful (ICLEI, 2007) and for the paper product segment, it had the largest impact on usage of recycled paper with an increase in the everyday use (upto 60 to 65 per cent). The project proved that eco-products can have a better price-performance ratio than conventional products and in the long run do not prove more expensive.

Source: ICLEI (2007), Costs and Benefits of Green Public Procurement in Europe, Freiburg

- **Start Slow with Few Products:** Pilot projects should be undertaken to demonstrate benefits and introduce public officials to the new mechanism of sustainable buying. This will have positive demonstration impacts, raise confidence and will also reduce the scale of risks. Identifying priority factors in the policy will help in shortlisting products with maximum noticeable impact. This can be done by choosing products in high priority segments (i.e., low hanging fruits, for example—efficient lighting, energy intensive goods such as air conditioners, fuel efficient cars, eco-friendly paints, recycled goods such as papers, equipment for resource efficient/green buildings, and most importantly product categories where already labels and ratings exist) where cost of implementation is low and potential benefits are high. Prioritization can be based on all or any of following criteria:

- Market availability of preferable alternative (i.e., substitutes scoring better than conventional product in terms of full life cycle impact) to the products which are easily available in the market (preferably local).
- At the qualification stage of a tendering process for procurement, long-term lifecycle impact of the product in terms of cost savings has to be given. Once the products have qualified and matched the technical criteria, a multi-criteria based sustainability score for these products will need to be worked out for a prioritized selection of these products based on their sustainability score.
- Product segments that cut across various sectors and therefore have a potential for inducing a bigger impact on the economy.
- Products for which benefits are observable, measurable and therefore, lead to high visibility.
- Cost of evaluating sustainability is low and methodology is simple.
- **Set Targets:** As a part of an action plan to operationalize sustainable public procurement within India, quantitative, achievable and measurable targets have to be made (See Box 4) and these targets should be conveyed to procurement officials and suppliers. This will help in conveying commitment of the public department and will positively influence procurement officials and suppliers' adaptation towards new policy.
- **Assign Roles and Responsibilities:** In order to warrant successful implementation of the action plan it is essential to assign roles and responsibilities at all levels. Various activities, such as ensuring the incorporation of sustainability criteria that meet the following points — intent of the policy<sup>5</sup>, building awareness and capacity, data collection and performance reporting, monitoring compliance and measuring outcomes, must be identified and assigned at various level of management within the public sector companies imbibing sustainable public procurement by means of a framework of roles and responsibilities (See Table I).

### Enhance Capacity

One challenge that lies with sustainable public procurement is ascertaining which good is sustainable and why it should be procured on the criteria of sustainability. The key point in this respect is prioritization of the product selection after judging the sustainability criteria of a product vis-à-vis its performance and market demand. Introducing environmental criteria in purchasing procedures therefore always requires a parallel step of training and motivating public procurement officials. Further, in India, many

<sup>5</sup> To be done by respective companies with the advice of a committee comprising of Ministry of Company Affairs, Ministry of Finance, Ministry of Environment and Forests, Department of Administrative Reforms and Public Grievances under the Ministry of Personnel, Public Grievances and Pensions), pilot retesting of preferable alternative (to be done by the individual companies and the results can be reported to a committee comprising of nodal ministries like - Ministry of Company Affairs, Ministry of Finance, Ministry of Environment and Forests, Department of Administrative Reforms and Public Grievances).

