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# Foreword

To have an impact on planetary health requires bold vision, direction, leadership and actions on the ground. Every health commodity procurement decision made by an organization can have an impact on public health, environment, economy and society. Guiding health procurement decisions towards more sustainable consumption and production practices (SDG 12) can drive markets towards innovation and sustainability, thereby enabling the transition towards a greener economy, resilient health sector, healthier people and planet. This is precisely the aim of the [United Nations Sustainable Procurement in the Health Sector \(SPHS\) initiative](#), which was officially established in May 2012 in Copenhagen, Denmark to promote environmental and social standards, compliance and due diligence throughout the health supply chain to increase the efficiency and deliver maximum value, with the least possible cost to human and planetary health.

Hosted by UNDP, the UN-SPHS has ten members—seven UN Agencies (UNDP, UNEP, UNFPA, UNHCR, UNICEF, UNOPS, WHO) and three Multilateral Health Financing Institutions (GAVI, The Global Fund and UNITAID) that recognize that planetary health is critical to achieving the [2030 Agenda for Sustainable Development](#). This is also stipulated in the UNDP [Strategic Plan 2018–2021](#) and the [HIV, Health and Development 2016–2021: Connecting the Dots strategy](#).

The [Sustainable Health in Procurement Project](#), jointly implemented by UNDP and Health Care Without Harm and funded by the Government of Sweden through SIDA, enabled the development of this guidance document. It highlights the pivotal role sustainability will play in achieving agenda 2030. The Guidance document also addresses globalization, anti-corruption, transparency and accountability, health supply chain challenges of human and labor rights, climate change, and environmental protection.

One of the key concepts introduced in the guidance is the need to decouple the health sector from economic activity, which means that there is need to delivery critical health services, grow the economy, while producing less waste, using less resources and reducing the negative impacts on environment and human health. In this regard, the guidance introduces a variety of health programme approaches, procurement strategies, case studies and best practices to build resilience through the application of different techniques to help transition the market from overconsumption, waste and ecological harm.

I, therefore, hope that users will find this Guidance document a useful tool for integrating sustainability strategies in the health procurement processes to ensure resilience in the health sector while simultaneously protecting our planet.



**Ms. Agi Veres**  
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# Abbreviations and Acronyms

<b>10YFP SPP</b>	10 Year Framework of Programmes on Sustainable Consumption and Production	<b>NRA</b>	National Regulatory Authority
<b>AIDS</b>	Acquired Immunodeficiency Syndrome	<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>AMR</b>	Anti-Microbial Resistance	<b>OHCHR</b>	Office of the High Commissioner of Human Rights
<b>ARV</b>	Antiretroviral	<b>OHS</b>	Occupational Health and Safety
<b>API</b>	Active Pharmaceutical Ingredient	<b>OHSAS</b>	Occupational Health and Safety Management Certification
<b>BPA</b>	Bisphenol	<b>OSCE</b>	Organization for Security and Cooperation in Europe
<b>CIPS</b>	Chartered Institute of Procurement and Supply	<b>PPM</b>	Pooled Procurement Mechanism
<b>CO2</b>	Carbon Dioxide	<b>PQ</b>	Pre-Qualification
<b>DEHP</b>	Di-2-ethylhexyl phthalate	<b>PSM</b>	Procurement and Supply Management
<b>EDC</b>	Endocrine disrupting chemicals	<b>PVC</b>	Polyvinyl chloride
<b>EHS</b>	Environmental Health and Safety	<b>QA</b>	Quality Assurance
<b>EU</b>	European Union	<b>RBC</b>	Responsible Business Conduct
<b>FDA</b>	Food and Drug Administration	<b>SA</b>	Social Accountability
<b>FPP</b>	Finished Pharmaceutical Product	<b>SAICM</b>	Strategic Approach to International Chemicals Management
<b>FSC</b>	Forest Stewardship Council	<b>SES</b>	Social and Environmental Standards
<b>GAVI</b>	Global Alliance for Vaccines and Immunization	<b>SDG</b>	Sustainable Development Goals
<b>GDP</b>	Good Distribution Practices	<b>SHIPP</b>	Sustainable Health in Procurement Project
<b>GGHH</b>	Global Green and Healthy Hospitals	<b>SPHS</b>	Sustainable Procurement in the Health Sector
<b>GHG</b>	Greenhouse Gas Emissions	<b>SPP</b>	Sustainable Public Procurement
<b>GHTF</b>	Global Harmonization Task Force on Medical Devices	<b>SRA</b>	Stringent Regulatory Authorities
<b>GF</b>	The Global Fund	<b>SWISS MEDIC</b>	Swiss NRA
<b>GMP</b>	Good Manufacturing Practices	<b>TCO</b>	Total Cost of Ownership
<b>GPIH</b>	Green Procurement Index Health	<b>TLE</b>	Tenofovir Lamivudine Efavirenz
<b>GRI</b>	Global Reporting Initiative	<b>UN</b>	United Nations
<b>HCW</b>	Health Care Waste	<b>UNCAC</b>	United Nations Convention Against Corruption
<b>HCWH</b>	Health Care Without Harm	<b>UNEA</b>	United Nations Environment Assembly
<b>HCWM</b>	Health Care Waste Management	<b>UNGPBHR</b>	United Nations Guiding Principles on Business and Human Rights
<b>HEALTH CANADA</b>	Canadian NRA	<b>UNDP</b>	United Nations Development Programme
<b>HIV</b>	Human immunodeficiency virus	<b>UNEP</b>	United Nations Environment Programme
<b>HLCM-PN</b>	High Level Committee on Management Procurement Network	<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>IEL</b>	International Environmental Law	<b>UNFPA</b>	United Nations Population Fund
<b>ICH</b>	International Conference on the Harmonization of Technical Requirements for the Registration of Medicines for Human Use	<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>IFPMA</b>	International Federation of Pharmaceutical Manufacturers and Associations	<b>UNICEF</b>	United Nations International Children's Emergency Fund
<b>ILO</b>	International Labour Organization	<b>UNGC</b>	United Nations Global Compact
<b>IMDRF</b>	International Medical Devices Regulator Forum	<b>UNCITRAL</b>	The United Nations Commission on International Trade Law
<b>ISO</b>	International Standards Organization	<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>KPI</b>	Key Performance Indicator	<b>UNOPS</b>	United Nations Office for Project Services
<b>LCA</b>	Life Cycle Assessment	<b>WB</b>	World Bank
<b>LGBTI</b>	Lesbian, Gay, Bisexual, Transgender and Intersex	<b>WTO</b>	World Trade Organization
<b>LTA</b>	Long Term Agreement	<b>WTO-GPA</b>	World Trade Organization Government Procurement Agreement
<b>MEA</b>	Multilateral Environmental Agreements	<b>WHO</b>	World Health Organization
<b>NCD</b>	Non-Communicable Diseases		

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# **The Current Global Health Scenario**

# The Current Global Health Scenario

UNDP recognizes planetary health is critical to achieving the [2030 Agenda for Sustainable Development](#) and as stipulated in the [UNDP HIV, Health and Development Strategy 2016–2021: Connecting the Dots](#). Human health and the environment are closely interlinked as environmental hazards influence the majority of the diseases worldwide. Environmental degradation of air, water, and land has resulted in a significant loss in biodiversity and as a result, disease patterns are changing and new diseases are emerging, amongst with the current witnessing of novel pandemics. With these recognized challenges, the current global scenario requires a call for a new transformation in the way we manage our environment with respect to health and well-being.

As a response to this call in 2019, WHO released the first Global Strategy on [Health, Environment and Climate Change: The Transformation Needed to Improve Lives and Well-Being Sustainably through Healthy Environments](#). The strategy outlines to ensure a safe, enabling and equitable environment for human health by transforming governance, consumption and production practices in the supply chain. This follows an approach to focus on upstream and downstream factors that increasingly cause environmental risks to human health that include: energy generation, agricultural practices, emissions from industrial production, harmful chemical exposures, increased workforce vulnerability and also with the acceleration of climate change.

Hence, WHO has identified these factors as potential primary prevention areas that can prevent further disease and illness to human health before it occurs. Therefore, in order to achieve [Health and Well-being \(SDG 3\)](#), UNDP and the UN-SPHS recognize major considerations can be taken with regards to [Sustainable Production and Consumption \(SDG 12\)](#) and in particular how procurement and supply chain management activities are undertaken in health systems.

## The need for decoupling of the global health sector

In order to preserve a healthy environment and human well-being, there is a recognized need to move away from overconsumption, waste and ecological harm. Global gross domestic product (GDP) has doubled since 1970 and global material productivity has not improved in the last 20 years.<sup>1</sup> Historical and current patterns of natural resource use are contributing towards negative impacts on human health and the environment. The resource extraction and processing of materials make up about half of the total global greenhouse gas emissions and more than 90 per cent of biodiversity loss and water stress.<sup>2</sup>

This also includes global trade and the use of natural resources, as the related benefits and environmental and social impacts are often unevenly distributed across countries and regions.<sup>3</sup> This is evident in the global health supply chain, as the production of medicines, health products and equipment contain a high-level of hazardous and toxic substances, single-use plastics, energy and water usage in production process and with a large generation of waste. This also includes in the global trade of medicines and health products, as majority of the production and manufacturing in the health supply chain is outsourced to developing countries, which contains an environmental and social trade-off of impacts.

To focus on preserving the environment, human health and well-being, the “decoupling” of natural resource use and environmental impacts from economic activity is an essential element to transition towards a sustainable future. Fundamental to the principle of [Sustainable Consumption and Production \(SDG 12\)](#), the process of decoupling addresses the entire lifecycle of economic activities—from the extraction of natural resources, to the manufacturing production and use of products, and to the final disposal of the resources.

1 UNEP, Global Resources Outlook 2019: Natural Resources for the Future We Want. United Nations Environment Programme, 2019.  
2 Ibid.  
3 Ibid.

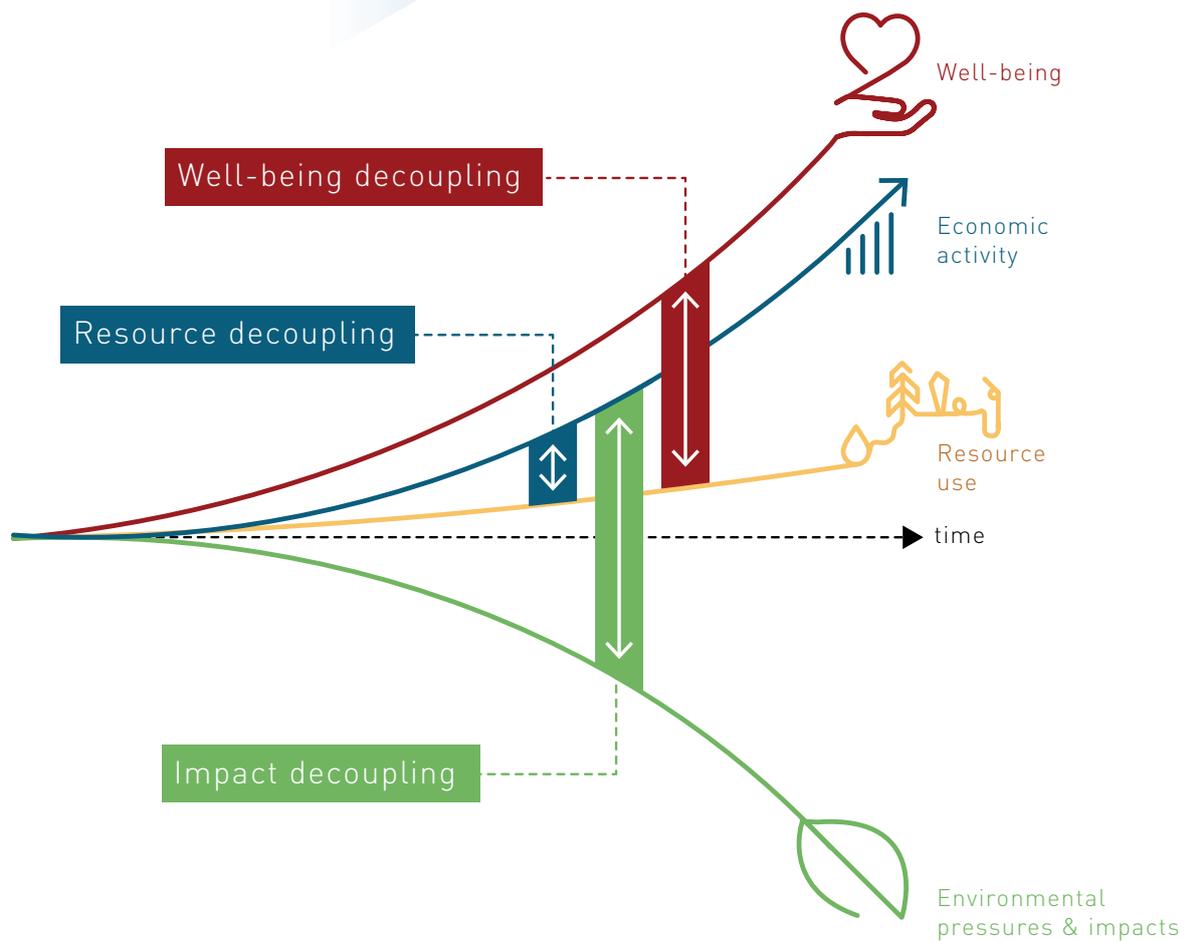


Fig. 1 Assessing global resource use: A systems approach to resource efficiency and pollution reduction, UNEP Global Resources Outlook 2019

By engaging in the decoupling process, this will continue to promote economic development while decreasing the negative impacts of environment, human health and well-being. Key considerations involve businesses to transition towards sustainable production and consumption, which includes to incorporate a better transparency, resource efficiency and moving towards a regenerative and circular economy of production in the longer term. With concentrated efforts by policy makers and businesses, it is forecasted that resource extraction can be reduced by 25 per cent, while increasing the economy by 8 per cent by 2060 while mitigating negative environmental and social impacts.<sup>4</sup> This relevant to the health sector, as the access to medicines, health products and equipment can be improved to save lives while reducing the impact on the environment and human health.

### The importance of sustainable health procurement

The United Nations and National Governments represent the largest share of purchasers for the health sector market. With this, public procurement is viewed as a useful mechanism to advance transformational change in global, national and local scales in the health supply chain, and to move towards sustainable consumption and production practices. Essential as part of the decoupling initiative, sustainable procurement can maximize the environmental, social and economic considerations in the procurement process.

As defined by the United Nations High-Level Committee on Management (HLCM) Procurement

4 Ibid.

Network: sustainable procurement in practice integrates requirements, specifications and criteria that are compatible and are in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving quality of products and services, and ultimately optimizing costs.<sup>5</sup> This highlights how sustainable procurement can be used as a market-shaping mechanism for the promotion sustainable consumption and production patterns, and to help foster new innovations, transparency and compliance mechanisms for environmental management and responsible business practices. Therefore, this [Sustainable Health Procurement Guidance Document](#) aims to facilitate capacity building on environmental, social and ethical considerations and to use documented practices of market-shaping capabilities for transformation through decoupling activities, while simultaneously improving the access to quality health products and to build a better and resilient global health system.

The [United Nations—Sustainable Procurement in the Health Sector initiative \(UN-SPHS\)](#), hosted by UNDP, contains ten members which includes seven UN Agencies ([UNDP](#), [UNEP](#), [UNFPA](#), [UNHCR](#), [UNICEF](#), [UNOPS](#), [WHO](#)) and three Multilateral Health Financing Institutions ([GAVI](#), [The Global Fund](#) and [UNITAID](#)), who recognize the importance of public procurement as an entry point for facilitating [Sustainable Consumption and Production \(SDG 12\)](#) practices. Together, the UN-SPHS commands a cumulative purchasing power in the global health sector of around \$3.9 Billion USD annually, which represents a sizeable portion of the global health market. With the financial support from the Swedish Government (SIDA), UNDP in collaboration with Health Care Without Harm (HCWH), have initiated the [Sustainable Health in Procurement Project \(SHiPP\)](#).<sup>6</sup> The aim of the project is to strengthen sustainability in the health sector in 9 selected countries to ultimately reduce harm to people and the environment caused by the manufacture and disposal of medical products, and as per the [UN-SPHS Engagement Strategy with Suppliers and Manufacturers](#).<sup>7</sup> In essence, the UN-SPHS is com-

mitted to developing and integrating responsible practices as part of the sustainable health procurement framework and health programme delivery, and to provide further capacity building amongst UN-SPHS members, Governments and other stakeholders.

## Structure and scope of the guidance document

The purpose of this guidance document is to facilitate a better awareness, transparency and evidence-based guidance to effectively plan, implement and monitor sustainable health procurement practices towards the [Sustainable Development Goals \(SDGs\)](#). The intended audience for this guidance document includes United Nations personnel involved in strategic and operational activities for health programmes. The guidance is also intended for further capacity building activities for Government partners involved in health procurement and to provide further awareness to policymakers, analysts, businesses and other stakeholders whom are involved in the global health supply chain. The guidance will also be piloted to train health programme and procurement officers in [UNDP-SHiPP Focus Countries](#) and is planned to be the basis for transformation towards sustainable practices in the health sector and its supply chains.

The structure follows the standard [UNEP Sustainable Public Procurement \(SPP\) Framework](#) and [ISO 20400 Sustainable Procurement 2017](#), and with a specific focus and specialization in health supply chains and products—medicines, health products and medical equipment. The following sections of this guidance document follow an associated framework that incorporate the chapters of the following: (1) [international legal framework and impact areas](#), (2) [the sustainable health procurement approach](#) and (3) [sustainable health procurement implementation and responsible supplier engagement](#). Specific cases and reference materials are incorporated as part of this guidance document in order to showcase “best practices” of how these exercises can be conducted in practice.

5 United Nations, UN Procurement Practitioners Handbook, 2017.

6 The project is implemented in 9 countries of Brazil, China, India, Moldova, South Africa, Tanzania, Ukraine, Vietnam and Zambia.

