



**Sustainable
United Nations**

Sustainable Procurement Guidelines Users' Guide

Paris May 2009

Developed by ICLEI - Local Governments for Sustainability (ICLEI) for the United Nations Environment Programme – Division of Technology, Industry and Economics (UNEP-DTIE), 2008



Owner/ Editor: UNEP-DTIE, 15 rue de Milan, F-75441 Paris

Disclaimer: UNEP-DTIE accepts no responsibility or liability whatsoever with regard to the information presented in this document.

Messages from the United Nations and UNEP

“...I would like to make a public commitment. We are already moving towards making our Headquarters in New York climate-neutral and environmentally sustainable. I would like to see our renovated headquarters complex eventually become a globally acclaimed model of efficient use of energy and resources. Beyond New York, the initiative should include the other UN headquarters and offices around the globe.

We need to work on our operations too, by using energy more efficiently and eliminating wasteful practices. That is why, today, I am asking the heads of all UN agencies, funds and programmes to join me in this effort. And I am asking all staff members throughout the UN family to make common cause with me.”



Ban Ki-Moon
UN Secretary General
New York, 5 June 2007
World Environment Day



Achim Steiner
Executive Director, UNEP
Geneva, 8 October 2007
117th Assembly of the Inter-Parliamentary Union

“Ban Ki-Moon is determined to put global warming at the top of the global political agenda and determined to build the trust so urgently needed if we are to succeed in combating climate change. Under his leadership, the UN is also determined to demonstrate its 'sustainability credentials' by action on the ground and by good housekeeping at home.

Reviews are underway across all agencies and programmes to establish a strategy for a carbon neutral UN and to make the refurbishment of the UN headquarters in New York a model of eco-efficiency.”*

UNEP is committed to take part in the fight for climate change and in showing leadership. We are committed to become carbon neutral by reducing our energy consumption and carbon footprint and by offsetting emissions

Introduction to the United Nations Sustainable Procurement Guidelines

The *Sustainable Procurement Guidelines* provide example criteria that may be used by United Nations (UN) staff for the procurement of 10 categories of goods, civil works and services. The full series of the Sustainable Procurement Guidelines can be found at <http://www.unep.fr/scp/sun/>, along with additional guidance on implementing sustainable procurement in the UN.

As each procurement situation and market is different there is no such thing as a “cut and paste” solution. These guidelines are therefore intended as a suggestion to UN procurers but we strongly recommend that their application be considered for each procurement action by **a team** composed of at least the requisitioners, the procurer and the agency’s environment/sustainable development expert. In the few cases that no environment or sustainable development expertise can be found in the agency we suggest contacting other agencies in the same location or UNEP SUN (sustainable.un@unep.org).

What is Sustainable Procurement?

Sustainable Procurement could be described as an “acquisition process whereby organizations meet their requirements for goods, services, works and utilities in a way that achieves value for money on a whole of life basis in terms of generating benefits not only to the Organization, but also to society and the economy, whilst minimizing its impact on the environment.”¹

Included also in the Statement is a pledge that “UN organisations commit to making Sustainable Procurement their standard practice progressively and in full respect of the right of access to the UN market for suppliers from developing countries and countries with economies in transition”.

How to use the UNEP Guidelines

The **main goal** of the Guidelines is to facilitate the implementation of sustainable procurement by providing criteria that may be used by UN staff for the requisition and procurement of goods, civil works and services.

In practice, this means thinking carefully about what the true needs are, as a first step. Then, basing purchasing decisions (for products, services and works) on the lowest

¹ Definition adopted by the Task Force on Sustainable Public Procurement led by Switzerland (membership includes Switzerland, USA, UK, Norway, Philippines, Argentina, Ghana, Mexico, China, Czech Republic, State of Sao Paulo (Brazil), UNEP, International Institute for Social Development (IISD), International Labor Organization (ILO), European Commission (DG-Environment) and International Council for Local Environmental Initiatives (ICLEI) and adopted in the context of the Marrakech Process on Sustainable Production and consumption led by UNEP and the United Nations Department of Economic and Social Affairs (UN DESA).

environmental impact and most positive social impact which make the most economic sense over the lifetime of the product. Therefore, the guidance covers the following: key environmental impacts, key social considerations, most appropriate means of verification and information on the availability of sustainable products and lifetime costs (where available).

