



**Annual meeting of the Environment Management Group**  
**Hosted by the World Health Organization at its Headquarters**  
**Geneva, 8 October 2007**  
**9:00 a.m.-6:00 p.m.**

### **Initiative on sustainable procurement in the UN**

The UN operates to achieve the goals of peace, equality, sustainable development and respect for human rights. The way the UN manages its operations and procures products and services should reflect these goals.

The annual UNDP IAPSO Statistical Report on UN purchasing<sup>1</sup> indicates that “the overall procurement volume of UN Agencies during 2006 reached USD 9.4 billion”. The procurement function not only provides the UN with the means to carry out its activities but also signals what is important to the organisation and can concretely support sustainable development.

This paper provides a conceptual and factual background to obtain from EMG members an agreement on what actions the EMG secretariat could initiate to start progress on sustainable procurement in the UN system.

### **Background**

1. On 5 June, World Environment Day, the UN Secretary-General (UN SG) announced his plans to make the UN Headquarters carbon-neutral and environmentally sustainable, and that this initiative should include the other United Nations headquarters and offices around the globe. He called on the heads of all United Nations agencies, funds and programmes, as well as staff, to join him in using energy more efficiently and eliminating wasteful practices.

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<sup>1</sup> Statistics on procurement data in ['The Annual Statistical Report'](#). The report provides data on the procurement of goods and services from 40 UN organizations and UNDP's network of country offices.



2. On 9 July the UN SG sent a letter to the executive heads of all UN agencies, funds and programmes, asking them to join him in this initiative. In particular, he asked Achim Steiner, Executive Director of UNEP and Chair of the Environment Management Group (EMG), to mobilise the EMG in this regard, to encourage all UN agencies, programmes and funds to participate, and to prepare for a decision on this matter by the Chief Executives Board (CEB). The EMG Secretariat intends to solicit such a decision at the Spring 2008 session of the CEB.
3. Whilst ad hoc efforts have been made in the past, increasing global awareness in 2007 of the consequences of climate change has created a sense of urgency around the need to include sustainability in current UN operational strategies and management systems.
4. UN Headquarters, UNEP, UNFCCC, the World Bank and other UN family members are engaged in making their operations climate-neutral. Several other agencies are working on putting Environmental Management Systems into place or on issue-specific green or socially responsible procurement initiatives. However, a coherent system and shared guidelines on how to manage operations in a more sustainable way has yet to be developed.
5. In particular, UN offices worldwide critically need coordinated advice and support in the areas of climate neutrality, sustainable facilities management and sustainable procurement.
6. With the goal of fostering a common approach among UN agencies, the Secretary-General has requested the UNEP Executive Director and Chair of the EMG to work on proposals to make the UN climate-neutral as part of its broader project of moving the UN towards sustainable management practices.
7. The EMG is currently working on different fronts to drive a process for sustainable operations management forward within the UN and public institutions. This process aims cement environmental considerations into UN management through agency-wide Environmental Management Systems (EMS) that systematically include issues such as climate neutrality and sustainable procurement.
8. This document must therefore be seen within a larger context as the EMG contribution to providing the UN with the necessary processes and mechanisms (including training and communications) to ensure that agencies have access to common methods and tools to operate their operations and procurement more sustainably, thus reducing energy and resources wastage and achieving climate neutrality.

### **Sustainability and the UN**

9. In the past 10-15 years the notion of procurement has been explicitly associated with the fulfilment of environmental policies in several European governments, in North America and in Japan. More recently, the concept has been embraced by many other countries including Brazil,



the Philippines, Argentina and China and it is systematically promoted by several initiatives such as the Marrakech Task Force on Sustainable Public Procurement<sup>2</sup> led by the Swiss government.

10. Discussions on whether the environmental and sustainable development principles that the UN fosters worldwide are reflected in how the UN behaves as a consumer have taken place for a number of years. Annex I contains a list of official UN documents or meeting reports in which clear links between sustainability and the procurement function have been made.

11. As a result of several discussions on the subject and of increased scrutiny from the public on how consistently the UN spends and operates, the Environmental Management Group (EMG) requested UNEP on 1st September 2004 in Nairobi, Kenya to prepare an inventory of existing sustainable procurement policies and practices within the UN and to develop recommendations for future actions.

12. The outcome of this inventory is a survey on sustainable procurement in the UN (published in March 2006) which provides analytical data and suggestions about how to include sustainable development considerations in the way that the UN operates<sup>3</sup>.

