

Current Status of **Green Public Procurement & Eco-labelling** in Four Asian Countries



○ Acknowledgement

The work behind this Preliminary Study was overseen by the Advisory Committee of the *Asia Pacific Green Public Procurement Partnership Project*, composed of Korea Environmental Industry and Technology Institute (KEITI), UN Environment Asia Pacific Office, UN Environment Economy Division and ICLEI Europe office. It provided advice and oversight to the Study, as well as contributed to several research steps including developing and distributing the survey, reviewing the contents of the inquiry form, and providing advice on the research methodologies and so on. The Korea Environmental Industry and Technology Institute has commissioned the research and analysis presented in this report to Smart Eco, Inc., South Korea.

Many others contributed to the Study, including the members of the Advisory Committee, focal points of each partner countries that completed survey and inquiry form, government officials and experts that we interviewed and provided opinions on the draft report.

The Preliminary Study was made possible by a grant allocated by the Korean Environmental Industry and Technology Institute.

○ Advisory Committee of the Project

Strategic guidance and review by Jaekwon Yang, Hyunju Lee, Aran Chae (KEITI), Farid Yaker, Claire Thiebault, Mushtaq Memon, Henrik Jakobsen (UN Environment), and Philipp Tepper (ICLEI)

○ Research and writing team

Research and writing by Ik Kim and Hyunjin Chang (Smart Eco)

○ Interviewees and Reviewers

Vietnam

Nguyen Minh Cuong, Nguyen Thanh Nga, Pham Anh Huyen (Vietnam Environment Administration, Ministry of Natural Resources and Environment), and Nguyen Thi Dieu Trinh (Ministry of Planning and Investment)

Malaysia

Ahmad Kamal Wasis, Fatimah Wati Binti Che Abdullah (Economic Planning Unit, Prime Minister's Department), Datin Hjh. Nik Roslini Binti Hj. Raja Ismail, Mahussin Bin Jusoh (Ministry of Finance), Norhasliza Mohd Mokhtar, Wan Nadia Kamarudin, Fatimah Noor Saidin (Malaysia Green Technology Corporation), Mohd Hamim b. Imam Mustain, Nageswary S lyampillai (SIRIM QAS), and Augutine Koh (Green Purchasing Network Malaysia)

Thailand

Janejob Suksod, Jarinporn Tippamonkol, Wacharachai Kamintagool, Prasith Simcharoen (Pollution Control Department, Ministry of Natural Resources and Environment), Padermsak Jarayabhand, Boossarasiri Thana and Kanyanee Seangkiatiyuth (Thailand Environment Institute)

Indonesia

Susi Nurmayanti (Ministry of Environment and Forestry)

○ Editor

Anastasia O'Rourke (Industrial Economics, Inc., USA)

CONTENTS

Introduction

•
005



INDONESIA

•
009



MALAYSIA

•
025



THAILAND

•
053



VIETNAM

•
091

1. Objectives and Scope

The goal of this Preliminary Study is to review the overall status of the current Green Public Procurement and eco-labelling practices in four Asian countries, including Indonesia, Malaysia, Thailand and Vietnam. The study also articulates the current strengths, weaknesses, opportunities and threats to ensure GPP is successfully implemented by the national governments of these four countries, and lays the groundwork for future interventions to encourage GPP.

The Preliminary Study represents the first step in a larger project that aims to build GPP capacity of national governments in Asia-Pacific region through policy consultation and technical assistance tailored to the needs of partner countries. The project builds on the findings of the Asia Pacific Roadmap of Sustainable Consumption and Production¹ and will be implemented in line with the work plan of the 10YFP SPP Programme (Work area 1: provide direct support for SPP implementation)² under the guidance of the advisory committee comprised of Korea Environment Industry and Technology Institute, UN Environment Asia Pacific Office, UN Environment Economy Division, and ICLEI Europe Office.

The Preliminary Study has tried to cover aspects of GPP relevant to promoting SCP in four countries, including (1) public procurement process in the country; (2) the country's experience with GPP; (3) the use of Type 1 eco-labels in public procurement; and (4) the obstacles, opportunities and needs for the implementation of GPP.

2. Methodology

The scope of work, methods used, and main contents for the Study were discussed and agreed by the Advisory Committee.

The research steps taken for the Preliminary Study were as follows:

- ① **Literature Review** : The initial findings of this study were obtained by analyzing existing documents, including legal documents (laws, decrees, policies, etc.), project reports, and presentations related to GPP in four countries. Documents reviewed are provided in the Reference list.
- ② **Survey & Inquiry Form** : A Survey developed by UNEP and KEITI was circulated prior to the beginning of the Project (see Annex I). An inquiry form was developed thereafter with additional questions (see Annex II). This form was reviewed the Advisory Committee, then sent to the National Focal Points for completion.
- ③ **Interviews** : Based on the results of the aforementioned survey and inquiry form, in-depth interviews were conducted with various stakeholders. Interview questions were tailored to each case, concentrating on key issues that have been raised during the literature review and the following queries. The following government and private agencies were interviewed:

1. <http://web.unep.org/asiapacific/asia-pacific-scp-roadmap>

2. <http://www.unep.org/10yfp/programmes/sustainable-public-procurement>

Vietnam

- **Vietnam Environment Administration, Ministry of Natural Resources and Environment**
 - Mr. Nguyen Minh Cuong, Deputy Director, Department of International Cooperation and Science, Technology;
 - Ms. Nguyen Thanh Nga, Official, International Cooperation and Science, Technology;
 - Ms. Pham Anh Huyen, Official, Department of Policy and Legal Affairs & Vietnam Green Label Office;
- **Ministry of Planning and Investment**
 - Ms. Nguyen Thi Dieu Trinh, Senior Official, Department of Science, Education, Natural Resources and Environment;

Malaysia

- **Economic Planning Unit, Department of Prime Minister**
 - Mr. Ahmad Kamal Wasis, Deputy Director, Environment and Natural Resources Section;
 - Ms. Fatimah Wati Binti Che Abdullah, Principal Assistant Secretary, Environment and Natural Resources Section;
- **Ministry of Finance**
 - Ms. Datin Hj. Nik Roslini Binti Hj. Raja Ismail, Division Deputy Under-Secretary, Government Procurement Division;
 - Mr. Mahussin Bin Jusoh, Principal Assistant Secretary, Government Procurement Division;
- **Malaysia Green Technology Corporation**
 - Ms. Norhasliza Mohd Mokhtar, Vice President, Green Econometrics;
 - Ms. Wan Nadia Kamarudin, Associate, Green Econometrics;
 - Ms. Siti Fatimah Noor Saidin, Analyst, Carbon Econometrics;
- **SIRIM QAS International**
 - Mr. Mohd Hamim b. Imam Mustain, Head, Industrial & Consumer Certification and Inspection Section;
 - Ms. Nageswary S Iyampillai, Consultant, Standards Department;
- **Green Purchasing Network Malaysia**
 - Mr. Augustine Koh, Secretary General;

Thailand

- **Pollution Control Department, Ministry of Natural Resources and Environment**
 - Mr. Janejob Suksod, Director, Environmental Quality and Laboratory Division;
 - Ms. Jarinporn Tippamonkol, Environmentalist, Environmental Quality and Laboratory Division;
 - Mr. Wacharachai Kamintagool, Scientist, Environmental Quality and Laboratory Division;
 - Mr. Prasith Simcharoen, Environmentalist, Environmental Quality and Laboratory Division;
- **Thailand Environment Institute**
 - Prof. Padermsak Jarayabhand, Acting President;
 - Ms. Boossarasiri Thana, Program Manager;
 - Ms. Kanyanee Seangkiatiyuth, Project Manager.

For Indonesia, no response was received from the National Focal Point on the inquiry form, and the following interview was not able to be arranged as they are primarily based on the results of the inquiry form. Nevertheless, thanks to the information provided by Ms. Susy Nurmayanti from the Ministry of Environment and Forestry of Indonesia during the review process, certain gaps were able to be filled.

④ **Draft** : The draft report has been prepared at this stage, taking into account the information gathered from the previous steps. The SWOT analysis on each country's GPP implementation has been carried out, and the policy recommendations to improve the situation have been proposed.

⑤ **Review** : A draft of the Preliminary Study was shared with the members of the Advisory Committee and the interviewees to confirm facts presented and to request that any information missing be filled.

3. Limitation of the Study

The Preliminary Study was carried out from July to August 2017. Due to the limited timeframe, albeit opinions from private sector were deemed important in identifying obstacles and needs of the countries, interview has been limited to the government officials and eco-labelling institutions of each country.

Also, certain line ministries have been identified as desired interviewees prior to our visit, such as the Ministry of Finance of Thailand and the Ministry of Energy, Green Technology and Water of Malaysia. But conflicting schedule has prevented us from setting up the meetings during our visit to the partner countries. The roles and responsibilities of such line Ministries were identified through further research and communications with the National Focal Points after the visit and has been included in the Study.

The main focus of the review is GPP in the central government level without looking broader at the regional or local level. Focus of this Preliminary Study on the type of eco-labels used in the procurement process has also been limited to the Type 1 eco-labels of each country. Nevertheless, it should be noted that in some countries, Type 2 (self-declared label) or Type 3 (environmental footprint) eco-labels and other single-issue certification (such as energy efficiency label) have been utilized during the process of GPP.

In some cases, interpretation of laws and regulations from local languages to English worked as a barrier, which we have tried to solve by communicating with the National Focal Points.

Following the adoption of the 10-Year Framework Program on Sustainable Consumption and Production (10YFP on SCP) in Rio+20, the Indonesian government decided to develop their own National 10YFP on SCP. The National 10YFP on SCP was launched by the Minister of Environment and the Minister of National Development Planning in June 2013. Eco-labelling and Green Public Procurement (GPP) were included as thematic programs that are likely to produce “quick wins”, which are composed of the programs with proved success around the globe. This Preliminary Study identifies the efforts made towards GPP in Indonesia to date, and summarizes the key policies and programs supporting its implementation.

1. Green Public Procurement in Indonesia

1.1 Regulatory Framework

The concept of GPP was introduced in national legislation in 2009. **Law No. 32 of 2009 on Environmental Protection and Management** addresses GPP with a mandate requiring the national and local governments to develop and implement “economic instruments of environment”, which may include:

“The granting of incentives, and/or imposing disincentives for a. the procurement of goods and services that are environmentally friendly; and... g. the development of a system for environmentally friendly labelling.”³

In the Annex to Law No. 32/2009, it is stated that the procurement of environmentally-friendly goods and services means “procurement prioritizing goods and services with environmentally-friendly label.”

In addition to the Law on Environmental Protection, **Presidential Regulation No. 54 of 2010 on Government Procurement of Goods and Services**, amended partially through Presidential Regulation No. 70 of 2012, also addresses GPP. Article 105 (Eco-friendly Concept) specifically addresses GPP as follows:

“Eco-friendly concept is a process of meeting the needs of goods and services of government organizations⁴, so that the entire steps of procurement process can provide benefits to the government organization and the community and the economy, with minimum impact to the environment.

3. Article 42 and Article 43 of the Law No.32/2009 on Environmental Protection and Management.

4. K/L/D/I stands for Ministry/Institute/Working Unit of Regional/Institutional Apparatus, which is a term in the procurement of government goods and services for institutions using the State Budget (APBN) and/or Regional Revenue and Expenditure Budget (APBD).

The concept of eco-friendly in public procurement can be applied in the bidding documents in the form of certain requirements, which may lead to the use of natural resources wisely and support the preservation of the environment in accordance with the characteristics of the job.

Eco-friendly public procurement as referred to in paragraph 2, conducted with attention to the efficiency and effectiveness of the procurement (value for money)."

With the adoption of the 10 Year Framework Program on Sustainable Consumption and Production in Rio+20, the Indonesian Government developed a National 10YFP in June 2013. The National 10YFP was reflected in Presidential Decree No.2 of 2015 as one of the seven cross-cutting priorities for the first year of the mid-term National Development Plan of 2015-2019.⁵

Certain thematic programs, including "Eco-label & Green Public Procurement", "Green Industry", "Green Building", "Green Tourism" and "Waste management", have been selected within the implementation plans of sustainable consumption and production as an approach to achieve "Quick Wins". However, no detailed description or roadmap on how to implement these programs was not available at the moment.

Recently, the Secretary General of the Ministry of Environment and Forestry promulgated a new decree in May 2016 (known as SK77/SETJEN/SET.1/5/2016) to formulate the Technical Committee for GPP Policy. The first meeting among the Technical Committee for GPP Policy was held in May 2016 after the enactment of the Decree.⁶

Besides, Indonesian Government is currently drafting a **Government Regulation on Environmental Economic Instruments**.⁷ This Government Regulation will further mandate environmental economic instruments that are applied as incentives and/or disincentives that cover: (i) development of environmentally friendly labelling system (eco-labelling), (ii) implementation of green public procurement, (iii) activities in the field of environmental management and protection; and (iv) application of sustainable consumption and production patterns.

1.2 Summary of key Institutions

In 2007, the National Public Procurement Agency (known by the Indonesian acronym of LKPP), was established following Presidential Regulation No.106/2007. LKPP is a non-ministerial government agency that reports directly to the President of the Republic of Indonesia. The main duty of LKPP is to develop and formulate the nation's public procurement policies. Its corresponding functions are:

- Drafting and formulation of strategies, policies, and standard procedures in the fields of public and private sector procurement within the framework of public-private partnerships;
- Drafting and formulation of strategies and policies to develop human resources in the field of public procurement;
- Monitoring and evaluation of their implementation;

5. GIZ, 2016, "Baseline Data and Study on National Green Public Procurement in Selected Countries".

6. Ibid.

7. Based on the information provided by the focal point.

- Development of information systems and monitoring of electronic public procurement (e-procurement);
- Provision of technical guidance, advocacy and legal counsel;
- Conducting general administrative services in the fields of planning, corporate governance, staffing, finances, and equipment.

The aforementioned Decree of 2016 directed the institutional set-up for GPP. The Technical Committee shall be comprised of an Advisor (Secretary General of Ministry of Environment and Forestry (MoEF)), a Chairman (Head of Standardization of Environment and Forestry Center, MoEF), nine Committee Members (Delegates from eight Ministries together with a delegate from LKPP) and one Secretary (Head of Standardization of Product Division, MoEF). A list of members of the Technical Committee is displayed below in Table 2-1.

No.	Position	Institution
1	Advisor	Secretary General of Ministry of Environment and Forestry
2	Head/Member	Head of Center for Environment Standardization and Forestry
3	Secretary/Member	Division Head of Standardization of Products
4	Member	Director of Construction Services, Directorate General of Construction, Ministry of Public Works and Housing
5	Member	Director of Institutional Building and Resource Construction Services, Directorate General of Construction, Ministry of Public Works and Housing
6	Member	Director of Energy Conservation, Ministry of Energy and Mineral Resources
7	Member	Director of Standardization, Ministry of Commerce
8	Member	Head of Center for Green Industry and the Environment, Ministry of Industry
9	Member	Director of Forest Products Processing and Marketing, Ministry of Environment and Forestry
10	Member	Head of Tourism Business Partnership, Deputy Director for Tourism Industry, Ministry of Tourism
11	Member	Director of Environmental Technology Center, Agency for the Assessment and Application of Technology
12	Member	Director of Business Climate Development and International Cooperation, National Public Procurement Agency

[Table 2-1] Members of Technical Team

In performing their duties, the Head of the Technical Team is able to form Working Groups as deemed necessary by involving representatives from stakeholders and experts.

The roles and responsibilities of the Technical Committee for GPP Policy are to formulate the GPP product lists and GPP product criteria, conduct verification procedures, and issue a list of verified products and services.

1.3 Level of GPP Implementation

The legal provisions concerning GPP in Indonesia are voluntary. Therefore, the government encourages its implementation by mobilizing the commitment of minister and institutional leaders by referring to various government regulations. There are rules and regulations, schemes, and GPP criteria being set up, which can serve as guidelines for government agencies in implementing GPP.

The technical team comprising the relevant Ministries and non-ministerial agencies has developed a national GPP implementation plan, including the criteria and green product list for GPP.⁸

By the end of 2016 the Technical Team has agreed on 7 products as an initial list of green products for GPP. The establishment of this list by the Minister of Environment and Forestry is still awaiting the enactment of government regulations on environmental economic instruments as the legal basis. Six of the seven products are: photocopy paper, swabalast lamp, file folder, green hotel, air conditioning, and autoclave hybrid (environmentally-friendly technology).

There are also some schemes initiatives regarding the procurement of green products on a voluntary basis by entities at the Ministry, Provincial and City Government levels. For example, the Ministry of Energy and Mineral Resources in 2014 led a retrofitting project called the Smart Street Lights Program, where LED street lighting technology was procured to replace a conventional street lighting system for 22 cities. This initiative, starting with Surakarta and Makassar, resulted in a great reduction of energy consumption.

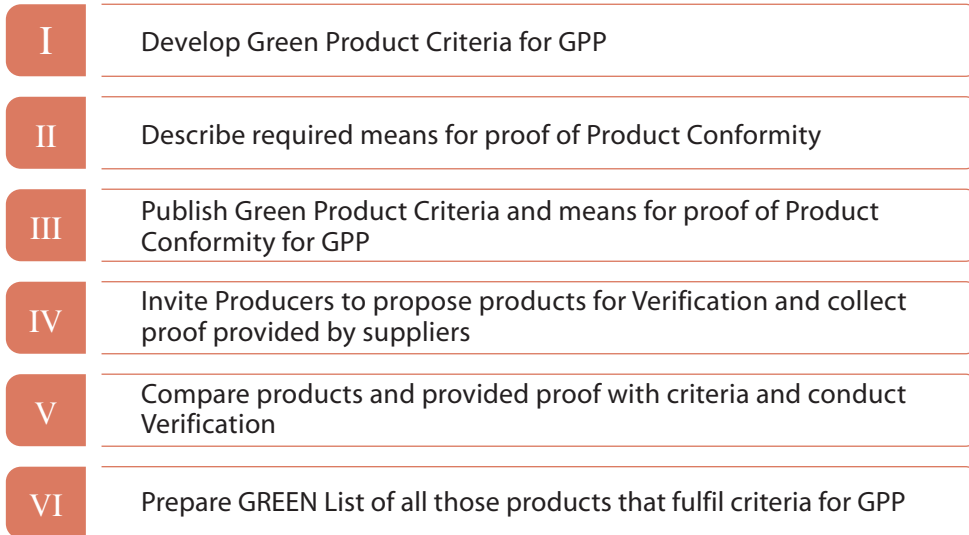
As another example, a campaign promote green living at home was carried out in 2014 under the EU-Switch Asia Policy Support Indonesia, with a close collaboration with the city government of Surabaya. This later project emphasized behavior change rather than promoting green products. In addition, the Ministry of Public Works is leading an activity about green building in order to save energy and reduce greenhouse gas emissions. The use of energy efficient products in green buildings is an important requirement addressed in this program.

For the future way forward for Indonesian GPP, there is limited amount of information available through the literature review. Nevertheless, officials from Indonesian government has been preparing and putting forward potential mechanisms for the future implementation of GPP.

In December 2014, the International Symposium on GPP and Eco-labelling towards SCP was held in Japan. At this symposium, Indonesia has proposed schemes for Green Product Specification and Verification (GPSV) and GPP product criteria revisions to be utilized in Indonesia in the near future. This process is described in the figures below.

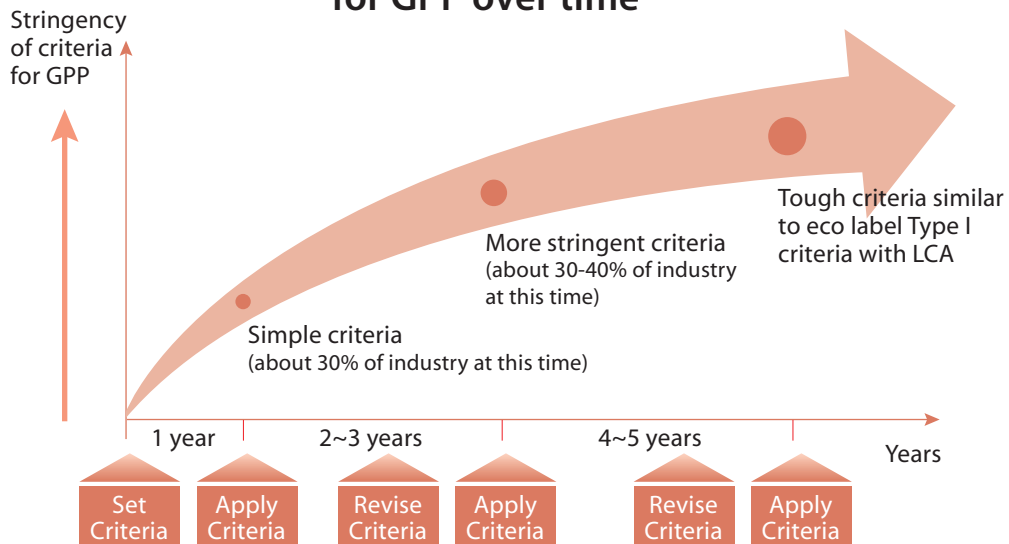
⁸. Based on the information provided by the focal point.

Scheme for Green Product Specification and Verification (GPSV) for GPP



[Figure 2-1] Green Product Specification and Verification for GPP⁹

Setting and revising green product criteria for GPP over time



[Figure 2-2] Setting and Revising GPP Criteria ¹⁰

9. Adopted from GIZ, 2016.

10. Ibid.

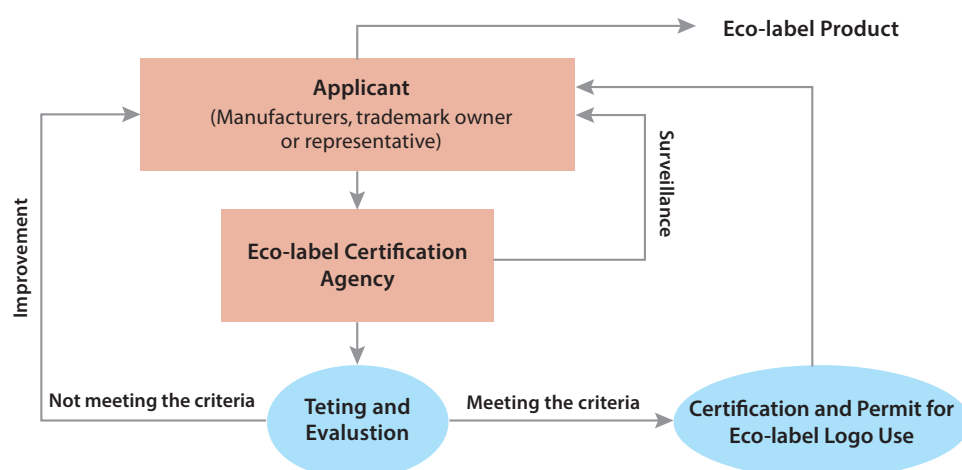
This scheme suggests that the Indonesian government is likely to adopt measures that have a separate product criteria dedicated to GGP. The less-stringent criteria will enable the manufacturers to register their products more easily at the beginning. The revision of the criteria will make them tougher, and after approximately 5 years, the criteria will become as stringent as the national Type 1 eco-label.

2. Eco-labelling Scheme in Indonesia

The Type 1 Eco-label in Indonesia was initiated by MoEF in 2009 according to Article 43 in Law No.32/2009, is known as “Ramah Lingkungan” in local language. It is a voluntary scheme and recognized by the Global Ecolabelling Network (GEN). It applies international standards of ISO 14020 (General Principles of Environmental Labels and Declarations) and ISO 14024 (Guideline of Ecolabel Type 1) as technical references.

The certification process is carried out by the eco-label certification agency, which is a third-party body accredited by the National Accreditation Committee. Currently, there are two eco-label certification agencies accredited, namely Pulp and Paper International Certification Services (PaPICS) and Mutu Agung Lestari (Maleco). The certificate will be issued to the products and services that show compliance to the criteria prior to registering to MoEF.

The mechanism for the Indonesian Eco-labelling Type 1 certification is shown in Figure 2-3.



[Figure 2-3] Certification Process for Ramah Lingkungan Eco-label ¹¹

All criteria developed for the Type 1 eco-label in Indonesia are not only agreed upon by relevant stakeholders, but also approved by the National Standardization Agency (BSN) to be the Indonesian National Standard (SNI) for green product criteria. This fosters recognition and communication regarding integrity of the green product to both international and local stakeholders as well as to the general public.

Therefore, prerequisites for Type 1 eco-label are as follows:

- Compliance with environmental legal requirements
- Implementation of Environmental Management System
- Fulfilment of quality standard and/or implementation of Quality Management System
- Environmentally friendly product packaging

Currently, criteria for 14 product groups have been developed:

1. Uncoated printing paper and multi-purpose printing paper
2. Sanitary tissue paper
3. Wrapping paper
4. Detergent powder for domestic laundry
5. Leather
6. Leather casual shoes
7. Textiles
8. Dry cells
9. Coating paper
10. Water-based paint
11. Degradable plastic and bioplastic shopping bag
12. Ceramic tiles
13. Office furniture
14. Flat glass

Up to now, nine companies producing 41 brands of uncoated printing paper and multi-purpose paper, wrapping paper, plastic and bioplastic shopping bags, and textiles showed a full compliance to the eco-labelling criteria of paper and plastic bags. The certifications have been issued to these products. They are currently available in the market. However, there have not been any certifications issued conforming to the other product criteria.

3. SWOT Analysis on Green Public Procurement in Indonesia

3.1 Strengths

Legal provisions that mandate the implementation of GPP already exist in Indonesia. The *Law on Environmental Protection and Management* of 2009 has required governments and local governments to prepare and implement economic instruments of the environment; these could include incentives for procurement of environmentally-friendly products that have been certified with eco-labels.

The Presidential Regulation No. 54 of 2010 also encouraged the procurement entities to integrate the concept of “environmental friendliness” in the procurement process. In comparison with other countries, the development and promulgation of legal provisions to implement GPP took place quite early. This provision sends strong signal to all the relevant stakeholders on the future direction of GPP in Indonesia, in the sense that this provision can be utilized to justify and promote the development of GPP policies in legal aspects.

Political willingness for implementing GPP is also embedded in the Indonesian national plans and strategies. The Indonesian government has treated the concept and issues of Sustainable Consumption and Production seriously, and created a national 10YFP on this matter. GPP, as a main component in achieving sustainable consumption patterns, has been selected as one of the “Quick Wins” programs. The emphasis on GPP within these plans and programs is able to give various stakeholders a push towards the development and implementation of the GPP policy.

With the laws and plans, **an institutional structure also has begun to be set up.** The Indonesian government has recognized the importance of establishing a Technical Team to develop GPP policy first prior to the implementation of any GPP program. The Team, established according to the Decree of the Secretary General of the Ministry of Environment and Forestry, consists of relevant government agencies. Its functions include formulating the GPP criteria, receiving and verifying the application, and publishing the list of verified goods and services.

3.2 Weaknesses

Regardless of the responsibilities mandated by the law, our research has shown that **procurement practices do not appropriately incorporate GPP** in Indonesia. Although there are specific provisions related to the public procurement activities that promote GPP, the specific regulations and procedures related to the integration of green purchasing into the procurement process are not available. Furthermore, the wording of the provision suggests that the implementation of GPP is non-obligatory, and there is little guidance provided on how to implement it.

As far as we are aware, there have been **no instances of GPP implementation** in Indonesia by the national government. Implementation of GPP requires extensive preparation, including creating criteria for prioritized products and services, developing guidelines for procurers, devising the economic and reputational incentives, and establishing the monitoring and evaluation mechanisms, to name a few. In this process, the Indonesian government is likely to encounter various unexpected problems. Therefore, a clear plan of action and capacity-building for procurers and staff members, prior to the deployment of GPP policies and plans, should be considered urgent and necessary.

The **eco-labelling scheme, Ramah Lingkungan, is also not prepared to form the basis for GPP implementation.** GPP criteria often use the national Type 1 eco-label criteria as the basis for development. However, with only 14 product criteria and a handful of certified products, procurers will face the situation where there are not enough products and services to procure even if they specify these criteria. If the price of the certified products is higher than that of non-green products, perceptions might persist that the environmentally-friendly products are more expensive.

Significantly, **information on any development of GPP policy** or on the national eco-labelling scheme **is not readily available to the public.** These barriers to the flow of information can undermine the rationale and efforts already being made to develop and implement GPP. Communication and awareness-raising should be strengthened in order to motivate stakeholders to take part in this process. Also experience and challenges should be shared both domestically and internationally to overcome any predictable obstacles.

3.3 Opportunities

Global trends towards climate change and other environmental considerations are strengthening the rationale for the active implementation of GPP. Indonesia has stated in its Nationally Determined Contribution that the country intends to reduce emissions by 26% (41% with international support) against the Business as Usual scenario by 2020. To meet this target, the need to foster “Green Growth” by stimulating the Sustainable Consumption and Production is indisputable. As the government wields significant purchasing power, promoting the green market and green industry should be considered highly desirable.

Increasing number of green products and services in the market, which are in part stimulated by GPP policies, is also **consistent with the global trade opportunities**. As international customers focus increasingly on environmental and social attributes of products and supply chains, export-oriented manufacturers need adapt to the technical requirements proposed by the import countries. The government can utilize this opportunity to accelerate the development of green technology and the green market domestically. If not treated seriously, this may become a serious obstacle for Indonesian products in the global market.

International support has been provided by international organizations and other advanced countries on this subject as well. Indonesia has participated in the UNEP SPPEL Project. The international support is often used to justify GPP and can facilitate experience and expertise sharing from all around the globe.

3.4 Threats

International financial instability and fluctuating oil prices may cause the price of products and services to go up, which would make the green products less desirable in price. Although this possibility should be constantly taken into consideration, uncertainty around this factor is relatively high as well, so tackling the perception of green products being more expensive should come first.

4. Summary and Policy Recommendations

4.1 Summary

The Indonesian government has stated in its laws and regulations that the government can prioritize the environmentally-friendly products and services in the procurement processes. However, no regulations or guidance have been published to assist the government procurers to implement these provisions. The government has recently set up a Technical Team to establish GPP criteria. Other countries' examples show us that simultaneous preparation, other than establishing GPP criteria, should be made on multiple aspects of procurement (consumption) and supply (production).

