Sustainable Health Procurement in 2016

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CONFERENCE
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INTRODUCTION: IN ORDER TO UNDERSTAND SUSTAINABLE PUBLIC PROCUREMENT, IT IS IMPORTANT TO UNDERSTAND FIRST SUSTAINABLE DEVELOPMENT AND ITS MAIN TRIGGERS

- Sustainable Development can be defined as that which meets the needs of the present without compromising the ability of future generations to meet their own needs*.

- Main triggers of Sustainable Development:
  - Global population growth
  - Global Inequality
  - Decent work deficit
  - Pollution and GHG emissions
  - Overexploitation of natural Resources

*Source: World Commission on Environment and Development's (the Brundtland Commission) report Our Common Future, 1987
Sustainable Development tries to establish synergies between environmental balance, social progress and economic feasibility under the principle of good governance.
**PUBLIC PROCUREMENT: WHY IS IT RELEVANT TO ENSURE SD?**

The role of governments:

1. Regulate markets
2. Actively participate in market as purchasers
3. Use tax payers money (conformity with community norms)
4. Enable and encourage competitiveness/innovation
5. Produce social, ethical and environmental outcomes, directly and indirectly

**COMBINING THESE FUNCTIONS**

Properly applied, SPP is an **effective mechanism to further the economic, social and environmental development**, i.e. to achieve policy goals.
SPP IS NOT A STAND ALONE PRACTICE: IT SEEKS RESOURCE EFFICIENCY, IMPROVES QUALITY OF PRODUCTS AND OPTIMIZES COSTS, THEREFORE IT IS GOOD PROCUREMENT

Sustainable Public Procurement (SPP) is the “process whereby public organizations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life cycle basis in terms of generating benefits not only to the organization, but also to society and the economy, whilst significantly reducing negative impacts on the environment”

Updated by the Multistakeholder Advisory Committee of the 10YFP SPP Programme from: Procuring the Future – the report of the UK Sustainable Procurement Task Force, June 2006.

SPP follows the essential elements of good public procurement – transparent, fair, non-discriminatory, competitive, accountable, efficient use of public funds, and verifiable – whilst integrating the three dimensions of sustainable development: social, environmental, and economic.

therefore,

Sustainable Public Procurement is Good Procurement!
### SPP Addresses All 3 Pillars of Sustainable Development; I.E. It Goes Beyond ‘Green Procurement’

<table>
<thead>
<tr>
<th>Economic</th>
<th>Social</th>
<th>Environmental</th>
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</thead>
<tbody>
<tr>
<td>- Best value for money</td>
<td>- Human development</td>
<td>- Preservation of natural resources, ecosystems and biodiversity</td>
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<tr>
<td>(price, quality, availability, functionality, innovation)</td>
<td>- Education</td>
<td>- Reduction of ecological footprint,</td>
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<td>- Life Cycle Costing</td>
<td>- Human and labour rights</td>
<td>- Reduction of GHG emissions</td>
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<tr>
<td>- Economic development</td>
<td>- Reduction of poverty and inequality</td>
<td>- Waste management</td>
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<tr>
<td>- Employment</td>
<td>- Security</td>
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<td>- Good governance</td>
<td>- Social inclusion</td>
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<td>- Innovation</td>
<td>- Promotion of SMEs</td>
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*Photo: UNOPS*
97% TOTAL UN HEALTH PROCUREMENT THROUGH THE SPHS UN AGENCIES
UNDP Sustainability Assessment of Antiretrovirals Long Term Suppliers

Sustainability assessment aiming to enhance the sustainability agenda, based on the answers and the documentation provided by suppliers to a detailed questionnaire

- Clear commitment to greener practices by suppliers achieving environmental certificates and performing risks assessment of their production processes.
- Space for improvement in areas such as monitoring carbon footprint or using renewable energy sources at the production facilities.
## Example of Social and Environmental Risk of Medicines

<table>
<thead>
<tr>
<th>Risks</th>
<th>Controls</th>
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<tbody>
<tr>
<td>Unethical supply chain</td>
<td>Environmental and ethical sourcing policy</td>
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<tr>
<td>Employee health and safety (labor relations, working conditions)</td>
<td>Supply chain sustainability and employee health and safety risk management system</td>
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<tr>
<td>Pressure on natural resources</td>
<td>Minimize facility footprint</td>
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<tr>
<td>Atmospheric emissions (Pollutants, Greenhouse gas)</td>
<td>Emissions management</td>
</tr>
<tr>
<td>Liquid waste (production and disposal), Accidental spills</td>
<td>Waste management and end of life process</td>
</tr>
<tr>
<td>Employee health and safety</td>
<td>Community health and safety plan and awareness raising on communicable diseases</td>
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A STRUCTURED APPROACH TO SPP SHOULD INTEGRATE SUSTAINABILITY CONSIDERATIONS THROUGHOUT THE PROCUREMENT PROCESS

