

SEMINAR PROCEEDINGS
3rd High Level Seminar on Green Public Procurement
8 March, 2017
Hotel Taj Tashi
Thimphu

EXECUTIVE SUMMARY

The 3rd and final High Level Seminar (HLS) on Green Public Procurement (GPP) was held on March 8, 2017 in Thimphu. Some objectives of the HLS are: to communicate the concept of GPP, to inform policy-makers and senior officials about the progress of the GPP Bhutan project and to initiate discussions around GPP implementation in Bhutan. The 3rd HLS was attended by 60 (sixty) mid and senior level civil servants. Participants were informed about international experiences of implementing GPP and on the progress and achievements of the GPP Bhutan project in the last three years.

The Secretary of the Ministry of Finance, Mr. Nim Dorji graced the occasion as the Chief Guest. Hon'ble Secretary said that since Bhutan has always made a deliberate attempt to consider the environmental and social impacts of development interventions, MOF places high importance on sustainable and green initiatives, particularly GPP. The Finance Secretary communicated some notable progress being made by MOF towards GPP:

- “10 Recommendations” made by GPP Bhutan are at various stages of implementation.
- MOF has received resolutions from parliament to strengthen the procurement system by incorporating greener initiatives.
- MOF has worked with Royal Civil Service Commission (RCSC) to introduce a procurement cadre.
- MOF is improving transparency, efficiency and equity in procurement processes through electronic government procurement (e-GP).
- MOF is reviewing the Procurement Rules and Regulations (PRR), mainly to identify opportunities for incorporation of green/sustainable elements in the PRR.

Participants echoed the key takeaways from previous Seminars such as:

- The need for coordination and leadership in implementing GPP
- The need for capacity-building of procurers
- Establishment of clear guidelines and monitoring mechanisms
- Strengthening supply-side capacities to provide green alternatives.

OPENING SESSION

Summary of opening statement by Yeshey Penjor, Project Director, GPP Bhutan

Mr. Yeshey Penjor, on behalf of GPPB welcomed the Chief Guest, the honorable Secretary of the Ministry of Finance. He also welcomed other dignitaries and participants to the 3rd High Level Seminar on GPP and said that their presence at the forum shows their deep concern for the environment and society. He emphasized that green public procurement offers the opportunity to improve the country's environment and increase positive benefit to the society at large. He mentioned that GPPB has already conducted two High Level Seminars, where more than 120 policy decision makers have participated in the forums including honorable parliamentarians, senior bureaucrats and senior officials from the corporate sector.

He also mentioned the project has enjoyed the full support of the Ministry of Finance, who is the custodian of public procurement and its policy and legislations. He also acknowledged the support received from other stakeholders, including the Royal Audit Authority.

He clarified on the different terminology being used for Green Public Procurement (GPP). He said, internationally, it is also known as Sustainable Public Procurement. He said for Bhutan, GPP is one of the avenues to implement our development philosophy – Gross National Happiness, a sustainable economic development that considers environment and social benefits as the key development focus.

International Best Practices on GPP by Liesbeth Casier, International Institute for Sustainable Development (IISD)

Ms. Liesbeth Casier introduced the GPP project in Bhutan and provided a definition of GPP by the European Commission¹. She clarified that for this project, in Bhutan, GPP should be understood as procurement which focuses on economic, financial, environmental aspects as well as social aspects of public procurement.

She pointed out that implementing GPP is not about adding processes but about re-thinking and changing the mindset of *how* government, as the biggest procurer in an economy, spend their money. She also illustrated how public spending can leverage green, inclusive development. She demonstrated it by providing some examples on GDP percentage spending by various countries on public procurement. She pointed out that Bhutan spends 21% of its GDP on public procurement. She said that public agencies are at a very strategic position to use public procurement to induce change at the production side towards sustainability.

¹ Green Public Procurement (GPP) is defined in the Communication (COM (2008) 400) "[Public procurement for a better environment](#)" as "a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured."

She mentioned that GPP is aligned with both national and international development goals and priorities. She pointed out that public procurement is identified as one of the instruments to deliver Goal 12 of Sustainable Development Goals - to ensure sustainable consumption and production patterns. She provided examples of green public procurement experiences from South Africa, Costa Rica, Dominican Republic and Honduras, illustrating various strategies and approaches for the implementation of GPP. She mentioned that the World Bank has also developed their New Procurement Framework which gives a central place to the “value for money” principle and recognizes the benefit of sustainable public procurement in its framework.