7 Signed and launched in Geneva by UN-SPHS Members on December 7, 2016.



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**The 2030 Agenda  
for Sustainable  
Development  
and the International  
Legal Framework**

# The 2030 Agenda for Sustainable Development and the International Legal Framework

Amongst the [2030 Agenda for Sustainable Development](#), there are a multitude of international instruments that set the foundation and framework to globally protect the rights of public health, human rights and the environment. With the absence of a globally recognized instrument adopted in a UN treaty or declaration for the “[right to a healthy environment](#)”, this has not prevented the development of norms for human rights relating to the environment.<sup>8</sup> Over the last twenty years, much work in human rights law by UN treaty bodies, regional tribunals, special rapporteurs and other human rights mechanisms have applied human rights law to environmental issues.<sup>9</sup>

This includes WHO’s first global strategy on [Health, Environment and Climate Change: The Transformation Needed to Improve Lives and Well-Being Sustainably through Healthy Environments](#). While the strategy outlines to ensure a safe, enabling and equitable environment for human health by transforming the way we govern, produce and consume, this fundamentally interlinks [Health and Well-being \(SDG 3\) to Sustainable Consumption and Production \(SDG 12\)](#). Therefore, this section will provide an overview of the 2030 Agenda and interlinkages of the international legal framework on human rights, health and the environment.

## Dimensions of the 2030 Agenda for Sustainable Development

The 17 Sustainable Development Goals contain 169 targets which demonstrate the scale and ambition of the 2030 Agenda, which is supported by 193 Member state endorsements in 2015. The SDGs seek to build upon the [Millennium Development Goals](#) and to complete the initiatives that they were not able to achieve. The Agenda constitutes five critical dimensions (known as the 5 Ps): [people](#), [prosperity](#), [plant](#), [partnership](#) and [peace](#). The goals and targets are designed to stimulate action over the next 15 years in the areas of critical importance for humanity, the environment and the planet.

- **People:** Determination to end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfill their potential in dignity and equality and in a health environment.
- **Planet:** Determination to protect the planet from degradation, including through sustainable consumption and production, sustainably managing its natural resources and taking urgent action on climate change so that it can support the needs of the present and future generations.
- **Prosperity:** Determined to ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technical progress occurs in harmony with nature.
- **Peace:** Determination to foster peaceful, just and inclusive societies which are free from fear and violence. There can be no sustainable development without peace and no peace without sustainable development.
- **Partnership:** Determination to mobilize the means required to implement the 2030 Agenda through a revitalized Global Partnership for Sustainable Development, based on a spirit of strengthened global solidarity, focused in particular on the needs of the poorest and most vulnerable and with the participation of all countries, all stakeholders and all people.<sup>10</sup>

The 2030 Agenda is universal, transformative and rights based, and provides a plan of action for all countries, all stakeholders and all people. All member states have pledged to ensure [sustained and inclusive economic growth, social inclusion, and environmental protection](#), fostering [peaceful, just, and inclusive societies through a new global partnership](#). The adoption

8 Knox, and R. Pejan (Eds.) *The Human Right to a Healthy Environment*, Cambridge, Cambridge University Press, 2018.

9 Ibid.

10 UN General Assembly, Transforming our world: The 2030 Agenda for Sustainable Development, 21 October 2015, A/RES/70/1, 2-3.

of the 2030 Agenda is a result of extensive negotiations amongst member states and the accountability of the Agenda implementation primarily rests with National governments. This also includes the responsibility of each one of us in our own personal capacities to make sustainable choices and to make a commitment to life-long learning that is required to advance the Agenda and the necessary transformations that are required as part of the SDG targets.

On 19 September 2019, the [WHO Global Action Plan for Healthy Lives and Well-being for All: Strengthening Collaboration Among Multilateral Organizations to Accelerate Country Progress on the Health-Related Sustainable Development Goals](#), was launched at the UN General Assembly to address the action for health related SDG targets towards the right to health. Signatories include 12 multilateral health, development and humanitarian agencies which include the most of the UN-SPHS members, amongst World Bank, UN Women, World Food Programme, UNAIDS and the Global Financing Facility.

The [WHO Global Action Plan](#) contains 7 accelerator themes that are linked and mutually reinforcing, with two accelerators in relation to sustainable health procurement that include [\(1\) Sustainable Financing](#)—to ensure a more sustainable financing for health that includes a better generation, allocation, and use of public and pooled funds with a greater focus on the “value for money”, and [\(2\) The determinants of health](#)—the pledge to leave no one behind with coordinated efforts to address the social, economic and environmental determinants that affect public health. In essence, both of these accelerator themes are evident as recognized impact areas in global health supply chains.

## Human Rights, Labour Rights and Environmental Instruments and Treaties

Since the establishment of the [United Nations in 1945](#), the promotion and encouragement for the respect of human rights without distinction as to race, sex, language or religion has been one of the fundamental goals of the organization, as identified in the [United Nations Charter](#).<sup>11</sup> World leaders during the [United](#)

[Nations Summit in 2005](#) have reaffirmed the leading role and mandate of the [Office of the High Commissioner of Human Rights \(OHCHR\)](#) to respond to human rights challenges in the international community, amongst assuring the human rights perspective is mainstreamed into all United Nations Programmes.

The OHCHR works with Governments, Civil Society, national human rights institutions and other UN entities and international organizations to collaborate efforts for the promotion and protection of human rights. While the [OHCHR](#) serves as the [Secretariat of the Human Rights Council](#), their work focuses on the dimensions of standard setting, monitoring and implementation of human rights principles. This includes the coordination of [the 9 international human rights instruments](#), in which each has an established core of experts to monitoring the implementation of the treaty provisions by its State Parties.

The right to health is also an important part of human rights and understanding of life in dignity.<sup>12</sup> As per the [1946 WHO Constitution](#), [the highest attainable standard of health as a fundamental right of every human being](#). This is supported by the human rights instruments of the [1948 Universal Declaration of Human Rights](#) and the [1966 International Covenant on Economic, Social and Cultural Rights](#). Thus, our international human rights treaties recognize the right to health and amongst other elements of it, and how the right to health is relevant amongst all States whom have ratified at least one international human rights treaty.<sup>13</sup>

## *The International Labour Organization*

The [International Labour Organization \(ILO\)](#), since 1919, is a specialized tripartite UN agency devoted to promoting social justice and internationally recognized human and labour rights. Its founding mission is based upon social justice being essential to universal and lasting peace. The ILO contains three main bodies (tripartite) which comprise of [governments, employers and worker representatives](#) from 187 member states in order to set labour standards, develop policies and to execute programmes that provide decent

11 OHCHR, Human Rights: A Basic Handbook for UN Staff, United Nations, 2000.

12 OHCHR, The Right to Health: Fact Sheet No. 31. June 2019

13 Ibid.

work for all women and men. The 4 strategic objectives of the [Decent Work Agenda](#) include to (1) [Set and promote the standards and fundamental principles and rights at work](#), (2) [Create greater opportunities for women and men to decent employment and income](#), (3) [Enhance the coverage and effectiveness of social protection for all](#) and (4) [To strengthen tripartism and social dialogue](#)<sup>14</sup>.

The [International Labour Standards](#) produced by the ILO are legal instruments drawn up by the ILO's tripartite bodies—governments, employers and workers, to set out the basic principles and rights at work.<sup>15</sup> These labour standards are either Conventions or Protocols, which are legally binding international treaties ratified by member states, and followed with recommendations that serve as non-binding guidelines to support the implementation of the Conventions. The ILO in total has [8 Conventions](#) that cover subjects that are considered fundamental and core principles and rights at work, which follow the main areas of: (1) [the freedom of association and effective recognition of the right to collective bargaining](#), (2) [the elimination of all forms of forced or compulsory labour](#), (3) [the effective abolition of child labour](#) and (4) [the elimination of discrimination in respect of employment and occupation](#).<sup>16</sup>

### ***International Environmental Law***

[International Environmental Law \(IEL\)](#) is a body of public international law that is concerned with protecting the environment through [bilateral and multilateral international agreements](#). Within these agreements created by states, these are to govern the potential problems that can arise between states, such as controlling pollution issues and with the depletion of natural resources. IEL covers topics such as [population, biodiversity, climate change, ozone depletion, toxic and hazardous substances, air, land, sea and transboundary water pollution, conservation of marine resources, desertification and nuclear damage](#).<sup>17</sup> The [UN Environment Assembly \(UNEA\)](#), a high-level body for convening on the environment, contains 193 UN Member states, as well as other stakeholder groups. Initiated in June 2014, the UNEA is located at

the [United Nations Environment Programme \(UNEP\)](#) headquarters in Nairobi. The UNEA is considered as a ground-breaking platform for leadership in global environmental policy, whether through legislative, financial or development arenas.

The [Paris Agreement](#), which came into force on November 2016, is the first agreement that brings all nations to undertake ambitious efforts to combat climate change. As of March 2019, 195 Members have signed the agreement, and 186 have become a party to it. The central aim is to strengthen the global response and to keep a global temperature for this century well below 2 degrees Celsius above pre-industrial levels and to limit the temperature increase further to 1.5 degrees Celsius. This agreement is linked to SDG 13 to combat climate change and its impacts.

### **UN Guiding Principles on Business and Human Rights**

Responsible business practices entails a compliance with international and national laws, such as those on respecting human rights, environmental protection, labour relations and financial accountability, even in situations where these are poorly enforced in other countries. In response to this call, in June 2011, the Human Rights Council endorsed the [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework](#), which were developed by the Special Representative of the Secretary General to address the risks and adverse impacts of business operations on human rights. The UNGPs are divided into three pillars and are in recognition of:

- **Pillar 1:** States' existing obligations to respect, protect and fulfil human rights and fundamental freedoms;
- **Pillar 2:** The role of business enterprises as specialized organs of society performing specialized functions, required to comply with all applicable laws and to respect human rights;

14 ILO, [The ILO's Decent Work Agenda](#), 2020. [Accessed 12, Jan 2020]

15 ILO, [Rules of the game: An introduction to the standards-related work of the International Labour Organization](#) International Labour Office, Geneva, 2019

16 Ibid.

17 L. Guruswamy and M. Leach, [International Environmental Law in a Nutshell](#), West Academic, 2017

➤ **Pillar 3:** The need for rights and obligations to be matched to appropriate and effective remedies when breached.<sup>18</sup>

This includes the responsibility of states to ensure they promote and protect human rights through the means of commercial transactions and procurement activities with business enterprises.<sup>19</sup> Under Pillar 2, businesses are also provided detailed guidance on how to demonstrate respect for human rights, namely through human rights due diligence processes. Therefore, the UNGPs highlight the different but complementary roles of States and business enterprises to mitigate and address adverse impacts on human rights through the terms and means of contracts, and as per the States' obligations through national and international law for human rights. The [OHCHR](#) and [UN Working Group on Business and Human Rights](#) are responsible for promoting the UN Guiding Principles and their implementation, including what these mean in practice in respect to different human rights issues, sectors and actors.<sup>20</sup>

The issues of businesses respecting human rights and the environment have started to evolve as a growing priority, with an increase of legislation developments for disclosures, lawsuits for human rights and environmental issues and amongst investor and shareholder requirements to report on business practices and risks. The [UN Global Compact initiative](#)<sup>21</sup> addresses the principles for corporate social and environmental responsibility by emphasizing the fundamental responsibilities that include human rights, workers' rights, environmental protection and anti-corruption. The 10 principles are derived from the [Universal Declaration of Human Rights](#), the [ILO's Declaration on Fundamental Principles and Rights at Work](#), the [Rio Declaration on Environment and Development](#) and the [United Nations Convention Against Corruption](#).

Further supporting the work in corporate social and environmental responsibility is the [OECD Due Diligence Guidance for Responsible Business Con-](#)

[duct \(RBC\)](#), whereas in June 2018, 48 countries from both developed and emerging economies have adopted and agreed to monitor the implementation of the guidance. This is to further support the [OECD Guidelines for Multinational Enterprises](#), which contain recommendations set forth by governments and MNCs operating in or from emerging economies on RBC, and is further supported by the OHCHR, ILO and EU. These recommendations are designed to aid MNCs address impacts related to workers, human rights, the environment, bribery, consumers and corporate governance that can be in association to their business operations, supply chains and other relationships.

## The Global Regulatory Framework for Health Procurement

Within the last few decades, there has been a witnessed transformation of globalization in the health sector, which includes an increase in the sourcing of raw materials, pharmaceutical ingredients and finished health products that are manufactured in a variety of different countries, and that are globally dispersed in the international marketplace through complex supply chains.

With growth of globalization in health supply chains, WHO is currently tasked in working towards a global harmonization and regulatory framework to promote the quality, safety, efficacy and performance of medicines, health products and equipment. This is also supported by efforts from other UN and international organizations in international trade and procurement harmonization, amongst with efforts to combat the issues of anti-corruption in public procurement. This next section will provide a brief overview of the global regulatory framework for health procurement and the global harmonization efforts.

## Global Regulatory Framework for Quality Assurance of Medicines and Health Products

As highlighted in the introduction, WHO carries the responsibility of developing and maintaining global norms, international standards and guidelines for the

18 United Nations, Guiding Principles on Business and Human Rights: Implementing the UN 'Protect, Respect and Remedy Framework.', 2011.

19 Ibid.

20 Ibid.

21 The UN Global Compact's governance framework was adopted in August 2005 by UN Secretary-General Kofi Annan, which followed an international process co-led by Georg Kell, the Executive Director of the UN Global Compact and Professor John Ruggie, the Special Advisor to the Secretary-General. Professor John Ruggie had also proposed the framework on business & human rights to the UN Human Rights Council in June 2008.

quality, safety, efficacy and performance of medicines and health products, and to contribute towards the technical standards and guidance for regulatory harmonization and convergence efforts.

As a background, the [World Health Assembly in 1975](#) requested for [WHO](#) to support Member States in the preparation and formulation of national regulatory policies, and based upon the identified risk on how the political and economic context of a country can hinder the effective implementation of policies for public health.<sup>22</sup> It is recognized that the [quality, safety and efficacy of health products](#) are dependent on the knowledge available in the [medical, pharmaceutical, chemical, biological and other related fields that require a high capacity of scientific knowledge](#), which can be a challenge in terms of capacity, resources and access for National Regulatory Authorities (NRAs) in low and middle income countries.<sup>23</sup> This also includes the additional risks to human life associated with the distribution of sub-standard, spurious, falsely labelled or counterfeit health products.<sup>24</sup>

With WHO's recognition that NRAs can no longer function in isolation within a complex and globalized health market, the [WHO Conference of Drug Regulatory Authorities \(1989\)](#) in Paris had materialized the discussions on the identified and growing divergence of technical standards. Authorities had approached the [International Federation of Pharmaceutical Manufacturers and Associations \(IFPMA\)](#) and the [International Conference on Harmonization of Technical Requirements for the Registration of Medicines for Human Use \(ICH\)](#) was established in 1990 in Brussels. The member states that form the main body of the ICH are defined as Stringent Regulatory Authorities (SRAs) as follows:

- A member of ICH: the US Food and Drug Administration, the European Commission and of Japan also represented by the Pharmaceuticals and Medical Devices Agency (prior to 23 October 2015); or
- An ICH observer: the European Free Trade Association, as represented by Swissmedic and Health Canada (prior to 23 October 2015); or

- A regulatory authority associated with an ICH member through a legally-binding, mutual recognition agreement: Australia, Iceland, Liechtenstein and Norway (prior to 23 October 2015).<sup>25</sup>

The International [Medical Devices Regulator Forum \(IMDRF\) for Medical Devices](#) was established in 2011 on the basis of the recognized need for regulatory harmonization of medical devices. WHO is an official member to the Management Committee of the [IMDRF](#) and the [Global Harmonization Task Force \(GHTF\)](#) on Medical Devices forms a part of the [IMDRF](#) which includes the founding members: [European Union, USA, Japan, Canada, Australia](#).<sup>26</sup>

For health products that are outside the scope of SRA portfolio of market authorizations, WHO had established the [WHO Prequalification programme](#) in 2001 to ensure that medicines and health products meet the required global quality standards and that they are suitable for procurement UN agencies and other donors. In essence, with NRAs that do not have the systems to adopt international standards, [NRAs](#) will use [WHO/ICH/IMDRF](#) as a "reference regulator" to aid with their medicine and health product assessments, approvals and amongst other technical and regulatory guidance. This also has been outlined as guidance in many UN and donor [Quality Assurance Policies](#), such as in [Global Fund, UNDP, UNFPA](#) and [UNICEF](#).

With the globalization of trade for medicines and health products, the work of WHO, SRAs and other UN bodies are an important endeavour as part of the strengthening and harmonization of global regulatory systems and supply chains for the health sector. While the international framework still contains regulatory gaps and is evolving in nature, there is an ongoing and continuous work by global actors to ensure a universal access to quality assured medicines and health products. There are also regular discussions and debates on sustainable procurement areas and whether they fall under the [regulatory aspect for quality assurance](#) of health products,

22 L. Rago et al. 'Regulatory framework for access to safe, effective quality medicines'

23 R. Ravinetto et al. 'Fighting poor-quality medicines in low-and middle-income countries: the importance of advocacy and pedagogy'. *Journal of pharmaceutical policy and practice*, 9, 36, 2016.

24 Ibid.

25 World Health Organization, 'Fifty-First report of the WHO Expert Committee on specifications for pharmaceutical preparations'. WHO technical report series ; no. 1003, 2017.

26 As of to date, member states now include: Australia, Brazil, Canada, China, Europe, Japan, Russia, Singapore, South Korea and USA.

or as part of the [due diligence in the procurement process](#). Therefore, as this framework is constantly evolving, this guidance aims to help address some of these issues with a better clarity on the processes, procedures and practices, and where further developments can be implemented.

## International Procurement Instruments, Trade Policy and Anti-corruption

There are several international instruments that are relied on by governments as general guidance of rules, norms and conduct of public procurement which have contributed towards the development of internationally accepted principles. The main instruments include the [World Trade Organization—Government Procurement Agreement \(WTO-GPA\)](#), the [UNCITRAL Model Law on Public Procurement \(UNCITRAL\)](#), the [EU Procurement Directives](#), the [United Nations Convention against Corruption \(UNCAC\)](#) and the [World Bank Procurement Guidelines](#).<sup>27</sup> While the UNICTRAL Model Law is not an agreement with an equivalent legal status as the other instruments, it serves as a model in the development of procurement legislation.<sup>28</sup> Regional and bilateral trade agreements or investment agreements may also affect a countries procurement system and incorporate additional areas of social, environmental and ethical due diligence.

