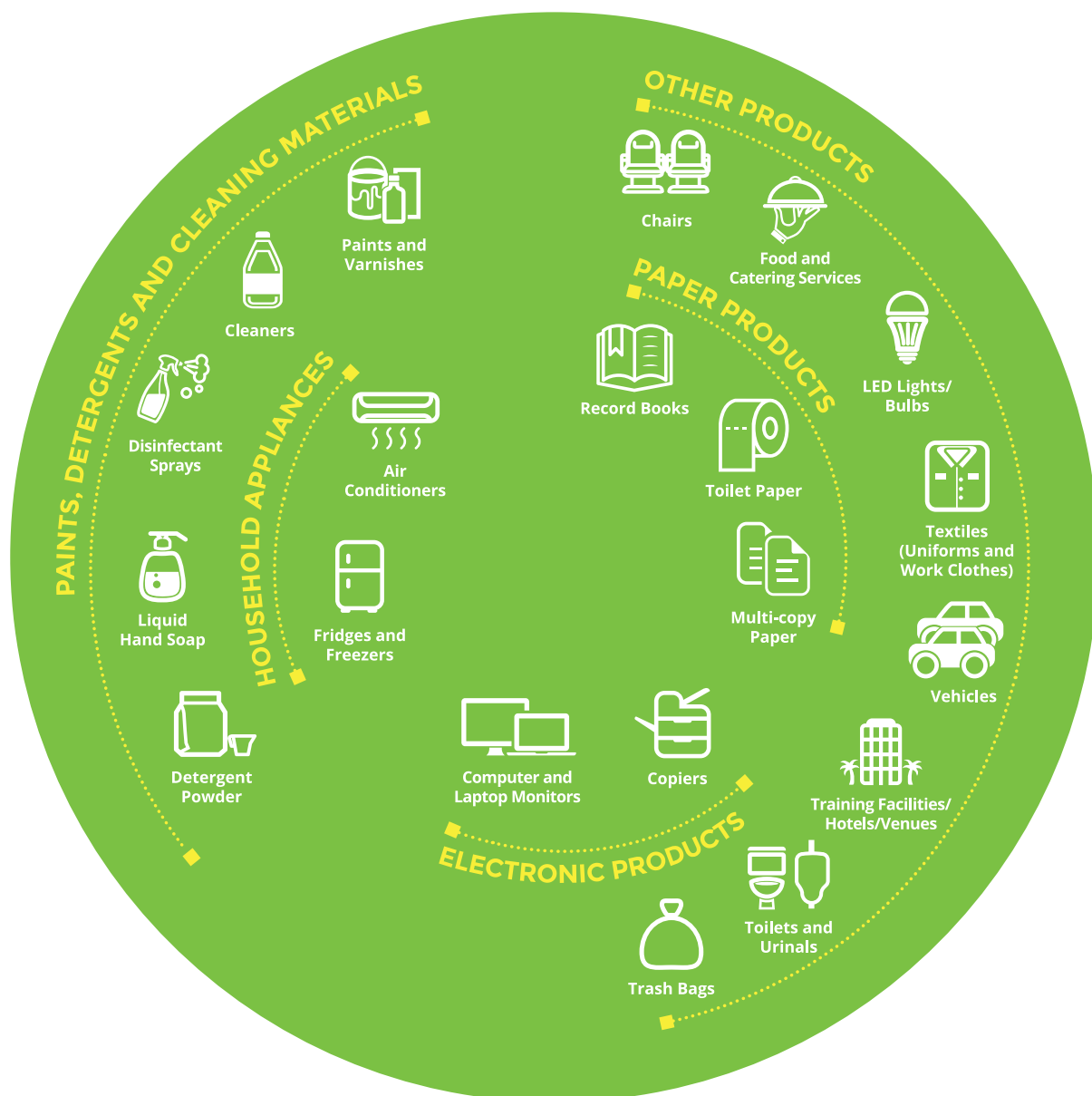


The Philippine Green Public Procurement Roadmap

Advancing GPP until 2022 and beyond



The Philippine Green Public Procurement Roadmap

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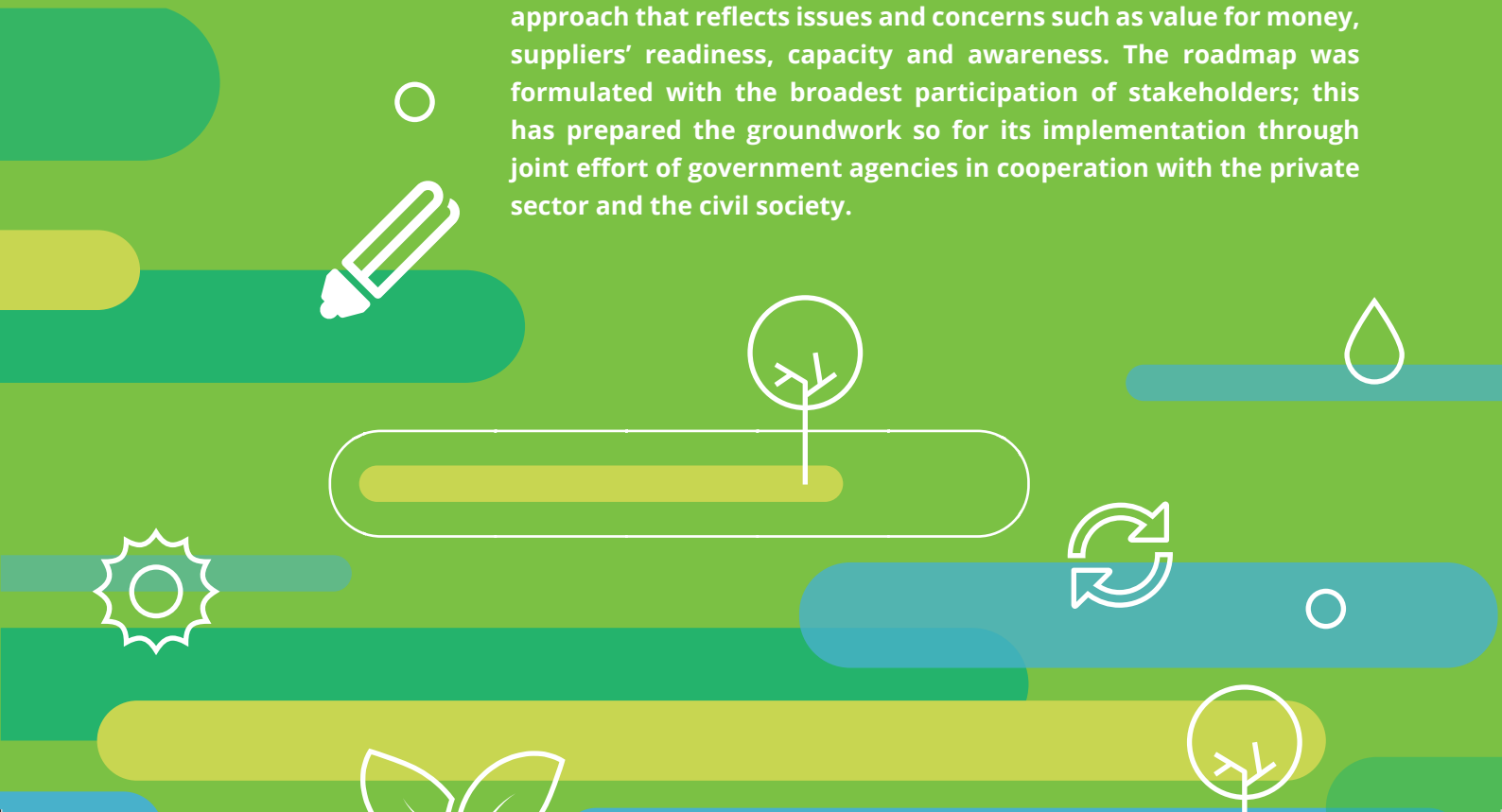


Foreword

Green Public Procurement is a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured.

GPP is a voluntary instrument. The government of the Philippines has decided to adopt this concept to develop the country in line with the Sustainable Development Goals agreed by the United Nations until 2030 and the UN 10-Years Framework Program on Sustainable Consumption and Production. Harnessing the immense purchasing power of the government will not only help convert the market to a greener market with substantial benefits for the environment, but also improve the socio-economy status of the nation.

The Philippine GPP Roadmap is inspired by the logic that governments have to lead by example in transforming the market. Numerous international examples exist to adopt the best practices and to avoid all possible failures on the way forward. The strategy of GPP in the Philippines is to integrate green practices harmoniously into the existing procurement processes. Over a short to medium-term period, procuring green will become the norm for an increasing number of commonly and non-commonly used supplies and equipment; the long-term perspective is to achieve sustainable public procurement. The GPP Roadmap describes a circumspect approach that reflects issues and concerns such as value for money, suppliers' readiness, capacity and awareness. The roadmap was formulated with the broadest participation of stakeholders; this has prepared the groundwork so for its implementation through joint effort of government agencies in cooperation with the private sector and the civil society.



List of Acronyms

10YFP	10-Year Framework of Programs (10YFP) on SCP
ABC	Approved Budget for the Contract
ADB	Asian Development Bank
APCPI	Agency Procurement Compliance and Performance Indicators
APP	Annual Procurement Plan
APRSCP	Asia Pacific Roundtable on SCP
AQMS	Air Quality Monitoring Stations
BAC	Bids and Awards Committee
BPS	Bureau of Philippine Standards (DTI)
BSMED	Bureau of Small and Medium Enterprise Development
CB	Competitive Bidding
CPMR	Consolidated Procurement Monitoring Report
CSE(s)	Common-Use Supplies and Equipment
CSR	Corporate Social Responsibility
DAC	Development Assistance Committee (OECD)
DBM-PS	Department of Budget and Management - Procurement Service
DC	Department Circular
DENR	Department of Environment and Natural Resources
DOE	Department of Energy
DOST	Department of Science and Technology
DTI	Department of Trade and Industry
EC	European Commission
EO	Executive Order
EU	European Union
FAQ	Frequently Asked Questions
GDP	Gross Domestic Product
GGP	Green Government Procurement (Malaysia)
GPMs	Generic Procurement Manuals
GPP	Green Public Procurement
GPPB	Government Procurement Policy Board
GPPB-TSO	GPPB Technical Support Office
GPRA	Government Procurement Reform Act
HoPE	Head of the Procuring Entity
IATWG	Inter-Agency Technical Working Group
IEC	Information, Education and Communication
ITDI	Industrial Technology Development Institute
IRR	Implementing Rules and Regulations
ISO	International Standards Organization

JICA	Japan International Cooperation Agency
KPI(s)	Key Performance Indicators
LA21	Local Agenda 21
LCA	Life Cycle Assessments
LCC	Life Cycle Costing
LCRB	Lowest Calculated and Responsive Bid
MEPS	Minimum Energy Performance Standards
NAP(s)	National Action Plans
NEDA	National Economic and Development Authority
non-CSE(s)	Non-Common-Use Supplies and Equipment
OECD	Organisation for Economic Co-operation and Development
PBD(s)	Philippine Bidding Documents
PDP	Philippine Development Plan
PhilGEPS	Philippine Government Electronic Procurement System
PNS	Philippine National Standards
PPC(s)	Public Procurement Centers (China)
PPIA	Philippine Plastics Industry Association
PPMAI	Philippine Paper Manufacturer's Association Inc.
R&D	Research and Development
RA	Reform Act
SC.Asia	Sustainable Consumption Asia
SCP	Sustainable Consumption and Production
SDG(s)	Sustainable Development Goals
SEIPI	Semiconductor and Electronics Industries in the Philippines Foundation Inc
SME(s)	Small and Medium Sized Enterprises
SPP	Sustainable Public Procurement
TCO	Total Cost of Ownership
TSRC	Technical Specifications Review Committee
TWG	Technical Working Group
UN-DESA	United Nations Department of Economic and Social Affairs
UNEP	United Nations Environment Program
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
WB	World Bank

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1 Policy Brief

Today, Green Public Procurement (GPP) is the policy of many governments as prominent market stakeholders focus on sustainable consumption that will influence the patterns of production. GPP is contributing to sustainable development as a process of meeting human development goals while sustaining the ability of natural systems to continue to provide the natural resources and ecosystem services upon which the economy and society depends. GPP is a market-based approach: Governments have the privilege to regulate the market where it's necessary, to incentivize, to inform and to guide the market players. Through public procurement, governments are themselves important players in the market. The immense purchasing power of governments, which is almost 20% of Gross Domestic Product (GDP) in the Philippines, is an important

market factor. Government spending is necessary to execute manifold public services; and, government spending is creating demand that influences supplies. Greening governments' demands and procuring items with green specifications are strong signals to the suppliers, vendors and merchants to venture into the green enterprise. By going green, governments take on a leading role to convert the market to a green market. These considerations have guided governments around the world to pursue green purchasing. There is no single recipe for GPP; the number of approaches account to the number of governments which are practicing GPP. The numerous experiences provide useful lessons to shape a GPP system customized to the Philippine context.

1.1 The Philippine approach toward GPP

The Philippine approach to GPP is based on a well-established public procurement system which perfectly allows integrating the green practices without inventing a parallel system of public procurement just for the green purpose. The existing principles and procedures are maintained by the GPP aspirations.

Over the past decade and following a fundamental reform, the Philippine Government has established a state-of-the-art system of public procurement which is transparent and conducive for open competition. Rules and regulations provide a fair and level playing field for businesses. The introduction of GPP will be organically integrated into the existing framework; no separate track for green will be introduced; the vision is a public procurement that is green throughout. A stepwise and cautious approach will accelerate green purchasing from first tranches of Common-Use Supplies and Equipment (CSEs), which are centrally purchased

through the Department of Budget and Management-Procurement Service (DBM-PS), and Non-Common-Use Supplies and Equipment (non-CSEs) directly purchased by the various government stakeholders. From there, and following the same mechanisms that have guided to select the first items for GPP, the scope will be gradually enhanced. The purchasing mechanisms starting from the needs assessments over tendering to the contract awarding remain unchanged by GPP. The existing procedure to describe the quality requirements of demanded products and services provides the avenue for the inclusion of green criteria through

technical specifications that could be verified similarly to the existing practice for conventionally purchased items. The focus will be on simple and meaningful green specifications, expressed as core green criteria; the comprehensiveness can grow over time, but will not be the ambition at the start. Along with the first phase of GPP and the first set of ten CSEs and ten non-CSEs, the implementation framework of public procurement will be adjusted to fit the new paradigm: a resolution by the Government Procurement Policy Board (GPPB) will refresh the existing government

commitment to green procurement; Implementing Rules and Regulations (IRR) will be updated where necessary, the generic procurement manuals will be adjusted with the features of GPP; the bidding documents will contain green technical specifications plus the required suppliers' proofs for verification. The whole process will be supported by auxiliary measures of capacity building, training and awareness raising to increase knowledge, skills and attitudes for GPP. The implementation progress will be systematically monitored and evaluated.

1.1.1 Principles of GPP

GPP is only new in so far as how the quality of demands is specified. The innovation is to include environmentally relevant technical specifications in bidding documents; this can happen in the form of replacements of or as additions to the existing requirements. The basic functionality of procured items remains untouched.

The roadmap defines GPP as an effective mechanism of a transparent, accountable, efficient, equitable, economical and effective procurement system. GPP is a prudent approach that ensures value for money in terms of source, quantity, quality, price, time, and delivery. Open competitive bidding ensures to identify

the lowest calculated and responsive bid in compliance with the specifications including the green criteria. The use of discriminatory criteria such as brands, labels or other suppliers' requirements that could distort the open competition are prohibited. Market readiness and impact on local suppliers will determine the speed and scope of green purchasing. Local circumstances will be respected with circumspect.

1.1.2 GPP and development objectives

GPP contributes to the development objectives of the Philippines; it supports the enforcement of sector policies relevant for sustainable development such as energy, water and material efficiency, waste reduction, pollution and emission prevention including climate change mitigation, local and rural development, greening supply chains, greening infrastructure and works, industry productivity, innovation and competitiveness, inclusive business models and green jobs. A full-scale GPP system is a corner stone to achieve these priorities.



1.2 Goals and positive impact

The ultimate goal is to establish a GPP program for all departments, bureaus, offices and agencies of the government, including the local government units. GPP will cover CSEs, which are centrally purchased through the DBM-PS and non-CSEs directly purchased by the various government stakeholders. The implementation of GPP will become the norm of public procurement in the medium to long term.

Establishing GPP systematically will create a growing market for the green supplies and equipment in the Philippines. This will have positive impacts on the economy, society and environment:



The government is the single largest buyer in the market; the demand for green products will change the market towards green with positive effects to the jobs and incomes of the people.



