

What are the Key Challenges of Implementing Sustainable Public Procurement (SPP) in Developing Nations: A Case Study of Bangladesh?

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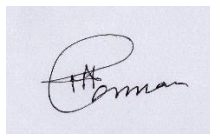
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Declaration

It is hereby declared that

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2. The thesis does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The thesis does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
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Abstract

Sustainable public procurement has become a very important area to focus on to ensure economic, environmental, and social sustainability as well as to achieve the sustainable development goals of nations. In Bangladesh, the implementation of SPP faces unique challenges due to its socio-economic and institutional context. This dissertation investigates the critical barriers to implementing SPP policies in Bangladesh, focusing on limited financial resources, inadequate policy frameworks, capacity constraints, and resistance to change. The research identifies key impediments and proposes actionable recommendations to enhance SPP effectiveness. By addressing these challenges, the findings aim to contribute to the academic discourse on sustainable procurement and inform policymakers, practitioners, and stakeholders, offering insights for both national and global applications in advancing sustainable development objectives.

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List of Acronyms

AA	Approving Authority
APP	Annual Procurement Plan
BPPA	Bangladesh Public Procurement Authority
CPTU	Central Procurement Technical Unit
HOPE	Head of Procuring Entity
KPI	Key Performance Indicators
LCC	Life Cycle Costing
PE	Procuring Entity or Procurer
PPA	Public Procurement Act
PPR	Public Procurement Rules
PSO	Public Sector Organizations
SDG	Sustainable Development Goals
SPP	Sustainable Public Procurement
TCO	Total cost of Ownership
VfM	Value for Money
WLCC	Whole Life Cycle Costing

1.0 Introduction

1.1 Background of the study

Public sector procurement is becoming one of the main areas to focus on to achieve the world's sustainability goals. To fulfil public needs by acquiring goods, works, or services, worldwide nations have to spend cumulatively about 20-30% of global GDP each year. (UNEP, 2022). Focusing on standard public sector procurement procedures is very important for nations not only to ensure essential services to citizens, but also for fostering economic growth, environmental sustainability, and social equity.

Bangladesh is one of the world's fastest-growing economies, and has been promoted from the list of the 'Least Development Countries (LDCs)' (BIDA, 2020). The country spends about Tk 25 billion every year for procurement purposes from its national exchequer, which is about 40% of the total yearly expenditure, (GED,GoB, 2020) (BPPA, 2023). For the last two decades, the country has been practising standard procurement procedures in the public sector offices, especially since 2008, by enacting the 'Public Procurement Act (PPA) 2006' and the 'Public Procurement Rules (PPR) 2008' (BPPA, 2023).

The Government of Bangladesh (GoB) is committed to achieving the Sustainable Development Goals (SDGs) within the stipulated time. (GED,GoB, 2020). The Target-12.7 of Goal No-12 mentioned "Promote Public Procurement practices that are sustainable, following national policies and priorities" (UN, BD, 2020) (UN, 2020). Recently the country has adopted the 'Sustainable Public Procurement (SPP) Policy, 2023 to make its procurement practices sustainable, as well as to achieve its SDGs target. (BPPA, 2023).

As the concept of sustainable public procurement (SPP) extends beyond the traditional objectives of cost efficiency, the SPP Policy 2023 of Bangladesh have focused on the three main pillars of sustainability, namely economic, environmental, and social, to make the procurement sustainable. The policy has the provision of giving emphasis, by the public sector organizations (PSO), on the Value for Money (VfM) considering the whole life cycle costing (WLCC) of the procured goods, works, or services, instead of presently used the least priced procurement philosophy. (BPPA, 2023).

Furthermore, the SPP policy directed that the PSO will emphasize on green procurement, and to facilitate this concept, products produced in sustainable and environmentally friendly ways will be accepted even up to 10% higher prices compared to those that are produced in non-sustainable processes.

The Bangladesh Public Procurement Authority (BPPA), the nodal organization to implement the policy across the country, will implement the policy experimentally from 2024, and on a full scale from 2026, primarily for six (06) types of selected goods procurement.

1.2 Aims and Objectives of the Study

The SPP policy mainly focuses on making a balance among economic, environmental, and social considerations throughout the procurement life cycle. However, the transition to sustainable procurement practices is full of challenges, particularly in developing nations.

As a developing nation, Bangladesh has adopted the SPP policy and is going to implement it, identifying possible key critical challenges associated with the implementation process of the SPP policy 2023 of Bangladesh is the main aim of this study.

Moreover, finding answers to the following questions, along with possible recommendations to overcome the obstacles, is the objective of this research project.

- i) Is Bangladesh ready to implement sustainable procurement policy 2023 in the public sector?
- ii) What are the obstacles to implementing the policy?
- iii) Determine whether or not all parties involved in Bangladesh's public procurement process are prepared to implement the sustainable procurement policy.

1.3 Significance of the Study

The concept of sustainable public procurement (SPP) extends beyond the traditional objectives of public procurement which focus on cost-efficiency by the least cost selection concept. The SPP aims to make a balance among economic, environmental, and social considerations throughout the procurement life cycle. However, the transition to sustainable procurement practices is full of challenges, particularly for a developing nation, as in most cases the country has limited resources, scarcity of knowledge and expertise, poor regulatory implementation capability, and so many shortcomings.

As a developing nation, Bangladesh is going to implement the newly adopted SPP policy 2023, and the main aim of this research project is to identify the critical challenges lies on the way of its implementation pathway, by investigating some questions, namely- readiness of the PSOs of Bangladesh to implement of the policy, possible key challenges considering present socio-economic context of Bangladesh, and preparedness of all stakeholders to be engaged to implement the policy, this research project findings will provide valuable understanding for the policymakers, practitioners, suppliers and producers in Bangladesh, along with relevant stakeholders, to develop an effective implementation plan and strategies to overcome the policy gaps along with areas needed to focus more.

Moreover, these research findings will help to understand areas of interventions to encourage local industries to adopt sustainable practices, as SPP can create new market opportunities for green and ethical businesses.

Furthermore, this research will help policymakers to find out the necessary Key Performance Indicators (KPIs) needed to be developed for effective implementation of the policy.

In addition, as Bangladesh, like many other developing countries, is committed to international sustainability frameworks such as the **Sustainable Development Goals (SDGs)** and the **Paris Agreement**, this study will help Bangladesh to align public procurement practices with these commitments.

By addressing these aspects, the study contributes to sustainable development efforts, informs policy reforms, and promotes a more responsible procurement system in Bangladesh and other similar economies.

1.4 Limitations of the Study

This study tried to find out the possible key challenges in implementing the SPP policy 2023 in Bangladesh. To investigate the research questions a survey was conducted, along with a detailed literature review. Although the survey was distributed to over 150 potential respondents, only 41 responses were received. This small size limits the validity and acceptability of the findings as it may not accurately represent the actual view of the broader population of public procurement. Moreover, such a low response rate raises concerns about non-response bias. Furthermore, there might be a possibility of a difference in opinion between those who participated in the survey and those who didn't respond or could not find the opportunity to express their views.

In addition, the use of Google Forms and electronic distribution might have excluded a certain portion of stakeholders who have no access to such facilities. In addition, the study heavily depends on an intensive literature review to contextualize its findings. The reviewed literature may not adequately represent the latest developments in sustainable procurement as well as there is a scarcity of kinds of literature related to Bangladesh public procurement. Moreover, very few suppliers or producers gave their opinions in the survey, which does not represent the actual view of that important group.

2.0 Literature Review with Hypothesis

2.1 Concept of Public Sector Procurement

To meet the citizen's needs governments or public sector organizations (PSOs) have to acquire or procure different items or services using public funds. The government mainly procure goods and related services, works and physical services, and intellectual and professional services.

National governments establish legal frameworks and adopt public procurement policies to ensure the efficient use of public funds and competition among potential suppliers to secure "value for money" (Kumar, 2022).

The USA, the UK, and France took broader public procurement policies in the nineteenth century and were known as the pioneers in this area. Especially the government of the UK, in 1984, first took its procurement strategy for public sector organizations, namely the Police,

National Health Service (NHS), and Ministry of Defense, which was followed by a second procurement strategy in 1995 with an aim- (Baily, et al., 2010).

- To develop world-class manpower in the public sector for procurement;
- To introduce best practice considering life-cycle costing for cost savings;
- To introduce up-to-date benchmarking standards;
- To establish a cooperative relationship between the suppliers and procuring entities within the constraints of competition;
- To encourage continuous improvement (Kaizen) practices.

Many countries expanded public procurement policies, in the twentieth century, to facilitate domestic manufacturers, disabled workers and minority-owned businesses also (Kumar, 2022) (IISD, 2009)

The public sector officials involved in the procurement processes, use public funds for procurement and have to be accountable to government audits. Moreover, in some cases, they have to face challenges to the proper authority or competent court for their decisions taken in the procurement process. For proper use of public funds, as well as for the safety of government officials, some general guiding principles could be followed within the public sector for an effective and efficient procurement process, which are as follows: (Baily, et al., 2010)

- All purchasing should be done based on value for money.
- There should be proper competition.
- The roles and responsibilities of the procurement officials, financial authorities, and related authorities need to be clearly defined.
- The financial authority and the purchasing authority need to be separate entities.
- There should be separate committees for bid evaluation, contracting, or receiving items.
- Requirements with a certain financial threshold need to be published.

A conventional procurement process starts with need assessment and specification/bill of quantities/terms of the reference preparation, which is followed by advertisement publication, receipt of tenders/proposals, evaluation, contract signing, and finally contract administration steps.

The following figure reveals the main steps of a public procurement process:

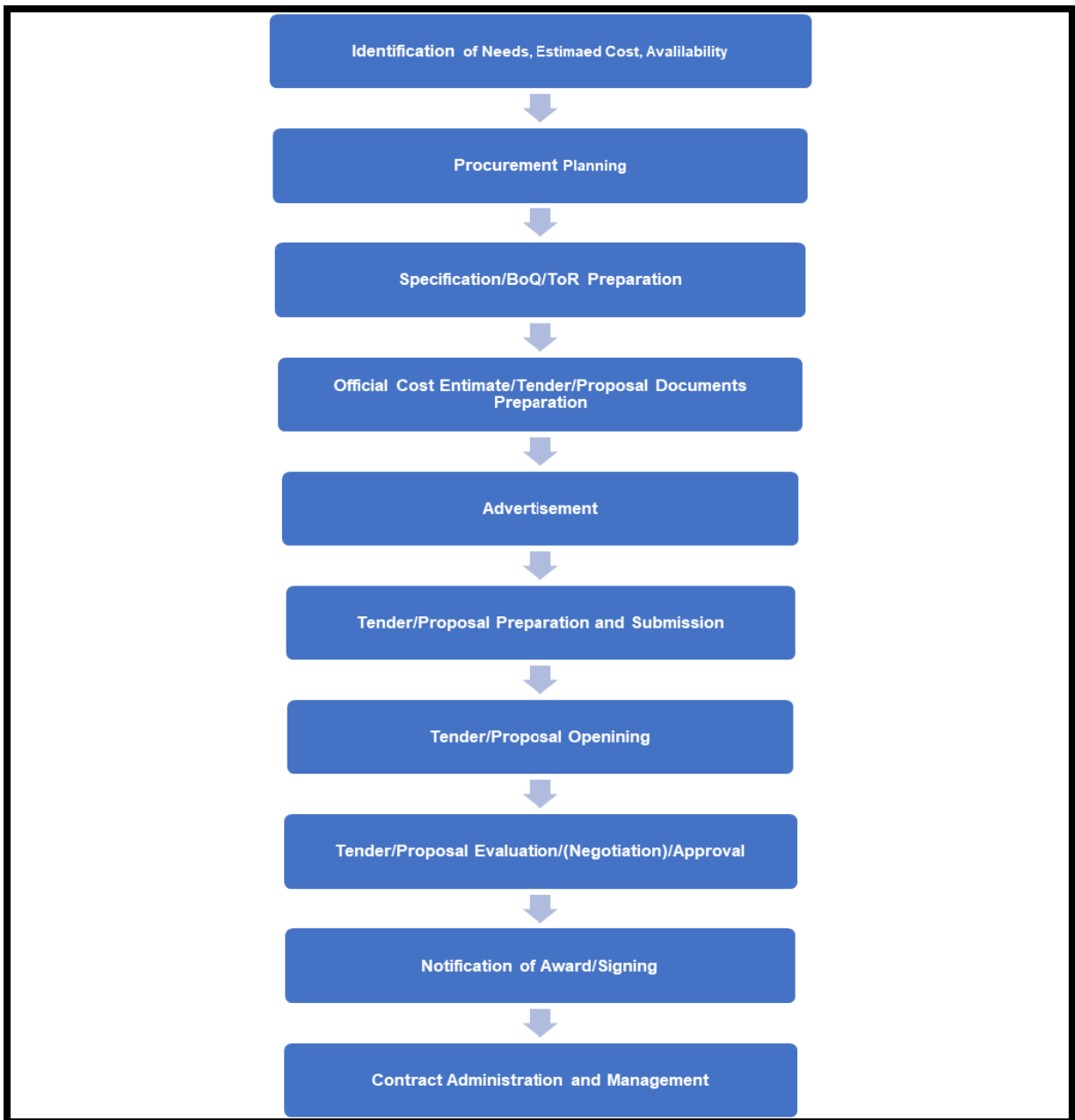


Figure 1 Main steps in public procurement

2.2 Value for Money (VfM)

Earlier public procurement mostly followed the ‘least cost procurement’ principle.

Nowadays the concept has been changed to that purchasing decisions must be taken based on the basis of best ‘Value for Money (VfM)’.

The procurement strategy paper of the UK government, in 1995, defined VfM as “*the optimum combination of whole life cycle costs and quality to meet the customers’ requirements*” (Baily, et al., 2010).

Value for money (VfM), or best value for money, refers to the process of optimizing the overall costs and quality required to fulfil the user's needs while considering anticipated risk factors and available resources.

To meet client expectations, the concept of value for money guarantees the best possible combination of whole-life cost and quality or fitness for purpose.

The National Audit Office of the UK, in 1999, mentioned that organizations have to practice the following principles to achieve value for money (VfM), namely (Baily et al., 2010):

- Organizations should have a procurement strategy;
- Organizations need to have early planning and agreement regarding requirements;
- Organizations have to think about the whole supply chain;
- Organizations should try to manage their contracts actively;
- Organizations have to routinely monitor their performances.
- Organizations have to strive for continuous improvement.

According to *Baily et.al. 2010*, many factors should be considered many factors to ensure VfM (Baily, et al., 2010)-

- the price of the acquisition, along with other financial aspects, like payment terms, transportation, etc.;
- the cost of the acquired goods works, or services throughout its life;
- the standing and status of suppliers;
- the technical details of the offered goods, services, or equipment;
- the operating costs, along with the extent of support throughout its life; and
- the disposal procedure.

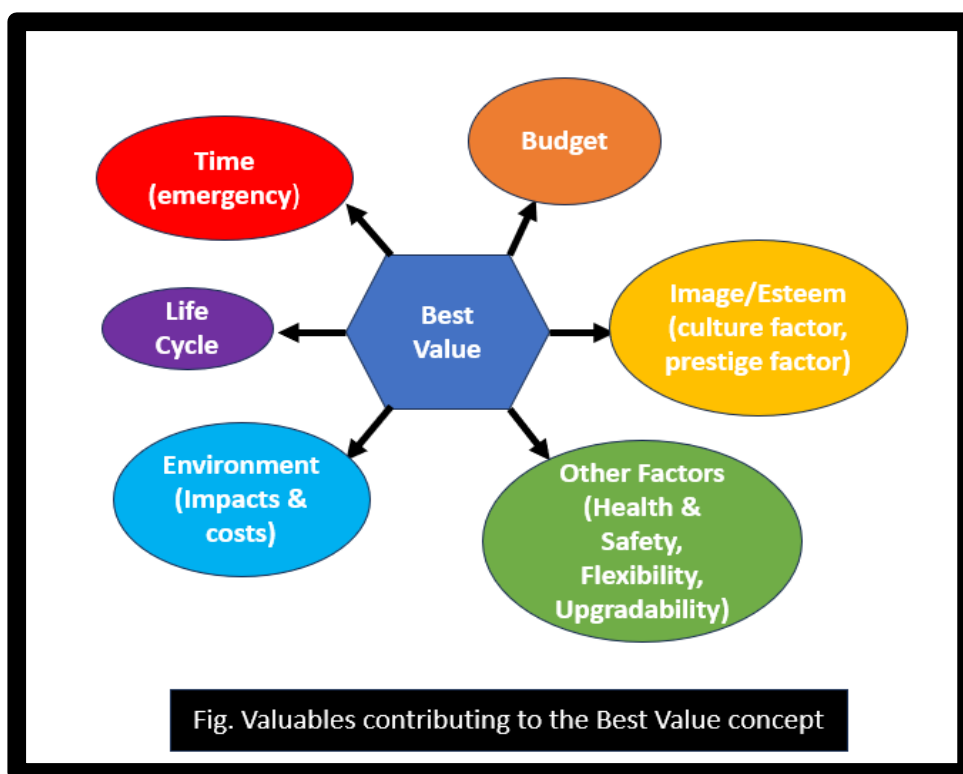


Figure 2 Valuables contributing to the best value concept

The Sustainable Public Procurement Policy 2023 of Bangladesh has defined "Value for Money (VfM)" as *'the optimization of whole-life-costs and quality needed to meet the user's requirements while taking into consideration potential risk factors and resources available. The principle of VfM ensures the optimum combination of whole-life cost and quality or fitness to meet the customer's expectations. Requirements to the sustainable quality of a product and its sustainable production, which have to be fulfilled to acquire a sustainability status or certification'*. (BPPA, 2023).

2.3 Public Sector Procurement in Bangladesh

2.3.1 Overview of Public Procurement in Bangladesh

The public procurement processes of Bangladesh, before 2003, were mainly performed according to the General Financial Rules (GFR). The first step to formalizing the public procurement process started with the adoption of 'The Public Procurement Regulation' in 2003, as well as forming a separate dedicated unit, named 'Central Procurement Technical Unit (CPTU)' under the Implementation, Monitoring, and Evaluation (IMED) Division of the Ministry of Planning, to carry out the public procurement reform process.

After that, it came into a structured and modern process by enacting the 'Public Procurement Act (PPA), 2006' along with the 'Public Procurement Rule (PPR), 2008' (CPTU, 2011).