The United Nations Procurement Framework follows the [United Nations Commission on International Trade Law \(UNCITRAL\) 2011 Model Law on Public Procurement](#). The Model Law, initially adopted in 1994, was formulated based upon the recognized need for a model procurement legislation that would allow to achieve the following procedures and principles: (1) value for money, (2) accountability, integrity and transparency, (3) Fairness and Effective Competition and (4) Best interest for the UN Organizations.<sup>29</sup>

With countries facing disparities amongst legal regimes and with an inadequate procurement legisla-

tion, this had provided barriers to international trade and created inefficiencies and with a lack of effectiveness in the procurement process. Therefore, the [2011 UNICRTAL Model Law on Public Procurement](#)<sup>30</sup> provided as a useful tool to allow for UN support as part of governmental reform for modernizing procurement law and to support the harmonization of procurement regulation internationally to facilitate international trade.<sup>31</sup> This also includes for all UN organizations to comply with the policies, requirements, regulation and rules such as the [UN Financial Regulations and Rules](#), [UN General Conditions and Contract](#), [Supplier Code of Conduct](#) and [UN organizations' procurement policies and manuals](#).<sup>32</sup>

Amongst the UN regulations and policies, the [UN Supplier Code of Conduct](#) provides the expected requirements and minimum standards for companies doing business with the UN. The overarching values set fourth are for suppliers of goods and services to follow the values of the UN Charter for the “[respect for fundamental human rights, social justice and human dignity and respect for the equal rights of men and women](#)”.<sup>33</sup> This also includes for businesses to abide by the [International Conventions, Standards and Recommendations established by the ILO](#), and are encourage to participate in the [UN Global Compact voluntary network](#) and to abide by the 10 principles that cover human rights, labour, environment and anti-corruption.

The [WTO-GPA](#) is a plurilateral agreement on [government procurement](#) and currently consists of 48 members, which includes the European Union and all of its member states. The aim of the GPA is [to facilitate an open government procurement market](#), and to ensure that the rules are open, fair and transparent conditions of competition are followed as part of the [government procurement process](#).<sup>34</sup> There are an additional 34 WTO members whom are observers and four international organizations who participate in the GPA committee as observers. 10 of these mem-

27 The World Bank, *Comparison of the International Instruments on Public Procurement*, 2013.

28 Ibid.

29 United Nations, *UN Procurement Practitioners Handbook*, 2017.

30 This replaced the initial Model Law on the Procurement of Goods, Construction and Services that was adopted on the UNICTRAL 27th Session, New York, 31 May-17 June, 1994.

31 UNCITRAL, *Guide to Enactment of the UNCITRAL Model Law on Public Procurement*

32 United Nations, *UN Procurement Practitioners Handbook*, 2017.

33 United Nations, *UN Supplier Code of Conduct*, 2018

34 WTO, *Agreement on Government Procurement* [Accessed 7 January, 2020].

bers are currently in process of acceding to the GPA agreement, and 4 members who have undertaken commitments to accede.<sup>35</sup> The GPA is a binding legal instrument with respect to its members and the GPA provides for dispute settlement procedures through the WTO Dispute Settlement Body.

In regards to other international and multilateral instruments, the [World Bank Guidelines](#) apply for all contracts in relation to goods, works and services financed by the World Bank loans, whereas the loan agreement is recognized as a “international agreement” and governed by international law.<sup>36</sup> The [EU has several Directives](#) in respect to public procurement whereas the [Public Sector Directive and Utilities Directive](#) coordinate the procedures for the award of procurement contracts in the EU Member States. The EU has been undertaking numerous of reforms over the last few years to better environmental protection, social responsibility, combating climate change, public health, innovation and to incorporate other social and environmental considerations. It is also important to recognize how [multilateral, bilateral and regional trade agreements or investment agreements](#) may affect a countries public procurement system. Over the years, there has been a proliferation of provisions added into trade and investment agreements. More attention has been paid attention to this area due to the inflexibilities of the WTO-GPA to incorporate social, environmental and ethical considerations.

Lastly, an important part of international public procurement framework is the [United Nations Convention against Corruption \(UNCAC\)](#). Public Procurement is viewed as a government process that is highly vulnerable to corruption, collusion, manipulation and fraud, which places the health sector purchasing and supply chain management as a high-risk area.<sup>37</sup> The UNCAC is the only legally binding and universal anti-corruption instrument that specifically addresses both the public and private sector.

The UNCAC was adopted in 2003 by the UN General Assembly and contains 186 State parties.<sup>38</sup> The [United Nations Office on Drugs and Crime \(UNODC\)](#) serves as the Secretariat for the UNCAC and it contains five main areas that include [preventive measures, criminalization and law enforcement, international cooperation, asset recovery and technical assistance and information exchange](#).<sup>39</sup> In light of this, the State parties of the Convention have pledged to take measures to prevent corruption which includes preventing corruption in the private sector while enhancing accounting and auditing standards, and to provide penalties for the failure of compliance<sup>40</sup>. The UNCAC emphasizes cooperation between national authorities and the private sector in order to fight corruption, and to promote the interests of both sectors and amongst for the private sector to report on corruption when it is encountered<sup>41</sup>.

35 In process of acceding include: Albania, China, Georgia, Jordan, Kazakhstan, Kyrgyz Republic, North Macedonia, Oman, Russian Federation, Tajikistan. Countries who have undertaken commitments: Afghanistan, Mongolia, Saudi Arabia and Seychelles.

36 The World Bank, *Comparison of the International Instruments on Public Procurement*, 2013.

37 UNODC, *Technical Guide to the United Nations Convention against Corruption*. United Nations, New York, 2009.

38 Ibid.

39 UNODC, *United Nations Convention against Corruption*, United Nations, New York, 2004.

40 UNODC, *On the Level: Businesses and Governments Against Corruption* [Accessed 7, January, 2020]

41 Ibid.

A photograph of the United Nations flag flying on a terrace. The flag is blue with the UN emblem in the center. The terrace floor is made of square tiles. In the background, there are trees and a building. The image is overlaid with a semi-transparent blue grid pattern.

# **The Social and Environmental Impacts of Global Health Procurement**

# The Social and Environmental Impacts of Global Health Procurement

In order to preserve a healthy environment and human well-being, there is a recognized need to move away from overconsumption, waste and ecological harm. Historical and current patterns of natural resource use are contributing towards negative impacts on human health and the environment. This is particularly evident in the global health supply chain, as the production of medicines, health products and equipment contain a high-level of an environmental and social trade-off impacts, and most notably in emerging markets.

This section will briefly discuss some of the impacts contributed by global health procurement, and how there is a need to create a level playing field for countries to facilitate a better protection for public health, human rights and environment. This also includes to create and a healthier marketplace that contains a more fair, ethical and transparent competition for industries and businesses.

## Human Rights, Labour rights and Gender Equality

The concerns over [child labour](#), [forced labour](#) and [human trafficking](#) in global supply chains have been growing steadily over the years due to the lack of transparency and accountability of operations and manufacturing activities across borders. According to the latest global estimates published by the ILO, there is an estimated [152 million children engaged in child labour](#), and [25 million adults and children trapped in forced labour](#)<sup>42</sup>, with an estimated [\\$150 Billion of overall profits generated from forced labour](#).<sup>43</sup> The global map provided by the ILO demonstrates the current estimates of forced and compulsory labour in geographic areas, with the highest rates in Asia and the Pacific at [16.6 million](#). This represents an alarming increase rate of 31.25% (from 11.7 million) in the last 4 years.

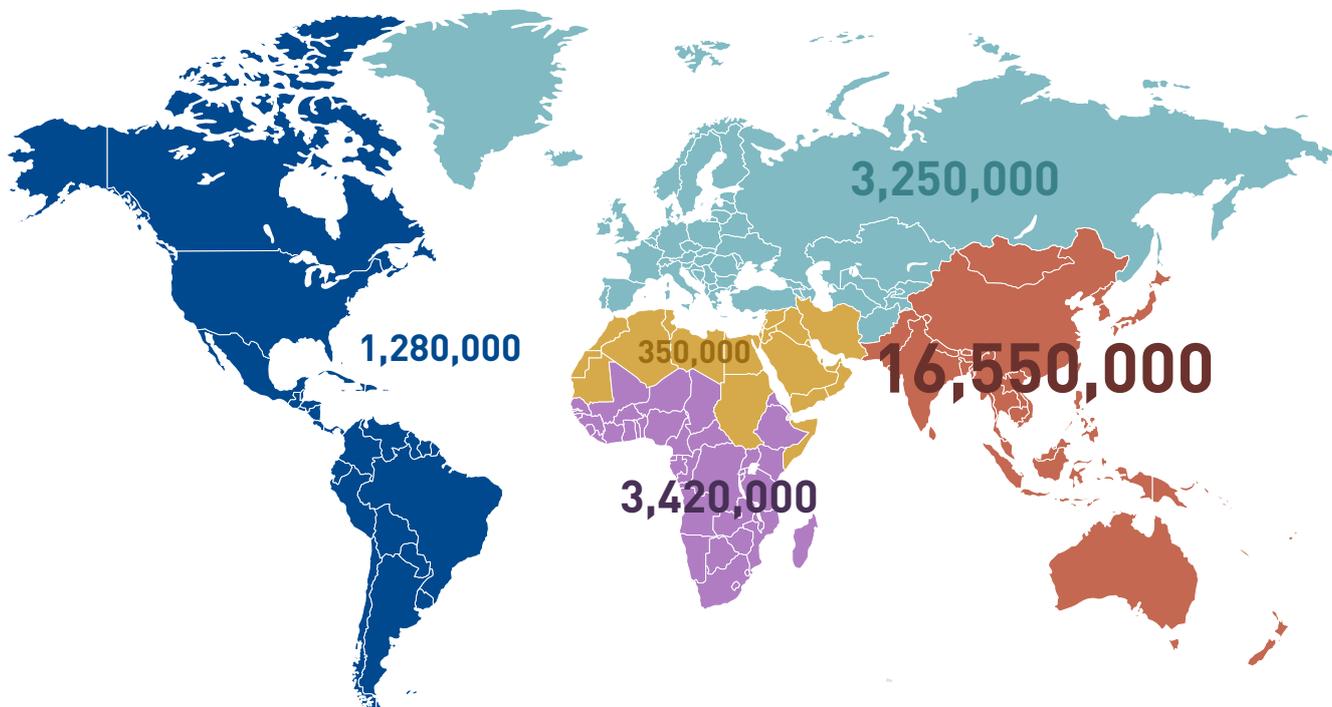


Fig. 3 Global map by Region with ILO estimates of forced and compulsory labour as of 2017

42 ILO, OECD, IOM and UNICEF, Ending child labour, forced labour and human trafficking in global supply chains, 2019.

43 ILO, Profits and Poverty: the Economics of Forced Labour, Geneva, ILO, 2014

In terms of human rights impacts in public procurement, the [health sector is considered a “high-risk, alongside ICT and electronics, apparel, agriculture and infrastructure”](#)<sup>44</sup>. A number of governments, NGOs and associated research publications rank health as high risk given the nature of the sector, geographical location of production facilities and lack of transparency in the supply chain. Recent published reports have identified documented cases of serious human rights abuses and labour violations in the manufacturing of health care products such as [surgical instruments](#)<sup>45</sup> and [medical gloves](#)<sup>46</sup> in the Asia and Pacific Region. These abuses and violations include excessive working hours, inadequate pay, debt bondage, illegal retention of passports and anti-union activities.<sup>47</sup> This also has been documented with allegations that include physical abuse and illegal imprisonment of workers.<sup>48</sup>

In reference to these human rights abuses and violations, it is important to recognize that a majority of ILO member states have ratified [ILO Conventions 29 and 105](#) on forced or compulsory labour, amongst the “[Palermo Protocol](#)”—which means countries are obliged to make forced labour and human trafficking punishable as a crime, and for companies to be prosecuted who are involved in these activities.<sup>49</sup> Hence, ILO standards and national legislation help to ensure the protection of the minimum standards for labour rights and to provide a [pathway to decent work that consists of freedom, equity, safety and dignity](#). However, the laws may not be enough where enforcement institutions lack capacity and access to justice is denied to vulnerable groups. Thus, as a part of this responsibility, all actors participating in purchasing and throughout the supply chain hold an obligation to ensure they respect human rights regardless of the passage of national laws or ratification of treaties, and for any recognized abuses to be addressed.

Other important areas within human rights and the labour force include [women’s rights and gender](#)

[equality](#) in the workplace, which are central to United Nations values. In many countries discrimination factors in the labour force can be faced with factors such as [age, ethnicity, disability, socio-economic status and gender](#).<sup>50</sup> With this, it is important to recognize these factors are covered in the majority of human rights treaties and the rights for equality are amongst both men and women.<sup>51</sup> This also includes the human rights of [lesbian, gay, bisexual, transgender and intersex \(LGBTI\)](#) people and [Indigenous rights for inclusion, recognition and self-determination](#).

## Pharmaceutical Effluents and Toxic Chemicals

The hazards of chemicals and pharmaceutical effluents are not well understood by health professionals or incorporated as part of procurement decisions. Chemicals are important in the health care sector, as they can be used as disinfectants, cleaners, laboratory reagents, sterilants, pesticides, pharmaceuticals and also are used within medical devices and equipment. However, there is a growing recognition and rise of concern in regards to the impacts of human health and the environment when pharmaceuticals and chemicals not managed appropriately.

The growth of [Antimicrobial resistance \(AMR\)](#), linked to the discharge of pharmaceuticals and chemicals into the environment, has become a major global health concern. As per [WHO’s Global Action Plan on Antimicrobial Resistance](#), this issue is rooted to the core of modern medicine and provides as a risk to all nations in our global society. This issue is primarily due to the systematic misuse and overuse of drugs in human medicine and within the manufacturing process. As of to date, AMR accounts for an estimated [700,000 deaths per year](#) and it is predicted by 2050 a loss of [\\$3.4 trillion USD in Gross Domestic Product \(GDP\) loss](#).<sup>52</sup> As a result of AMR, common infections that were once treated by antibiotics are no longer treatable. Therefore, it is recognized that there needs

44 OSCE, Office of the Special Representative and Co-ordinator for Combating Trafficking in Human Beings, Model Guidelines on Government Measures to Prevent Trafficking for Labour Exploitation in Supply Chains. Vienna, February 2018.

45 BMA et al., *In good hands: Tackling labour rights concerns in the manufacture of medical gloves*, 2016

46 SwedWatch et al. Healthier Procurement: Improvements to working conditions for surgical instrument manufacturer in Pakistan, 2015.

47 Ibid.

48 Ibid.

49 ILO, *Combating forced labour: A handbook for employers and business*, 2nd ed. Geneva, 2015

50 OHCHR, *Women’s Human Rights and Gender Equality*, 2019. [Accessed 12 January 2020].

51 Ibid.

52 Draft thirteenth general program of work, Seventy-first World Health Assembly. Provisional agenda item 11.1, A71/4, 5 April 2018.

to be better monitoring, due diligence and practices in the health supply chain for the management of pollution, effluents and discharges as part of the pharmaceutical manufacturing and production process in order to combat AMR.

In light of the global AMR concerns, [Good Manufacturing Practice \(GMP\) Certifications](#) for pharmaceutical production do not incorporate social and environmental requirements as part of the pharmaceutical quality assurance auditing and approval process, as these standards are defined to be in accordance to national legislation. As of May 2019, WHO has released an initial draft on the [Environmental Aspects of Good Manufacturing Practices: Points to Consider for Manufacturers and Inspectors in the Prevention of Antimicrobial Resistance](#). This includes a statement in relation to the responsible procurement of health products and responsibilities of the manufacturer:

**Procurement agencies who purchase antimicrobials, particularly Critically Important Antimicrobials, are encouraged to purchase those medicines from companies who have sustainable and environmentally respectful production processes.<sup>53</sup>**

In addition for a more transparent and responsible sourcing of health products, this also includes the recommendations for a more strengthened awareness and campaigns amongst members states to combat global AMR, amongst an increased collaboration to defer this growing concern.<sup>54</sup>

Toxic chemicals are also of high-concern in health supply chain. UNEP's [Strategic Approach to International Chemicals Management \(SAICM\)](#)<sup>55</sup> is a policy framework dedicated to promote and achieve chemical safety across the globe, and to minimize the significant impacts on human health and the environment. It is

important to recognize workers in both upstream and downstream aspects of the health supply chain can be exploited by the exposure to unsafe levels of toxic chemicals and hazardous substances, and can be exposed to these substances without informed consent, which may put individuals at risk of developing diseases and disabilities.<sup>56</sup> In particular, chemical and material hazards of concern can be defined as carcinogenic, mutagenic, endocrine disrupting and reproductive hazards, along with being bio-accumulative and persistent to the environment.<sup>57</sup> Green Chemistry has been identified as an innovative resolution and while developments are still considered in their infancy phase, there is a need for a better identification of hazardous chemicals and available substitutes for procurers and health care workers in the supply chain.

## Health care Plastics and Packaging

Plastics are favourably used in the health care sector as they provide a [high quality, utility, safety and efficacy](#) for the transport of medicines and treatment of patients. Health care plastics, which are commonly used in pharmaceutical packaging and medical devices, carry growing concerns in regards to incorporation of [toxic chemicals, the multitude of lifecycle issues and harm they contribute towards the environment](#). Recent studies published by the OECD have shown that within the last 70 years, plastics in general have grown from less than 1 million pounds in global production in 1994 to 634 billion pounds in 2012.<sup>58</sup>

As per plastic usage in the health care sector, it is estimated that 25% of total waste from a hospital is plastic.<sup>59</sup> It is also recognized that health care plastics, such as [Polyvinyl chloride \(PVC\)](#) contains highly toxic substances [Di-2-ethylhexyl phthalate \(DEHP\)](#) and [Bisphenol \(BPA\)](#), which are labelled as a high-risk for human health and the environment. A major concern for these chemicals include [endocrine disrupting chemicals \(EDCs\)](#), which can interfere with the normal functioning of the human endocrine system and present hazards to numerous physiological and de-

53 World Health Organization, Environmental Aspects of Good Manufacturing Practices: Points to consider for manufacturers and inspectors in the Prevention of Antimicrobial Resistance (Draft for Comments), May 2019

54 Ibid.

55 Adopted by the First International Conference on Chemicals Management (ICCM1) on 6 February 2006 in Dubai, United Arab Emirates.