Procurement of green products will encourage and create markets for Philippine manufacturers, particularly Small and Medium Sized Enterprises (SMEs), to produce green products and use environmentally friendly processes.



A transparent and fair process of GPP through the avenue of green technical specifications will support value for money in competitive procedures.



The leading example of the government to go green will have a spill-over effect on the private sector and on private households to also give preference to green products.



The increasing demand will increase the supplies of green products, which in turn will level the costs of green products and make them more affordable.



The green quality of supplies and equipment will reduce the pressure on the environment over the life cycle of producing, using and disposing of the purchased items.

In summary, GPP will be the main pillar of the country to achieve green growth through a switch to sustainable consumption and production patterns.



1.3

The intervention logic of the GPP Roadmap

The diagram summarizes how GPP as a part of public procurement works, based on good practices and lessons learnt, thereby, building on existing legal and institutional conditions. Five strategies will deliver the expected results in terms of impact on the socio-economy lifestyle in the Philippines and its environment to reach the goals aligned with national priorities for sustainable development.



2 Overall Background

GPP is a good practice of public procurement. It evolved with the growing understanding and operationalization of sustainable development since the Earth Summit in 1992. Governments are leading by example and use their immense purchasing power to shape the patterns of growth, eventually achieving green growth. Best practices show the individual nature of national GPP programs and has provided inspiration for the Philippine GPP roadmap.

2.1 Green Public Procurement in the context of public procurement

Public procurement is the mechanism to purchase goods, services and works¹ from vendors, merchants, specialized companies or qualified bidders on behalf of a public entity. Without public procurement, a government would not be able to fulfill its service functions to its citizens. In many sectors such as energy, transport, waste management, social protection and the provision of health or education services, public entities are the principal buyers. Public procurement uses taxpayers' money and governments are expected to carry it out efficiently while considering its value for money and high standards of conduct. The public procurement process is the sequence of activities starting with the assessment of needs through bidding and awards to contract management and final payment. Public procurement rules and regulations aim to create a level playing field for businesses and ensure transparency, fairness and open competition.

With 10% to 20% of GDP, public procurement accounts for a substantial part of the global economy. The immense purchasing power of governments has significant impacts on the economy. Government

spending aggregates demand and increases consumption. Governments use public procurement strategically to drive economic growth, to provide business opportunities for suppliers which, in consequence, creates jobs and income for the people. Public procurement is a vital engine for the economic system. As the biggest single buyer, governments are influencing demand and shaping the patterns of growth. What goods, works and services are demanded determine the supply side. Governments have the privilege to lead by example and to transform the market. Including green considerations in public procurement activities influences the 'color' of growth and spur a switch to the green growth patterns.

Basically, GPP follows the same procedures and principles like conventional public procurement, but is adds more value to sustainable development and the benefit of a prospering economy, an inclusive business and consumer society and environment protection.

¹Goods are typically equipment and consumables; services refer to activities with an immaterial exchange of values and may include consulting services but also financial, health, hospitality, facility management and other services; works are usually related to infrastructure and construction. The distinction between these spheres of public procurement varies per national definition and terms. In the Philippines, typical services, except consulting services, are subsumed under goods or works.

2.2 Advancements of GPP and examples

Since the Rio Earth Summit in 1992, sustainable development at global, national and local levels became an important part of the policy concepts with growing attention. The main paradigm established over the past two decades is the concept of Sustainable Consumption and Production (SCP). It serves as an umbrella for sector-specific pathways among which GPP has proved to be the most important, highly pragmatic and operational approach, cutting across the socio-economic dimensions of consuming and producing.



2.2.1 History and state of play

In 1992, the Rio Earth Summit recognized that unsustainable consumption and production patterns are a major cause of environmental degradation. In the consecutive years, various definitions translated this global concern into an operational understanding. The Oslo Ministerial Roundtable Conference on Sustainable Consumption and Production (Oslo Symposium) in 1994 provided the first definition: SCP is the use of goods and services that respond to basic needs and bring a better quality of life, while minimizing the use of natural resources, toxic materials and emissions of waste and pollutants over the life cycle, so as not to jeopardize the needs of future generations. From the business perspective, the World Business Council for Sustainable Development defined SCP in 1997 as efforts by various stakeholders in achieving environmental quality through efficient utilization of natural resources, minimization of wastes, and optimization of products and services. The European Union (EU) defines sustainable consumption and production as the approach to *maximize business potential to transform environmental challenges into economic opportunities and provide a better deal for consumers [...] to improve the overall environmental performance of products throughout their life cycle, to boost the demand for better products and production technologies and to help consumers in making informed choices.*

SCP has evolved into a key concept for sustainable development in the twenty-first century. Ten years after the Rio Earth Summit, the Johannesburg World Summit on Sustainable Development in 2002 reiterated the concept of SCP. It was agreed to elaborate a 10-Year Framework of Programs (10YFP) on SCP through a global stakeholder effort, the so-called Marrakech process². Eventually, the Rio+20 Conference in 2012 adopted the 10YFP on SCP. United Nations Environment Program (UNEP) was appointed as the secretariat to coordinate this global initiative.

SCP has the potential to address, overall, the triple bottom line of sustainable development: economy, society and environment. More importantly, SCP has the potential to reconcile the domains of economic interests, social balance and environment protection. Today, SCP is frequently associated with profit, people and the planet. In 2015, the international community adopted the UN 2030 Agenda for Sustainable Development to transform the world through an action plan for people, planet and prosperity.

²The Marrakech process was coordinated by UNEP and UN DESA with the active participation of national governments, development agencies, business and industry, civil society and other stakeholders. The first meeting devoted to developing the 10 YFP took place in Marrakech, Morocco in June 2003, hence, the name. The process worked through regional consultations in Africa, the Arab Region, Asia-Pacific, Europe, Latin America and North America. The Asia-Pacific region has held four consultations in Indonesia (2003), in South Korea (2003) and in the Philippines (2008 and 2009) in joint cooperation with UNESCAP and the Asia Pacific Roundtable on SCP (APRSCP). The main initiatives developed in the Asia-Pacific region are the 'Green Growth Initiative', the 'Help Desk on SCP', the 'Asia-Pacific Roundtable on SCP' and 'SC.Asia'.



Among the 17 Sustainable Development Goals (SDGs) of the post 2015 framework, goal 12 will ensure the responsibility for the sustainable consumption and production patterns respectively. ***SDG target 12.7 refers to promoting public procurement practices that are sustainable, in accordance with national policies and priorities***³. In addition, SCP effectively supports other SDGs such as security of supplies, healthy living, inclusiveness and access to adequate education, sustainable management of water, energy and natural resources, resilient cities, combating climate change and the protection of ecosystems and biodiversity.

SCP is considered as the key approach to bring forward green economies and green growth. Green growth is a term to describe a path of economic growth that uses natural resources in a sustainable manner. It is an alternative concept to conventional economic growth. A corner stone of the green growth policy is GPP.

The idea that governments will lead by example has been present since the beginning of the concept of sustainable development. Within the framework of the Local Agenda 21 (LA21), concluded in 1992, it was local governments, cities and municipalities, which embarked on GPP as one of their means to fill the LA21

framework with real action, following the slogan to 'think globally and act locally'. Local authorities started to procure green through a plurality of self-knitted approaches which covered items such as stationary goods, IT equipment, cleaning detergents and in some cases, investment goods such as buildings and vehicles.

At the national levels, ministries and departments of environment were the first promoters of GPP. Within their jurisdictional mandate of nature conservation and pollution prevention and the practice to regulate through emission thresholds and limits. The main approach was to promote a new kind of product labels with the aim to determine in very detail the attributes of green products; a spectrum of national eco-labels emerged. However, there was little response in the market. Industries refrained to apply eco-labels due to the additional certification costs and often due to the mere absence of certification bodies; consumers had difficulties to recognize eco-labels due to the sheer abundance of product labels and there is the perception that green-labeled products are extra-costly. The ambition to link GPP with eco-labels largely failed, mainly for legal reasons since the conventional procurement rules would not permit referring to branding or other discriminatory specifications in the procurement process such as distinct labels. Still, the efforts on eco-labels have produced a rich source of green criteria to a growing number of product groups deduced from comprehensive research such as Life Cycle Assessments (LCA) that are useful for the formulation of green specifications in tendering documents.

During the past decade, the role of governments and public institutions in the pursuit of ambitious

³<https://sustainabledevelopment.un.org/sdg12>

policy goals towards sustainable development and the building of inclusive civil and business societies have gained more attention to drive sustainable consumption and production, circular economy, energy, water and resource efficiency, climate change mitigation and adaptation. There is an increasing awareness that environmentally friendly products and

services cannot be promoted only by regulation, but through leadership of governments as purchasers of products and services.



2.2.2 Global examples of GPP

Dozens of countries worldwide are practicing GPP. Introducing and advancing GPP is a pragmatic and selective approach that fits national circumstances and priorities. The number of approaches is counted by the number of public authorities that have embarked on GPP. Good examples on GPP exist at local, national and even supra-national levels and serve as inspiration to design a suitable program for GPP in the specific context. In the EU, where public procurement accounts for almost 20% of the GDP, green public procurement will stimulate green markets. The flagship initiative on a 'Resource-efficient Europe' under the Europe 2020 strategy encourages the 'wider use of green public procurement' as a means to smart growth through the development of environmental and climate-friendly technologies, products and services. With financial support of the EU SWITCH-Asia Program, a number of Asian countries such as Thailand, Indonesia and Malaysia have drawn up the national SCP policy frameworks or are in the process of doing so, such as the Philippines and Sri Lanka. China's 13th Five Year Plan (2016-2020) pursues sustainable development through the so called

'Ecological Civilization Construction' which resembles the concepts of SCP and resource efficiency in the EU. OECD countries are increasingly using procurement as a policy lever to promote environmentally sustainable development. In 2012, 72% of OECD countries have developed a strategy at the central level to support GPP. Some countries such as Germany, Japan and the USA have led the way by investing considerably in green energies and developing related policies. The USA has incorporated requirements for green procurement into federal regulations and executive orders. In 2011, the U.S. administration has announced ambitious green policies, for example, requiring 95% of all government contracts to meet sustainability requirements. GPP is a vehicle for economic growth: it is estimated that in 2020 the sales of eco-industries will reach EUR 2.2 trillion⁴.

⁴Mapping out good practices for promoting green public procurement, OECD 2013

The systematic approach to GPP in the EU commenced in 2001 with an integrated communication of the European Commission on a 'Community law applicable to public procurement and the possibilities for integrating environmental considerations into public procurement' at each separate stage of the contract award process (COM 2001/274). In 2004, the Council and the European Parliament adopted two directives with distinct provisions for GPP⁵. Beside the inclusion of environmental requirements in technical specifications, the directives referred simultaneously to the use of eco-labels and that suppliers will meet environmental obligations in performing a contract in accordance with environmental management measures. However, the reference to eco-labels and environmental management systems in public procurement was too complicated and even contradictory to the existing national legislations. Clarifications were provided in 2008 with a further communication on 'Public Procurement for a Better Environment' (COM 2008/400), which was complementary to the Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan of the EU⁶. The communication defines GPP as a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured. The European Commission started developing common GPP criteria of product and service groups such as cleaning products and services, construction, electricity, catering services and food products, gardening services and products, office IT equipment, copying and graphic paper, textiles, transport and furniture.



Public authorities were invited to include these criteria into their tendering procedures. Until 2015 the initial list of 10 product and service groups was expanded to twenty-plus GPP criteria sets⁷.

For each product group, the Commission has set 'core criteria' and 'comprehensive criteria'. The 'core criteria' addresses key environmental impacts and are designed to be used with minimum additional verification efforts or increase in cost. The 'comprehensive criteria' will guide contracting authorities to purchase the best environmental products available in the market; these criteria may require additional verification efforts or an increase in cost compared to other products with the same functionality. In the long term, these common criteria should also lead to a harmonized use of green criteria in procurement procedures throughout the EU, this is, however, a target far from reach as the current development and the individual approaches to GPP by procurement authorities across the EU show.

The European Commission has set the objective to achieve at least a 50% uptake of 'core' GPP criteria by 2010. Two recent studies in 2011⁸ and 2012⁹ monitored the GPP progress in the EU.

⁵Directive 2004/18/EC covers public works contracts, public supply contracts and public service contracts. Directive 2004/17/EC covers the procurement procedures of entities operating in the water, energy, transport and postal services sectors.

⁶Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan (COM 2008/397)

⁷The complete list of criteria is available at http://ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm

⁸Strategic Use of Public Procurement in Europe; Adelphi, 2011

⁹Center for European Policy Studies (CEPS) and the College of Europe (CoE), 2012

'Green' contracts by number of contracts

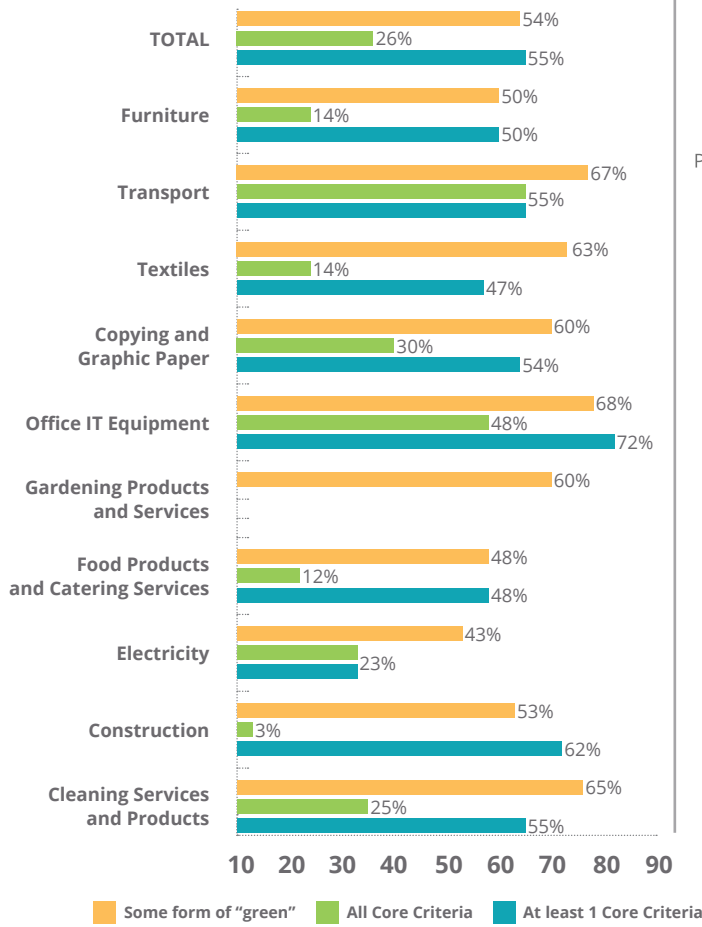


FIGURE 1: 'Green' contracts as a percentage of contracts in the EU

The figure on top shows that 26% of government procurement contracts are green, including all green core criteria of the EU. About 55% of contracts include at least one green core criterion. And 54% of contracts have some form of green criteria. The uptake of GPP is increasing especially in office ICT equipment, transport and paper. Green criteria covers about 38% of the total values procured. The figure above displays the reported level of uptake for the individual EU core GPP criteria. Only three out of the 24 EU core GPP criteria are reportedly used by more than 50% of the respondents: double printing and energy performance for office IT equipment, and the criterion on CO2 emissions for transport. The high score for energy

Uptake of individual EU core GPP criteria in product groups

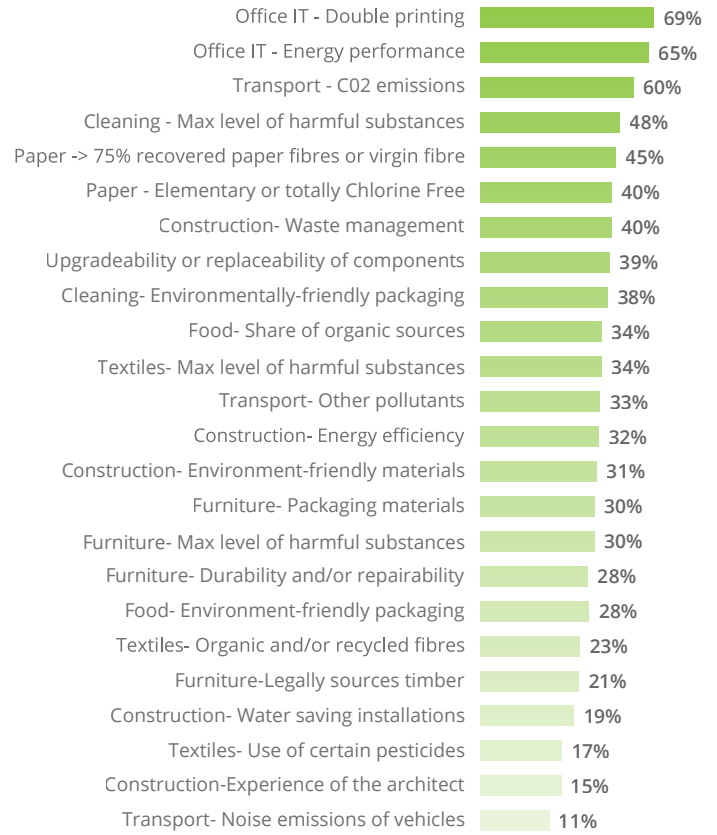


FIGURE 2: Uptake of Individual EU core GPP criteria in product groups

performance of IT equipment stems from the fact that central governments have the obligation to buy energy efficient equipment according to the Energy Star regulation.