In the following sections, we list measures that urgently need to be taken in order to develop and implement GPP policy. A lack of updated and sufficient information has prevented us from making more detailed recommendations. Nevertheless, these are the experiences that other countries already gone through in their inception phase of GPP implementation. Numerous valuable lessons can be learned and adaptation should be made accordingly based on this information.

4.2 Policy Recommendations

To conclude, we suggest the following policy recommendations.

GPP Recommendations

Revise and modify the legal framework

A comprehensive review on the national development plans, laws, and regulations on environmental protection and public procurement should be carried out to identify any conflicts of interpretation that might hamper the procurement of environmentally-friendly products and services by government agencies. This review can use the Implementation Guidelines for SPP published by the UNEP as a reference. In order to eliminate any potential obstacles for the implementation of GPP, relevant stakeholders should collaborate on discussing the possible ways of revising and modifying the legal framework based on the suggestions made in the Legal Review.

If possible, a thorough discussion on the possibility of a separate Law on Green Public Procurement could be considered. As can be seen from other countries' experience, dedicated legislation for GPP signifies the strong institutional support at the central government level, which is critical in order for GPP and eco-labelling programs to have measurable impact.

Develop policy mechanisms and incentives for the implementation of GPP

The lack of implementation of the legal documents by national authorities is one of the most significant obstacles against the implementation of GPP. So far, with the absence of more detailed regulation mandating the tenderers to get their products certified by the Green Label or to conduct a Life Cycle Assessment on their products when bidding, the environmental criteria have not been considered as obligatory and were often neglected in most of the procurement activities.

Legal documents with detailed procedures for GPP can act as guidelines for procurers. Other policy mechanisms can also be devised to promote the implementation of GPP, which could further include the regulations on tax incentives for enterprises or operational indicators (KPI) for public organizations.

Establish GPP product and service criteria

As can be seen from other countries' experience, in order to ensure that there are enough green products and services to be procured in the market, stand-alone GPP criteria that are less stringent than the national Type 1 eco-label criteria are often established first. The process of making these criteria as stringent as the national Type 1 eco-label can be carried out gradually in multiple phases as the market of green products matures.

In the Indonesian context, the GPP criteria should be based on the national Type 1 eco-label, the Ramah Lingkungan. The procedures for the development of these criteria should be predefined and the relevant stakeholders should be identified as well. Pilot tenders for each product group can be carried out to check whether the market has enough manufacturers supplying the products that meet the criteria. The products and services for GPP can be prioritized in accordance with the procurement data, market readiness and their environmental impacts.

Pilot GPP in targeted government Ministries and agencies

To implement GPP in a structured environment with a systemic process, a pilot of GPP in the targeted organizations is highly recommended. Pilots can begin within one or two specific Ministries. The purpose of this pilot is to show the positive impacts of environmentally-friendly procurement to other Ministries and agencies that might feel reluctant to change their priorities, or dedicate their human and financial resources to the procurement process. This is a common practice that many countries, such as Thailand and Malaysia, are taking. With successful results from the pilot implementation, they were able to convince the political leadership and fellow Ministries and agencies to take part in the GPP initiative.

Establish a monitoring and evaluation mechanism

While preparing for the deployment of GPP, it is essential to consider the methods and systems used to monitor and evaluate the GPP activities. The best and the most precise approach is to integrate GPP within the government e-procurement system. However, without clear and consistent GPP criteria, without a mature e-procurement system, and without the willingness of relevant agencies to collaborate on this system integration, challenges abound.

During the pilot phase, the reporting of the procurement activities can be carried out manually or electronically using more basic formats, and the indicators used in the monitoring and evaluation can be tested and adjusted in accordance with the Indonesian context. Nonetheless, as the number of participating Ministries and agencies grows, manual reporting and collection of the data will no longer be viable. The government can learn from other countries that have established an electronic reporting system.

In order to fully capture the results from the GPP activities, methodologies to measure the environmental and economic impact should be studied and utilized. Other ASEAN countries have shown a great deal of interest in the possible reduction of the GHG emissions that the procurement of environmentally-friendly products and services can have. Quantifiable results are important in order to justify and motivate the implementation of GPP and to demonstrate that policy goals are being met.

Capacity-building for staff and procurers

The expertise of staff will determine the effectiveness and efficiency of policy implementation. Therefore, training and capacity-building for staff from relevant Ministries and agencies should be prioritized. Lessons will be learned in the process of developing the training materials, guidelines and GPP criteria for procurers. Experiences from other countries should be communicated as well.

Capacity-building for procurers is also indispensable, especially as public procurement in Indonesia is decentralized. It is not an exaggeration to say that their willingness to consider sustainable criteria within the processes of direct purchases or bidding can determine the success of GPP.

Communication and awareness-raising for procurers and enterprises

Information and data should be continually provided to the government organizations to inform them with the rationale and benefits of implementing GPP. Different from the capacity-building activities, communication and awareness-raising are required because they can truly motivate the procurers to purchase green products and services. A Directory with a list of green products available to be purchased can be a valued source of information and can also motivate enterprises to get their products certified. Other economic and reputational incentives should be devised and provided to both procurers and enterprises as well, such as awards and recognition programs.

Green Label Program Recommendations

Develop Eco-label Criteria

With an insufficient number of Green Label criteria and few products actually certified, it is highly likely that there are not enough green products to be procured in the future. In addition, if government decides to establish stand-alone criteria for GPP, the existence of the Ramah Lingkungan criteria may become the basis for devising the environmental specifications. Therefore, expanding the number of eco-labelling criteria should be treated as a top priority.

The aforementioned studies for GPP product prioritization, including the market analysis and market readiness study, can be utilized in deciding which product criteria to develop first. Also, the process of criteria development should be optimized so as to ensure the maximum efficiency while using the minimum resources available, which will require the modification of the criteria development process and the establishment of the expertise pool according to the product groups.

When most of the local manufacturers are not capable of manufacturing products that fully meet the criteria, the eco-labelling office could consider lowering the standards of certain aspects within the criteria that work as barriers to certification. The decision to do so should not hamper the quality of the product. Or, as in the Korean case, the concept of a Premium Eco-label can be introduced to differentiate eco-labelled products with their degree of stringency.

Communication and awareness-raising

Because the number of certified products is low, the eco-labelling office should spend considerable effort on communication and awareness-raising campaigns for enterprises. Incentives for the eco-labelled products should be actively promoted, and other possible economic and reputational incentives should be devised through the collaboration with other relevant authorities.

The benefits of purchasing eco-labelled products should be communicated to the general public as well. Consumers can be sensitive to hazardous chemical elements, energy consumption, and even GHG emissions generated throughout the life cycle of the products. Engagement with the general public should not be neglected as this can encourage greater participation by enterprises.

Capacity-building for eco-labelling staff and enterprises

To operationalize the processes of criteria development more effectively and efficiently, capacity-building activities for staff are indispensable. An appropriate budget should be allocated to the eco-labelling office's activities and training. Indonesia should also seek technical assistance from abroad, as they are a member of the Global Ecolabelling Network (GEN).

For enterprises, their difficulties in the preparing the certification, including the preparation of the document and testing of the product sample, should be minimized. Training and workshops for interested parties can be held regularly to familiarize the suppliers with the certification procedures.

Furthermore, as testing of the product sample can be burdensome for some enterprises, especially for small and medium enterprises (SMEs), assistance can be provided. Thailand, for example, has signed a MOU with the Central Laboratory of Thailand to collaborate on the testing methodologies used in the criteria, as well as to lower the cost for the testing of the product samples from SMEs.

References

GIZ, 2016, "Baseline Data and Study on National Green Public Procurement in Selected Countries".

Ministry for Economic Affairs (MEA), 2011. "Masterplan for Acceleration and Expansion of Indonesia Economic Development 2011- 2025", Indonesia.

World Bank, 2011, "*Indonesia Economic Quarterly: Turbulent times*"; Washington, D.C.

Since 1990s, Malaysia has a goal to achieve “high-income status” by 2020 and to move further up the value-added production chain by attracting investments in high technology, knowledge-based industries, and services. Under the current Prime Minister, Green technology has played a significant role in this policy goal, especially through the implementation of the National Green Technology Policy (NGTP) and the establishment of the Ministry of Energy, Green Technology and Water (KeTTHA).

The Malaysian government has recognized the importance of Sustainable Consumption and Production (SCP) in achieving its Vision 2020 to become a high income country with a high quality of life. The Economic Planning Unit of the Prime Minister’s Department has been designated as the focal point for SCP in Malaysia. With the assistance of the European Union under the SWITCH-ASIA program, Government Green Procurement (GGP) became one of the major policy components of SCP to be carried out at the national level.

1. Green Public Procurement in Malaysia

In Malaysia, the term Government Green Procurement (GGP) is used instead of Green Public Procurement (GPP). In order to prevent any confusion that might occur while quoting the relevant policy documents, the term GGP will be used throughout this chapter.

Government Green Procurement is defined as *“the acquisition of products, services and work in the public sector that takes into account environmental criteria and standards to conserve the natural environment and resources, which minimizes and reduces the negative impacts of human activities.”*¹²

1.1 Policy and Regulatory Framework

Government Green Procurement (GGP) is a relatively new initiative being carried out in Malaysia, and so far there are no laws regulating or mandating GGP. However, the concept of GGP, which stresses the significance of the purchasing power of the government in stimulating green products in the market, is embedded in multiple national plans and policies. In Malaysia, the GGP agenda is promoted not only for environmental preservation, but also to accelerate the growth of the national economy by stimulating the market for innovative green technologies and products.

In July of 2009, the Ministry of Energy, Green Technology, and Water (KeTTHA) was established to promote the development and deployment of green technology. KeTTHA prepared and launched the **National Green Technology Policy** (NGTP) which set green technology [as] the preferred choice in the procurement of products and services” as one of several mid-term goals to be achieved on the same timeline as the 11th Malaysian Plan (2016-2020). As directed by this NGTP, KeTTHA began working with the Ministry of Finance to develop a mechanism for green procurement, which would be implemented by government agencies. KeTTHA also began working with SIRIM to develop standards, certifications, and a labelling mechanism to support implementation.

The 10th **Malaysian Plan** of 2010 further confirmed the NGTP policy, calling for an improved public procurement process as a key component in increasing innovation by Malaysian companies; and by recognizing that public procurement can be a strong driver for green technology.

Subsequent national development strategies and plans utilized public procurement as a tool to stimulate the growth of the green industry. The **New Economic Model** (NEM), unveiled in March 2010 by the Prime Minister is intends to double the per capita income in Malaysia by 2020. The NEM sets an overarching goal of long-term sustainable development, and states explicitly that a more efficient procurement process will address long-term economic, social, and environmental viability.

The **Economic Transformation Program** (ETP), launched in September, 2010, was established as part of Malaysia’s National Transformation Program. The goal of the ETP is to elevate the country to developed-nation status by 2020¹³. In the ETP, twelve “National Key Economic Areas” were indicated as the drivers of economic activities, among which are various policies that can foster the transition towards green purchasing. One of the “entry point projects” under the ETP is to stimulate the demands for green products and services. The ETP also states that by 2020, up to 50% of certain public sectors’ purchased products and services should carry an eco-label.

The **National Renewable Energy Policy and Action Plan** (NREPAP) states the strategic use of government procurement to spur renewable energy generation and industry growth. The commitment of the Malaysian government to promote green initiatives is also recognized in the **National Innovation Plan** and the **SME Master Plan**. These documents stress the importance of public procurement policies with regard to the development of innovative and sustainable products.

A number of GGP-related initiatives have taken place in Malaysia. The first set of activities started more than 10 years ago.¹⁴ Most notable are various actions which are now integrated into one overarching program: “**MyHIJAU**”. This initiative supports the development of green technology and was approved by the National Green Technology and Climate Change Council (MTHPI) in October, 2012.

MyHIJAU is an initiative of the Ministry of Energy, Green Technology and Water (KeTTHA). Acting as the implementing agency the Malaysian Green Technology Corporation (a division of KeTTHA), is responsible for identifying green products and services in Malaysia and provides technical support to ministries and agencies. Its aim is to encourage the adoption of environmentally friendly practices in the country, and catalyzing the growth of Malaysia’s green economy.

13. Overview of ETP, http://etp.pemandu.gov.my/About_ETP-@-Overview_of_ETP.aspx.

14. Kahlenbornm, W. et al., 2013, “Government Green Procurement (GGP) Short-term Action Plan 2013- 2014”.

The MyHIJAU program comprises four sub-programs:

1. MyHIJAU SME and Entrepreneurship,
2. MyHIJAU Labelling,
3. MyHIJAU Directory and
4. MyHIJAU Procurement.

Among these, **MyHIJAU Procurement** was initiated to develop green procurement in Malaysia, particularly in the implementation of Government Green Procurement and Green Private Purchasing. MyHIJAU also provides an essential guide for government and corporate green purchasing by registering certified products and approved service providers through the “MyHIJAU Mark” and “MyHIJAU Directory”.

In 2014, the Ministry of Finance issued a **Treasury Circular (1PP) No.2** (now known as 1PP/PK1/ Paragraph 6(ix)) on the implementation of GGP, officially promulgating a “Short-Term Action Plan”. This Circular was intended to give an early alert on the initiatives of the GGP increase awareness among participating agencies of the successful implementation of GGP in Malaysia. This document also confirmed the institutional framework and pilot implementers, which are introduced in the following sections.

When the **11th Malaysian Plan** for the period of 2016-2020 was announced in May 2015, GGP became an important component for the pursuit of green growth for sustainability and resilience. Under Focus Area B ‘Adopting the sustainable consumption and production concept’, creating green markets through GGP is listed as one of the strategies. As noted in the 11th Malaysian Plan,

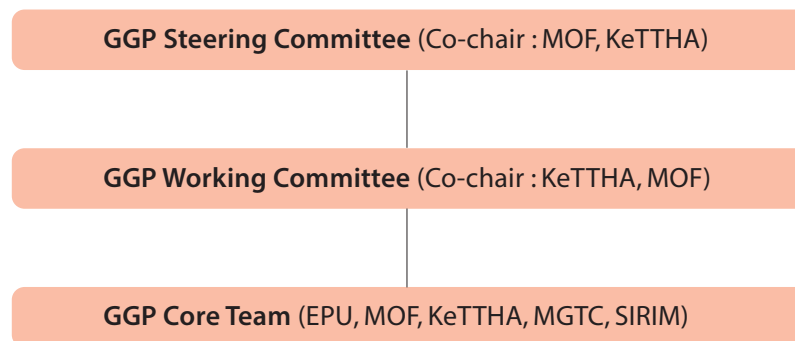
“Government green procurement (GGP) will be made mandatory for all government ministries and agencies. GGP will create the demand for green products and services, encouraging industries to raise the standard and quality of their products to meet green requirements. GGP will complement the existing eco-labeling scheme in the country for green products certification. By 2020, it is targeted that at least 20% of government procurement will be green. Concurrently, the private sector will also be encouraged to emulate Government efforts in green procurement.”

Following a year and a half-long pilot implementation period of GGP, the Malaysian government is planning to increase the pace of implementation. In 2016 and 2017, Ministry of Finance issued **Instruction Letters** for the implementation of GGP within the federal government. In the Instruction Letter issued in April, 2016, the implementing agencies of GGP were expanded to 12 Ministries and agencies. The coverage was again expanded to all 25 Ministries and their agencies in the letter sent in January, 2017.¹⁵

At the writing of this study, KeTTHA and other relevant agencies are currently finalizing the details of the **GGP Long-Term Action Plan** to be implemented until 2030, which was approved in principle by the GGP Steering Committee on 15 December 2016. GGP guideline containing green specifications for 20 product groups, developed by KeTTHA, has been distributed to all implementing agencies to adopt green criteria for their technical tender preparations.

1.2 Summary of Key Institutions

An inter-ministerial coordination mechanism has been established to coordinate implementation of the GGP policy, as shown in Figure 1-1.



[Figure 3-1] Institutional Framework of GGP

To address growing demands for the systematic and structured implementation of GGP within the government Ministries and agencies, the **Government Green Procurement Steering Committee** was established in July 2013 under the authority of MTHPI to guide and coordinate the implementation of GGP. This committee is co-chaired by the Ministry of Finance and the KeTTHA.

The GGP Steering Committee is responsible for reviewing, monitoring and evaluating the implementation status report to provide strategic directions. Meeting once per year, the committee also approves proposals submitted by the GGP Working Committee, including decisions on GPP products.

The **Government Green Procurement Working Committee** was also set up to formulate GGP related policy and strategies, to draft implementing mechanisms for GGP action plans, as well as to coordinate and evaluate GGP implementation at the various ministries and agencies. It was initially set up to ensure that all plans under the GGP Short-Term Action Plan (July 2013 – December 2014) can be implemented properly. In this regard, pilot projects were implemented in stages in line with the short-term plan, selecting the Ministry of Education, the Ministry of Home Affairs, the Ministry of Health, Economy Planning Unit, and the KeTTHA as the pilot implementers. It still continues its function after the pilot projects ended.

The GGP Working Committee's task is to review, monitor and evaluate the implementation of GGP. Meeting twice a year, the committee:

1. Reviews the existing and potential additional product groups to be listed under GGP implementation;
2. Discusses life cycle costing for products and services under GGP;
3. Reviews related rules and regulations pertaining to GGP implementation;
4. Monitors and evaluates of GGP implementation;
5. Communicates and creates capacity building programs to increase the efficiency of GGP implementation; and
6. Tables proposals for the approval of the GGP Steering Committee.

The **Government Green Procurement Core Team** was set up to discuss and develop action plans that will be presented to the higher committee. The Government Green Procurement Core Team is comprised of agencies related to GGP such as KeTTHA, Economic Planning Unit, Ministry of Finance and others.

The GGP Core Team meets regularly and as-needed. It discusses and develops action plans that will be proposed at the GGP Working Committee for approval. The ministries and agencies involved in the GGP Core Team and their respective roles are as follows: ¹⁶

- **Ministry of Finance (MOF)** : assists on policy implementation by incorporating requirements to conduct GGP into the Treasury Circular accompanied by specific instructions to all federal government agencies. The Ministry of Finance is also instrumental in developing and finalizing the Long-Term Action Plan for GGP.
- **Ministry of Energy, Green Technology & Water (KeTTHA)** : implements GGP Policy;
- **Economic Planning Unit** of the Prime Minister's Department: develops the Malaysia Plans;
- **Malaysia Green Technology Corporation** : conducts GGP and life cycle costing trainings; raises GGP awareness; facilitates the development of GGP planning and action plans, including the setting of GGP targets and guides on green specifications; develops GGP guidelines as well as monitoring and evaluation (verifies green products and services and quantifies of CO2 emissions and economic impacts);
- **SIRIM QAS International** : the national eco-labelling body in Malaysia, offers the eco-labelling scheme on a voluntary basis. In line with the normal practice as per described in ISO 14024, SIRIM is also responsible for the development of the Eco-labelling criteria it uses for the certification. In support of the GGP program, the development of Eco-labelling criteria takes into account the identified Common Core Criteria at the national level.

1.3 GGP Implementation

1.3.1 Coverage of Public Authorities

GGP in Malaysia began in 2013 has gradually expanded its coverage. During the pilot implementation phase, 5 ministries and agencies participated, including the Economic Planning unit of the Prime Minister's Department, the KeTTHA, the Ministry of Education, the Ministry of Health, and the Ministry of Home Affairs.

With the successful outcome of the pilot projects, an additional 12 ministries participated in GGP in the period of 2015-2016. Beginning in 2017, all 25 Federal government Ministries and their agencies are now covered by the GGP policy, as shown in the table below. The 2017 Instruction Letter from the Ministry of Finance also directed all agencies to appoint a focal point as well as to submit an annual GGP plan for implementation.

	Year	Activity
I	2013 - 2014	Initiated pilot projects in five selected Ministries and agencies
II	2015 - 2016	Expansion of GGP implementation to 12 selected ministries and agencies 1. Ministry of Health 2. Ministry of Defense 3. Ministry of Urban, Wellbeing, Housing and Local Government 4. Ministry of Natural Resources and Environment 5. Ministry of Works 6. Ministry of Home Affairs 7. Ministry of Transport 8. Ministry of Energy, Green Technology and Water 9. Ministry of Education 10. Ministry of Higher Education 11. Ministry of Rural and Regional Development 12. Ministry of Federal Territories

III	2017 - 2020	<p>Expansion of GGP implementation to all ministries and agencies</p> <ol style="list-style-type: none"> 13. Prime Minister’s Department 14. Ministry of Finance 15. Ministry of Communication and Multimedia 16. Ministry of Tourism and Culture 17. Ministry of Foreign Affairs 18. Ministry of Agriculture and Agro-Based Industry 19. Ministry of Human Resource 20. Ministry of Domestic Trade, Cooperatives and Consumerism 21. Ministry of International Trade and Industry 22. Ministry of Science Technology and Innovation 23. Ministry of Plantation Industries and Commodities 24. Ministry of Youth and Sports 25. Ministry of Women, Family and Community Development
-----	-------------	--

[Table 3-1: Public Authorities implementing GGP]

There are currently no measures to mandate GGP despite the 11th Malaysian Plan stating that all federal government agencies should implement GGP.

| 1.3.2 | Priority Products for GGP

Criteria for the prioritization of product groups were as follows: ¹⁷

- Economic relevance: The products and services are frequently used in the government sector and the significance of the spending. This criterion is important for the achievement of major market and environmental impacts through GGP
- Expected impact: New green products or services can significantly reduce their carbon footprint, water, and energy consumption or the emission of toxic substances
- The existence of eco-labels and standards for those categories: Criteria or standards are available under the MyHIJAU mark, which can be used in tendering processes. Apart from the MyHIJAU mark, equivalent green or sustainable labels that are easily recognized by government procurers can also be used.
- The market readiness and response capacity: GGP for relevant product groups or service category will help manufacturers. Small and Medium Enterprises in particular add value to their products and become more competitive in international markets.

¹⁷. UNEP, 2017, "SPP in the National Government of Malaysia", Factsheet annexed to the Global SPP Review 2017.

In Malaysia, the selection of products and services are prioritized accordingly and approved by the GGP Steering Committee, in accordance with the following procedures:

- **Step 1** - Selection of product groups based on the four main criteria described above;
- **Step 2** - Review of various criteria document, including: international, national and regional eco-labels; voluntary sustainable standards; international and national regulatory standards; other reference criteria including guidelines, performance standards, standard operating procedures, policy documents or regulations by public authorities or government agencies. References made to eco-labels or verification schemes are recognized by the Department of Standard Malaysia;
- **Step 3** - Stakeholder engagement review and draft GGP criteria, with stakeholders including certification bodies, policymakers, industry members, and research institutions. ;
- **Step 4** - GGP criteria are approved by the GGP Steering Committee, which usually meets at the end of each year.

GGP Criteria are well aligned with various Type 1 Eco-Labelling Schemes both nationally and internationally. However, the stringency might be adapted to ensure that there are sufficient numbers of manufacturers capable of producing green products at the scale needed. In addition, products recognized by MyHIJAU mark or certified under the SIRIM Eco-labelling scheme are given additional scores in the technical evaluation of tenders.¹⁸ For the products holding eco-labelling marks from another country, third party laboratory test reports are required for verification to ensure that product criteria are at least equivalent to or more stringent than the Malaysian GGP criteria.

Relevant ministries and agencies are conducting market research on green products and services' readiness for GGP and the results are expected to be ready by October 2017. The purpose of this research is to assess the readiness of suppliers nationwide to supply green products and services for government procurement.

Various government Ministries and agencies have expressed interest in the development of the new criteria. For example, the Ministry of Works is interested in construction materials, which can link GGP with Green Building initiatives. The Ministry of Agriculture and Agro-based Industry has expressed their interests in green technologies that can reduce the usage of water and energy resources for irrigation. The Ministry of Transport is interested in similar improvements for the public transportation system. To expand the basis for GGP, the Core Team will continuously develop and propose new product and service criteria.¹⁹

¹⁸. GIZ, 2016, "Baseline Data and Study on National Green Public Procurement in Selected Countries".

¹⁹. Based on the interview with MGTC.

During the pilot phase (2013-2014), six product groups were selected based on the criteria above.

No.	Product Groups
1	Paint
2	Fiber cement
3	EE lighting
4	ICT
5	Cleaning services
6	Paper

[Table 3-2] Product Groups during the Pilot Phase

According to the 11th Malaysia Plan, the set of product groups will be expanded to 30. Currently, the following GGP criteria for products and services have been already approved, bringing the number of available GGP criteria to 20.

No.	Product Groups
7	Multipurpose printer/photocopiers
8	Green data centers
9	Building energy management
10	Air conditioning
11	Furniture
12	Fabric/apparel
13	Biodegradable plastic packaging
14	Rubber products
15	Automotive workshop services
16	Hotel services
17	Water efficient appliances
18	Rainwater harvesting
19	Printing/publication
20	Stationery

[Table 3-3] Newly added Product Groups

Although textiles, fiber cement, and rubber based products have already been selected as prioritized products for GGP, few purchases have been made so far for the following reasons:

- **Textiles** : There is currently a lack of local suppliers that have green labels for their products or that comply with GGP criteria. GGP criteria mandate that textiles should be made from natural fibers (minimum 80%) or comply with Global Organic Textile Standard (GOTS) or Organic Exchange 100 Standard (OE 100), which state that synthetic/Man-made or textiles must have a certain percentage of recycled content. Another issue is that suppliers must test their products to check their formaldehyde and heavy metal content.
- **Fiber cement** : There is lack of demand for GGP due to negative perceptions that the price of fiber cement is very expensive and the strength of fiber cement is not strong enough to be used for building construction.
- **Rubber based products** : Rubber gloves are the only rubber based products that have related national standards (formulated by the Malaysian Rubber Board). Manufacturers for other rubber based products (e.g. tires, building and construction materials) have yet to obtain eco-labels or other verifications.

In 2017, an additional 10 product groups will be proposed for the development of GGP criteria. Product groups are listed in the table below.

No.	Product Groups
1	Energy efficient vehicles (heavy duty vehicles – lorry, truck and bus)
2	Fertilizer and pesticides
3	High efficiency pump
4	Sustainable event management
5	Chiller
6	Cooling system maintenance service
7	Steel, plastic or rattan based furniture
8	Masonry unit
9	Toner
10	Coated flat steel products

[Table 3-4] Proposed List of GGP Products and Services in 2017

| 1.3.3 | Procurement Process

Malaysia adopts a decentralized approach to procurement, in line with the concept of “let the managers’ manage”.²⁰ Therefore, allocation of the funds is disbursed to respective Controlling Officer, and each Ministry is empowered to practice their own procurement based on the approved allocation.²¹ The purpose of this decentralization, among others, is to stimulate economic growth, accelerate the implementation of the project, and facilitate faster payment. However, even though procurement responsibilities have been delegated to the respective agencies, the Ministry of Finance still formulates rules and procedures on government procurement at the central level, which must be adhered by all agencies.

It should be noted that there are some items which are procured by ‘central contracts’, purchased only through the Ministry of Finance. These are express post services, envelopes, High Density Polyethylene (HDPE) Fittings, fire extinguishers, Microsoft software, A4 paper, small weapons, and pyrotechnics devices.²² Since A4 paper is a green purchasing priority products for government agencies, a central contract has made it easier to procure green products in this category.

The decentralized nature of procurement is the reason why a GGP committee has been established at each Ministry and agency level and a GGP coordinator appointed.

The first step in a full cycle of the procurement process is planning, and the Green Procurement plan is a sub-task of the annual procurement plan. Agencies are required to submit an annual procurement plan encompassing green procurement to Ministry of Finance before 15 January every year. The Green Procurement Plan provides information on specific green contracts to undertake over the next year. Information submitted in the GGP plan includes: the title of green procurement, type of procurement (supply, service, work or consultancy), GGP product groups, estimated value of procurement by product group, and estimated value of GGP by product groups.

In the Guidelines for Government Procurers (published in July 2014 to assist the pilot implementers on GGP), steps to integrate GGP into existing policies were introduced.

The Guidelines provide useful information, such as: the importance of managing the demand for the procurement of products and services, the ways to integrate environmental criteria into each stage of the procurement process, the identification of needs, the preparation of technical specifications, the evaluation of the offers, the supplier selection, and contract management. In addition, a tool has been developed to assist procurers in calculating the life cycle costs, so that the life cycle cost results can be used for procurement decision-making.

The Ministry of Finance also plans to upgrade the e-procurement system as the future platform to capture information on GGP. This upgrade, as part of the Government Transformation Program, is scheduled to be implemented under the Phase II of the system development beginning mid-2018. However, because ‘NextGen e-procurement’ will integrate various elements including GPP into one unified procurement system, the definitive timelines for the development is unknown.²³

20. Based on the Inquiry Form.

21. When the procurement amount exceeds threshold, procurement shall be made by the MOF. Based on the interview with MOF.

22. Based on the Inquiry Form and the interview with MOF.

23. Based on the interview with MOF.

| 1.3.4 | Capacity-Building for Procurers on GGP

Initial steps towards capacity-building were initiated by the MGTC under the MyHIJAU Procurement Program prior to 2013. The activities included workshops on GGP for government procurers, programs to develop “technopreneurs” and the publication of a booklet on GGP to create awareness on its implementation in the public sector.

In 2014, Guidelines for Government Procurers were developed to assist with the implementation of pilot projects. These guidelines were developed based on the Ministry of Finance’s procedures for procurement (described in the sections above) and discuss relevant national standards and eco-labels.

Capacity building and learning opportunities are provided every year to all ministries, particularly procurement officers and end users. It is estimated that more than 200 people are trained each year. 28 GGP and Life Cycle Costing (LCC) training sessions as well as Training of Trainers programs have been conducted since 2016; these trainings have benefited 25 government Ministries and their agencies.²⁴

The Star Rating mechanism was introduced by the Malaysian Administrative Modernization and Management Planning Unit to evaluate and rate the performance of public sector agencies. Beginning in 2015, one of the aspects being evaluated was GGP initiatives. This provides reputational incentives for government agencies to implement GGP.

| 1.3.5 | Engagement with Suppliers

Malaysian Government has introduced two incentives, the Green Technology Incentive and Green Technology Financing Scheme, to strengthen the development of green technology and promote green investment. This has spillover effects on GGP due to the increase of green product suppliers and services in the market. These incentives are further described below.