56 Report of the Special Rapporteur on the implications for human rights of the environmentally sound management and disposal of hazardous substances and wastes (A/73/567)

57 UNDP and HCWH, Chemicals of Concern to Health and the Environment, 2019

58 OECD, Considerations and Criteria for Sustainable Plastics From a Chemicals Perspective, 2018

59 S. Gibbons, Can Medical Care Exist Without Plastic? National Geographic, 2019

developmental processes.<sup>60</sup> Therefore, many initiatives to reduce PVC plastics in the health care sector have been growing in order to reduce the harm on human health and the environment. This also includes generated wastes from packaging of pharmaceutical, health care products and other related health materials.

### Climate Change, Green House Gas (GHG) Emissions and Energy Sources

According to WHO, Climate Change is defined as one of the biggest threats to global health in the 21<sup>st</sup> Century. As of 2019, air pollution has been considered as the greatest environmental risk to health, as “microscopic pollutions can penetrate respiratory and circulatory systems, damaging the lungs, heart and brain, killing 7 million people prematurely every year from diseases like cancer, stroke, heart and lung disease”.<sup>61</sup> An alarming factor is that most of these mortalities,

around 90%, are within emerging economies, and this is due to the high volumes of emissions contributed by the outsourcing of production, which includes industry, transport and agriculture.<sup>62</sup>

During the inaugural WHO Global Conference on Air Pollution and Health, in November 2018, participants have agreed on reducing the number of mortalities by two thirds by 2030, amongst 70 commitments to improve air quality. Specifically for the health care sector, the climate footprint is equivalent to 4.4% of global net emissions, which is estimated as 2 gigatons of carbon dioxide.<sup>63</sup> With these global net emissions, 71% of these are attributed to the global health supply chain and with over half representing energy use.<sup>64</sup> Therefore, these figures showcase a high number in the total GHG emissions that are being contributed by health manufacturing, procurement and supply chains.



North America	Latin America & Caribbean	East Asia Pacific	South Asia	Europe & Central Asia	
1.65	0.20	0.26	0.03	0.43	tCO <sub>2</sub> /capital
0.58	0.13	0.60	0.05	0.39	GtCO <sub>2</sub> e total
29	6	30	2	19	% global

Fig. 4 Estimated health care emissions for World Bank regions other than Sub-Saharan Africa and Middle East and North Africa.

60 HCWH, Non Toxic Healthcare: Alternatives to Hazardous Chemicals in Medical Devices: Phthalates and Bisphenol A, 2019, Pg.5

61 WHO, 10 Threats to Global Health, 2019. [Accessed 14 January 2020].

62 Ibid.

63 ARUP and HCWH, Healthcare’s Climate Footprint: How the Health Sector Contributes to the Global Climate Crisis and Opportunities for Action, 2019.

64 Ibid.

Considering emerging economies have a high volume of air pollution and carbon, low carbon strategies can also be applied to health care and manufacturing facilities in order to reduce risks in public health, environmental pollution and climate change, whilst providing less costs in energy. This also includes within medical equipment, as some products can be energy intensive, and this can further be mitigated through technical assessments, total cost of ownership (TCO) and product lifecycle assessments (LCA). Solar technologies can also be used as an alternative for energy sources in hospitals, which has been demonstrated through the [UNDP Solar for Health Programme](#).

## Health care Waste Management

It is recognized that health workers, patients and the general public are constantly exposed to environmental and health risks contributed from health programmes. These risks that are related to [health care waste \(HCW\)](#), include the exposure to chemical or biological agents, amongst the health risks contributed from the disposal and burning of toxic materials.<sup>65</sup> This can be attributed in the health supply chain from the [collection, transport, recovery and disposal of the waste](#), and can also include the [supervision of the health care operations and disposal sites](#).<sup>66</sup>

In 2011, [UN Special Rapporteur Calin Georgescu](#)<sup>67</sup>, identified significant challenges in the proper management and disposal of health-care waste, which consists of [infectious waste, sharps, anatomical and pathological waste, obsolete or expired chemical products and pharmaceuticals, and radioactive materials](#).<sup>68</sup> His report had concluded that much of the international community has paid little attention to this issue, despite the number of people—including medical staff, patients, workers in support services linked to health-care facilities, workers in waste disposal facilities, recyclers, scavengers, and the general public—are all potentially at risk for injury and/or contamination through accidental exposure to HCW.<sup>69</sup> In essence, it was called upon that “[all relevant stakeholders, including States, international organizations and mechanisms, the donor community, public and private health-care facilities, the pharmaceutical in-](#)

[dustry and civil society to strengthen their efforts to achieve safe and sustainable management of medical waste](#)”.<sup>70</sup>

## Supply Chain Transparency, Complexity and Corruption

The health care sector is known for its high-risks in corruption due to large pools of available funding for public procurement and amongst with supply chain complexity and transparency. An average of [7.29% of annual global health spending is lost to fraud, and with an estimate of US \\$415 billion lost annually](#).

Corruption is also a significant challenge for the implementation of the 2030 Agenda for the Sustainable Development Goals, and with the growing due diligence areas in the protection of human rights, labour, ethics, environment and tackling climate change.

Growing areas of concern for corruption include the new and available [pool of funding to fight climate change](#). The international community has pledged over \$100 billion in climate finance to be invested by 2020 as part of the negotiations for the Paris Agreement, and with a US \$100 billion to be invested each year after until 2025. This [large influx of new resources](#) has been recognized as a risk, considering it [may flow through new and untested markets and mechanisms which can be vulnerable to interests and corruption activities](#).

[Policy capture, undue influence, business collusion and fraudulent activities](#) also provide as a growing concern in social, environmental and ethical areas of evolving due diligence in relation to regulatory uncertainty. Lobbying remains quite prevalent in the health sector which can distort facts, breach principles of fair representation and make false claims on the credentials of pharmaceuticals and health products. With information asymmetries and unequal bargaining powers, there is room for actors to lose from progressive environmental regulations and with this, they may engage in corruptive endeavours. New technologies may also be at risk, such as in blockchain technologies, as bribes and kick-backs can be more difficult to detect and prosecute through new methods of payment.

65 UNDP, Healthcare Waste Management Toolkit for Global Fund Practitioners and Policy Makers: Rational for Environmental Safeguard Policies and Strategies, 2015.

66 Ibid.

67 Calin Goergescu is the UN Special Rapporteur on the adverse effects of movement and dumping of toxic and dangerous products and wastes on the enjoyment of human rights.

68 United Nations, UN Special Rapporteur on the adverse effects of movement and dumping of toxic and dangerous products and wastes on the enjoyment of human rights. A/HRC/18/31, 2011.

69 Ibid.

70 Ibid.



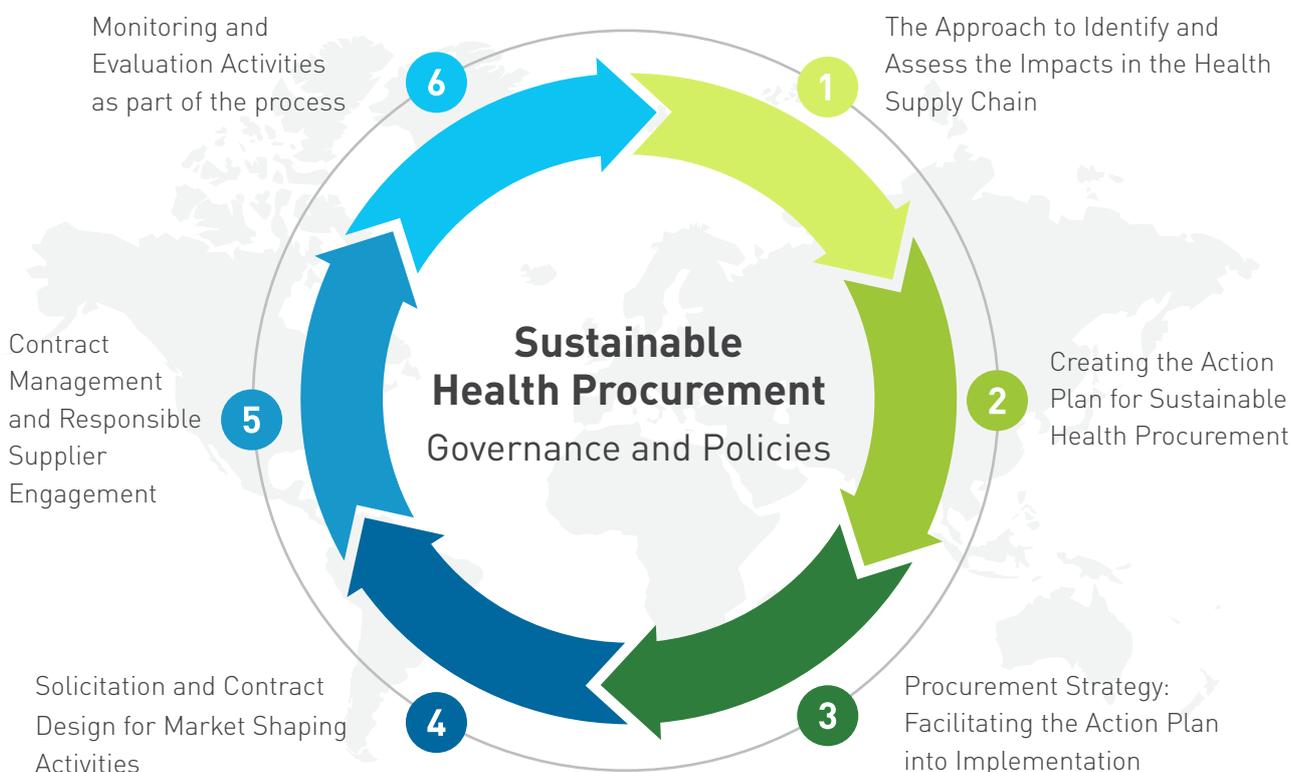
# The Sustainable Health Procurement Approach

The [Sustainable Health Procurement Approach](#)<sup>71</sup> provides the guidance and steps to build an effective governance framework and programme for sustainable health procurement. The main goal of this chapter is to provide the guidance, best practices and case examples to showcase how a governance framework can be achieved to ensure a successful programme and implementation for sustainable health procurement that better protects global public health, human rights and the environment.

This chapter will provide an introduction to the first step of the [sustainable health procurement approach and creation of action plans](#) which contains [Step 1](#)

and [2](#). The second chapter follows through on the next 4 Steps on [integrating the action plan into the procurement process](#). This further elaborates on how to implement the action plan as procurement strategy, market-shaping activity and as part of the public procurement cycle.

As part of this next chapter, it is important that this governance framework is initially established as a first step in order to ensure that the [goals, objectives and results are continuously monitored, measured and reported](#) as part of the due diligence structure for sustainable procurement programmes and to effectively communicate on results.



## The Steps of the Sustainable Health Procurement Approach

The [Sustainable Health Procurement Approach towards implementation](#) showcases the necessary steps for the start-up of the governance structure for the programme. It is important that the structure follows the chronological steps, as sustainability consid-

erations require a strategic level of planning and management support in order to clearly set the priorities and direction of the programme. These steps are encouraged to be followed by public authorities, whether through a [UN Agency Health Programme](#) and/or [Ministry Health Department](#), and can be specifically tailored to appropriately meet the unique requirements and frameworks of the organizations and countries.

71 In reference to UNEP's developed guidance on Sustainable Public Procurement Guidelines: Introducing UNEP's Approach, 2012.

What is important to note that amongst all steps, training is required to ensure appropriate capacity building amongst personnel whom are involved, whether in [health programme](#), [procurement](#), [quality assurance and technical experts](#) or [monitoring and evaluation officers](#). Thus, the sustainable health procurement approach requires interdisciplinary effort as part of the governance structure, planning and implementation.



The Sustainable Health Procurement Approach Towards Implementation<sup>72</sup> contains 4 Key Steps:

1. Launch of the Governance Set-Up and Status Assessment Exercise.
2. Conducting the Legal Review, Evidence Based Risk Analysis and Prioritization of Activities.
3. Create the Sustainable Health Procurement Action Plan.
4. Implement the Action Plan into the Health Procurement Cycle.

The next part of the section will elaborate on the next 3 Steps for building the Sustainable Health Procurement Approach. Step 4 is provided in the next chapter on implementation into the procurement process.

## Programme Governance: The Initial Set-up, Governance Structure and Workshops

1

A high-level commitment from the top of the organization is [critical to the success, management and implementation](#) of sustainable health procurement. It is important for the sustainable health procurement activities to be linked on how they support the organizational goals, programme and policy, and how they are effectively [monitored on performance](#). The [formal commitment and political support by management](#) is critical in order to integrate sustainable procurement as part of the [organizational strategy](#), otherwise it is left at risk of being an ad-hoc activity with minimal resource allocation and recognition.<sup>73</sup> Therefore, this governance approach aids to provide a clear set of [intentions, directions and priorities](#) for the organization.<sup>74</sup>

### Establishment of A Steering Committee

The establishment of programme governance initially begins with the appointment of a [Steering Committee](#), which is recommended to be chaired by representatives from the Ministry of Health, amongst other important Ministries, UN organizations, NGOS, Chambers of Commerce and Academia. This is normally supported by hosting an initial start-up mission that (1) [evaluates the political will and level of commitment](#), (2) [Determine the comprehensive list of organizations for the Steering Committee](#), (3) [Establish the scope of the project and define the role of groups to be involved](#), (4) [Allocate appropriate resources to be dedicated towards the programme](#), (5) [Development of operating procedures of how to convene the Steering Committee](#).<sup>75</sup>

The [Steering Committee](#) is usually initiated and formed in the basis of a workshop, where members cover topics on the sustainable health procurement and make informed contributions on the initiation of the programme. Concrete examples are highlighted as part of the [UNDP SHiPP Project](#), where Ministries

72 The UNEP Sustainable Public Procurement Approach, 2012 was adapted from gathered best practices during the Sustainable Health Procurement Guidance Development and Initial Training of Trainers Workshop, February 18-20th, 2020 in Istanbul, Turkey.

73 ISO, ISO 20400: 2017 Sustainable Procurement, 2017

74 Ibid.

75 UNEP, Sustainable Public Procurement Guidelines: Introducing UNEP's Approach, 2012.

of Health, and in support of UN agencies, have established a Steering committee and hosted an initial workshop to formally discuss the avenues of their SHiPP project, whether via plastics, toxic chemicals and other areas of concern.

A [Status assessment](#) initiation is normally complemented with the initial workshop, which enables to carry out the steps forward to initiate a programme. The purpose of the status assessment is to (1) [Identify the situation of the national context](#), (2) [Understand the methodological steps needed to improve sustainable health procurement practices](#), (3) [To gather additional sources and guidance](#), (4) [Compare with other programmes](#) and (5) [To establish a baseline of the current scenario and initiate an action plan](#), (6) [To set a priority of focus areas that are relevant and signification](#).<sup>76</sup>

### **Organizational Structure Set-up and Identification of Key Stakeholders**

It is important to map the relevant stakeholders in relation to the sustainable health procurement governance and programme. As a high-level commitment is fundamental for the approach from the organization, amongst with the establishment of a steering committee, this requires the [mapping and engagement of key health stakeholders](#) from a programme, policy, procurement and supply chain level.

As part of the [organization and resource planning](#), it is important that there is a clear line of accountability established with (1) [a designated programme/ project team](#) and (2) [within the health procurement team](#) that incorporates the appropriate resource planning for implementation. The programme team, and as identified in the [UNDP SHiPP Project](#), is responsible for the work carried out as part of the sustainable health procurement approach that contains designated team of programme experts. This involves interdisciplinary technical experts to work in specialised areas whether in legal, social or environmental areas related to the impact and healthy supply chain concern areas.

The procurement team is responsible for the market approach and implementation as part of the delivered action plan. As per [ISO 20400 Sustainable Procure-](#)

[ment standards](#), this normally situate with top management in procurement for implementation, and to be incorporated as part of departmental objectives and job descriptions. It is also recommended to have supportive experts in sustainable procurement to ensure that action plan is being lead, managed and delivered through the sustainable procurement strategy, sourcing exercises and monitoring and evaluation activities. Further details on this are provided in the next chapter.

It also has been identified that much of the challenges with the implementation of sustainable procurement lies within the issues of (1) [lack of political and management support](#), (2) [need for preliminary evidence-based research and programme planning](#), (3) [need for available resources](#) and (4) [the competencies and knowledge required to perform the required works amongst contracting authorities](#). Consequently, this is why social, environmental and ethical considerations in health procurement often go unfulfilled and are executed in an ad-hoc nature. As a result, this can contribute towards the risks of health supply chain disruptions and issues of unfair competition.<sup>77</sup> Thus, it is important that resources amongst the governance structure are organized, addressed and with lines of appropriate accountability to ensure for an effective implementation.

### **The Status Assessment: Legal Review, Evidence-Based Analysis and Prioritization**

2

These next steps are part of building the status assessment. These steps are important in order to build the approach for a sustainable health procurement programme. The status assessment helps to provide an analysis on the [current issues, challenges and assess what is needed to implement sustainable procurement as a practice](#). It is also important that the organization and resource planning is structured from the steps prior in order to facilitate this work.

### **Establishing the Scope and Content of the Assessment**

The [scope of the status assessment exercise](#) should be determined by the [Steering Committee](#) and on

<sup>76</sup> UNEP, *Sustainable Public Procurement Guidelines: Introducing UNEP's Approach*, 2012.  
<sup>77</sup> OECD, *Going Green: Best Practices for Green Procurement*, 2014

the basis from the initiation of the training and workshops. The initial scope normally follows by asking the preliminary questions:

1. How is procurement implemented in your country?
2. How is procurement implemented in your organization?
3. How does your organization engage with stakeholders?
4. What international agreements are relevant to your health procurement process?

These questions aid in mapping the provided structure of the health procurement framework for the organization, government and/or country. Such areas of consideration include whether (1) [health procurement is centralized or dispersed](#), (2) [the internal organizational structure of the health procurement activities and processes](#), (3) [stakeholder involvement and engagement](#) and (4) [what international conventions and trade agreements are relative as part of the procurement process](#). UNEP has developed a questionnaire that conducts an assessment from national policy to procurement practices that are divided amongst into four sections as part of their guidelines<sup>78</sup>. These can be tailored specifically for inquires in public health procurement and health categories.