The monitoring reports show that applying selected core criteria in technical specifications is the preferred practice of GPP by the public authorities. Other considerations like Life Cycle Costing (LCC) and Total Cost of Ownership (TCO) methods are not frequently used by public authorities. The most commonly used criterion is still purchasing costs (64%); followed by a mixed option (30%) that includes LCC/TCO. Only 6% of decisions are based predominantly on LCC/TCO.

A majority of EU Members States have developed NAPs since 2005

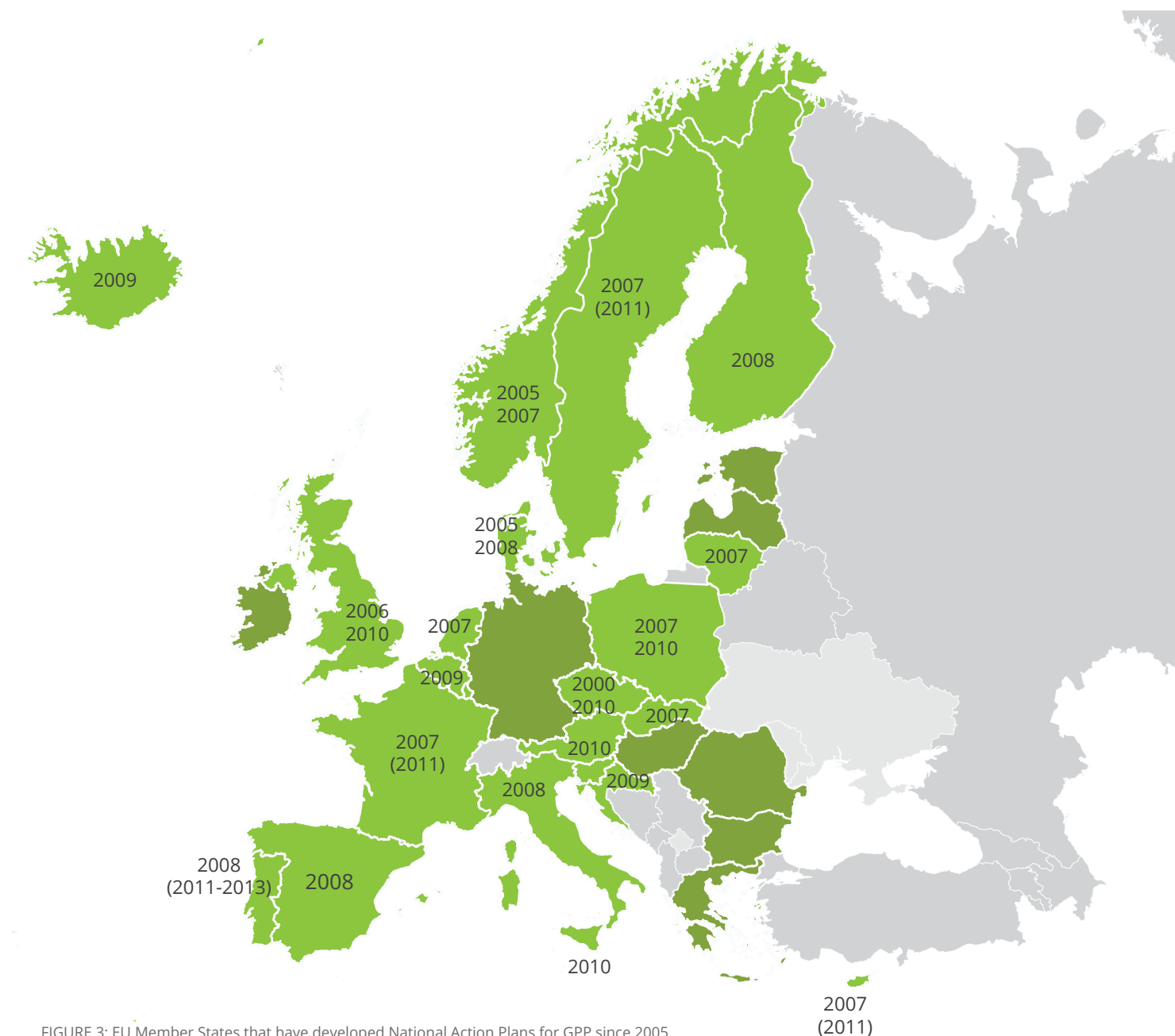


FIGURE 3: EU Member States that have developed National Action Plans for GPP since 2005

Of the 28 Member States of the EU, 22 have developed National Action Plans (NAPs) which address GPP in a stepwise manner and tailored to the national circumstances approaches.

A review of these NAPs shows big variations among the EU Member States in policy design to pursue GPP in coherence with national priorities and potentials. The differences of commitment to GPP reflect the development stage of a country depending on

the maturity of the existing public procurement systems. The responsibilities vary, in many cases, the ministries or departments of finance or designated procurement agencies are chairing the effort, in other cases, it's the environment agencies; often it is a mix of responsibilities depending on how much such processes are streamlined in a government. The constitution of a country is an important factor to shape GPP programs, either as a national effort or of provinces in case of federalist systems.

¹⁰Directive 2014/24/EU on public procurement, and Directive 2014/25/EU on procurement by entities operating in the water, energy, transport and postal services sectors

In 2014, the EU replaced the old directives of 2004 (see before) with two new directives¹⁰ aimed at simplifying public procurement procedures and making them more flexible. The new rules seek to ensure greater inclusion of common societal goals in the procurement process. These goals include environmental protection, social responsibility, innovation, combating climate change, employment, public health and other social and environmental considerations. The directives specify: the requirements of a contract through defining technical specifications; under what conditions labels can be used and how the lowest price is awarded and LCC can be reconciled to award public contracts on the basis of the most economically advantageous tender; that innovation partnerships may be established where a contracting authority wishes to purchase goods or services, which are not currently available on the market to allow for R&D, piloting and subsequent purchase of a new product, service or work by establishing a

structured partnership. The procurement directives specifically allow for preliminary market consultations with suppliers to get advice, which may be used in the preparation of the procedure.

In conclusion, the overarching framework provided by the European Commission in form of common GPP criteria provides practical guidelines for national, provincial or local authorities. These guidelines are publicly available and free for outside the EU. European governments complement their strategies with capacity building of procurement officers and suppliers. A total of 236,752 contracts signed by public authorities in 2009-2010 alone account for a value of 117.5 billion Euros. It is expected that the volume of GPP will increase further in the EU; GPP will advance to a standard practice for public procurement, including social and innovative dimensions over time.

In Asia, a number of countries have adopted the concept of GPP. The approaches differ as Asian countries differ in terms of political system, governance, business culture and development grade. A few examples:



In Korea, GPP is regulated through the 'Act on Encouragement of the Purchase of Green Products (2004/2005)' to prevent wasteful use of resources and environmental pollution, and to contribute to sustainable developments in the domestic economy by encouraging environmentally-friendly product purchasing. Public authorities including central and local governments and public institutions have to submit annual implementation plans with voluntary targets and performance reports with the actual number of green products purchased. The public green market has grown about seven times since 2005 to 1.6 billion USD in 2012; GPP of 19 product groups resulted in 3.71 million tons of CO₂ emission reduction and the creation of 14,335 new jobs.



In Japan, the 'Law on Promoting Green Purchasing (2000)' mandates government institutions to implement green procurement. The 'Green Purchasing Law (2001)' requests that Japan become a recycling-based society through green procurement. Information on environmentally friendly products is provided with a central database administered by the Japanese Green Purchasing Network. All central government ministries practice green procurement; all 47 prefectural governments and 12 designated cities are engaged in green procurement, and two-thirds of the 700 cities now systematically implement green procurement. Over 150 items are targeted to shift the demand towards eco-friendly goods.



China has built GPP on a planned economy approach. The public procurement system has a hierarchical top-down structure. The central government formulates the national framework for public procurement. Sub-central government bodies undertake the actual budget allocation; carry out public procurement through specification and customization including training of procurement officers. Public Procurement Centers (PPCs) are responsible for implementing the public procurement plans. The main instruments for GPP are two public procurement lists with environmentally friendly and energy efficient products. Since 2007, PPCs are requested to give priority to the products listed in these 'green product inventories'. These lists include products ranging from cars to construction materials, office equipment and other consumer goods.



Malaysia has formulated a long-term national action plan for Green Government Procurement (GGP) that is firmly linked with the country's development plan. GGP is a corner stone of Malaysia's pursuit of green growth as formulated in the 'Eleventh Malaysia Plan (2016-2020)' and a corresponding 'National SCP Blueprint (2016-2030)'. The government will lead by example in changing patterns of consumption which will simultaneously lead to changes in production and to a growing green market. For selected product groups, GGP will become mandatory for all public entities by 2030. Gradually, all national, state and local governments will apply GGP. The volume of green purchasing shall increase up to 20% in 2020, to 50% by 2025 and to 100% by 2030 for selected product groups which are tendered with technical specifications based on green core criteria. The Ministry of Finance and the Ministry of Energy, Green Technology and Water ministries are spearheading the change in pursuit of smart and prudent spending, to increase Malaysia's global competitiveness, employment and business opportunities in green sectors, and to achieve a low carbon economy that is inclusive and based on innovation.



In many countries GPP has triggered spillover effects into the private sector. In Japan, the market share of environmental business is rapidly increasing, including 30% of private companies applying green purchasing principles. A 2013 study surveyed 133 multinational companies and found that for 93% of the respondents sustainable procurement is an important objective. In Europe, the main factors are client expectations and the avoidance of risks for a brand image that could be associated with poor social and environmental practices. Respondents in North America indicated compliance with new regulations and the reduction of costs as most influential.¹¹

¹¹Sources: UNEP (2014), COM (2010), SEC (2011), Center for European Studies (2012), EcoVadis and A.T. Kearney (2013)

2.2.3 Lessons learnt

After decades of trial and error characterized between over-ambition and reluctance, GPP has evolved to a mature practice and is becoming the overall trend of public procurement in a growing number of advanced countries. What was once considered a friendly-niche approach has shown a large potential to support national and global aspirations towards sustainable development. There is no unique recipe to set up a functional GPP program but the requirement to customize the approach by tying it to national or local circumstances, existing procedures, legal frameworks and rules. Each country is sovereign in determining the scope, rules and targets of GPP in accordance with its economic, social and environmental priorities.

GPP is frequently used as a synonym of Sustainable Public Procurement (SPP) which is a *process whereby public organizations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life cycle basis in terms of generating benefits not only to the organization, but also to society and the economy, whilst significantly reducing negative impacts on the environment.*¹²

Based on global surveys and case studies, UNEP published in 2015 'Principles of Sustainable Public Procurement'¹³ which are recommended to countries in formulating and updating their own frameworks for GPP or SPP. The first principle says that good public procurement is sustainable public procurement; it follows the essential elements of good public procurement. This means that GPP is not an appendix to public procurement or an alien undertaking, but an enhancement of good procurement. The second principle says that SPP implementation needs leadership to ensure sufficient resources and dedication to implementation. This means in practice

that the appropriate institution needs to be in charge which would be the bodies in charge for the existing public procurement framework. The third principle says that SPP contributes to broad policy goals such as sustainable natural resource management, resource efficiency, sustainable development, and sustainable consumption and production. This means, in other words, if the GPP/SPP program is not aligned with a country's national priorities, it would fall short and meaningless. The fourth to sixth principles, recommended by UNEP, are self-evident such as to engage with all stakeholders, sound management and monitoring of results.

In conclusion, the best practice to develop a functional GPP program is building on the existing public procurement mechanisms, if already established along good practices such as being transparent, fair, non-discriminatory, competitive, accountable, efficient use of public funds, and verifiable. A GPP system should not be more sophisticated than the existing well-practiced procurement system and should adhere to easy-going tools. Less could be more when it comes to green criteria; focusing on core green specifications will pay off. A national action plan or roadmap to GPP will unfold in a stepwise proceeding that will build knowledge, skills, attitudes and awareness along the way forward.

¹²Updated by the Multi-Stakeholder Advisory Committee of the 10YFP SPP Program from Procuring the Future – the report of the UK Sustainable Procurement Task Force (June 2006). Definition adopted by the Marrakech Task Force on Sustainable Public Procurement. The footnote to the definition reads: Sustainable Procurement should consider the environmental, social and economic consequences of: design; material use; manufacture and production methods; logistics; service delivery; use; operation; maintenance; reuse; recycling options;

¹³The Sustainable Public Procurement Program of the 10-Year Framework of Programs (10YFP SPP Program) - Principles of Sustainable Public Procurement; UNEP 2015

3

Green Public Procurement in The Philippines

3.1 The legal and institutional situation

Good preconditions exist to include the concept of GPP into the existing Philippine framework of public procurement.

3.1.1 Existing legislation

The legal base for public procurement in the Philippines is the Government Procurement Reform Act (Republic Act (RA) 9184, GPRA 2003,) entitled as 'An Act Providing for the Modernization, Standardization and Regulation of the Procurement Activities of the Government and for Other Purposes'. The GPRA consolidated and replaced more than one hundred laws, presidential issuances, executive orders, rules and regulations dealing with public procurement. The GPRA also serves as an anti-corruption law and determines a system of 'good public procurement' according to international standards such as of the World Bank (WB), the Asian Development Bank (ADB) and the Japan International Cooperation Agency (JICA). With RA 9184 and its IRR atransparent, accountable, efficient, equitable, economical and effective procurement system was established.

Main features of RA 9184 is to improve the previous public procurement legal framework which includes: (1) development of standard bidding documents and standardization of the procurement process through implementing rules and regulations and procurement manuals; (2) linking procurement planning and budgeting, and the provision of an Approved Budget for the Contract (ABC) as ceiling for bid prices; (3) Competitive Bidding (CB) as the default method of procurement; (4) professionalization of procurement officials through a regular conduct of procurement training programs; (5) procurement by electronic means wherever and whenever applicable; (6) participation of observers in the procurement process; and (7) inclusion of penalties and sanctions against both the public officers involved in procurement and the suppliers, contractors or consultants.



The GPRA and its Implementing Rules and Regulations (IRR) apply to all branches, agencies, departments of the government, including government corporations, government financial institutions, state universities and colleges, and local government units to govern the procurement of goods, supplies, materials, and related services, of infrastructure projects and of consulting services. It covers procurement planning up to contract implementation.

Competitive bidding is the default method of procurement and consists of advertisement, pre-bid conference, eligibility screening of prospective bidders, receipt and opening of bids, bid evaluation, post-qualification, and contract award. Contracts are awarded to bidders that submit the Lowest Calculated and Responsive Bid (LCRB) for goods and for infrastructure projects or the Highest Rated and Responsive Bid (HRRB) for consulting services.

Procuring entities may resort to alternative methods of procurement in highly exceptional cases to promote economy and efficiency whenever justified by the conditions provided in the GPRA and with prior written approval by the Head of the Procuring Entity. The alternative methods of procurement are: (a) Limited Source Bidding, (b) Direct Contracting, (c) Repeat Order, (d) Shopping; and (e) Negotiated Procurement.