1. Green Technology Incentive
 - 1) Green Investment Tax Allowance (GITA) on Green Assets or Green Projects provides a 100% tax allowance (credit for eligible equipment and system buyers). This allowance is offset against statutory income for a maximum 5 years.
 - 2) Green Income Tax Exemption (GITE) on Services provides a 100% tax exemption for up to 5 years between 2013 and 2020 for eligible companies providing services.
2. Green Technology Financing Scheme (GTFS)

GTFS total financing approval is 3.5 billion RM with the scheme period lasting until 31 December 2017. This financial incentive offers a 60% Government Guarantee on financing provided by financial institutions and 2% rebate on interest/profit rate charged by financial institutions.

²⁴. Based on the Inquiry Form.

As of July 2017, 14 companies have approved and received Validation Letters from GreenTech Malaysia for Green Technology incentives. Also as of August 2017, 577 projects have been certified by GTFS, and 273 projects have successfully received financing from financial institutions in Malaysia.

Several supplier engagement meetings have been conducted with key Ministries to exhibit several of the contractors and vendors registered with MOF for the MyHIJAU program. The GGP presentation slot is part of the program in a series of Clinic Session for MyHIJAU Mark Registration, which has resulted to more than 100% increase of suppliers registered with MyHIJAU Mark in 2017 compared to 2016.

1.4 GGP Monitoring & Evaluation Mechanism

Monitoring on GGP is carried out annually and has been in place from the pilot phase for the five agencies participating in 2013. The aspects of GGP monitored are: (i) Procurement activities (tenders, procurement orders and/or contracts) conducted with sustainability criteria and (ii) Sustainable products, services or works purchased. The indicators measured are:

- GGP procurement value in absolute figures, and
- GGP procurement as a percentage of total expenditure for selected product groups.

Data is gathered through a standard questionnaire filled in by each ministry and agency administered yearly. The national government does not publish the results of the monitoring exercise²⁵. However, the procurement data of individual product groups has been published through a report from GIZ. There were 6 main components of the GGP reporting template that agencies complete.

Component for GGP reporting	Description
Title of procurement	Describe product group to be procured
Allocated budget	Describe allocated budget
Tender announcement period	Describe start and end date for announcement
Green criteria requirement	Describe the required green criteria of product groups
Procurement process	Describe the findings along the process of procurement such as number of companies that submitted quotation, number of companies qualified and eligible for evaluation, etc.
Final decision made	Describe the final results of procurement such as awarding company, total procurement cost

[Table 3-5] Main Components for GPP Reporting

25. UNEP, 2017, "SPP in the National Government of Malaysia", Factsheet annexed to the Global SPP Review 2017.

An evaluation of GGP implementation took place at the end of the implementation period of the Short-Term Action Plan (in 2014). The GGP Working Committee and pilot implementers were responsible for the evaluation of GGP impacts from six prioritized product groups.

In 2016, a total of 12 Ministries reported their GGP implementation activities. The specific indicators reported to the GGP Steering Committee are displayed below. The data gathered at this phase is yet to be disclosed.

1. Total value of procurement for selected product groups
2. Total value of GGP for selected product groups
3. Percentage of GGP by selected product groups
4. Percentage of GGP out of the total procurement
5. Potential CO2 emissions reductions from procuring of green products (mainly energy based products)

Currently, MGTC is developing a comprehensive data collection template and will utilize the results to analyze the environmental and economic outcomes of GGP implementation. This template would assist the KeTTHA and MGTC with data collection and analysis, as the number of participating Ministries and agencies continues to grow. As mentioned before, when the NextGen e-procurement system integrates GGP within the system, it will be significantly easier to monitor and evaluate GGP activities.

1.5 Levels of GGP Implementation

To implement green procurement processes within Malaysia's public sector, the GGP Steering Committee endorsed a Short-Term Action Plan for GGP on the 11th July 2013. The Plan was implemented from July 2013 until December 2014 with 3 main objectives, which were (i) to provide transformation steps to recognize GGP in public sector; (ii) to be a first piloting program to have real practice, and (iii) To develop GGP criteria for product groups.

The main targets set by the Short-Term Action Plan were as follows:

- At least two product groups are identified and pilot implementation of GGP for these product groups is initiated.
- Life Cycle Costing is strengthened and systematically implemented.
- At least two further initiatives to support GGP in the pilot phase are identified.
- Current government procurement rules and regulations are reviewed and obstacles towards the implementation of GGP are identified.
- GPP capacity building activities to guarantee the success of the pilot phase and the basis for long term implementation is established.
- Communication campaigns are conducted to inform procurement officers and government suppliers on the stepwise introduction of GGP.

- The efforts of the pilot phase are monitored, evaluated, and effective long term evaluation mechanisms are established.

In 2014, the pilot implementers reported GGP results for five product groups, which were ICT equipment, paper, paint, EE indoor lighting, and cleaning services. These results showed a great achievement beyond the goal targeting procurement of only two product groups. It should also be noted that pilot procurers only procured green products for six priority product groups named in 2014, resulting in a 100% procurement of green products.²⁶

Pilot Ministry/Agency	Procurement Value (in RM)
Ministry of Energy, Green Technology and Water	37,506,870
Economic Planning Unit of the Prime Minister's Department	45,000
Ministry of Education	193,603,360
Ministry of Home Affairs	78,644,460
Ministry of Health	42,331,290
Total	352,130,980

[Table 3-6] GGP procurement value under the pilot implementation project²⁷

At the end of the pilot implementation period (December 2014), the following targets were achieved:

- All pilot implementers included green criteria in one or several of their calls for procurement.
- At least three bidders complied with the green criteria for each call for procurement.
- The introduction of the green criteria did not cause substantial cost increases
- The contractors successfully delivered goods or provided services according to the technical specifications/contract.

In addition, some initiatives addressing green procurement of products outside of the 6 prioritized product groups were put into place. For example, KeTTHA emphasized on green concept in the design and construction of sewage treatment plants, and the Ministry of Health added environmental criteria on emission standards in the specifications for Mobile Chest X-Ray Vehicles.²⁸

Since 2016, the implementing Ministries and agencies have expanded. With no actual procurement data in hand, it is hard to judge whether GGP in Malaysia is on course to meet the target or not. Nevertheless, under the 2016-2017 budget, 4.88 million RM (around 1.22 million USD) were allocated to implement the projects of Development of Green Technology Industry and Green Procurement.²⁹ 50% of this budget has been dedicated to the implementation and promotion of GGP.³⁰ Additionally, the GGP Core Team have dedicated staff in charge of the implementation and promotion of GGP.

Moreover, during the implementation period of the GGP Short-term Action Plan, a GGP Long-term Action Plan covering GPP policy and implementation by all government agencies was formulated. The

26. GIZ, 2016.

27. UNEP, 2017.

28. GIZ, 2016.

29. UNEP, 2017.

30. Based on the interview with MGTC.

Long-Term Plan is now waiting to be finalized by KeTTHA after has been endorsed in principle by GGP Steering Committee.

According to the information available, the GGP Long-Term Action Plan has set a target for GGP to be implemented at all levels of government, including at the Federal, State and Local government levels. The Plan will support the development of the green economy and encourage sustainable consumption patterns.

With the completion of the first phase (2016-2020), at least 20% of the procurement of selected product groups with predefined criteria at the national level will be green. From 2021 onwards, the following objectives and targets will be pursued in regards to GGP.

- At least 40% of the procurement of selected product groups at the national level will be green in 2030;
- Introduction of at least 20 new product groups with social and innovation criteria.

To foster the achievement of these objectives and targets, Malaysian government has also put forward the following initiatives in the Long-Term Action Plan.

Initiatives	Timeline
GGP Guidelines adopted on works procurement	2021-2025
Sustainability specifications mandated for all public projects	2021-2030
Implementation of GGP projects for works registered with Green Rating Tools	2021-2030
Development of tender documents with green specifications	2025
Workshop to enhance existing professional accreditation which incorporate sustainability elements	2021-2025
Implement pilot projects on new local innovative green technology	2021-2030

[Table 3-7] Initiatives to be implemented according to the LTAP ³¹

To achieve the target, including the 20% target set by the 11th Malaysia Plan, the Long-Term Action Plan has put forward ten strategic elements. ³²

1. Consolidate the institutional framework
2. Introduce obligatory measures
3. Enhance the scope of product groups
4. Apply life cycle costing
5. Impose demand management
6. Communicate GGP effectively
7. Enhance capacities
8. Accelerate supplier's development
9. Advance towards socially responsible public procurement
10. Promote innovation through public procurement

³¹. Based on the data provided by the focal point.

³². Economic Planning Unit, 2016, "The National SCP Blueprint 2016-2030: The Pathways for Sustainable Consumption and Production in Malaysia".

2 Eco-Labeling Scheme in Malaysia

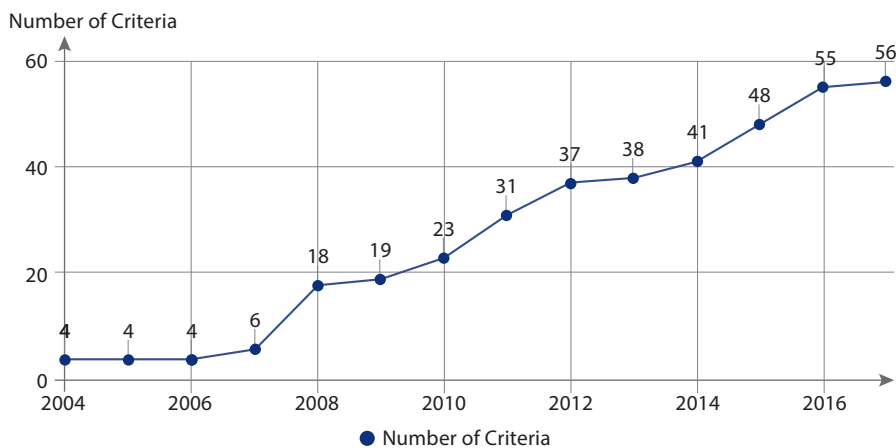
2.1 Eco-labelling Scheme

Since 2011, the SIRIM Eco-Labeling Scheme has been recognized as Malaysia’s National Type 1 Eco-labelling Program. This environmental certification is a voluntary scheme implemented by SIRIM QAS International. The specific products shown to have minimum detrimental impact on the environment in comparison with other products serving the same function are awarded the SIRIM eco-labelling mark.

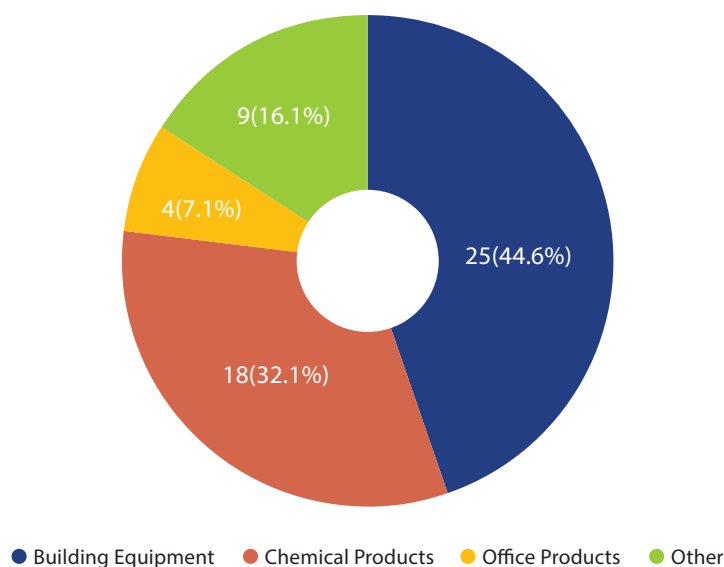
The relationship between SIRIM Eco-label and the MyHIJAU Mark should be made clear. The MyHIJAU Mark is a Green Recognition Scheme that recognizes green products and services with existing green certifications and gathers them under a single, recognizable mark. Therefore, products with SIRIM Eco-label can be recognized by the MyHIJAU Scheme, but not the other way around.

2.2 Products & Trends

Currently, SIRIM Eco-Label has 56 criteria, which are listed in the Annex. Annual increases in the number of criteria are shown in Figure 1-3. These 56 criteria are grouped into 5 categories, as shown in Figure 1-4.



[Figure 3-2] Increase Trend of SIRIM Eco-label criteria



[Figure 3-3] Number of SIRIM Eco-label by Product Category

The processes to develop eco-label criteria, review existing criteria, and review requests are briefly introduced below.

1. Request for development of eco-label criteria documents
 - Receive requests from internal/external parties for the development of new criteria or revision of existing criteria.
2. Evaluation and recommendation of proposals for development of eco-label criteria
 - The SIRIM technical center evaluates the validity of proposals through literature review and other relevant means.
3. Approval by SIRIM Eco-labelling Criteria Committee (SECC)
 - Recommendations on the proposed eco-label criteria are proposed for SECC's approval.
4. Preparation of draft eco-label criteria by Working Group
 - The SIRIM technical center prepares preliminary working drafts.
5. Deliberation of draft eco-label criteria by Working Group
 - Identification of relevant stakeholders, establishment of Working Group, conducting of Working Group meetings, deliberation and finalization of draft eco-label criteria.
6. Approval of draft eco-label criteria documents
 - Editing, verification, proofreading of draft and submission of draft for SECC's final acceptance.
7. Publication
 - Publication and sales of eco-label criteria documents.

2.3 Certification Procedures

The certification process of SIRIM eco-labelling mark is similar to those of other eco-label certification processes. To have their products certified with the SIRIM Eco-label, enterprises take the following steps:

1. Submission of Questionnaire
2. Issuance of Quotation
3. Submission of Application
4. Document Evaluation
5. Factory Audit
6. Sample Selection & Testing
7. Recommendation & Approval
8. Surveillance
9. Renewal

The SIRIM QAS International uses the following criteria to assess the manufacturers prior to awarding the certificate.

1. The product must fully comply with the applicable requirements of the product standard/specification;
2. The manufacturer must have an acceptable quality control plan to verify that the product meets the required standard;
3. The manufacturer must demonstrate the capability to comply with the Product Certification Requirements as specified in the Product Certification Agreement;
4. The product shall comply with its relevant eco-labelling criteria/standard;
5. The manufacturer shall comply with relevant environmental quality act.

3. SWOT Analysis on Green Public Procurement in Malaysia

3.1 Strengths

Current **national policies and strategies have strongly advocated the implementation of GGP** in Malaysia. The Malaysian government has integrated Government Green Procurement in numerous plans and policies, such as the 10th and 11th Malaysian Plans, the National Green Technology Policy, and the New Economic Model. The emphasis on GPP within these plans and strategies gives various stakeholders a significant push towards active participation in GGP implementation.

A comprehensive organizational structure has also been set up, and the responsibilities and roles among various organizations are defined distinctively. The Core Team, consisting of all major Ministries and agencies related to environmentally-friendly procurement, decides collectively on policies and plans to implement GGP. With the Ministry of Finance engaged, plans are underway to integrate GGP within the new e-procurement system.

Several **intra-ministerial coordination mechanisms**, including the GGP Steering Committee and the GGP Working Committee, are also in place to periodically propose and approve of major decisions on the promotion and implementation of GGP. The cooperation among relevant stakeholders is indispensable in the successful implementation of green purchasing.

Through the implementation of the pilot program beginning in 2013, **Malaysia has started to accumulate experience in implementing GGP**. The coverage of GGP implementation has expanded to cover all federal government ministries and agencies. Beginning in 2017, **the implementation of GGP has become mandatory**. In addition, 20 GGP product and service criteria have been established so far, and the preparation for 10 more criteria is underway.

The **SIRIM Eco-label has provided a sound basis for the procurement of green products**. Eco-label criteria have acted as the foundation for the GGP product and service criteria, and SIRIM QAS International provides its technical expertise to develop and implement GGP criteria.

Malaysian Green Technology Corporation is **providing capacity-building for relevant stakeholders**. Promotional activities, including training, workshops, and supplier engagement sessions, are carried out regularly and extensively for both procurers and suppliers. In addition, the MyHIJAU Directory also serves as the main reference for government procurers to search for green suppliers.

Economic incentives are being provided to stimulate the development of green technology and promote green investment. If managed well, this incentive scheme is expected to have spillover effects supporting GGP due to the increasing number of green products and services suppliers.

3.2 Weaknesses

There have been complaints that **green products and services are not always available to procure.** The perception that green products are more expensive also worsens the situation. Awareness-raising and capacity-building for procurers and suppliers is required to ease the situation, resulting in more green products and services being available at competitive prices. Since tax incentives are provided to the enterprises, active engagement with suppliers will enable the green industry and the green market to grow more powerfully.

Moreover, because all Federal government Ministries and agencies are required to participate in GGP as of 2017, the GGP product and service criteria should be expanded as much as possible to accommodate the needs of both procurers and suppliers. Interviews with government stakeholders show that, linked with the initiatives on green building as well as infrastructure development, demands for construction materials are increasing rapidly. Development projects from government often consume a large quantities of materials, which could create positive feedback in stimulating the growth of the green market for building equipment and construction materials. However, supply needs to keep up with demand, and manufacturers need to know about the significant opportunities being generated by GGP so they can scale up production.

During the pilot phase of GGP implementation, the **measurement of the environmental and economic impacts of GGP** was not carried out, and this **could have reinforced the rationale for implementing GGP.** The 11th Malaysian Plan stipulates that by procuring 20% of the designated products and services with green alternatives, contributions towards the reductions in the GHG emission intensity should be made. In order to calculate the impacts, measurement methodologies should be developed and relevant expertise appointed. Products with high environmental impacts or those purchased in large volume could be prioritized to maximize the reduction of GHG emissions to meet these goals.

3.3 Opportunities

Global trends towards climate change and other environmental considerations are strengthening the rationale for the active implementation of GPP. Malaysia has stated in its Nationally Determined Contribution that they intend to reduce their greenhouse gas (GHG) emissions intensity of GDP by 45% by 2030 relative to the emissions intensity of GDP in 2005. To meet this target, the need to foster "Green Growth" by stimulating the Sustainable Consumption and Production is indisputable. As government procurement expenditures account for approximately 13% of the operational expenditure in Malaysia (as of 2016), it would be highly desirable for the Malaysian government to use its purchasing power to promote the green market and industry.

Also, increasing number of green products and services in the market, which are in part stimulated by GPP policies, is also **consistent with the global trade opportunities**. As trade regulations on the environmental aspects are strengthened, export-oriented manufacturers will have to adapt to the technical requirements proposed by the import countries (usually advanced economies). The government can utilize this opportunity to accelerate the development of green technology and the green market domestically. If not addressed, this may become an obstacle for the Malaysian products in the global market.

International support has been provided by the international organizations and other advanced countries on GGP and SCP in Malaysia. Malaysia has participated in the EU SWITCH-ASIA National Policy Support Program as well as GIZ Advance SCP Program. International support is often used to justify GGP, and can facilitate experience and expertise sharing from all around the world.

3.4 Threats

International financial instability and fluctuating oil prices may cause the price of products and services goes up, which would make the green products less desirable in price. Although this possibility should constantly be taken into consideration, uncertainty around this factor is relatively high as well, so it is recommended to first tackle the perception of green products being more expensive.

4. Summary and Policy Recommendations

4.1 Summary

The Malaysian government is showing enormous willingness to implement GGP and are linking it with strategies to stimulate the generation of innovative green products and technologies, which will lead to economic growth. The 11th Malaysian Plan stipulated a target for GGP and instituted mandatory implementation by federal agencies. With a coordination mechanism in place, the decision-making process on GGP is also effective.

However, this preliminary study uncovered some obstacles that may hamper progress. Importantly, there is an insufficient number of green products and services on the market. The number of GGP criteria has increased rapidly since 2016, and the demands from other Ministries and manufacturers are also being taken into account. Capacity-building and awareness-raising activities should be carried out for manufacturers as well as procurers to meet this demand.

4.2 Policy Recommendations

During the literature review and interviews with government officials, we identified numerous future efforts to promote and refine the implementation of GGP. Based on the SWOT analysis and the needs for technical assistance expressed by the government officials, we suggest the following policy recommendations to conclude this study.

Establish and revise the GGP criteria

So far, the GGP criteria have mainly focused on the office equipment and building equipment, but stakeholders have continually stressed the need to develop criteria for building materials. In the Malaysian Context, development expenditure accounts for a significant proportion of total government expenditures. Therefore, establishing the GGP criteria for building materials can have huge potential for assisting the Ministries and agencies to meet their targets. Green building materials procurement is already used as a scoring criteria in MyCrest Scheme, which provides rating to the government buildings for their environmental friendliness. In the process of developing criteria, suppliers should be engaged to ensure the quality and availability of products and services.

In addition, regular revisions of the existing GGP criteria should be made to reflect the market and strengthen environmental requirements over time. Suppliers who participated in the bidding procedures with core or additional awarding criteria should be encouraged to have their products certified by the SIRIM QAS International. The plans to synchronize the GGP criteria with the SIRIM Eco-label should be decided well in advance to send a signal to the manufacturers while minimizing the possible complaints.

Capacity-building for procurers

Because each ministry or agency procures their own products and services, building capacity for the procurers is as important as having regulation regarding GGP. Training and workshops for all 25 Ministries are provided by the KeTTHA and MGTC, and the guidelines for procurement have been provided by the KeTTHA since the Short-term Action Plan. The newly revised version of the guidelines is currently being prepared by the MOF to include updated information and new criteria. Through active engagement with the government procurers and suppliers, the contents of capacity-building programs can be constantly updated and re-distributed, and might be specialized according to the priority sectors.

Upgrade the monitoring and evaluation mechanism

Since the implementation of the Short-term Action Plan, monitoring activities have been the responsibility of the KeTTHA and MGTC. The main indicators used were the volume and value of the procurement of the designated products and services. However, the environmental and economic impacts of GGP, including the reduction of GHG emissions and cost savings, should be evaluated and communicated. These impacts, when quantified, can play an important role in persuading hesitant personnel to take part in the purchase of green products.

Indicators on GGP can be used to evaluate the organizational performance of public authorities. Awards can also be given to the procurers, as in the case of Thailand, in the name of the Prime Minister or other ministers as reputational incentives.

Communication and awareness-raising for procurers and enterprises

To motivate the active participation by relevant stakeholders, communication and awareness-raising activities on the rationale and benefits of implementing GGP should be carried out regularly via various channels. In particular, communications should address – head on – concerns over cost and availability. From other countries' experience, these activities can include roadshow events, exhibitions on green product and technology, or international symposiums on GGP.

The relationship among the GGP criteria, SIRIM Eco-label and the MyHIJAU Mark should be made clear to the relevant stakeholders. Our interviews with government officials show that for some procurement staff, various criteria with overlapping functions of these programs can be causing confusion.

Engagement with suppliers is also a significant factor in promoting GGP, as the availability of green products in the market and their competitive price has a strong influence on the procurement activities, and is currently a key constraint to implementation. Outreach to suppliers should be conducted, promoting GGP opportunities, the demand for green technology, and associated tax incentives.

References

UNEP, 2017, "SPP in the National Government of Malaysia", Factsheet annexed to the Global SPP Review 2017.

Economic Planning Unit, 2016, "The National SCP Blueprint 2016-2030: The Pathways for Sustainable Consumption and Production in Malaysia", Final Draft, January.

GIZ, 2016, "Baseline Data and Study on National Green Public Procurement in Selected Countries: Indonesia, Malaysia, Philippines and Thailand", Report from the Advance SCP Project.

Kahlenbornm, W. et al., 2014, "Government Green Procurement (GGP) Guidelines for Government Procurers", July.

Kahlenbornm, W. et al., 2013, "Government Green Procurement (GGP) Short-term Action Plan 2013-2014", June.

Ministry of Energy, Technology and Water(KeTTHA), 2012. "Pengenalan Perolehan Hijau Kerajaan Edisi 1". Putrajaya: KeTTHA

|Annex 3-1| The list of SIRIM Eco-label criteria ³³

No.	Code	Product Category	Effective	Revised
1	ECO 1	Degradable and Compostable Plastic Packaging Materials	Aug 2004	Dec 2016
2	ECO 2	Hazardous Metal-free Electrical & Electronic Equipment & Parts	Aug 2004	
3	ECO 3	Biodegradable Cleaning Agents	Aug 2004	Aug 2014
4	ECO 4	Recycled Paper	Aug 2004	Apr 2016
5	ECO 5	Bio Fiber Composite Construction Materials	Dec 2007	Apr 2010
6	ECO 6	Food-grade Lubricants	Dec 2007	
7	ECO 7	Floor Mats	Apr 2008	

8	ECO 8	Fabric Care Products	Jun 2008	
9	ECO 9	Biomass Based Products for Food-contact	Jun 2008	Dec 2016
10	ECO 10	Adhesives	Jul 2008	
11	ECO 11	Water-based Adhesives	Jul 2008	
12	ECO 12	Paper-based Packaging Products	Aug 2008	
13	ECO 13	Organic Fertilizer	Sep 2008	
14	ECO 14	Recycled Rubber Products	Nov 2008	
15	ECO 15	Shampoo Products	Dec 2008	
16	ECO 16	Shower Liquid Products	Dec 2008	
17	ECO 17	Solid Body Soap Products	Dec 2008	
18	ECO 18	Recycled Plastic Products	Dec 2008	
19	ECO 19	Paints	Aug 2009	Sep 2012
20	ECO 20	Clay Roof Tiles	Jun 2010	
21	ECO 21	Fiber Cement Products	Sep 2010	Apr 2016
22	ECO 22	Ceramic Tiles	Sep 2010	
23	ECO 23	Masonry Units	Dec 2010	Apr 2016
24	ECO 24	Energy Saving Electronic Ballasts	Mar 2011	
25	ECO 25	Fluorescent Lamps	Apr 2011	
26	ECO 26	Printing Ink	Apr 2011	Dec 2011
27	ECO 27	Luminaires and Light Source for Interior Lightings	May 2011	
28	ECO 28	Paper Printed Materials	May 2011	
29	ECO 29	Cement	Jun 2011	
30	ECO 30	Ballpoint Pens	Jun 2011	
31	ECO 31	Flat Glass Products	Jul 2011	May 2012
32	ECO 32	Coated Flat Steel Products	Dec 2011	
33	ECO 33	Concrete Roofing Tiles	Dec 2011	
34	ECO 34	Apparel and Textile Products from Natural Fibers	Jan 2012	
35	ECO 35	Carpets	Feb 2012	
36	ECO 36	Biomass Pellet and Briquette	Feb 2012	Dec 2015

37	ECO 37	Solar Water Heater Systems	May 2012	
38	ECO 38	Metal Decking and Paneling	Jun 2013	
39	ECO 39	Rainwater Harvesting Systems	Aug 2014	
40	ECO 40	Ceramic Sanitary Wares	Aug 2014	
41	ECO 41	Thermal Insulation	Sep 2014	Apr 2016
42	ECO 42	Mattresses	Apr 2015	
43	ECO 43	Road Recycling and Soil Stabilization Services	Apr 2015	
44	ECO 44	Reused By-product Aggregates	Jul 2015	
45	ECO 45	Recycled Rubber Derived from Scrap Tires	Aug 2015	
46	ECO 46	Water Closets	Dec 2015	
47	ECO 47	Storage Water Heaters	Dec 2015	
48	ECO 48	Natural Biopolymer for Water and Wastewater Treatment	Dec 2015	
49	ECO 49	Water Taps	Feb 2016	
50	ECO 50	Showerheads	Feb 2016	
51	ECO 51	Household Washing Machines	Feb 2016	
52	ECO 52	Urinals	Apr 2016	
53	ECO 53	Bio-based Polyol and Polyurethane Applications	Aug 2016	
54	ECO 54	Plastic Piping Systems	Aug 2016	
55	ECO 55	Air Conditioners	Dec 2016	
56	ECO 56	Tires	Feb 2017	

Thailand is “one of the great development success stories” in social and development indicators,³⁴ with decades of sustained growth and poverty reduction. The late King’s “Sufficiency Economy Philosophy” provided a paradigm of development which balances progress in four dimensions of life, including environmental aspects. The Oxford Business Group has commented that “the sufficiency economy concept puts sustainability at its core.”³⁵ Subsequent national development plans and strategies have expressed a willingness to implement sustainable consumption and production.

The Thai government has developed a good foundation for incorporating Sustainable Consumption and Production principles into all levels of legislation, planning, and administration in the country. SCP-related objectives have successfully been mainstreamed into Thailand’s national development plans. Green Public Procurement has been in place as one of the several major policy instruments to promote more sustainable consumption.

1. Green Public Procurement in Thailand

It is important to understand that GPP in Thailand is not enforced by law; the government sector is only encouraged to be a role model in stimulating the demand for green products and services through GPP Plan. Until now, and likely for the foreseeable future, GPP in Thailand will be operating on the voluntary basis.

1.1 Policy and Regulatory Framework

1.1.1 National Development Plans and Strategies

The concept of Sustainable Consumption and Production (SCP) is closely related with the late King’s Sufficiency Economy Philosophy (SEP), which advocates a balanced lifestyle that jointly promotes growth and conserves the environment at the same time.³⁶ The Royal Thai Government has promoted the SCP concept in different sectors and implemented various national policy frameworks, master plans, and strategies on this matter, including on Green Public Procurement (GPP).

34. World Bank, “The World Bank in Thailand”, website. Retrieved from: <http://www.worldbank.org/en/country/thailand>

35. Oxford Business Group, 2016, “Thailand applies sufficiency economy philosophy to promote sustainable development”, Article from the report Thailand 2016. Retrieved from: <https://www.oxfordbusinessgroup.com/overview/middle-way-applying-king%E2%80%99s-philosophy-sufficiency-economy-long-term-sustainable-development>

36. Government of Thailand, *Thailand’s Voluntary National Review on the Implementation of the 2030 Agenda for Sustainable Development*, Report submitted to the United Nations, Retrieved from <https://sustainabledevelopment.un.org/content/documents/16147Thailand.pdf>

For more than three decades, the *National Economic and Social Development Plan of Thailand* has given a high priority in environmental protection and pollution prevention alongside economic and industry development. GPP has been included in this Plan since 2007, and is an important component of the plan.