13. The survey highlighted the latent interest of several procurement offices of UN agencies in more sustainable procurement practices but also a clear lack of the capacity and tools to put this interest into practice. In particular:

- a. Sustainable development is conceptually present as a concept in UN procurement activities, albeit under different names. Some initial steps are being taken to include environmental or social considerations in purchasing decisions.
- b. No coordination or guidelines exist at the system level. Agencies primarily act independently on these issues with the backing of some motivated procurement officials.
- c. Procurement staff are willing to include sustainability in their work but have asked for:
  - i. a strong and high-level political message to support the initial efforts being made;
  - ii. training at both the highest levels and at the working level; and
  - iii. clear guidelines and other tools, by product category, to help staff choose more sustainable options.

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<sup>2</sup> The Johannesburg Plan of Implementation, signed at the UN World Summit on Sustainable Development (WSSD) in 2002, calls upon all governments to take action to “change unsustainable patterns of consumption and production” (Chapter 3). In order to accelerate such a shift, the Plan invited all institutional and non-institutional subjects to promote the development of a 10-year framework of programmes (10YFP) on sustainable consumption and production (SCP). The international collective effort to develop the 10YFP is named the “Marrakech Process” after the city where its first gathering took place (2003). To contribute to the process UNEP proposed to develop a system of Lead Countries and technical “Marrakech Task Forces” (MTF) to address specific issues. Switzerland took the leadership on “Sustainable Public Procurement (SPP)” and set up an international working group to promote the adoption of national SPP policies in various countries. Other MTFs focus on sustainable lifestyles, tourism, products specifications, building and construction, etc.

<sup>3</sup> The survey is available on the EMG website: <http://www.unemg.org/document/procurement.php>



14. The survey suggestions on how to integrate sustainability into UN procurement policies were discussed by the EMG Issue Management Group on Sustainable Procurement on 25-27 June 2007 in Washington DC, USA. An action plan on making UN procurement and facilities management more sustainable was agreed among participants.
15. The actions described in this paper correspond to the survey findings and to the subsequent Plan of Action<sup>4</sup> outlined in the Washington meeting.

### **How environmental management systems, climate neutrality, procurement and buildings management fit together**

Climate neutrality, sustainable procurement and facilities management are very closely linked issues. All of them can be systematised through the implementation of an environmental management system.

The UN operates through the management of its buildings (including equipment and vehicle fleets) and the purchase of products and services (including projects).

Measures that could help the UN to achieve climate neutrality are **procurement** choices such as the purchase of renewable energies and energy-efficient equipment, or **facilities management** choices such as the installation of solar panels. Offsetting CO<sub>2</sub> emissions through carbon sequestration is also an act of procurement as it requires the identification of a service, the selection of a supplier and the establishment of a contract.

An **environmental management system** (EMS) is established to allow an organization to manage and control its environmental performance in a systematic manner, meeting certain minimum criteria, and to integrate this management and control into the routine operations of the organization such as purchasing choices, management of sites and buildings, travel etc. The underlying idea behind EMS is year-by-year continual improvement, with annual targets and reporting on progress against these targets.

### **The EMG and sustainability in the UN**

16. The approach designed by the EMG in response to the UN SG's requests consists of providing the necessary tools and mechanisms (including training and communications) to ensure that agencies have access to common methods and tools to operate their buildings and

<sup>4</sup> The report of the meeting is available on the EMG website:  
[http://www.unemg.org/download\\_pdf/IMG%27s%20Washington/Report%20on%20the%20IMGs.pdf](http://www.unemg.org/download_pdf/IMG%27s%20Washington/Report%20on%20the%20IMGs.pdf)



procurement more sustainably, thus reducing energy and resources wastage and achieving climate neutrality<sup>5</sup>.

17. It is commonly recognised that the establishment of both an environmental management system (EMS) at the organisational level and of a related reporting system offers the best opportunity to control the environmental impact of an organisation and to continually improve environmental performance.

18. The challenges related to making the UN a more sustainable organisation not only involve its environmental performance but also its social and financial behaviour. The EMG survey on sustainable procurement in the UN, for instance, shows that in most UN agencies, the social performance and the economic impacts of UN procurement in developing countries are indeed very important policy aspects of the UN's behaviour as a consumer.

19. Despite the fact that longer-term change and consistent impacts can only be accomplished when a full EMS is in place, some agencies may nevertheless decide not to establish a complete EMS but rather to focus on single aspects such as climate neutrality, sustainable procurement or staff awareness.

20. For these reasons, the approach chosen by the EMG is to support agencies at various levels and to offer various entry points to suit their policies and mandates.