Some of the important features of the public procurement process according to the GPRA are: (1) An eligibility check of bidders is conducted through a simple verification of the presence of the required eligibility documents; the eligibility documents are then validated for their truthfulness during post-qualification of the bidder submitting the LCRB for procurement of goods and of infrastructure projects, and the HRRB for procurement of consulting services. (2) The ABC is the ceiling for bid prices; bids exceeding the ABC are rejected; there is no lower limit or floor on the amount of award; all bid prices are fixed prices and are not subject to price adjustments, except in extraordinary circumstances. (3) An Annual Procurement Plan (APP) is prepared by the procuring entity for all its procurement for the ensuing fiscal year; except for emergency procurement, implementation of any project not included in the APP is not allowed. (4) The Philippine Government Electronic Procurement System (PhilGEPS) managed by the DBM-PS serves as the primary and definitive source of information on all government procurement; it also has other features such as the Electronic Bulletin Board, the matching of procurement opportunities with the appropriate supplier, the Registry of Suppliers and the Electronic Catalogue. (5) Reference to brand names including

green labels or other tags as a requirement for the item to be purchased in the bidding documents is not allowed since it will limit competition; the procuring entity has to formulate the specifications as generic as possible to allow greater competition among suppliers. (6) A Bids and Awards Committee (BAC) is established in every procuring entity to supervise all procurements; the BAC may create a Technical Working Group (TWG) from a pool of technical, financial or legal experts, which shall assist the BAC in eligibility screening, evaluation of bids and post-qualification; a BAC Secretariat within the procuring entity provides administrative support to the BAC and is the central channel of communications. (7) To enhance the transparency of the procurement process, observers from the private sector are invited to sit and monitor all stages of BAC proceedings. (8) Decisions of the BAC at any stage of the procurement process may be questioned by filing a request for reconsideration; in case the request for reconsideration is denied by the BAC, decisions of the BAC may be protested in writing to the Head of the Procuring Entity (HoPE). (9) Bidders need to post bid securities, performance securities, and warranty securities when participating in public procurement to protect the procuring entity from defaults committed by the bidders/contract awardees. (10) Advance payment may be granted to the winning bidder upon request and in an amount not to exceed fifteen percent (15%) of the contract price. (11) Liquidated damages are to be imposed on contract awardees if the project is not completed within the period specified in the contract and has been established to be their fault; however, no incentive bonus is given in whatever form.

3.1.2 Mechanisms and instruments

The GPRA has standardized the procurement process to the possible extent. Generic Procurement Manuals (GPMs) and standard Philippine Bidding Documents (PBD) have been issued for the mandatory use by all government procuring entities.

The GPMs provide clear, concise, and accurate information on the steps of procurement in the manner prescribed by the GPRA. The GPMs provide guidelines on the Establishment of Procurement Systems and Organizations (Volume 1), the procedures for the Procurement of Goods (Volume 2), of Infrastructure Projects (Volume 3) and of Consulting Services (Volume 4). Most of the procedures are harmonized to a large extent with the major development partners of the Philippines. The GPMs also discuss important issues that may confront government procurement officials in all stages of the procurement, from the preparation of the bidding documents, the actual bidding activity and monitoring of contract implementation.

The PBDs are standardized bidding documents for the competitive bidding of goods, infrastructure projects and consulting services. The PBDs define the objectives, scope, and expected outputs of the proposed contract, the eligibility requirements of the bidders, the expected contract duration and the obligations, duties and functions of the winning bidder. The feature of technical specifications of goods and infrastructure projects in the PBDs is the ideal entry point for green criteria (see 4.2.2).

3.1.3 Key stakeholders for GPP

The Government Procurement Policy Board (GPPB) oversees the implementation of the public procurement reform agenda. It was established by virtue of Section 63 (GPPB Organization and Functions) of RA 9184 as an independent inter-agency body that is impartial, transparent and effective, with private sector representation. Its duties comprise protecting the national interest in all matters affecting public procurement, having due regard to the country's regional and international obligations; to formulate and amend public procurement policies, rules and regulations, and amend whenever necessary the implementing rules of rules and regulations; to provide procurement manuals and standard bidding forms; to ensure the proper implementation by the procuring entities of the GPRA and its IRR and all other relevant rules and regulations pertaining to public procurement; to establish a sustainable training program to develop the capacity of government procurement officers and employees, and to ensure the conduct of regular procurement training programs by the procuring entities; and to conduct an annual review of the effectiveness of the GPRA and to recommend any amendments there to, as may be necessary. Its vision is a government procurement system that is transparent, efficient and free of corruption, using information and communications technology as a tool for implementation, creating solidarity and proper coordination amongst all government agencies, improved transactions between the government and its suppliers, contractors and consultants, and an atmosphere of trust and confidence between the government and the general public.

The GPPB is supported by a Technical Support Office (GPPB-TSO) to spearhead the implementation of public procurement reform initiatives. The GPPB-TSO provides research, technical and administrative support to the GPPB. It is organized into strategic groups based on the responsibility areas covering its function as technical and administrative support to the GPPB consisting of: Legal and Secretariat Division, Performance Monitoring Division, Capacity Building Division, Information Management Division and Administrative and Finance Division. The GPPB-TSO conducts procurement-related research and evaluates the effectiveness of the government procurement system and the procurement reform program. Based on the results of studies and evaluations, the GPPB-TSO prepares discussion papers and recommendations to new or emerging issues. The GPPB-TSO submits the papers for deliberation by the GPPB Inter Agency Technical Working Group (IATWG) where issues are articulated to give a clear picture of how the concern could be addressed. If private sector interest is involved, the concerned private sector organizations are invited to provide their comments as well. The discussion benefits from inputs and comments from the members help ensure the completeness of the proposed solution in terms of resources, timeliness, risks, etc. In some instances, proponents of proposed procurement policy reforms are from other GPPB member-agencies or from the private sector. Nevertheless, it is expected that the proponents have exerted the same due diligence in their review of the issue and formulation of their recommendations. Once the IATWG is satisfied that all stakeholders have been properly consulted and a thorough analysis has been exerted in coming up with the recommendation, it elevates the matter to the GPPB for its consideration. If favorably considered by the GPPB, a resolution is issued and posted on the GPPB website.

The Department of Budget and Management - Procurement Service (DBM-PS) was created under Letter of Instructions No. 755 (Relative to the Establishment of an Integrated Procurement System for the National Government and its Instrumentalities) and has (among others) the functions to identify the supplies, materials and other such items, including equipment and construction materials, which can be economically purchased through central procurement and which it shall cover within its scope of activity; and to determine the technical specifications of items it will procure on behalf of the entire government. All procuring entities have to procure their common-use goods, supplies,

materials and equipment (CSEs) from the DBM-PS through the electronic catalogue of the PhilGEPS. The participation of DBM-PS will be a major factor in moving GPP, because it determines the technical specifications of items it will procure; it is in a position to influence the demand for environmentally-friendly products. It can encourage businesses to shift to produce green products or be involved in environmentally-friendly activities.

The roadmap lists further important stakeholders for the advancement of GPP in a summary matrix of stakeholders in chapter 5.

3.2 Explicit entry points for GPP

Excellent preconditions exist for the systematic uptake of GPP in the Philippines. The enterprise of GPP is driven by competent and committed institutions: the GPPB-TSO, the DPM-PS and other stakeholders of the government and the private sector. GPP can refer to a well-established public procurement system up to the state-of-the-art standards and with clear procedures. The possibility to use technical specifications provides a broad avenue to include green criteria in bidding documents. There is also a clear policy commitment to GPP.

3.2.1 Prior policy commitments to GPP



The first approach towards GPP was made by the presidential Executive Order No. 301/2004 (EO 301/2004), which ordered the 'Establishment of a Green Procurement Program in all Government Agencies':

(i) to promote the culture of making environmentally-informed decisions in the government, especially in the purchase and use of different products, (ii) to include environmental criteria in public tenders, whenever possible and practicable, (iii) to establish the specifications and requirements for products and services to be considered environmentally advantageous and (iv) to develop incentive programs for suppliers of environmentally sound products and services. However, the idea was not pursued systematically due to the then ongoing, overall reform process of the public procurement leading to the GPRA in 2003, which wisely prohibited in bidding documents to use brand names. Eco-labels were viewed as similar to brand names as it also limits competition. Unfortunately, eco-labels were set as the core mechanism of GPP according to the EO 301/2004.¹⁴

¹⁴Executive Order No. 301, s. 2004

Almost a decade later, the idea of GPP was taken up again by the GPPB which issued the Resolution No. 15, series of 2013 - Approval to Support the Implementation of Sustainable and/or Green Public Procurement Regime in Government, whereas public procurement is considered a major vector in social progress, environmental protection and innovation. SPP or GPP signifies a paradigm shift and is indispensable to effect economic, social and environmental changes in the public procurement regime in the country. The resolution recognizes that SPP or GPP must be included in the public procurement system, rules and procedures in line with sustainable consumption and production, green economy and sustainable development strategies, which entail commitment and

allow for synergies, faster deployment and institutional cooperation among various stakeholders. The GPPB confirmed, adopted and approved by virtue of its power: (1) to support the implementation of SPP or GPP in the government acquisition system, (2) to authorize the executive director of the GPPB-TSO to communicate and convey the request for technical assistance in the implementation of SPP or GPP with the United Nations Environment Program and other development partners¹⁵ and (3) to create a special SPP or GPP Committee.¹⁶ This resolution took effect on the 10th day of May 2013. The current document is the element of the mandate to the GPPB to establish a GPP/ SPP framework as issued by Resolution No. 15/2013.

3.2.2 The avenue of technical specifications

As mentioned earlier, one of the sections of the PBDs for procurement of goods and of infrastructure projects deals with specifications. The term 'specifications' refers to the physical description and requirements of the items to be procured regarding function, performance, environmental interface and design standard to be met by the goods to be manufactured or supplied. In determining the specifications of the goods it will procure, the procuring entity must consider the objectives of the project or procurement at hand and identify the standards to be met by the goods in terms of the aforementioned parameters. They must also conduct a market survey that will include a study of the available products to determine if there will be sufficient suppliers for the goods they wish to procure, industry developments or standards, product standards specified by the authorized government entity such as the Bureau of Product Standards, the International Standards Organization (ISO) or similar local or international bodies. As a rule, the Philippine standards as specified by the Bureau of Philippine Standards must be followed. For products where there are no specified Philippine standards, the standards of the country of origin or other international body may be considered.¹⁷

It is important to note that the use of brand names or labels is prohibited. Criteria that are preferred have to be expressed as technical specifications in a way that opens competition and does not favor one or a few providers. Similarly, performance-based specifications may be formulated. Also, under a GPP regime, contracts for goods and infrastructure projects will be awarded to the bidder with the LCRB in compliance with the required specifications which are subject to validation during the preliminary evaluation of bids and to verification during the post-qualification.

¹⁵This request was answered by the EU and technical assistance was provided through the SWITCH-Asia Program.

¹⁶GPPB Resolution No. 15/2013; <http://www.gppb.gov.ph/issuances/Resolutions/15-2013.pdf>

¹⁷Refer to Republic Act 7394 (Consumer Act of the Philippines), Title II, Chapter 1.

3.3

Building on and supporting existing policies

GPP has the potential to effect indispensable economic, social and environmental changes in the country as recognized by the GPPB Resolution No. 15/2013. GPP will contribute to Philippine Development Plans and to a broad range of existing policies, laws and regulations. It will support local businesses, increase competitiveness and help achieve environmental objectives at national and international levels.

3.3.1 Philippine Development Plan

The new 2016 – 2022 Philippine Development Plan (PDP) will strengthen the nation's aspirations of inclusive and sustainable development through national efforts by excelling the role of the government including public procurement to create businesses, jobs and income.¹⁸ Policies introduced by the previous 2010-2016 PDP will get support through GPP, such as the Competitive Industry and Services Sectors' 10-point agenda for the *'Development and implementation of programs that will enhance productivity and efficiency through green programs and sustainable consumption and production patterns'* (Chapter 3, p 94). In this context, GPP will support the 'Greening the Industry Roadmap; National Industry Cluster Program' of the Department of Trade and Industry (DTI), possibly generate new green industries, green jobs, growing expertise and employment of new skills and innovation for GPP, push relevant government agencies to strongly perform their mandate of issuing product standards and specification requirements and improve business environment, enhance consumer welfare and global competitiveness. GPP is in support of several specified outcomes of the PDP such as lessen waste through procurement of goods that can be returned to the manufacturer and to increase the procurement of recycled materials; lessen air pollution through shifting to solar as a service and reduction of use of fossil fuels at the macro level; promotion of recyclable water systems and water-less urinals; contribution to Disaster Risk Reduction through lessened environmental pollution through GPP.



GPP will have a spill-over effect on the private sector and support economic development through GPP as a market incentive that will empower and encourage SMEs to produce green products; a steadily increasing green demand of the government will create confidence to venture into the green business. GPP can help in promoting rural and value chain development toward increasing agricultural and rural-enterprise productivity through the adoption of green agricultural practices; promote rural tourism such as eco-tourism providing dispensers instead of small plastic containers; water re-use; use of appliances with inverter technology. The acceleration of annual infrastructure (spending to account for 5% of GDP), can be complemented with the incorporation of green criteria in infrastructure projects, specially building construction such as the installation of solar panels and compliance with green building standards.

¹⁸At the time of writing of this document, the details of the 2016-2022 PDP have not yet been published.

3.3.2 International commitments and national legislations

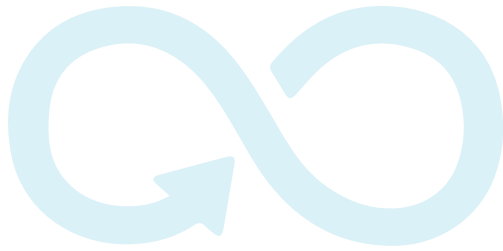
As outlined before GPP will be harmoniously integrated in the existing public procurement system as established with the RA 9184, 'Government Procurement Reform Act (GPRA)' through the inclusion of green technical specifications or requirements in bidding documents. In addition, GPP will be instrumental in support of further policies, laws and departmental issuances:

The 'Ecological Solid Waste Management Act of 2000 (RA 9003) mandates DTI in Article 4 Section 27 to formulate and implement a coding system for packaging materials and products to facilitate waste recycling and reuse; this ambition (supported by the formulation of technical specifications) could be used in bidding documents where applicable and practical.

GPP will support RA 10771, 'Philippine Green Jobs Act of 2016', which calls for the creation of 'green jobs' or employment that contributes to the preserving or restoring the quality of the environment, be it in the agriculture sector, industry or services. The RA grants incentives to encourage business enterprises to generate and sustain 'green jobs'.

Air Quality Monitoring Stations (AQMS) in accordance with Clean Air Act are set up in various locations in Metro Manila to monitor if air quality meets the national air quality standards.

The Philippines is committed to the new SDGs including goal 12 to achieve sustainable consumption and production; the GPP roadmap and its implementation is the Philippines contribution to achieve SDG target 12.7 to promote public procurement practices that are sustainable, in accordance with national policies and priorities.



GPP will support RA 6969, 'Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990' as the government aims to regulate, restrict or prohibit the importation, manufacturing, processing, sale, distribution, use and disposal of chemical and hazardous substances and mixtures that present unreasonable risk and/or injury to health or the environment.

One of the intentions of GPP is to strengthen a market for low carbon and climate-friendly products and services; hence, GPP will support RA 9729, 'An Act Mainstreaming Climate Change into Government Policy Formulations, Establishing the Framework Strategy and Program on Climate Change, Creating for this Purpose the Climate Change Commission, and for Other Purposes'.

GPP will contribute to the National Climate Change Action Plan 2011-2028 which aims to promote, develop and sustain climate smart industries through (1) providing a stable enabling policy for the development and implementation of climate-smart industries and services; and (2) implementing policies that provide incentives to business practices that incorporate eco-efficiency within their core business operation.¹⁹

Department of Environment and Natural Resources (DENR) Administrative Order (AO) 2015 - 04 dated March 24, 2015 - Euro 2 to Euro 4 in accordance with the Clean Air Act. In order to address the worsening air pollution in the country, all new vehicles shall be equipped with Euro 4 engine and compliant with Euro 4/IV limits/emission standards. The implementation of improved fuel standards will improve air quality and reduce the carbon footprint in the country.

Department of Energy (DOE) AO 110 - Procurement of Energy - Consuming Equipment where the government aims to reduce its monthly consumption of electricity and petroleum products by at least ten percent (10%) through the implementation of the Government Energy Management program.

DOE Department Circular (DC) 2016-04-0005 - Minimum Energy Performance Standards (MEPS) which prohibits the selling of energy--inefficient products and provides incentives for the judicious and efficient use of energy.

In summary, GPP will support a broad range of policies that result in a decrease of the carbon footprint and an improved environment for the Philippines. Further, it will cause greater resilience to climate change and natural disasters as well as promote cleaner production and resource efficiency. The charm of GPP in the pursuit of these objectives is its market-conform nature.