To facilitate the public procurement, process the GoB adopted the following rules, regulations, and policies:

- 1) Public Procurement Regulations 2003
- 2) Public Procurement Act 2006
- 3) Public Procurement Rules 2008
- 4) Electronic Government Procurement (e-GP) Guidelines 2011
- 5) Information Security Policy for e-GP system
- 6) Sustainable Public Procurement Policy 2023
- 7) Separate Standard Tender/Proposal Documents (STD/SPS) for different types of procurements
- 8) Subsequent amendment of the Act and Rules.

Among the above-mentioned policies (a) ‘Public Procurement Act (PPA)-2006’, (b) the ‘Public Procurement Rules (PPR)-2008, (c) e-GP Guidelines 2011, and (d) the Standard Tender/Proposal Documents, which are now known as the main pillars of public procurement in Bangladesh (CPTU, 2011).

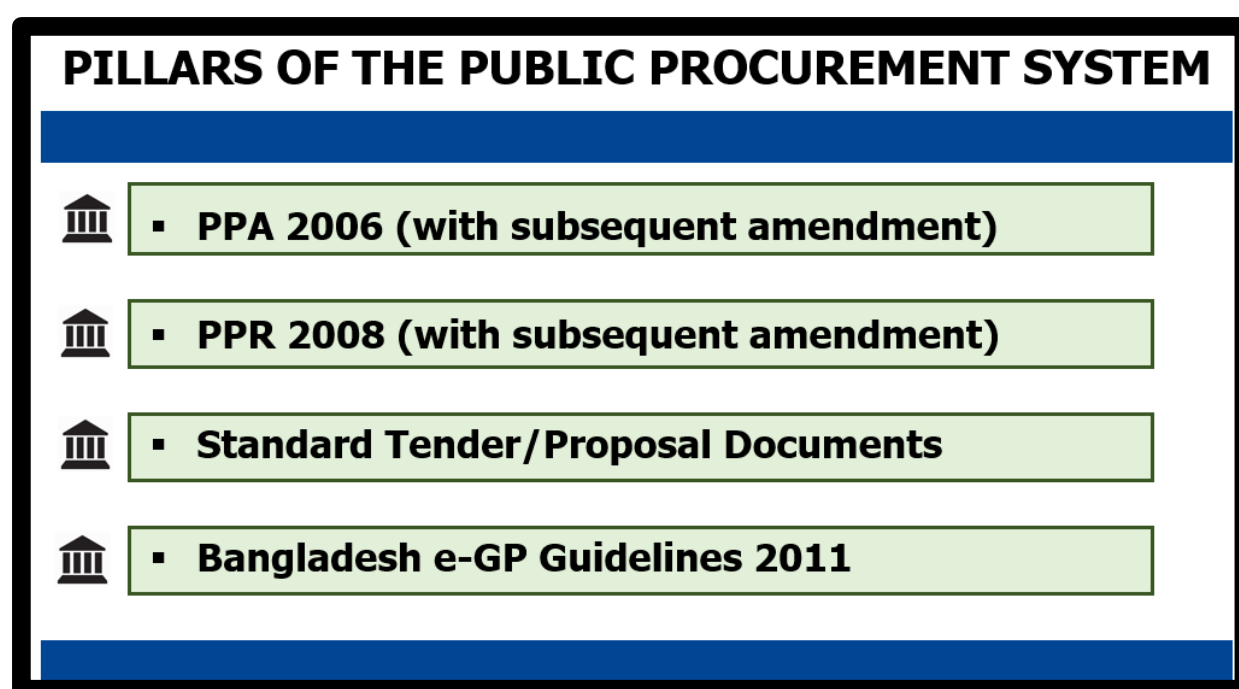


Figure 3 Main Pillars of the Public Procurement System in Bangladesh

As the CPTU is a small unit, for proper implementation of public procurement policies, in 2023, the Government of Bangladesh the CPTU and formed an authority named ‘Bangladesh Public Procurement Authority (BPPA)’.

2.3.2 Salient Features of the PPA 2006 & PPR 2008

The PPA 2006, along with the rules of PPR 2008, is the main pillar of the public procurement process in Bangladesh. The preamble of this act states that the act is enacted to ensure transparency and accountability in the procurement process using public funds and ensure

equitable treatment and free and fair competition among all wishing to participate in such procurement (PPA & PPR, 2006, 2008).

The main principles of this act are to ensure competition, transparency, fairness, non-discrimination, and equal treatment to all those who are interested in participating in public procurement, as well as to ensure the integrity and accountability of all actors involved in the procurement processes.

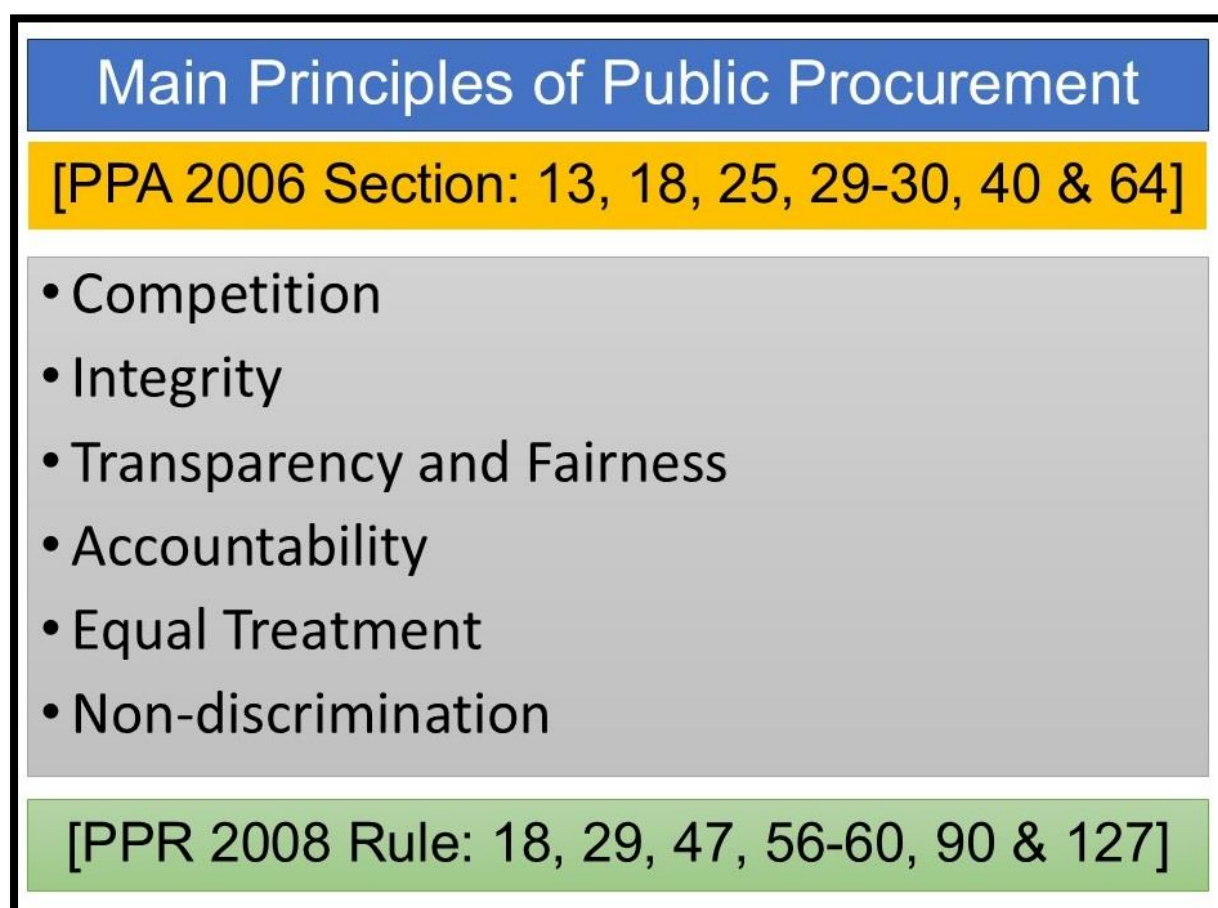


Figure 4 Main Principles of Public Procurement of Bangladesh (Source: PPA & PPR, 2021)

The PPA 2006 contains 73 sections, and the PPR 2008 consists of 130 rules and 13 (XIII) schedules.

According to the PPA and PPR of Bangladesh, there are several actors directly or indirectly involved in the procurement process, namely the supplier/bidder/vendor, the procurer, the entity (PE), the approving authority (AO), the Head of Procuring Entity (HOPE), chairperson/member of the tender/proposal evaluation committee, policymakers, and so on (PPA & PPR, 2006, 2008).

According to the PPA-2006 and PPR-2008 in Bangladesh, public organizations mainly perform three types of procurements (PPA & PPR, 2006, 2008) (CPTU, 2011)

- a) Goods and related services;

- b) Works and physical services; and/or
 - c) Intellectual and professional services.
- a) **Goods include** a wide range of items, including raw materials, manufactured goods, equipment, technologies, commodities in solid, liquid, or gas form, and services related to the provision of goods, provided that the cost of these services does not surpass the cost of the goods themselves (PPA, 2006) (PPR, 2008).
 - b) **Works defines** all construction, reconstruction, site preparation, demolition, repair, maintenance, or renovation of roads, highways, buildings, infrastructure, or other structures; they also include any installation related to any of these things, as well as any construction work involving excavation, the installation of tools and materials, decoration, or physical services that are related to the works but whose value is not greater than the works themselves (PPA, 2006) (PPR, 2008).
 - c) **Services encompass** all items that are acquired, excluding goods and works. This includes intellectual and professional services (also known as consulting services), namely, software development, technological and scientific research, research and development activities, as well as financial and planning services and maintenance; and non-consulting services, such as- transportation services, medical and public amenity services, rental (lease), etc. (PPA, 2006) (PPR, 2008).

2.3.3 Methods of Procurement in PPA 2006 & PPR 2008

A) Goods and Works procurement methods

The procurement procedure for goods and works is almost the same. That's why the PPA 2006 and PPR 2008 have provisions of six (06) main types of procuring methods for procuring goods, and works, as below-

- 1) Open Tendering Method (OTM)
- 2) One Stage Two Envelop Tendering Method (OSTETM)
- 3) Two Stage Tendering Method (TSTM)
- 4) Limited Tendering Method (LTM)
- 5) Request for Quotation (RFQM)
- 6) Direct Procurement Method (DPM)

Among the above-mentioned six methods, the procurer should consider the Open Tendering Method (OTM) as the most preferred method, as it could ensure competitiveness among the bidders or suppliers.

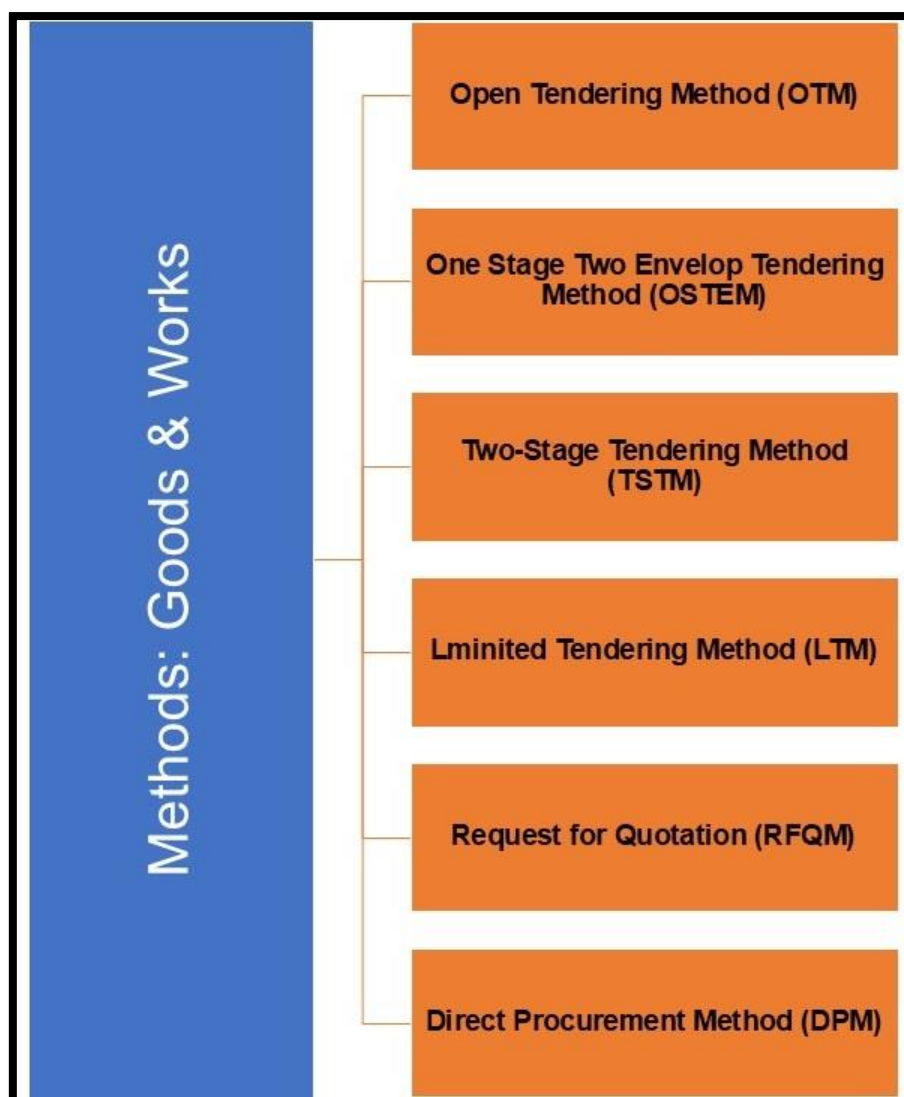


Figure 5 Goods and Works Procurement Methods

B) Service procurement methods:

For procuring intellectual and professional services the PPA 2006 and PPR 2008 of Bangladesh have mentioned eight (8) types of procurement methods, called-

- i) Quality and Cost-Based Selection (QCBS)
- ii) Fixed Budget Selection (FBS)
- iii) Least Cost Selection (LCS)
- iv) Single Source Selection (SSS)
- v) Community Service Organization Selection (CSOS)
- vi) Individual Consultant Selection (ICS)
- vii) Selection Based on Consultants Qualification (SBCQ)
- viii) Design Contest Selection (DCS)

According to the PPA & PPR for procuring intellectual and professional services, procuring entities should try to follow the QCBS and FBS methods first.

Table 1 Methods of Intellectual and Professional Services

Methods: Intellectual and Professional Services		
Prior Approval of HOPE or AO Preferred	QCBS	Quality and Cost Based Selection <i>Short listed consultants compete on the basis of quality and cost</i>
	FBS	Fixed Budget Selection <i>Simple and specific nature of services with a fixed budget</i>
	LCS	Least Cost Selection <i>Standards or routine nature, and where the cost of the service is within the prescribed price</i>
	SSS	Single Source Selection <i>Consultation of on-going or just completed, low value, speedy selection in emergency situation, rare experience/qualification, urgent need (catastrophic event)</i>
	CSOS	Community Service Organization Selection <i>Overall knowledge of community needs, local issues and community participation are paramount</i>
	ICS	Individual Consultant Selection <i>Qualified individual expert while no team work is required</i>
	SBCQ	Selection Based on Consultants Qualification <i>Very small high-quality assignments, preparation & evaluation of competitive proposal is not justified</i>
	DCS	Design Contest Selection <i>Technical excellence and innovation are of prime consideration</i>

Procuring entities have to select an appropriate procurement method considering some factors depending on the procurement, such as the nature of the procurement, quantity of the procurement, value of the procurement, need of urgency, etc. Moreover, before starting the procurement, it needs to have prior approval from the appropriate approving authority. Moreover, the CPTU has developed different types of standard documents for different procurements. The procurers have to choose the appropriate one for preparing their tender/proposal document for bidders.

2.3.4 Electronic Government Procurement (e-GP) of Bangladesh

Section 65 of the PPA 2006 and Rule 128 of PPR 2008 have provisions for the implementation of an electronic procurement system in the government sector. To digitalize the procurement processes in 2011, the GoB developed the electronic government procurement (e-GP) system and declared the e-GP guidelines 2011 (CPTU, 2011) (PPA, 2006). The e-GP system has grown exponentially from the beginning over ten years as more government procuring agencies and business sector tenderers have adopted electronic tendering. It is estimated that, till December 2023, a total of 671,146 tenders were invited through Electronic Government Procurement (e-GP) which cost in total Tk7926.64 billion (792,664 crore). Moreover, according to a World Bank report, Bangladesh saves \$1.1 billion annually by using the e-GP system. Furthermore,

the average time to process a purchase has been lowered from 100 days to 57 days using the system (thefinancialexpress, 28 December 2023).

2.4 The Sustainable Procurement (SP)

2.4.1 The concept of sustainability

The Brundtland Commission Report 1987, also known as ‘Our Common Future’, mentioned that the development should be sustainable. The report defines sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WB, 2023) (WB, 2019). It could be ensured by considering the concept of sustainability in all development. The concept of sustainability is based on three pillars, namely: economic, environmental, and social (WB, 2019).

To ensure the world’s development as sustainable the United Nations (UN), in 2015, adopted the Sustainable Development Goals (SDGs), which contain 17 goals, and world nations have to achieve 169 targets to meet the goals to make their development sustainable. (UN, 2016).