As with local product availability, prices, costs and relevant legislation may vary considerably between regions. The way sustainable procurement is practiced should be adapted to local conditions and markets, and depends on how ambitious the purchasing organisation is in terms of sustainable development,

For these reasons, the UN Sustainable Procurement **Guidelines** comprise of the following for each product and service:

- a detailed **background report**, and
- a practical **product sheet**.

The main role of the **background report** is to provide staff involved in procurement with more comprehensive information on the rationale behind the sustainable procurement guidelines presented in the product sheets. The background reports cover various issues related to purchasing a product and service in an environmentally-friendly and socially-responsible way, such as: identifying the key environmental impacts and social considerations, listing the most appropriate schemes for verification, most relevant legislation regarding the environment and social considerations, and providing an indication of the availability on the market of sustainable products.

The **product sheets**, on the other hand, provide sustainability criteria designed specifically for the various phases or steps of the UN procurement cycle. These are: detailing the subject matter of tenders, sourcing suppliers, technical specifications (or terms of reference, for services), evaluation criteria and contractual clauses. Guidance is also provided on how compliance with the criteria should be verified. The criteria are also presented in check-list form for use by requisitioners and a weighting matrix is provided.

Regional differences

As market conditions vary from region to region, the possibilities for sustainable procurement may also vary. Therefore, for certain product groups different product sheets may be produced for different regions. The region each product sheet is produced for will be clearly marked on the document itself and also on the SUN website where they can be downloaded.

Differences in ambition

Additionally UN procurers must decide whether they wish to apply the “basic” or “advanced” criteria:

1. **Basic sustainability criteria** address the most significant environmental and social impacts and require minimum effort in verification and minimal increases (if any) in price

2. **Advanced sustainability criteria** are intended for use by procurers who seek to purchase the most advanced environmentally-friendly and socially-responsible products available on the market, and may require additional administrative effort or result in a price increase as compared to other products fulfilling the same function.

Incorporating Sustainability into the UN Procurement Process

Relevant UN procurement procedures

This section aims to give an overview of how sustainability criteria may be incorporated into different UN procurement procedures and the tendering process.

The UN Global Market Place (<http://www.ungm.org>) is the main purchasing platform for UN agencies. Here suppliers (vendors) can register themselves to offer supplies or services (e.g. cleaning services) for particular UN agencies. This includes the member organs of the UN and specialised agencies outlined in the table below.

To find out more about sustainable procurement in the UN, visit: <http://www.ungm.org/SustainableProcurement/>.

| |
|---|
| Agencies participating in the UNGM |
|---|

| | |
|---|--|
| <ul style="list-style-type: none"> ▪ Food and Agriculture Organization of the United Nations (FAO) ▪ International Atomic Energy Agency (IAEA) ▪ The International Fund for Agricultural Development (IFAD) ▪ International Labour Organization (ILO) ▪ International Trade Centre UNCTAD/WTO (ITC) ▪ International Telecommunication Union (ITU) ▪ Organisation for the Prohibition of Chemical Weapons (OPCW) ▪ United Nations Development Programme (UNDP) ▪ United Nations Educational, Scientific and Cultural Organization (UNESCO) ▪ United Nations Population Fund (UNFPA) ▪ United Nations High Commissioner for Refugees (UNHCR) | <ul style="list-style-type: none"> ▪ United Nations Children's Fund (UNICEF) ▪ United Nations Industrial Development Organization (UNIDO) ▪ United Nations Office for Project Services (UNOPS) ▪ United Nations Procurement Division(UN/PD) ▪ United Nations Office at Vienna (UNOV) ▪ United Nations Office at Geneva (UNOG) ▪ United Nations Economic Commission for Africa (UNECA) ▪ United Nations Relief and Works Agency (UNRWA) ▪ World Food Programme (WFP) ▪ World Health Organisation (WHO) ▪ Pan American Health Organisation (PAHO) ▪ World Intellectual Property Organization (WIPO) ▪ World Meteorological Organization (WMO) |
|---|--|

The standard procurement procedures followed by UN offices and agencies are the following (with minor variations among agencies):

Values of purchase orders up to US\$ 30,000

A direct selection of (normally three) possible suppliers is made by the procurement officer. Based on an analysis of the quotations received, the order is awarded to the supplier that meets the specifications and delivery terms and has the lowest price.