3.4 Issues and concerns

The first-time introduction of GPP is usually confronted with skepticism and various concerns. A well-designed approach that is sensitive to these sentiments and carefully aware that issues have to be solved, is necessary. This section explains why GPP is a measure of prudence; how value for money is ensured as the guiding principle; that supplier's readiness is a largely fulfilled condition; that more capacity and better awareness has to be created; and that verification of green supplies is not a matter different to the verification of conventional supplies.

3.4.1 Prudent spending

Is the government's spending on GPP prudent? The answer is simply, yes! GPP is based on good judgement and common sense that a change of consumption and production towards sustainable patterns cannot be expected by the consumer and the business societies, if the government, as the single largest consumer, is not going ahead; the government has to lead by example to substantiate its policies. GPP is a practical and careful approach in providing for the future, because a clearly articulated demand will be responded by an adequate supply. If the future of the Philippines lies in developing an inclusive, resilient and sustainable society, then actions have to be taken in an unambiguous way,

which will include a market mechanism to promote green and fair products. However, GPP activities require circumspect management in view of competing interests. GPP is prudent, if the procurement funds are distributed effectively and impartial. Thus, GPP will succeed through the adherence to the rules of the existing good practices of public procurement. This includes utilizing resources in a strategic way that the government is able to spend to get what it needs; goods and services must be provided at the most reasonable cost and lead to maximum benefit so that value-for-money is ensured.

3.4.2 Costs versus value for money

International experiences show that GPP gets complicated when the idea that green products and services are more expensive than their conventional alternative is accepted. This might be so in some cases, but should not become a practical consideration for the procurement process. Systems that allow an increase of cost for green products compared to other products with the same functionality, for example, through a best available product selection, will actually inculcate increases in prices. The image is created that green does not work without financial incentives and a distortion of the market is taking place. The better alternative is to allow competition at the same level of sufficiently specified items and let the lowest bid win.

The Philippine public procurement system is well prepared for the competitive bidding of goods, infrastructure projects and consulting services. The understanding is that the customer, which is the

government, has the right to get what it needs, this includes value for money in terms of source, quantity, quality, price, time and delivery.

The source is the suppliers, vendors or merchants that have to comply with eligibility criteria such as economic standing and previous records regarding reliability and satisfaction with supplies; under GPP perspectives. The procuring entity might optionally specify origin or other performance proofs as far as they are not discriminating. The procuring entity has obviously the say on the quantity of items it intends to procure. Quality is the entry point to issue technical specification including green criteria. The price will be the evaluation criterion that makes a bidding winner. Eventually, a failure in time and delivery could cause the termination of an awarded contract and compensation payments by the supplier. All these conditions remain untouched by GPP.

3.4.3 Readiness of suppliers

GPP combines and directly supports initiatives made in the greening of the industry roadmaps where sectoral plans were drafted by different industry associations/ chambers, the DTI and the Board of Investments. It identified key entry points in encouraging domestic manufacturers and SMEs to adopt the following fields of action: energy efficiency, resource efficiency, meeting international production and process standards, fostering innovation, mitigating of conflicts deriving from the overuse of natural resources, attracting foreign investments, natural resources and climate change resilience. By offering a ready and willing market in the government procurement system, it would complement and encourage private sector greening initiatives which, heretofore, have been hesitant to adopt environmentally friendly production processes as it is viewed as an investment without sure market and with uncertain returns.

The following sectors have identified its greening initiatives: auto manufacturers and auto parts industry; pulp and paper industry; plastics industry; housing industry; and, furniture industry. A recent market study²⁰ in these sectors came to positive conclusions regarding market readiness. Government's data, statistics and interviews with industrial associations such as the Philippine Paper Manufacturer's Association Inc. (PPMAI) for pulp and paper products, Semiconductor and Electronics Industries in the Philippines Foundation Inc (SEIPI) for electronic products, Philippine Plastics Industry Association (PPIA) for plastics and *Samahan sa Pilipinas ng Industriya ng Kimika* (SPIK) for chemicals to name a few, reveal that suppliers are ready for GPP by and large. Lack of product supply in the market should not be a problem. One reason is that a range of publicly procured items are not completely manufactured locally and a portion of products available in the market is imported through local traders and importers. Examples are paper products, plastics, copiers and vehicles. For example, all car manufacturing industries in the country are based on imported brands; cars enter the country either as ready built units or in parts which are just assembled locally.

Generally, suppliers are confident and willing to supply what the government requires as long as



these requirements are clear and adequately communicated. In fact, the local industries have already taken initiatives towards improving the environmental performance of their processes and products. The plastics industry has invested in conducting life cycle assessment studies for their products; it is offering take back mechanisms for plastic packaging and is making oxo-biodegradable plastics available in the market. Locally manufactured paper has high recycled matter content. Vehicle manufacturers and the electronics industry meet global environmental standards. LED lights are now prioritized over incandescent lamps for lighting purposes. Environmentally friendly paints are available in the market. Air-conditioning and refrigerator manufacturers export to markets with high standards which include green requirements such as replacement of banned cooling agents and more energy efficient products.

Other issues, which are significant to the success of GPP have surfaced and must be addressed in the future not only by GPP. For example, local paper industry could provide paper with 95% to 100% recycled material content, but recycling paper collected in the Philippines is not sufficient and recycling paper has to be imported. The plastics industry faces the same challenge that the recovery rates of used plastic materials are not sufficient in the Philippines and recycled plastics have to be imported. These issues give a perspective beyond GPP to increase the recycling rates in the Philippines on the move towards a circular economy; the demand for recycling materials will drive waste separation, collection and processing to secondary raw materials

²⁰The study was conducted by the EU SWITCH Policy Support project team in 2016.

(see policies of DENR on Solid Waste Management). For industry, the security of supplies including secondary raw materials is an important condition to venture into this sector.

Industry expects that the pursuit of GPP will come with the government's readiness to support certain future technologies which will benefit local producers of raw materials such as organic fibers harvested from agricultural wastes. Industry interview partners are looking forward to GPP. The initiatives of the government including support to technology development will be important, but not as a specific demand coming from GPP alone, but in support of industrial development (if at all). GPP will provide an additional momentum for the existing modernization programs of the government (see policies such as the 'Greening the Industry Roadmap').

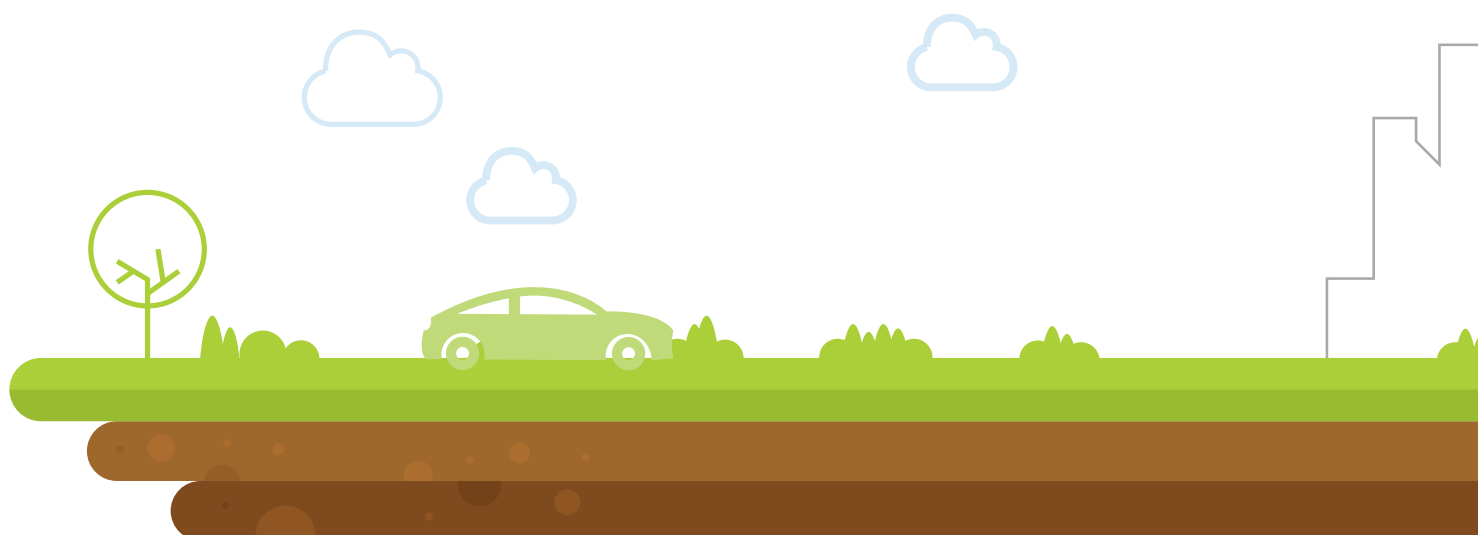
To bridge between the government's procurement plans and the suppliers, the DPM-PS has established the commendable exercise of conducting annually a 'Government Vendor Engagement Day' since 2015 in order to present the upcoming procurement plan for the next year, to introduce changes in regulations and rules and to discuss in a participative process for

any matters arising. Before enacting new technical specification through PhilGEPS, suppliers have the opportunity to give comments and suggestions. This best practice helps to avoid surprises regarding market readiness and availability of green items, both for the procuring entities and the suppliers. These and more measures shall be enhanced in the future (see chapter 4).

A public procurement system has to investigate the availability of supplies beforehand while checking the detailed formulation of technical specifications and of establishing budget ceilings. To avoid disadvantaging the local suppliers, market surveys are helpful. The GPP roadmap proposes a sincere assessment, besides environmental impacts and other criteria, of the market readiness and the support to local suppliers before new items are included in the GPP system (see chapter 4).

3.4.4 Capacity and awareness

GPP like any reform or innovation of the public procurement system must be complemented by adequate capacity building and awareness efforts. The main issues that could hamper the implementation of GPP are the lack of understanding of how GPP will fit into the existing system. Arguments such as green is more expensive and would not work without incentives, questions to fair competition, green criteria and their verification are addressed by the strategies of the roadmap (see chapter 4) with reference to existing institutions and programs.



3.4.5 Verification of green supplies

A frequent concern of procuring entities is the verification of supplies along the required technical specifications. The GPP roadmap describes the basic mechanisms of verification (see chapter 4) and the means to this end. It is important to note that GPP has no different requirements in this context than conventional procurement. The logical procedure is the formulation of technical specifications that are feasible to meet and to evidence by the suppliers without unreasonable burden to both suppliers and procuring entities. Keeping the system simple is the key to success and compliance. It is emphasized that public procurement is a commercial deal between the government and private business and rooted in mutual trust. There are firewalls in place that can prevent fraud through faked product information such as the possibility to exclude suppliers from a contract, to blacklist suppliers for the future and to request painful compensation payments.

It will be wise to conduct sample testing sometimes, particularly in case of bigger orders. The government can refer to a number of testing laboratories for this purpose such as: Forest Product Research and Development Institute (c/o the Department of Science and Technology (DOST), Fuels and Appliance Testing Lab (c/o DOE), Intertek Testing Services Philippines Inc., SGS Philippines, Ostrea Mineral Laboratories (Lead Content Only), Sentrotek, TUV Rheinland, Scientific Environmental and Analytical Laboratory and Services, Inc. (SEALS Inc.), and the Industrial Technology Development Institute (ITDI).



4 Strategies for the Way Forward

The GPP roadmap proposes five strategies for a systematic and gradually full-scale implementation of GPP in the Philippines. Paramount is an unambiguous policy commitment (Strategy 1). Following the established practice, separate approaches are proposed for CSEs which are centrally purchased through the DPM-PS (Strategy 2) and non-CSE are directly purchased by the various government stakeholders (Strategy 3). Complementary communication and awareness for GPP shall increase capacity in terms of knowledge, skills and attitudes (Strategy 4). Finally, monitoring and evaluation along a question-based format will follow-up the progress of implementation (Strategy 5).

Each strategy starts at the current state of play of identified and prioritized products over steps to be taken in the short to medium term up to a long-term scenario in the form of possible perspectives to advance GPP to a comprehensive SPP system. Underlying all strategies is the understanding that GPP is not meant to open a parallel track of public procurement but an inherent feature that shall become the norm of public procurement in the Philippines.

4.1 Policy commitment

Reiterating the importance of Resolution No. 15-2013, the GPPB will confirm, adopt and approve (by virtue of its power) the present GPP roadmap with a resolution after consent is achieved by the GPPB members. GPP will be declared as the desirable norm of public procurement to bring the country forward in conformity with the objectives of sustainable consumption and production, in support of national development priorities and with recognition of the leadership role of the government as the single largest buyer in the market.

The resolution will adopt the first set of CSEs and the mechanisms of the roadmap to extend the scope and dimensions of GPP towards SPP. The resolution will adopt the first set of non-CSEs and the mechanisms of the roadmap in this respect. The resolution will demand to establish and implement the complementary measures to increase capacities and awareness. It will adopt the proposed framework for future monitoring of GPP. Finally, the resolution will endorse the proposed timelines (see work plan in chapter 6) and responsibilities (see stakeholder matrix in chapter 5).

4.2 GPP of CSE products

Public procurement in the Philippines is equipped with a well-established process to centrally procure CSEs by the DBM-PS. About 82 product groups and 297 CSE and other consumable items are currently available which accounts for a sizable percentage of the total volume of public procurement. The majority of products under this regime are consumer goods, similar to that of private and commercial household consumption. Greening this sector will have a signal effect to the whole country.

4.2.1 Green criteria and technical specifications for CSE products

The main avenue for including the green argument in the public procurement process is the formulation of technical specifications in the bidding documents. GPP does not change the requirement of the standard PBDs to be clear and concise in specifying what quality and functionality the tendered items will have. The bidding process becomes a green process by adding new or alternative technical specifications which refer to the potential environmental impacts of an item regarding its material composition and in its use and its disposal phase. Green criteria express the environmental relevance of products and services over their life cycle or parts of it. Typical questions that can be asked are for example: What is the origin of the materials contained in a product; are they from renewable, recycled or from limited sources? Are there hazardous substances involved that could be avoided? What attributes would make a product more environmentally -friendly in its use phase through reduced energy and water consumption, lesser carbon emissions or extended durability? What are the options of an item at its end of life; is there a recycling or re-use opportunity?

In summary, commonly used criteria refer to energy consumption and energy sources, carbon emissions, waste to landfills and recycling options, packaging, water use, hazardous substances, local environmental pollution of air and water, biodiversity, and materials including renewable alternatives. The identification of green technical specifications for the Philippine context can capitalize on vast international experiences and research in the form of comprehensive life cycle assessments, the results of which are open-source available . The common practice is to pick those arguments for the formulation of green technical specifications, which are of the highest relevance, and are practicable to use by suppliers as well as by the procuring entity in the process of verification. Although comprehensive criteria are available, the best practice is

to refer to a few, in some cases, only to a single criterion depending on the nature of the subject; paramount is the feasibility of the approach and a lighter green approach is often more appropriate than a dark green ambition that probably fails due to sophistication.

Green technical specifications must fit the purpose to identify the Lowest Calculated and Responsive Bid (LCRB). Specifications have to be formulated so that a transparent evaluation at the price level is possible. This requires that the technical specifications express both the requested functionality and the green attributes. Aspects that refer to Life Cycle Costing (LCC) or Total Cost of Ownership (TCO) considerations have to be expressed as technical specifications that have to be met by the supplier. Green technical specifications will not spoil the value-for-money pledge. Usually, green criteria will even provide an added value, either directly due to improved product functionality or indirectly due to the contribution to realize the policy goals in environment protection and sustainable development.

In the annex²¹, the roadmap contains the first set of possible technical specifications for selected items that have been identified through stakeholder consultations during the effort to draw up this roadmap.