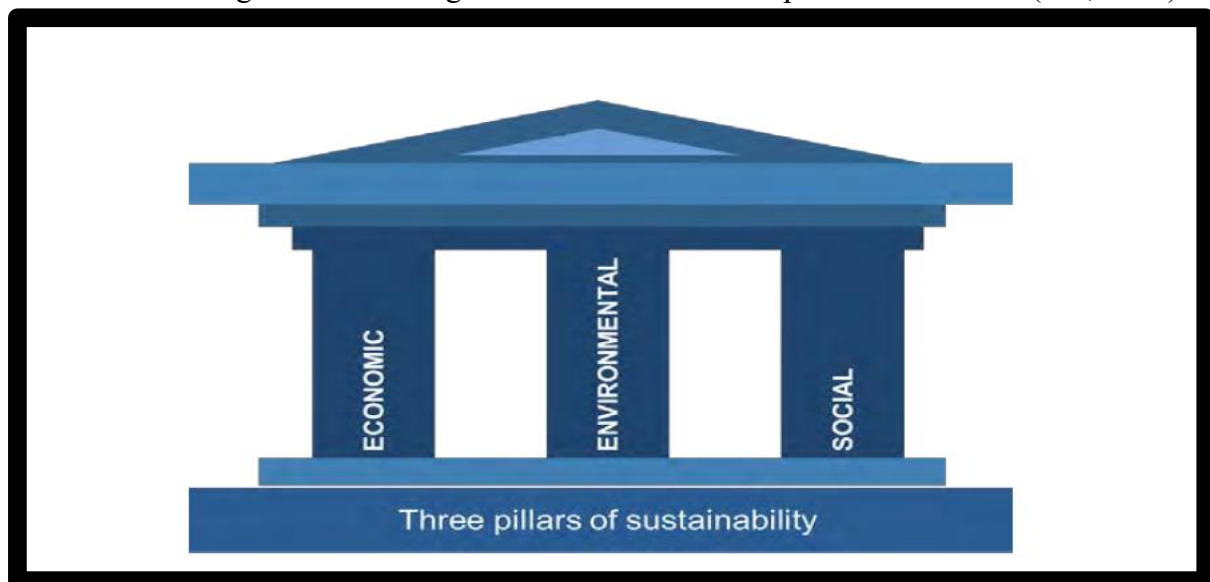


Figure 6 Three pillars of sustainability (Source: UN, 2016).

2.4.2 Concept of Sustainable Public Procurement (SPP)

Globally, it is found that a large portion of government expenditure is used for purchasing goods, works, or services to fulfil citizen’s needs. Recent research revealed that governments around the world annually spend more than USD 13 trillion for procurement purposes, which is equal to about 15% of the global GDP (UNEP, 2022). Due to the large volume of spending, the public procurement decision-making process has a significant impact on the environment, the economy, and society. According to a recent study by Boston Consulting Group, global public procurement is responsible for approximately 7.5 billion tons of direct and indirect greenhouse gas emissions, which is about 15% of the world’s total emissions (UNEP, 2022). So, shifting government procurement to a more sustainable manner could make a significant impact on the fight against climate change.

The World Summit on Sustainable Development (WSSD), held in 2002 in Johannesburg, encouraged governments to enact environment-friendly procurement policies by integrating the concept of green public procurement (GPP) by promoting eco-innovation and waste minimization. (Kumar, 2022). In the early stage, GPP considered only environmental outcomes in the purchasing decisions, although it is not enough to ensure sustainability. (Kumar, 2022). To make the procurement process sustainably, the objective of the procurement should be to attain a satisfactory equilibrium among the three fundamental aspects of sustainable development:

- Economy for economic advancement;
- Environment for ecological equilibrium; and
- Society for social advancement.

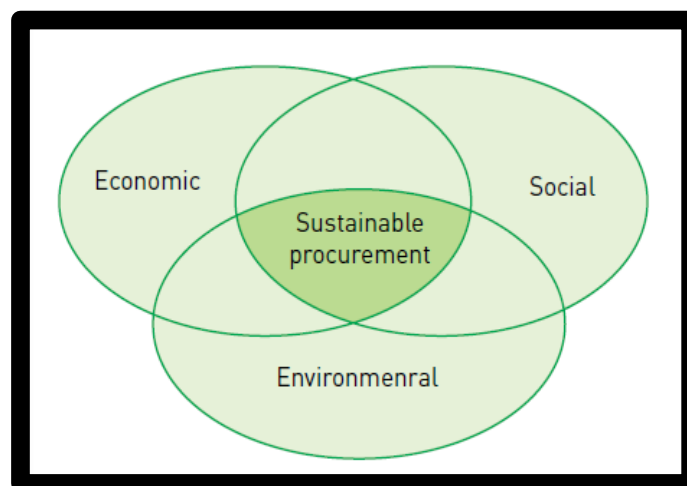


Figure 7 Pillars of sustainable public procurement (Source: Ukraine, Gov., 2016)

Goal 12 of the SDG means ensuring sustainable consumption and production.

To fulfil the goal target 12.7 mentioned the promotion of public procurement practices that are sustainable, by national policies and priorities” (UN, BD, 2024) (UN, 2016).

The World Bank defines sustainable procurement as a procurement practice that incorporates sustainability considerations in the procurement process to achieve value for money (VfM) (WB, 2019) (WB, 2023).

Moreover, the United Nations Environment Program (UNEP) has defined SPP as the systematic approach utilized by public organizations to fulfil their requirements for goods, works, services, and utilities in a manner that attains value for money (VfM) throughout the entire life cycle. This approach aims to generate advantages not only for the organizations themselves but also for society and the economy, while substantially minimizing adverse effects on the environment (Kumar, 2022) (UNEP, 2022).

The Asian Development Bank (ADB). In addition to the three sustainability pillars, consider institutional impact as a fourth pillar for SPP.

ADB defines sustainable public procurement as a purchasing and investment process that takes into account the institutional, social, environmental, and economic impacts of the entity's spending. Moreover, through sustainable public procurement, governments can meet their needs for goods, services, construction, and utilities in a way that maximises value for money throughout their existence, benefiting not only the organisation but also the economy and society while staying within the environmental carrying capacity. (ADB, 2021).

The following figure represents the milestone events that facilitated SPP mainstreaming (1992-2016) (Source: (UNEP, 2022))

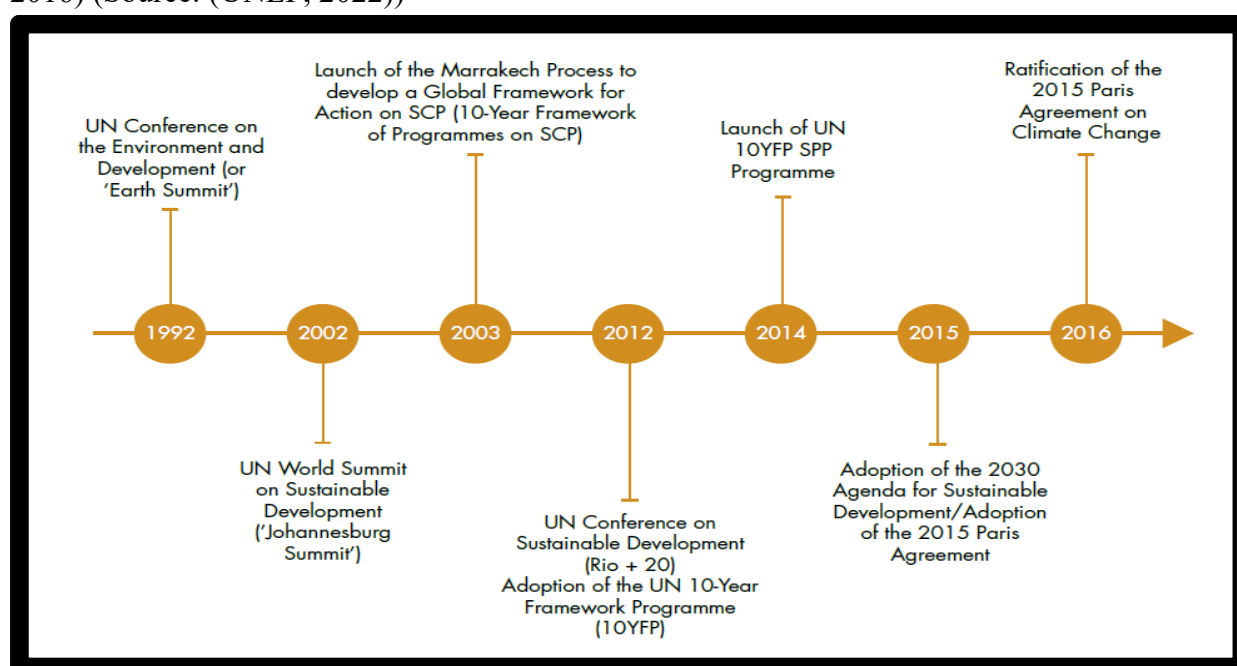


Figure 8 Milestone events that facilitated SPP mainstreaming (1992-2016)

No table of figures entries found. Milestone events that facilitated SPP mainstreaming from 1992 to 2016 (source: (UNEP, 2022))

2.4.3 Key aspects and principles of SPP

Sustainable public procurement mainly tries to make a balance among the three pillars of sustainability, namely, economy, environment, and society. All three aspects of SPP have been discussed below:

2.4.3.1 Economic Aspects of the SPP

The economic aspects of sustainable public procurement relate to the expenses incurred in acquiring goods, works, and services directly associated with the procurement process and key phases of their life cycle, such as operation, maintenance and recycling. Effective management of these economic factors could help to attain maximum economy and efficiency, as well as

the optimal use of budgetary resources. Some factors for the optimal use of budgetary resources have been discussed below-

A. Market price on goods works or services with improved characteristics

As we know the price of products or services which are produced with improved environmental characteristics might be slightly higher compared to the less sustainable equivalent. Some may feel that buying a sustainable product or service is an unnecessary luxury. To avoid such extravagant procurement, the following strategies could be effective-

- (1) **Procurement and consumption optimization:** Limiting the consumption to curtail the procurement volume. Such as printing on both sides of paper could reduce up to 50% of paper use.
- (2) **Consolidated centralized procurement:** Consolidated centralized procurement could be effective in getting a lower price compared to a segregated procurement process.
- (3) **Stimulation of producers:** Insertion of environmental and social criteria in the procurement process as a compulsory criterion could encourage producers/suppliers to search for alternative ways of production to meet the required criteria.
- (4) **Buying services instead of goods:** To reduce the burden of the total cost of ownership, buying services instead of goods could be a better way. For example, instead of buying a carpet, getting carpet services could help to reduce the cost of ownership.

The above-mentioned approaches do not describe all available scopes for the optimal use of budgetary resources. Depending on the characteristics of the procurement, some other strategies could be adopted. The following figure might be helpful in selecting an optimal expenditure strategy to attain SPP.

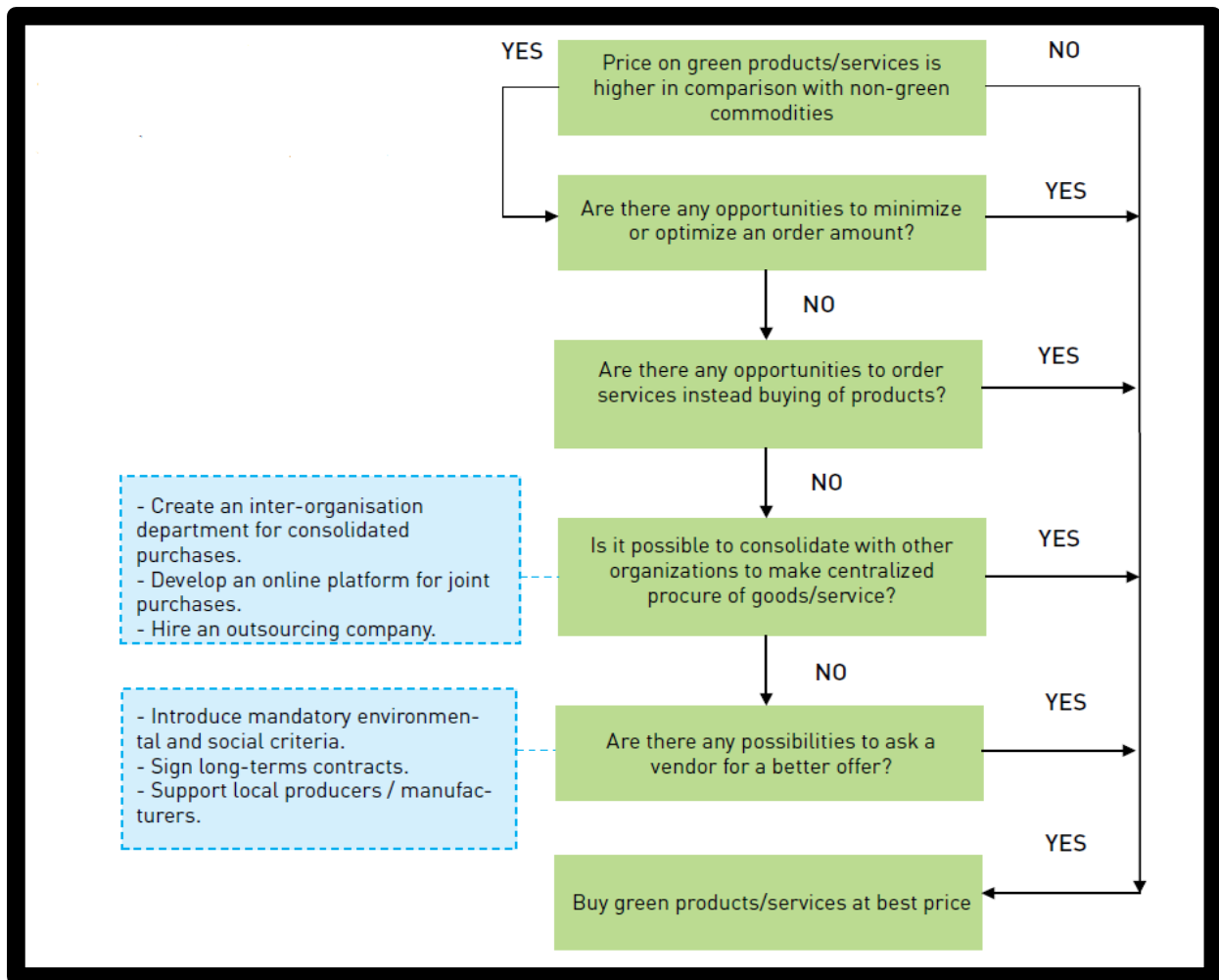


Figure 9 Summary of Chart in the Selection of the SPP Optimal Expenditures Strategy (Source: Ukraine, Gov., 2016)

B. Hidden costs throughout product/service life cycle

The procurement processes mainly consider the offered price for the selection of suppliers, which is the purchase price. There are some other expenditures that need to be considered other than the purchase price, namely, maintenance and running costs, costs of in-service failure, and recycling costs, which are hidden costs and need to be considered during the evaluation stages.

The below figure shows examples of life-cycle costs of a Pencil and a Passenger car-

Table 2 Example of Life-cycle costs of a Pencil and a Passenger Car (Source: (Ukrain, Gov., 2016).

Product / Costs	Pencil	Passenger Car
Purchase costs	approx. 1 USD	from 5 000,00 USD
Maintenance and running costs	buying of pencil sharpener, approx. 1 USD, which may be in use for many pencils	vary between 3 000 and 8 000 USD
Cost of in-service failure	may equal to a cost of new pencil buying	may equal to a hire of a replacement vehicle
Recycling costs	0 USD (it is through away into a waste bin)	depending on a legislation and price on a scrap metal
Useful life of a product	approx. 3 months	8-10 years
<i>Source: J.W. Bull "Life Cycle Costing for Construction"</i>		

C. Operational and utility costs

Implementing energy- and resource-efficient technologies and services may significantly lower operational expenses and electricity bills. Buying products with better environmental performance cuts costs and improves working conditions. For example, eco-friendly detergents protect employee health and reduce sick leave costs, while recyclable packaging lowers disposal expenses.

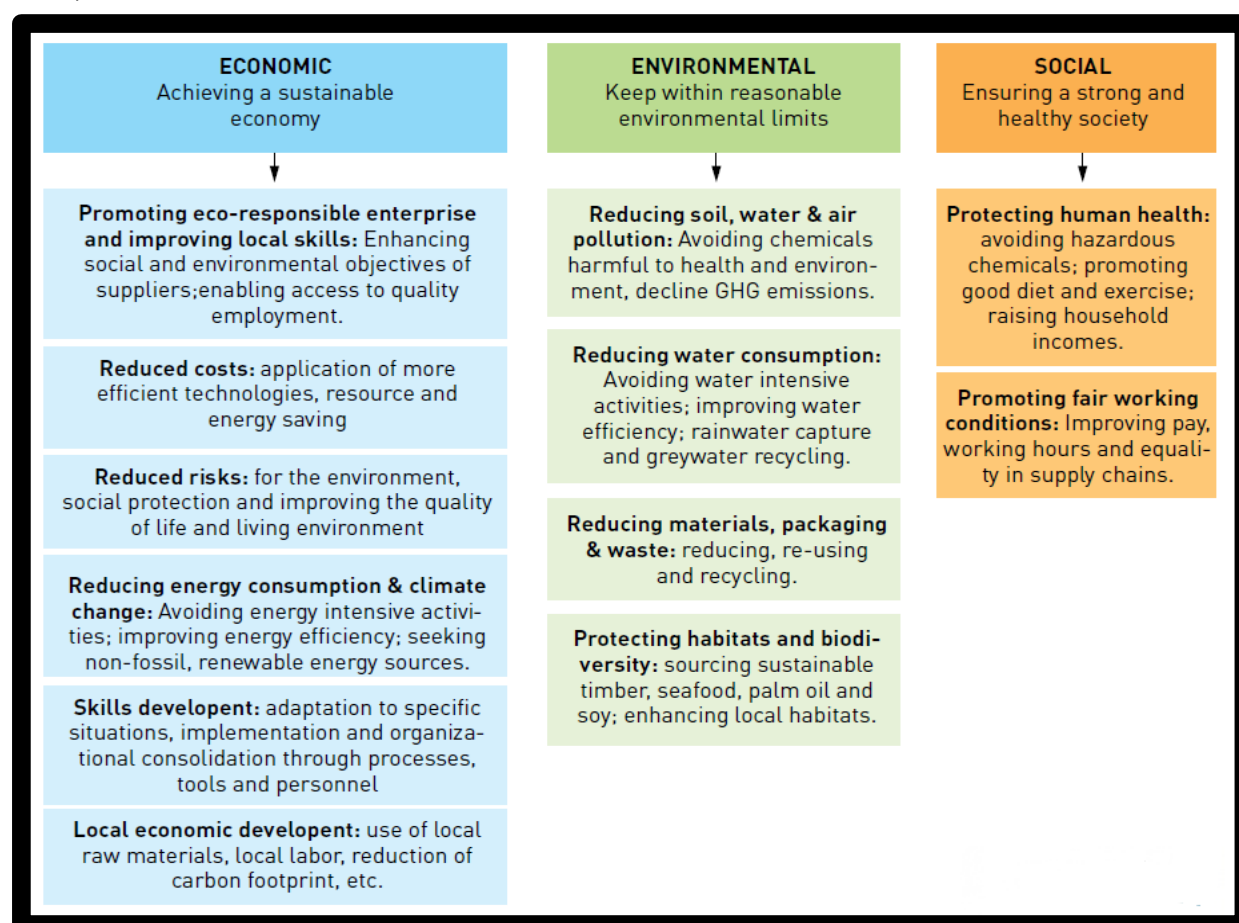
2.4.3.2 Environmental Aspects of the SPP

The production and consumption of goods and services have significant impacts on the environment. Emissions into the air, soil, and water, climate change, biodiversity loss, and depletion of natural resources are some examples of impacts. These impacts are known as environmental aspects. (Ukrain, Gov., 2016) (UNEP, 2021). Environmental impacts and their improvement may vary depending on the products or services.