### **Conducting the Legal Review**

The [status assessment](#) is also supported with a [legal review](#), which provides an analysis of the (1) [international framework](#), (2) [Constitutional and Administrative Law Frameworks](#) and (3) [Public Procurement Regulations and Goals](#) and (4) [Sustainable Development Policies and Procurement Mandates](#). This exercise is important in order to address any areas of legal, regulatory and policy change required as part of the status assessment, or to address any uncertainty.

This review is recommended to be undertaken in order to understand (1) [the possibilities of implementing sustainable procurement under current policies](#), (2) [making recommendations for policy changes to facilitate](#) and (3) [to put into context with the current](#)

[challenges of globalization and needs for a better health supply chain due diligence](#). These conducted exercises have also been demonstrated as part of best practice and with lessons learned gained by the [UNDP SHiPP Project](#), as many of the related policy areas are situated with other Ministries besides from Health or Finance, such as in the Ministry of Environment, Labour, Industry or Foreign Affairs.

### **Strategic Prioritization for Health Portfolios: The Evidence-Based Research Approach and Risk Analysis**

The strategic prioritization of health portfolios should be directed and supported by the Steering Committee and initial workshop proceedings where prioritization areas may have been identified. It is also important to have procurement management onboard in the beginning of the initial discussion, as they have an in-depth understanding of the [health portfolio and procurement spend categories](#). Health programme portfolios can be extensive with a broad range of health categories, products and equipment, and it is important to ensure the prioritization activities are allocated based upon their [relevance](#) and [significance](#) as part of the health programme portfolio.

The goal of the prioritization exercise is to gather a further comprehension of (1) [the strategic categories, volumes and spend of health programmes](#), (2) [to understand the social and environmental opportunities](#), and (3) [allocate the risks as part of the health procurement process and supply chain](#). The prioritization exercise should conduct an analysis by using the historical spend data to gather a comprehension of the categories, spend, contracts, suppliers and geographical locations of the health supply chain. Strategic prioritization areas can be allocated and supported by the [steering committee inputs and workshop contributions](#), as identified with the case examples from the [UNDP SHiPP Project](#). It is also important to determine the [level of scope](#) as part of the prioritization exercise programmes, categories and products.

The prioritization exercise should incorporate within the scope on the issue areas as highlighted in the aforementioned chapter: (1) [Human Rights, Labour Rights and Gender Equality](#), (2) [Pharmaceutical](#)

<sup>78</sup> UNEP, *Sustainable Public Procurement Guidelines: Introducing UNEP's Approach*, 2012.

Effluents and Toxic Chemicals, (3) Healthcare Plastics and Packaging, (4) Climate Change, Greenhouse Gas Emissions and Energy Sources and (5) Healthcare Waste Management. These areas, in accordance to the prioritization exercise, can be analysed for potential risks and opportunities. A market analyses can also be conducted as part of the exercise by reviewing the [industry sector](#), [market dynamics](#), [geography and supply chain complexity](#) to gather a better comprehension of the risks that may be involved in health categories and products.

For opportunities, areas can be reviewed such as: (1) the organizational and donor priorities, (2) national strategic importance of issue areas, (3) the leverage of procurement expenditure, (4) availability of alternatives, (5) low hanging fruits for implementation, and (6) collaborative approaches for further influence in the market. The review can also conduct analysis of the correlations between [categories](#), [suppliers](#) and [contract management processes](#). In essence, it is recommended to allocate the data into a matrix to showcase areas on [leverage](#), [risk](#) and [procurement expenditure](#).

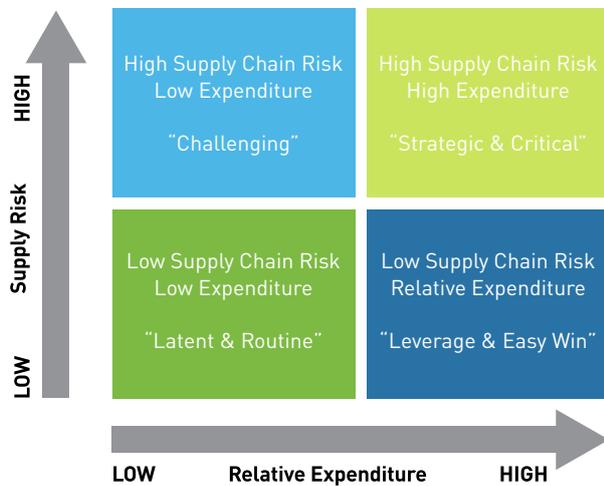


Fig. 5 Mapping the risks into a matrix on the basis of assigned variables for the level of supply risk and procurement expenditure.

It is also recommended for this analysis to be supported with [evidence-based research](#) as part of the prioritization exercise and risk analysis, whether conducted by the project team or through an external consultancy or firm. The evidence-based research should contain a detailed report conducted on the prioritized health procurement category with the given overview of the supply chain, materials and manufac-

turing process, and amongst any highlighted issue areas. To conduct evidence-based research as part of the exercise provides the necessary background information, material and data to proceed with the given sustainable procurement activity at hand.

Other supporting background materials can also be collected and used as part of this assessment such as through [UNDP Toolkits that are highlighted on Page 27](#). It is also important to gather other relevant information, whether through [reports](#), [documents](#), [workshops](#), and other sorts of data on [human rights and environmental issues relevant](#) for the product categories and areas of concern.

### Best Practice Examples of Health Category Risk Assessments and Action Plans



The [Swedish Regions and Country Councils](#) recognizes that pharmaceuticals, health products and equipment host a high-risk to human rights, labour and environmental responsibility in the supply chain. The risk analysis in social, environmental and ethical conduct forms the basis of the action plans, which is integrated as part of the procurement team's category plan. The action plans are used to decide on which suppliers to be followed-up upon and the necessary pathways to facilitate change. A budget is also allocated to initiate and manage these activities.

Social, Environmental and Ethical Risk Assessments:

- [Pharmaceuticals and Medicines](#)
- [Medical Instruments—Instruments, Plastics, Stainless Steel Articles and Surgical Instruments](#)
- [Gloves and Surgical Articles—Gloves, Surgical Articles and Kits](#)
- [Healthcare Textiles](#)
- [First Aid Supplies—Bandages and Dressings](#)
- [Medical Technology—Medical Equipment, Technology and X-Ray Machines](#)

## Creating the Sustainable Health Procurement Action Plan

3

As in accordance to the aforementioned activities conducted prior, the development of the [Sustainable Health Procurement Action Plan](#) (referred simply as the “[Action Plan](#)”) is a critical step for the programme strategy, initiation and monitoring of procurement activities. This next section will outline step-by-step on how to create an [Action plan](#), which will require efforts on the [organization and resource planning](#), [prioritization through risk mapping analysis](#), [stakeholder engagement and allocated targets for implementation](#). This will also need to be documented as part of the [Action plan](#) to ensure the course of implementation fits with the objectives of programme strategies, sustainable procurement policy and goals, and followed in accordance the steering committee governance.

Overall, the [Action plan](#) will help to facilitate a systematic application for sustainable health procurement, with a [coordinated strategy, market and product analysis and category monitoring plan](#) to showcase the reduction of impacts in public health and the environment. This will also help to monitor and evaluate results in order to achieve a better economic return and enhancing a fair and ethical competition through market strategies.

### ***Sustainable Procurement Policy and Strategies for Procurement Implementation***

As a part of these activities, it is important that the [Sustainable Procurement Policy \(SPP\)](#) is interlinked as part of the prioritized areas, whether the organization has one or needs to initiate one. The SPP Policy provides as the key driver and commitment for the organization that is linked towards the public policies in health, environmental protection and human rights, amongst other core sustainability subjects objectives and goals that are important for the organization.

In regards to the [prioritization and analysis of health categories](#), three strategies can be initially incorpo-

rated and catered to the identified issues that have been designated to tackle:

- **Directive:** Following hard instruments by using mandatory principles, transparency and code of conducts;
- **Indirective:** Softer instruments by supporting suppliers and manufacturers in governance goals to transition towards better practices;
- **Directive and Indirective:** By using both hard and soft instruments in the public procurement process to aid towards the facilitation of change in the market.

For [Directive Strategies](#), these are normally allocated to ensure that the social, environmental and ethical risks are managed through hard instruments and measures, such as through supplier prequalification, evaluations and supplier code of conducts. For [Indirective strategies](#), concepts can be incorporated to include softer governance techniques, such as voluntary measures, questionnaires and setting goals for suppliers to gradually engage in for social and environmental considerations as part of the contract.

However, both strategies can be used as simultaneously as a tool to facilitate a better “[orchestration](#)”<sup>79</sup>, or else known as “[market-shaping strategies](#)”. As international organizations and governments have a role in ensuring rules are followed by business, orchestration is defined a technique that can be used by public procurement to help shape a better environmental and social outcome in the marketplace. As an example, when recognizing a supplier is not abiding by the code of conduct as per the contract, [incremental measures and mechanisms can be imposed to facilitate change towards better social and environmental practices as opposed to supplier delisting](#).<sup>80</sup>

By using [market-shaping strategies](#), this can aid with the capacity building of suppliers and manufactures within the areas of environmental and social conduct where there may be regulatory uncertainty on these issues. Also, it is important to identify that the channel for addressing these challenging public-policy issues of environmental and social conduct are primarily within global supply chains.<sup>81</sup> This will be dis-

79 More details on the theory from Ponte, *Business, Power and Sustainability in Global Value Chains*, 2019.

80 As referenced in OECD, *Going Green: Best Practices for Green Procurement*, 2014

81 Milberg and Winkler, ‘Outsourcing Economics: Global Value Chains in Capitalist Development’ in Ponte, Stefano, *Business, Power and Sustainability in a World of Global Value Chains*, 2019.

cuss further in detail in the next chapter with regards to [procurement strategy](#), [solicitation design](#), [contract management](#) and [supplier engagement](#).

### ***Establishing a Monitoring and Evaluation System***

The main objective of any [Monitoring and Evaluation \(M&E\) system](#) is to track the progress against set targets and commitments to assess programme delivery, impacts achieved and to plan for further supportive measures to improve results. The key steps for establishing a monitoring and evaluation system includes:

- Finding the Key Focus Areas to Analyse.
- Targeting Stakeholders for Data Collection.
- Establishing the Monitoring Focus.
- Deciding on the Instruments for Analysis.
- Define the Targets.
- Reporting on the Results.

This will need to be conducted in collaboration with the procurement team as operational data will need to be collected from the team. However, it is important that other data sources many need to be collected depending on the prioritization areas and targets aimed to be achieved. More information on data management and procedures for monitoring and evaluation can be found in the [UNDP Evaluation Guidelines](#) and the [UN Norms and Standards for Evaluation](#).

The results of the sustainable health procurement prioritization areas can be published as a part of the overall health programme delivery, as identified with [WHO Global Action Plan](#) with indicators demonstrating results for SDG3 towards the right to health and SDG12 for sustainable consumption and production. With this, the socio-environmental-economic determinants of health in the supply chain, amongst contributions towards sustainable financing, should be interlinked as part of the reporting M&E indicators.

Lastly, it is recommended for the results to be published to showcase transparency in the work being conducted. As an example, [UNDP HIV, Health and Development Team](#) publishes sustainable procurement results as a part of their overall health programme delivery. [UNOPS](#) uses [GRI guidelines](#) to provide a standardized sustainability report with

the principles, disclosures the on management approach and performance indicators organized into a framework that addresses the Global Compacts disclosure requests.

### ***Development of Sustainable Health Procurement Action Plan***

With the status assessment completed by the programme/ project team as part of the sustainable procurement approach, an [Action Plan](#) will need to be drafted, approved and signed by the highest level of the organization. This is also to ensure that the plan follows the required accountability and to make sure all required members are onboard from the steering committee, programme and procurement. It should also include the review, analysis, targets and indicator towards goals from the activities undertaken and as discussed in this section.

#### **The Sustainable Health Procurement Action Plan**

- 1. The Current Context:** An executive summary of the Sustainable Health Procurement Action Plan.
- 2. The Sustainable Health Procurement Priorities:** An overview of the legal analysis, procurement spend and other literature reviews to demonstrate the argumentation on priority areas that have been chosen. This should be supported with category reports and assessments on these activities.
- 3. The Governance Structure and Responsibilities:** The Governance Structure for the programme which includes the Steering Committee, Project team and the Procurement Implementation team.
- 4. The Capacity Building and Training required:** What training is required for a successful SPHS Programme and implementation.
- 5. Communication Strategy:** How will these activities be communicated throughout the organization and externally. This should also include the stakeholder mapping and engagements.

6. **The Action Plan Implementation:** How the action plan will be implemented. More details on procurement strategy, market analysis and contract engagement will be elaborated in the next session.
7. **Monitoring and Evaluation Activities:** A monitoring and evaluation plan for the social, environmental and ethical components of health supply chain management and focus areas.
8. **The Budget for the Activities:** The allocated budget and resources for the action plan.

Essentially, it is important these activities are planned and documented with an governance structure to ensure they are effectively implemented. M&E teams should also be incorporated to make sure identified targets and measures are combined as part of annual monitoring and evaluation plans for health programmes.

### Best Practices: Environmental Planning Templates and Resources for a Greener NHS



The [Sustainable Development Unit and NHS England and NHS Improvement](#) have released a new programme to help organisations plan their sustainability work and deliver environment, social and financial value.

- **Plan:** Contains Green Plan Guidance and Templates that can be used to facilitate planning purposes, including materiality assessments.
- **Measure:** Guidance and Tools specifically for M&E Activities that include standardized metrics guides.
- **Evaluate:** Contains an online **Sustainable Development Assessment Tool (SDAT)** to help organisations understand their sustainable development work, measure progress and help make plans for the future.
- **Engage:** Contains further communication materials and contact points for sustainable development in health care systems. Annual reports are also published by hospitals.

A group of six people are seated around a conference table in a meeting room. They are engaged in a discussion, with some looking at laptops and others at each other. The room has wood-paneled walls and a door in the background. A blue banner with the UNDP logo and the text 'Istanbul Regional Hub' is visible behind the group. The banner also features the UNDP logo and the text 'UNDP' and 'Development' in smaller fonts.

# Istanbul Regional Hub

## **Integrating the Action Plan into the Procurement Process**

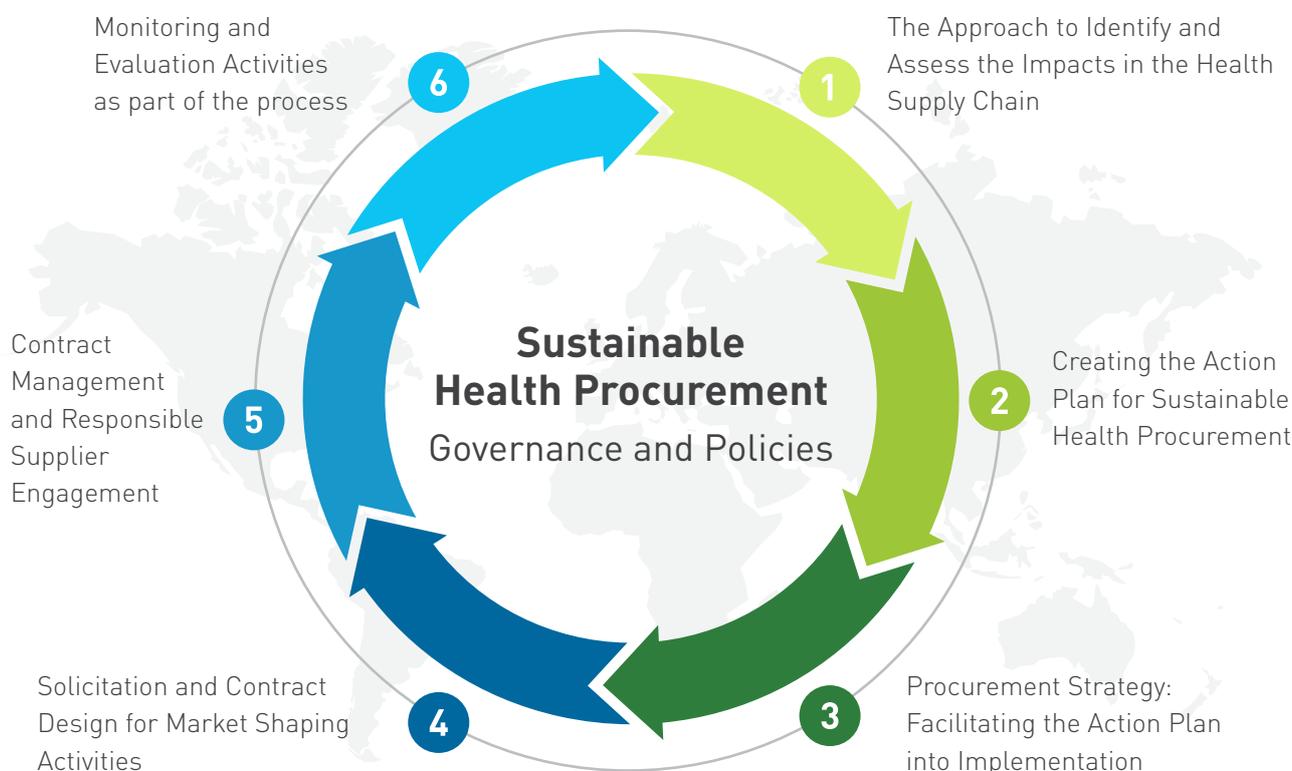
# Integrating the Action Plan into the Procurement Process

The integration of the [Action Plan](#) into the procurement process is the next step as part of the implementation process for [sustainable health procurement](#).<sup>82</sup> This next section will outline the procedures for incorporating the [Action plan](#) as part of the [procurement planning process, solicitation design, contract management and responsible supplier engagement](#). It is important to note at this stage, the process will be engaged by the health procurement team and this will require thorough commitment on the procurement strategy, prioritization and engagement for the Action Plan, amongst data coordination for monitoring and evaluation activities.

It is also imperative to stress the importance of the [Action Plan](#) as it aids with the necessary [groundwork, resources and technical expertise from an interdisciplinary team](#) to conduct an effective procurement strategy, market assessment and implementation.

The activities conducted prior help to provide the formal commitment, amongst with the required research in social and environmental areas to provide a clear set of [intentions, directions](#) and [priorities](#) for sustainable procurement action in health programmes.