²¹See annex: GPP technical specifications for priority product groups

4.2.2 Selection of CSE products for GPP

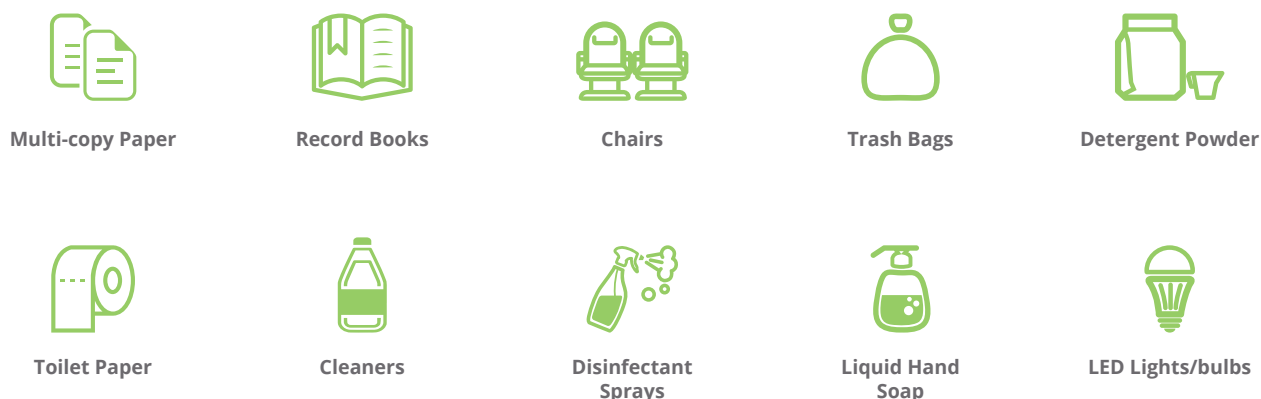
Theoretically, all CSE items listed in the PhilGEPS are accessible by green technical specifications. However, a stepwise approach is recommended that follows the existing practice to conduct market surveys to explore the feasibility of putting new, (in this case) green products on the list. The right of the government to procure value for money in terms of source, quantity, quality, price, time and delivery has to be ensured. It is proposed to assess possible CSEs for GPP along the following considerations:

<p>Market readiness</p> <p>Are there sufficient number of suppliers, choices and product quality? A score is given between 1, if the market is not ready at all, for example, when no suppliers exist, and 5, if the market is perfectly ready and many suppliers which offer a broad choice of products are available.</p>	<p>Environmental impact</p> <p>What is the direct environmental impact, for example, through emissions, depending on the number of procured goods and the individual environmental pollution caused by each product? In addition, what is the indirect environmental impact through a potential contribution to greening the industry depending on the leverage on the market? A score of 1 to 5 is given depending on a low or very substantive positive environmental impact.</p>	<p>Cost implications</p> <p>Are decreasing costs through lower operational costs for energy, water and disposal expected? Or higher costs, for example, as a consequence of higher product cost and higher product quality? A score of 1 to 5 is given depending on substantial cost increases or notable savings.</p>
<p>Practicability</p> <p>Are supposed green criteria easy to formulate and to verify? A score of 1 to 5 is given depending on the difficulty or easiness to formulate and to verify green criteria.</p>	<p>Support to government environmental objectives</p> <p>A score of 1 to 5 is given depending on either a weak or a strong connection to government environmental objectives.</p>	<p>Support to the local economy</p> <p>A score of 1 to 5 is given depending on either no or substantial support to the local industry and local SMEs.</p>



²²See annex: GPP technical specifications for priority product groups

According to this 'radar' system, the first set of ten CSEs suitable for GPP have been identified in consultative processes assisted by the SWITCH-Asia team. The ten products have been prioritized with the following order of cumulative scores: multi-copy papers, toilet papers, record books, cleaners, chairs, disinfectant sprays, trash bags, liquid hand soaps, detergent powder and LED light bulbs.²²



This screening method is applicable to all other CSE items. The most critical issues that could favor or hamper the uptake of CSE products for GPP are the market readiness in the context of supporting the local economy, given a developed global market, which today is able to supply any form of green products. As far as there is no conflict with local suppliers' capacities, the uptake should not be an issue. In case of a conflict, there is still the broad field of formulating technical specifications in the country specific context. The considerations that are already present in the current public procurement system are chairs. In Scandinavian countries, a sustainable chair would be of wooden material due to the vast forest resources whereas; in the Philippines, chairs are preferable made from plastic due to the lack of forest resources; a plastic chair would not pass GPP in forest-rich countries like, a wooden chair will not pass GPP in the Philippines.

4.2.3 Verification of green CSE supplies

Public procurement that refers in the bidding process to technical specifications is challenged by the verification of supplies whether they actually meet the requirements. This applies to conventional public procurement and to GPP the same. An example are paper products which are required to contain a certain percentage of virgin pulp; green paper products would contain less virgin pulp and more recycling pulp; the means of verification remain unchanged. Already now, sample testing is conducted by the procuring entities to verify that the procured items match with the required specifications. The government can refer to a number of testing laboratories for this purpose (see chapter 3.4.5).

The principal mechanism is that the supplier has to provide sufficient evidence that the offered products meet the required specifications. Appropriate means of proof of compliance are, for example, technical dossiers from the manufacturer, test reports from a recognized body accredited by the Philippine Accreditation Bureau or a trusted declaration from the manufacturer. For imported products, recognized labels could be accepted, if a dossier on the reliability and the meaning of the label are provided in the product specific context; it would just serve in lieu of a test report.

4.2.4 Gradual advancements of GPP for CSEs

Stakeholder consultations have expressed optimism that of the list of prioritized CSEs, multi-copy papers, toilet papers, record books and LED light bulbs will be included quickly in the first tranche of GPP. The DBM-PS has already included these items with the initial green specifications in the procurement opportunities of 2017 (see slide). The remaining prioritized CSEs such as cleaners, chairs, disinfectant sprays, trash bags, liquid hand soaps and detergent powder will be included as a second tranche in the procurement plan for 2018.

Green Procurement Examples

ITEMS	SPECIFICATIONS
Folder, Tagboard, A4 and legal size	✓ Uses recycled tagboard, Carrier board, foldcote
CCF, 1 ply, 2 ply and 3 ply Sizes: 280mm x 241mm 280mm x 378mm	✓ Uses recycled bond paper
Data File Box and Data Folder	✓ Uses recycled chipboards
Envelope, documentary, A4 and legal size	✓ Uses recycled kraft paper
Wastebasket and Dust Pan	✓ Uses recycled plastic
Light Bulb, 7 watts Linear Tube, 18 watts	✓ LED (Light Emitting Diode)
Toilet Tissue	✓ Uses 40% recycled tissue paper

In the medium term, the entire list of CSEs will be equipped with green considerations. The practical mechanism is the inclusion of green technical specifications into the PhilGEPS procurement notices. This will be complemented by the updated procurement guidelines and further auxiliary measures of capacity building and suppliers' communication as discussed in chapter 4.4.

For the longterm, the criteria referring to employment, working conditions, CSR, supply chain management and others could be taken into consideration by advancing GPP to SPP. To extend the suppliers preparation phase, early forecasts of procurement opportunities could be used to inculcate innovation; the government could announce that it intends to buy (in a few years) only such products that comply with certain specifications. An international example is the Norwegian plan to procure only electric cars from 2025 onwards.

4.3 GPP of non-CSE products

Non-CSE items are all items that are not embraced by the central procurement activities of the DBM-PS. Non-CSEs are procured by individual government bodies and actually have a bigger volume of public procurement because it also concerns, (besides consumer goods) bigger investments and infrastructure projects. The GPP roadmap deals mainly with consumer goods; GPP for infrastructure projects is a complex aspiration that would need a separate roadmap.

4.3.1 Prioritization of non-CSE products for GPP

The scope of non-CSEs is very wide; theoretically, it covers everything else which is not a CSE item. Government agencies throughout the administration at national, provincial and local levels procure items necessary to fulfill their service duties to the people. The individual contexts create differing requirements to supplies and equipment. Yet, there are frequently procured non-CSEs which can be included under the regime of GPP in a similar way like CSEs and with respect to the government's right to procure value for money. By applying the considerations of market readiness, potential environmental impact, cost implications, practicability, support to government environmental

objectives and support to the local economy, the first shortlist of suitable non-CSE items for GPP was identified. Ten products have been prioritized with the following order of cumulative scores: computer monitors, desktop computers, laptops and copiers; air conditioners, fridges and freezers; toilets and urinals; vehicles; services of training facilities and hotels, food and catering services; paints and varnishes; textiles, uniforms and work clothes.²³ This screening method is applicable to expand the scope of GPP for additional non-CSEs over time.



Computer and Laptop Monitors



Vehicles



Copiers



Food and Catering Services



Toilets and Urinals



Air Conditioners



Fridges and Freezers



Paints and Varnishes



Training Facilities/ Hotels/Venues



Textiles (Uniforms and Work Clothes)

²³See annex: GPP technical specifications for priority product groups

4.3.2 Tendering of non-CSE products with green core criteria

One of the screening considerations used in selecting the prioritised non_CSE items was the practicality of incorporating green criteria in technical specifications of bidding documents. For office IT equipment, the requirement of energy star rating would suffice. For other energy consuming devices and for which, the DOE DC 2016-04-0005 applies, the highest Minimum Energy Performance Standards (MEPS) shall be the requirements to be met. For all electric and electronic devices, safe disposal at the end of life through recycling and take-back options have to be provided; products which contribute to ozone depletion shall be excluded. Technical specifications are available to avoid purchasing of paints and varnishes which are related with harmful emissions to air and water during its production and use and with toxic contents with implications to human health. Textile products contain restricted amounts of hazardous substances used during the processing and be preferably made of

sustainably produced fibers. Toilets and urinals shall be water efficient with low maintenance costs. Vehicles shall be operable with low emissions. Food and beverages shall be of local productions to avoid food-mileages for transport, reduce packaging and storage. Training facilities and hotel venues will be required, for example, to practice energy and water efficiency.

A detailed list of possible green specifications for the prioritized non-CSEs is provided in the annex;²⁴ it also includes detailed justifications of the proposed green criteria and the means of verification. The principal mechanism is that the supplier has to provide sufficient evidence that the offered products meet the requested specifications. In choosing technical specifications and thereby, adopting international best practices, the general rule of thumb would be to select at least one green core criterion for each product group for a start.

4.3.3 Championing the implementation of GPP for non-CSEs

Different to CSEs, the procurement of non-CSEs is the responsibility of individual agencies and government branches. To push for GPP, champions are needed to test the procedures and to establish good practices that can be replicated at a larger scale. These champions will be selected according to their willingness to lead by example and a significant purchasing volume of the concerned items.

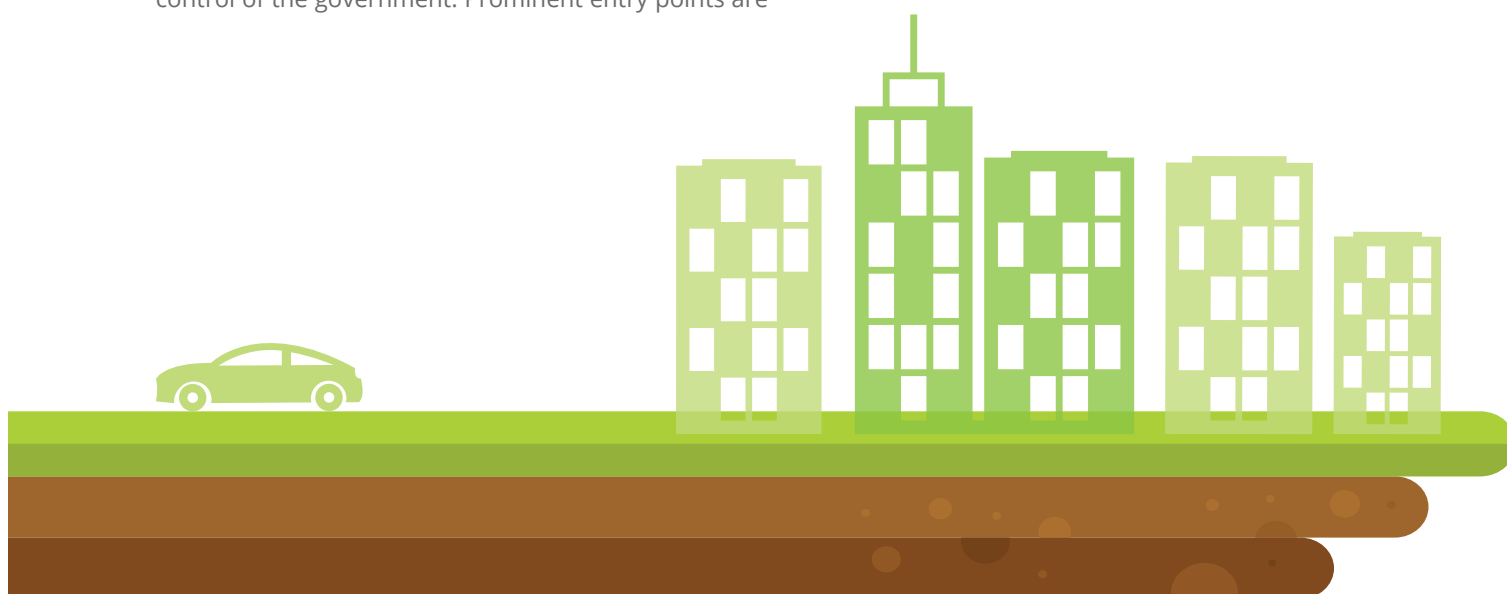
²⁴See annex: GPP technical specifications for priority product groups

4.3.4 Gradual advancements of GPP for non-CSEs

The implementation of GPP for non-CSEs will commence with a first set of prioritized items (see above) which are at least equipped (each) with one green core criterion in the technical specifications' section of the bidding documents. The appointed champions will go ahead during 2017 and 2018. The experiences of this pilot phase will allow a consolidated approach that will spread out to all public procurement agencies. GPP will become mandatory throughout for the selected items. A further option is to include certain items under the regime of the PhilGEPS, for example, IT offices. In the medium to long term plans, further non-CSE items will be adopted for GPP according to the described mechanisms of product selection and defining green technical specifications. The inclusion of social and innovation stimulating criteria will advance the system toward SPP.

A big challenge remains on how to include infrastructure and public works projects under the regime of GPP. It is proposed to develop a separate roadmap for greening the building sector under the control of the government. Prominent entry points are

office buildings and education facilities such as schools, kindergartens, universities and training centers and social and affordable housing projects subsidized by the government. The complexity of these objects will require an approach that considers the long turnover of the building stock. Building design and primary investment will determine the operating costs such as energy usage. GPP, in this sector, means to refer to LCC and TCO models, which are beyond the current legal possibilities of the GPRA. However, this will not hold back on the regular regime of GPP minor building operations in the field of repair work, lighting, change of air conditioners, the use of green building materials and paints, furniture, gardening and other products and services, some of which have been already included under CSEs or non-CSEs for GPP.

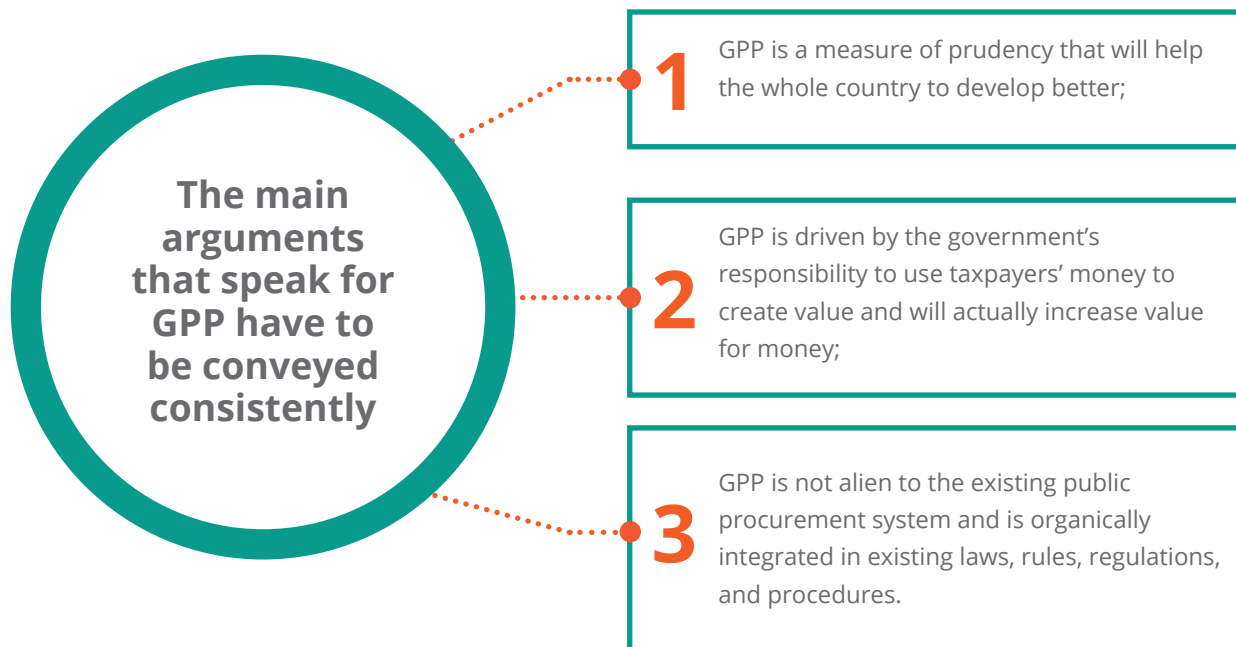


4.4 Communication and awareness for GPP

Currently, the understanding of GPP is at an infant stage. Creating awareness of the benefits of GPP, enhancing capacity in terms of knowledge and skills and changing mind-sets and attitudes are challenges that deserve high attention.