TABLE 1: ROLES AND RESPONSIBILITIES

Actor	Responsibility
Central and State Government	<ul style="list-style-type: none"> <li>• Framing policy, regulations, and standards                             <ul style="list-style-type: none"> <li>- State level cabinet will have to approve the draft state level public procurement law with laid down regulations and guidelines</li> <li>- These state level regulations have to be in consonance with the central level public procurement bill, CVC guidelines (Government of India) and GFR principles (Ministry of Finance)</li> <li>- Product specific standards have to be developed by the designated agencies. For instance, for energy efficient products—Bureau of Energy Efficiency (BEE) will be responsible. Similarly for every product, the standard has to be developed by the respective agency.</li> </ul> </li> <li>• Extending institutional support                             <ul style="list-style-type: none"> <li>- Public agencies will need the support of Ministry of Finance, Central Vigilance Commission to introduce sustainability in their procurement practices</li> <li>- Public companies will also require the support of Ministry of Company Affairs guidelines that will direct them to move towards sustainable public procurement</li> <li>- Procurement at the company specific decentralized units has to be done by companies themselves</li> <li>- Procurement at the lowest decentralized unit has to be supported by municipalities</li> </ul> </li> <li>• Issuing circulars and guidelines</li> <li>• Encourage pilot testing, use of sustainable procurement standards                             <ul style="list-style-type: none"> <li>- This has to be done specifically by individual companies and for subsequent products. Pilot testing decision has to be taken at a company level and needs to be implemented by individual companies.</li> </ul> </li> <li>• Fund allocation for capacity-building and training                             <ul style="list-style-type: none"> <li>- Ministry of Finance has to create an allocation of fund for capacity building and training. Ministry of Company Affairs has to ensure that the created fund is also used properly within the companies for capacity-building and training. Further, monitoring of the proper utilization of the fund of the companies for capacity building and training has to be done by the Central Vigilance Commission (CVC)</li> <li>- Every company has to also set aside a certain amount of fund for capacity building and training of the staffs, vendors of products on issues of sustainability in public procurement</li> </ul> </li> <li>• Setting goals, targets, and guidelines</li> </ul>
Bureau of Indian Standards	<ul style="list-style-type: none"> <li>• ECO MARK, Product Certification, Third party certification for developing standards for sustainable products in—chemicals, civil engineering, production and general engineering, electronics and information technology, food and agriculture, electro-technical, mechanical engineering, management and systems, medical and metallurgical products with a focus on environmental protection, energy conservation and rural development</li> <li>• Developing the Indian standards for sustainable goods with guidelines on—a) methods of test, b) product specifications, c) codes of practices, guidelines, d) definitions, terminologies, glossaries, and e) basic, standard requirements</li> <li>• Coordinating and knowledge sharing with international certification agencies such as International Organisation for Standardization (ISO), the International Electrotechnical Commission (IEC), the International Telecommunication Union (ITU) and the World Standards Service Network (WSSN)</li> </ul>
Bureau of Energy Efficiency	<ul style="list-style-type: none"> <li>• LCCA, Labelling for products based on energy consumption</li> <li>• Develop minimum energy performance standards and labelling design for equipment and appliances</li> <li>• Define the manner and periodicity of mandatory energy audits</li> <li>• Develop reporting formats on energy consumption and action taken on the recommendations of the energy auditors</li> </ul>
Departmental Heads	<ul style="list-style-type: none"> <li>• Ensuring adherence to laid down policy guidelines of individual companies</li> <li>• Reforms in procurement training and allocation of resources for public procurement on the basis of life cycle cost</li> <li>• Pilot testing of sustainable products</li> <li>• Incorporating available standards and labels</li> </ul>
Tender Committees/ Procurement officials	<ul style="list-style-type: none"> <li>• Sustainability standards in tenders</li> <li>• Evaluation, data reporting on sustainability practices and inter/intra departmental sharing of the data</li> </ul>

small value items are procured at decentralized units of an organization. Therefore, sustainability factor in the procurement of such small value items could be included at a decentralized unit itself. This will require training and capacity-building of procurement officers of the decentralized units by the individual companies. The product selection and capacity enhancing mechanism can learn from the experience in France (See Box 4).

#### BOX 5: KOLDING CASE STUDY (DENMARK): PRACTICAL HINTS TO ASSESS SUSTAINABILITY

As an effective yet simple tool, Danish city of Kolding, devised environmental questionnaires for a range of product groups from paper, fax and printing machines, office furniture, clothing articles, textiles, food, toys, etc. Extensive research was undertaken to identify the environmental impacts of products and production processes to identify the best possible choice of products.

The first section of the questionnaire enquired if the product/service complied with existing environmental requirements including Eco-label. If YES, the environmental impact of the product was directly and positively assessed. If the answer was NO, there were questions regarding the environmental quality of the supplier's business, product's and product's package's environmental impact. For every product type, a set of mandatory questions were defined. If answer to these was NO then the supplier was disqualified. All other questions with YES as an answer indicated positive environmental performance and provided the basis (with the help of scoring system) for comparative assessment between suppliers.

With two years of using questionnaires the city was able to specify and integrate environmental dimension in 40 per cent of tender calls using 19 questionnaires for different product category. Most importantly the Kolding's experience has shown that suppliers respond positively to the environmental inquiry and can easily fulfil the requirements. Moreover, it disproved the notion that environment friendly products are rare and costly (ICLEI, 2000).

**Source:** ICLEI (2000), Green Purchasing Good Practice Guide, ICLEI European Secretariat, GMBH, Freiburg

#### Identify Preferable Alternatives

It is essential to ensure that procurement in India is conducted in a transparent and competitive manner i.e., through open auctions. However, this requires an appropriate methodology to shortlist the best possible alternative from the pool of applicants (See Box 5). Evaluating alternatives can be done at different stages of procurement i.e., at the level of qualification criteria on the basis of technical requirement or at the evaluation stage by devising appropriate methodology to weigh sustainability along with financial quotations.