Summary of the Keynote Address by Chief Guest, DASHO NIM DORJI, Hon'ble Secretary, Ministry of Finance

The hon'ble Chief Guest welcomed the international team and participants from the public and private agencies. He thanked EU for funding SWITCH-Asia projects in Bhutan and IISD for being lead implementing partner for the GPP Bhutan project.

He then highlighted the differences between the traditional approach to procurement and GPP. He pointed out that while the traditional way of procurement is “a process of buying goods, services and works through tendering or bidding process, where the process ensures that buyers receive good, services and works at the best possible price”. In this process, he said aspects such as quality, quantity, time and location are compared. He shared that green procurement is about incorporating green and sustainable aspects into procurement, where procuring agencies broaden their framework by meeting their need for goods, services and works in a way it achieves 1) value for money and 2) promotes positive outcome not only for the organization but for the economy, environment and society at large.

He mentioned that government of Bhutan has always recognized the importance of environmental concerns before economic gain and always tied to maintain that delicate balance between the two. He said it is the cornerstone of Bhutan's development policy and always included in the planning process. Further, he also mentioned that one of the pillars of the Gross National Happiness (GNH) is conservation and protection of environment and likewise the overarching goal of 11th Five Year Plan is to achieve “self-reliance and inclusive socio-economic development”. Therefore, he said that in Bhutan, there has always been a deliberate attempt to include and incorporate green elements in the development processes and in implementation of any development activities. The Secretary said that it was for that reason that Ministry of Finance (MOF) places high importance on sustainable and green initiatives, in particular GPP.

He mentioned that the government spends a large amount of its budget on public procurement. He reiterated that 21% of the GDP is spent on public procurement and 60-70% of the annual budget on procurement at the national level.

The Hon'ble Secretary briefly described the history of procurement and procurement reforms initiated by the government so far, in partnership with development partners such as the World Bank and Asian Development Bank. He informed the participants that MOF initially developed its Procurement Manual in 1988, followed by Procurement Rules of 1992 and 1998. The more comprehensive procurement manual based on international best practices was the

Procurement Rules and Regulations of 2009 and Procurement Guidelines of 2012. He pointed out that the most recent initiative of the government is aimed at improving and promoting transparency, efficiency and equity in procurement processes through electronic government procurement (e-GP). In addition, he mentioned that the Ministry is in fact reviewing the Procurement Rules and Regulations (PRR), mainly to identify opportunities for incorporation of green/sustainable elements in it.

The Hon'ble Secretary said that that keeping in mind the large amount of public spend on procurement, especially into public works, MoF has worked with RCSC to introduce a procurement cadre. He said these procurement officers are expected to help the government achieve value-for-money, improve quality of good, services and works that are procured. He also mentioned that this will contribute towards improving professionalism and opportunity to incorporate green aspects into Bhutan's public procurement.

The Hon'ble Secretary informed the seminar attendees that the "10 Recommendations" submitted to the MoF by the GPP Bhutan project are at various stages of consideration and implementation. He also informed that the MoF has received resolutions from parliament to strengthen the procurement system by incorporating green initiatives.

The Hon'ble Secretary pointed out that internationally, GPP processes encompass two important steps - 1) mandatory criteria and 2) desirable criteria for green goods, services and public works. Mandatory criteria can only be used when the green alternatives are readily available in the market. Those criteria can be the minimum requirements in the technical specifications of the tender. Desirable criteria are those quality specifications that are desirable but not widely available in the market. Hence, they can serve as an incentive to reward producers that go beyond the minimum requirement. He informed the participants that these are some ideas that the government should look into and find opportunity to adopt these approached into our own systems, as we aspire to be a leader in the region demonstrating how GPP can be used for greening industrial development.

GPP Bhutan Results and way forward by Pem Lama, Director-Research, Communication & Finance, GPP Bhutan

Ms. Pem Lama presented the project to the participants and what has been done and achieved by the project within the last three years. She also informed the audience that project is coming to an end by the end of June.

She briefly gave the background of the project touching on the objectives, partners and main activities that has been under taken by the projects. She then explained on the six components of the projects and what has been done under each components as follows:

1. Research and policy recommendations
2. Development of GPP Handbooks
3. Training of procurers and suppliers
4. Assessment of opportunities for use of GPP as a tool to help local Cottage Small & Medium Industries
5. Mentoring of real-time pilot tenders

6. Establishment of knowledge platform and course curricula at RIM

Ms. Lama also walked the participants through the achievements of the project. Some of the notable achievements of the projects she mentioned were 1) training of procurers and suppliers, 2) sensitization and awareness raising on GPP at all levels 3) reviewing of SBDs to see what are the different areas where green procurement ideas can be strengthened.