According to the *Tenth National Economic and Social Development Plan (2007-2011)*, the Government is to:

*“[C]reate markets for environmentally friendly products and services. In this case, **the public sector will lead in consumption, improving public procurement rules and regulations** to be able to endure those products and issue standard criteria, verification mechanism and quality guarantee for environmentally friendly products to be in conformity with international standards and the global market. Develop and set up a database of green-labelled product or products that are environmentally friendly. Appoint and reward public organizations that are green organizations” (emphasis added).³⁷*

In the subsequent *Eleventh National Economic and Social Development Plan (2012-2016)*, the Thai Government put the Green Growth Policy into a spotlight by promoting favorable conditions for environmentally friendly industries and encouraging sustainable consumption behavior.³⁸ According to this Plan, Government was still mandated to “create market opportunities for environmentally beneficial products and services” and extended the strategy to local governments, as can be seen below.

“Government procurement programs for local government should be expanded to motivate such [sustainable] production. Firms should be awarded tax benefits when their products are environmentally friendly to create better competition. Criteria for giving awards to environmentally progressive government agencies should be established. And, private enterprises should be asked to support environmentally beneficial procurement throughout the supply chain” (emphasis added).³⁹

The Ministry of Natural Resources and Environment (MNRE)’s *Environmental Quality Management Plan (2012-2016)*, also set GPP as one of the indicators. The Plan states that the proportion of the government budget dedicated to the procurement of environmentally friendly goods and services must be increased annually during the implementation of the Plan. For this indicator, government agencies are required to collect the relevant information on the value of procurement considered GPP.

The most recent Twelfth National Economic and Social Development Plan (2017-2021) and the Environment Quality Management Plan (2017-2021), also both highlight the significance of sustainable SCP. GPP, as an important component of the SCP, has also been emphasized in these plans and strategies.

| 1.1.2 | Regulations on Public Procurement

Besides the mid- to long-term national development and environmental protection plans, GPP Procurement in Thailand has also been reflected in procurement regulations. According to the Notification of the Office of the Prime Minister on Procurement Guidelines for e-market and e-bidding, published in the Royal Gazette on 4th February, 2015:

³⁷. Unofficial Translation

³⁸. GIZ, 2016, “Baseline Data and Study on National Green Public Procurement in Selected Countries”.

³⁹. Unofficial Translation

"No. 32 If price performance is used, the following procedures could happen.

- (1) Select at least 2 of the following parameters in order to assess price performance.*
 - (a) Price (Compulsory)*
 - (b) Supplier's grading (Not-compulsory)*
 - (c) Quality and product characteristics provide benefits to the government (Not-compulsory) e.g. total cost of ownership, after sales service*
 - (d) Product under government supporting policies (Not-compulsory)*
- (2) Give weighing score to the selected parameters.*

No. 33 Category under No.32 (1) (d) includes products with Thai Green Label or Green Cart that manufactured in Thailand or owned by Thai, products with TISI, products manufactured by factory with quality system certification, products registered with MOI, products manufactured in Thailand or owned by Thai. If this category is selected, considers the following.

- (1) Define which categories the products fall into e.g. GL, TIS, etc.*
- (2) Check with sources if 1) is accurate.*
- (3) Give the score e.g. 100% of the full score of this parameter in case it is TGL, TIS, and ISO certified, and so on."⁴⁰*

On 24 February 2017, the Government Procurement and Supplies Management Act was promulgated in the Royal Gazette.⁴¹ It will become effective 180 days after the publication, in August 2017. Until the effective date, the Regulations of the Office of the Prime Minister on Procurement of 1992 and related regulations, including the 2015 Notification cited above, will remain effective to the extent that they are consistent with the Act. The Comptroller General's Department is currently in the process of drafting the related regulations, which are expected to be announced and become enforceable around the effective date of the Act to avoid any interruption in the enforcement of the Act.⁴²

Section 65 of the Government Procurement and Supplies Management Act contains similar provisions of the above mentioned 2015 Notification on giving priority to the products under government supporting policies.⁴³ However, it is as yet unclear whether the detailed regulations on this provision will include the Thai Green Label and Green Cart as government-supported policies, or not. Currently, the Pollution Control Department (PCD) is continuing its negotiations with the Comptroller General's Department (CGD) to ensure that Thai Green Label and Green Cart are included in the regulations just as they did in the Notification.⁴⁴

| 1.1.3 | Green Public Procurement Promotion Plans

The Royal Thai Government has adopted various strategies, plans, and policies to direct Thailand's public procurement towards sustainability. However, efforts to promote the implementation of GPP began much earlier, in 2005, when the MNRE designated the PCD to develop the GPP program and begin pilot activities. A two-year pilot was carried out in two phases: the first year, by PCD, and the second year, by all other departments under MNRE.

⁴⁰. Tippamongkol, J., 2016, "Green Public Procurement and Eco-labelling in Thailand".

⁴¹. The Act can be retrieved from the following link: <http://www.ratchakittha.soc.go.th/DATA/PDF/2560/A/024/13.PDF>

⁴². Baker McKenzie, Promulgation of the Government Procurement and Supplies Management Act, Insight, 28th February 2017, Retrieved from: <http://www.bakermckenzie.com/en/insight/publications/2017/02/promulgation-of-the-govt-procurement-and-supplies/>

⁴³. Government of Thailand, 2017, Public Procurement Act.

⁴⁴. Based on the interview with PCD.

After the successful pilot, the *First Green Public Procurement Promotion Plan (2008-2011)* targeting the Central Government was approved by a cabinet resolution on 22 January 2008. The objective of the First Green Public Procurement Promotion Plan was to promote and initiate GPP implementation in Government sector with efficient supporting tools. Once again, PCD was assigned to implement this Plan with relevant ministries and stakeholders.

The *Second Green Public Procurement Promotion Plan (2013-2016)* was intended to expand the scope of GPP from central government to public organizations and local authorities. The Second Plan has been approved by the National Environment Board, but was not approved by the Cabinet due to the domestic political situation. In order to ensure the continuity of the policy, PCD has implemented the GPP activities under the plan as if it received the approval in the first place.

The objective of the *Second Green Public Procurement Plan* was to encourage government agencies to implement green public procurement. It also aims to promote sustainable consumption by supporting the private sector in green production and increasing the volume of green products in markets.

The *Third Green Public Procurement Promotion Plan (2017-2021)*, which aims to expand GPP to the private sector, has been approved by the Pollution Control Board and will be submitted to the National Environment Board. For this Plan, PCD is hoping to get the final approval from the Cabinet to send the strongest signal possible to all relevant stakeholders about the willingness of the government to promote and implement GPP.

More details on these Plans will be discussed in the following sections.

1.2 Summary of key Institutions

There are multiple ministries and agencies of the national government of Thailand involved in the implementation of GPP:⁴⁵

Ministry of Finance (MOF)

- The Comptroller General's Department (CGD) is the main actor involved in Thai GPP. Generally, the CGD sets out the rules and regulations for procuring products and services, distributes the allocated budget to governmental agencies, and monitors spending and budgets. Most governmental agencies are subject to the regulations of the CGD, except for some organizations such as municipalities (which are subject to regulations of the Ministry of Interior).

Ministry of Natural Resources and Environment (MNRE)

- The Pollution Control Department (PCD) was assigned by the Permanent Secretary of MNRE to coordinate and pilot GPP. The PCD is responsible for selecting products, establishing the criteria for GPP target products and services, and promoting GPP implementation.

45. GIZ ISSUE Newsletter on Climate Policy in Thailand. Retrieved from:
<http://www.thai-german-cooperation.info/admin/uploads/publication/6605e1bce985f901b05dee28cb8abbaen.pdf>

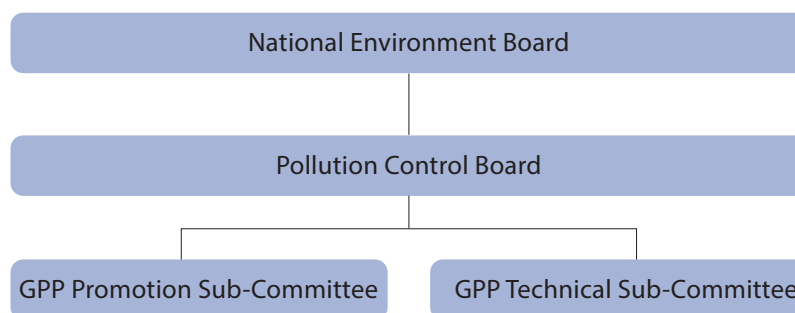
- The Department of Environmental Quality Promotion (DEQP) plays an important role in raising awareness of SCP among the general public, municipalities and SMEs through capacity building programs, project implementation, and public relations campaigns. The current Sustainable Consumption project is called “Low Carbon City”, which aims to increase demand for green products from end-users in the society.

Ministry of Industry (MOI)

- The Department of Industrial Work (DIW) plays an important role in promoting sustainable production. Its mandate is to regulate the industry to ensure the sustainability of industrial development while safeguarding the environment. One of the programs, “Green Industry”, aims to promote sustainable production in the Industrial sector. The Thai Green Industry is divided into 5 levels. The levels from 1 to 5 are Green Commitment, Green Activity, Green System, Green Culture, and Green Network, respectively. The Green Industry Program can help increase the number of GPP-compliant products.
- The Department of Industrial Promotion (DIP) has the mandate to promote and foster the industrial sector in Thailand. There are a number of programs to support manufacturers, for example, to improve energy and resource management and enhance energy efficiency and clean technology. The DIP can contribute to GPP by accelerating the number of manufacturers with green production facilities and producing green products.

In addition to these government agencies, the Thailand Environmental Institute (TEI), an NGO, plays many key roles in encouraging SCP, such as research, project implementation, consultation and training in environmental issues. TEI together with Thailand Industrial Standards Institute (TISI) administers out the Thai Green Label Scheme, which aims to reduce environmental pollution and encourage manufacturers to use clean technologies in their production processes. Certified products carry the green label. The Thai green label certified products are also automatically qualified for GPP as environmentally friendly products.

The implementation of GPP Promotion Plan is guided by the following institutional framework as shown in Figure 4-1.



[Figure 4-1] Institutional Framework for GPP ⁴⁶

46. UN Environment workshop Malaysia Dec 2015. Implementation of Green Public Procurement and Ecolabelling in Asia-Pacific Countries.

Under the Cabinet, National Environment Board acts as the central environmental governing body in Thailand.⁴⁷ The plan must first go through the Pollution Control Board, a body chaired by the Permanent Secretary of the Ministry of Natural Resources and Environment. Next, when the GPP Promotion Plan is approved by the National Environment Board, it is further submitted to the Cabinet for a final decision and promulgation.

Preparation and implementation of the GPP Promotion Plan depends on the decisions made at the relevant Sub-Committee level.

PCD is the main agency in charge of developing the GPP plans and deploying the GPP activities prescribed in these plans (providing GPP resources, conducting training, compiling monitoring results). PCD acts as the secretariat of all promotion and technical sub-committees.

There are two subcommittees leading the GPP program in Thailand, namely:

- (1) Green Public Procurement Promotion Sub-committee, established in June 2010, includes the members shown in Table 4-1 below. The GPP Promotion Subcommittee meets once or more per year depending on the circumstances, and performs the following tasks:
 - Propose policies and measures to support and encourage GPP program
 - Control and accelerate the GPP implementation by the agencies
 - Support the development of standards and driving mechanisms to certify environmental products and services with the coordination from government, private organizations and related industries
 - Approve the annual additional products and services
 - Approve the environmental products and services criteria for GPP
 - Other roles related to GPP

Ministry/Agency	Department	Position	Note
Ministry of Natural Resources and Environment	-	Deputy Permanent Secretary (Chief of Environmental Mission)	Co-Chairman
	Pollution Control Department	Director General or representative	
	Department of Environmental Quality Promotion	Director General or representative	
	Environmental Quality and Laboratory Division, Pollution Control Department	Director	Co-Secretary

⁴⁷ AECEN, 2004, "Environmental Compliance and Enforcement in Thailand: Rapid Assessment", Retrieved from: https://www.aecen.org/sites/default/files/TH_Assessmentm.pdf

Ministry of Natural Resources and Environment	Thailand Greenhouse Gas Management Organization	Director or representative	
Ministry of Industry	-	Deputy Permanent Secretary	Co-Chairman
	Department of Industrial Works	Director General or representative	
	Department of Industrial Promotion	Director General or representative	
	Thai Industrial Standards Institute	Secretary General or representative	
	Standards Division, Thai Industrial Standards Institute	Director	Co-Secretary
Ministry of Finance	Comptroller General's Department	Director General or representative	
Ministry of Energy	Department of Energy Business	Director General or representative	
Ministry of Public Health	Department of Health	Director General or representative	
Ministry of Science and Technology	Department of Science Service	Director General or representative	
Ministry of Agriculture and Cooperatives	National Bureau of Agricultural Commodity and Food Standards	Director or representative	
Ministry of Tourism and Sports	Tourism Authority of Thailand	Governor or representative	
Board of Investment		Secretary General or representative	

Federation of Thai Industries	Chairman or representative	
Green Leaf Foundation	President or representative	
National Economic and Social Development Board	Secretary General or representative	
Thai Chamber of Commerce	Chairman or representative	
Thailand Environment Institute	President or representative	
Office of the Consumer Protection Board	Secretary General or representative	
Advisors		

[Table 4-1] Members of the GPP Promotion Sub-committee

(2) **Green Public Procurement Technical Sub-committee**, established in November 2011, includes members as shown in Table 4-2 below. The Technical Sub-Committee meets regarding the GPP product/service criteria, and performs tasks such as:

- Development of the GPP environmental criteria for products and services and proposal to the Pollution Control Board
- Development of the methodologies to test products as per the GPP criteria
- Assignment of the working group (Staff of Environmental Quality and Laboratory Division under PCD) to prepare the GPP criteria
- Coordination of the GPP implementation with GPP Promotion Sub-Committee

Ministry/Agency	Department	Position	Note
Ministry of Natural Resources and Environment	Pollution Control Department	Deputy Director-General	Chairman
	Waste and Hazardous Substances Management Bureau, PCD	Representative	
	Environmental Quality and Laboratory Division, PCD	Director	Secretary
		Representative	Assistant Secretary

Ministry of Industry	Department of Industrial Works	Representative	
	Thailand Industrial Standards Institute	Representative	
Ministry of Public Health	Department of Science Service	Representative	
Ministry of Science and Technology	Department of Health	Representative	
Federation of Thai Industries		Representative	
Thailand Environment Institute		Representative	
Office of the Consumer Protection Board		Representative	
Related organizations for selected products and services			

[Table 4-2: Members of the GPP Technical Sub-committee]

1.3 GPP Implementation

1.3.1 Coverage of Public Authorities

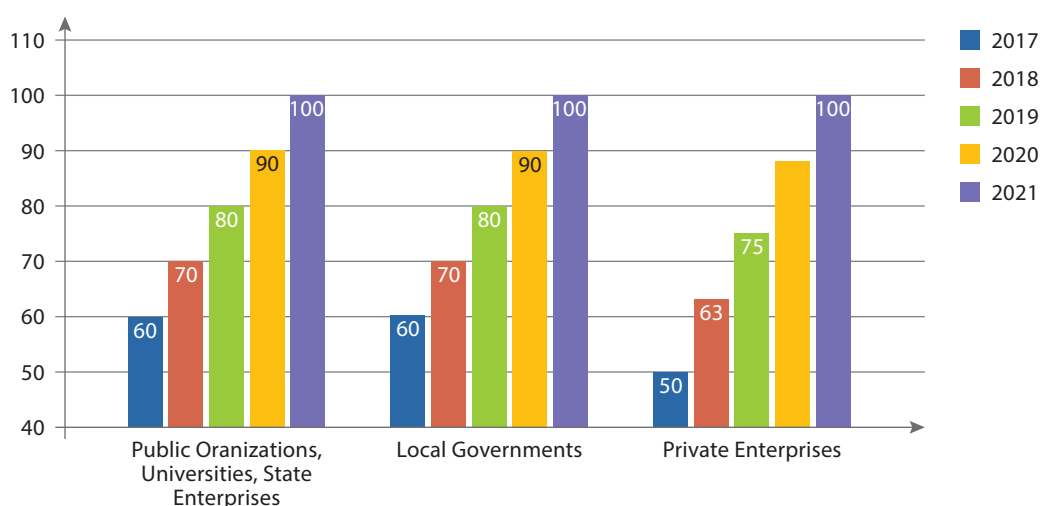
The first phase of GPP for the years (2008-2011) was guided by the First Green Public Procurement Promotion Plan, and focused on engaging the central governmental agencies, departments within MNRE (head departments in Bangkok and in the regional offices) as well as the departments of other ministries. As a result, all of the 170 target agencies participated in GPP during the first Plan.

During the implementation period of the Second GPP Promotion Plan, coverage was expanded to include public organizations and local authorities. The number of agencies implementing GPP during October 2015 to March 2016 are shown in Table 4-3.

Agencies	Target number of agencies	Number of agencies implementing GPP
1. Government Agencies	170	170
2. State Enterprises	56	44
3. Universities and Educational Institutions	254	69
4. Public Organizations	39	32
5. Independent State Agency	31	7
6. Local Governments	1259	710
Total	1809 (100%)	1032 (57%)

[Table 4-3] Number of implementing agencies during the 2nd Plan

For the third GPP Promotion Plan, Thailand Government has set up a new target for the number of organizations implementing the GPP, as shown in the table below. By the end of 2021, all of public organizations in Thailand will have implemented GPP under this updated Plan.



[Figure 4-2] Target Percentage of Organizations expected to implement GPP (2017-2021)

The implementation of GPP is being carried out on a voluntary basis. In order to expand the coverage of GPP, PCD has been dedicating human and financial resources within the government ministries and agencies to promote GPP. Such activities include the development of manuals and supporting documents, roadshow and training activities, and monitoring and evaluation.

It should be noted that because of its voluntary nature, the number of implementing agencies does not necessarily mean that the agencies are actually carrying out GPP and it also does not ensure that they will report on their procurement results. PCD has been collecting a “Letter of Interest” from public organizations to count the number of implementing agencies, which state that the organizations are willing to implement GPP.

1.3.2 Green Product and Service Criteria

To be considered “GPP”, products procured have to either fully comply with the GPP product criteria, known as the “**Green Cart**”, or be certified by the **Thai Green Label** (see section 2.2 for more information), which is the national Type 1 eco-labelling scheme.

Operated by PCD, the Green Cart has been initiated by the government as part of the GPP program since 2005. Although the criteria are based on the life-cycle considerations, they are set to be less stringent than those of the Thai Green Label as a measure to incentivize manufacturers. Moreover, manufacturers who wish their products to be recognized by the Green Cart do not have to receive on-site audits from government and must only provide relevant documentation. For these reasons, all certified Thai Green Label products can be automatically included in the product list of Green Cart, while SMEs are more motivated to get the certification from PCD.

For the first GPP Promotion Plan, PCD devised GPP criteria for 14 products and 3 services. This list has kept expanding, and as of 2017, criteria for 24 products and 6 services have been developed for the GPP program. During the third GPP Promotion Plan, PCD is planning to establish at least five GPP criteria per year.

	Phase 1	Phase 2	Phase 3
Products	1) Printing Paper 2) Toilet Roll 3) Envelopes 4) Whiteboard Markers 5) Photocopier Machines 6) Document Boxes 7) Printer Toner 8) Correction Fluid 9) Printers 10) Document Files 11) Fluorescent Lamps 12) Primary Batteries 13) Building Paints 14) Steel Furniture	15) Passenger Cars 16) Gasoline 17) Lubricants 18) Coolmode Fabric 19) Vans	20) Computers 21) UPS 22) Automobile Tires 23) Carbon Footprint Reduction 24) Automobile Battery (To be approved)

Services	<ul style="list-style-type: none"> 1) Photocopier Rental Service 2) Office Cleaning Service 3) Accommodation Service (hotel) 	<ul style="list-style-type: none"> 4) Automobile Lubricants Change Service 5) Gas Station 6) Automobile Repair Service 	
----------	---	---	--

[Table 4-4] List of GPP Product and Service Criteria

The Green Cart criteria are formulated through the following steps:

1. **Product group selection** : To select the designated products from a list of top 20 highly purchased products, the following aspects are considered :
 - a. Technical aspects (processing with lower environmental impacts)
 - b. Environmental aspects (based on life cycle considerations), and
 - c. Economic aspects (availability of alternative products/services, availability in markets, high amount of purchase)

The designated products are selected based on a scoring system developed by the PCD incorporating environmental impacts, availability of products and procurement quantity.

2. **Literature review** : Staff from Environmental Quality and Laboratory Division of the PCD conduct a literature review to collect information regarding national and international eco-labelling standards. These standards are further used to develop the GPP criteria.
3. **Drafting criteria of product/service for green public procurement** : After the preliminary selection of product categories and review of eco-labelling standards, draft Criteria are proposed to the technical sub-committee comprised of representatives from the Ministry of Natural Resources and Environment, Ministry of Industry, Thai Federation of Industry, Thai Chamber of Commerce and Thai Research Fund.
4. **Technical hearing and final approval** : Draft criteria are then sent out for a public technical hearing, and finally submitted to the Pollution Control Board for approval.

Currently, there are five technical sub-committees working on the development of the GPP criteria, including sub-committees on computers, paper products, office appliances, automobiles, and electronic appliances. PCD is also considering setting up one additional technical sub-committee on construction materials. In addition, criteria for tires, computers, UPS, battery for automobiles, and tissue rows are being devised in the period from 2016 to 2017.⁴⁸

With regard to the service sector, the 1997 Green Leaf Label is designed to recognize hotels which have passed the standard quality assessment and demonstrated their practical commitment towards

48. Tippamongkol, J., 2016.

environmental preservation and the energy efficiency. As the current GPP criteria cannot satisfy all manufacturers' demands, PCD is also allowing the procurement of other green products that do not have their own GPP product criteria, including products certified with the CoolMode Clothing Scheme and the Carbon Footprint for Products.^{49, 50}

These measures are put together to stimulate market growth for green products and enable SMEs to participate in the public procurement. The Green Cart criteria are gradually being tightened up through the revision process, narrowing the gap between the Green Label and Green Cart criteria. In the near future, the two criteria will have no difference.⁵¹

Meanwhile, to encourage the transition from Green Cart to Green Label, in 2014, PCD set a two-year limitation on the validation period of the Green Cart. After the Green Cart validation period expires, manufacturers need to re-apply for the Green Label that has more stringent criteria. With some SMEs facing the expiration of their Green Cart license, some have asked to extend the two-year period of the Green Cart, and PCD is considering the approval of this extension to products lacking in the current market.

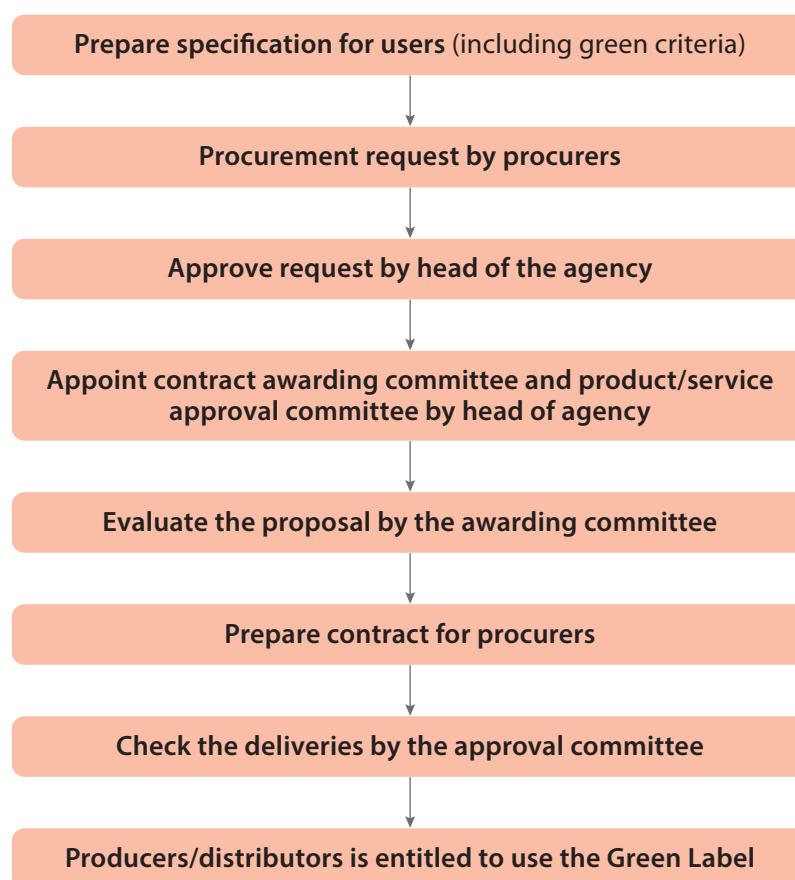
| 1.3.3 | Procurement Process

Each procuring agency primarily checks whether procuring products satisfy the Green Cart criteria the Green Label, or the Green Leaf criteria. The procurement process is carried out on the basis of GPP guidelines prepared by the PCD (shown in Figure 4-3 below). The award decisions are mainly based on the lowest cost of the designated product for procurement purpose.

49. Thailand Greenhouse Gas Management Organization (TGO, public organization) in collaboration with the National Metal and Materials Technology Center (MTEC) under the Ministry of Science and Technology has initiated the development of Carbon Footprint for Products (CFP), taking into account the quantity of GHG emissions from each production unit throughout the whole life cycle (cradle-to-grave) of a product.

50. TGO, in collaboration with Thailand Textile Institute (TTI) under the Ministry of Industry and Thai garment producers, have developed CoolMode Clothing Scheme, giving more options for consumers to select clothing that reduces GHG emissions while encouraging the climate-conscious among the producers and textile market in Thailand.

51. GIZ, 2016.



[Figure 4-3] Green Public Procurement Process ⁵²

During the process of procurement, bids from suppliers are evaluated based on technical specification and buying price. The procuring agency selects at least two parameters from a list of factors such as price, suppliers grading, quality, and product characteristics in order to assess price performance. The bids are selected as per the weighing score of the selected parameters specified by the procuring agency.

The suppliers need to submit the documents to prove the product compliance with the GPP criteria. PCD personnel check for compliance prior to including the product name into the GPP product database.

One important change is that the MOF officially announced its electronic procurement system in 2015, aimed at eradicating corruption in the state procurement process. The system is comprised of two functions: e-marketing and e-bidding. The e-marketing is a channel for any interested businesses to propose any offer for the government to consider, while e-bidding allows all government agencies to state their requirements for a product or service.

52. UNEP, 2017, "Comparative Analysis of Green Public Procurement and Ecolabelling Programmes in China, Japan, Thailand and the Republic of Korea: Lessons Learned and Comment Success Factors".

Procurement with a budget ranging from 100,000 to 5,000,000 THB utilizes the e-market. Meanwhile, the e-bidding process is used for a procurement budget over 5,000,000 THB. Two product groups initially chosen were office supplies (5 items, including printing paper, toner cartridge, envelop, document file, and adhesive tape for book cover) and medicine (2 times). The e-market has been expanded to cover two more product groups, which were office desks (2 items, including computer desk and working desk) and office chairs (2 items, including chair with wheels and chair without wheels) since May 2016.

There are four product groups to be procured by either the e-market or e-bidding method depending on the procurement budget. Some green products are already in the e-market catalogue, such as green printing paper and green toner cartridge. Therefore, some products in the GPP list have already been integrated into the National e-procurement system.

PCD has been collaborating with the CGD under the MOF to actively utilize these mechanisms to motivate GPP. They have successfully managed to separate the green products from non-green products in the e-catalog, which would make procurer easier to identify green products when purchasing printing paper and toner cartridge. PCD is also trying to expand the product items in e-procurement to include other products with already established GPP criteria.⁵³

1.3.4 Capacity-building of Procurers on GPP

As GPP in Thailand is operated on a voluntary basis, and is also highly decentralized, the PCD has been carrying out the following activities to build the capacity of procurers and to promote the implementation of GPP: ⁵⁴

- The PCD organizes training and/or seminars for procurement staff within the government for at least four times per year.
- The PCD organizes road shows and trainings in provincial hubs periodically for the promotion of GPP.
- The PCD holds several seminar and meeting with manufacturers on registration to GPP database and Draft Criteria.
- The PCD provides information for procurers in a GPP Handbook, and also provides information and tools to procurers on life-cycle costing, environmental cost analysis, and a platform for reporting.

In order to disseminate information, the PCD has developed a GPP Handbook and a Green Product Directory. This includes information about the Guidelines for Green Purchasing, GPP product and service criteria and the GPP Directory, which is a database of products and services that are environmentally friendly. The database consists of green products, such as those certified by the Thai Green Label as well as those that comply with Green Cart Criteria.

As an incentive for the procurers, “Best Procurement Award” has been given to best performing agencies by the Prime Minister or the Minister of Natural Resources and Environment based on the results submitted to the PCD.⁵⁵

⁵³. Based on the interview with PCD.

⁵⁴. UNEP, 2017, p.78.

⁵⁵. Based on the Interview with PCD.

1.4 GPP Monitoring & Evaluation Mechanism

Procurement is decentralized within the Government, and spread across 170 different agencies. Each agency makes its own purchases of green products using the GPP Product Directory as an information source, and tracks purchases through its own mechanisms in order to be able to report afterwards. Purchases of green products and services are monitored for certain prioritized product/service groups. Tracking is conducted with a focus on the following indicators:

- Total amount of purchases of designated products/services that are green (both in units and economic value).
- Percentage of designated products/services that are green in relation to total purchases of those products/services.

In order to facilitate data reporting and consistency, PCD has set up an online electronic reporting system, which aims to assess the effectiveness and environmental impact mitigated from GPP implementation. The participating government agencies were requested to report their procurement activities to PCD every six months. The data to be added by agencies include:

- Reporting agency.
- Name of reporter.
- Reporting date.
- Name of products or services procured.
- Amount of products or services procured (units).
- Number of unit of products or services procured (i.e., piece, ream, gallon).
- Total spending for each product or service procured (Thai Baht).

Although all 170 national government agencies adopted GPP under the first GPP promotion plan, only 40% of agencies reported their GPP activities to PCD. There were 12 product groups purchased out of 17 product groups in the GPP product list. However, only 8 products achieved the proposed target of unit and value of products and services in 2011.