### **Proposed actions for sustainable procurement (including facilities management)**

21. As highlighted in the abovementioned survey and as recognised by EMG members, action at different levels is needed to cement sustainability in UN operations. The following are particularly necessary:

- a. Policy: a high-level, strong political signal;
- b. Knowledge and culture change: capacity-building for staff and procurement officials/facilities managers;
- c. Tools: clear guidelines by product/service category or other tools that can help procurement staff to choose more sustainable options;
- d. Knowledge-management systems and communications: the exchange of information, the sharing of good practices, performance indicators and other appropriate progress and information systems are essential to monitor and communicate the results of various actions.

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<sup>5</sup> A proposal and strategy on climate neutrality have already been developed by the EMG as a connected but independent project.



## A. Policy

During the interviews building up to the EMG survey on the UN and sustainable procurement, procurement staff overwhelmingly indicated that the need for high-level endorsement and policy backing is the number one challenge to the inclusion of sustainability in UN operations.

*Source: EMG survey on the UN and sustainable procurement*

22. The first strong signal with regard to a more sustainable UN was the declaration of UN Secretary-General Ban Ki-moon on 5<sup>th</sup> June related to “greening the UN”, including a call to the heads of agencies to make their organisations climate neutral and to strive for a more efficient use of resources. This declaration was followed by letters to each head of agency inviting them to join the UN Headquarters’ effort to become climate neutral and to green their operations.

23. A commitment by the CEB and the subsequent adoption by heads of agencies of sustainable procurement policies are required to truly advance sustainable procurement within the UN.

24. The EMG role is to deliver the basis for such commitments and to assist agencies to deliver appropriate policy statements providing procurement staff with the high-level backing to put sustainable procurement into practice.

## B. Capacity-building: training of staff and procurement officials /facilities managers and communication

Limiting education efforts to procurement officers would be a mistake. Raising awareness internally for all staff is essential for creating a corporate culture.

*Source: EMG survey on the UN and sustainable procurement*

25. The involvement, motivation and capacity of staff are essential at all levels. Making UN operations more sustainable is a cultural operation that requires a deep understanding among staff of the values endorsed by the organisation and a clear indication of how these values can be translated into action at work. Project officers, requisitioners, assistants, administrative staff and procurement and facilities managers can all integrate sustainable considerations into their office behaviour, their daily work and - most importantly - into project design and management. The EMG will develop a twofold training system to include:

- a. Training in sustainable office behaviour through web- and CD-ROM-based awareness-raising material for all UN staff to illustrate how to make daily activities at work more sustainable. The material will highlight the importance of the basic principles and main conventions that are at the core of the UN’s existence and activities and translate them into concrete actions at work.



- b. Training for procurement officers: specific training opportunities about sustainable procurement and facilities management must be provided in collaboration with other UN agencies. A CD-ROM related to the work of procurement staff and facilities managers will be developed to provide each agency with an easy reference document for the training of this specific category of staff.

### **C. Tools and procedures for procurement staff: procedures, product guidelines and standard contract conditions**

[...] procurement staff indicated the implementation phase as problematic. They ask: “Given the broad definition of sustainable development, how does one translate this concept into actions that support the procurement process as outlined in the UN Financial Rules and Regulations?” As one interviewee stated: “sustainable procurement is not difficult to draft; it is difficult to implement”.

*Source EMG survey on UN and sustainable procurement*

26. Procurement officers as well as facilities managers cannot be expected to be environment experts. Procedures, tools and guidelines for product specifications are essential to facilitating the implementation of sustainable procurement (including facilities management). In particular:

- a. A strategic revision of documents and procedures such as standard sustainable procurement policy or standard text for Terms of Reference could enable the inclusion of sustainable development considerations in procurement and facilities management;
- b. Product or service guidelines.: specifications for product and services categories can be provided easily to procurers through dedicated intranet sites. The first subject of the guidelines could be a list of the 10 most-purchased products which are associated with a high environmental risk over their life cycle. Indications on how to handle geographic variables will need to be included to avoid paradoxical situations such as the purchase of eco-labelled paper from Europe for use in offices in the Asia Pacific region.

### **D. Knowledge-management systems and communications**

27. A knowledge-management system needs to be designed to follow progress in the implementation of sustainable procurement and to share information, success stories, best practice and experiences between agencies.