2.4.3.3 Social Aspects of SPP

To ensure sustainability in procurement some social aspects need to be ensured, such as human rights, safety, security, social justice, equality, and working conditions. (UNEP, 2021) (Ukrain, Gov., 2016). So, sustainable public procurement can effectively address various social issues, such as achieving high working standards, promoting local innovation, encouraging environment-friendly approaches, and creating opportunities for environmental products to enter the market. Additionally, it can help local producers and service providers gain a competitive edge at national and international levels improve their reputation and demonstrate their commitment to corporate social responsibility and sustainable development. (UNEP, 2021) (Ukrain, Gov., 2016).

Table 3 Main objectives of the sustainable public procurement (Source: Ukraine, Gov., 2016)



2.4.4 Guiding principles for SPP implementation

There are several guiding principles to implement the SPP. Some have been discussed below-

2.4.4.1 The Marrakech Task Force

The Marrakech Task Force on Sustainable Public Procurement (MTF on SPP), in 2005, created a set of guiding principles to help nations and organizations gain a broader understanding of sustainable public procurement (SPP) (UNEP, 2021). The Task Force developed the following principles aiming to assist national governments or organizations in gaining a common understanding of the SPP, which was updated in 2015 (UNEP, 2021) (Ukrain, Gov., 2016).

(1) Principle 1: SPP is good public procurement

SPP follows all the essential elements of good public procurement, such as transparency, fairness, non-discriminatoryness, competitiveness, and accountability, and it ensures efficient use of public funds as it integrates environmental, economic, and social dimensions in the procurement processes. The decision-making process of SPP, needs an in-depth understanding of the impacts of purchase through the life cycle of the procured goods, works, or services, some from the sourcing of natural resources to end-of-life management.

(2) Principle 2: SPP implementation needs leadership

It needs high-level intervention and commitments of senior-level politicians and decision-makers to promote SPP at the national or private level. Their commitment is essential to ensure sufficient dedicated resources to implement SPP as a mainstream of public procurement.

(3) Principle 3: SPP contributes to broad policy goals

By implementing SPP, national governments or organizations could attain a wide range of goals, such as sustainable development, resource efficiency, sustainable natural resource management, along sustainable consumption and production. SPP could help markets promote sustainability and innovative solutions by creating green and decent jobs.

(4) Principle 4: SPP respects stakeholder interests and builds on stakeholder engagement

SPP always considers the early involvement of the stakeholders, namely purchasing organizations, manufacturers, and the public, and respects their opinions in the decision-making process of procurement. Shared visions, inclusive solutions, and targeted communication can pave the way for stakeholder engagement.

(5) Principle 5: SPP implementation is based on standard organizational management principles

The foundation of SPP is a risk-based strategy that continuously reevaluates and focuses on areas with the greatest priority or impact. Organizations should consider SPP as a part of their management system to promote the SPP approach as part of routine procurement practice. SPP needs to be supported by clear lines of accountability with incentives for delivery.

(6) Principle 6: SPP monitors its outputs and outcomes

Organizations should measure outcomes to track progress as well as identify areas for improvement. Outcomes may include both environmental and social performance, along with the economic outcome measurement.

The following figure reveals a comparison of traditional and sustainable public procurement approaches:

Table 4 Comparison of Public Procurement Approaches (Source: Ukraine, Gov., 2016).

Public Procurement: traditional approach	Public Procurement: sustainable approach
<i>Basic Selection Criteria</i>	
1. Price. 2. Quality. 3. Other qualification criteria.	1. Price. 2. Quality. 3. Protection of the environment. 4. Human health safety. 5. Other qualification criteria.
<i>Results and Effectiveness</i>	
1. Meet the needs in goods, services and works.	1. Meet the needs in goods, services and works. 2. Protection and restoration of the environment. 3. Increasing of human health safety. 4. Greening of the national economy. 5. Stipulation of market development for green and environmental goods and services. 6. Eco-innovations development and stimulation.

2.4.4.2 Guiding Principles by the Environmental Protection Agency (EPA) of the USA

The USA has developed five guiding principles to offer a framework for purchasing sustainably (Ukrain, Gov., 2016). They are:

(1) Environment + Price + Performance = Environmentally Preferable Purchasing

Incorporate environmental considerations into purchasing decisions alongside traditional factors like safety, price, and performance.

(2) Pollution prevention

Focus on reducing waste and pollution at the source during the acquisition process to minimize environmental risks and costs.

(3) Life cycle perspective/multiple attributes

evaluate the environmental impacts of products or services across their life cycle and consider multiple attributes to determine environmental prefer ability.

(4) Comparison of environmental impacts

Compare the environmental impacts of products or services, considering factors such as reversibility, geographic scale, and human health effects.

(5) Environmental performance information

Use comprehensive, accurate, and meaningful lifecycle-based information to assess the environmental performance of products or services.

(EPA, 2001)

2.4.4.3 British Standard Institutions

The sustainable procurement guide of the British standard institutions mentioned that a procurement has to have at least four main criteria to make it sustainable (WB, 2023). That is:

- a) Negative impacts of the procured goods works, or services should have to be least throughout their lifecycle.
- b) The use of non-renewable sources in the procured goods, works, or services should have to be as minimal as possible.
- c) The wages, working conditions, workers' human rights, etc. in the production period of the goods, works, or services should have to be standard as per the International Labor Organization (ILO).
- d) Diversity and equality should be boosted in the organization.

2.4.5 Ways to integrate sustainability into the procurement process

To implement the Sustainable Public Procurement (SPP) policy at the national government or organizational level, it is necessary to develop policies and guidelines about the procurement process as well as the responsibilities of authorities. The goal of the policy should be to ensure the effective use of financial resources, prevent adverse environmental effects, and assess social outcomes.

The main tasks of the SPP policy should be as below:

1. Providing a framework for long-term savings through whole-life costing.
2. Inform suppliers and vendors about the “sustainable vectors”.

3. Providing a basis for integrating sustainability standards into technical specifications and selection/award criteria, as well as establishing general requirements for sustainability performance.
4. Providing a basement for environmentally responsible consumption inside the organization.

When developing the SPP policy, the following issues should be taken into consideration: (Ukrain, Gov., 2016)

1. Support and commitment: senior management should be involved in supporting the SPP integration.
2. Responsibility: Individuals should have to be accountable for implementing sustainability within the organization and the procurement process.
3. Analysis: Policy should have a reflection of the organization's value, scope, and business ethics, along with a commitment to continuous improvement.
4. Objectives and KPIs: policies should have Key Performance Indicators (KPI) and objectives to measure progress.
5. Communication and review: Policies should have a communication strategy with staff, key suppliers, and other stakeholders in a consistent, concise, and clear manner.

2.4.5.1 Steps to Formulate SPP Policy

Five steps have been discussed below that could be helpful in developing the SPP policy:

Step 1. Examining sustainable needs and issues

- It must assess any possible issues regarding the sustainability of the nation or organization.
- It must acknowledge whether environmental, social, and economic processes can coexist.
- It needs to analyze the benefits and possible risks of the SPP implementation.

Step 2. Find out an understanding of sustainability

- The question ‘What does it mean about SPP for the organization?’ should be clear;
- SPP policy should have a vision and mission;
- Setting goals and objectives for the SPP decision-making.

Step 3: Develop guiding principles

- Determine best practices for advancing environmentally friendly procurement.
- It must determine the important questions to ask during the purchase process.
- Procedures to support the making of strategic decisions.
- The internal and external procurement drivers should be harmonised, and
- Social and environmental improvement should be included.

Step 4. Identify tools and resources

It must assist employees by determining which appropriate tools, methods, monitoring plans, guidelines, and resources should be used.

Step 5. Develop the SPP policy

Finally, it needs to develop an action plan to achieve defined goals and objectives.

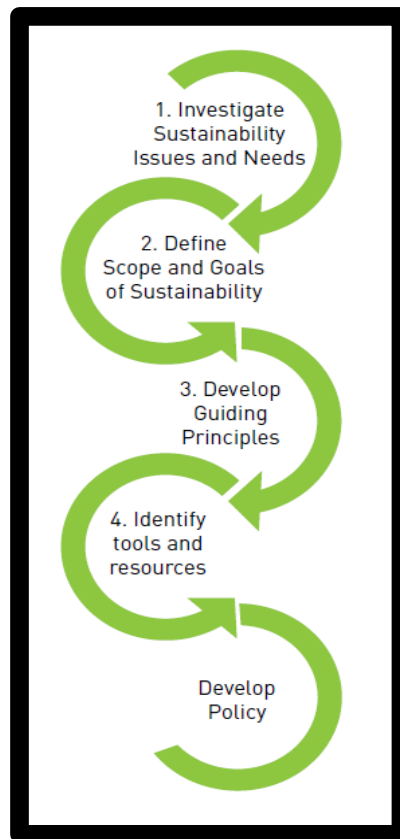


Figure 10 SPP policy development steps (Source: (Ukrain, Gov., 2016)

2.4.5.2 Formulation of SPP Strategy

Creating a sustainable public procurement strategy is essential for regulating tender rules, defining strategic goals, and efficiently allocating financial resources to meet economic, social, and ecological needs. The strategy of sustainable public procurement involves steps to achieve specific short- and long-term goals, considering all aspects of the organization's operations, including procurement process development.

Developing a SPP strategy requires-

1. **Understanding the SPP's nature and significance** is essential for organizations to achieve short- and long-term goals in the current social, political, and economic landscape.
2. **An action plan** must include specific actions and programs to achieve goals.
3. **Effective communication and reporting** are crucial for consistent and meaningful reporting of achievements at different stages, collaboration among departments and employees, good cooperation with suppliers and customers, and support from senior management.

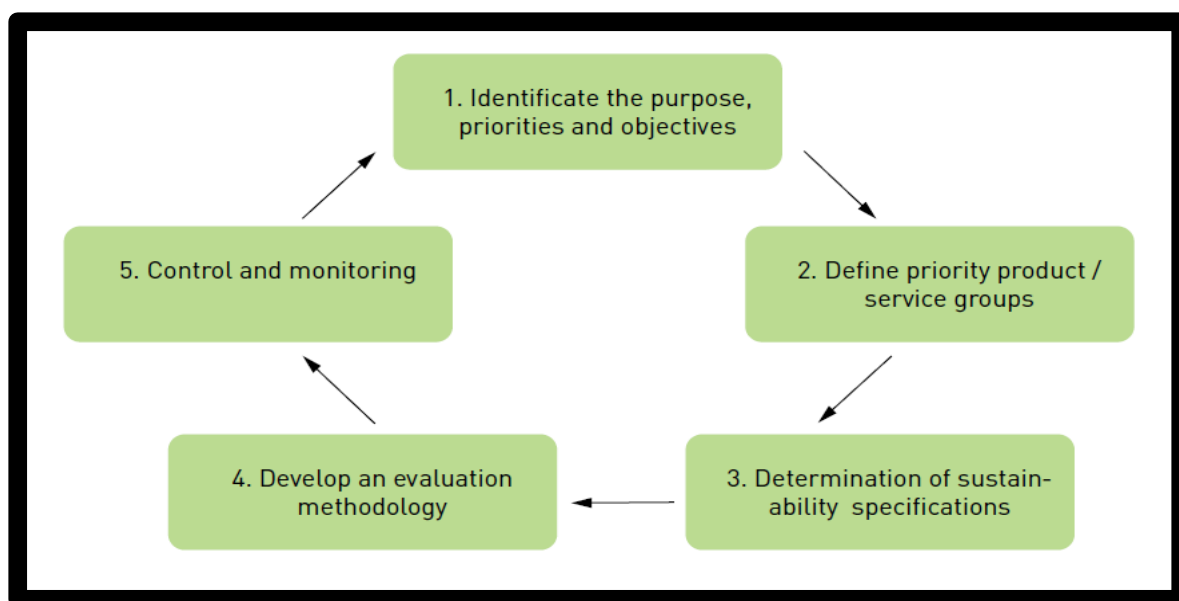


Figure 11 the SPP Strategy Development Process (Source: Ukraine, Gov., 2016)

The United Nations Environment Program (UNEP), in their SPP report of 2021, has developed an SPP approach as a guiding tool for nations that wish to produce SPP programs (UNEP, 2021). The SPP approach consists of four (04) sequential steps, or ‘Phases’ named:

- a) Phase I (Getting Started),
- b) Phase II (Commitment),
- c) Phase III (Planning), and
- d) Phase IV (Implementation),

Usually, each phase includes certain actions; however, some countries may focus on specific tasks without completing all previous phases (UNEP, 2021).

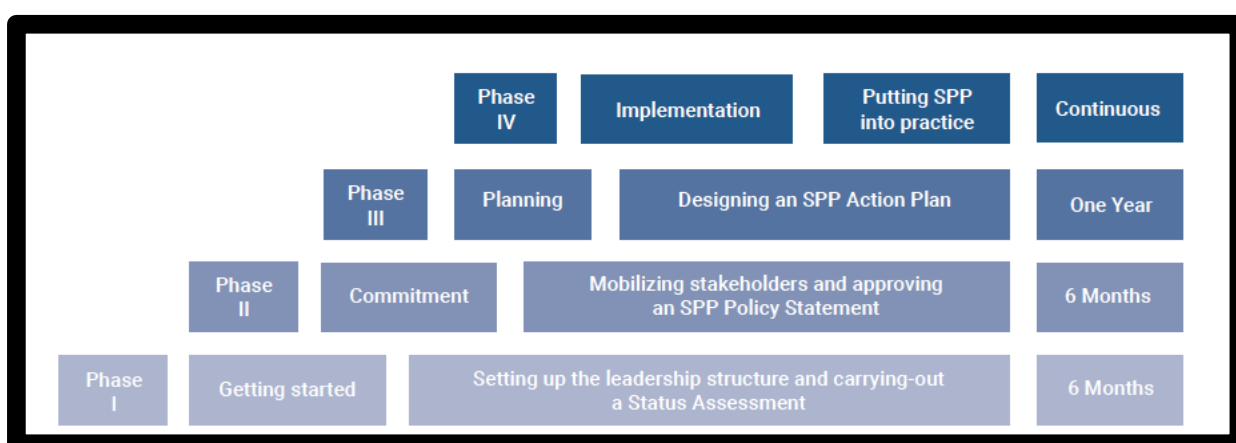


Figure 12 SPP implementation approach steps

A) Phase I (Getting Started)

To effectively manage and promote the SPP program, it's important to establish a leadership structure, including an SPP unit, a steering committee, and national focal organizations (NFOs). These entities will oversee the development and implementation of SPP policies in collaboration with stakeholders (UNEP, 2021).

In this phase's activities, countries will be able to:

- assume leading roles in SPP;
- understanding the existing state of SPP and public procurement in general, including its legal, organizational, and other aspects,
- identifying pertinent stakeholders,
- creating a baseline against which progress can be measured, and
- contrasting the national and sub-national SPP Approach with others

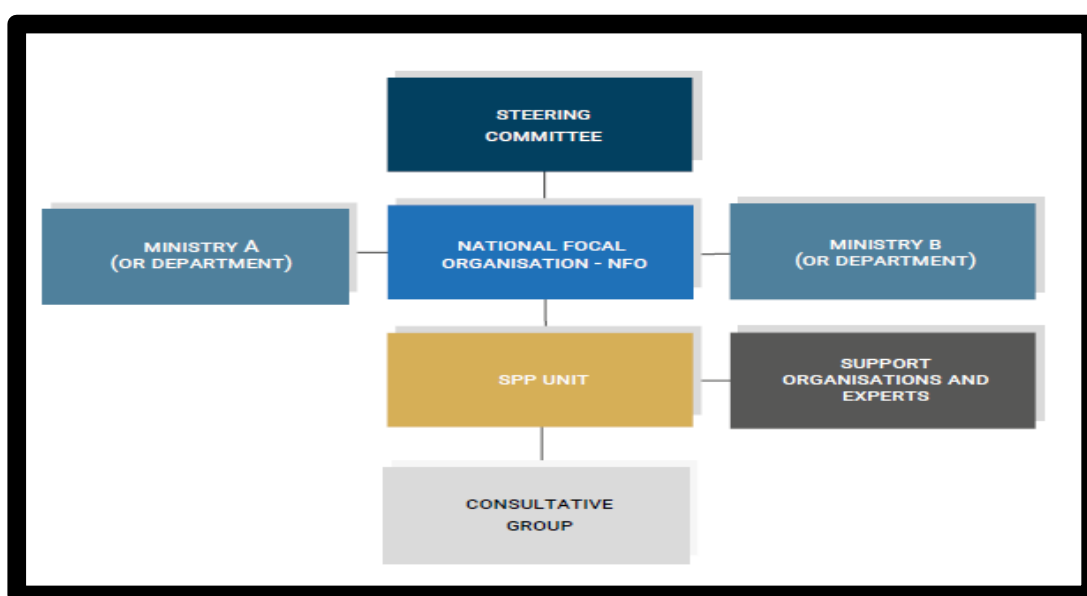


Figure 13 Possible governance program of SPP policy (Source: (UNEP, 2021)).



Figure 14 Stakeholder mapping of SPP (Source: (UNEP, 2021)).

B) Phase II (Commitment)

During the commitment phase, an SPP policy statement is developed after consulting stakeholders and presented for approval to decision-makers. The SPP Program obtains early support from key stakeholders. Another important focus area is funding mobilization to aid in the implementation of SPP.

C) Phase III (Planning)

In Phase III of the planning process, the SPP action plan is developed with stakeholders and submitted to decision-makers for approval. It includes goals, tasks, timelines, roles, responsibilities, and a budget.

D) Phase IV (implementation)

Phase IV focuses on implementing and improving SPP procedures based on the Phase III Action Plan. It involves creating a communication plan, enhancing capacity, establishing sustainable procurement standards, prioritizing items, updating public procurement laws, and implementing a review and monitoring mechanism.



Figure 15 Integrating Sustainability considerations into the procurement cycle
(Source: (UNEP, 2021))

Table 5 Progression of SPP activities across the SPP activities (Source: (UNEP, 2021)).