The other four products and services failed to meet the target due to several reasons including:

- Too few products and services available in the market that have been certified by the Thai Green Label or that fully complied with GPP criteria (for example, in case of whiteboard markers, steel furniture, and document boxes).
- Certified services, such as Green Leaf hotels, tend to have a higher price than government budgets allow.
- Products were categorized in contracts for services rather than as a products (for example, in building paint).
- Leased products showed non-compliance (for example, leasing of photocopiers).⁵⁶

Despite reporting challenges, with the information gathered on the level of purchase of green products, the PDC, in collaboration with the National Science and Technology Development Agency (NSTDA), calculated the following indicators to communicate the benefits of GPP and promote it further: ⁵⁷

- Estimated sustainability benefits of buying green products.
- Contribution of available Green Products in the market.

To assess the impact on the market of the First GPP Promotion Plan, NSTDA also evaluated the following two aspects:

- The evolution of the number of products certified with the Thai Green Label, differentiating between products included in the First GPP Promotion Plan and products not included in the Plan, to assess whether the Plan encouraged manufacturers to produce and certify designated green products.
- The evolution of market sales of eco-labelled products including the government purchases (for three products groups: building paints, printing paper, and photocopying machines).

With the information provided each semester by implementing agencies, PCD compiles a monitoring results report that is presented to the Cabinet every year. A summary of the report is also posted on PCD's green procurement website. Furthermore, an evaluation report, based on the results of the research project conducted by PCD and NSTDA, is also produced and made available on NSTDA's website.

1.5 Level of GPP Implementation

Although not all of the results from the activities of the three Plans are available, the level of GPP implementation in Thailand can still be observed by studying the development of the GPP Plans over time.

During the implementation phase of the first GPP Promotion Plan (2008-2011), the percentage of green products and services procured (unit) and participating agencies were targeted in a progressive manner from 2008 to 2011, as shown in Table 4-5. As of 2011, all 170 central government ministries and agencies submitting their Letters of Interest, the target number for the participating agencies has been achieved.

Target	2008	2009	2010	2011
Percentage of the volume and value of green products and services purchased comparing to total procurement	25	30	40	60
Percentage of the participating government agency comparing to total government agency	25	50	75	100

[Table 4-5] Targets of the first GPP Promotion Plan⁵⁸

The results from the first GPP Promotion Plan are shown in Table 4-6. Participating agencies spent more money on green products (61% of overall budget) than they did on non-green products. However, the results are based on only the reports from 40% of the implementing agencies on 12 GPP products, so the target set for the purchase volume and value is likely to have been only partially achieved.

Evaluated issue	Results
Budget spent on environmentally-friendly products (in parenthesis is proportion to overall budget)	570.03 million THB (61%)
Budget spent on general products (in parenthesis is proportion to overall budget)	359.23 million THB (39%)
External cost savings	223.5 million THB
CO2 emission reduction (based on procurement of 10 products)	25,685 tonCO ₂ eq

[Table 4-6] Economic and Environmental Impacts from the first GPP Promotion Plan⁵⁹

It should be noted that the first GPP Promotion Plan greatly influenced the green products and services market in the country and the manufacturers and service providers became interested in producing and provision of environmentally-friendly products and services. After the GPP policy announcement in 2008, the number of certified Thai Green Label products significantly increased from 191 in 2008 to 622 in 2014, with annual growth of 32.5% (more details in the section '2.2.2 Products and Trends').⁶⁰

⁵⁸. GIZ, 2016.

⁵⁹. Ibid.

⁶⁰. Ibid.

The same indicators were used for the 2nd GPP Promotion Plan. Under the second GPP Promotion Plan, the local authorities (public organizations, state enterprises and universities) and municipalities also participated in the GPP. However, the percentages of participating government agencies were set differently between municipalities and local authorities as shown in Table 4-7 below.

Target	2013	2014	2015	2016
Percentage of the volume and value of green products and services purchased compared to total procurement	70%	75%	80%	90%
Percentage of the participating local authorities compared to total local authorities (in parenthesis show the number of local authorities)	50% (89)	60% (107)	70% (125)	80% (178)
Percentage of the participating municipalities compared to total municipalities	10% (209)	15% (313)	30% (627)	50% (1,044)

[Table 4-7] Targets of the 2nd GPP Promotion Plan ⁶¹

At the beginning of the second GPP Promotion Plan implementation, PCD struggled to gather data. Data from government agency GPP reports were limited and did not represent the actual results of GPP implementation. After October 2014, PCD received procurement data which better represented the result of GPP implementation. Table 4-8 provides a summary of procurement data of individual products and services collected from participating agencies during the Second Promotion Plan.

The overall results reveal that the percent of green products and services procured was about 61.3% comparing to 28.7% of non-green ones. It is interesting to point out that the budget spent for green products and services was less than that for the non-green procurements.

PCD and NSTDA estimated that during the implementation period of the second GPP Promotion Plan, if the voluntary implementation of 17 products met the target, environmental benefits would reach 79,063.53 million THB (equaling 51.99% of 17 products purchased value), while Greenhouse Gas emissions would be reduced by 11.13 MtCO₂ eq.

⁶¹ The national statistical data in 2013 showed that there were 2,088 municipalities and 178 local authorities in Thailand, and the target has been set in accordance with this data. GLZ, 2016.

Product & Service	Value (THB)			Volume (unit)	
	Total	Green	%	Green	Unit
Green Products					
1. Printing paper	157,557,933	145,460,837	92	1,764,688	Ream
2. Correction Fluid	3,213,730	2,889,922	90	52,687	Piece
3. Fluorescent lamps	2,521,981	991,324	39	15,567	Tube
4. Steel furniture	571,610	560,510	98	145	Unit
5. Toilet rolls	11,821,244	4,260,308	36	110,594	Roll
6. Primary batteries	1,737,691	1,064,894	61	66,482	Piece
7. Whiteboard markers	1,078,895	485,588	45	24,568	Piece
8. Photocopier machines	19,805,318	19,805,318	100	444	Unit
9. Printers	15,120,495	2,056,337	14	142	Unit
10. Printer Toner	159,768,689	25,131,981	16	12,707	Cartridge
11. Building paints	9,797,532	2,933,519	30	2,976	Tank
12. Envelopes	6,315,318	3,472,427	55	2,148,790	Piece
13. Document boxes	1,425,508	614,963	43	6,093	Box
Green Services					
14. Office cleaning services	317,708,204	254,237,345	80	401	
15. Photocopier rental services	62,491,308	36,960,551	59	20,913	
16. Accommodation services	40,386,122	20,961,731	52	436	
17. Automobile lubricants change service	970,480	15,664	2	3	
Summary	812,292,057	521,903,218	64		

[Table 4-8] Procurement Data of the Second GPP Promotion Plan

Currently, Thailand is setting targets and goals for the Third GPP Promotion Plan, as shown in Table 4-9. The target for the number of the implementing agencies is to encourage 100% of public and private sectors (those registered in the stock market) to implement GPP.

By comparing these three GPP Promotion Plans, we can observe the two kinds of general trends:

- First, there is a rapid expansion of the number of agencies implementing GPP. If implementation goes by the Plan, by 2021, all government-related agencies and companies registered in the stock market will be implementing GPP.
- Second, there has been a *gradual expansion of GPP criteria for products and services*. Once again, according to the third Plan, by 2021, there would be 25 new or revised criteria prepared for GPP.

	First Plan ('08~'11)	Second Plan ('13~'16)	Third Plan ('17~)
Objective	<ul style="list-style-type: none"> • To encourage governmental units in implementing GPP 	<ul style="list-style-type: none"> • To encourage governmental units in implementing GPP • To support private sector in green production and to increase green products in markets • To change consumption behaviors to sustainable consumption 	
Strategy	-	<ol style="list-style-type: none"> 1. Increasing the GPP volume 2. Stimulating more green products 3. Supporting sustainable consumption in public and private sector and general public 4. Monitoring and steering the GPP Plan 	<ol style="list-style-type: none"> 1. Increasing the GPP volume 2. Stimulating more green products 3. Implementing economic and legal regulation 4. Environmental friendly society 5. Monitoring and steering the GPP Plan
Coverage	<ul style="list-style-type: none"> • Government departments within Ministries • MNRE departments <ul style="list-style-type: none"> - Central offices - Regional offices 	<ul style="list-style-type: none"> • Government departments <ul style="list-style-type: none"> - Ministries 100% - Municipalities 50% • State enterprises, Public authorities, Universities (100%) 	<ul style="list-style-type: none"> • Government departments <ul style="list-style-type: none"> - Ministries 100% - Municipalities 50% • State enterprises, Public authorities, Universities (100%) • Private sector registered in stock market (100%)
GPP Criteria ⁶²	<ul style="list-style-type: none"> • 14 Products • 3 Services 	<ul style="list-style-type: none"> • 17 Products • 6 Services 	<ul style="list-style-type: none"> • 24 Products • 6 Services

[Table 4-9] Comparison of the Three GPP Promotion Plans

⁶². Number of criteria at the starting point of the plan.

GPP still remains voluntary for agencies and organizations. Therefore, to achieve these targets effectively, PCD proposed the following steps as the way forward : ⁶³

- Legal review on laws, acts and rules on procurement.
- Awareness-raising to wider society.
- Technologies/knowledge support for SMEs.
- Promotion for Sustainable and Green Market.
- Integration of GPP monitoring and evaluation system through the procurement reporting system.

2. Eco-Labeling Scheme in Thailand

2.1 Eco-labeling Scheme

The Thai Green Label scheme was initiated by the Thailand Business Council for Sustainable Development (TBCSD) in October 1993 with approval and collaboration from the Ministry of Industry, Ministry of Science, Technology and Environment, Thai Industrial Standards Institute (TISI) and other relevant agencies. In August 1994, the Thai Green Label Scheme was formally launched by TEI in association with TISI.

The Thai Green Label is a Type I environmental certification scheme according to ISO 14024. The Green Label is awarded to specific products with minimum detrimental impact on the environment compared to conventional products. The Green Label scheme is voluntary and applies to many different products and service categories. So far, the scheme does not cover foods, beverages, or pharmaceuticals.

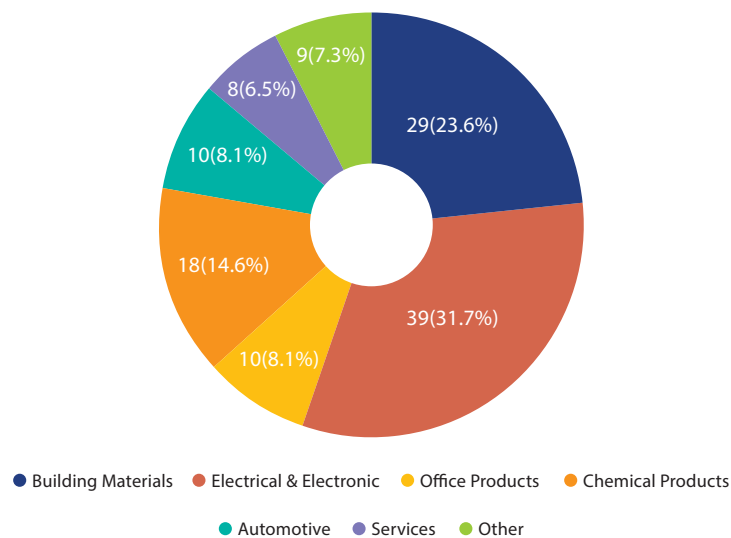
The main authority responsible for the Thai Green Label scheme is the Thai Green Label Board Administrative Committee. The administrative board committee manages the Thai Green Label, while the technical subcommittee is responsible for the development of product criteria and test methods for the label.

Interested individuals, manufacturers, consumers, associations, or groups of environmentalists can propose or recommend types of products to the secretariat office for new criteria. Proposals must include details of the products, their marketing significance, and the reasons on how the specific products can help lower environmental impacts, along with supporting information that can be verified. In choosing new categories, the results of marketing studies or research, and the Promotion Plans on GPP are also considered.

The selected product category is proposed to the Administrative Board of Committee for approval. Afterwards, the technical sub-committee is appointed to prepare a draft of the criteria for selected product categories. There are several technical sub-committees depending on the types of products, comprising of scholars and specialists for the specific types of products, environmental specialists, laboratory representatives, and entrepreneurial representatives.

2.2 Products & Trends

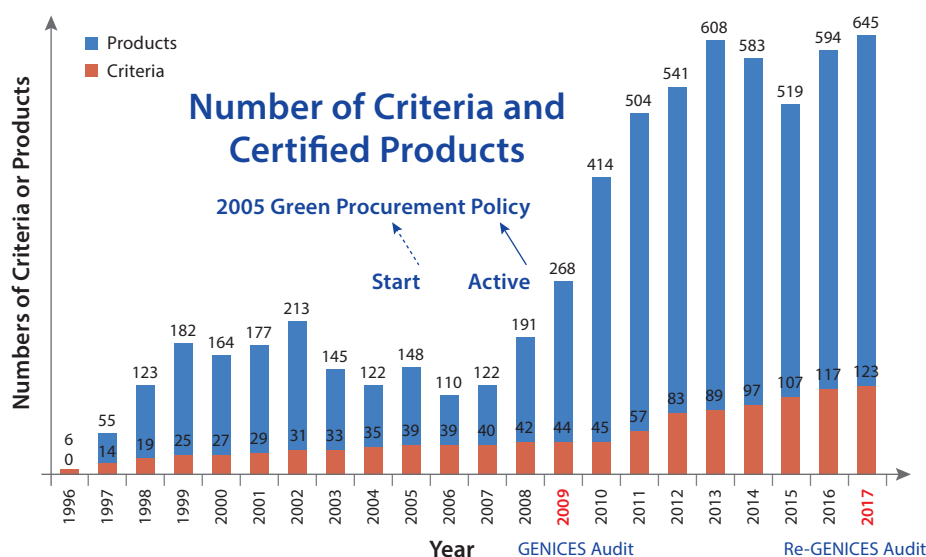
There are currently 123 product criteria in total for the Thai Green Label (listed in the Annex).



[Figure 4-5] Green Label Criteria by Product Categories

After the introduction of a GPP pilot program in 2005, by 2008 the number of eco-labelled products increased from 148 to 191. The number of certified products rapidly increased from 191 to 645 from 2008 to July 2017.⁶⁴ As of July 2017, 645 products within 26 product categories from 61 companies have been certified under the Green Label Scheme.

⁶⁴ A slight decrease in 2014 and 2015 is explained by the large number of expiration of the products that were certified a few years ago, compounded by the postponement of the decision to renew the certification due to the increase of the application fee around 2012.



[Figure 4-6: Numbers of Criteria and Certified Products] ⁶⁵

The product categories certified by the Thai Green Label are shown in the table below (as of July 2017)⁶⁶ :

No.	Products	Model	No.	Products	Model
1	Recycled plastics	4	14	Panels for the Building, Decorating and Furniture Industry	3
2	Paints	238	15	Products made from Cloth	1
3	Ceramic Sanitary Wares: Water Closets	5	16	Portable Fire Extinguisher	9
4	Paper	63	17	Bricks and blocks	1
5	Printing and Writing Paper	25	18	Printers	10
6	Laundry Detergent Products	4	19	Vehicles	41
7	Faucets and Water Saving	18	20	Plastic Floorcovering	3
8	Fiberglass Insulation	11	21	Lubricant oil change service station	6
9	Rubber Insulations	13	22	Cement Roof Tiles	1
10	Dishwashing detergents	3	23	Adhesive	2
11	Surface Cleaners	6	24	Cement Board	1
12	Correcting Agent	3	25	Unplasticized Polyvinyl Chloride Pipes for Drinking Water	2
13	Photocopiers	171	26	Portland Cement	1
Sum of Products					645

[Table 4-10] Number of Certified Products by Product Groups, July 2017

⁶⁵. Based on the data provided by the TEI during the interview.

⁶⁶. <http://www.tei.or.th/greenlabel/pdf/2017-07-Name-GL-th.pdf>

Compared to the 123 established criteria, the number of certified products are concentrated in relatively few product categories. Our interview with TEI identified two main reasons for this:⁶⁷

- First, the 100 or so inactive criteria reference test methods that are not practical in Thailand. Being established or revised before 2015, criteria mainly utilize test methods as indicated in the eco-labelling criteria of the EU or the United States. At the time, no sufficient survey was made on the availability of the specific types of testing, especially for small- and medium- sized enterprises (SMEs). As a result, 70 to 80 percent of certified products are currently manufactured by large enterprises, which can easily test their products.

An adjustment has been made and the new and revised criteria from 2015 are now aligned with national and international standards so that testing can be conducted by most of the laboratories within Thailand. Results show that since 2015, those criteria have actually experienced increase in certification numbers. To incentivize SMEs, TEI is devising multiple options, such as coupons for SMEs. TEI has just signed an MOU with Central Lab Thailand to drop down the costs for the testing.

- Second, criteria for categories with few certified products are not considered priority as they are not listed in the GPP product list. As mentioned before, being on the priority product list for GPP provides considerable incentives for companies to acquire Green Label for their products.

Currently, TEI is proposing more construction products, chemical products, and electronic devices that already have the Green Label criteria to be included in the GPP product list based on market demand.

2.3 International Cooperation by the Thai Green Label

TEI has started several initiatives to promote the international cooperation of the Thai Green Label, such as:

- Thai Green Label Scheme has been a member of Global Ecolabelling Network (GEN) since 2001.
- The TEI has developed “common core criteria” for printers and copiers with Ecomark Japan and Taiwan for the mutual recognition of eco-labels.
- Mutual Recognition Agreements (MRA) with Taiwan, South Korea, New Zealand and Australia, on acceptance of standard laboratory test results.

The Thai Green Label Scheme implemented by TEI has signed bilateral mutual recognition agreements (MRA) with ten Eco-labelling Schemes in eight countries, including the Environment Development Foundation (EDF) of Taiwan in 2001, Korea Environmental Labelling Association (KELA) in 2002, the New Zealand Ecolabelling Trust (NZET) in 2004, Japan Environment Association (JEA) in 2004, Australia Environmental Labelling Association (AELA) in 2005, China Environmental Labelling Program (CEC) in 2007, Taiwan Green Building Material Label in 2013, Green Choice Philippines Programs in 2014, Hong Kong Green Label Scheme in 2015 and SIRIM of Malaysia in 2016.

All recognition agreements in six countries cover: (i) recognition on the laboratory testing, (ii) product certification operation system including on-site audit recognition, and (iii) specific requirements of the criteria. In 2008, the Scheme exercised the MRA with EDF and AELA, respectively, by assisting the aforementioned programs to perform on-site assessments in three cases.

The Scheme also conducted and participated in an international cooperative among four countries, including Taiwan, Korea and Japan for Common Core Criteria development in 2002 (paints and Toner cartridges) and 2003 (televisions, DVD/VCD players and multifunction devices). In 2004, Thailand Green Label successfully developed Common Core Criteria with Japan for copiers and printers.

The Scheme recognizes this MRA mechanism as an international environmental management tool which is capable of synergizing various Eco-labelling programs/actions. This mechanism expands the global market for green products and provides for environment and resource conservation. All the MRAs are publicly available from the Scheme.

2.4 Thai Green Label Challenges and Potential Solutions

Challenges with the certification process and possible ways of improvement have been identified during our interviews with TEI.

Source	Challenges	Potential solution
TEI	Limitation in certification process after applying for ISO/IEC 17065 e.g. insufficient specialists, auditors, etc.	Outsourcing audit and lab test
	Complication of verification process	Remove/reduce redundant processes
Manufacturer	No lab for some tests	Outsourcing
	High cost for testing	MOU with Labs
Others	Green Cart products not coming to Green Label	Review GPP Policy
	No incentive to convince manufacturer	
	Not enough public communication	Set up more public activities
	Consumers lack of knowledge in relation of eco-label and green products	Promote Green Label and give updated information to consumers

[Table 4-11] Issues from certification procedures⁶⁸

68. Based on the interview with TEI.

3. SWOT Analysis on GPP in Thailand

3.1 Strengths

Current **national policies and strategies have strongly advocated for the implementation of GPP** in Thailand. The Thai Government has treated the overall concept of SCP as one of the priorities that the whole society should pursue. Moreover, the consecutive *National Economic and Social Plans and Environmental Quality Management Plans* have stressed the importance of the government's role in purchasing green products and services. The emphasis on GPP from these plans and strategies gives stakeholders a significant push towards the active participation in GPP.

The organizational structure has is clearly established, and the responsibilities and roles among various organizations are defined distinctively. PCD as the policy owner, leads the promotion of GPP while other relevant ministries and agencies support the PCD within their capacities. The inter-ministerial coordination mechanism, including the GPP Promotion Sub-Committee and the GPP Technical Sub-Committee, is also in place to propose and approve any major decisions on the promotion and implementation of GPP. The **cooperation among relevant stakeholders is indispensable** as the procurement of green products and services can rarely be managed by one single ministry or agency, especially as procurement is decentralized.

Through the implementation of one pilot program and two GPP Promotion Plans since 2005, **Thailand has accumulated considerable experience with GPP**. The coverage of GPP implementation has already gone beyond public agencies to include the private sector. In addition, based on the procurement data, market analysis, and also the environmental impacts of the products and services, 27 GPP product and service criteria have been established so far. Expansion of the criteria (five criteria per annum) is also proposed in the current third GPP Promotion Plan. Within this process, environmental and economic impacts have also been estimated with the assistance of National Science and Technology Development Agency.

PCD is providing capacity-building assistance for relevant stakeholders. Promotional activities are carried out regularly and extensively for both procurers and suppliers, including the training workshops, roadshow events, and GPP Handbook. Also, the Product Directory, downloadable from website and mobile application, is being used as the proper source of GPP information.

Last but not least, the **Thai Green Label has provided a good basis for the procurement of green products**. Green Label criteria have acted as the foundation for the GPP product and service criteria. Moreover, since the enactment of the GPP Promotion Plan, an upward trend has been recorded on the overall number of certified products. GPP products are certified more frequently than non-GPP products.

3.2 Weaknesses

There is a **lack of legal provisions that mandate the government ministries and agencies to carry out GPP**. There is no specific law dedicated to GPP. Currently, there is one mention of GPP embedded in procurement legislation (the Prime Minister's Notification on the procurement guidelines for e-market and e-bidding). The new Law on Public Procurement and its regulations come into effect in August 2017; at the time of writing, it was still unclear whether GPP will be included in one of these regulations as before. Since the policies and frameworks to promote GPP can be *ad hoc*, it is preferable to have a solid legal foundation for the implementation of GPP.

Although the coordination mechanism exists that acts as a fora for all the relevant ministries and agencies, **cooperation and coordination among the Ministries and agencies is still not strong enough**. As PCD can only advocate for stakeholders to take part in the implementation of GPP, its power is limited. PCD has to constantly convince the other agencies, especially the CGD, on the rationale for carrying out GPP to establish some necessary procedures, such as the aforementioned procurement regulation on GPP. This could also signify the lack of GPP awareness among procurement staff on the required technical knowledge.

More importantly, **implementation of GPP is voluntary in Thailand**. The number of implementing agencies does not reflect the real uptake of practice, as agencies only have to submit a letter of interest to show that they are participating in GPP. Correspondingly, reporting is also not a mandatory requirement, resulting in low response rates.

The reporting and monitoring system for GPP is completely separate from the procurement system, compounding the situation and affecting the integrity of the procurement data. The lack of centralized purchases and procurement platforms requires each implementing agency to track their own GPP data, which requires time and dedicated human and financial resources. The e-market and e-bidding, on the other hand, do have potential to further include GPP products in their e-catalogue. PCD is currently collaborating with the CDG on this matter, but no additional decision has been made so far.

Despite the role of PCD in promoting the GPP among public and private sectors, **economic incentives provided to both procurers and suppliers are far from adequate**. Only the reputation incentive, called "Best Procurer Award", has been provided to government procurers. Discussions were made a few years ago on selecting GPP as one of the operational indicators to assess the works of public organizations, without any fruitful result. Measures to incentivize the suppliers, such as tax incentives, are also needed.

In addition, **suppliers are having difficulties in acquiring the Thai Green Label** for their products and services, which can result in the lack of availability of prioritized products in the market. The transition from the Green Cart to the Green Label is also not occurring as government has hoped. The inadequate testing methodologies used in few Green Label criteria may have hampered manufacturers from getting their products tested. Other procedural matters including the fee for the application and testing or redundant certification process may explain these difficulties. As TEI is

actively taking measures on this issue, with better cooperation with the PCD, this issue is likely to be resolved in the near future.

3.3 Opportunities

Global trends towards climate change and other environmental considerations are strengthening the rationale for the active implementation of GPP. Thailand has stated in its Nationally Determined Contribution that the country intends to reduce its greenhouse gas emissions by 20 percent from the projected business-as-usual level by 2030. To meet this target, the need to foster “Green Growth” by stimulating SCP is indisputable. As government procurement expenditure accounts for 24% of the total government expenditure of Thailand (as of 2016), it should be considered highly desirable for Thailand to use its purchasing power to promote the green market and green industry.

Also, increasing number of green products and services in the market, which are in part stimulated by GPP policies, is also **consistent with the global trade opportunities**. As trade regulations on the environmental aspects of products and services are strengthened, export-oriented manufacturers will have to adapt to the technical requirements proposed by the import countries (usually advanced economies). The government can utilize this opportunity to accelerate the development of green technology and the green market domestically. If not treated seriously, this may become obstacles for the Thai products in the global market.

International support has been provided by the International Organizations and other advanced countries on this subject as well. Thailand has participated in the EU SWITCH-ASIA National Policy Support Program as well as GIZ Advance SCP Program (previously known as SCP4LCE Project). This international support is often used to justify GPP implementation and can facilitate experience and expertise sharing from all around the globe.

3.4 Threats

An unstable domestic political situation persists in Thailand which can lead to inconsistencies within the overall GPP policy. This was observed at the beginning of the second phase of the GPP Promotion Plan: unable to acquire final approval from the Cabinet, the Plan was implemented insufficiently in terms of the level of support from other Ministries and agencies. This instability also caused the low response rate of reporting during certain periods.

International financial instability and fluctuating oil prices may cause the price of products and services to go up, which would make the green products less desirable in price. Although this possibility should constantly be taken into consideration, uncertainty for this factor is relatively high as well, so it is recommended to tackle the perception of green products being more expensive first.

4. Summary and Policy Recommendations

4.1 Summary

Thailand, with more than a decade of experience, is now leading the implementation of GPP within the region. The Third GPP Promotion Plan, which is now waiting to be approved by the National Environment Board and the Cabinet, aims at including not only the public sector organizations, but also the private companies that are registered in the stock market. This is a remarkable milestone that signifies the expansion of the green procurement beyond the government.

The Thai Green Label, operated by the Thailand Environment Institute, provided a good basis for GPP implementation with relatively abundant criteria, though only a limited number of eco-labelled products in the market. After the adoption of the GPP Promotion Plan, the number of certified products increased substantially, especially those that are prioritized by the Plan. To stimulate more enterprises to produce green products suitable for GPP, PCD has developed a separate labelling scheme called Green Cart, utilizing the Green Label criteria as the foundation. Now there is a need to encourage Green Cart products to be certified with the more stringent Green Label to strengthen their environmentally-friendly features.

However, not everything is running smoothly in Thailand. Implementation of GPP is still voluntary which causes difficulties given how decentralized procurement is. PCD has been spending significant amount of efforts and resources on the promotion of GPP implementation. Legal regulations, incentive mechanisms, and better integration with the procurement system can be put in place to stimulate the participation from fellow Ministries and agencies and private enterprises. In order to do so, PCD and the Comptroller General's Department under the Ministry of Finance have to collaborate more closely to devise policy mechanisms that will make GPP more effective and efficient.

In this preliminary study, we have identified some barriers that hamper the promotion and implementation of GPP in Thailand. Based also on our interviews with government officials, we have identified their needs for further development of GPP structure and process. The following section lists the activities that we consider critical to ensure an effective and successful implementation of the third GPP Promotion Plan.

4.2 Policy Recommendations

To conclude, we suggest the following policy recommendations.

GPP Recommendations

Revise and modify the legal framework for procurement to include GPP

Thailand has been using the national development plans and the environmental quality management plans as its legal basis. GPP as a legal provision only appears in the *Notification from the Prime Minister's Office on the Procurement of e-market and e-bidding*. As the new Law on Public Procurement and its regulations come into effect in July 2017, this Notification from 2015 will become invalid. However, when interviewed in early July, the PCD was still not certain about whether a similar provision would be included in the upcoming regulations or not.

With no legal provision that clearly states the roles and responsibilities of preparing and implementing the GPP policy, the PCD might have to keep struggling to get the related provisions embedded into the laws and regulations that are under other Ministries' jurisdiction. Furthermore, the measures taken to promote the implementation of GPP in the future, such as the economic and reputational incentives, can be regarded as ad hoc without a solid legal foundation. As GPP is running on a voluntary basis, this instability and inconsistency might cause confusion among participating organizations.

Therefore, a stand-alone law on GPP should be considered by the GPP Promotion Sub-committee. This law could empower relevant Ministries and agencies to carry out the GPP promotion activities with greater justification and motivation. The implementation of GPP by governmental organizations could also become compulsory. The practices from the last decade could be utilized as the convincing evidence for all the achievements have been made through GPP.

Strengthen cooperation and coordination among ministries on GPP

GPP combines environmental protection issues and public procurement issues that lead to overlapping responsibilities among ministries. However, because the environmental criteria need to

be integrated into the procurement process, the role of PCD is relatively limited by the intention of other departments that set the rules for public procurement. Therefore, it is essential to constantly bring in other relevant ministries and agencies and convince them of the necessity of implementing GPP.

Cooperation and coordination should be strengthened among ministries and agencies on GPP, most importantly between PCD (under the MONRE), and CGD (under the MOF). The existing sub-committees can act as the forum to carry out this activity.

Establish and revise the GPP criteria

So far the GPP criteria of Thailand have mainly focused on the office equipment, building equipment, and automobiles, but the need to develop criteria for building materials has been continuously stressed by stakeholders. Establishing GPP criteria for building materials has represents a large potential to improve the ministries and agencies' GPP performance, due to the large volume of purchases of such materials.

Establishing GPP criteria for building materials is both legitimate and desirable. If there is a Thai Green Label to reference, the prioritization can be made accordingly. In the process of developing the criteria, suppliers should be engaged to ensure the quality and availability of products and services.