As health procurement activities are strategic, comprehensive and highly administrative in nature, by having the Action Plan conducted prior to procurement planning stage aids with the procurement process. It is also important that the procurement strategy is fit-for-purpose to ensure organizational health programme goals are achieved simultaneously. This also requires regular consultations with members of the health procurement team to ensure the Action plan fits in line with their policies, objectives and protocols, and in line with [Procurement Policies](#) and [Quality Assurance Policies and Assessments](#) for health products.



82 In reference to ISO, *ISO 20400: 2017 Sustainable Procurement*, 2017

## Procurement Strategy, Planning and Market Analysis

This next section address will address on how to incorporate the [Action Plan](#) into the procurement planning process through [procurement strategy](#), [procurement planning](#), [category risk management and market analysis](#). This is an important stage as it builds upon the work conducted from the previous chapter as part of the development for the Action Plan. In this chapter, the Action Plan will be further elaborated on how it can be incorporated as part of the procurement strategy, along with the mechanisms that can be used to aid with the procurement planning, risk management and analysis for market change.

### Health Procurement Organization and Stakeholders

As mentioned in the prior chapter, a high-level commitment is fundamental for the approach and implementation of the [Action Plan](#). This includes with the establishment of a governance framework that contains a steering committee, project team and mapping of key health stakeholders from a programme, policy, procurement and supply chain level. This is also important from the procurement organizational level in terms of management, governance and appropriate resource planning, and with a clear line of accountability that is established within the procurement team.

It fundamental to comprehend on how procurement activities should not be generalized, as they contain a range of internal and external interdisciplinary expertise from medical, technical, pharmaceutical, procurement, financial, legal and business strategy. Also, “sustainable, responsible or ethical” expertise is often missing from this equation, and hence the [ISO 20400 Sustainable Procurement](#) recommendation for the organization of sustainable procurement activities and implementation.

### Procurement Strategy and Sourcing

This next section address will address on how to incorporate the [Action Plan](#) into the procurement planning process through the [pre-purchasing process](#). This is an important stage as it builds upon the work conducted from the status assessment, and helps to facilitate the groundwork for implementation. The [Action Plan](#) will be further [elaborated on how it can be incorporated as part of the process](#), along with the mechanisms that can be used as a strategy, criteria and evaluation technique towards market change.

As part of determining the [procurement strategy](#), this should incorporate the preliminary assessment conducted in the [Action plan](#), amongst with a further analysis of [organizational objectives](#), [costs](#), [category risks](#) and the [market](#) as part of the procurement strategy and planning exercise. These factors can be assessed to determine the route of manufacturer engagement:

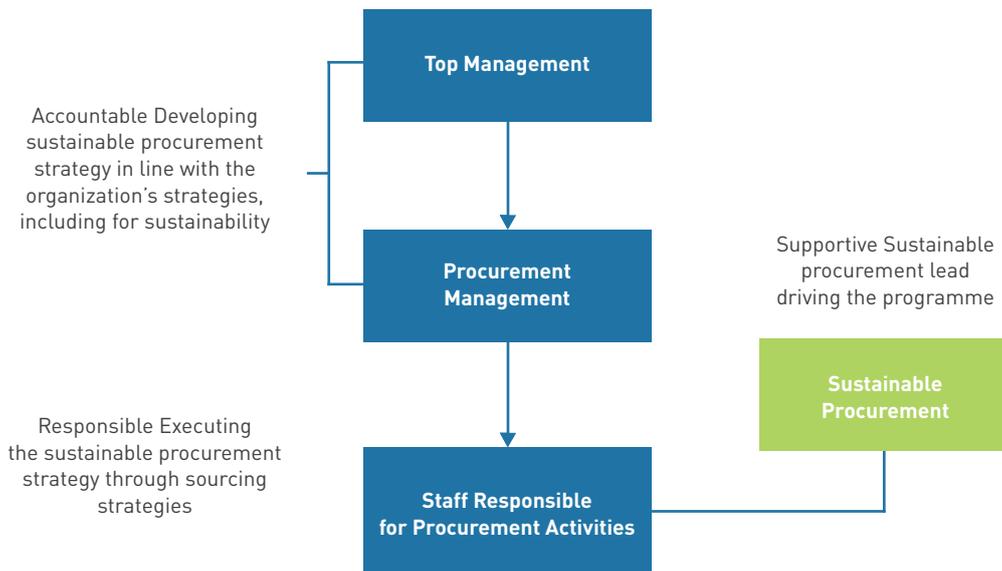


Fig. 6 ISO 20400 Sustainable Procurement Standard for roles and levels of accountability for sustainable procurement

1. Purchase a Health Product in accordance to a better social and environmental requirement.
2. Facilitate change the market for better social and environmental requirements.
3. Work with suppliers to understand the issues for social and environmental requirements in the process.

As part of the procurement strategy and planning exercise, the underlining question to ask is: **What procurement strategy are we going to use to facilitate change in our Action Plan as part of the procurement process and lifecycle?** A variety of strategies can be used as follows in order to facilitate change in the market place and depending on the specific health procurement category and case:

- Sourcing for New Suppliers and Health Product Alternatives.
- Defining Sustainability Criteria, Prequalification and Evaluation Mechanisms.
- Collaborative Sourcing, Pooled Procurement Mechanisms and Volume Tactics.
- Contract Engagement Strategies with Suppliers, Innovative Relationships and Auditing Mechanisms.
- Other creative procurement strategies for implementation (e.g. data collection, engagements, etc.).

It is important to recognize that each of these procurement strategies are unique and require an assessment of feasibility **early in the process** with the procurement team as the sourcing and market experts. By taking an early inclusion of **sustainable procurement in the procurement planning phase and even prior to this stage**, this can attribute to cost savings. Planning in theory represents the highest for savings potential in the procurement process and with groundwork conducted in the Action Plan to aid with this strategic process.

### **Health Procurement Risk Management, Market Analysis and Supplier Research**

The social, environmental and ethical risks provided in the **Action Plan** can be imbedded as part of procurement planning, category management and regulatory affairs of quality assurance. The data and

analysis is useful for procurers to review and support their identification of the **high-risk areas of markets, categories and suppliers** as part of day-to-day business and procurement activities, and category plans. Information can also be **regularly updated once new sources of information has been acquired and benchmarked** in order to monitor these activities. This also gives a **better transparency for procurers to identify any foreseen and developed issues** in the market and supply chain, and to report on **due diligence areas** for social, labour and environmental conduct.

This also is to be supported with a **risk mitigation plan that contains the risks, controls and accountability** that incorporates an appropriate sustainable procurement strategy. As part of the **risk assessment and mapping exercise**, it is important that the control points and impacts are understood as part of the process. For suppliers and manufacturers with less transparency and that are allocated a higher risk, stricter controls should be implemented. With this, these risk factors and considerations should be incorporated as part of the risk management of the category plan. Other risk areas that may be a part of this plan, and that are important to be mindful about in health supply chains include:

- The Nature of the Supply Market.
- The Probability of Supply Failure.
- The Impact of Supply Failure.
- The Strategic Importance to the Organization.
- Complexity of the Procurement Relationship.

### **Quality Assurance, Market Analysis and Supplier Research**

As health markets are relatively complex, it is important for health procurement experts to be fully engaged as part of the **Action Plan** implementation, as they are familiar with the current structure and dynamics for the market of pharmaceuticals, health products and equipment. There are a considerable amount of market factors that can prevent access to **affordable, quality assured products, amongst new products, and maintaining a sustainable supply of critical health items**.

Therefore, the relevant technical team—**procurement managers, category managers and quality assurance** need to be involved to ensure that the procurement strategy is fit-for-purpose based upon their specific

health category expertise for the procurement strategy. There are many dynamics to consider that could affect the procurement strategy for social and environmental considerations, and it is important that this is appropriately supported by market research conducted health procurement team before deciding on the procurement strategy, criteria and mechanisms for implementation.

**UN-SPHS Member Best Practice:**

As per [UNICEF's Sustainable Procurement Guidance Note](#), UNICEF has mapped their health categories with allocated Action Plans in environmental, social and economic areas to be conducted throughout the year.

### Quality Assurance of Health Products and Devices

Quality Assurance (QA) teams for pharmaceutical and medical devices need to be engaged to provide a full assessment of the risks and feasibility of opportunities. As per the QA policies, health products and equipment need to follow the regulatory framework and require records, documentation and approvals as part of the procurement process. In essence, the QA framework is important in ensure that the [trade, manufacture, distribution and use of medicines and health products are safe, effective and are intended for their intentional use](#). Therefore, all social, environmental and ethical considerations need to be supported by QA in order for the products to be purchased in the marketplace.

### Conducting Market Research

The Market research process follows on gaining further knowledge on the [\(1\) functional performance of the product, \(2\) the capability of the suppliers in the market, \(3\) the delivery capacity of market participants, \(4\) business information to identify commercial terms and \(4\) the conditions and supply market dynamics on how to approach the market](#). Market Research can be conducted internal and external from the organization.

➤ **Internal:** Past contracts and LTAs, discussing within the organization, inquiring with current suppliers.

➤ **External:** Business Seminars, Industry Publications, Professional Networks, Chambers of Commerce, Supply Chain Working Groups, Ministries and Governments, the UN-SPHS network.

A [Request for Information \(RFI\)](#) can be issued to gather information from the market on a specific product. A workshop can also be used to informally invite suppliers and to explore a specific product, market availability and assessing the challenges. (e.g. Annual Joint UNICEF, UNFPA and WHO meeting with manufacturers and suppliers).

### The Market Engagement Matrix

When conducting market research, the [market engagement matrix](#) can be used to aid with further implications on the behaviour of suppliers and the sustainability outcomes that can be achieved based upon market influence.

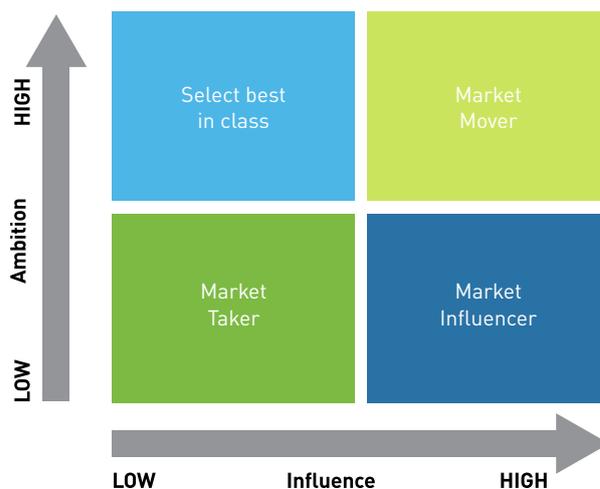


Fig. 7 ISO 20400 Sustainable Procurement Market Engagement Matrix

**Market Mover:** Where there is a significant ambition and possibilities to influence suppliers or other markets to set a new level of best practice or higher ambition.

**Best in Class:** Where ambition is high but the influence in the market is relatively low, and most likely will select the current level of best practice.

**Market Influencer:** Where ambition is low and influence is significant, there is likely to be little appetite to drive the market to a new level. The influence however can be used to encourage supply chains to improve practices.

**Market taker:** Where influence is low and ambition is also low, the appropriate strategy would be to adopt the standard that is already available in the market<sup>83</sup>.

Additional considerations include the areas of [regulatory affairs](#), [industry competition](#), [price](#), [availability of substitutes](#), [supply chain complexities](#) and [leverage as a procurement entity](#)—these are all important to aspects to consider as part of the regular market research activities conducted for health programmes. New technologies, products and business models can also be assessed for possibilities of supply or pushed for new innovation.

## Solicitation Design and Evaluation Mechanisms

As part of the procurement and market strategy, [the prequalification, technical specifications, evaluation criteria and contract conditions](#) can be designed to fit the social and environmental requirements of the health product or equipment. Suppliers with unsustainable practices may have an advantage to achieve lower prices by offsetting responsible business practices, and therefore, having a strong solicitation design reduces this organizational risk. Also, according to market-structure and economic theory<sup>84</sup>, suppliers may be willing to compete on social and environmental requirements if they can no longer sustain and compete in price.

As part of the market assessment, the criteria should be thoroughly researched to ensure a fair procurement process and product requirements. This should be conducted amongst key internal stakeholders (QA/ Technical Experts/ Procurement) to define the technical criteria, whether a [physical, performance requirement or functional](#), and to ensure that it fits the practical and technical requirements of what is being sourced, amongst the social and environmental considerations.

It is also important for the criteria to harmonize with the standards of the technical requirements in accordance to procurement policy and practices:

- Reflects the main priorities of the procurement strategy.
- The criteria is viewed as objective and verifiable
- Clearly defined without any risk of bias or collusion.
- Transparent and communicated to potential suppliers.
- Allows for a fair and healthy market competition.

By not following these standards, the procurement case can be viewed as hindering a fair market competition, which can be a challenge for incorporating social and environmental standards in the solicitation design.

## Prequalification of Suppliers and Manufacturers

The prequalification exercise gathers the [necessary information on the capability of suppliers to delivery on the expected outcomes which may also include sustainability](#). When conducting a supplier selection, it is considered best practice to ensure that the suppliers understand that the public policies are respected and that there is an open and fair competition.<sup>85</sup>

With due consideration of the risks, the prequalification stage normally outlines [the policies and standards, supplier codes of conduct, certifications and management systems](#) that are expected to be in compliance.<sup>86</sup> Evidence can be requested at this stage in terms of respect for [human rights, labour, environmental policies and with a self-declaration of conformity on these subjects](#).<sup>87</sup> This can be subject to further assessment in the tender process, site visits, audits and other means of collecting documentation and evidence.

## Evaluation Mechanisms for Sustainable Health Procurement

It is important that as part of the tendering stage—[transparency, accountability and ethics](#) are followed.<sup>88</sup> This means that all [bid evaluation criteria](#) and the

83 ISO, ISO 20400: 2017 Sustainable Procurement, 2017

84 The economic theory on the dynamics of perfect competition, market structure and the multinational firm can provide insights on how firms behave, compete and sustain a competitive advantage.

85 ISO, ISO 20400: 2017 Sustainable Procurement, 2017

86 Ibid.

87 Ibid.

88 Ibid.

### UN-SPHS Member Best Practice:

The Global Fund gathers the information on the **capability of suppliers** on the expected outcomes of **quality, traceability and environmental health and safety (EHS)** for some of its health categories that are identified as a high-risk.

[evaluation methodology](#) should be decided upon in advance and is communicated clearly to suppliers. It is also necessary to ensure that the suppliers are able to comprehend the sustainability requirements as part of their provided proposal. As per [ISO20400:2017](#), different evaluation criteria can be set depending on the procurement strategy:

- Minimum requirements or performance standards.
- Weighted criteria.
- Methods of cost calculation.
- Monetizing certain impacts (e.g. energy usage and waste).

It is recommended to think critically and to follow a [robust prequalification, tender process and criteria](#) in order to reduce the organizational risk of unsustainable business practices and suppliers.

### **Designing Contract Conditions for Sustainable Health Procurement**

As part of the specification design, the [contract conditions should incorporate environmental, social and ethical performance](#) that is directly related to the

### UN-SPHS Member Best Practice:

UNFPA is moving away from the lowest price to the most technically compliant offer by using a cumulative scoring scale for the supply of hormonal contraceptives:

- Access to Product 25%
- Capacity 25%
- Environment & Sustainability 20%

### ➤ Price 30%

Amongst the subcomponents will require accessibility of a specific product in relation to product registration, qualification status for their products and number of years without major quality concerns and percentage of recycled materials in packaging.

design, manufacture and delivery of the product or service being procured.<sup>89</sup> These conditions should be incorporated in order to ensure the supplier is contractually bound and is expected to deliver and/or improve their performance over time. With this, as per [ISO20400:2017](#), draft contract clauses can be incorporated to enhance control over sustainability areas such as:

- Provisions to conduct a desk review, assess and/or audit parties in the supply chain.
- Obligations for the supplier to inform the organization of any significant impacts in the supply chain.
- Minimum standards to be met by suppliers at the lower level tiers of the supply chain.
- Rights to terminate the contract for breaches in the outlined sustainability obligations.<sup>90</sup>

Also, further mechanisms can be incorporated and based upon contract negotiations as per [ISO20400:2017](#):

- Requirements for sustainability aspects have been secured with reporting, monitoring and actions (e.g. KPIs).
- A provided action plan and/or baseline to manage the sustainability risks identified.
- An influence over the supplier's sustainability agenda has been achieved.<sup>91</sup>

Additional requirements can also be considered that require the [supplier to provide data on their products and manufacturing activities](#). This can be conducted through providing a questionnaire, and then gathering the data to create a baseline assessment. This is a useful exercise as it provides more [internal information on the supplier, market and products in regards to environmental, social and ethical conduct](#). This data can then also be used to identify hotspots,

89 ISO, *ISO 20400: 2017 Sustainable Procurement*, 2017

90 Ibid.

91 Ibid.

conduct desk reviews, market research and to further assess if a site visit/ audit would be necessary.

#### **UN-SPHS Member Best Practice:**

UNDP has incorporated requirements for suppliers to participate in its sustainable health procurement initiative as part of the contract conditions in its ARV Long Term Agreement (LTA). The initiative includes participating in the UNDP Environmental Assessment and Baseline for Supplier and Manufacturers of Health care Products, Reduced Packaging Initiative and reporting on CO2 Emissions to reduce the impact of public health and climate change.

### **Usage of UNDP Questionnaires, Tools and Methodology**

The following tools have been developed by UNDP in order to facilitate a better social and environmental assessments of health procurement impacts, and to aid in the gathering of informative data to contribute towards a better transparency, market shaping strategies and due diligence.

- **UNDP Human Rights Impact Self-Assessment Tool:** designed to help businesses begin the process of identifying the impacts and/or potential impacts of their operations on human rights and prioritizing human rights concerns.
- **UNDP Social and Environmental Standards (SES) Tool:** provides a way for UNDP staff, partners and stakeholders to navigate through the standards and access relevant guidance, tools and grievance mechanisms.
- **UNDP Environmental Questionnaire for Suppliers and Manufacturers of Healthcare Products Tool:** to provide a comprehensive overview of the environmental performance of suppliers and manufacturers of health commodities and services.
- **UNDP Compliance with International Conventions on Chemicals:** A guide on how to monitor

compliance of healthcare procurement with relevant International Conventions for environmental safeguarding.