4.4.1 Communication strategy

Communicating GPP successfully requires clear messaging. GPP constitutes a paradigm shift in public procurement.



In summary, GPP is not complicated at all; it is simple enough that little additional efforts will be outweighed by the benefits.

Communicating GPP successfully means to address the players of the system in a customized manner. Procurement officers have to understand the features of GPP; guidelines, manuals and tools have to be updated; no separate track will be opened, rather green arguments will be integrated into existing

procedures. Capacity has to be built through a train-the-trainer approach. Leaders have to be convinced to use their authority to promote GPP as the new and beneficial paradigm. The private sector is the partner of the government to make GPP happen and should be properly informed about the new business opportunities given through GPP. Finally, the wider public will be inspired by the leading example of the government.



4.4.3 Training for the DPM-PS and related agencies

The plan of the GPPB-TSO to advance its Capacity Development Division to eventually become a procurement capacity development institution is a perfect match. The division currently runs a 'procurement continuing professional education' program with 15 training modules on procurement topics. GPP will become the 16th module. The DPM-PS is the most advanced procuring entity and has already started to define its first products with green specifications. An in-depth training provided by the GPPB-TSO Capacity Development Division to the DPM-PS staff will kick-off a series of training efforts regarding the understanding and the importance of GPP, its rationale and practical implementation.

Training for GPP of CSEs will be provided to all purchasing officials, end-user units, planning and project implementing units of the Government, procurement personnel of national and local government, inspection and acceptance committees, Commission on Audit (COA) staff, PS Technical Specifications Review Committee (TSRC), bids and awards committees and its secretariat and the technical working group, marketing and sales staff, DTI Bureau of Small and Medium Enterprise Development (BSMED), and DTI Bureau of Philippine Standards.

The objective is to establish a pool of trainers that can also provide training to other stakeholders. Since the DPM-PS is partly procuring like non-CSEs, it will play a vital role in assisting other officials involved in procurement and the private sector to capture the concept of GPP as well as that of non-CSEs.



4.4.4 Modular training for procurement officers of other government agencies

These trainings will be conducted by the trainers that have been capacitated in the first instance. A stepwise and modular approach will suit the variety of non-CSE items. Training on the use of technical specifications and verification of green non-CSEs supplies could be clustered thematically such as for office IT or energy consuming devices under the MEPS regime. Technical assistance will be recruited through experts from concerned agencies such as DOE or DENR. The first target group is the appointed champions to lead the exercise in a pilot phase (see 4.3.3). To reach out to the many local government bodies, sufficient budget and personal resources have to be provided. Training will

be provided to the Head of a Procuring Entity (HoPE), technical specifications committee, bids and awards committee and its technical working group, inspection staff, etc.

The ideal formats for these trainings are workshops whereby the stakeholders will be guided to customize specifications to the individual context by including at least one green core criterion per tender. The intention of local authorities to prefer their local suppliers will not be contradicted by a generic GPP approach. This will create motivation and acceptance to pursue GPP with passion.

4.4.5 Getting the support of the leaders

For the overall success of GPP and to ensure the support of the top management, the GPPB, itself already consisting of 14 secretaries from key agencies, will organize an adequate flow of information on the concept of GPP as integral part of the public procurement system. The main contents of such activities could be to present the GPP roadmap and legal and organizational steps taken in the implementation. The desired outcome is that leaders in their public speeches and instructions refer to GPP as an important measure to bring the country forward. The main avenues in this respect are the members of the cabinet, heads and deputies of departments and bureaus, the members of congress, the leagues of provinces, cities and municipalities. Another target group is business leaders.

Key individuals who have already gained positive experiences with the GPP can assume the role of change agents and can influence other stakeholders and opinion leaders. A spokesperson may also be

designated; one who is high-profile, eloquent, and knowledgeable enough to discuss the GPP. The spokesperson should have an overall positive image and can be the face that could be associated with the GPP.

Promotion of the advantages and benefits of the GPP to the numerous heads of government offices (i.e. department/bureau heads for national government and LCEs for local government) via trainings, seminars, one-on-one presentations and the like can help the government leaders in acknowledging that they are not only participants to the GPP processes but partners and therefore, are expected to contribute to the success of its implementation. The GPPB, thus, should strengthen ties with the heads of the different governmental departments and bureaus as well as with local government executives for sustained cooperation and support to GPP.

4.4.6 Outreach to suppliers

Over the time, GPP will provide a momentum to upgrade Philippine standards of products and processes. The procurement notices to suppliers are a vehicle to convey updated standards to the business community; GPP and industrial development will go hand in hand.

The existing channels like the annual Vendors' Day organized by the GPPB-TSO and the DPM-PS to inform manufacturers, suppliers and contractors about GPP will be strengthened and advanced to a real market place to match the actual demands and supplies. Awareness campaigns should be conducted on the policies, regulations and developments in GPP. A frequently asked questions (FAQ) section will be established under the existing web portals of GPPB and DBM-PS. Meetings with the leaders of the various supplier and industry associations should be more

vigorously pursued to determine if positive attitude and behavior towards GPP have been attained and if not, determine how to address the gaps in the perception and attitude on GPP.

DTI is taking steps to assist suppliers to compete with those who can already offer green products. Manufacturers and suppliers, particularly SMEs, will be provided assistance to comply with green standards through innovation and technology upgrading, green financing for production and resource efficiency and certification of energy efficiency and environmental management systems. Communication and advocacy programs to promote green products and services will be adopted.

4.4.7 Outreach to the wider public

Mass media is an effective avenue to disseminate information to the greater public. Engagement with print media through press articles and media kits should also convey stories and testimonials on the advantages and benefits of green purchasing for the wider public. Similarly, broadcast media should not be limited to occasional broadcast plugs or press releases but should integrate the GPP into regular programming, such as talk shows, commentary and documentary. However, while television and radio opportunities would provide much exposure, they are costly. In most instances, meetings with a particular audience or media briefings are more cost-effective. The use of the internet should also be maximized. The GPP should be widely promoted in pertinent websites, with the goal of utilizing this interactive medium as an information dissemination tool, databank, and feedback channel, among others.

Information, education and communication (IEC) materials using different formats (e.g. posters, newsletters, brochures), audiovisuals and electronic are support materials that can be best utilized to reach out to other sectors; the government can use various social structures such as church, school, and community-based organizations as channels or venues for further IEC initiatives, specifically in advocating the role of the public as active partners in the implementation of GPP.



4.5 Monitoring and evaluation of GPP implementation

The implementation progress of GPP will be monitored and evaluated right from the beginning through a systematic effort to ensure compliance and to answer the key questions that are deduced from the set goals and targets for GPP.

4.5.1 Compliance and progress

Ensuring the proper implementation of rules and regulations and the effectiveness of public procurement is the responsibility of the GPPB-TSO. Assessing compliance and progress of GPP implementation will, therefore, rest with the GPPB-TSO. In 2012, the Agency Procurement Compliance and Performance Indicators (APCPI) was approved by the GPPB as the M&E methodology according to international best practices and standards. The agency approximates the methodology and criteria prescribed by the current OECD-DAC guidelines. The APCPI has the purpose of a standard monitoring and evaluation tool for use by all procuring entities on a regular to annual basis and works through a questionnaire that has to be filled by all procuring agencies. The main focus is on monitoring national compliance to procurement rules and regulations is to identify the strengths and weaknesses in the agency's procurement systems.

The APCPI has four key areas called 'pillars' that characterize the basic elements of the national public procurement system. The questions under Pillar I target the compliance with the legislative and regulatory framework. pillar II assesses the agency institutional framework and management capacity. The questions under pillar III aim at the procurement operations and market practices. Subject of pillar IV is the integrity and transparency of the agency procurement system. Sixteen (16) indicators and forty (40) sub-indicators are currently used across the four pillars.

GPP relevant aspects will be harmoniously integrated into the APCPI system. The current, ongoing review of the system in accordance with the recently updated OECD-DAC guidelines provides the opportunity to include indicators to effectively monitor the 'greened' public procurement system. It is suggested to insert two new sub-indicators under pillar I (Legislative and Regulatory Framework): a sub-indicator (2g) will observe the 'percentage of green CSE contracts of total amount of CSE contracts', and a sub-indicator (2h) will measure the 'percentage of green CSE and non-CSE contracts in terms of amount of total goods'. A scoring range will also be formulated to determine numerical and qualitative scores for each sub-indicator.

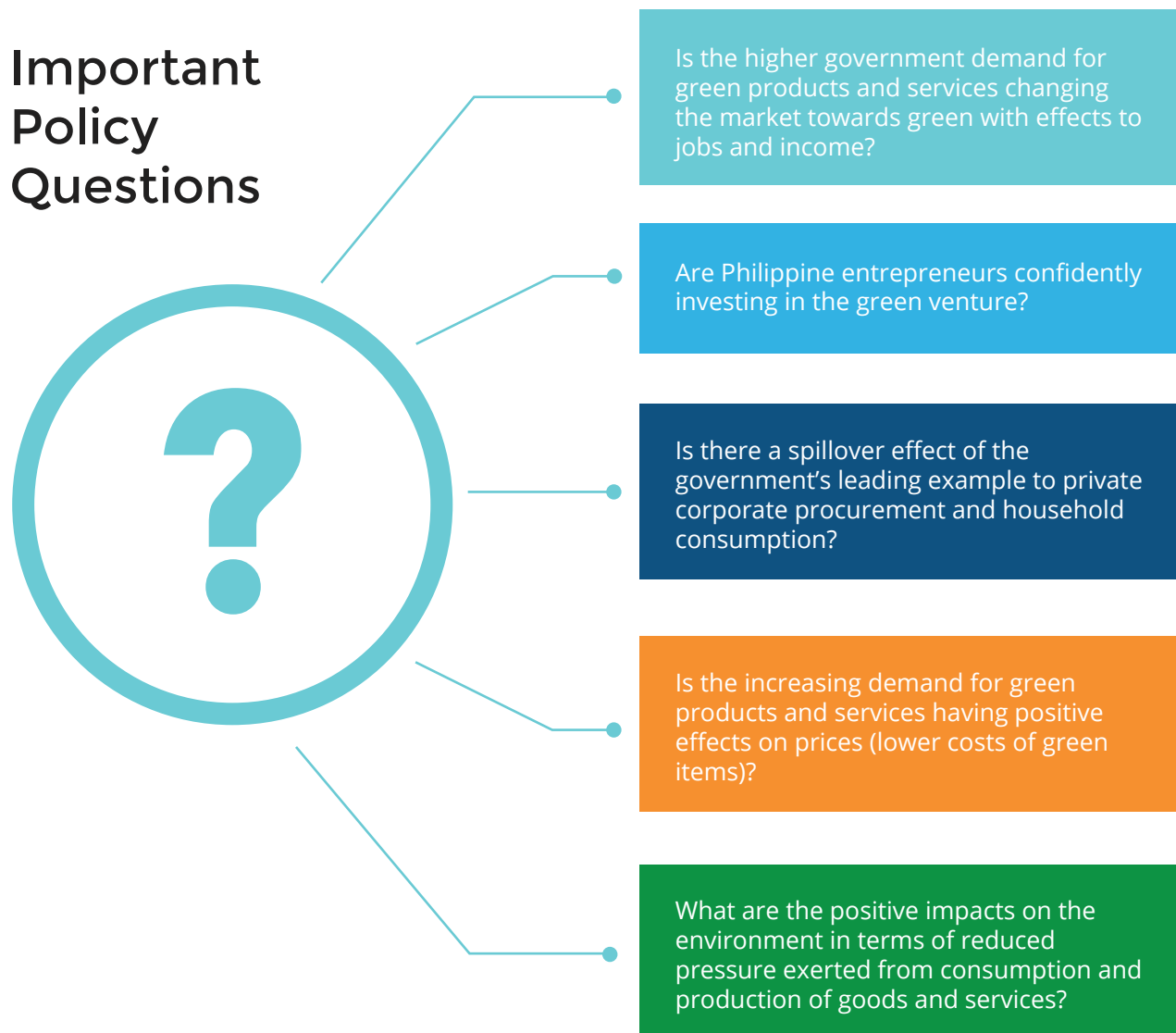
The APCPI and the consolidated procurement monitoring report (CPMR) would be revised accordingly. The procedures described in the APCPI guideline²⁵, basically, remain unchanged except the indicated updates with the additional GPP features. This applies analogously to the forms²⁶ in use. Section 2 (Assessment Methodology) of the APCPI will include the new sub-indicators and the CPMR will have two additional rows. These updates will be indicated in the GPPB resolution approving the GPP roadmap and the adoption of the green CSEs and non-CSEs.

²⁵Agency Procurement Compliance and Performance Indicators (APCPI) System User's Guide

²⁶APCPI User's Guide, CPMR, and the Action Plan

4.5.2 Impact of GPP

GPP has the potential to influence the bigger picture of sustainable development. The APCPI system in place focuses on Key Performance Indicators (KPIs) to monitor activities rather than the effects and impacts on the socio-economy and the environment. GPP intends to achieve significant impacts (see chapter 1.2) and it will be useful to observe whether these impact expectations hold true. The information submitted to the APCPI by the procuring agencies can be linked to other government-related databases to encompass the wider socio-economic aspects.



These complex questions are exceeding the narrow format of monitoring of the public procurement system. But they are worthwhile to be answered through a joint effort of all concerned stakeholders and by linking with other government surveys, statistics and databases.

5 Stakeholder Matrix

The successful implementation of GPP will require a joint effort of various stakeholders within their mandates and roles.

Government Procurement Policy Board (GPPB)



As independent inter-agency body with government and private sector representation, the GPPB will ensure the national interest in the pursuit of GPP. Upon consultations, it will endorse the GPP roadmap including all consequential amendments to the rules and regulations and tools for compliant implementation including the procurement process itself and its adequate monitoring. The GPPB will conclude and issue a new resolution to this end and any future amendments to it, if indicated in the longer term, to further advance to sustainable public procurement.

GPPB Technical Support Office (GPPB-TSO)



The GPPB-TSO will assist the GPPB in formulating the GPP resolution and amending implementing rules and regulations. It will spearhead the actual implementation of GPP through the formulation of updated guidelines including green technical specifications and the means of verification; adequate training to procuring entities will be organized. The TSO will ensure proper communication to leaders, government bodies and procuring entities at all levels, suppliers and the wider public including the international community. The GPPB website will be regularly updated. The TSO will closely observe the timely implementation of tasks formulated in the GPP roadmap and take care of the monitoring of GPP compliance and progress including the anticipated positive impacts through joint research activities within the wider government. The TSO will ensure maximum cooperation with the international community to follow up global trends in GPP to enhance the long-term perspectives of GPP in the Philippines, and to drive the further enhancement of the system based on lessons learned from the implementation of the current GPP roadmap.

Department of Budget and Management - Procurement Service (DPM-PS)



The DBM-PS is the lead agency in the practical implementation of GPP, foremost in the green procurement of CSEs, but also for guiding the green procurement of non-CSEs. It will determine the technical specifications of items that it will procure on behalf of the entire government, and it will assist to develop the green technical specifications for directly procuring entities throughout the government landscape. The DBM-PS will update the PhilGEPS which would become the major source of items with green technical specifications including the required means of verification. The expertise of DPM-PS staff, enhanced through in-depth training, will become a major factor for training on GPP in the Philippines through a train-the-trainers model. The DBM-PS will gradually increase the scope of green purchased items, conduct sincere market surveys and regularly communicate with suppliers and manufacturers.

Department of Trade and Industry (DTI)



DTI will strengthen its programs for greening of the industry and SMEs with interventions to enable the industry to meet environmental standards required by the market. DTI will also serve as the interface between government and business members organizations such as chambers and industry associations.

Department of Environment and Natural Resources (DENR)



The DENR aims to assure the availability and sustainability of the country's natural resources and have a clean and healthy environment. Cognizant of the worsening air pollution in the country, strict emission limits/standards have been imposed for vehicles to improve air quality. Air Quality Monitoring Stations have also been set up in the strategic locations in Metro Manila. The DENR has also set effluent standards for industrial wastewater, among others, so that disposal of wastewater during the production processes of suppliers are within acceptable standards.