In addition, revisions of the existing GPP criteria should be made regularly to reflect the market and to strengthen environmental performance requirements. Suppliers who participated in the bidding procedures with the Green Cart label should be encouraged to get their products certified by the Thai Green Label. The plans to synchronize the GPP criteria with the Thai Green Label should be decided well in advance to send the signal to the manufacturers, while minimizing possible complaints.

Link GPP with e-market and e-bidding

When purchasing certain groups of products, e-market and e-bidding schemes require the utilization of the e-catalogue by procurers. PCD has collaborated with the CGD on separating the green products from non-green products in this catalogue. With this intuitive information provided, green procurement of printing paper has already been made easier. As the expansion of the product groups to be procured through the e-market and e-bidding is expected, those products with existing GPP criteria could be selected to increase the procurement of green products. Doing so will also strengthen the ability to monitor and report on GPP implementation.

Communication and awareness-raising for government procurers and suppliers

Communication and awareness on the rationale and benefits of GPP must be carried out regularly in order to motivate the active participation by relevant stakeholders. From other countries' experience, these activities can include exhibitions on green products and technologies, international symposiums on GPP, and other opportunities for stakeholder engagement.

Economic and reputational incentives are generally lacking in Thailand. Based on our interviews, there have only been "Best Procurer Awards" awarded to procurement staff in the past. GPP can be

integrated into the indicators for evaluating organizational performance, as in Malaysia and South Korea, which can motivate government procurers to invest more effort in GPP implementation.

As the private enterprises that are registered in the stock market are the target for the Third GPP Promotion Plan, they should be targeted in communication and awareness-raising activities. There could be pilot implementation with a number of enterprises to develop mechanisms that can promote and monitor their GPP activities, and to demonstrate to other enterprises the positive impacts of purchasing green products, including achieving cost savings.

Engagement with the green product and service suppliers also accounts for a significant proportion in promoting GPP. The availability of green products in the market and their competitive price have a large influence on GPP implementation rates. Thus for suppliers, schemes that are in place to promote the development of green technology and greener products and services in a wide range of categories should be advocated properly.

Integrate GPP with the national procurement system

PCD has utilized a completely independent reporting system to monitor and evaluate the implementation of GPP by public organizations. Once again, the voluntary basis has kept the response rate low. The procurement system used by the Ministry of Finance to monitor public procurement should properly integrate the data needed for the monitoring and evaluation of GPP. Methods should also be devised for monitoring and evaluating the green procurement made by the private sector using similar methods.

Green Label Program Recommendations

Communication and awareness-raising for enterprises and public

As the number of certified products is concentrated in only few product categories, TEI should spend considerable effort on the communication and awareness-raising campaigns for enterprises. Economic and reputational incentives should be devised through the collaboration with other relevant authorities, tying GPP targets to the purchasing of Thai Green Label certified products and services.

The benefits of purchasing eco-labelled products should be communicated to the general public as well, as consumers can be sensitive to the hazardous chemicals, energy consumption, and GHG emissions generated throughout the life cycle of the products. As the ultimate purpose of product labelling is to shift the consumer's behavior towards sustainable consumption, engagement with the general public should not be neglected.

Capacity-building for suppliers

In the process of preparation for the certification, including the preparation of the document and testing of the product sample, the difficulties for enterprises should be minimized. Training and workshops for interested parties can be held regularly to familiarize the suppliers with the certification

procedures. Furthermore, as testing of the product sample can be burdensome for some enterprises, especially for SMEs, assistance can also be provided. TEI has signed a MOU with the Central Laboratory of Thailand to collaborate on the testing methodologies used in the criteria, and to lower the cost for the testing of the product samples from SMEs as well. Other assistance and incentives can also be devised by referencing other countries.

References

Report

UNEP, 2017, Comparative Analysis of Green Public Procurement and Ecolabelling Programme in China, Japan, Thailand and the Republic of Korea: Lessons Learned and Common Success Factors, Paris: France.

UNEP, 2016, Monitoring Sustainable Public Procurement Implementation: Recommendations and Case Studies, Paris: France.

GIZ, 2016, Baseline Data and Study on National Green Public Procurement in Selected Countries: Indonesia, Malaysia, Philippines and Thailand, Report from the Advance SCP Project.

GIZ, 2015, Newsletter on Climate Policy in Thailand, 4th February.

Presentation

Suksod, J., 2015, "Green Public Procurement in Thailand", presentation at the International Symposium 'Current status of Green Public Procurement and Ecolabelling in the World', 10th December.

Tippamongkol, J., 2016, "Green Public Procurement and Eco-labelling in Thailand", presentation at the International Symposium 'Current status and Trend of Green Public Procurement and Eco-labelling in the world', 8th December.

|Annex 4-1 | 123 Valid Product Criteria of Green Label ⁶⁹

No.	Product	Criteria	No.	Product	Criteria
1	Recycled plastics	TGL-01-R2-12	63	Electric thermo pot	TGL-63-12
2	Fluorescent lamps	TGL-2-R4-15	64	Vacuum	TGL-64-12
3	Refrigerators	TGL-3-R3-11	65	Hand Dryer	TGL-65-12
4	Paints	TGL-4-R3-14	66	Fabric Softeners	TGL-66-12
5	Ceramic Sanitary Wares : Water Closets	TGL-5-R3-11	67	Secondary batteries for portable applications	TGL-67-12
6	Primary Battery	TGL-6-R1-10	68	Car Battery	TGL-68-12
7	Room Air Conditioner	TGL-7-R3-14	69	Furniture	TGL-69-12
8	Paper	TGL-8-R2-11	70	Doors and Windows	TGL-70-12
9	Printing and writing paper	TGL-8/1-15	71	Rubber Floorcovering	TGL-71/1-12
10	Sprays with zero ODP & GWP substances	TGL-9-R1-06	72	Plastic Floorcovering	TGL-71/2-12
11	Laundry Detergent Products	TGL-10-R1-10	73	Lubricant oil change service station	TGL-72-12
12	Faucets and Water Saving	TGL-11-R2-11	74	Electric rice-cooker	TGL-73-12
13	Computers	TGL-12-R2-15	75	Luminaires for double- capped fluorescent lamp	TGL-74-12
14	Clothes Washing Machines for Household Use	TGL-13-R2-15	76	Stamps, Stamp ink, and Stamp pads	TGL-75-13
15	Building Materials: Thermal Insulation	TGL-14-R1-11	77	Adhesive	TGL-76-13
16	Rubber Insulations	TGL-14/2- R1-11	78	Paper printing service	TGL-77-13
17	Motors	TGL-15-98	79	Cleaning service	TGL-78-13
18	Products made from Cloth	TGL-16-R1-11	80	Meeting, Seminar, and Training Services	TGL-79-13
19	Laundry Services and Dry Cleaning Services	TGL-17-R1-13	81	Photocopier leasing service	TGL-80-13
20	Shampoo	TGL-18-R1-11	82	Digital Projectors	TGL-81-13
21	Dishwashing detergents	TGL-19-R2-13	83	Electric Fryers	TGL-82-13

22	Lubricant oil	TGL-20-R2-15	84	Dishwashers	TGL-83-13
23	Steel Furniture	TGL-21-R2-14	85	Hair Dryers	TGL-84-13
24	Products made from rubber wood	TGL-22-R1-11	86	Refrigerated display cabinet	TGL-85-R1-14
25	Electronic ballasts	TGL-23-R2-12	87	Light Emitting Diode Lamps	TGL-86-13
26	Soaps	TGL-24-R1-11	88	Electric irons	TGL-87-13
27	Surface Cleaners	TGL-25-R2-15	89	Mattresses	TGL-88-13
28	Correcting Agent	TGL-26-R2-14	90	Footwear	TGL-89-13
29	Photocopiers	TGL-27-R4-15	91	Battery Charger for Portable Electronic Devices	TGL-90-14
30	Gas stations	TGL-28-R3-15	92	Air cleaners	TGL-91-14
31	Writing Instrument	TGL-29-R1-10	93	Toaster	TGL-92-14
32	Toner Cartridge	TGL-30/1-R4-15	94	Hair Conditioner	TGL-93-14
33	Fertilizers	TGL-31-02	95	Electric Water Pump	TGL-94-14
34	Vehicles	TGL-33-R1-11	96	Electric Instantaneous Water Heater	TGL-95-14
35	Televisions	TGL-34-R1-12	97	Watches and Clocks	TGL-96-14
36	Mobile Phone	TGL-35-03	98	Bottled water coolers	TGL-97-15
37	Facsimile Machine	TGL-36-R1-12	99	Passenger Vans	TGL-98-15
38	Printers	TGL-37-R2-15	100	Portland Cement and Hydraulic Cement	TGL-99-15
39	Microwave oven	TGL-38-11	101	Leather Care Products	TGL-100-15
40	Video Media Players/ Recorders	TGL-39-04	102	Brake Linings for Automobiles and Motorcycles	TGL-101-15
41	Cement Roof Tiles	TGL-40/1-R1-13	103	Automobile Service	TGL-102-15

42	Clay Roof Tiles and Ceramic Roof Tiles	TGL-40/2-R1-13	104	Unplasticized Polyvinyl Chloride Pipes for Drinking Water	TGL-103-15
43	Concrete Roof Tiles	TGL-40/3-R1-13	105	Paper Packaging	TGL-104-15
44	Steel Roof	TGL-40/4-13	106	Plastic Packaging	TGL-105-15
45	Panels for the Building, Decorating and Furniture Industry	TGL-41-R1-11	107	Uninterruptible Power System, UPS	TGL-106-15
46	Portable Fire Extinguisher	TGL-42-R1-13	108	Wood based panel and building material	TGL-107-16
47	Domestic gas stoves for use with liquefied fuel	TGL-43-13	109	Glass of Building Interior Applications	TGL-108-16
48	Compostable Plastic products	TGL-44-12	110	Partitions	TGL-109-16
49	Wallcoverings	TGL-45-12	111	Photovoltaic Modules	TGL-110-16
50	Cement Board	TGL-47-11	112	Natural material toys	TGL-111-16
51	Polyethylene pipes for drinking water	TGL-48-11	113	Ball for sport	TGL-112-16
52	Gypsum Board	TGL-49-10	114	Sanitary Napkins	TGL-113-16
53	Electric Fan	TGL-51-11	115	Incense	TGL-114-16
54	Motorcycles	TGL-52-11	116	Curtain and Blinds	TGL-115-16
55	Canopy and Deck Cover for Motor Vehicle	TGL-53-11	117	Hotel Services	TGL-116-16
56	Carpets	TGL-54-11	118	Transformer	TGL-117-16
57	Heat Pump	TGL-57-11	119	Electric and Communication Cables	TGL-118-16
58	Ceramic floor/wall tiles	TGL-58-11	120	Fitting	TGL-119-16
59	Motorcycle Tyre	TGL-59-11	121	Unplasticized Polyvinylchloride Pipes not used for Drinking Water	TGL-120-16
60	Tyre	TGL-60-R1-14	122	Wood-like Plastic	TGL-121-16
61	Bricks and blocks	TGL-61-11	123	Disposable diapers	TGL-122-16
62	Buildings envelope glass	TGL-62-12			



CHAPTER_05

VIETNAM

1. Green Public Procurement in Vietnam	• 092
2. Eco-labeling Scheme in Vietnam	• 102
3. SWOT Analysis on Green Public Procurement in Vietnam	• 108
4. Summary and Policy Recommendations	• 112



Current Status of Green Public Procurement &
Eco-labeling in Four Asian Countries

Vietnam is strongly committed to green growth and to sustainable development. In order to achieve targets set by relevant strategies, efforts are being made to restructure the economy and transform the nation's growth model, develop sustainable infrastructure, ensure social justice, address inequalities, and protect the environment.⁷⁰

The government of Vietnam has recognized the strategic importance of integrating sustainable consumption and production into related existing programs, strategies, and plans to ensure fast and efficient economic development, while contributing to the environmental protection. Green Public Procurement (GPP) has been identified as one of the main strategies to change behavior toward sustainability, and actions are being taken to develop policies and plans for GPP in Vietnam.

1. Green Public Procurement in Vietnam

1.1 Policy and Regulatory Framework

Several laws and regulations, such as the State Budget Law, have implications for the implementation of GPP. However, for this report, only those with a direct relationship to Green Public Procurement are described. Note that in Vietnam, a Law is normally put into implementation only when an instruction document is issued in the form of a Decree or a Circular.

1.1.1 Law on Procurement and related Decrees

The highest regulation on public procurement is the **Law on Procurement (or the Law on Bidding)**. The first version of this Law, No.61/2005/QH11, was issued in 2005. This was subsequently amended with number of articles to the previous version revised and several articles related to construction procurement added (Law No.38/2009/QH12). Subsequently, implementing regulations for the Law on Procurement were issued (in Decree No.85/2009). Public procurement rules are also addressed in the 2003 Law on Construction (Law No.16/2003/QH11). By then, there were too many decrees and circulars implementing these laws. The volume and size of those documents has made it difficult for procurement officials to implement the law, and also difficult for the private sector in understanding the intricacies of the system.

70. United Nations, "Statement by H.E. Mr Pham Binh Minh, Deputy Prime Minister and Minister of Foreign Affairs at the 71st session of the United Nations General Assembly".

On 26 November 2013, the National Assembly of Vietnam issued Law No.43/2013/QH13 on Procurement. The Law came into force in July 2014, repealing Law No.61/2005/QH11 on Procurement as well as a number of articles relating to public procurement under Law No.16/2003/QH11 on Construction. Law No.43/2013 showed significant improvements made procurement procedures clearer and closer to internationally common procedures.

The **Decree No.63/2014/ND-CP** details the implementation of the Law on Procurement. For example, Item 3.b, Article 12 of this decree describes the criteria for evaluation of bids, which will help procuring agencies and entities effectively select contractors to meet the demands of each bidding package. The Item states:

"Item 3.b, Article 12:

...Based on each contract, the bidding documents must provide criteria to serve as the basis of technical evaluation, including:

- *Technical features and specifications of goods as well as production, fabrication and technological standards;*
- *Practicality and economic efficiency of technical solutions, goods supply and assembling methods;*
- *Compliance with requirements related to warranty and maintenance;*
- *Geographical and environmental adaptation (with regard to specific geographic and climatic conditions);*
- *Environmental impact and solutions;*
- *Financial capability (if required);*
- *Other requirements for trading, execution duration, training and technology transfer;*
- *Punctuality of goods supply;*
- *Evaluation of Bidder based on their execution of previous contracts; and*
- *Other essential factors".*

While "environmental impact and solutions" is cited in the decree, there is no further elaboration on what these 'environmental impact and solutions' entail and whether this provision is dedicated to promoting the implementation of GPP or not.

| 1.1.2 | Sustainable Development Strategies and Plans

Many strategies and plans have been enacted and implemented that help to promote GPP in Vietnam. Examples include the Sustainable Development Strategy, the National Green Growth Strategy, and most recently, the National Action Plan on Sustainable Consumption and Production. These three documents provided general legal orientations for the ministries and agencies associated with implementing and coordinating actions pertaining to sustainable development. Each is described in turn.

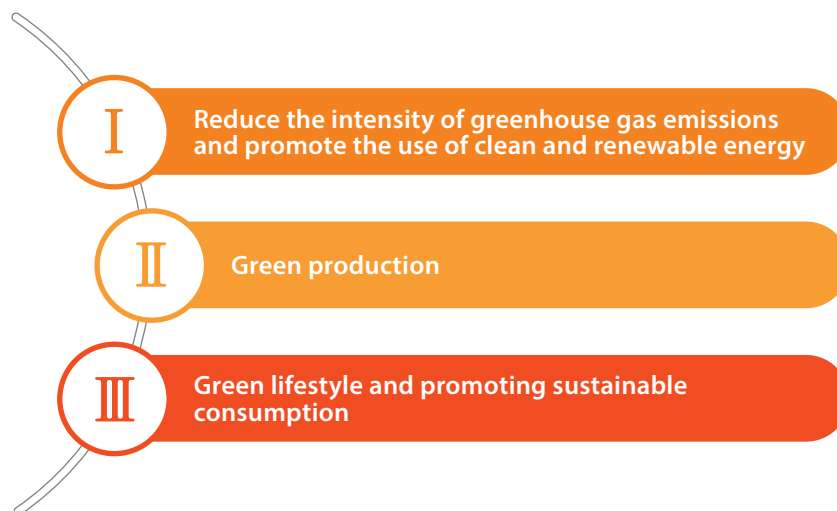
Decision No.432/QĐ-TTg (dated 17 April, 2012) initiated the **Sustainable Development Strategy** in Vietnam that covers 2011-2020. The strategy focuses on maintaining economic stability, especially with regard to food security, energy security, and financial security. It also sets out a roadmap for Vietnam to develop a low-carbon economy.

Sustainable consumption and production is a priority within this strategy. To meet this priority, the strategy states that a “civilized, harmonious and environmentally-friendly consumption culture” is needed. The following activities have been acknowledged as means to achieve this priority: ⁷¹

- “Gradually implement eco-label and green shopping [sic].
- Develop an eco-product market and community-based initiatives for sustainable production and consumption.
- Apply policies to correct unreasonable consumption behavior.”

In September 2012, the Prime Minister issued Decision No.1393/2012/QĐ-TTg to promulgate the **National Green Growth Strategy (NGGS)**. Implementation priorities in this strategy focus on the following topics:

- Integrating green growth into local and sectorial socio-economic development plans,
- Reviewing legal documents and national strategies to identify issues that are not in line with green orientation,
- Proposing a roadmap for completing the institutional framework, and
- Enhancing the state management apparatus to promote coordination among concerned agencies in implementing green and sustainable development.
- The NGGS is structured around three strategic tasks as illustrated in the Figure 5-1.



[Figure 5-1] Three Strategic Tasks of the NGGS

As one of the solutions, the Strategy proposes utilizing GPP by:

“a) Promote eco-labelling and disseminate information on environmentally friendly products to the entire society. Formulate a roadmap towards 2020 to initiate green procurement: for construction materials; foods and foodstuff; transportation; energy; computers and office equipment; textiles and garments; papers and printing; wood products; detergents; and medical equipment.

71. Government of Vietnam, 2012, “Viet Nam Sustainable Development Strategy for 2011-2020”, Retrieved from: <http://www.chinhphu.vn/portal/page/portal/English/strategies/strategiesdetails?categoryid=30&articleid=10050825>

b) *Public expenditure should lead the development and use of green economy standards.*

- *From 2015, all public works and projects should adhere to green economy standards: according to sectoral and professional composition, energy consumption, materials, eco-design, incorporate the effects of climate change.*
- *Prepare the conditions so that from 2017 all motorized vehicles purchased by public budget will meet emission standards, and priority is given for vehicles using clean fuels (electricity, LPG) and hybrid vehicles.*
- *Study and issue regulations on green public expenditure within which investment and recurrent spending should prioritize procurement and use of eco-labelled as well as recyclable goods and commodities.”⁷²*

According to the action plan for this Strategy, (named National Action Plan on Green Growth (2014-2020)), the Ministry of Finance is mandated to “issue regulations on green public expenditure, among which investment and recurrent spending of the state budget should give priority to procurement and use of eco-labeled as well as recyclable goods and commodities”⁷³ by 2020.

In response, the Ministry of Finance is currently working with the Ministry of Natural Resources and Environment to develop a Circular on promulgating the “Working Regulation on the procurement of environmentally friendly products from the State Budget.”, and this is expected to enter into effect in 2018. The Circular will prescribe the procurement of environmentally-friendly products from the governmental agencies that utilize the state budget.⁷⁴ Furthermore, the Circular will also stipulate:

- The definition of environmentally-friendly products;
- Types of state budget for procurement;
- Preferential principles in the procurement of environmentally-friendly products;
- Preferential mechanism in the procurement of environmentally-friendly products; and
- Specific responsibilities of relevant ministries in implementation of the Working Regulation.

As the details of this draft circular are not disclosed to the public, we were not able to assess their potential impacts in this preliminary study. According to our interview with the Green Label Office, it is highly likely that the government agencies will have to procure the products with the Vietnam Green Label.⁷⁵

A roadmap towards 2020 to initiate green procurement is to be formulated according to this Strategy. This provision provided a basis for the VEA to devise an Action Plan on SPP with the assistance of the UNEP, which will be described in the following sections.

“The National Action Plan on Sustainable Production and Consumption to 2020, with a vision to 2030” (Decision No. 76/QĐ-TTg, 11 January 2016) is one of the most recent plans that stresses the implementation of GPP. Provisions on implementing and promoting GPP are mentioned throughout the Decision. For example, the document states the plan objectives and tasks as:

- *Increasing percentages of sustainable products in the public purchasing;*
- *Improving the legal framework and guidance about implementation of sustainable public procurement;*
- *Implementing green procurement;*
- *Developing and improving policies promoting green public procurement;*

72. Government of Vietnam, 2012, “Decision on Approval of the National Green Growth Strategy”, Decision No.1393/QĐ-TTg. Retrieved from: <https://www.giz.de/de/downloads/VietNam-GreenGrowth-Strategy.pdf>

73. Government of Vietnam, 2014, “Decision on Approval of the National Action Plan on Green Growth in Vietnam for the Period of 2014-2020”, Decision No.403/2014/QĐ-TTg. Retrieved from: https://www.giz.de/en/downloads/Decision_403-2014-TTg_EN.pdf

74. Which also includes units of the people’s armed forces, public non-business units, political organizations, socio-political organizations, socio-political-professional organizations, social organizations and socio-professional organizations. Based on the interview with VEA.

75. Based on the interview with VEA

- Issuing a list of priority sustainable products for public procurement; and
- Researching and pilot application of, green public procurement models.

Among the *prioritized programs* under this National Action Plan, GPP is the eighth main program. The program has the objective of “*increas[ing] the proportion of sustainable products procurement in public procurement from state administrative authorities and enterprises in order to promote sustainable products consumption.*”⁷⁶

There are three main activities under the program on GPP, which aims to apply GPP in a mandatory way for a list of specific products. Chaired by the Ministry of Finance, coordinative bodies for the program include MOIT, MPI, specific ministries and related provincial, cities under central government PCs.

The program states that it will:

1. “*Assess current situation of public procurement in state agencies and state enterprises; Develop a list of sustainable products and roadmap for applying procurement mandatory for those products;*
2. *Develop regulations and policies to promote green public procurement for state agencies and enterprises; and*
3. *Develop and disseminate green public procurement guidelines*”⁷⁷

1.1.3 National Environmental Regulations

The **Law on Environmental Protection** (No.55/2014/QH13, revised in 2014), provides a comprehensive legal framework for environmental protection activities, including sustainable production and consumption. Article 44 of this Law, titled ‘eco-friendly production and consumption’, states that:

- “1. *Agencies, organizations, family households or individuals shall be responsible to manufacture and consume eco-friendly products and services.*
2. *The Head of state budget-funded institutions shall bear their responsibility for preferring eco-friendly products and services that have been recognized as eco-labels under legal regulations.*
3. *The Ministry of Natural Resources and Environment shall direct and cooperate with communications agencies in performing the advertisement and promotion activities for such eco-friendly products and services.*”⁷⁸

The Law on Environmental Protection is further explained in the **Decree No. 19/2015/ND-CP** of February, 2015. This decree provides detailed directions for its implementation, and addresses the following areas of relevance of GPP

“Article 47. *Consumption assistance for products:*

- “1. *The head of agencies and units using state budget must prioritize the public procurement of products specified in Clause 12 and 13, Annex III of this Decree (excerpted below) upon purchasing such products.*
 - *Production of environmentally-friendly products which are certified by the Vietnam Green Label; products from the recycling and treatment of waste which the competent state authorities have certified.*
 - *Production of bio gasoline, biodiesel and bioenergy (which conforms to National Technical Regulation), bio char, energy from the use of wind power, sunlight, tidal, geothermal energy, and other forms of renewable energy.*

76. Government of Vietnam, 2016, “Decision on approving of the National Action Plan on Sustainable Production and Consumption up to 2020, with a vision to 2030”, Decision No.76/QĐ-TTg, p.13. Retrieved from: http://www.switch-asia.eu/fileadmin/user_upload/RPSC/country-level-work/National_Action_Plan_on_Sustainable_Production_and_Consumption_up_to_2020_with_a_vision_to_2030.pdf

77. Ibid, p.13.

78. Government of Vietnam, 2005, “Law on Environmental Protection”, Law No.52/2005/QH11. Retrieved from: <http://extwprlegs1.fao.org/docs/pdf/vie64190.pdf>

The Ministry of Finance shall take charge and coordinate with the Ministry of Natural Resources and Environment to develop the regulations on public procurement of environmentally-friendly products

2. Organizations and individuals shall prioritize the purchase of environmentally friendly products as guided by the Ministry of Natural Resources and Environment.”⁷⁹

Although the Law clearly mandates the head of agencies and units using state budget to prioritize the procurement of environmentally friendly products, this consideration is rarely given in reality.

1.1.4| Energy Conservation Regulation and Policies

The concept of GPP also encompasses energy efficiency. The **Law on Economical and Efficient Use of Energy** (Law No. 50/2010/QH12) was issued by the National Assembly in June 2010, and took effect in January 2011. This Law provides guidelines on energy performance standards and energy labelling, as well as measures to promote energy savings and efficiency through incentives and science/technology development.

In March 2011, the Government issued the **Decree No. 21/2011/ND-CP**, which details and takes measures for the implementation of the aforementioned Law. This Decree further regulates the economical and efficient use of energy in state budget-funded agencies and units. The text of the Decree states:

“Article 12. Procurement of devices and equipment by state budget-funded agencies and units

- 1. When replacing or buying devices and equipment, a state budget-funded agency or unit shall buy devices and equipment on the Prime Minister’s list of energy-efficient devices and equipment permitted for furnishing and procurement.*
- 2. The Ministry of Industry and Trade shall assume the prime responsibility for, and coordinate with concerned ministries and sectors in, proposing the Prime Minister to promulgate a list of energy-efficient devices and equipment permitted for furnishing and procurement.*
- 3. The Ministry of Finance shall detail the procurement of energy-consuming devices and equipment on the list of energy-efficient devices and equipment permitted for furnishing and procurement.”⁸⁰*

In September 2011, the **Prime Minister’s Decision No. 51/2011/QD-TTg** promulgated a list of devices and equipment subject to energy labelling and the application of minimum energy efficiency standards.

1.1.5| Upcoming National Action Plan on Sustainable Public Procurement

There is an additional upcoming policy on GPP implementation, the **National Action Plan on Sustainable Public Procurement**. The Vietnam Environment Administration (VEA) (which is a part of the Ministry of Natural Resources and Environment (MONRE)) has been working with UNEP to develop this Action Plan as part of the SPPEL (Sustainable Public Procurement and Eco-Labelling) Project.

⁷⁹. Government of Vietnam, 2015, “Decree detailing the implementation of a number of articles of the Law on Environmental Protection”, Decree No.19/2015/ND-CP. Retrieved from: http://binhdinh.eregulations.org/media/19_2015_ND-CP_268680.pdf

⁸⁰. Government of Vietnam, 2011, “Decree detailing the law on economical and efficient use of energy and measures for its implementation”, Decree No.21/2011/ND-CP. Retrieved from: <http://hethongphapluatvietnam.com/decree-no-21-2011-nd-cp-of-march-29-2011-detailing-the-law-on-economical-and-efficient-use-of-energy-and-measures-for-its-implementation.html>

When the draft policy is finalized, the Plan will be circulated among government Ministries for their input, and revised accordingly. Because the Action Plan has to be commented on by various Ministries and needs approval from the Prime Minister, it is unclear when the Plan will be adopted and implemented.

The Draft SPP Action Plan has yet to be disclosed to the public. However, because the SPPEL Project is being implemented mainly in accordance with the Sustainable Public Procurement Implementation Guidelines developed by the UNEP, we can assume a suggestive framework on the contents of this Action Plan (See Figure 5-2).

Figure 5-2. Structure of the SPP Action Plan

1. Context
2. Sustainable development priorities
3. Political support and definition of responsibilities
4. Capacity building
5. Communication
6. Sustainable Procurement in action
 - Procurement framework
 - Procurement planning
 - Sustainable procurement cycle
7. Priority product groups and services
8. Market engagement
9. Monitoring and Evaluation
10. Budget

1.2 Summary of Key Institutions

The following ministries are leading the development of GPP policy in Vietnam: ⁸¹

- The **Ministry of Finance (MOF)** performs state management functions in finance. Under this Ministry, the General Department of Tax Policy and the Department of Public Asset Management are most relevant in terms of product innovation for sustainable development. The Department of Tax Policy is responsible for the government financing system and is responsible for developing the mechanism to promote cleaner production applications in Vietnam, while the Department of Asset Management is responsible for managing and implementing public procurement systems in the country.
- The **Ministry of Planning and Investment (MPI)** performs state management functions in the fields of planning and investment, including the provision of general advisory services on strategies and planning initiatives. This Ministry is the focal point for the National Green Growth Strategy.

- **The Ministry of Natural Resources and Environment (MONRE)** performs state management functions in the fields of natural resources and environment protection. The **Vietnam Environment Administration (VEA)** within MONRE is responsible for environment protection activities at the national level, including the management of the Vietnam Green Label Program.

In addition, the follow ministries have the most influence on the implementation of GPP and Sustainable Consumption and Production:

- The **Ministry of Industry and Trade (MOIT)** performs state management functions in the fields of 12 industrial sectors and 11 trading areas, and additionally manages public services in the branches and domains under the Ministry's state management. MOIT is also currently the leading institute to promote SCP in Vietnam.
- The **Ministry of Agriculture and Rural Development (MARD)** performs state management functions in the fields of agriculture, forestry, salt production, fisheries, water drainage, and rural development. The forestry sector is important with regards to the public procurement of office furniture.