- **UNDP Chemicals of Concern to Health and Environment Tool:** A list of chemicals of concern to human health and the environment.
- **UNDP Healthcare Waste Management Toolkit for Global Fund Practitioners and Policy Makers:** guidance for procurers and stakeholders to achieve effective health care waste management. The toolkit publication follows a 3 part series, with supporting assessments from Belarus, Bosnia and Herzegovina, Kyrgyzstan, Tajikistan, Uzbekistan and Zimbabwe.

When using the tools, it is important that the reference of the [manufacturer](#), [manufacturing site](#), [reference code and batch numbers](#) are used as the part of the data collection methodology, much as in reference to the quality assurance process for health products.

### **Usage of Life-cycle assessments as an evaluation strategy**

Lifecycle assessments (LCA) are also gaining a momentum of interest in health procurement based upon the growing recognition of health products and equipment having a high environmental impact that is associated with the manufacturing, consumption and disposal of products. In theory, the LCA addresses the environmental aspects throughout a product's life cycle from raw material extraction through to production, use, end-of-life treatment, recycling and final disposal, which is also referred to as "cradle-to-grave" approach.<sup>92</sup> The LCA technique is designed for a better understanding of these environmental impacts and to facilitate for a more informed and better purchasing decision. Therefore, the LCA technique can aid with a better understanding of environmental impacts and to facilitate for a more informed and better purchasing decision. While LCA's are still in their infancy for the incorporation of health purchasing decisions, much work has been done in environmental labelling, computers and electronic equipment.

92 ISO, ISO20400:2017 Sustainable Procurement, 2017.

## ***Databases for further technical references and alternatives for health programmes***

There are a multitude of references that can be used to further explore alternatives for health products and equipment that contain toxic substances. The table below provides some sources through [Government practices](#), [HCWH](#) and other health [NGO references](#).

### **1. The National Agency For Public Procurement, Sweden—Sustainability Criteria Library**

The Swedish Government recognizes that pharmaceuticals, health products and equipment host a high-risk to human rights, labour and environmental responsibility in the health supply chain. Therefore, the Swedish National Procurement Agency have developed a tool for medicines, health products and equipment to aid with specification design.

### **2. Practice Green Health: Sustainable Procurement Directory for Health Products**

The sustainable procurement directory provides Practice Greenhealth members with guidance on over 120 products and services health care organizations can target for sustainable procurement. The directory identifies key environmental considerations for each product or service, where to obtain more information, and the rationale for purchasing sustainably. The directory includes alternatives for the following health categories: [Dental](#), [laboratory](#), [Medical Supplies](#), [Pharmaceuticals](#), [Sterile Processing](#), [Sterilization](#), and [high-level disinfection and Surgical/Operating Room](#).

## ***Substituting Hazardous Chemicals in Medical Devices: Phthalates and Bisphenol A***

Certain Hazardous chemicals can leach out of medical devices which can cause harm to patients. As of June 2015, France has banned the use of DEHP in paediatric, neonatal and maternity departments. Therefore, there has been a lot of ground work for the removal of DEHP, amongst PVC and BPA in medical devices. These resources provided by NGOs provide some guidance for alternatives in medical devices to ensure quality and safety is guaranteed.

## ***NGO Databases and Initiatives on alternatives for hazardous chemicals in medical devices***

- [The Safer Medical Devices Database by HCWH Europe](#)
- [The Swedish Substitution List by the Substitution group on chemicals](#)
- [The Substitution Portal by Kooperationsstelle Hamburg IFE GmbH and partners](#)
- [The ChemSec Marketplace](#)
- [Chemicals substitution by INERIS](#)
- [Global Green & Healthy Hospitals \(GGHH\) network](#)

## ***Certified ISO Labels and Third Party Certifications for Social, Labour and Environmental Requirements***

There are [environmental and social management system certifications](#) that can be used as part of the specification design. A [management system](#) is the way an organization manages parts of its business. These areas can relate to a number of topics, including product or service quality, operational efficiency, environmental performance, health and safety in the workplace. Below are a few common management system certifications that can be used for further information on social and environmental performances of suppliers and manufacturers.

- **ISO 14001:2015 Environmental Management Systems:** provides an organizational framework to protect the environment and respond to changing environmental conditions in balance with socio-economic needs. It specifies requirements that enable an organization to achieve the outcomes it sets for its environmental management system. The standards within the environmental management system family focus on specific approaches such as audits, communications, labelling and life cycle analysis, as well as environmental challenges such as climate change.
- **OHSAS 1800:2007 Occupational Health and Safety Management Certification:** an international standard which provides a framework to identify, control and decrease the risks associated with health and safety within the workplace. The standard is designed to provide the employ-

ee's health and safety as a priority within the organisation.

- **SA8000 Standard:** one of the main social certification standard for factories and organizations worldwide. It was established by Social Accountability International in 1997 as a multi-stakeholder initiative and has evolved into a framework that helps certified organizations demonstrate their dedication to the fair treatment of workers across industries and in any country.
- **Responsible Care Management System and Certification:** designed for chemical companies to achieve even higher standards of performance and generate greater value for their businesses. The Responsible Care Management System offers an integrated, structured approach to improve company performance in the following key areas: community awareness and emergency response; security; distribution; employee health and safety; pollution prevention; and process and product safety.

### ***Eco-labels and Standards Used for Health Programmes***

Ecolabels provide further guidance on environmental performance standards for health products and equipment. The eco-label identifies environmental preferences of a product on the basis of a life-cycle consideration.<sup>93</sup> This is granted by a third-party, in which is not influenced by the company whom is seeking the certification. This is not to be confused with "environmental labels" which refer to environmental claims and do not contain special criteria that contain comprehensiveness, independence and reliability.<sup>94</sup>

The International Standards Organization (ISO) has classified environmental labels into three types, amongst with an additional type provided by UNOPS: **TYPE I:** Ecolabels Voluntary, multiple-criteria based, third party programme that awards a license that authorises the use of environmental labels on products indicating overall environmental preferability of a product within a particular product category based on life cycle considerations.

**TYPE II:** Green Claims Product declaration of a company based upon self-declaration claims.

**TYPE III:** Environmental Impact Voluntary programmes that provide quantified environmental data of a product, under pre-set categories of parameters set by a qualified third party and based on life cycle assessment, and verified by that or another qualified third party.

**TYPE IV:** Like Type I Ecolabels, Verification and certification programme similar to ecolabels but only focuses on one single issue (e.g. Energy Star, Forest Stewardship Council, etc.).<sup>95</sup>

It is important to recognize the distinction in order to avoid the issues of "greenwashing" of products and much of the eco-labels are used for chemical and cleaning products that can be used in health programmes. For more information, please refer to the [Ecolabel Index](#) for the full repository of ecolabels, as well as the [UNOPS Guide to Environmental Labels for Procurement Practitioners of the United Nations System](#).

### ***UN and Government Mechanisms for Evaluation Criteria and Reporting in Sustainable Procurement***

The UN Global Compact (UNGC) provides capacity support for businesses on GRI sustainability reporting. As the 10 UN Global Compact Principles are stipulated on the UN Supplier Code of Conduct, it is recommended to encourage suppliers as per the contract terms to register with the UN Global Compact in order to build their capacity in sustainability reporting and to facilitate a better transparency in their supply chains. Sustainability reporting is an important mechanism that is evolving towards due diligence principles, responsible business practices and investment criteria. The UNGC also has recently launched their [SDG Action Manager](#) for companies to monitor their own SDG implementation. The UN Global Compact is also leading the [Decent Work in Supply Chains Platform](#)<sup>96</sup> that contains 20+ engaged companies to mobilize collective action at both the global and local level thus advancing respect for labour and human rights at work by leveraging their

93 UNOPS, Guide to Environmental Labels for Procurement Practitioners of the United Nations System, 2009

94 Ibid.

95 Ibid.

96 Supported by the UK Aid Government of Sweden, SAP Ariba, ILO and UNICEF.

supply chains, addressing decent work deficits, and adopting responsible purchasing practices.

There are also voluntary reporting measures requiring for companies to demonstrate how they address or fail to address human rights risks and impacts. These are currently in place in [Australia, Denmark, India, France, and the U.K.](#), while mandatory reporting requirements are being considered in Thailand. Whether a company voluntarily complies, and the extent to which they do so, within these countries demonstrates the means of understanding on the seriousness by which these risks are attended to. Outside of voluntary reporting measures, UN criteria can be based on Pillar 2 of the UNGPs, namely by deciding to assign values to those bidding firm who [\(1\) have a human rights policy; \(2\) conduct human rights due diligence and \(3\) show a record of remedying adverse human rights impacts when they are uncovered.](#)

Lastly, the [United Nations Global Marketplace \(UNGM\)](#) also hosts sustainable procurement indicators (social, environmental and economic) that are to be embedded in solicitation documents by UN agencies. This was adopted in 2019 by the UN High-Level Committee on Management (HLCM) Procurement Network and more information can be found on the [UNGM Shared Knowledge Center for Sustainable Procurement Indicators.](#)

### ***Drafting the Procurement and Sourcing Strategy***

By conducting the following steps, sufficient information should have been gathered on the risks, market and opportunities in order to decide on the best outcome for the procurement strategy. This should be documented in accordance to the complexity of the project and as per [ISO20400:2017](#) for drafting the sourcing strategy:

- Key findings on the category risks and opportunities that supported by the action plan.
- Actions required to manage the key sustainability risks and opportunities.

- The market approach to deliver the sustainability objectives.
- How the requirements will be incorporated into the specifications with the considerations that all suppliers are given a full and fair opportunity to compete.
- How sustainability aspects are incorporated into the draft contract or terms and conditions.
- The defined weight given to sustainability in the evaluation criteria and considerations given to finding the best balance with other criteria, such as price or quality.
- The expected sustainability benefits, savings over the lifecycle and impact on the allocated budget.

Some health products and equipment may require to have an asset disposal strategy as part of the end of their useful life.<sup>97</sup> Therefore, disposal strategies should be taken into consideration and in particular with health products that have a high risk in waste management, whether in pharmaceuticals, toxic chemicals or plastics. Consultations with stakeholders and amongst suppliers can be undertaken to review the best strategy and approach for waste management activities.<sup>98</sup>

### **Contract Management and Responsible Supplier Engagement**

This next session will elaborate on how contract management can incorporate social, environmental and ethical considerations through [responsible supplier engagement, managing and reporting performance and by working with freight and logistics to monitor GHG emissions.](#) Contract and performance management is overly underestimated and relatively scarce in practice.<sup>99</sup> According to the OECD, [clauses on social, environmental and ethical responsibility are the most effective tool to manage improvement.](#)<sup>100</sup> This can also be used as a mechanism to facilitate towards a better change in social and environmental considerations, and by particularly applying a directive and indirective approach in the contract management strategy—a [public-private partnership.](#)

97 Ibid.

98 Ibid.

99 Ecovadis, Sustainability Clauses in Commercial Contracts: The Key to Corporate Responsibility, 2018.

100 As highlighted in the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, OECD Publishing, Paris, 2018 and the OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector, OECD Publishing, Paris, 2017.

As mentioned in the prior chapter, a [directive](#) approach uses mandatory contract principles and code of conducts, whereas an [indirect approach](#) uses governance goals to transition towards better practices. Therefore, by engaging in a proactive contract and performance management, these strategies can be applied simultaneously to facilitate an incremental change in the supply chain. Also, questions on disposal and end of life of health products and equipment should be considered as part of the contract engagement and responsible business practices.

### **Contract Management and Engagement: A Public-Private Partnership**

The social, environmental and ethical commitments of the organization should be reflected upon the quality of the relationship with the supplier and manufacturer<sup>101</sup>. Hence, as per [ISO20400:2017](#) it is recommended that:

1. The vision of the organization in sustainability commitments are thoroughly reflected in the contract
2. Are a part of the continuous engagement with the supplier throughout the business meetings.
3. Contain key performance indicators (KPIs) to monitor and measure performance of the contract.

In order to effectively manage the contract as a public-private partnership, certain clauses in relation to social, environmental and ethical considerations can be added to make the relationship and expectations between the contract holder and supplier transparent:

- Key performance indicators on social, environmental and economic performance.
- Necessary agreements on questionnaires, workshop participations, projects or data requirements.
- Contract clauses, fair conditions and liquidated damages or penalties where considered acceptable.
- Any recognized risks, provided action plans, mapping and commitments that need to be provided.
- Any other unique terms or voluntary conditions in agreement on the basis of the relationship.
- Commitments to reporting on social, environmental and economic aspects (e.g. UN Global Compact).

### **Defining the Expectations: An Incremental Approach**

It can be understandable that not all suppliers are guaranteed to be environmentally, socially and ethically sustainable due to the lack of transparency in supply chains and amongst the challenges of embedded formal consideration as part of the procurement process.

However, contract mechanisms can be strategically applied in order to facilitate a better transparency in the supply chain, and to use incremental measures as a partnership to transition towards a more healthier market. With [directive and indirective tactics](#), mechanisms can be imposed to make any identified misconduct incremental with action plans, or to provide further certifications and documentation by an agreed point in time. It is also expected that businesses need to express a “[duty of care](#)”, which requires businesses to [identify the impact of their activities, and to report it as part of their commercial contracts](#).<sup>102</sup>

[Ecovadis](#), in their report on [Sustainability Clauses in Commercial Contracts: The Key to Corporate Responsibility](#), demonstrates on how contract clauses can be measured into three levels of supplier and contract management performance). A matrix (Appendix 2) is provided that showcases on [defining expectations and performance on social, environmental and ethical considerations](#) as an incremental and good contract management practice. Thus, this gives more clarity on how to define the expectations and performance on social, environmental and ethical considerations as an incremental and good contract management practice. The next section of this guidance will go into more details on [contract reviews and follow-ups](#) to manage these expectations, amongst how to set KPIs as part of [monitoring and measuring performance](#).

### **Contract Management Follow-up Procedures**

As part of contract management activities, it is recommended that as part of the [Action Plan](#), suppliers who are identified as a [high-risk should complete a self-assessment exercise](#) with supporting docu-

101 ISO, [ISO20400:2017 Sustainable Procurement](#), 2017.

102 [Ecovadis, Sustainability Clauses in Commercial Contracts: The Key to Corporate Responsibility](#), 2018.

mentation, and to be subject to audits on social and environmental compliance. Such example includes with pharmaceutical manufacturers and the risks associated with API effluents and the social, environmental and economic impacts.

### Best Practice Example of Contract Management Follow-up Procedures



The Government of Sweden has recently published [Sustainable Supply Chains: Guidelines to Contractual Terms \(2019\)](#) that provides the procedures on their supplier code of conduct that includes the processes from the invitation to tender stage, explanation of the contractual terms, policy commitments and follow-up procedures on the contractual terms for compliance. Manufacturing site audits for social and environmental compliance are also published on their public website, which mostly contains health manufacturing facilities.

- Sustainable Procurement: Guidelines to Contractual Terms
- Sustainable Procurement: Follow-up Audits

## Global Freight, Logistics and Monitoring GHG of Health Procurement

Another important aspect of contract management is to [engage in the relationships with freight forwarders](#), whether they are directly contracted or contracted by the supplier. With the globalization of health supply chains, this creates an offset of [disposing a high GHG emission discharge](#) due to the large volumes of medicines, health products and equipment being manufactured and sourced from globalized production centres. As part of the growth of sustainability reporting due diligence, it is becoming a rising expectation to report on GHG emissions (also referred to as the “[carbon footprint](#)”) and to set targets on reductions. GHG reporting can be done on the basis of the freight forwarder or supplier to provide a detailed report on their calculated emissions per each shipment as part of their freight and delivery reports. The data used from the reports can provide metrics that can be used to calcu-

late (1) [the Carbon Foot of the health programme delivery](#) and (2) [Carbon Foot Print Reductions by gaining freight and container efficiencies](#)—whether through volumes, reduced packaging, joint-shipment or other optimization activities.

The collection of GHG data is important in order to provide a better transparency and to make decisions on managing the offsets of carbon emissions. If freight forwarders and suppliers are not providing a emissions reports as part of their services, it is important they are compelled to work on providing these reports, and to work together in partnership to provide the expectations of harmonized reporting and datasets.

### Best Practice Example of Carbon Accounting for Health Programmes

UNDP, in partnership with [Kuehne + Nagel A/S](#), collects all data and analytics for UNDP’s CO<sub>2</sub> emissions on a quarterly basis and placed in a Business Intelligence (BI) dashboard to monitor the impact of trade lanes. The trade lane scenarios are then used to determine the potential CO<sub>2</sub> **reduction** through air versus sea freight in order to establish environmental performance metrics. UNDP has worked extensively with TLE/ARV manufacturers and national regulatory authorities on packaging optimization in order to reduce product waste and increase cost effectiveness.

### Carbon Emissions Accounting Methodology

The Global Logistics Emissions Council provides a standard methodology for freight forwarders to use in order to calculate their GHG emissions for logistics accounting, benchmarking and reporting. The methodology is based upon the Greenhouse Gas Protocol, UN-led Global Green Freight Action Plan and CDP Reporting.

- [Greene, S & Lewis, A., GLEC Framework for Logistics Emissions Accounting and Reporting, 2019.](#)

## Performance Management and Reporting

This last section will elaborate on contract performance management and how to conduct sustainable procurement reporting. This exercise, in synchronization with the action plan, this will demonstrate on how to develop a monitoring system that follows the necessary steps to (1) [decide on an approach](#), (2) [allocating the indicators](#), (3) [determining the scope of the indicators](#), (4) [deciding on the data collection materials](#), (5) [allocating a SP report](#). The indicators, data and reports can be used to assess the performance of the procurement process and also, to be distributed to health programmes (e.g. UN Agency Programmes, Ministries) to provide results from the action plan that contribute towards organizational goals.

It is also important to [recognize that this is an underestimated activity](#), considering it is important to collect [qualitative and quantitative data to showcase results, monitoring of progress](#) in activities and the overall [contributions towards health programmes and the sustainable development goals](#). This also should be highlighted as part of the procurement strategy and in the tenders of participating activities.