On way forward, Ms. Lama said that project is establishing a knowledge platform and course curricula at RIM. She mentioned that the way forward for government is to build capacity of procurers and to implement GPP incrementally through first using broad strategies (such as introducing GPP elements in contract conditions) and then venturing into more specific criteria at a later stage. She emphasized that it would, however, be important for procuring agencies to have clear guidelines for GPP implementation and robust to monitoring and reporting system.

THEMATIC BREAKOUT GROUP DISCUSSION

After the networking break, participants were divided into six groups where each group was assigned a topic related to GPP. The groups discussed and presented their discussion to the floor. The main discussion points from each group were as follows:

GROUP 1: Establishing link between Green Public Procurement and Economic Development Policy 2016

Main discussion points

- Harmonize different policies introduced by various agencies and work towards one common goal
- The overall objective and national development goal should be kept in mind. We should share common values and goals.
- Potential products that Bhutan can concentrate are on construction materials (cement, bricks, wood-based products) and hospitality sector; agriculture sector)
- We must invest in capacity building at all level of value chain for GPP to further support and fit into priority sectors of government (“five jewels”)

GROUP 2: GPP and Industrial Development

Main discussion points:

- Start by focusing on the resource efficiency on the hotel business to promote GPP. Some ideas:
 - Introduce energy-efficient appliances and heating & cooling systems.
 - Introduce proper waste management like recycling and minimizing of washing practices in the hotels.
 - Encourage organic food and locally available goods.
 - Discourage chemical usage for cleaning of floor. Introduce green rating system for hotels
- Introduction of incentives and subsidies to promote local products can help green industrial development.

GROUP 3: Inter agency cooperation for Green Public Procurement

Main discussion points:

- Develop a national GPP framework based on assessment on three areas – environment, social and economic aspects
- Under the leadership of National Environment Commission, Sustainable Consumption and Production (SCP) project is ongoing and guidelines on paperless offices are being prepared
- Existing mechanisms to promote GPP:
 - Constitution has a separate article on conservation of environment
 - One of the GNH pillars is on preservation and protection of environment
 - 11FYP objective for promoting green economy
 - Public Finance Act highlights on the green aspects of economy
- A lead agency for promoting the procurement of green/local products can play an important role in advancing GPP
 - BCCI trade fairs primarily promote the foreign products.
- Most importantly, change in the mindset of the procuring agencies would mainstream GPP.

GROUP 4: GPP in Bhutan - An Action Plan.

Main discussion points:

- Incorporate GPP into PRR
- MoF to issue policy directives, spearhead and become the champion on GPP
- Provide clear specifications and develop green criteria. Provide standards and benchmarking of goods.
- Technical capacity of PPPD and other focal agencies to be strengthened. Similarly, capacity of suppliers should be strengthened. RIM can take the lead in providing training.
- Encourage PPP with tax exemption and provide incentives
- Make loans available on lower rate
- Technical and financial support needed

Comment:

- Chief of PPPD, MOF - We procurers really don't know what is actually needed. If we don't specify all the needs, we are just confusing our bidders and suppliers. We should precisely mention all the specifications and clarify to the market what it is that we need.

GROUP 5: GPP pilot tender in your organization

- Goods: locally made furniture, paper, EE-saving equipment, LED light bulb
- Services: catering food, transportation, paperless initiatives, eco-friendly tourism, waste management
- Works: locally manufactured construction materials
- What benefits would it bring: less health hazards, environmental benefits, safety in employment, job creation
- Need for high-level commitment when implementing pilot tender
- Need for development of proper specifications
- Need for better awareness in evaluation committee of tender

GROUP 6: Exploring Bhutan's role in implementing a SAARC-wide Green Public Procurement

Main discussion points:

- Import-driven economy has implication on procurement
- First, Bhutan must become role-model and showcase our GPP experience
- Set up a certifying body for suppliers – SAARC wide?
- SAARC summit as platform, trade fairs, to share knowledge and advocate on how the entire region can move forward with GPP
- Establish linkage within the regional countries and focus on advocacy for regional GPP implementation plan.

Comment:

- Bhutan should not be a dumping ground for uncertified and spurious products. GPP promotion in the region can help establish and raise environmental and social standards of products overall.