There is currently no formal inter-ministerial cooperation mechanism established to support the development and implementation of GPP. However, in the *Draft National Action Plan on SPP*, an institutional framework proposed.⁸² In this action plan, the Steering Committee that is responsible for implementing the SPP Action Plan will be placed under the management of a Coordinating Board – which is a body responsible for implementing the *Green Growth Strategy*. In the Draft National Action Plan on SPP, the following groups will:

- a) The **Department of Procurement Management** and/or the **Department of Public Asset Management:** will be the focal points for GPP, lead and coordinate with concerned ministries, agencies, sectors and People's Committees of provinces and centrally managed cities to implement the SPP Action Plan; guide, monitor, evaluate, consolidate and review the implementation of the Action Plan and report to the Prime Minister on a regular basis; organize 5-year reviews, a mid-term review in 2021 and final evaluation in 2030. The Ministry of Planning and Investment or Ministry of Finance will take the lead and coordinate with relevant ministries and related sectors to identify the major tasks and key projects in each phase for the Prime Minister's consideration and decision.
- b) The **Ministry of Finance** will coordinate with the Ministry of Planning and Investment take the primary responsibility and submit budget proposals to competent authorities for approval of budget proposals. Additionally, they will secure the budget to ensure funding for the implementation of the SPP Action Plan in ministries, sectors under the current regulations. In collaboration with the Ministry of Planning and Investment, they will also develop policies to encourage economic sectors, organizations and individuals to invest in the development of the green economy in Vietnam.
- c) The **Ministry of Natural Resources and Environment** will take the lead in coordinate climate change and GPP policy objectives, guide the registration, monitoring, verification and reporting of greenhouse gas emissions and monitoring the implementation of investment policies in natural capital. It will also promote Vietnam Green Label to producers, manufacturers, and distributors.

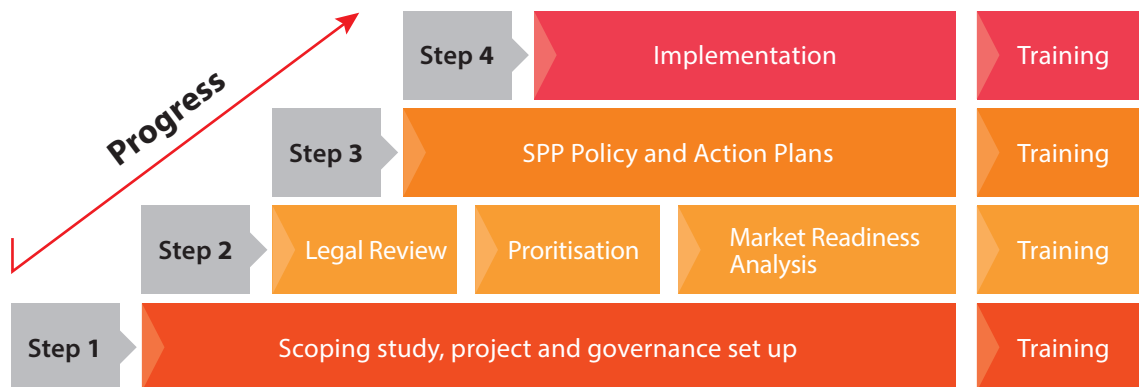
⁸². Ibid.

- d) The **Ministry of Industry and Trade** will be in charge of all GPP activities related to energy efficiency, including labelling and development of product criteria.
- e) Other ministries, ministerial-level agencies, and agencies attached to the Government will formulate programs, create sectorial action plans to implement tasks of the SPP Action Plan and specify those tasks, integrate them into 5-year and annual socio-economic development plans in line with their socio-economic development strategies.

1.3 GPP Implementation

With new plans and regulations being devised by government Ministries, GPP will likely be initiated within few years in Vietnam.

Following the Implementation Guidelines of UNEP, the VEA has taken the following stepwise approach towards the implementation of GPP.



[Figure 5-3] The Approach from the UNEP Implementation Guidelines ⁸³

The Government of Vietnam is currently on its way towards “Step 3: SPP Policy and Action Plans”, after finishing the Status Assessment⁸⁴, Legal Review⁸⁵, and Prioritization Exercise and Market Readiness Analysis⁸⁶. UNEP also assisted the Government of Vietnam with workshops and training on GPP, and has helped to develop approximately twenty toolkits for GPP.

Through the UNEP SPPEL Project, the VEA conducted a prioritization exercise that selected four products (laptop, office paper, CFLs for office lighting, and LED bulbs for office lighting and working desk lighting). The Center for Environmental Training and Communication under the VEA conducted pilots for the bidding of these two products (A4 office paper and CFLs). The process of developing and implementing the pilot tenders follows the Law of Procurement and integrates appropriate sustainable criteria.

83. UNEP, 2012, Sustainable Public Procurement Implementation Guidelines: Introducing UNEP’s Approach”, p.12. Retrieved from: http://www.spcclearinghouse.org/sites/default/files/sustainable_public_procurement_implementation_guidelines.pdf

84. UNEP, 2015, “Assessment report: Sustainable Public Procurement Status in Vietnam”.

85. UNEP, 2016, “Legal review report and proposal to foster SPP implementation and consider the integration of ecolabelling”.

86. UNEP, 2017, “Market Readiness Report”.

Using the prioritization exercise and market readiness analysis results, the VEA has selected product groups that have enough companies manufacturing these specific green products. These tenders have integrated the appropriate sustainability criteria, including environmental, economic and social criteria. For the environmental criteria, the tenders mainly utilized the Green Label criteria, but are less stringent to ensure that multiple bidders apply for procurement.

These tender documents will be finalized in 2017 and published on the VEA website for departments under the VEA, who will purchase the products.⁸⁷ The results from these pilot tenders will be fed into the guidelines for GPP as well as eco-labels.

1.4 Future Plans for GPP

In the Draft SPP Action Plan, the Government of Vietnam proposed the list of activities that should be implemented in the near future. Planned activities include:

- Revise and modify the legal framework related to GPP;
- Communication and awareness raising;
- Developing policy mechanisms and establish the management structure for the implementation of the Action Plan;
- Develop information and data systems, management tools, standards and norms for SPP;
- Identify key projects relating to SPP, launch a number of pilot tenders;
- Pilot SPP plan development in targeted governmental agencies, ministries and provincial authorities
- Continue to improve on the SPP policy and implementation based on periodic monitoring and evaluation
- Expand the pilot scale and replication of plans, programs and key projects, increase the number of prioritized products;
- Expand the training and development of human resources for the development of a national SPP mechanism;
- Organize "Training of Trainers" courses for procurers and follow-up courses on SPP and eco-labels; and
- Accelerate the process of economic restructuring according to the sustainable economy model, which promotes sustainable production and consumption.

2. Eco-Labeling Scheme in Vietnam

2.1 Eco-labelling Scheme

Vietnam Green Label is a Type 1 eco-label used in Vietnam. The Label is operated by the VEA, which is a division of MONRE. The label has been implemented nationwide since March 2009, raising the awareness of enterprises and the community and making progress towards the adoption of sustainable production and consumption. Using the green label gives businesses the opportunity to enhance their brand name and reputation among consumers.

The Vietnam Green Label shares the same legal basis with Green Public Procurement in Vietnam. The aforementioned Article 44 of the Law on Environmental Protection specifies environmentally-friendly products as those certified with the eco-label, whose purpose is to enhance the sustainable use of natural resources and to increase environmental protection. In March of, 2009, the Minister of Natural Resources and Environment issued Decision No. 253/QD-BTNMT on approving the eco-label program to encourage the production of environmentally-friendly consumer products through state assessment and certification.

2.2 Products & Trends

As of July 2017, 14 product criteria have been established by the Vietnam Green Label, as listed in Table 5-1. In addition, three more criteria (batteries, photocopiers and LED lamps) have been drafted and commented upon.⁸⁸

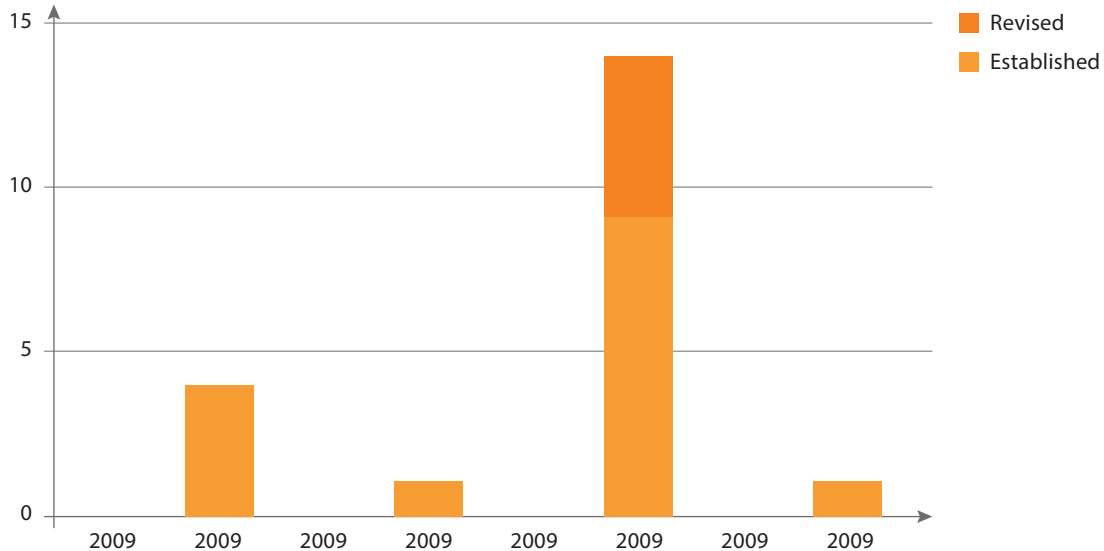
	Criteria Code	Product	Established	Updated
1	NXVN 01: 2014	Powder Laundry Detergent	2010	2014
2	NXVN 02: 2014	Fluorescent Lamps	2010	2014
3	NXVN 03: 2014	Biodegradable Plastic Shopping Bags	2010	2014
4	NXVN 04: 2014	Composite paper packaging for food products	2010	2014

88. Green Label Office, 2017, "A meeting of the Council evaluates Vietnam Green Label criteria for copiers and led lamps", Operation News, 6th July 2017, Retrieved from: <http://vea.gov.vn/vn/khoahoccongnghe/nhanxanh/tintuchoatdong/Pages/H%E1%BB%8Dp-H%E1%BB%99i-%C4%91%E1%BB%93ng-%C4%91%C3%A1nh-gi%C3%A1-ti%C3%AAu-ch%C3%AD-nh%C3%A3n-xanh-Vi%E1%BB%87t-Nam-cho-m%C3%A1y-photocopy-v%C3%A0-b%C3%B3ng-%C4%91%C3%A8n-led.aspx>

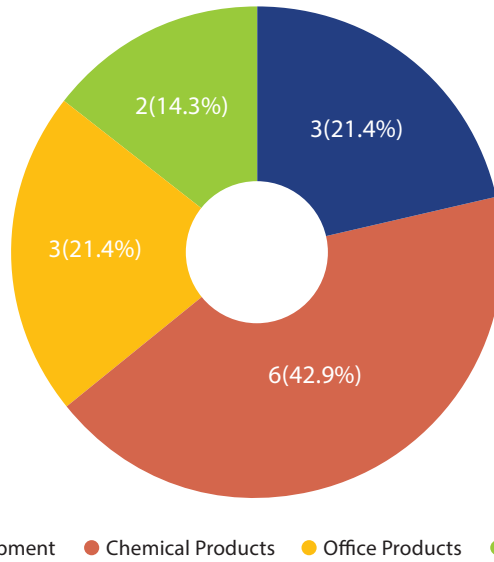
5	NXVN 05: 2014	Ceramic Building Materials	2012	2014
6	NXVN 06: 2014	Batteries	2014	
7	NXVN 07: 2014	Office Paper	2014	
8	NXVN 08: 2014	Hair Care Products	2014	
9	NXVN 09: 2014	Solid Soap	2014	
10	NXVN 10: 2014	Hand Dishwashing Detergent	2014	
11	NXVN 11: 2014	Architectural Coating Products	2014	
12	NXVN 12: 2014	Laptops	2014	
13	NXVN 13: 2014	Toner Cartridge	2014	
14	NXVN 14: 2014	Printers	2014	
15	NXVN 15: 2017	Batteries	Draft	
16	NXVN 16: 2017	Copiers	Draft	
17	NXVN 17: 2017	General Purpose LED Lamps and Modules	Draft	

[Table 5-1] List of Vietnam Green Label Criteria

Timelines for the establishment and revision of criteria described above are grouped and organized in Figure 5-2 and 5-3.

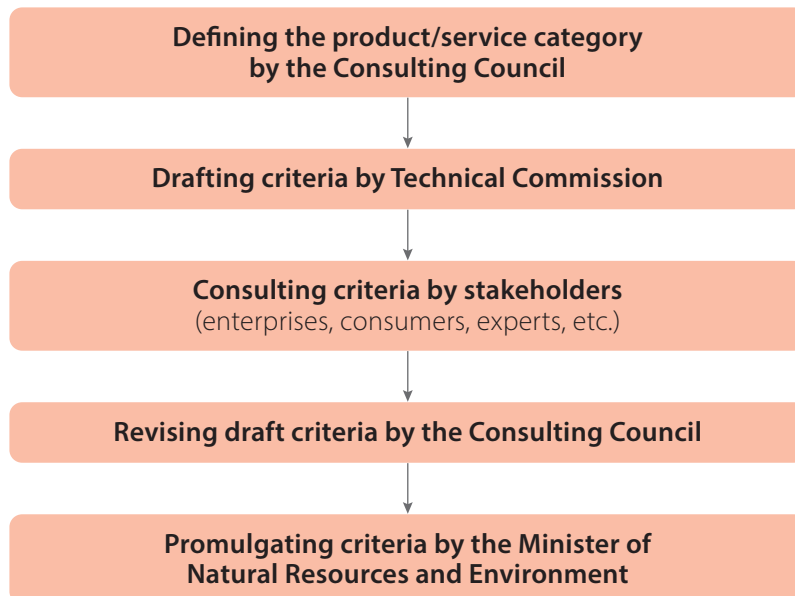


[Figure 5-4] Development of Vietnam Green Label Criteria by year



[Figure 5-5] Number of Vietnam Green Label Criteria by Category

The development of the Vietnam Green Label Program follows the process described in Figure 5-6. As stipulated in the December 2013 Minister’s Decision No.2604/QD-BTNMT, a “Consulting Council” was established to advise and assist the Minister of Natural Resources and Environment in identifying the list of new products and services and in reviewing and assessing draft criteria.



[Figure 5-6] Process of criteria development ⁸⁹

89. UNEP, 2016, “SWOT Analysis of Vietnam Green Label Program Report”, p.8.

The number of certified products carrying the label is very small. In total, 54 product models have been certified with the Green Label, and of these, 7 have expired certifications. Another 47 are set to expire by October if not extended. Most of the certified products are fluorescent lamps (46 types in total), which are produced by a single company.

	Product	Company	Certification Code	Effect	Note
1	Tide Laundry Detergent	Procter & Gamble Co., Ltd	No. 52/ QD-IDU-2011	2011.01.18 ~ 2014.01.18	Expired
2	Compact Fluorescent Lamps (33 types) Straight Fluorescent Lamps (10 types) Double Wing Lamps (3 types)	Dien Quang Joint Stock Company	No. 1228/ QD-IDU-2014	2014.10.10 ~ 2017.10.10	
3	Coating used in construction: - Majestic Pearl Silk - Jotashield	Jotun Paints Co., Ltd Vietnam	No. 83/ QD-IDU-2014	2014.02.20 ~ 2017.02.20	Expired
4	Printer - DocuPrint P355d - DocuPrint P355db	Fuji Xerox Asia Pacific Pte Ltd.	No. 512/ QD-IDU-2014	2014.05.29 ~ 2017.05.29	Expired
5	Coating used in construction: - Majestic Beautiful Perfect - Luxury Ball - Matte Classic	Jotun Paints Co., Ltd Vietnam	No. 599/ QD-IDU-2014	2014.06.20 ~ 2017.06.20	Expired
6	GS Battery, Yuasa Battery	GS Battery Co., Ltd Vietnam	No. 1634/ QD-IDU-2016	2016.11.01 ~ 2019.11.01	

[Table 5-2] List of Products certified by the Vietnam Green Label ⁹⁰

According to some experts, the low quality of Vietnamese products is an inherent difficulty for developing “Vietnam Green Label”.⁹¹ In recent years, many action plans have been launched to raise awareness of the necessity to exercise social responsibility. But, in general, government and enterprise’s spending using this type of environmental criteria remains very low, and therefore there is limited incentive for enterprises to gain and maintain the label, which is not justified by the cost incurred to have the product certified to the label.

90. Vietnam Green Label Office, 2011, “List of products certified Green Label Vietnam”. Retrieved from: <http://vea.gov.vn/vn/khoahoccongnghenhanxanh/sanphamduocapnhanvn/Pages/DANH%3%81CHC%3%81CS%E1%BA%A2NPH%E1%BA%A8M%4%90%C6%AF%E1%BB%A2CC%E1%BA%A4PNH%C3%83NXANHVI%E1%BB%86TNAM.aspx>

91. Thu Ha, “Products Should Register Green Labels”, VCCI News, May 04, 2012. Retrieved from: http://vccinews.com/news_detail.asp?news_id=25928

Enterprises also have to pay for product testing fees and resources for the preparation of a dossier certifying adherence to the Vietnam Green Label.⁹² This budget can be burdensome for many enterprises.

Last but not least, difficulties in enterprises' internal resources, knowledge and technology are major hurdles for their products to meet the Vietnam Green Label standards.⁹³

In order to encourage enterprises to participate in the Vietnam Green Label program, the Government of Vietnam is responsible for allocating a budget for the assessment of the dossiers for certification and inspection of the Vietnam Green Label. There is no application fee, evaluation fee or license fee for the enterprises participating in the Vietnam Green Label certification.⁹⁴

For the Vietnam Green Label Office under the VEA, financial restraints make it difficult for them to mobilize appropriate financial and human resources to promote the Vietnam Green Label. There has not been stable funding to maintain operation of the Vietnam Green Label Program and to develop more criteria. Since 2014, the Government's expenditures for environmental protection have not included any budget for the development of new Vietnam Green Label Criteria.⁹⁵

In February of 2012, MONRE published a decision on "Promulgating the Plan for Development of the List of Products and Services for the Vietnam Green Label in the Period of 2012-2016". In this decision, the Ministry proposed a timeline for the establishment of 27 product groups' Green Label criteria over the course of five years. Details of the implementation plan are shown in Table 5-3, however, given the lack of resources being allocated to the program, not all of these criteria have been developed as scheduled.

Timelines for the Establishment and Issuance of Criteria	Product Category	Number of Product Groups
2012	Packaging	1 Group (Synthetic paper packaging for food packaging)
	Construction Materials	1 Group (Roofing materials, tiles, tiles of building ceramic materials)
	Detergent	3 Groups (Shampoo and conditioner, dishwashing liquid by hand, soap buns)
	Stationery	1 Group (Office Paper)
	Batteries	1 Group (Batteries)
2013	Paints and Varnishes	1 Group (Interior wall paint)
	Office Equipment	2 Group (Laptop, laser printers)
	Printing Ink	1 Group (Laser ink)

92. UNEP, 2016, "SWOT Analysis of Vietnam Green Label Program Report", p.10

93. Thu Ha, "Products Should Register Green Labels", VCCI News, May 04, 2012. Retrieved from: http://vccinews.com/news_detail.asp?news_id=25928

94. UNEP, 2016, "SWOT Analysis of Vietnam Green Label Program Report", p.10.

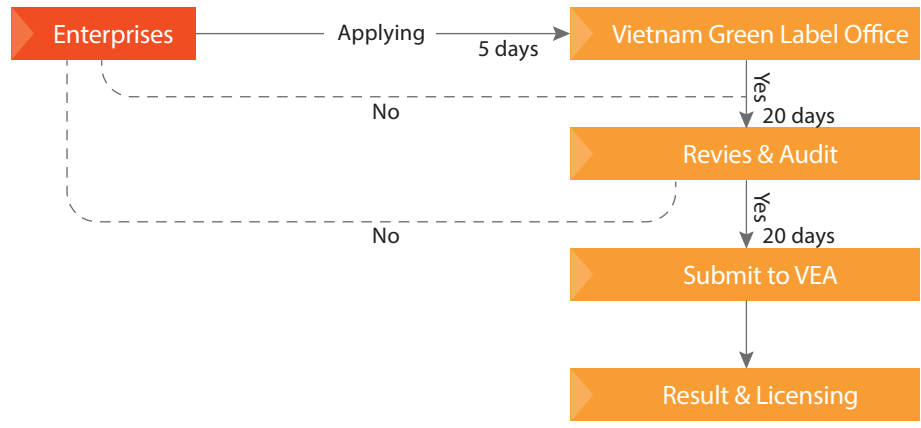
95. Based on the interview with VEA.

2014	Detergents	2 Group (Water scouring the toilet, floor cleaners)
	Printing Ink	1 Group (Ink for photocopier)
	Home Furniture	1 Group (Furniture)
	Office Equipment	1 Group (Desktop computers)
	Batteries	1 Group (Standard batteries)
2015	Housewares	3 Groups (Washing machines, refrigerators, televisions)
	Agriculture	3 Groups (Coffee, vegetables, tea)
2016	Baby Items	2 Groups (Plastic children toys, wooden children toys)
	Vehicles, Traffic Supplies	1 Group (Tubes, tires, bike)
	Home Furniture	1 Group (Carpet)

[Table 5-3] Development Plan for Vietnam Green Label Criteria 2012-2016

2.3 Eco-labelling Certification Procedure

According to the Circular No.41/2013/TT-BTNMT of December, 2013 which provide the procedures for and certification of ecological labels for environment-friendly products, the certification process for the Vietnam Green Label is shown in Figure 5-7:



[Figure 5-7] Vietnam Green Label Certification Procedure ⁹⁶

⁹⁶. Adopted from Pham Anh Huyen, 2016

Despite the clear procedure of the certification, Vietnamese enterprises are experiencing difficulties adhering to the process due to the lack of experienced staff and the burden of testing expenses. To encourage more participation, the Vietnam Green Label Office has set the certification fee to zero, and is providing experts for enterprises to promote the certification.

2.4 International Cooperation on Ecolabelling

Vietnam is an associate member of the Global Ecolabelling Network (GEN), and has yet to become a member of the Global Ecolabelling Network's Internationally Coordinated Ecolabelling System (GENICES). The UNEP SPPEL Project developed the application for GEN membership, which is under review by the leaders of MONRE. The review is expected to be completed by the end of 2017.

The Vietnam Green Label program has not yet signed any mutual recognition agreements with other eco-labelling schemes. However, Vietnam has a variety of strategies in place to expand the scheme regionally. It plans to utilize its membership in the Global Ecolabelling Network (GEN) and accreditation under GENICES to develop mutual recognition agreements that allow Vietnam Green Label products to be accepted for import into other GEN countries, and to collaborate with GEN members to develop new criteria for products in the region. If so, if the Vietnamese products and services with the Vietnam Green Label are exported to other countries, they would be able to enjoy the preferences offered by these countries to eco-labelled products.

3. SWOT Analysis on Green Public Procurement in Vietnam

3.1 Strengths

Several legal provisions that mandate the implementation of GPP already exist in Vietnam. The *Law on Environmental Protection* and the subsequent Decree specifically give priority to the procurement of environmentally-friendly products that have been certified with eco-labels. In comparison with other ASEAN countries, the development and promulgation of legal provisions to

implement GPP took place quite early. In the sense that this provision can be utilized to justify and promote the development of GPP policies, it sends a strong signal to all the relevant stakeholders on the future direction of GPP in Vietnam.

Operated by the VEA, the **Vietnam Green Label also has a solid legal foundation**. Besides the Law on Environmental Protection, the Circulars from the Ministry of Science and Technology and the Ministry of Natural Resources have defined the rules and procedures for the Green Label Program. Moreover, the Program is aiming at promoting the certification activities by companies with the financial and technical support from government. Incentives to promote enterprises, including a free application fee and exemption of the export tax, have been put in place.

Current **national policies and strategies strongly advocate for the importance of GPP** in Vietnam. The Vietnamese Government integrated the concept of Green Public Procurement in numerous plans and strategies, such as the National Green Growth Strategy, the Sustainable Development Strategy, and the National Action Plan on the Sustainable Consumption and Production. The emphasis on GPP within these plans and strategies gives the various stakeholders a significant push towards the development of the GPP policies. The Government is actively developing the new policy documents as requested by the plans and strategies. The *Draft Circular on the Procurement of Environmentally-friendly Products* and the Action Plan on SPP, both of which will have decisive effects on the development of future GPP policies, are currently being prepared by relevant Ministries and agencies.

3.2 Weaknesses

Regardless of the responsibilities mandated by the law, our research has shown that **the procurement practices are not appropriately incorporating GPP** in Vietnam. Although there are specific provisions related to the public procurement that promote GPP in Vietnam, the specific regulations and procedures related to the integrating environmental or sustainability into the procurement process in these policies are unclear and are fragmented. Furthermore, the regulations from the Law on Environmental Protection are too general to implement; for example, there is no guidance on which eco-labelled products could further help the procurement staff implement GPP.

A **coordination mechanism is not in place yet and Ministries and agencies have not decided on clear responsibilities**. Currently, VEA is working with the UNEP on the development of an Action Plan on SPP. However, there is a possibility that the Ministry of Finance or the Ministry of Planning and Investment would become focal points in this Action Plan. In order to develop any GPP policy or plan, it was necessary to collaborate with other organizations on an *ad hoc* basis, which can be time consuming and burdensome. Our research has shown that a coordination mechanism proposed by the Action Plan on SPP will act as a standing body for coordination and cooperation.

Uncertainty persists on when and how the upcoming GPP policies and plans would be implemented.

By the time of writing, the *Draft Circular on the Procurement of Environmentally-friendly Products and the Action Plan on SPP* were still being devised by the relevant Ministries and agencies, and the specific contents of these documents have yet to be disclosed to the public. Considering all the roadmaps and policies mentioned in various plans and strategies that were to be devised from few years back, we may assume that that these policies and plans might not be completed and implemented in the very near future.

Public procurement in Vietnam is experiencing problems from other institutional issues as well. For example, the MPI has the authority to “lead and coordinate with concerned agencies in conducting oversight and inspection in connection with procurement nationwide”, but it is stated that it still lacks enforcement powers. Therefore, under the current system, there is no government institution, independent from the procuring entities that is responsible for the enforcement of Law on procurement. This gap effects the degree to which GPP can be mandated and enforced.

Expertise and staff for both GPP and eco-labelling are insufficient. UNEP has assisted the VEA in developing pilot tenders that have integrated some sustainability criteria, and the results from these activities will be fed into the development of the guidelines on GPP and eco-labels. However, expanding the implementation of GPP into organizational levels requires additional resources, including creating criteria for prioritized products and services, devising economic and reputational incentives, encouraging enterprises to supply the products, and establishing a monitoring and evaluation mechanism. Capacity-building for procurers and staff, prior to the full deployment of GPP policies and plans, is urgent and necessary.

The number of Green Label certified products is too low to form a sound basis for GPP. There is a distinct lack of green products and services to procure from the market. For the Vietnam Green Label Program, this problem is also largely due to financial and Human resources restraints within the VEA that prevent them from developing Green Label criteria and promoting the certification. A lack of data for the criteria development is also hampering the process. Policies and specific guidelines to encourage enterprises to produce green products and services and to promote their certification should be urgently devised.

3.3 Opportunities

Global trends towards climate change and other environmental considerations are strengthening the rationale for the active implementation of GPP. Vietnam has stated in its Nationally Determined Contribution that they intend to reduce their greenhouse gas (GHG) emissions by 8% by 2030 compared to the Business as Usual scenario (BAU). The above-mentioned contribution could be increased up to 25% with international support. To meet this target, the need to foster “Green Growth”

by stimulating the Sustainable Consumption and Production is indisputable. As the government wields significant purchasing power, promoting the green market and green industry should be considered highly desirable.

Also, increasing number of green products and services in the market, which are in part stimulated by GPP policies, is also **consistent with the global trade opportunities**. As trade regulations on the environmental aspect are strengthened, export-oriented manufacturers will have to adapt to the technical requirements proposed by the import countries (usually advanced economies). The government can utilize this opportunity to accelerate the development of the green market domestically. If not treated seriously, this may become an obstacle for the Vietnamese products in the global market.

International support has been provided by the International Organizations and other advanced countries on this subject as well. Vietnam has participated in the UNEP SPPEL Project. The international support is often used to justify GPP and can facilitate experience and expertise sharing from all around the globe.

3.4 Threats

International financial instability and fluctuating oil prices may cause the price of products and services to go up, which would make the green products less desirable in price. Although this possibility should be constantly taken into consideration, uncertainty around this factor is relatively high as well, so it is recommended to first tackle the perception of green products being more expensive.

4. Summary and Policy Recommendations

4.1 Summary

From the literature review and the interviews with government officials, we were able to assess the current status of GPP implementation in Vietnam. National development plans, strategies, relevant laws, and regulations have long requested the government to devise a GPP policy and plan. The draft Circular on GPP, under a process devised by the MOF, will finally operationalize the legal provisions that have mandated the government procurers to prioritize the environmentally-friendly products. The National Action Plan on SPP will provide future roadmaps for the development and implementation of GPP policies in Vietnam.

The timing of this study has prevented us from observing some of the more recent and, most likely, more decisive developments of this preparation process. Nonetheless, it is apparent that clear roles and responsibilities among ministries and agencies need to be decided upon, and a coordination mechanism should be set up as soon as possible to ensure effective and efficient cooperation within the central government.

The assistance provided by UNEP under the SPPEL Project has undertaken some important activities and established a good basis for further actions. The government will be able to systematically promote GPP according to the Action Plan in the near future. Even prior to the formal adoption of the Action Plan, the Government should continue to formulate the methodology and tools for effective GPP implementation. The following section has listed activities that urgently need to be carried out.

4.2 Policy Recommendations

Based on the research conducted, the SWOT analysis and the needs expressed by government officials interviewed for the study, we suggest the following policy recommendations to conclude this study.

GPP Recommendations

Revise and modify the legal framework

A comprehensive review on national development plans, laws, and regulations on environmental protection and public procurement was carried out in 2016 with the assistance of the UNEP. The Review shows that although Vietnam has suitable legislation to support the implementation of GPP, some changes in regulations on public procurement will be required, particularly with regard to the Decree No.63/2014/ND-CP. In order to eliminate potential obstacles of the implementation of GPP, relevant stakeholders should collaborate in revising and modifying the legal framework based on the suggestions made in the Legal Review.