Phases	Governance	Core activities	Capacity building
I Getting started	NFO designated, SPP Unit established and Steering Committee formed	Drafting of Status Assessment inclusive of a Legal Review, analysis of public procurement practices and a stakeholder mapping exercise.	SPP staff and Steering Committee members trained on SPP Approach
II Commitment	Consultative group of stakeholders formed	Design and approval of SPP Policy Statement	Stakeholders trained on SPP
III Planning	Steering Committee and Stakeholders consulted	Design and approval of SPP Action Plan	Capacity building activities outlined in Action Plan
IV Implementation	SPP Unit strengthened, network of SPP correspondents established	Action Plan implementation	Capacity Building Plan developed and implemented; Procurement practitioners trained on SPP and on the procurement of priority products. Training of suppliers.

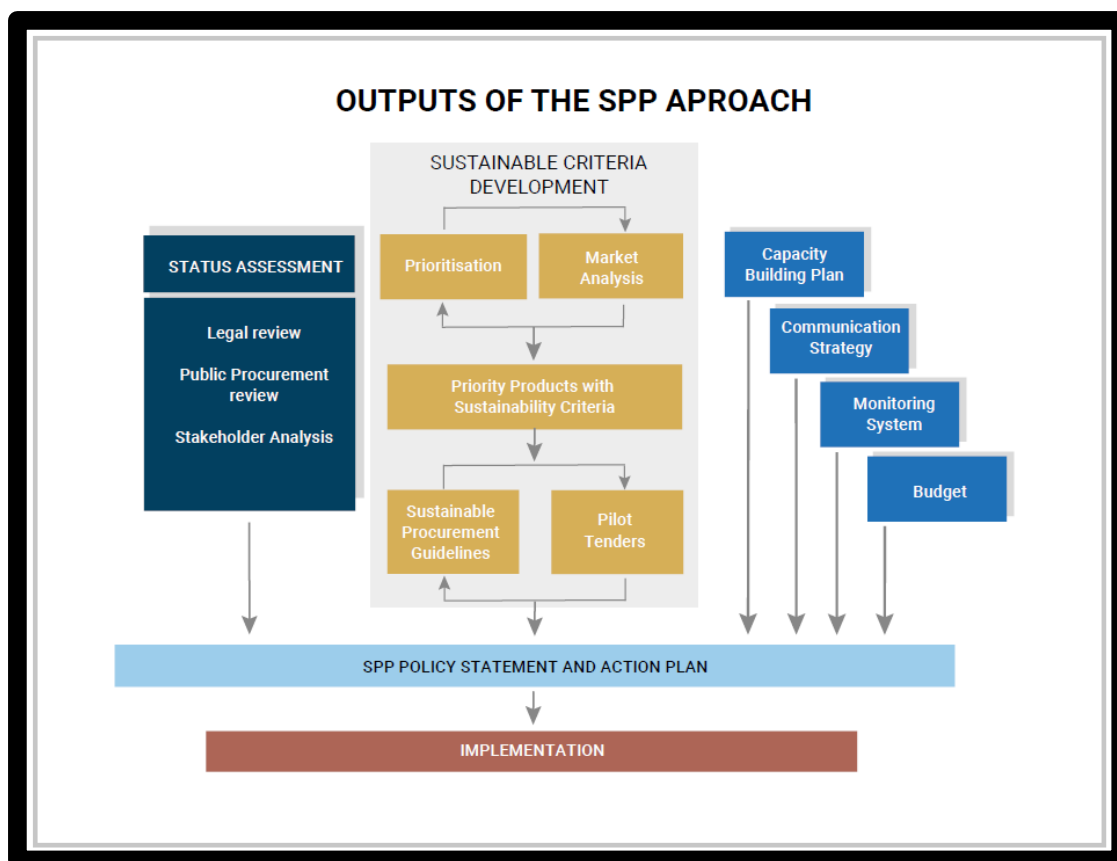


Figure 16 Outputs of the SPP Approach (Source: (UNEP, 2021))

2.4.6 Public procurement procedure in the context of sustainability

The entire procurement process should include sustainable concepts, which can be integrated at every stage. Sustainability criteria should be applied to technical specification definition, bidder selection, bidder evaluation, contract award, supplier performance audit, and ongoing contract management. It needs to include environmental requirements in tender documents without violating any national laws.

The specifications may include environmental criteria, and bidders must demonstrate their adherence to the desired sustainability requirements. For example, only suppliers meeting specific sustainability requirements may be invited during the pre-qualification stage.

It needs to consider all steps of a procurement process to integrate the sustainability aspects.

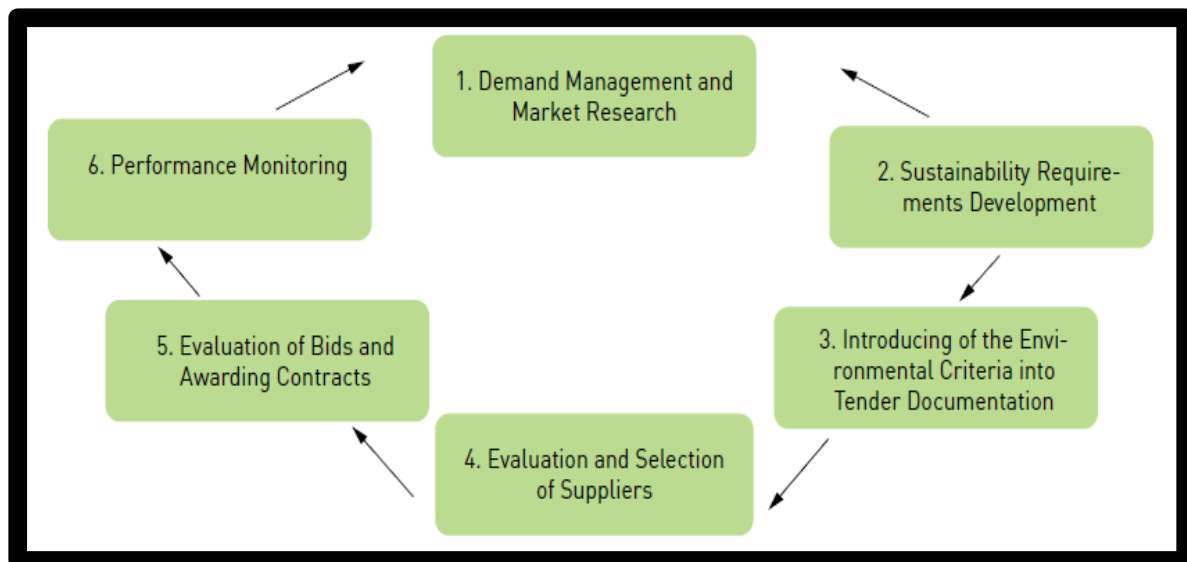


Figure 17 Key Steps of the Sustainable Public Procurement Process (Source: Ukraine, Gov., 2016)

A) Step 1: Demand Management and Market Research

In this stage, the focus is on collecting information, determining the organization's current demands, and performing a demand analysis to find ways to reduce demand and consumption. This includes considering sustainable alternatives to satisfy the "need."

The organization can optimize orders by involving cross-functional stakeholders and using the following table's questions as a reference when assessing product and service demand.

Table 6 Demand Analysis—Example of Questions (Source: (Ukrain, Gov., 2016)

<i>Questions to Consider</i>	<i>Yes / No</i>
1. Do you really need to purchase some good or service, or can the need be met in another way? • Is a suitable good/service already available within the organization? • Can existing assets be refurbished, repaired or upgraded to meet the need? • Are there other options for meeting need (e.g. reuse, borrow, and swap)? • Can the need be met in partnership with another organization? • What will avoid the need for this good/service?	
2. Can you reduce the quantity or scale of the goods or service whilst achieving the same service delivery? • How do the goods or services contribute to service delivery? Are we automatically replacing based on past procurement patterns? • Are specifications based on actual requirements, ensuring that they are not over-specified? • Are improved technology options available? • Are there options for behavior change in relation to consumption of this goods or service?	
3. Can alternative goods or service be used to meet this need? • Is there another more sustainable good or service available that can serve the same purpose? Have there been any technology improvements? • Could a service be used to meet the need instead of a good?	
4. Can the goods/service be specified to have improved sustainability outcomes, including being able to serve a useful purpose after its initial use? • Can the goods or its key components be reused, refurbished, repaired, recycled, composted? • What specifications could be included to reduce the use of resources (such as energy, water or consumables) during the useful life of the goods?	
5. What information is available regarding sustainably-preferable options for this purchasing requirement? Where can more information be obtained about suitable alternatives? • Is there an environmental officer/sustainable procurement expert within the organization? • What information is provided by suppliers? • What external sources of information are available, (e.g. other government bodies, trade organisations, NGOs, research institutes)?	

It is important to conduct an extensive market analysis to explore market opportunities and to determine the needs that match the capabilities of the suppliers. Supplier market analysis is necessary:

- to gain a better understanding of the supplier's strategy
- to control risk for the contracting authority
- to increase the expertise of the contracting authority
- to identify opportunities that align with government priorities.

In the market analysis, the following factors could be considered:

Table 7 Market Profile of the Suppliers of Environmentally Preferable Products and Services (Source: (Ukrain, Gov., 2016)

<i>Factors</i>	<i>Key Issues</i>
Market Sector	What is the market in which the suppliers operate? What is the national and local supplying market structure on the environmentally preferable products and services? What are market drivers and barriers on supplying of the environmentally preferable products and services?
Suppliers in the Market	How many suppliers of products and services with environmental features are there in the market? Which suppliers are the market leaders and which are the market followers? What are market opportunities for supplying of products and services with environmental features? What are market conditions for domestic suppliers?
Product & Service Supply	What environmentally preferable products and services can the market offer? What is a market share of the selected products/services? What is the level of environmental product differentiation between firms? What are the new technologies? What environmentally friendly technologies are available in the market? Whether these technologies are available for national and local suppliers?
Government's Purchasing Power	What does the government represent as a purchaser in relation to the supplying market? What does the government may do to support national and local suppliers of environmentally preferable products and services?
Law and Regulations	What are the laws and regulations governing the market on products and services with environmental features?

Finally, the following initiatives could be taken-

1. List the products, services, or projects that need to be purchased.
2. Analyze demand and differentiate between needs and wants.
3. Evaluate potential methods to reduce demand. Seek to lower consumption by finding alternatives.
4. Carry out a market analysis.
5. Engage in discussions with suppliers before and during the process of defining criteria.

B) Step 2: Sustainability requirements development

It is important to prepare a comprehensive scope of requirements and specifications for goods and services in line with the organization's needs. Sustainability standards should consider the procurement's sustainability goals, possible sustainable procurement solutions, and the market strategy for the products or services.

This phase is crucial to ensure that the results fully meet the requirements, provide a significant opportunity to advance the sustainability agenda with suppliers, and demonstrate SPP leadership. As depicted in the following table defining sustainability requirements related to the impacts can be facilitated by examining sustainability priorities and objectives.

Defining specifications is a challenging task. When creating specifications, it is important to differentiate between product preferences and requirements and to set limits that suppliers must adhere to instead of restricting the supply and increasing the cost of a product.

Table 8 Sustainability Specification Identification Template (Source:(Ukrain, Gov., 2016)

<i>Sustain-ability impact</i>	<i>Opportunity to influence markets (high/medium/low)</i>	<i>Scope to improve (high, medium, low)</i>	<i>Priority</i>	<i>Sustainability Specification</i>
Energy Use	Medium	High	High	Consumption of energy during use: should tend to reduce
Toxic Waste	Medium	High	Low – Medium	Low content of identified toxic substances within product: should tend to decrease

In this step, the following activities could be done:

1. Set basic qualifications for bidders.
2. Collect data on the technical, qualitative, and quantitative requirements for the procurement item, along with the relevant technical specifications.
3. Review and revise requirements to improve sustainability outcomes.
4. Define environmental and social criteria and identify the primary performance or quality requirements.

C) Step 3: Introducing the environmental criteria into tender documentation

Tender documentation typically contains a comprehensive specification to ensure consistent pricing, product quality, operational functioning, and fitness for purpose. It also includes information about volumes, service level agreements, and terms and conditions.

Environment and social requirements can be incorporated in several sections of a tender document, such as

- the contract's subject matter,
- technical requirements for the good or service,
- candidate selection standards,
- contract award standards, and
- contract performance provisions are all important considerations.

Finally, integrating the environmental requirements and criteria, the tender document needs to be prepared.

D) Step 4: Evaluation and selection of the suppliers

Prequalification is a process used to identify potential bidders who fully meet the needs of consumers and satisfy certain requirements. It helps determine which of several vendors has the best chance of fulfilling the demands and specifications. Following this, these vendors are asked to submit bids for the job. It is advisable to establish a methodical and well-organized supplier evaluation procedure.

E) Step 5: Evaluate bids and award contracts

To select the preferred suppliers, bids must be assessed and verified after the tenders are submitted. When evaluating tenders for contracts related to the supply of products or services, it is crucial to follow a systematic, transparent, and methodical process.

In SPP, it needs to make sure to investigate pricing comparisons and consider technical aptitude, capacity, service quality, and sustainability results when evaluating suppliers. It's important to take into account whole life costs, which include decommissioning, removal, and disposal expenses.

To balance sustainability and other non-financial aspects with cost, supplier bids must be evaluated using a fair, transparent, and accountable procedure. For a standard evaluation following steps need to be taken:

1. Provide an overview of the assessment process.
2. Specify reporting guidelines and performance metrics.
3. If necessary, negotiate terms and come to an agreement.
4. Ensure that contract administration and signing are completed on time.
5. Provide updates to all participants.

F) Step 6: Contract performance monitoring

When sustainability is mentioned in a contract, public authorities must monitor the contractor's compliance with specific requirements. The tender document should outline performance metrics and reporting criteria to measure the benefits of sustainable procurement accurately. It should have the Key Performance Indicators (KPIs) and objectives to measure the performance.

2.4.7 Ways of including environmental criteria in tender documents

In most of the cases it is possible to include the environmental criteria in the tender document without contravening any national legislation.

Based on the EU's experience and the procurement directives, the following sections can be modified to adopt the SPP:

- A. The contract's subject matter,
- B. The technical requirements for the goods, works or services,
- C. The award and qualification standards, and
- D. The specific terms and conditions of contract fulfilment.

A. The subject matter of the contract

The contract specifies the exact products, services, and works that the public authority will purchase. Procurement laws allow authorities to choose suppliers who meet their needs and specifications while staying within budgetary constraints. It is important for the contract to include all significant sustainability factors that must be considered during the procurement process. Transparency will also be ensured in the procurement process in this case.

When defining the environmental factors for different contract types—works, services, and goods supply—there are few distinctions.

I. Goods supply contracts

Public procurement laws are neutral regarding the subject matter of a contract and do not make specific recommendations about what a contracting authority should purchase. This decision can be influenced by environmental awareness. For example, a contracting authority might consider entering into a contract for shared printing facilities with modern energy and paper-saving features rather than purchasing new printers for every desk.

II. Works supply contracts

Contracts for work usually cover both the design and execution of a task, as well as the supply of goods. It is recommended to consider environmental factors throughout the entire contract for works. For instance, contracting authorities could require the design of an administrative building with low energy consumption, taking into account insulation standards, the use of specific building materials, and the installation of energy-efficient lighting and heating systems. Moreover, they might insist that the work be carried out with consideration for the environment, including rules for the use of water and energy, as well as the handling and disposal of waste on and around the building site.

III. Service supply contracts

It is important to consider the environment when carrying out service contracts. It is advisable to use a specific cleaning protocol that only uses environmentally friendly cleaning agents. Additionally, separating household waste for recycling or proper disposal may be required. For example, using energy-efficient vehicles for public transportation services may be mandatory.

Table 9 Some examples of properly defined contract terms for the SPP include

Examples of properly defined contract terms for the SPP include: 1. Purchase of all-purpose cleaning supplies that are safe for the environment. 2. Acquisition of lighting equipment with high efficiency (lamps, ballasts, luminaires) 3. Type of food, or a specific food product group, that comes from at least some organic sources. 4. The acquisition and implementation of water-based heaters that have little ecological impact. 5. The high energy and environmental performance requirements being followed during the construction of new office buildings. 6. The completion of extensive upgrades to current office buildings in order to meet strict energy and environmental performance requirements.
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Some pointers have mentioned below for defining the subject matter in a sustainability manner:

- (1) It needs detailed plan of purchase of products, services, or works with specific features, instead of providing partial information.
- (2) It is advisable to focus more on HOW than WHAT contracting authorities purchase.
- (3) Use of unsupported claims and unrecognized environmental certifications should be avoided. The environmental criteria or requirement should be clear and specific. Terms like "environmentally friendly" and "comes from managed forests," which imply environmental soundness, are meaningless if they lack explanation.

B. The technical requirements for the goods or services

Once the subject of the contract has been established, the following stage is to convert intentions into quantifiable technical requirements that the good or service must fulfil.

Creating technical specifications is mainly done to ensure that the contracting authority obtains the goods, services, or works it intends to acquire. Tenderers who are unable to meet the environmental and social standards will be disqualified from the tendering process.

During the procurement process for a product with minimal environmental impact, the contracting authority should take into account the effects of the product's manufacturing, usage, and disposal phases. Requirements relevant to each of these stages may be included. For instance, when procuring a cleaning service with minimal environmental impact, the technical specifications should evaluate the impacts at various stages of the service's life cycle and provide specifications for each stage.

There are several methods for incorporating social and environmental factors into the definition of technical requirements-

I. Meeting environmental requirements and eco-label standards

It must be careful to specify the precise requirements that the good or service must fulfil in accordance with national or international standards (such as environmental regulations). In this instance, adding "or equivalent" to each reference will allow the buyers to consider bidders who can similarly demonstrate that their product or service satisfies the standards. Furthermore, enforcing eco-labelling systems' standards could check environmental requirements. It should be evident how the environmental performance of one product varies from another by comparing these criteria to the average goods in the same category. Although eco-labels can be used to prove compliance, other approaches should always be accepted as well. For example, the procurer may mention, 'Plastic components weighing over 25 g must be clearly and permanently marked with an ISO 11469: 2000 or an equivalent standard for material identification'.