Values of purchase orders from US\$ 30,000 up to US\$ 100,000

Limited competitive bidding is carried out by inviting a selected shortlist of suppliers to respond through submitting sealed bids to the tendering authority (i.e. UN agency). The shortlist include suppliers from developing countries, including the recipient country, under-utilised donor countries and other donor countries. The order is awarded to the most qualified and responsive contractor submitting the lowest bid in terms of price.

Values of purchase orders from US\$ 100,000 and up

International competitive bidding is the preferred approach for orders with a higher financial significance. Where possible, the invitation to bid should be advertised in the UNGM (see www.ungm.org and www.devbusiness.com) or in other trade publications.

The system used for the evaluation of the bids depends on the type of method used for sourcing suppliers: If an Invitation to Bid (ITB) is issued, contracts are awarded to the lowest priced compliant bid, although there is flexibility in determining compliance.

If a Request for Proposals (RFP) is issued (typically used for the purchasing of more complex products and services), then the contract is awarded to the bid offering best value for money – this involves an integrated assessment of technical, organisational and pricing factors and can also include social and environmental issues.

Depending on the value of the contract and the procurement procedure used, a number of specific steps will be followed where sustainability considerations can be included.

These are described below:

Procurement planning – subject matter

The subject matter of the contract defines and, more importantly, communicates what the purchasing authority intends to purchase. Explicitly phrasing the subject matter of the contract in such a way so that it integrates the sustainability goal that is to be achieved by the contract is an important first step to take in the tendering process. It can integrate sustainability objectives if there is a clear link and relevance to the purchase in question. As all conditions stipulated in the other steps of the tendering process need to maintain a clear link to the subject matter of the contract, **clear and explicit wording of the subject matter is an effective way to ensure a sustainable purchase.**

Requirement definition – specifications about the functionality, quality and specific characteristics of the product or service

The tender specifications (or technical specifications) provide detailed information on the functionality, quality and other characteristics (e.g. packaging, disposal, etc.) of the product to be purchased. They provide the **opportunity to set minimum environmental and/or social requirements** which all bidders must meet.

Sourcing – suppliers, vendors and manufacturers

Criteria for sourcing (or pre-selecting) suppliers, vendors and manufacturers assess the technical and professional qualifications of vendors to produce and/or supply the requested products. If sustainability criteria are part of the subject matter and/or the technical specifications, **sourcing criteria can be included that assess the sustainability performance of bidders** to ensure that only bids from 'eligible' companies are considered in the evaluation stage. They can assess the bidding company's operations (and the companies it subcontracts or uses) as a whole, rather than only the end products purchased. The criteria included in this stage can address issues such as the availability of information on products, (sustainability) experience of the bidder, and security of supply. This can be a useful approach to improve the general environmental management and corporate social responsibility of companies contracted by the UN.

Evaluation – using life-cycle costing and bonus points system

Evaluation criteria are used to evaluate and compare the bids received which meet the minimum specifications (i.e. compliant bids).

In sustainable procurement, it is essential to indicate that the contract will be awarded to the offer that provides “best value for money” – the term used if criteria other than just the price will be assessed when comparing bids. Evaluation criteria evaluate the performance of a bid both in terms of price and other criteria, such as environmental performance.

As with all phases of the tendering process, the tender documents published by the purchasing authority must clearly set out the various evaluation criteria that will be used to evaluate bids (such as price, technical quality, environmental quality, social performance, etc.) as well as the weight in percentage terms allocated to each aspect. **In**

sustainable procurement, evaluation criteria can be used to encourage higher levels of sustainability performance than those demanded in the specifications, without risking significant increases in cost. Sustainability evaluation criteria should, altogether, account for at least 10 to 15 % of the total points available. Example evaluation matrices are provided in the Annexes of some of the product sheets.

Contract review and award – contract performance clauses

Contract clauses are binding on any company winning the bid, and should therefore be possible for any company to comply with. **It makes sense to include sustainability criteria in the contract clauses only if they are not included in other sections of the tender.** Contract clauses also include reference to penalties for non-compliance with the specifications or for cases where a supplier has provided a false written guarantee.

Figure 1 below outlines the procurement process as set out in the UNDP Procurement Manual. This diagram highlights the stages at which environmental and social procurement interventions should be integrated.