Some examples of SPP integration:

1) Planning
   - **Assess sustainability** impacts of the procurement
   - Consider using a “**sustainable title**” for the process

2) Requirements definition
   - Relevant **technical standards** and environmental labels
   - **Performance and functional specifications**

3) Sourcing
   - **Research the market** for sustainable health products/services
   - **Pre-qualify suppliers** that minimize sustainability risks

4) Solicitation
   - Pre-determined sustainability **evaluation criteria**
   - **Life-cycle-costs** considerations

5) Contract management
   - **Suppliers engagement** to improve sustainability performance

**Special attention:** When integrating technical SPP requirement in the health procurement, you need to ensure that they will comply with the **World Health Organization Pre-Qualification Scheme of Medicines Programme (PQP)** and national regulations.
EXAMPLE: UNFPA PROGRESSIVE APPROACH TO SUSTAINABLE PROCUREMENT
OUR VALUE REFERENCES

UN SUPPLIER CODE OF CONDUCT

The United Nations Charter states that the United Nations (UN) Charter, respect for fundamental human rights, social justice and human dignity, and respect for the equal rights of men and women, are the foundational values to which supplies of goods and services to the UN are expected to adhere.

Global Compact: The Global Compact is a voluntary international corporate citizenship network initiated to support the participation of both the private sector and other social actors to advance responsible corporate citizenship and universal social and environmental principles to meet the challenges of globalization. The UN strongly encourages all suppliers to actively participate in the Global Compact. To that end, this Code of Conduct has been developed with recognition of the importance of the ten principles of the UN Global Compact, and is intended as an important means of integrating the Compact’s principles into the operations of the UN. The Code of Conduct addresses the issues included in the Compact in the areas of human rights, labor, environment and anti-corruption and interpretation of the Code should be understood as a precise statement with the Global Compact. Suppliers interested in supporting the Global Compact and obtaining more information on the ten principles, can visit the Global Compact website at www.unglobalcompact.org.

International Labour Conventions and Recommendations: The International Labour Standards (i.e., Conventions and Recommendations) established by the International Labour Organization (ILO), have served as the foundation on which much of the Code of Conduct is based. It is the UN’s expectation that any supplier providing products or services to the UN will, in addition to the values of the UN Charter, adhere to the principles concerning International Labour Standards summarized below in paragraphs 4–5.7.

1. Scope of Application:
   The provisions of this Code of Conduct set forth the UN’s expectations for all suppliers that are registered with the UN or with whom a direct business. The UN expects that these principles apply to suppliers and their employees, parent, subsidiary or affiliate entities, and subcontractors. The UN expects suppliers to ensure that the Code of Conduct is communicated to their employees, parent, subsidiary and affiliated entities and as well as any subcontractors, and that it is done in the local language and in a manner that is understood by all.

2. Continuous Improvement:
   The provisions as set forth in this Code of Conduct provide the minimum standards expected of suppliers to the UN. The UN expects suppliers to enhance their business and industry best practices. The UN also expects that its suppliers continue to work with their own suppliers and subcontractors to ensure that they also adhere to the principles of the Code of Conduct. The UN recognizes that reaching some of the standards established in this Code of Conduct in a dynamic rather than static manner and encourages suppliers to continually improve their workplace conditions accordingly.

3. Management, Monitoring and Evaluation:
   It is the expectation of the UN that suppliers, at a minimum, have established clear goals toward meeting the standards set forth in this Code of Conduct. The UN expects that its suppliers will establish and maintain

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10 PRINCIPLES OF THE UN GLOBAL COMPACT

**PRINCIPLE 1**
Businesses should support and respect the protection of internationally proclaimed human rights, within the scope of their influence

**PRINCIPLE 2**
Businesses should make sure that they are not complicit in human rights abuses

**PRINCIPLE 3**
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

**PRINCIPLE 4**
Businesses should uphold the elimination of all forms of forced and compulsory labour

**PRINCIPLE 5**
Businesses should uphold the abolition of child labour

**PRINCIPLE 6**
Businesses should uphold the elimination of discrimination in respect of employment and occupation

**PRINCIPLE 7**
Businesses should support a precautionary approach to environmental challenges

**PRINCIPLE 8**
Businesses should undertake initiatives to promote greater environmental responsibility

**PRINCIPLE 9**
Businesses should encourage the development and diffusion of environmentally friendly technologies

**PRINCIPLE 10**
Businesses should work against corruption in all its forms, including extortion and bribery
EXAMPLES OF SUSTAINABLE CONSIDERATIONS TO INCLUDE IN REQUIREMENTS DEFINITION