28. Indicators for success and statistical reporting to quantify the incremental inclusion of sustainability considerations help to visualise progress. The EMG proposes that the yearly reports of UNDP/IAPSO on procurement expenditures and on most-purchased products should





include progress reports related to sustainability<sup>6</sup>. To this end, appropriate indicators (number of greener products purchased, ISO 014001 registered vendors etc.) will need to be explored with the report authors.

The footprint concept, carbon calculators and other systems aimed at providing a simple and clear image of how an organisation is impacting on the environment will be evaluated for their scientific accuracy, their communications potential and their applicability to the UN.

The EMG will provide an evaluation of how such systems can be applied on a voluntary basis within agencies and as external communication tools to monitor progress in reducing the environmental impact of the UN.

29. Making the management of UN operations more sustainable is another way to communicate that the UN leads by example and applies the principles it preaches to the world in-house. Both internal and external communications will therefore be very important and delicate components of the action plan.

30. With regard to communications about greening the UN, it is advisable to proceed with a step-by-step approach and only to communicate to the public once concrete and measurable results are available (such as lighting energy consumption reductions or reductions in water use or waste production). Until such results are available, the UN should focus on gaining internal ownership of these initiatives through the training and awareness-raising initiatives explored above.

31. For external communications, a user-friendly system should be implemented to offer agencies a tool to report on their environmental performance. Experiences in the public, private or non-profit sectors such as footprint calculators, the Global Reporting Initiative or corporate internal communications will be explored to establish the best and clearest way for the UN to communicate progress in reducing the wasteful use of resources and negative environmental impacts.

#### **Procurement and sustainable development– strategic suggestions from procurement staff**

- Provide political, financial and institutional support
- View procurement as a contribution to sustainable development, not the engine
- Involve different fields of expertise (environment, administration, management, communication)
- Be concrete: design practical solutions for targeted functions
- Encourage inter-agency cooperation
- Create spaces for learning and exchange
- Build on what is already there

<sup>6</sup> The Annual Statistical Reports of UNDP/IAPSO provide data on the procurement of goods and services from 40 UN organizations and UNDP's network of country offices. <http://www.iapso.org/information/statistics.asp>





- Provide ways to disseminate information on product services and progress  
*Source: EMG survey on the UN and sustainable procurement*

### **Interagency collaboration**

32. The EMG Secretariat has been given overall responsibility for defining a strategic framework for work on climate neutrality and on sustainable procurement in the UN. Such an endeavour has important implications for several different services and offices of the UN system. The EMG and UNEP will therefore involve and collaborate with relevant interagency groups and co-ordination bodies: the Interagency Working Group on Procurement and the Interagency Network of Facilities Managers are key, but other groups such as the Staff Unions, Human Resources offices and the Interagency Group for the UN Decade of Education for Sustainable Development should also be involved.

### **Means of action**

33. As outlined above, the approach designed by the EMG consists in providing the necessary tools and mechanisms (including training and communications) to ensure that agencies have access to common methods and tools to run their operations and procurement more sustainably.

34. The EMG is currently fundraising with donor countries to establish the abovementioned tools/systems. Agency-based adaptation of such tools and the day-to-day implementation work is to the responsibility of agencies.

35. Intervening at the system and agency levels to mainstream sustainable development considerations into procurement, facilities management and the UN management culture has cost implications. However, these would not be major with regard to day-to-day procurement activities. More significant investment may be needed for the management of buildings, particularly if structural changes (insulation, office space arrangements, etc.) are needed to reduce a building's negative environmental impact.

36. Experiences in several countries show that the purchase of sustainable goods does not always imply extra costs for the purchasing department, especially when the full life cycle costing is applied. The benefits reported include: a better working environment, higher staff motivation and cost savings that can be of the order of 30% (with the purchase, for instance, of energy-efficient light bulbs)<sup>7</sup>.

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<sup>7</sup> The 2007 OECD survey on "Improving the environmental performance of public procurement" reports savings of 37% in Austria from the use of "green" cleaning products; and 23.7% savings from the purchase of energy-efficient computers. According to the survey, in countries such as the UK, Finland and Sweden the products and services for which the



37. On a practical level, implementing a sustainable procurement policy implies not only rethinking processes and procedures but also reconsidering the need for products and services and in some cases re-design their use.
38. Sustainable procurement practices have positive implications from a policy point of view. For the public and for Member States they represent proof of the policy coherence of organisations in the UN system of agencies with various aspects of sustainable development in their mandates or policies, such as climate neutrality.
39. Sustainable procurement and facilities management can also enable improvements in the management of organisations.
40. Internal resources need to be mobilised in each agency for modifications to processes and procedures. Allocating people from different departments to work in a team may be necessary to benefit from different areas of expertise. It is also advisable to have one staff member devoted to these issues, who can capitalise on the links between procurement and facility management.
41. Resources are also needed to establish joint technical and knowledge-management support systems to enable agencies to share information, practices and data on the implementation of sustainable procurement. As with the UN Global Marketplace (or jointly with it), it may be possible to share costs and human resources.