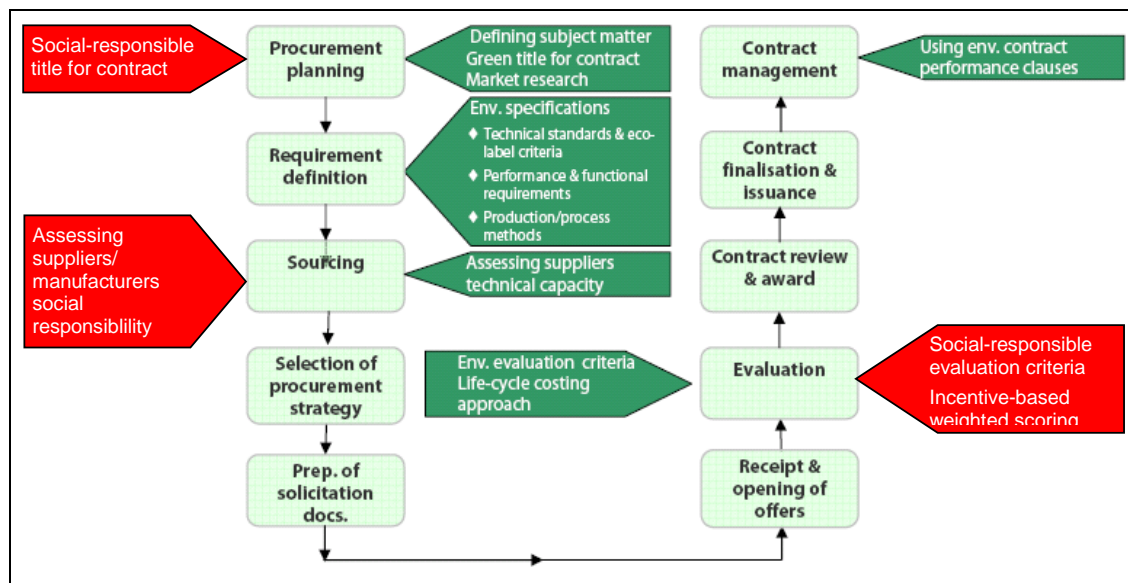


Figure 1: Environmental and socially-responsible interventions in the procurement process (Source: UNDP Environmental Procurement Practice Guide 2008, adapted by ICLEI)

Acknowledgements

The authors of the Sustainable Procurement Guidelines wish to thank the following people and institutions for their valuable support and comments:

Isabella Marras (UNEP), Robert Rodriguez (UNEP), Yann Mercier Savignoni (UNEP), Julie MacKenzie (FAO), Lena Musum Rømer (UNOPS), Sandro Luzzetti (IFAD), Rie Tsutsumi (UNEP), Anatoli Kondrachov (UNOG), Jason Bellone (UNOG), Ranko Vujacic (UNIDO), Andrea Henrichsen (ECLAC), Victoria Beláustegui (UNEP/ROLAC), Carlos Santos (UNEP/ROLAC), Jacqueline Schroeder (UN/PS), Jainaba Camara (UNEP/UNON), Sanjita Sehmi (UNEP/UNON), Strike Mkandla (UNEP), Frederik Schultz (UNRWA), Elaine Blair (UNRWA), Surya Chandak (UNEP/IETC), Julien Lefort (UNEP/IETC), Mika Kitagami (UNEP/IETC), Christian Saunders (UNHQ), Luis Santiago (UNHQ), Simon Hoiberg Olsen (UNESCAP), Dominik Heinrich (WFP), Sabine Adotevi (FAO), Elisa Tonda (UNIDO), Smail Alhilali (UNIDO), Laura Williamson, Jane Nyakang'o (National Cleaner Production Centre of Kenya), Rajeev Garg (National Cleaner Production Centre of India), César Barahona Zamora (National Cleaner Production Centre of Nicaragua), Carlos Arango (National Centre Production Centre of Colombia), Sergio Musmanni (National Centre Production Centre of Costa Rica), Holly Elwood (USEPA), Christopher Kent (USEPA), June Alvarez (Clean and Green Foundation of the Philippines), Christian Jarby (Elsparefonden), Scot Case (Ecologo), Katharine Kaplan (USEPA), Sophie Ravier (UNHQ-DPKO), Jolanta Wozniak (UNICEF); Anis Chibli, Jana Warming and Caroline Lepeu (UNOG); Jainaba Sissoho Camara (UNON).