II. Performance or functional requirements

This method involves specifying simply the desirable or required features or attributes of products or services without providing exact technical specifications. For instances, for procuring indoor air conditions for a building the procurer may set standard in specification as inside temperature between 18-22° C during winter and 26-28°C during summer and a relative humidity of 50%. In this instance, there are no strict technical specifications for the heating and cooling systems that must be followed; instead, the bidder is free to select whatever approach best meets the requirements.

III. Production and process methods

The procurer may create requirements about any particular materials, as well as the procedure and mode of manufacture of the goods. This strategy is beneficial in situations when there are few options for the production and consumption of goods and services.

For instance, it may be demanded that energy be produced from renewable resources; paper be made without the use of chlorine (TCF); and food be produced organically without using any chemical pesticides and fertilizers.

IV. Use of variants

If it is unclear whether the supplier will be able to meet all environmental requirements and wants to include sustainability parameters in their tender documents, it is possible for the contracting authority to ask the supplier for alternative proposals.

The most fundamental alternative proposal is the first one, which includes the fundamental technical specifications that each bidder must fulfil. On the other hand, Proposal 2 is the same as Proposal 1 plus the environmental specifications. If one or more offers are received for Alternative Proposal 2, procurement professionals may choose based on the best value-for-money, taking into account other environmental

variables.

Otherwise, they can use Option 1 to go to a standard offer evaluation without having to re-enter the bidding process.

C. Selection of the supplier's qualification

There are two steps involved in choosing the procurement procedure's winner-

1. **The selection stage** is to evaluate the tender's capability and ability to fulfil the contract's requirements; and
2. **The award stage** is to review the offers and select the best one, or the tender with the best price or most favorable terms.

The selection criteria pertain to the contractor and encompass elements like their financial and economic position in addition to their technical and professional expertise to seek to guarantee that the tenderers are dependable, accountable, and possess enough knowledge of the kind of contract to execute it effectively. In contrast, the lowest price or the most economically advantageous tender are the basis for the award criterion.

The following qualifications standards could be set by the procurement entities-

- Technology, equipment, and resource accessibility;
- Personnel that is appropriate and qualified and has the necessary training and experience;
- Experience in completing similar contracts that have been documented.

The European Union has developed three types of qualifying criteria: (i) financial capacity criteria, (ii) technical capacity requirements, and (iii) exclusion criteria.

Both the technical capacity categories and the exclusion criteria may be influenced by environmental factors:

- a) Suppliers may not be taken into account under the exclusion criteria due to environmental considerations. For example, if it is found that a company has done an environmental crime, according to the national laws, the company will not be considered due to its serious professional misconduct.
- b) The technical capacity requirements, which focus on the tenderer's ability to fulfil the contract;

These often include documentation attesting to the tenderer's experience, a rundown of pertinent projects completed, an outline of the technological facilities, etc. For instance, if the contract's subject is the "design and construction of a bioclimatic building," the technical proficiency of the bidders with a list of previous buildings they have produced using bioclimatic principles may be evaluated. As an alternative, in the case of "construction of a bridge in a protected area," it will be essential to implement a number of specific management strategies, like trash collection and noise level control, to ensure that the region's wildlife and vegetation are adequately protected during the bridge's construction. The fact that the bidder in this case possesses an EMS for construction sites (but not for other sites, like a factory), indicates that the bidder has the technical capacity to carry out the contract as specified by the contract.

D. Contract awarding

Awarding the contract is the last stage of a procurement process in which contracting authorities get the opportunity to value more sustainable tenders over less ones that have passed the technical evaluation step.

Awarding process could be in two (2) ways, based on the

- a) Lowest price;
- b) Most economically advantageous offer.

The price of the bids is the only factor considered in making the ultimate decision in the first case. So, it needs to make sure that the environmental criteria have been incorporated in the technical stage.

The pricing and other award factors may be considered in conjunction with the "most economically advantageous offer" criterion. These standards could include things like quality, timeliness of delivery, technical merit, or environmental factors.

To introduce environmental award criteria, it will prefer a green product, but it might be much more expensive. In that case, it could be set a 'weight' in the evaluation to determine how much additional amount could be bearable to set the environmental criteria, or it is possible to include minimum environmental criteria in the specification to get an opportunity to reward even better performance.

For instance, to contract a computer leasing service, a technical specification could specify a certain level of energy consumption. The award criteria could be as follows:

- In case of economic offer, up to 80 points could be assigned, and
- Up to 20 points could be assigned for the energy consumption, even lower than that mentioned in the technical specification.

E. Specific conditions in the contract performance clauses

Lastly, while establishing the guidelines for how a contract must be executed, public authorities may include environmental requirements in the contract performance provisions. These provisions must be clearly stated in the call for tender and directly related to the contract's performance, but they have no bearing on the contract's awarding. When performing the work or providing the contracts, the contractor is required to abide by these terms. In the event that they don't, the contracting authority may decide to cancel the contract or impose a monetary fine.

To summaries, it is feasible to include environmental requirements in bid documents as long as the following fundamental ideas are kept in mind:

1. The tender document contains explicit mention of all environmental criteria;
2. The criteria's phrasing adheres to the general principles of openness, non-discrimination, and equitable treatment;
3. The criteria are relevant to the subject matter of the contract;
4. The requirements must be objectively measurable;
5. Acceptable forms of compliance documentation are all accepted.

2.4.8 Available tools for provision of sustainable procurement

The Sustainable Public Procurement has to take into account a variety of sustainability challenges, including social and environmental ones. For this reason, many methodologies should be employed to examine various facets of sustainable production and consumption.

A few common methods and strategies exist that can help public bodies utilize procurement tools to make purchases more sustainable by helping them select items with enhanced attributes and rank them from most sustainable to less sustainable.

Every instrument and technique that is accessible can be separated into two categories (Ukraine, Gov., 2016):

1. Environmental impact assessment tools, are used to assess the environmental effects of the goods and services that are being procured and to assess the environmental effects of any activity related to public procurement. such as life cycle assessment, life cycle costs, carbon footprint, environment product declaration, risk assessment, etc.,
2. Technical specifications and selection/awarding criteria identification tools (e.g., Environmental Norms and Standards, Eco-Labeling Schemes, etc.).

2.4.8.1 Life cycle assessment (LCA)

Life cycle assessment (LCA) is a scientific framework that is used to estimate and evaluate the inputs, outputs, and possible environmental effects of a product system over the course of its lifecycle (Ukraine, Gov., 2016).

LCA is a globally standardized management tools for calculating the resources used, emissions, and health and environmental effects related to products and services. It evaluates the environmental performance of products, services, or works from ‘cradle’ to ‘grave’. It considers every stage of a product’s life cycle, including resource extraction, overproduction, consumption, recycling, and disposal of leftover trash (Ukraine, Gov., 2016).

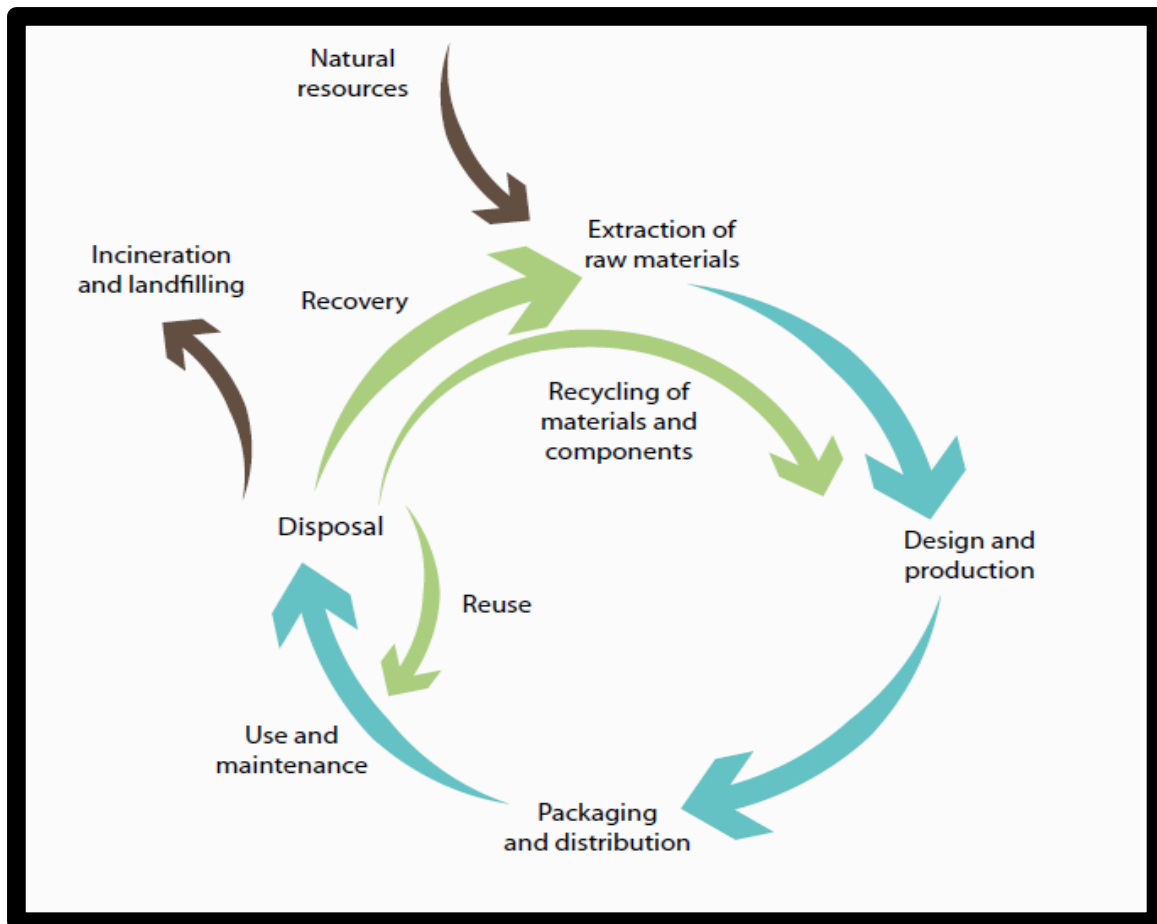


Figure 18 A typical product life-cycle diagram (source: (UNEP, 2021))

There are four analytical steps that typically comprise LCA: (i) defining the objectives and scope, (ii) inventorying the life cycle, (iii) evaluating the impact, and (iv) interpreting the findings.

LCA could be used in public procurement to create environmental criteria for SPP, satisfy customer expectations, learn about the environmental elements of the product, and weigh options. Since LCA may offer the finest framework for evaluating the possible environmental effects of items, it is a crucial tool for supporting SPP when used to measure the environmental implications of bids.

For instance, the life cycle of a graphite pencil requires materials such as cedar, graphite, water, pumice, metal paint, and wax. The wood is obtained from trees, leading to deforestation, and the rubber comes from trees primarily found in Asian countries that take fourteen years to mature. The metals are melted and formed into blocks, and chemicals and dyes are used in the production of paint. Pencil production is almost entirely automated.

Consumers need not analyze all negative aspects of a product; they can use eco-labels to determine if a product is better for the environment or human health. An eco-label signifies that products or services are proven to be more environmentally friendly within a specific category (Ukrain, Gov., 2016).

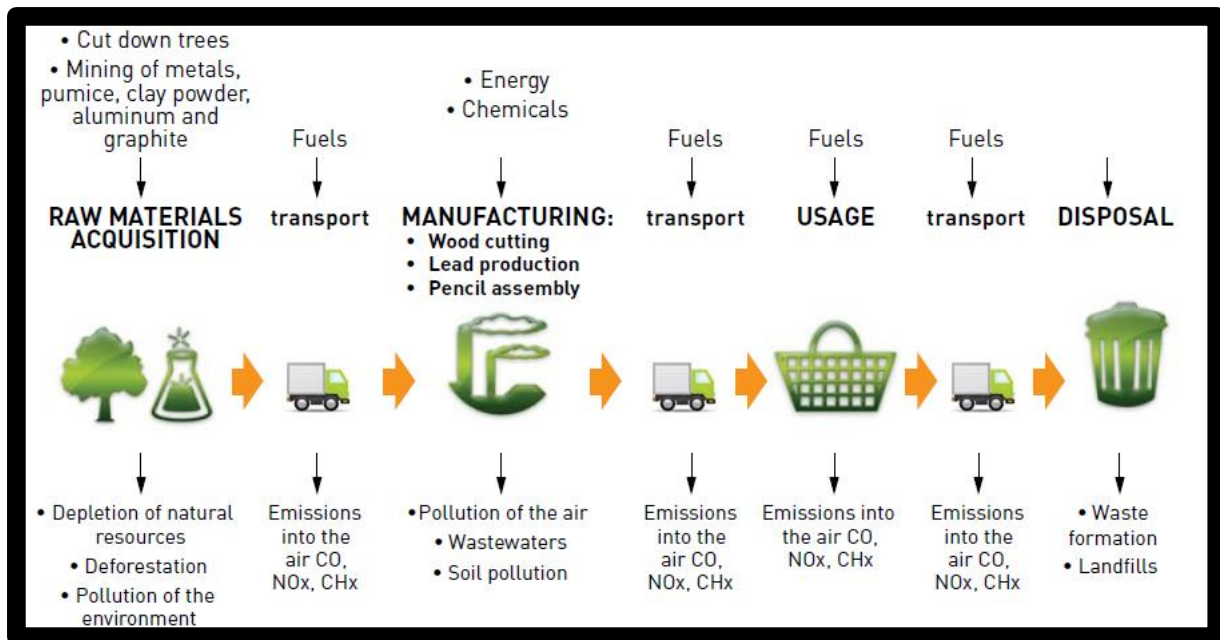


Figure 19 Life Cycle of Graphite Pencils (Source: (Ukrain, Gov., 2016)

2.4.8.2 Life cycle costing (LCC)

The International Organization for Standardization (ISO) has defined Life Cycle Costing (LCC) as an "economic assessment considering all projected significant and relevant cost flows throughout analysis expressed in monetary value." The estimated costs are those required to meet performance standards, such as availability, safety, and dependability (iisd, 2024) (UNEP, 2021).

Typical LCC analyses are based on:

- Purchasing costs and all related expenses, including delivery, installation, commissioning, and insurance;
- Operating costs, including utility costs for energy and water use and maintenance; End-of-life costs, including removal, recycling, refurbishment, and decommissioning; and
- Residual values are the standard foundations of life cycle analyses. (iisd, 2024) (UNEP, 2021)

To implement SPP, consideration of LCC is very important because it demonstrates that in the procurement process decisions have been made beyond considering the purchasing price of the goods, works, or services because, by applying LCC, public purchasers take into account the costs of resource use, maintenance, and disposal, which are not reflected into the purchase price. Applying LCC over the life cycle of a good, work, or service could potentially save:

- Use of energy, water and fuel;
- Maintenance and replacement; and
- Disposal costs.

(UNEP, 2021)

The below figure revealed a visual representation of LCC with its two main variants: Total Cost of Ownership (TCO) and full life cycle cost. The TOC includes only the costs incurred by the organization during the period of possession of the products or services. On the other hand, the full life cycle cost comprises the monetization of environmental or social externalities incurred by society or the planet.

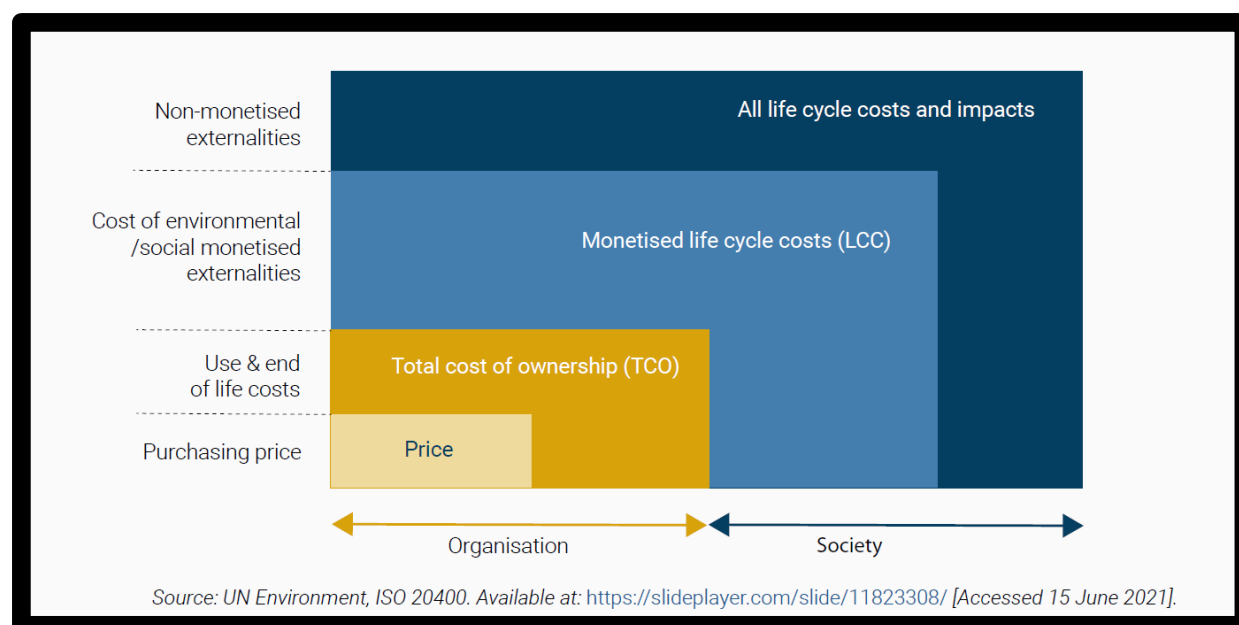


Figure 20 Life cycle costing (Source: (UNEP, 2021))

Table 10 The life cycle cost of a vehicle could be considered as follows

Acquisition price	Purchase price of a vehicle
Total Cost of Ownership (TCO)	Includes acquisition price plus possible estimated costs of maintenance, gasoline, insurance, disposal, etc. during its life time.
Life Cycle Costing	Includes TCO plus monetized cost of possible estimated carbon-di-oxide emissions incurred during the lifetime of the vehicle.
Non monetized impacts	For example, impact of vehicle pollution on health, which is hard to evaluate and monetize.