### Decide on the Approach and Scope

The first step is to decide on the approach that is going to be monitored and evaluated as part of the procurement strategy and contract management. This can be done by

1. Monitoring the results of the tender activities,
2. Monitoring the results of the individual products and/or
3. Monitoring the performance of suppliers.

Depending on the approach, either of these [methods can be done simultaneously](#). The tender approach monitors the [percentage of tenders](#) as whole that incorporate social and environmental conditions of the contract, while the [product approach](#) specifically focuses on monitoring the categories and criteria allocated to specific products. A separate assessment of monitoring and evaluation activities can be applied by [specifically assessing the performance of suppliers](#), and by using the data provided from the various activities of desk reviews, questionnaires and audits.

In general, it is recommended to apply all three approaches as a due diligence process, and depending on the programme scope of the action plan, procurement strategy and resources available to conduct these activities.

### Data Resources and Validation Procedures

In order to effectively conduct performance monitoring activities, it is recommended for good data to be available and sourced as part of these activities. The data can be collected through both qualitative and quantitative measures, and it is important this is assessed to ensure of the validity for reporting the information. A table of data sources for procurement M&E activities is listed in the [Appendix 3](#).

There also can be other creative sources where qualitative and quantitative sources can be collected. However, it is important to follow the procedures that the data [is conscientious, explicit and judicious use of the best available, objective, reliable and valid data and by accurate quantitative and qualitative analysis of evidence](#).<sup>103</sup> Thus, data that does not hold validity cannot be used as an accurate measure, as the integrity and reliability of the data is questionable.

### Key Performance Indicators, Metrics and Scorecards

Once the data sources have been mapped, [key performance indicators \(KPIs\)](#) can be designed that cross reference with the action plan and procurement strategy for sustainable procurement practices. As in reference the contract management the certain clauses in relation to social, environmental and ethical considerations can effectively contain KPIs that can be monitored and measured to demonstrate progress.

This also includes KPIs for the procurement department as well, amongst other activities to showcase results. Further information on KPI examples are provided in the [Appendix 3](#), and while provided as a general guidance, indicators may be specifically designed for category, product and technical areas, depending on the action plan, procurement strategy and contract clauses for social, environmental and ethical considerations.

103 United Nations, UN Norms and Standards for Evaluation, 2017.

Lastly, by using the indicators to monitoring and measure the results of sustainable procurement practices, this can be effectively implemented as part of a monitoring and evaluation system. With this system of data and analysed indicators of performance, this effectively improves the performance and transparency of procurement activities and amongst in the health supply chain. This also helps to identify progress and further opportunities for social, environmental and ethical considerations.

### **Reporting on Sustainable Health Procurement**

The data, indicators and scorecard that is collected as part of monitoring and evaluation activities can then be consolidated into an annual report. The reports can be used to (1) [communicate internally on health procurement performance to senior management and operational requirements](#) and (2) [communicate externally on programme results for health delivery](#). As provided in the prior chapter, this data can be used to delivery to monitoring and evaluation teams to calculate the results of the overall health programme delivery.

#### **Best Practice Example of Procurement Reporting for Health Programmes**

UNDP regularly provides a sustainability report as a part of its ARV-LTA procurement monitoring reports for annual review. The data is also simultaneously used to report on health programme delivery in the **UNDP HIV, Health and Development Annual Report 2017–2018**. The data is linked between both operations and programme to showcase effective results of market decoupling towards Sustainable Consumption and Production (SGD12) and Health Programme Delivery (SDG 3), amongst with the respect of the 10 principles of the UN Global Compact and UN Guiding Principles on Business and Human Rights.

### **Conclusion: Market-Shaping Efforts to Decouple the Impacts from Global Health Delivery**

It is evident that there is a recognized need to move away from overconsumption, waste and ecological harm in order to preserve a healthy environment and human well-being. To focus on preserving the environment, human health and well-being, the “decoupling” of natural resource use and environmental impacts from economic activity is an essential element in the transition towards a sustainable future. This is highlighted in the commitment of the [UN-SPHS Engagement Strategy with Suppliers and Manufacturers to Promote Environmental and Socially Responsible Procurement of Health Commodities](#), as members are dedicated to transition the market towards reducing harm to people and the environment caused by the manufacture and disposal of medical products. This is further supported by capacity building, knowledge sharing and best practice activities shared amongst UN-SPHS members, Governments, SHiPP Project Countries and other important health stakeholders to contribute towards the development of this overarching global framework.

This guidance has provided the procurement strategies and steps to contribute towards an interdisciplinary action plan for sustainable health procurement. This includes market-shaping techniques that aim to decouple health programme delivery to environmental, social and ethical impacts. This guidance is also supported by M&E activities in order to effectively document the results in accordance to international standards, whereas the indicators can be transferable to facilitate a better overall transparency in health delivery and decoupling of impacts towards sustainable consumption and production practices. Lastly, this is ultimately to aim for contributions towards the longer term goal of circular economies in the health supply chain.



# Appendix 1: Table of International Treaties and Other Legal Instruments

# Appendix 1: Table of International Treaties and Other Legal Instruments

## Human Rights

Universal Declaration on Human Rights (UNHR) (1948)

International Convention on the Elimination of All Forms of Racial Discrimination (ICERD) (1969)

International Covenant on Civil and Political Rights (ICCPR) (1976)

International Covenant on Economic, Social and Cultural Rights (ICESCR) (1976)

Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) (1999)

Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT) (1987)

Convention on the Rights of the Child (CRC) (1990)

International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (ICRMW) (2003)

International Convention for the Protection of All Persons from Enforced Disappearance (CED) (2010)

Convention on the Rights of Persons with Disabilities (CRPD) (2008)

African Charter on Human and Peoples' Rights (1986)

African Charter on the Rights and Welfare of the Child (1999)

American Convention on Human Rights (1978)

Arab Charter on Human Rights (2005)

European Convention for the Protection of Human Rights and Fundamental Freedoms (1953)

Association of Southeast Asian Nations (ASEAN) Human Rights Declaration (2012)

United Nations Guiding Principles on Business and Human Rights (2011)

United Nations Declaration on Indigenous Rights (2007)

## Human Rights to Health

Constitution of the World Health Organization (WHO) (1946)

## Labour Rights Treaties and other international instruments

ILO Convention 29 on forced Labour (ILO, 1930)

ILO Convention 105 on the Abolition of Forced Labour (ILO, 1957)

ILO Convention 87 on Freedom of Association and Protection of the Rights to Organize (ILO, 1948)

ILO Convention 98 on the Right to Organize and Collective Bargaining (ILO, 1949)

ILO Convention 100 on Equal Remuneration (ILO, 1951)

ILO Convention 111 on Discrimination (Employment and Occupation) (ILO, 1958)

ILO Convention 138 on Minimum Age (ILO, 1973)

ILO Convention 182 on the Worst Forms of Child Labour (ILO, 1999)

ILO Convention Concerning Indigenous and Tribal Peoples in Independent Countries (ILO, 1991)

## Environmental Treaties and other international instruments

Paris Agreement (UN, 2016)

African Convention on the Conservation of Nature and Natural Resources (1969)

Bamako Convention on the Ban of Import into Africa and the Control of Transboundary Movement and Management of Hazardous Waste within Africa (1998)

United Nations Framework Convention on Climate Change (1994)

Declaration of the UN Conference on the Human Environment (1972)

Johannesburg Declaration on Sustainable Development (2002)

Rio Declaration on Environment and Development (UN, 1992)

Montreal Protocol on Substances that Deplete the Ozone Layer (UNEP, 1999)

Stockholm Convention on Persistent Organic Pollutants (POPs) (UNEP, 2004)

The Rotterdam Convention/PIC Convention on Certain Hazardous Chemicals in International Trade (UNEP, FAO, 2004)

UN Convention on Biological Diversity (UNEP, 1993)

Kyoto Protocol to the UN Framework Convention on Climate Change (UN, 1997)

Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (UNEP, 1992)

Convention Relative to the Preservation of Fauna and Flora in their Natural State (1936)  
Espoo Convention on Environmental Impact Assessment in Transboundary Context (1989)

### **Anti-corruption Conventions**

UN Convention Against Corruption (UN, 2003)  
Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD, 1997)  
Inter-American Convention against Corruption (1996)  
Council of Europe Civil Law Convention on Corruption (2002)  
European Union Convention on the Fight against Corruption (1997)  
Council of Europe Criminal Law Convention on Corruption (2002)  
European Union Convention on the Fight against Corruption (1997)  
European Union Convention on the Protection of the European Communities' Financial Interests (1997)  
Arab Anti-Corruption Convention (2010)  
Anti-Corruption Initiative for Asia and the Pacific (1999)  
Economic Community of West African States Protocol on the Fight Against Corruption (2001)  
African Charter on the Values and Principles of Public Service and Administration (2011)

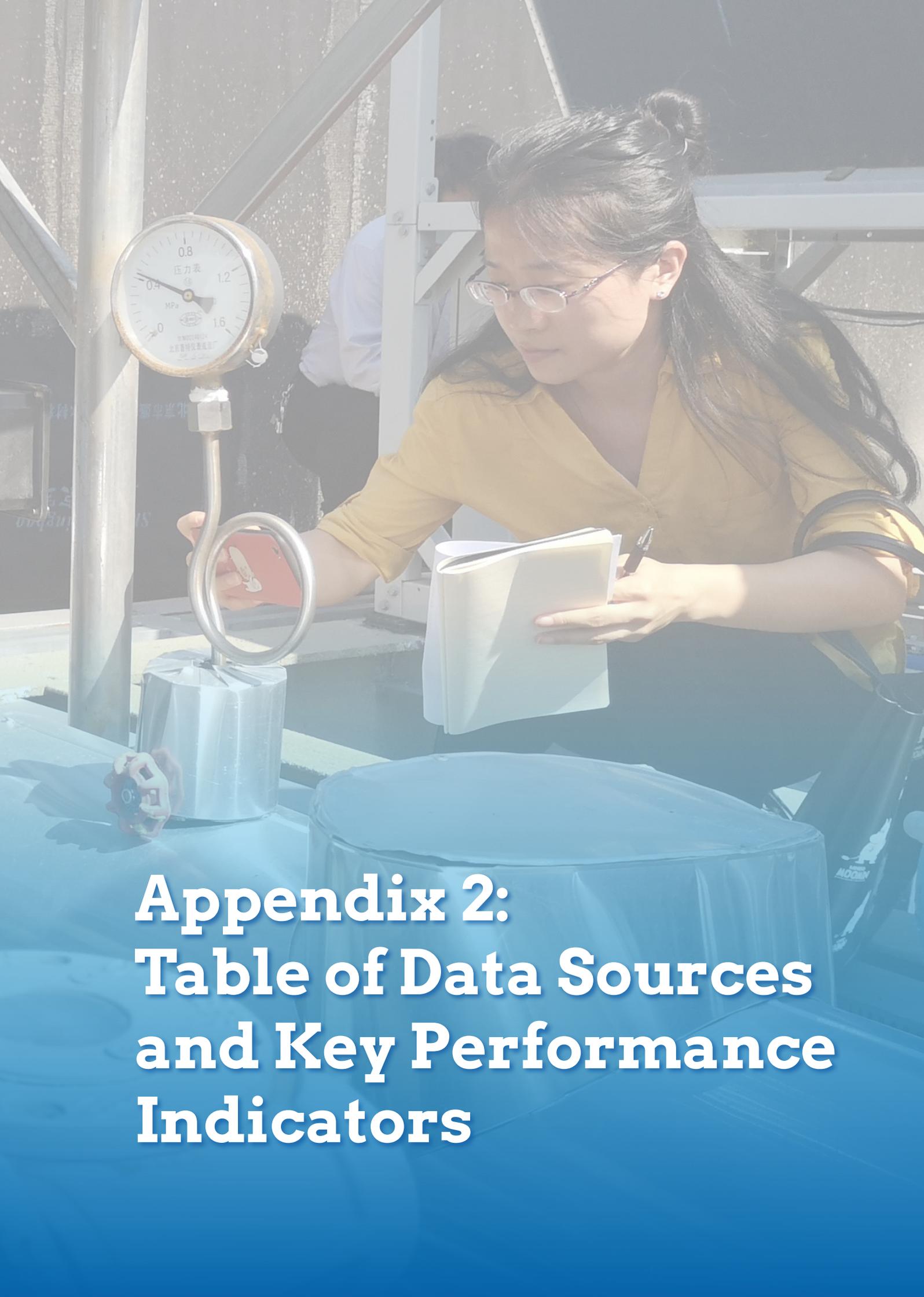
African Union Convention on Preventing and Combating Corruption (2003)  
African Charter on Democracy, Elections and Governance (2008)  
African Charter on the Values and Principles of Public Service and Administration (2011)

### **International Public Procurement and Trade**

General Agreement on Tariffs and Trade (GATT) (1947)  
The Marrakesh Agreement – Agreement Establishing the WTO (WTO, 1994)  
WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) (WTO, 1995)  
WTO Government Procurement Agreement (GPA) (1994)  
United Nations Commission on International Trade Law (UNCITRAL) (2011)  
UNCITRAL Model Law on Public Procurement (2012)  
EU directive on public procurement, 2004/18/EU; superseded by the new directive 2014/24/EU,  
United Nations Financial Regulations and Rules (UN, 2013)  
UN Supplier Code of Conduct (UN, 2017)

### **UN Resolutions for Sustainable Development Goals**

Transforming our world: the 2030 Agenda for Sustainable Development (UN, 2015)  
Millennium Development Goals (2000)



# Appendix 2: Table of Data Sources and Key Performance Indicators

## Appendix 2: Table of Data Sources and Key Performance Indicators

<b>Data Sources for Monitoring and Evaluation Activities for Sustainable Health Procurement</b>	
<b>Data Source</b>	<b>Details</b>
Procurement Spend Reports, Tender Reports and Analytics	Standardized reports that contain all information with regards to procurement spend, health categories, quantities, regulatory approvals, tenders and suppliers. This data is normally available and published from the ERP.
Freight and Delivery Reports/ GHG Emission Analytics	Standardized reports that are provided by the freight forwarder on statuses of all deliveries. This can be complimented with GHG emission reports that correlate with the deliveries and allocated trade lanes.
Supplier and Contract Performance Evaluations and Reports	Performance evaluations and reports are often conducted on procurement contracts with measured variables such as: (1) Response time, (2) Quality of Response, (3) Timeliness of Deliveries and (4) Quality of Product and Service Delivery. These evaluations also may include environmental and social performance measurements, depending on the procurement strategy, scope and implemented contracts.
Desk Review, Questionnaires and Audit Data and Reports on Supplier and Manufacturers	Data collected as part of the questionnaires and desk reviews are also a valid source of information. These are usually set as a supplier baseline on social and environmental performance and with allocated scoring that can be used to measure progress. Other sources that can be used include auditing reviews, reporting activities, etc.
Sustainable Procurement Project Reports and Metrics	Product metrics from various sustainable procurement projects can be used as allocated data. Such examples include from reduced packaging, whereas data is collected from the before and after the project (e.g. product dimensions, weight, volume, etc.).
Policy, Training, Engagements and Missions	Data can be collected on all activities related to capacity building of personnel and engagement in sustainable procurement. This can be collected on the basis of number personnel attending training, workshops, engagements and missions, amongst other deliverables such as sustainable procurement policies. This also can include the engagement of suppliers and manufacturers, and their participation in training events.

<b>Key Performance Indicators</b>	
<b>Indicator Subject</b>	<b>Description of Indicators Activities</b>
Market Shaping Strategies, Engagement and Performance  (Broken down to specific categories and products for performance)	<ul style="list-style-type: none"> <li>• % of Volume, Suppliers, Categories, Products with SPP Considerations in the contract</li> <li>• % of Tenders/ Contract modalities with SPP Considerations in the contract</li> <li>• % of Market evolution for SPP criteria in contracts</li> <li>• # of new products and alternatives sourced with better considerations</li> <li>• \$ Savings Achieved from market shaping efficiencies in SPP</li> <li>• # of training and events in SPP considerations with personnel and suppliers</li> <li>• # of policy and procedures implemented to strengthen SPP due diligence</li> <li>• # of incidents with SPP issues and corrective measures followed</li> <li>• Annual % Change of SPP considerations as part of the process (whether volumes, quantities, categories, supplier base, etc.)</li> </ul>
Monitoring of GHG in Freight and Logistics and Performance	<ul style="list-style-type: none"> <li>• Total CO2 Footprint in kg for each trade lane/ by category/ by product</li> <li>• Average CO2 Emission in kg per trade lane / by category/ by product</li> <li>• Annual % Change of CO2 reductions through project activities (optimization, reduced packaging, gained efficiencies, etc.)</li> <li>• \$ Savings achieved from freight optimization and efficiencies</li> <li>• Annual % Change of CO2 Footprint and contributions towards target</li> </ul>
Supplier and Manufacturer Baseline Assessments and Performance	<ul style="list-style-type: none"> <li>• % of Volume, Suppliers, Categories as part of a baseline assessment and review</li> <li>• # of supply chain incidents and reports in relation to SPP issues</li> <li>• Analysis of baseline, assessments and scoring according to the following areas:               <ul style="list-style-type: none"> <li>o Human Rights, Labour and Gender</li> <li>o GHG Emissions and Energy Usage</li> <li>o AMR, Hazardous Chemicals and Water Usage</li> <li>o Plastics and Packaging</li> <li>o Health care Waste Management</li> <li>o Transparency in the Supply Chain</li> </ul> </li> <li>• # of suppliers providing standardized SPP reports</li> <li>• Annual % Change Supplier and Manufacturer baseline improvements</li> </ul>
Project Specific Results in Relation to Social, Environmental and Ethical Areas	<ul style="list-style-type: none"> <li>• # of projects and activities engaged for SPP considerations</li> <li>• \$ achieved from reduced packaging and optimization activities</li> <li>• % of CO2 savings achieved from gained optimization</li> <li>• % of waste reduction and optimization achieved from activities</li> <li>• Other designed indicators catered to the specific project in question to showcase results.</li> <li>• Annual % Change of SPP considerations as part of the procurement process and contract management.</li> </ul>



## **Appendix 3: List of Further Reading and Reference Materials**

# Appendix 3: List of Further Reading and Reference Materials

## The Current Global Scenario

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- UNDP (2016). HIV, Health and Development Strategy 2016–2021: Connecting the Dots.
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## The Social and Environmental Impacts of Global Health Procurement

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