Social

• Documented **system to manage workplace and labor practices** (SA 8000 or equivalent)
• **Avoidance of substances hazardous to** health in manufacture of use
• **Training requirements**
• **Fair trade** practices
• **Labour requirements** (working conditions, wages, representation, company policy addressing gender inequalities, etc.)
• **Investments in community development** activities

Environmental

• **Quality and Environmental Compliance Certificates** (e.g. ISO 14 001 or Eco-Management and Audit Scheme (EMAS))
• **Certified Energy Management System** in place (e.g. ISO 50001 or equivalent)
• Electricity from **renewable energy sources**
• **Toxicity testing** (TT) or an environmental impact assessment (EIA) for the wastewater
• **Pre-treatment of wastewater** before disposal
• **Substitution of hazardous chemicals**
• **Hazardous waste management**
SUSTAINABILITY CAN BE SUPPORTED BY **SPECIFYING SUSTAINABLE MATERIALS AND PRODUCTION/MANAGEMENT PROCESSES**

What a product is made of and how it is made can form part of the specifications

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**Specific Materials**
- Right to specify preferred materials in manufacture of purchased components, subassemblies or finished products, e.g.:
  - Recycled materials
  - Avoidance of certain chemicals (mercury, PVC)
  - Locally sourced materials
  - Sustainably sourced carton materials

**Process/Standards in Manufacture**
- Processes and standards to be used in manufacture, e.g.:
  - Renewable energy
  - Certified management systems (e.g. ISO 14001 or equivalent)
  - GHG emissions control (e.g. PAS 2050 or equivalent)
  - Labor standards (ILO conventions)

**Supply-chain management processes**
- Right to specify supply-chain management processes, e.g.:
  - Ethically sourced materials or products
  - Fair Trade
  - Ethical and environmental monitoring and management of supply chain

**Logistics, transport and delivery**
- Right to specify logistics, transport and delivery requirements, e.g.:
  - Transport planning and fleet management for reduced fuel use and emissions
  - Warehouse health and safety
  - Location of distribution hubs to minimize community impacts
  - Take-back options
  - Reduced packaging
To maximize transparency, the call for tenders should **indicate clearly the award criteria** specifying the points given to each of them and the formula according to which the points will be given.

Preference **in the price for** environmentally preferable products:

Products offered that contain more than 80% of post-consumer recycled matter shall have a preference in the economic bid of 10% with regard to the price offered.

In the **supply of textiles**:

Up to X points will be given on the basis of the % in weight of organically produced natural fiber content of the product offered.
In a **works** contract:

Up to $X$ points will be given to the number and quality of health and safety in the workplace measures that the bidding companies would implement during the performance of the contract (individual protection devices, organizational procedures, etc.).

In a **vending** contract:

Up to $X$ points will be given for coffee, sugar and/or tea supplied by vending machines produced according to the principles established by Fairtrade Labelling Organizations (FLO) International.

**Tie-break** criterion:

In case of a tie, preference will be given to the proposal presented by the company with a greater percentage of staff with disability.
In a works contract:

Up to X points will be given to offers where international bidders partner with local firms to carry out the assignments, and include an element of capacity development for the local partner in their proposed approach.

Preference in the price for national production and SMEs:

Financial bid, up to XX points.

Bids from small and medium sized enterprises (SMEs) shall be treated preferentially with regard to the price of the bid that qualifies by 20% (or 10% if there are no foreign bids).

Set-asides:

In Kenya at least 30% of government contracts are set aside for businesses led by women and other disadvantaged groups.
Adopting environmentally sustainable practices offers suppliers and manufacturers a number of clear benefits, including:

- Suppliers and manufacturers may gain competitive advantage towards competitors
- Staying in business and getting ahead of the regulatory curve
- Improvement to the suppliers/manufacturers brand (CSR)
- Increased employee commitment and engagement
- Healthier communities
- Savings potential (materials, energy and other)
- Additional resource mobilization for suppliers and manufacturers (through ‘social’ grants) by implementing greener approaches
- Better access to market intelligence
- Embodying the champion model for change
FACILITATING COMMUNICATION: WWW.SAVINGLIVESUSTAINABLY.ORG

Find more sustainable procurement and manufacturing examples, initiatives, tools and information at:

www.savinglivesustainably.org
The future starts today.

We look forward to working with you on making the health sector more sustainable.

GET IN TOUCH @ WWW.SAVINGLIVESUSTAINABLY.ORG