If possible, the Law on *Green Purchasing*, one of the results from research carried out by the Institute of Strategy and Policy on Natural Resources and Environment (ISPONRE) a few years ago, can be put on the table again for a thorough discussion on its applicability. As can be seen from other countries' experience, dedicated GPP legislation signifies strong support at the central governmental level, which is critical for GPP and eco-labelling programs to have measurable impact.

Develop policy mechanisms for the implementation of GPP

The lack of implementation by national authorities is one of the most significant obstacles for the implementation of GPP. In Vietnam, a Law is officially put into implementation only when an instruction document is issued in the form of a Decree or a Circular. So far, with the absence of such regulations mandating the tenderers to certify or conduct Life Cycle Assessments on their products when bidding, the environmental criteria are considered as non-obligatory and are often neglected in procurement activities.

The Ministry of Finance, with MONRE and MPI, is currently developing a Circular on the procurement of environmentally-friendly products, which will come under both the Law on Environmental Protection and the Law on Procurement. As mentioned before, the detailed contents of this Circular have not been published yet. This Circular will provide a mechanism for GPP implementation in Vietnam, regardless of whether the Circular mandates the compulsory participation from all central governments and the application of the Green Label or not.

Using this Circular as a basis, more policy mechanisms can be devised to promote the implementation of GPP, which could further include regulations on tax incentives for enterprises or operational indicators for public organizations.

Establish the institutional structure for managing the implementation of GPP

A committee (or committees) with representatives from relevant ministries and agencies should be established, preferably before the adoption of the Action Plan on SPP. This is to ensure the coordination and cooperation between ministries responsible for procurement (MPI), ministries responsible for environmental affairs (MONRE), and other related ministries (MOF, MOIT, MOST). By referencing other countries' experience on this issue, the committee(s) can decide on the matters

related to GPP implementation, such as proposing and approving GPP product and service criteria, and ensuring that there is sufficient resources (staff and budget) to maintain an active eco-labelling body.

The GPP policy could also make relevant institutions' preparation and implementation roles and responsibilities clearer. A legal document could be promulgated and containing a decision on the institutional structure. This decree may include the establishment of the aforementioned inter-ministerial committee, designate a specific Ministry as the focal point for SPP, and delineate respective roles and responsibilities of Ministries and agencies.

Establish GPP Product and Service Criteria

In order to ensure that there are enough green products and services in the market, other countries first establish stand-alone criteria for GPP that are less stringent than the national Type 1 eco-label criteria. The process of making these criteria as stringent as the national Type 1 eco-label can be carried out gradually in multiple phases as the market of green products matures.

In the Vietnamese context, the GPP criteria should be based on the national Type 1 eco-label, the Vietnam Green Label. The procedures for the development of these criteria should be pre-defined and the relevant stakeholders identified. Pilot tenders for each product group can be carried out to check whether the market has enough manufacturers supplying products that meet the criteria.

The products and services for GPP can be prioritized in accordance with the procurement data, market readiness and their environmental impacts. VEA has already carried out the market analysis and market readiness study with the assistance of the UNEP. Therefore, designating product and service groups can be readily done by the VEA based on these studies.

Pilot GPP in targeted government ministries and agencies

VEA is currently planning to carry out pilot tenders for three product groups with the assistance of the UNEP. The results from this activity will be used to develop guidelines for environmentally-friendly product procurement. However, to implement GPP in a more structured environment with a systematic process, a pilot of GPP in the targeted organizations is highly recommended.

A pilot can begin within the VEA or the MONRE. The purpose of this pilot is to show the positive impacts of environmentally-friendly procurement to other Ministries and agencies that might feel reluctant to change their priorities, or dedicate their human and financial resources in the procurement process. This is a common practice that many countries, such as Thailand and Malaysia, are taking. With successful results from the pilot implementation, they were able to convince the political leadership and fellow Ministries and agencies to take part in the GPP initiative.

Establish a monitoring and evaluation mechanism

While preparing for the deployment of GPP, it is essential to consider the methods and systems used to monitor and evaluate the GPP activities, and to regularly communicate results to relevant stakeholders. The most efficient way to do so is to integrate GPP within the government e-procurement system.

However, the success of this depends on the maturity of the e-procurement system as well as the willingness of relevant agencies to collaborate on this system integration.

During the pilot phase, reporting of GPP procurement activities can be carried out manually or electronically, and the indicators used in the monitoring and evaluation can be tested and adjusted. As the number of participating Ministries and agencies grows, manual reporting and collection of data may no longer be viable. The government can benchmark the system from other countries that have established an electronic reporting system.

In order to fully capture the results from the GPP activities, methodologies to measure the environmental and economic impacts or outcomes should be studied and utilized. Interviewees have shown a great deal of interest in the possible reduction of the GHG emissions that the procurement of environmentally-friendly products and services can have. Quantifiable results are important in order to justify and motivate the implementation of GPP, and demonstrate that policy goals are being met through this mechanism.

Integration with the existing procurement process

Public procurement policy in Vietnam has places to integrate sustainability criteria within its processes, from the composition of the state budget, technical specifications of the tender, to the selection criteria for the bidder. The *Draft Circular* is highly likely to touch on some of these aspects to make the procurement process take sustainability into account. Unfortunately, at this stage, a lack of details has prevented us from examining this item further.

The government's willingness to shift the procurement mode from a decentralized to a centralized method ("lump sum basis") was also noted during the study. As GPP is much easier to implement in the context of centralized procurement, this trend can work as an opportunity to simplify the process while maximizing the impacts. Its development should be closely monitored.

Capacity-building for staff and procurers

It is unclear whether staff at MONRE, MOF, and MPI are prepared for the implementation of GPP. The expertise of the staff will determine the effectiveness and efficiency of policy implementation. Therefore, capacity-building for the staff from relevant Ministries and agencies should be prioritized. Lessons will be learned in the process of developing the training materials, guidelines and GPP criteria for procurers. Experiences from other countries should be benchmarked as well.

Capacity-building for procurers is also indisputable, as public procurement in Vietnam is decentralized. It is not an exaggeration to say that their willingness to consider sustainable criteria within the processes of direct purchases or bidding can determine the success of GPP. Since procurers are already receiving regular training from the MPI, GPP might be incorporated into the curriculum, with the proper training materials to be developed.

Communication and awareness-raising for procurers and enterprises

Information and data should be continually provided to the government organizations to inform them with the rationale and benefits of implementing GPP. Different from the capacity-building activities, communication and awareness-raising are required because they can truly motivate the procurers to purchase green products and services. A Directory with a list of green products available to be purchased can be a sound source of information and can also motivate enterprises to get their products certified. Other economic and reputational incentives should be devised and provided to both procurers and enterprises as well.

Green Label Program Recommendations

Develop Vietnam Green Label Criteria

The Vietnam Green Label Program experiences a lack of human and financial resources. However, with an insufficient number of Green Label criteria, it is highly likely that there will not be enough green products to be procured in the future. In addition, if the government decides to establish stand-alone GPP criteria (as we recommend above), the existence of the Green Label criteria could become a prerequisite in determining which product groups more general GPP criteria could cover. .

The studies that have been carried out for GPP (including the market analysis and market readiness study), can be utilized by the Green Label to decide which product criteria to develop focus on. In addition, the process of criteria development should be optimized to improve efficiency. This may require the modification of the criteria development process and the establishment of the expert pool for different product groups. Greater efforts to engage manufacturers in the criteria development process will also help to raise awareness and eventually increase the number of products certified.

Communication and awareness-raising

Because the number of certified products is low, the Green Label Office should also spend considerable effort on communication and awareness-raising campaigns for enterprises. The incentives for the eco-labelled products, such as the exemption of the export tax, and recognition by large government procurers, should be actively promoted, and other possible economic and reputational incentives should be devised through the collaboration with other relevant authorities.

The benefits of purchasing eco-labelled products should be communicated to the general public as well. Consumers can be sensitive to hazardous chemical elements, energy consumption and even GHG emissions generated throughout the life cycle of the products. As the ultimate purpose GPP implementation and product labeling is to shift the consumer's behavior towards a more sustainable way, engagement with the general public should not be neglected.

Capacity-building for Green Label staff and enterprises

To operationalize the process of criteria development and certification more effectively and efficiently, capacity-building activities for staff are indispensable. An appropriate budget should be allocated to the Office's activities. Vietnam should also seek technical assistance from abroad, as they have participated in the UNEP SPPEL Project and the GPPEL Network.

For enterprises, their difficulties in preparing the certification, including the preparation of the document and testing of the product sample, should be minimized. Training and workshops for interested parties can be held regularly to familiarize the suppliers with the certification procedures. Furthermore, as testing of the product sample can be burdensome for some enterprises, especially for SMEs, assistance can be provided in this respect. Thailand, for example, has signed a MOU with the Central Laboratory of Thailand to collaborate on the testing methodologies used in the criteria, as well as to lower the cost for the testing of the product samples from SMEs.

References

Report

UNEP, 2017, "Market Readiness Analysis Report", report from the Project *Stimulating the Demand and Supply of Sustainable Products through Sustainable Public Procurement and Ecolabelling*, Vietnam: Hanoi.

UNEP, 2016, "Legal review report and proposal to foster SPP implementation and consider the integration of ecolabelling", report from the Project *Stimulating the Demand and Supply of Sustainable Products through Sustainable Public Procurement and Ecolabelling*, September, Vietnam: Hanoi.

UNEP, 2016, "SWOT Analysis of Vietnam Green Label Program Report", report from the Project *Stimulating the Demand and Supply of Sustainable Products through Sustainable Public Procurement and Ecolabelling*, May, Vietnam: Hanoi.

UNEP, 2015, "Assessment Report Sustainable Public Procurement Status in Vietnam", report from the Project *Stimulating the Demand and Supply of Sustainable Products through Sustainable Public Procurement and Ecolabelling*, April, Vietnam: Hanoi.

Presentation

Huyen, P. A., 2016, "Vietnam Green Label and Green Public Procurement", presentation at the International Symposium and Expert Meeting, n.d..

An, D. T., 2014, "Vietnam Green Label and Green Public Procurement in Vietnam", presentation at the International Symposium on Green Public Procurement and Eco-labelling toward Sustainable Consumption and Production in ASEAN region, 11th – 12th December.

Green Public Procurement and Eco-Labelling

Survey for a Capacity Building Project by UN Environment (UNEP) & Korea Environmental Industry & Technology Institute (KEITI)

Background

UN Environment and KEITI, co-lead of the 10YFP Sustainable Public Procurement Programme, are going to launch a new project to build capacity of national governments in Asia-Pacific region in implementing green purchasing policies including green public procurement and eco-labelling (GPPEL). Expected outcome of the project is creation of capacity for enabling environment to stimulate market for eco-friendly products and service in partner countries in Asia-Pacific region.

The project builds on the findings of the Asia Pacific Roadmap of Sustainable Consumption and Production (<http://web.unep.org/asiapacific/asia-pacific-scp-roadmap>) and aims to provide direct support for the implementation of green public procurement via the provision of policy consultation and technical assistance tailored the needs of partner countries. Throughout the project, experience and expertise gained from the implementation of GPPEL in Korea will be shared through various channels including temporary secondment of Korean expert to partner countries, and study tour to Korea (TBC).

In addition, support can be provided for partner countries to obtain opportunities for a follow up project sponsored by institutes based in Korea (such as KEITI, KOICA and ASEIC) depending on the need of partner countries and the circumstances. This could include strengthening the capacity of producers to supply green products required by public institutes in partner countries, and establishing online green procurement system, etc.

The project will initially support selected pilot countries in ASEAN region from 2017 to 2018. The outcomes and lessons will be disseminated to all the countries in the region with the possible second phase of the project to cover more countries for direct support on GPPEL.

About the survey

This survey is conducted in order to assess the status of GPPEL in ASEAN countries and identify the capacity development needs, which will be the basis for the selection of pilot countries. The countries in ASEAN region are requested to provide the following information by 20th April. Should you have any inquiries about the survey, please don't hesitate to contact Henrik Jakobsen, UNEP, at henrik.jakobsen@unep.org and Hyunju Lee, KEITI at hjlee@keiti.re.kr.

Section A : Identification

Country:	
Organization/Institution:	
Name:	
Position:	
Contact details:	

Section B : Status Assessment

- 1) Are GPP provisions included in overarching and/or thematic national polities? (e.g. sustainable development strategy, energy efficiency directive, etc. if yes, please state the name of the policy(s), year of adoption, and web-links for their download)
- 2) Are GPP provisions included in existing procurement regulations? (if yes, please provide the name of the legislation, year of adoption, web-link for its adoption, and a short description on where are the GPP provisions included)
- 3) Has a dedicated GPP policy(s) for the whole national government or selected governments?
- 4) What ministry(s) and/or agency(s) lead the development and deployment of GPP policies and what additional ministries/agencies are involved in the process?
- 5) If you have a dedicated national government GPP policy(s), please answer to the following questions.
 - What sustainability aspects does the current GPP policy(s) cover?

<input type="checkbox"/> Air pollution	<input type="checkbox"/> Biodiversity preservation	<input type="checkbox"/> Climate Change Mitigation	<input type="checkbox"/> Clean technology and Eco-innovation
<input type="checkbox"/> Energy conservation	<input type="checkbox"/> Hazardous substances	<input type="checkbox"/> Health quality	<input type="checkbox"/> Local environmental conditions

<input type="checkbox"/> Ozone depletion	<input type="checkbox"/> Protection of national resources	<input type="checkbox"/> Resource efficiency	<input type="checkbox"/> Soil Protection
<input type="checkbox"/> Waste minimization	<input type="checkbox"/> Water conservation	<input type="checkbox"/> Water pollution	<input type="checkbox"/> Other environmental aspect, please specify:

- How and which organization is in charge of defining green products/services subject to GPP? Is there a linkage between eco-label and GPP?
- Does the current policy(s) set any targets or goals for GPP in the national government? (If yes, please summarize the target and the year by which it should be reached if defined, e.g. X % of GPP by 2020, all targeted authorities published an annual GPP plan, 95% of all contracts include green criteria, the expenditure on prioritised green products and services has to be of X % by 2020, X % GHG emissions reductions through GPP, etc.)
- What levels of public authorities are covered by the GPP policy(s)?

<input type="checkbox"/> All national, state/regional, and local public authorities
<input type="checkbox"/> All national and state/regional public authorities
<input type="checkbox"/> Only national government public authorities
<input type="checkbox"/> Some national public authorities
<input type="checkbox"/> Others, please specify:

- Is the GPP policy(s) mandatory, voluntary or a mix depending on the covered authorities?
- Are categories of products, services or works prioritised for SPP implementation across the national governments? (If yes, what are the primary criteria for their prioritization?)
- What are the categories prioritized in the national GPP policy(s) across the national government? Please indicate the names of the categories subject to GPP policy(s)
- How many annual human and economic resources are allocated for the promotion and implementation of the GPP policy(s)? (please provide an estimate of the annual budget allocated to the deployment of the GPP policy(s) and the number of employees per year working in the implementation of GPP)

Section C : Need Assessment

1) Please indicate the five major barriers hampering the deployment and the promotion of GPP in your country.

<input type="checkbox"/> Lack of mandatory GPP rules/legislation
<input type="checkbox"/> Lack of policy commitments/goals/action plans
<input type="checkbox"/> Lack of Inter-agency cooperation
<input type="checkbox"/> Lack of expertise in GPP implementation
<input type="checkbox"/> Insufficient monitoring, evaluation and enforcement of GPP policies
<input type="checkbox"/> Lack of incentives on GPP at organization/personal level
<input type="checkbox"/> Lack of training of procurement staff in GPP
<input type="checkbox"/> Competing procurement priorities
<input type="checkbox"/> Perception that green products and/or services are more expensive
<input type="checkbox"/> Perception that green products and/or services are of less quality
<input type="checkbox"/> Lack of green products and/or services to procure
<input type="checkbox"/> Lack of relevant GPP criteria and specifications
<input type="checkbox"/> Lack of measurement of environmental and/or economic outcomes of GPP implementation
<input type="checkbox"/> Others, please specify:

2) Please indicate the five economic, environmental, and social issues that should be a priority for green public procurement in your country.

<input type="checkbox"/> Air pollution
<input type="checkbox"/> Biodiversity conservation
<input type="checkbox"/> Climate Change mitigation
<input type="checkbox"/> Energy conservation
<input type="checkbox"/> Hazardous substances
<input type="checkbox"/> Health quality
<input type="checkbox"/> Local environmental conditions
<input type="checkbox"/> Resource efficiency

<input type="checkbox"/> Waste minimization
<input type="checkbox"/> Water conservation
<input type="checkbox"/> Water pollution
<input type="checkbox"/> Eco-innovation and green technology development
<input type="checkbox"/> Protection of micro, small and medium enterprises
<input type="checkbox"/> Nurturing of green products/services industry
<input type="checkbox"/> Others, please specify:

- 3) Please indicate the five product/service categories that should be a priority for green public procurement in your country.

<input type="checkbox"/> Building equipment (air-conditioners, elevators, lighting, etc.)
<input type="checkbox"/> Building materials (windows, floor-covers, wall panels)
<input type="checkbox"/> Building design and construction
<input type="checkbox"/> Diverse chemical products (lubricant oils, paints, fire extinguishers, etc.)
<input type="checkbox"/> Execution of work contracts
<input type="checkbox"/> Furniture
<input type="checkbox"/> Office IT equipment (computers, screens, printers, etc.)
<input type="checkbox"/> Infrastructure design and construction (road, etc.)
<input type="checkbox"/> Vehicles
<input type="checkbox"/> Office paper and stationary
<input type="checkbox"/> Others, please specify:

- 4) Please indicate gaps in capacity for implementation of green public procurement and eco-labelling requiring technical support from UN Environment – KEITI (choose all that apply)

<input type="checkbox"/> Development and/or revision of GPP policy/legislation
<input type="checkbox"/> Development of GPP action plan
<input type="checkbox"/> Development and revision of criteria for priority groups
<input type="checkbox"/> Development of GPP guide book for priority sectors

- | |
|--|
| <input type="checkbox"/> Transfer of knowhow on implementation of GPP in priority sectors such as building/ construction, ICTs, etc. |
| <input type="checkbox"/> Supplier engagement in priority sectors |
| <input type="checkbox"/> Development of incentives/evaluation framework for the promotion of GPP |
| <input type="checkbox"/> Establishment of monitoring system for GPP |
| <input type="checkbox"/> Establishment of coordination mechanism with line ministries |
| <input type="checkbox"/> Peer learning opportunities for public procurers between Korea and partner countries |
| <input type="checkbox"/> Support for access to financial and technical resources to strengthen green production |
| <input type="checkbox"/> Others, please specify: |

5) Please indicate the previous and current projects (including under discussions) to establish and implement green public procurement and eco-labelling in your country.

6) Is there a possible linkage of local fund program to the UN Environment-KEITI project?

Additional sheets can be used if the information exceeds the space provided below.

Preliminary Study for Asia Pacific Green Public Procurement Partnership Project

PART 1. ABOUT THE PRELIMINARY STUDY

PROJECT OVERVIEW

Success stories from countries across the globe have repeatedly shown that Governments vast purchasing power has the potential to shift markets towards sustainability and eco-innovation as well as to deliver environmental goals. Green public procurement (GPP) has proven instrumental in nurturing market for eco-friendly products in both quantity and quality, and the impact of green public procurement showcases great potential to be increasingly strengthened when countries join forces.

This project aims to build capacity of national governments in Asia-Pacific region in implementing Green Public Procurement via the provision of policy consultation and technical assistance tailored to the needs of partner countries. The project will initially support two countries in the ASEAN region from 2017 to 2018. During the pilot phase from 2017 to 2018, the project will target countries with already established GPP policy framework and provide support to strengthen the implementation of GPP in priority sectors⁹⁷. The key performance indicators of this project may include the number of new or revised GPP product groups adopted; the number of criteria for prioritized GPP product groups established or revised; the volume/value of green products purchased by government; and replication and scale up of GPP pilot implementation.

The outcomes and lessons learnt will be disseminated to other countries in the region with a possible follow-up project covering additional countries for direct support for the implementation of green public procurement.

ABOUT THE PRELIMINARY STUDY

The preliminary study aims to assess green public procurement policies as well as capacity development needs of the countries more in-depth based on online survey, of which results will feed into the design of the project. The study will take about 1.5 months by consultants under the guidance with the advisory committee of the project including KEITI, UN Environment and ICLEI. The countries participating in the preliminary study are required to undertake the following:

- **Designate a focal point** within the government and inform KEITI and UNEP of the name and the contact details of the focal point by 14th July 2017. The focal points will be liaising with and support consultants to perform preliminary study including assisting consultants in collecting data, identifying relevant domestic stakeholders, and arranging meetings with them, etc.
- **Fill in and submit an inquiry form** by 4th August 2017. An inquiry form will be sent to a focal point of each country in order to assess GPPEL status as well as identify capacity development needs and priority GPP sector more in depth based on the results of online survey (conducted in April) and desktop research. The inquiry form can be found on following pages.
- **A face-to-face meeting** will be convened in each country from late-July to mid-August in order to assist filling in an inquiry form of the countries, research additional information and conduct consultations with relevant stakeholders.
- **Review and confirm the preliminary study report** developed by consultants before releasing.

The outcome of the preliminary study will be developed in English and shared with focal points of the countries.

▶ FOR FURTHER INFORMATION AND INQUIRIES

- Ms. Hyunju Lee, associate researcher, sustainable lifestyle office, Korea Environmental Industry and Technology Institute, Email: hjlee@keiti.re.kr, Telephone: +82-2-2284-1918
- Mr. Henrik Jakobsen, associate programme officer, United Nations Environment Asia Pacific, Email: jakobsen@un.org, Telephone: +66 22 88 12 30

PART 2. INQUIRY FORM FOR THE PRELIMINARY STUDY

A. General Information

1. Persons contributing to the Inquiry Form

- Name :
- Position & Department :
- Full name of Organization :
- Tel :
- E-mail :

2. Total expenditure of the national government in 2016 :

Provide the amount in the national currency and broken down by central national government and state-owned utilities (See annex for exact definition). If data for 2016 is not available, provide the latest available and state what year it refers to.

National government :

State-owned enterprise :

3. Total procurement expenditure of the national government for 2016 :

Provide the amounts in the national currency and broken down by central national government and state-owned utilities (See annex for exact definition). If data for 2016 is not available, provide the latest available and state what year it refers to.

National government :

State-owned enterprise :

4. How centralized is the procurement function in your national government?

In relation to who manages procurement :

Fully centralized, all procurement processes are conducted by one agency for the whole national government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Fully decentralized, each agency conducts its own procurement processes and nothing is purchased or contracted centrally
--	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--

5. What is your best estimation of the percentage of the procurement budget of the national government currently governed by the GPP policy(s)?

This is meant to be indicative, so your best estimate is fine.

B. Current Status on the GPP implementation

This section aims to assess the country's status on GPP implementation and identify potential areas for improvement.

1. If your country IS implementing GPP (including policy, action plan, strategy, programs, etc.):

1.1 What activities or measures are there in place to promote the implementation of GPP?

Please provide details on the activities or measures (training, reputational and economic incentives, networking and exchange events, provision of GPP information, suppliers and market engagement activities, etc.) being carried out in recent two years and planned to be implemented in the near future at national and/or sectoral level.

1.2 Have criteria/specifications, or guidelines been developed for the priority products for GPP?

If so, please provide the link to those criteria/specifications or guidelines; and explain briefly the process of the development, and basis for which the criteria has been developed (e.g. based on international/national/regional eco-labels and voluntary sustainability standards, international/national/regional regulatory standards, criteria by other public authorities, etc.)

1.3 Are there any product groups that have been selected as priorities for GPP, but yet to be implemented for reasons (e.g. lack of green product criteria or guidelines for procurer, etc.)?

Please list the product groups and elaborate why they have not been implemented.

1.4 Are there any product groups that are newly being considered to be included in the prioritized categories for GPP?

If so, please provide details on the product groups (e.g. why they are selected, what efforts are being made, their relationship with the existing eco-labelling criteria, timeline, etc.)

1.5 Has GPP been integrated into regular management and procurement-related processes and procedures (such as internal regulations, staff performance evaluations.....)?

1.6 Has GPP been integrated into regular management and procurement-related software and tools (e-procurement platforms, tender models, accounting software.....)?

1.7 If your government monitors and evaluates GPP implementation, how is the collection and publication of the results of GPP carried out?

Please provide details on the frequency of the monitoring, the coverage of the public authorities subject to the monitoring and evaluation, the approach used to gather information from these authorities.

1.8 What indicators do your government measure or calculate for the monitoring of GPP?

Please provide specific indicators used by the national government, and the key results from the last monitoring period (either the link from which the monitoring results report can be downloaded, or a presentation where the results were presented).

1.9 If your government does not monitor and evaluate GPP implementation, please explain the reasons.

2. If your country is NOT implementing any GPP (including policy, action plan, strategy, programs, etc.):

2.1 Is there any efforts being made to prepare, establish and implement GPP?

If so, please provide details, such as the timelines, potential coverage of the public authorities and priority product groups, decision document (presidential decree, ministerial regulation, etc.) related to GPP.

3. What is your organization's responsibility in implementing or preparing for GPP?

How do you coordinate with other line ministries?

Please describe the institutional framework for GPP.

E.g. the Ministry of Environment sets a biannual plan with the general activities to promote GPP and has the overall control of the program, the rest of the agencies have to set annual GPP objectives and action plans and report achievements and the Ministry of Environment provides support to all of them in the process; or there's an inter-ministerial committee composed of X and Y ministries that plans and coordinates all GPP activities and the other agencies have to implement GPP but without any specific plan; etc.

4-1. What barriers exist that hamper the implementation of GPP activities or the adoption of GPP? (Multiple choices)

<input type="checkbox"/> Lack of mandatory GPP rules/legislation	
<input type="checkbox"/> Lack of policy commitments/goals/action plans	
<input type="checkbox"/> Lack of inter-agency cooperation	
<input type="checkbox"/> Lack of expertise in GPP implementation	
<input type="checkbox"/> Insufficient monitoring, evaluation and enforcement of GPP policies	
<input type="checkbox"/> Lack of incentives on GPP at organization/personal level	
<input type="checkbox"/> Lack of training of procurement staff in GPP	
<input type="checkbox"/> Competing procurement priorities	
<input type="checkbox"/> Perception that green products and/or services are more expensive	
<input type="checkbox"/> Perception that green products and/or services are of less quality	
<input type="checkbox"/> Lack of green products and/or services to procure	

<input type="checkbox"/> Lack of relevant GPP criteria and specifications	
<input type="checkbox"/> Lack of measurement of environmental and/or economic outcomes of GPP implementation	
<input type="checkbox"/> Others, please specify:	

4-2. Please provide details on the countermeasures your country is taking to tackle the obstacles described above.

5. Please provide any documents and/or reports related to GPP in your country (either in English or in your local language) and web-links for download if any.

C. Capacity Development Needs on the GPP implementation

This section aims to assess the country's capacity development needs on GPP implementation.

1-1. Please indicate gaps in capacity for implementation of green public procurement requiring technical support (choose the top 5)

<input type="checkbox"/> Development and/or revision of GPP policy/legislation	
<input type="checkbox"/> Development of GPP action plan	
<input type="checkbox"/> Development and/or revision of criteria for priority groups	
<input type="checkbox"/> Development of GPP guide book for priority sectors	
<input type="checkbox"/> Training of Trainers for GPP	
<input type="checkbox"/> Support for the pilot implementation of country's priority product groups	
<input type="checkbox"/> Raise awareness of GPP for public organization and procurers	
<input type="checkbox"/> Support MRA with other countries in priority product groups	
<input type="checkbox"/> Transfer of knowhow on implementation of GPP in priority sectors such as building/ construction, ICTs, etc.	
<input type="checkbox"/> Supplier engagement in priority sectors	
<input type="checkbox"/> Development of incentives/evaluation framework for the promotion of GPP	
<input type="checkbox"/> Establishment of monitoring system for GPP	
<input type="checkbox"/> Establishment of coordination mechanism with line ministries	
<input type="checkbox"/> Peer learning opportunities for public procurers between Korea and partner countries	
<input type="checkbox"/> Others, please specify:	

1-2. Please elaborate the reasons for the requirement of technical support indicated above. Please also provide plans, policies, and/or projects that are already underway and/or planned to address the technical capacity gaps.

2. Please provide expected results of the project.

3. Please provide any suggestion if any.

DEFINITIONS (attached to the Inquiry Form)

- **National Government** : In the framework of this project, the national government refers to the central government of a country as opposed to the state and local government.
- **Procurement expenditure** : According to the OECD, the national government procurement refers to the expenditure by the government and state-owned enterprises of goods, services and works and is defined as the sum of intermediate consumption (goods and services purchased for their own use, such as accounting or information technology services), gross fixed capital formation (acquisition of capital excluding sales of fixed assets, such as building new roads) and social transfers in kind via market producers (purchases by of goods and services produced by market producers and supplied to households).⁹⁸
- **State-owned enterprises (SOEs)** : According to the OECD, SOEs are enterprises where the State has significant control, through full, majority or significant minority ownership. SOE are often prevalent in utilities and infrastructure industries, such as energy, transport and telecommunication, whose performance is of great importance to broad segments of the population and to other parts of the business sector, that's why they are also known as state-owned utilities.⁹⁹
- **Total expenditure** : According to the OECD, the total expenditure is equivalent to expenditures by the government on the following items: intermediate consumption, compensation of employees, subsidies, social benefits and social transfers in kind (via market producers), other current transfers, property income, capital transfers (payable), the adjustment of the net equity of households in pension funds reserves, gross capital formation and net acquisition of non-financial non-produced assets. It also includes taxes on income and wealth and any other taxes on production that government may be required to pay.¹⁰⁰

⁹⁸. http://www.oecd-ilibrary.org/sites/gov_glance-2011-en/09/01/index.html?contentType=/ns/StatisticalPublication/ns/Chapter&itemId=/content/chapter/gov_glance-2011-46-en&containerItemid=/content/serial/22214399&accessItemids=&mimeType=-text/html

⁹⁹. <http://www.oecd.org/corporate/ca/corporategovernanceofstate-ownedenterprises/34803211.pdf>

¹⁰⁰. <http://www.oecd-ilibrary.org/sites/9789264067981-en/05/01/index.html?itemId=/content/chapter/9789264075108-18-en>

Current Status of
**Green Public Procurement &
Eco-labelling**
in Four Asian Countries