Department of Trade and Industry - Bureau of Philippine Standards (DTI-BPS)

The DTI-BPS is the national standards body of the Philippines and formulates Philippine National Standards (PNS). The green specifications approved for the CSEs and non-CSEs by the GPPB may be harmonized with the PNS for these items. Through the BPS certification scheme, a quality seal is issued to the manufacturer of the product for its capability to consistently manufacture the goods in accordance with the specific PNS with green specifications. For imported products, Import Commodity Clearance certificates are issued to importers whose goods have been found to conform to the requirements of the relevant PNS similarly with that of the green specifications.

National Economic and Development Authority (NEDA)



NEDA will ensure the inclusion of the GPP Roadmap developments in the national development plans, as well as consideration of green infrastructure project proposals in their approval processes. NEDA will also play a vital role in the monitoring and evaluation of the broader socio-economic and environmental impacts of GPP.

Procuring entities of departments, provinces, cities, municipalities and government linked bodies

These stakeholders are an important target group for training and awareness raising efforts on GPP; they will play an important role for the nation-wide application of GPP through adhering to GPP procedures, particularly in the field of non-CSEs but also in providing feedback and records on their overall experiences with GPP. For example, educational and health-care facilities also plays a prominent role to promote green purchasing to the wider public.

Department of Energy (DOE)



The DOE aims to improve the quality of life by formulating and implementing policies and programs that ensure sustainable and reasonably-priced energy, among others. The DOE has a mandate to ensure judicious utilization of energy through utilizing energy efficient technologies; the current scope such as energy-efficient lights, refrigerators, air-conditioning units, and other fixtures will be gradually expanded. This will lower the carbon footprint in the country, thus, minimizing negative environmental impacts.

Government and Private Testing Centers

These testing centers verify the conformity of the products to green specifications. Electrical, chemical, physical, and mechanical testing of products are performed to determine compliance with the Philippine Standards Quality and Safety Marks or to acceptable international/foreign standards.

Other stakeholders and multipliers

NGOs, industrial associations, media, leaders and prominent citizens play an important role to spread the word of green purchasing. Their commitment will be essential. An example is the Philippine Center for Environmental Protection and Sustainable Development, Inc. (PCEPSDI); the non-government organization is serving as the administrator of the National Ecolabelling Program - Green Choice Philippines (NELP-GCP), a voluntary, multiple-criteria based, and third-party program that encourages clean manufacturing practices and consumption of environmentally preferable products and services. The NELP-GCP has 39 established product criteria and 42 certified products.

6 Workplan

6.1 Planning horizon

The GPP roadmap has a short to medium-term planning horizon and provides an outlook to possible long-term perspectives.

6.1.1 Short-term plan

The short-term period 2017-2018 will provide a solid foundation for a systematic GPP approach. Policy commitment will be established through a resolution that will adopt the GPP roadmap and the measures proposed herein including the mandate to kick-off the green purchasing of prioritized CSEs and non-CSEs; at the end of 2018, all prioritized items will be governed by GPP. On-the-job experiences will be gained in formulating green technical specifications and the means of verification. Capacity will be built through a train-the-trainer approach to familiarize central and decentral procuring entities with the concept of GPP and its procedures along updated guidelines and tools including updated monitoring tools fit for GPP. First, awareness activities will be conducted to get the leaders' buy-in, to inform and support suppliers and to reach out to the wider public with clear messaging that the government is irrevocably going green. In summary, the short-term period serves as a pilot phase to prepare the ground for a comprehensive roll-out of GPP in the years to come.

6.1.2 Medium-term plan

From 2019-2022, GPP will be consolidated towards the norm of public procurement in the Philippines. Potentially, all CSEs will be put under the regime of GPP; more non-CSEs will be included. All procuring entities at national, provincial and local level will be guided to practice GPP. This process will require sincere market surveys, regular communication with suppliers and systematic capacity building efforts for procuring entities. The lessons learnt in the pilot phase will ease the formulation of further green technical specifications; the procedures of verification will be adjusted as indicated by previous experiences. To keep the learning curve steep, annual reviews will be conducted including monitoring within an updated ACPCI framework. Impact monitoring will prove the value of GPP for the country's development, its industries and citizens. Awareness campaigns will be able to capitalize on success stories and a consistent narrative will evolve that green consumption is the best deal for the economy, society and environment.

Through this processes, the scope of green criteria will be widened to more comprehensive features wherever feasible, and in pace with the state-of-the-art mechanisms on the supply side. Towards the end of the medium-term plan, a review of the established system will prepare for the further advancement of public procurement beyond green considerations in the closer meaning.

6.1.3 Long-term perspectives

So far, the GPP roadmap has focused on options which are possible within the existing legislation and procedures for public procurement in the Philippines. Going beyond will require rethinking the existing legal base and procurement policy. The ambition will be to progress from GPP to SPP a process by which public authorities seek to achieve the appropriate balance between the three pillars of sustainable development — economic, social and environmental — when procuring goods, services or works at all stages of the life cycle of an item.

The inclusion of social criteria to protect human rights such as labor rights, fair wages or prevention of child labor, to name the most important, will require different means of verification of compliant supplies, which is very complex in view of global supply chains; the internationally, most frequently used testimony for social compliance are management practices proved, for example, by ISO standards certifications, as part of the suppliers' eligibility checks. This could put a burden too big for SMEs particularly. An alternative could be to emphasize the origin of supplies question and to formulate preference criteria; a practice that is used, for example, by the EU in the international projects with the intention to prioritize products of European origin. In such practices, the legal implications would have to be studied carefully as they, would open a window to preferred supplies made in the Philippines that can be trusted.

LCC and TCO are worthwhile to be systematically considered for bigger investments such as buildings. It was mentioned before that this sector would be better dealt with separately, for example, through an exclusive policy such as an energy-efficient building procurement and operation policy. It would make sense to reform the budget planning for the procurement of selected non-CSEs such as vehicles, to allow multiannual budgets that would also encompass the operation phase and not just the initial purchasing cost. Multiannual budgeting and long-term forecasts would also enable advanced procurement concepts such as forward contracting, where the government makes a binding commitment to buy after specifying distinct deadlines for products with certain innovative specifications which are not yet available in the market; pilot projects in this matter could be considered.

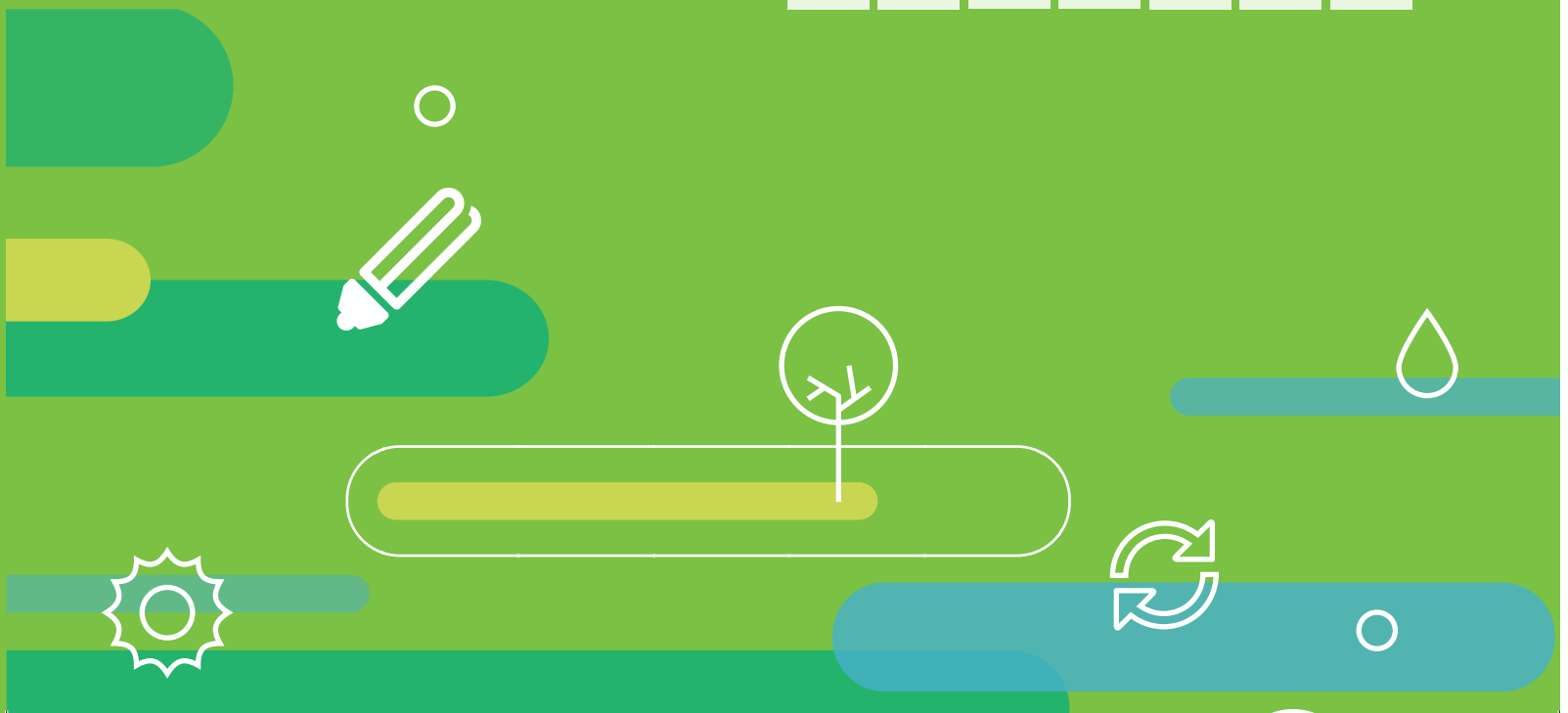
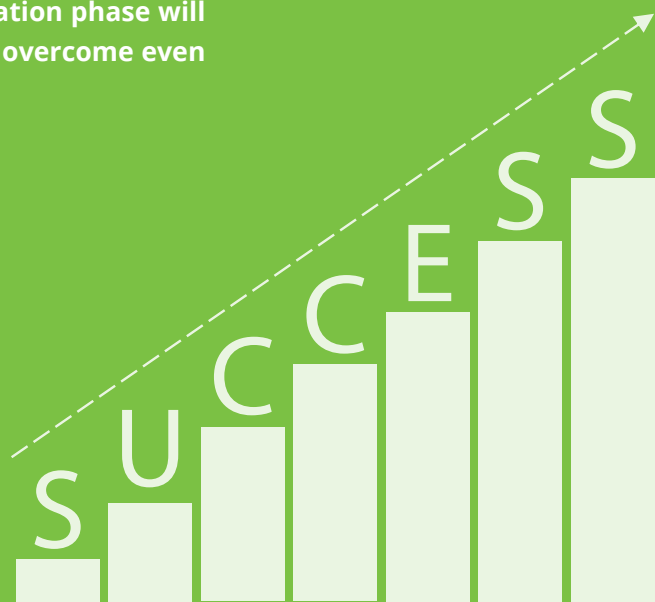
In summary, it is recommended to keep an eye on these aspects and observe emerging international practices that succeed or fail. Additional momentum for GPP can also be expected in the context of nationally necessary actions to mitigate climate change, following the Paris agreement of 2015; an aspect that will become virulent after 2020, at the latest; GPP could be one of the measures in this context but would require reliable impact monitoring, particularly of carbon emissions avoided through GPP.

6.2 Distinct tasks and time table

Strategies / Tasks	Responsible	
	Main	Assist
(1) Policy commitment		
1.1 Final version of GPP roadmap including annexes	GPPB-TSO	
1.2 Draft GPP resolution	GPPB-TSO	
1.3 Stakeholder consultation on resolution and roadmap	IATWG	
1.4 Adoption of resolution including GPP roadmap	GPPB	
1.5 Review resolution and update, if necessary	GPPB-TSO	
1.6 Resolution to include social aspects towards SPP	GPPB	
(2) GPP of CSEs		
2.1 Confirm first set of ten prioritised CSEs	DBM-PS	
2.2 Agree on green criteria (at least one core criterion per product)	DBM-PS	
2.3 Agree on terms of verification of green criteria	GPPB-TSO	
2.4 PhilGEPS with first green CSEs	DBM-PS	
2.5 Green procurement of first batch of prioritised CSEs	DBM-PS	
2.6 Green procurement of all prioritised CSEs	DBM-PS	
2.7 Market survey and gradually expansion of GPP scope to all CSEs	DBM-PS	
2.8 Agree technical specs, verification and update PhilGEPS	DBM-PS	
2.9 CSE procurement is green throughout	DBM-PS	
2.10 Review used criteria; update as suitable (annually)	DBM-PS	
2.11 Prepare advancement to SPP including social criteria	DBM-PS	
2.12 Implement SPP for first suitable CSEs	DBM-PS	
2.13 Full scale implementation of SPP for all CSEs	DBM-PS	
(3) GPP of non-CSEs		
3.1 Confirm first set of ten prioritised non-CSEs	DBM-PS	
3.2 Agree on green criteria (at least one core criterion per product)	DBM-PS	
3.3 Agree on terms of verification of green criteria	GPPB-TSO	
3.4 Prepare first tender documents, publish in PhilGEPS	DBM-PS	
3.5 Appoint champion stakeholders/volunteer agencies	GPPB-TSO	
3.6 Green procurement of first batch of prioritised non-CSEs	Champions	DPM-PS
3.7 Green procurement of all prioritised CSEs	Champions	
3.8 Review experiences of GPP of non-CSEs	GPPB-TSO	
3.9 Role out of GPP of prioritised non-CSEs to entire government	HOPEs	
3.10 Expand the scope of GPP of non-CSEs (more products/services)	GPPB-TSO	
3.11 Integrate non-CSEs into central procurement where suitable	DBM-PS	
3.12 Implement SPP for first suitable non-CSEs	HOPEs	
3.13 Full scale implementation of SPP for a maximum of non-CSEs	HOPEs	
(4) Communication and awareness for GPP		
4.1 Publish GPP resolution and roadmap on GPPB website	GPPB-TSO	
4.2 Review guidelines/manuals and tools	GPPB-TSO	
4.3 Training of DPM-PS staff on GPP concept and procedures	GPPB-TSO	DPM-PS
4.4 Training of champion HOPEs on GPP concept and procedures	GPPB-TSO	DPM-PS
4.5 Annual seminars on GPP concept and updates	GPPB-TSO	DPM-PS
4.6 Conduct webinars to GPP for procuring officers	GPPB-TSO	DPM-PS
4.7 Outreach to suppliers through PhilGEPS	DBM-PS	
4.8 Annual vendors' days	DBM-PS	
4.9 Outreach to suppliers through business member organisations	DTI	IAs
4.10 Organise roadshows on GPP throughout the country	GPPB-TSO	DPM-PS
4.11 Informing leaders through government channels	GPPB-TSO	Leaders
4.12 Promote GPP concept and progress at various leagues	GPPB-TSO	Leages
4.13 Regular promotion of GPP to the wider public	GPPB-TSO	
4.14 Inclusion of GPP concept into higher education	GPPB-TSO	DOEDU
4.15 Compile FAQ and publish on suitable web portals	GPPB-TSO	DPM-PS
(5) Monitoring GPP implementation		
5.1 Include GPP aspects into APCPI	GPPB-TSO	DPM-PS
5.2 Annual review of APCPI records	GPPB-TSO	DPM-PS
5.3 Establish impact monitoring with wider government stakeholders	GPPB-TSO	Agencies
5.4 Bi-annual reports on GPP progress (impacts and issues)	GPPB-TSO	Agencies

7 Conclusion

The roadmap at hand builds GPP on existing policies and procedures, involves the major players who are committed to GPP, has carefully investigated the market's capacities and the opportunities of the supply side. The harmonious integration of the green argument into the established system reduces the risk of failure significantly. By avoiding a separation of GPP from the conventional procurement mechanisms, the challenge of implementing GPP is reduced to the overall challenges of conventional public procurement: availability of supplies, value for money, feasible technical specifications and diligent verification. In contrast, the pursuit of GPP would be on risk, if a proliferation of approaches would prevail and green would be locked in as a niche. The stepwise proceeding through a short-term pilot phase over a medium-term consolidation phase will provide the experiences and lessons needed to overcome even unpredicted challenges.



Annex

GPP technical specifications for priority product groups

This document is attached to the GPP roadmap as separate file. It elaborates in support of chapters 4.2 (GPP for CSEs) and 4.3 (GPP for non-CSEs) on green technical specifications for prioritized product groups, including considerations on the verification of the compliance of supplies with the required specifications.