## Annex I

### The meaning of sustainable procurement (SP)

1. Procurement is the process by which public or private organisations buy goods and/or services to fulfil various needs, e.g. shelter and infrastructures, facilities management, transportation, the delivery of services such as health, food, education, etc.
2. The procurement process is associated with the obligations of timeliness; effectiveness; efficiency; competition; transparency; equitable distribution; and development. At the macro-level, public procurement creates a dynamic reaction which can benefit the economic life of a country and support the development of the private sector.
3. Thus, historically, a direct or indirect link has always been made between the performance of the procurement function and the collective fulfilment of social and economic objectives.
4. Procurement is called sustainable when an organisation uses its own buying power to give a signal to the market in favour of sustainability and bases its choice of goods and services on:
  - a. Economic considerations: best value for money, price, quality, availability, functionality etc.;
  - b. Environmental aspects (“green procurement”): the effects on the environment that the product and/or service has over its whole life cycle, from cradle to the grave;
  - c. Social aspects: the effects of purchasing decisions on issues such as poverty eradication, international equity in the distribution of resources, labour conditions and human rights.

### Mandate and the legal basis for work on SP in the UN

5. In the past 10-15 years the notion of procurement has been explicitly associated with the fulfilment of environmental policies in several European governments, in North America and Japan. More recently the concept has been embraced by many other countries, including Brazil, the Philippines, Argentina and China<sup>8</sup>.
6. Political discussions at the UN level have reflected this development and requests for the UN to work on procurement and sustainable development can be found in a series of documents:
  - a. Agenda 21 recognised the need to work on the inclusion of sustainable development considerations in public spending (chapter 4.23). This concept was subsequently reiterated in 1999 by the UN Guidelines for Consumer Protection as follows: “Governments and

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<sup>8</sup> In September 2005, as a contribution to the Marrakech Process on Sustainable Consumption and Production, the Swiss government launched an International Task Force on Sustainable Procurement to advance and co-ordinate the work of national authorities towards the implementation of sustainable procurement.



international agencies should take the lead in introducing sustainable practices in their own operations, in particular through their procurement policies”.

b. The Johannesburg Plan of Implementation of the World Summit on Sustainable Development in September 2002 [WSSD] (chapter III.19) calls on “relevant authorities at all levels” to take sustainable development considerations into account in procurement and to “promote public procurement policies that encourage development and diffusion of environmentally sound goods and services”.

c. The International Expert Meeting on a 10 year-framework of Programmes for Sustainable Consumption and Production, held in Marrakech in June 2003, recommended that “UNEP and UNDESA ... explore the possibilities of establishing a UN code on sustainable procurement and environmental management” and that the UN “adopt sustainable procurement and environmental management programmes for its offices and operations” (paragraph 155 of the summary by the Co-Chairs).

d. UNEP’s 23rd Governing Council decision Gc.23/Cw/L.2/Add2 on “Environment and equity decisions in the procurement practices of UNEP” requests governments to share their sustainable procurement experiences with UNEP and UNEP to report to the Governing Council on how sustainable its operations are<sup>9</sup>.

7. The need for the UN to work on improving its sustainability has been very clearly reiterated by the UN Secretary-General Ban Ki-moon on a number of occasions since his appointment in January 2007. At the UN Chief Executives Board (CEB) meeting in Geneva (April 2007), he included climate change among his priorities for 2007. He expressed his intention that the UN lead by example with policies such as ‘greening the UN’ and good corporate behaviour, especially in UN procurement systems.

8. On the occasion of World Environment Day, Mr Ban Ki-moon also pledged to make UN HQ practices more environmentally sustainable (New York, 5th June) and called on all other agencies and staff to make common cause with him. At the United Nations Global Compact Leaders Summit (Geneva, 6th July), he called for the internalisation of Global Compact Principles throughout the UN system. Finally, on 9th July he sent an official letter to all UN heads of agencies asking them to join him in the effort to “green the UN”.

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<sup>9</sup> Environmental and equity considerations in the procurement practices of the United Nations Environment Programme, as well as environmental housekeeping Report of the Executive Director. UNEP/GC/24/6