Sustainability of a product can be assessed by incorporating voluntary or mandatory labels in the selection criteria. Some labels can quantify pollution or energy consumption by using index scores or units of measurement; labels can also assert compliance with a set of practices or minimum requirements for sustainability

or reduction of harmful environmental impacts. Labels by BEE (Bureau of Energy Efficiency) for energy appliances and GRIHA for buildings can be utilized by public departments. The merit of 'Labelling' method lies in its simplicity. Even a simple questionnaire can be utilized to assess various dimensions of sustainability. The Danish city of Kolding adopted a purchasing strategy to embed an environmental dimension in tendering procedures at par with price, quality or level of service (See Box 5).

For products/contracts/services having a long term life cycle impact on environment, Life Cycle Cost Assessment Methodology (LCCA) for evaluation could be considered. This methodology can be applied to shortlist preferable alternatives by assessing the impact of a product over its full life cycle, taking into account all the steps in between: raw material extraction, manufacturing, packaging, transportation, storage and utilization. Product specific LCCA needs to be developed for goods that utilize scarce resources over their life time so that a resource efficiency dimension could be incorporated in tenders of these products.

However, responsibility for conducting a life cycle assessment has to be left to the different procurement agencies. Procurement of products after considering their life cycle impact will mean a higher upfront cost. At the national level, streamlining of product specific lifecycle cost assessment has to be done with a proper assignment of specific tasks. This could also entail audit objections and more enquiries by Central Vigilance Commission for public sector procurements. Therefore, the proposed Act and a possible SPP policy have to legitimize such procurement with higher upfront costs. The policy has to also have provisions on how financial resources will be budgeted, raised, managed and allocated by the government and public agencies for implementing SPP of products based on their long term life cycle impacts.

#### Raise Awareness

The idea of introducing sustainability in public purchases is new in India and therefore, there is a need to convince various stakeholders such as policy-makers, suppliers, procurement officials and general public that sustainable goods are beneficial over a long-term. Raising awareness can generate acceptance for a policy on sustainable public procurement and therefore will facilitate better implementation (California Sustainability Alliance, 2010). BEE has been successful in mainstreaming energy efficiency criteria in certain electronic goods supported by means of awareness generation that has raised the demand for energy efficient goods. This is supported by success stories of sustainable public procurement across the world which show that political support and increased awareness are of utmost importance for fostering sustainable public procurement. (ICLEI, 2007)

## Conclusion

Sustainable Public Procurement requires a comprehensive approach comprising various instruments and actions. Enactment of an enabling law is a necessary condition for providing legitimacy to SPP practices; however, it is not a sufficient condition and must be supported by a harmonized integrated policy framework with well-defined complementary actions, such as identifying priority areas, enhancing capacity and running awareness campaigns. At each stage of the implementation process of sustainable public procurement in India, responsibilities of agents have to be defined. New and upcoming legislation should include sustainability as a criterion in the public procurement process. Central guidelines provided by Central Vigilance Commission (CVC), General Financial Rules of 2005 have to be more flexible to allow public sector companies to move towards a sustainable public procurement regime. Standards and guidelines to support decisions relating to SPP must be formulated and their adoption has to be promoted. However, uptake of sustainable public procurement will take time and vary from state to state in India. In order to fast track such uptake, learnings should be drawn from pilot tests on SPP of select products conducted by companies. All these measures have to be supported by a dedicated policy framework for sustainable public procurement in India and has to be facilitated by political will, decisions at the firm or department level, improved and comprehensive guidelines. Successful implementation

### BOX 6: APPLE STORY: IMPACT OF PUBLIC AWARENESS<sup>6</sup>

Customers like Ford Motor Company and university institutions like Yale University, Penn State University, State of New York, cities of San Jose, Los Angeles, Phoenix and Seattle stopped buying apple products in the recent past. This happened once Apple withdrew from a program that provides environmental friendly certification (EPEAT) to recycled, environment friendly electronic products. EPEAT is managed by a Portland based non-profit organization called Green Electronics Council and Apple was once actively involved in development of these certificates. Withdrawal of Apple from this certification exercise affected the trust of environment conscious consumers on Apple products which therefore reduced the demand for Apple products. However, to regain the consumer trust, the company has disseminated environmental footprint, emission impacts of its products on the web page. The company has informed the reason behind non-continuation of recycling of its products through their website.

This illustrates the potential role and subsequent need to raise consumer awareness compelling a transition towards sustainable production practices of companies.

**Source:** <http://blogs.wsj.com/cio/2012/07/10/san-francisco-officials-plan-to-block-apple-procurement/>

of these measures requires active support of policy-makers, suppliers, procurement officials and general public. These measures are essential to create long term benefits for the economy, environment and the society through SPP in India.

<sup>6</sup> <http://www.care2.com/causes/apple-could-lose-the-federal-governments-business.html>.

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