There are some tools used for LCC in the developed worlds, as below:

- a) Green public procurement and life cycle cost: <http://ec.europa.eu/environment/gpp/lcc.htm>
- b) Swedish Tool can be found at <http://www.kkv.se/upphandling/hallbarupphandling/stall-hallbarhetskrav/Livscykelkostnader-LCC/>.
- c) The Danish Tool can be found at <http://mst.dk/virksomhed-myndighed/groenstrategi/groenne-indkoeb/totalomkostninger/>.
- d) The SMART Sustainable Procurement Tool may find in <http://www.smart-spp.eu> to access
- e) ISO 15686-5, Service-life planning for buildings and built assets: Part 5: Life-cycle costing

2.4.8.3 Product or service carbon footprint (PCF)

The term "product/service carbon footprint," or PCF, refers to the greenhouse gas emissions that a product produces during its whole life cycle, starting from raw materials and continuing through manufacture, distribution, customer use, disposal, and recycling (UNEP, 2021).

The main greenhouse gases are carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O), along with families of gases such as hydrofluorocarbons (HCFs) and perfluorocarbons (PFCs), where the first three gases are mainly responsible for global warming (Ukrain, Gov., 2016).

There are numerous methods for determining PCF, such as the GHG protocol, PAS2050, and ISO 14067 (BSI 2008, GHG Protocol 2011). Most of the time, the standards include varying levels of information. Each standard focuses on the connections between product category rules in a slightly different way.

2.4.8.4 Environment Product Declaration (EPD)

Results from a life cycle assessment, or LCA, are presented in an environmental product declaration (EPD), which shows how a product or service has affected the environment. Because each EPD system adheres to specific standards (product category rules), the results ought to be comparable across all of them. In 1998, the Swedish EPD system was introduced; subsequently, it expanded to become genuinely global (International EPD 2011). A climate declaration is an improved EPD that provides the impact on CO₂ equivalents and concentrates on data linked to the climate.

2.4.8.5 Environment Management System (EMS)

Utilizing an Environment Management System (EMS) is one way to control how production and consumption affect the environment. In the same manner that a financial management system keeps track of income and expenses, environmental performance is monitored by EMS. As a result, while hiring contractors or obtaining services, it is very appropriate to ask about an environmental management system. A company's EMS provides evidence of its commitment to environmental protection for procurement purposes. An EMS makes it possible for a business to identify environmental problem sources more effectively than one that is not certified.

- a) **Environmental management system: ISO 14001:** ISO 1400 is the most widely used international standard for environmental management. By establishing an environmental management system, organizations will benefit from the following:
- i. measuring, controlling, and reducing waste;
 - ii. meeting supply chain requirements;
 - iii. adhering to environmental laws and regulations;
 - iv. analyzing activities and determining actual and potential environmental impacts; and
 - v. Lowering operating costs by identifying and putting into practice more sustainable practices.
- b) **Sustainable event management ISO 20121:** This particular standard assists organizations in the sports, training, and convention sectors to:
- I. Reduce adverse effects on the environment, local economy, and communities;
 - II. Reduce expenses by improving energy and waste management;
 - III. Guard against any unfavorable publicity;
 - IV. Develop a positive image for both organizers and attendees of the event;

2.4.8.6 Risk assessment

Risk assessment is a helpful technique to evaluate hazards connected with air emissions, water pollution, and waste buildup in product production and consumption. The goal is to maximize sustainability and maximize efficiencies while minimizing harm to the environment, human health, and local ecosystems.

The goal of risk assessment is to make sure that all significant procurement choices pertaining to the purchase of products and services take sustainability—that is, environmental, social, and economic—into consideration.

The risk assessment assesses the sustainability risk of a particular contract and prioritises the areas that should receive priority attention throughout the tendering process.

- First and foremost, it must consider sustainability-related enquiries in light of the upcoming tender.
- The second step is to compile a list of sustainability hazards.
- The third step is to assess the risk and value of sustainability, and
- Lastly, prioritise the risks associated with sustainability and select the best courses of action.

2.4.8.7 Environmental norms and standards

Regulations that govern the impact of human activity on the environment are known as environmental norms and standards. The ultimate goal of establishing environmental norms

and standards, whether they be legal or voluntary, is to control and minimize the quantity of pollutants released into the environment, in order to achieve at least a semblance of sustainability. Standards and norms can define an ideal condition or restrict deviations from it.

2.4.8.8 Environmental labeling

Environmental labelling, or eco-labels, mostly addresses a product or service's environmental performance. It assists both public and private procurement departments, as well as citizens, in making more sustainable product selections. It assists businesses in becoming more competitive and sustainable in both domestic and global markets.

There are several applications for eco-labelling, including food, industrial goods, building supplies, real estate, and services. The international standards ISO 14020 "Eco-labelling and declarations" provide general principles and application procedures.

According to the ISO 14020 series standards, there are three primary categories of eco-labelling, namely - Type I, Type II and Type III. All types have been discussed in brief -

a) Type I

Type I eco-labelling serves as a reference for the end user, client, supplier, or retailer who is interested in safer goods with better functional features. It's a voluntary, multiple-criteria, third-party program that grants permission to use environmental labels on products that indicate a product's overall environmental preferability within a certain product category based on life cycle considerations. The international standard ISO 14024 lays out the guiding concepts and techniques for applying it.

In accordance with ISO 14024, a product's environmental benefits can be stated in one of the following ways:

- An eco-labelling sign, which falls under the purview of conformity assessment bodies;
- Words that highlight a particular environmental benefit of the certification object that the certification body has confirmed.

b) Type II

Type II labelling provides information on a specific attribute that is linked to environmental effects and may be helpful for disposal, operation, maintenance, or repair. It explains about self-declarations, or assertions that don't need verification from an impartial third party.

The international standard ISO 14021 contains examples of these kinds of assertions, how to understand them, how to justify using them, and how to warn against deceiving customers, etc., such as-

- Made from recycled materials;
- Containing recycled materials,
- Recycled material;
- Little waste;
- Minimal waste;
- Appropriate for refilling and reuse;
- Suited for reuse;
- Suitable for refilling;

- Suitable for recycling
- Suitable for composting;
- Decomposable;
- Reduced energy, resource, and water consumption;
- Reduced water usage;
- Energy recovery;
- Designed for disassembly;
- Product with extended durability;

c) TYPE III

Quantitative information about the lifecycle impact of a product or service is included in Type III environmental declarations. These declarations follow the ISO 14025 standard and are predicated on a series of pre-established environmental performance criteria. Some key features of Type III Environmental Declarations have stated in below:

1. Quantified data

- Type III EPDs are based on Life Cycle Assessments (LCAs), which analyse a product's environmental impacts across its entire lifecycle (from raw material extraction to disposal).
- They provide measurable and comparable data, including information on greenhouse gas emissions, water use, energy consumption, and waste generation.

2. Standardization

- Governed by ISO 14025 and related standards (such as EN 15804 for construction products), Type III declarations ensure transparency and consistency across industries and products.
- Data categories and formats are predefined, facilitating comparison between products with similar functions.

3. Third-party verification

- To enhance credibility, Type III declarations often require independent verification by a third party.

4. Program operator

- A program operator manages the process of creating EPDs. Examples include trade associations, certification bodies, and sustainability organizations.

5. Voluntary:

- Although EPDs are not mandatory, they are increasingly being used in sustainable procurement and green building certifications like LEED, BREEAM, or DGNB.

The following table demonstrates some well-known labels, with particular recommendations for helpful labels for frequently purchased items (Source: (Ukrain, Gov., 2016))

Table 11 Example of some internationally well-known labels

<i>Quality label/ organisation</i>	<i>Main object of certification</i>	<i>Issuer of certificate</i>	<i>Geographical distribution</i>
BLUE ANGEL 	Over 100 products and services (incl. ICT, textiles, building materials, lighting).	German Institute for Quality Assurance and Certification (RAL)(Type I)	Germany Products availableworld- wide
EU ECOLABEL 	Over 30 products and services (incl. ICT, textiles, building materials, lighting).	EU (Type I)	EU and some other countries
NORDIC ECOLABEL 	The Nordic Ecolabel is a voluntary ecolabelling scheme that evaluates a product's impact on the environment throughout the whole life cycle. There are 63 product groups within the Nordic Ecolabel.	Type I	Nordic coun- tries and some others
GREEN CRANE 	Over 30 products and services (incl. textiles, building materials, cleaning products, food)	The body of environmental certification and labeling All Ukraine NGO "Living Planet"(Type I)	Ukraine
ENERGY STAR 	Energy consumption of electronic devices (incl. white goods, computers, multi-functional devices)	US EPA (Type I) Voluntary Sustainability Standard (VSS)	Worldwide
FOREST STEWARDSHIP 	Wood products	FSC	Worldwide
Programme for the Endorsement of Forest Certification (PEFC) 	Wood products	PEFC	Worldwide

Certain labels solely focus on specific environmental concerns. The Global Ecolabelling Network (GEN), a nonprofit consortium of third-party environmental performance certification, labelling, and recognition organizations, has the most comprehensive list of ecolabels for various product categories across the globe. GEN is that was established in 1994 to advance, develop, and improving the practice of "ecolabelling" goods and services (Ukrain, Gov., 2016).

2.4.8.9 Social labelling

Social labels typically address topics like equal compensation for producers in developing nations, the prohibition of child labour, workers' rights, and human rights. Purchasing managers must ensure that technical specs are pertinent to the items they are requesting while formulating them. It's crucial to incorporate social label requirements into technical specifications only if they are directly related to the contract's subject matter. For instance, the ideal course of action is to title the contract appropriately, such as "Purchase of fair-trade coffee," if the procurement professional wishes to guarantee that the coffee has been produced "fairly." (Ukraine, Gov., 2016).

Business Social Compliance Initiative (BSCI) is a prominent business-led program for organizations dedicated to enhancing labour conditions across the global supply chain. These guidelines can benefit organizations in the following ways:

- Prevent bad press;
- Demonstrate openness, visibility, confidence, and trust in reporting via a reliable third party;
- Reach optimal standards for moral hiring, commerce, and management; Sustain current clientele and draw in new investors;
- Boost ties with consumers, NGOs, trade unions, and employees.

The following Conventions of the International Labor Organization (ILO) are considered the core conventions (UNEP, 2021):

- 1) *C-29 Forced labor Convention, 1930*
- 2) *C-87 Freedom of Association and Protection of the Right to Organize Convention, 1949*
- 3) *C-98 Right to Organize and Collective Bargaining Convention, 1949*
- 4) *C-100 Equal Remuneration Convention, 1951*
- 5) *C-105 Abolition of Forced Labor Convention, 1957*
- 6) *C-111 Discrimination (Employment and Occupation) Convention, 1958*
- 7) *C-138 Minimum Age Convention, 1973*
- 8) *C-182 Worst Forms of Child Labor Convention, 1999*

Following are some examples of some social labels (Ukraine, Gov., 2016):

- I. A national social mark created by Belgium attests to the observance of ILO core values at every point in the value chain.
- II. Fairtrade Labelling Organization (FLO) International, a multi-stakeholder non-profit organization, works to promote sustainable development by providing improved trading circumstances to underprivileged workers and producers in developing nations.
- III. Improvements in forestry and agriculture are guaranteed and promoted through the extensive Rainforest Alliance certification procedure. Farmers and foresters who want to receive the seal must make sure that their output satisfies sustainability requirements in terms of environmental preservation, respect for local communities, and acceptable working conditions.
- IV. Rugmark accreditation ensures that carpets and rugs are made without using child labor; rigorous inspections and independent certification are used to verify this criterion.

2.5 Benefits of SPP

Implementing SPP at the national or organizational level can get a range of direct and indirect benefits. The Sustainable Purchasing Leadership Council has identified a range of benefits in the economic, environmental, and social areas; although direct benefits are measurable, quantification of the broader benefits of SPP can be more challenging (WB, 2023).

The Sustainable Purchasing Council has identified over a dozen benefits in each dimension of sustainable development, i.e., in social, environmental, and economic categories (UNEP, 2021).

(1) SPP can help countries deliver on SDGs

Governments have to spend a large portion of their expenditure for procurement purposes. Organization for Economic Co-operation and Development (OECD) countries spend on average 12%, and developing nations spend about 26% of their GDP (gross domestic product) for public spending (UNEP, 2021). So, every purchase could be an opportunity to drive markets towards innovation and sustainability and by implementing SPP, the government could achieve such things.

(2) SPP can contribute to achieve of national sustainable development objectives

SPP can be implemented as a public policy tool in support of national sustainable development objectives. Such as a government procurement policy to purchase energy-efficient LED bulbs, instead of conventional incandescent bulbs could support the implementation of national and regional energy-saving target energy policies.

Table 12 Some benefits of SPP in Social, Environmental and Economic categories
(Source: (UNEP, 2021))

SOCIAL	ENVIRONMENTAL	ECONOMIC
Social factors affect the social systems on which communities depend, now and in the future.	Environmental factors affect the natural systems on which life depends, now and in the future.	Economic factors affect the financial systems on which our markets depend, now and in the future.
+ anti-discrimination	+ biodiversity preservation	+ fair dealings
+ community engagement	+ climate adaptation	+ innovation research/investment
+ diversity/equal opportunity	+ resource optimization	+ open competition
+ employee engagement	+ soil health stewardship	+ transparency of information
+ equal remuneration	- acidification	+ use of diverse suppliers
+ fair trade	- desertification	+ use of local suppliers
+ freedom of association	- freshwater pollution	- conflicts of interest
+ grievance & remedy processes	- greenhouse gas emissions	- corruption (bribery, extortion...)
+ human rights	- habitat depletion	- dividing territories
+ indigenous rights	- human health impacts	- dumping
+ occupational health & safety	- land use change	- exclusive dealing
+ right to collective bargaining	- marine pollution	- misleading market claims
+ sustainable compensation	- ozone depletion	- monopoly (seller collusion)
+ training and education	- radiation pollution	- monopsony (buyer collusion)
+ worker rights	- resource depletion	- patent misuse
- child labour	- smog	- price fixing
- forced/compulsory labour	- waste	- product tying
- human trafficking	- water consumption	- refusal to deal
- sourcing from conflict zones		

Note: + indicates an increase, - indicates a decrease. Source: Adapted from the Sustainable Purchasing Leadership Council.²⁰

(3) SPP can improve environmental performance

As procurers of SPP consider the life cycle cost of the products or services, it encourages the production of green products and services, which could minimize degradation of the environment and contribute to meeting environmental challenges, from climate change to soil degradation, waste disposal, etc. For example, the Republic of Korea could reduce 543 thousand tons of carbon dioxide annually by implementing life cycle assessment into 19 eco-labelled product groups, including electronic goods and construction materials.

Moreover, even in the absence of the LCC approach, buying more sustainable products and services sends a clear signal to the market, ultimately leading to greener consumption and production practices.

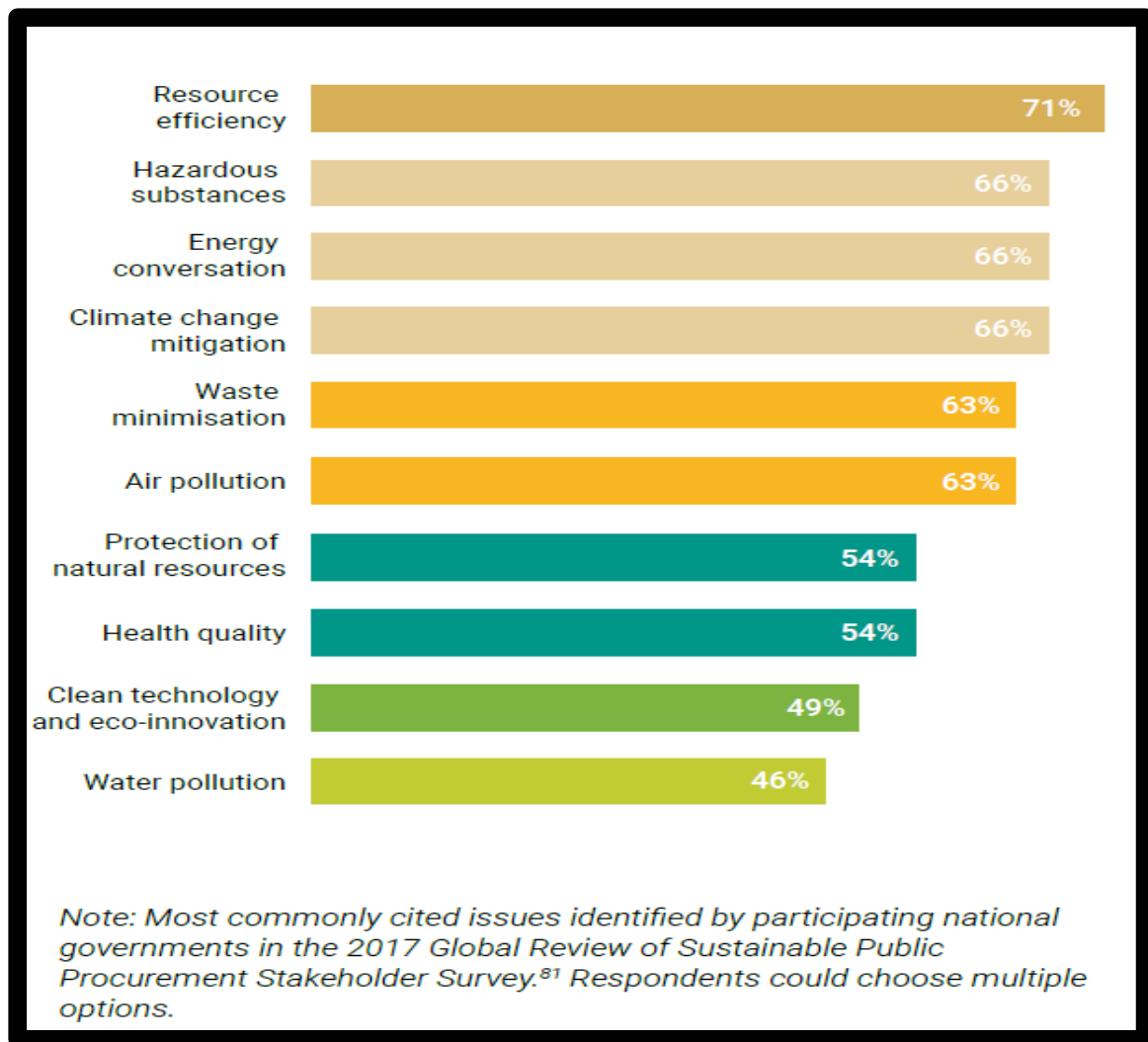


Figure 21 Specific sustainability issues addressed by SPP Policies (Source: (UNEP, 2021))

(4) SPP can contribute to a circular economy

A circular economy (CE) seeks to reduce waste and maximise resources, by prolonging the lifecycle of items through reuse, repair, remanufacturing, and recycling. It is as opposed to the conventional linear economy (take, make, dispose), is centred on completing resource loops in order to lessen environmental impact, promote innovation, and guarantee long-term environmental and economic sustainability. The key principles of circular economy include-

- Rethinking how products are made and consumed can help design out waste and pollution.
- Preserving materials and goods via recycling, sharing, repairing, and refurbishing.
- Restoring important nutrients to ecosystems in order to regenerate natural systems.

As sustainable procurement follow same principle as a circular economy, so SPP can accelerate the transition to a circular economy and the shift towards more sustainable patterns of consumption and production.

The following figure illustrates the circular economy approach to economic development.

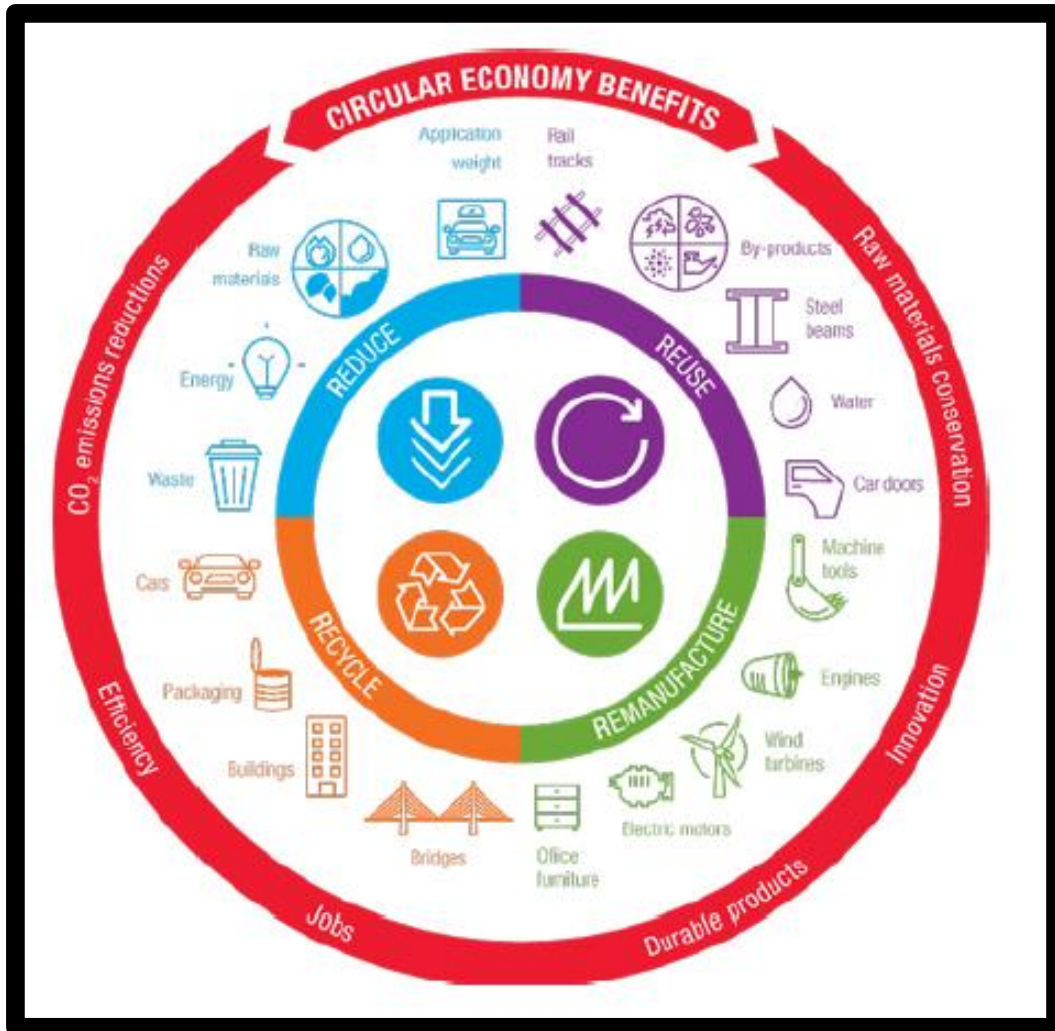


Figure 22 Circular Economy illustration, by United Nations Conference on Trade and Development (Source: (UNEP, 2021))

(5) SPP can deliver financial benefits

It is found that SPP is not only beneficial for reducing negative environmental impacts; in the wider aspect, it is also helpful to reduce the costs of public purchasing authorities. In the traditional procurement concept, purchasing authority favors the cheapest bid in the competitive bidding process. In contrast, SPP follows the ‘value for money’ concept, where life cycle analysis is performed taking into account some factors of the goods or services, such as consumption of energy and materials; repair, maintenance, and spare parts; product lifetime expectancy; and end-of-life disposal costs. In the case of some goods, the upfront purchase price might represent a small portion of its total

life costs due to its expensive operational, maintenance, and disposal costs. For example, Indian Railways saved approximately USD 7 million per annum from direct energy savings of 112500 MWh by replacing 1.41 million incandescent light bulbs with energy-efficient compact fluorescent ones, although the fluorescent bulb is five to six times costlier than the incandescent light.

Figure in below showed comparison of total cost of ownership of standard products and green products-

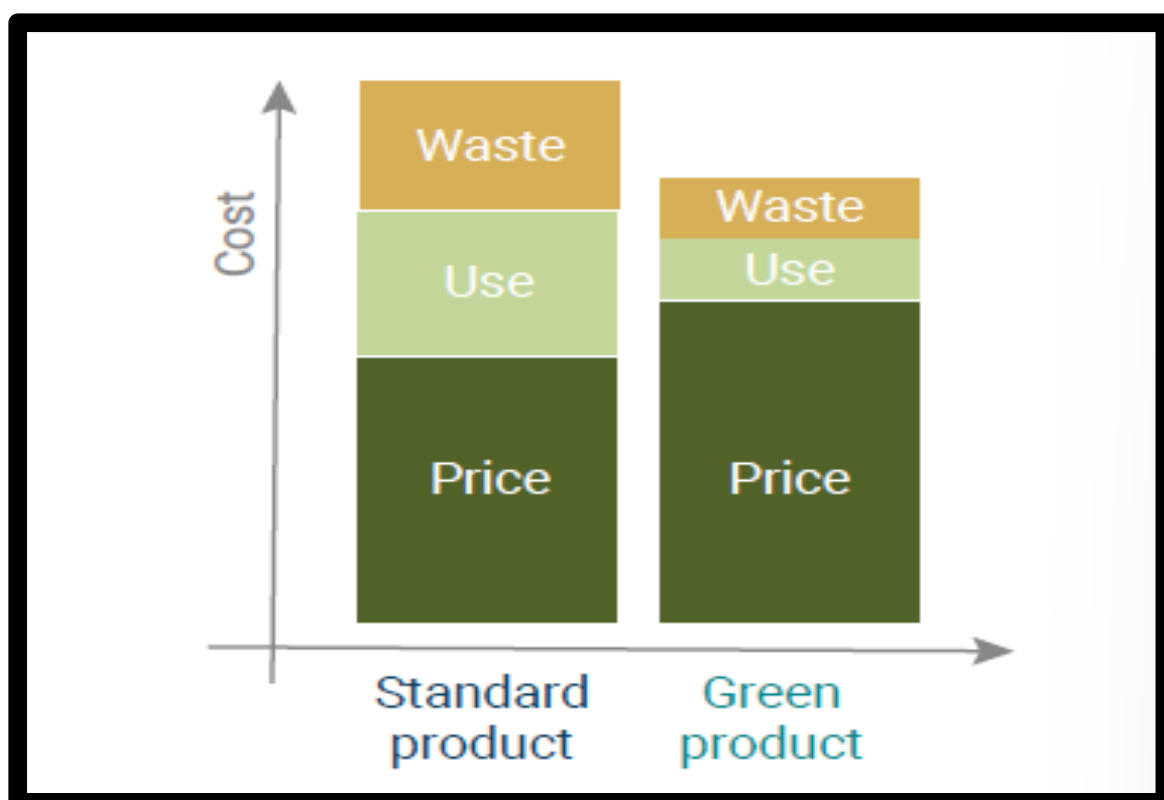


Figure 23 Total cost of ownership of standard products and green products (Source: (UNEP, 2021))

(6) SPP can develop markets for sustainable products and services, as well as drive innovation

By implementing SPP, the government could leverage their purchasing power to drive markets toward more sustainable production. Initially, suppliers can be incentivized to not only produce more ecological products but also adjust their production processes and supply chains to minimize impacts on the environment. It also encourages and drive green product innovation.

For example, in 1993, the US government adopted an energy-saving policy in which the federal government had to purchase only 'Energy Star' eco-labelled computer equipment. As a result, by the end of 1994, more than 2000 Energy Star qualified models were

available, and in 2019 alone, Energy Star and its partners saved nearly 500 billion kilowatt-hours of electricity, avoiding equivalent energy costs of USD 39 billion (UNEP, 2021).

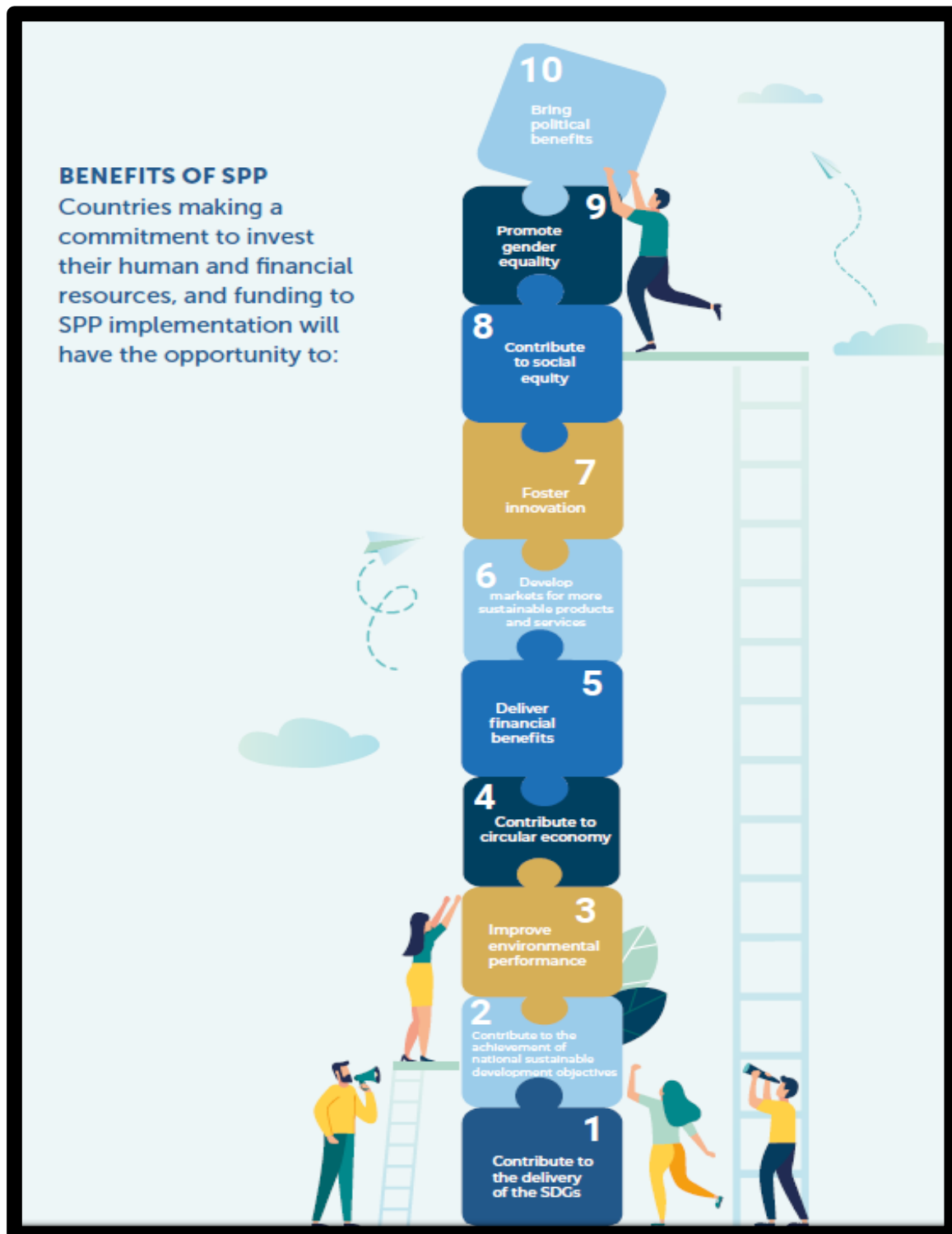


Figure 24: Benefit of SPP (Source: (UNEP, 2021))

(7) SPP can contribute to social equity

Governments could ensure fair and safe working conditions by utilizing their purchasing power with the implementation of SPP, which ultimately brings about important benefits for society as well (UNEP, 2021). For instance, the government may impose conditions of minimum wage payment or meet certain health and safety standards for employees of the suppliers who take part in public procurements.

Moreover, by promoting disadvantaged groups, such as women, minorities, youth, the disabled, etc., through SPP, the government could enhance social justice and social inclusion (UNEP, 2021).

Furthermore, by implementing SPP, the government could improve living conditions and reduce poverty by increasing employment and skills development (UNEP, 2021).

(8) SPP can promote gender equality

Public procurement has the opportunity to take initiative to promote gender inclusivity and equality in the workplace, as well as to promote women-owned businesses through preferential purchasing policies (UNEP, 2021). For example, the City of Amsterdam, in 2013, sought to maximize the social value of money through public procurement by incorporating ‘social return’ criteria. Contractors were encouraged to offer bids that created employment, training, or work experience placements for young people and other vulnerable groups lacking qualification or work experience. In addition, a minimum portion of the bidder’s profit needs to be invested into activities such as training programs (UNEP, 2021).

(9) SPP can bring political benefits

SPP also offers governments an opportunity to ‘lead by example’. More sustainable purchasing practices that deliver value for money can improve not only a government’s image but also raise consumer awareness and demand for sustainable products. Moreover, the potential savings generated from purchasing sustainable or green products and/or services can be redirected to other areas of government (UNEP, 2021).

Below figure has highlighted some practical achievements due to the implementation of SPP in both World Bank and government-funded projects around the world.

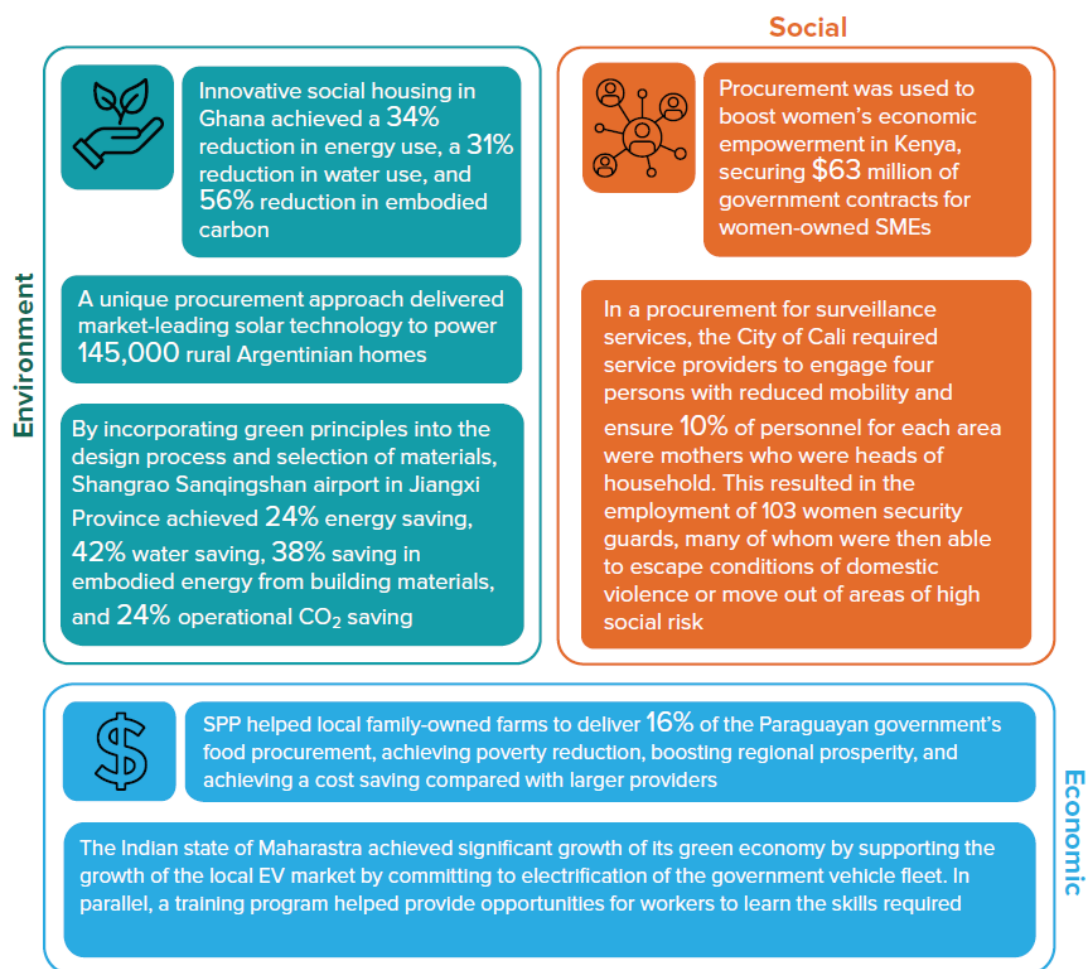


Figure 25: Examples of some highlighted achievement of SPP implementation (Source: (WB, 2023))

2.6 Drivers and challenges in SPP implementation

2.6.1 Drivers of SPP

Understanding the drivers behind sustainable procurement (SP) implementation is crucial for promoting its adoption. Organizations operate within complex systems, facing pressures from governmental laws, regulations, and competitive dynamics. They also learn through communities of practice, sharing knowledge and experiences.

Sustainable public procurement global review 2022, by the United Nations Environment Program (UNEP), reveals that various factors drive SP implementation. Among these, policy commitments, goals, and action plans are the most influential, followed by mandatory SP rules or legislation. These two factors remain consistently significant, ranking first (44%) and second (35%), respectively. Notably, the availability of SP criteria and specifications has become a key driver, climbing from seventh place in 2017 to third in 2021 (UNEP, 2022)

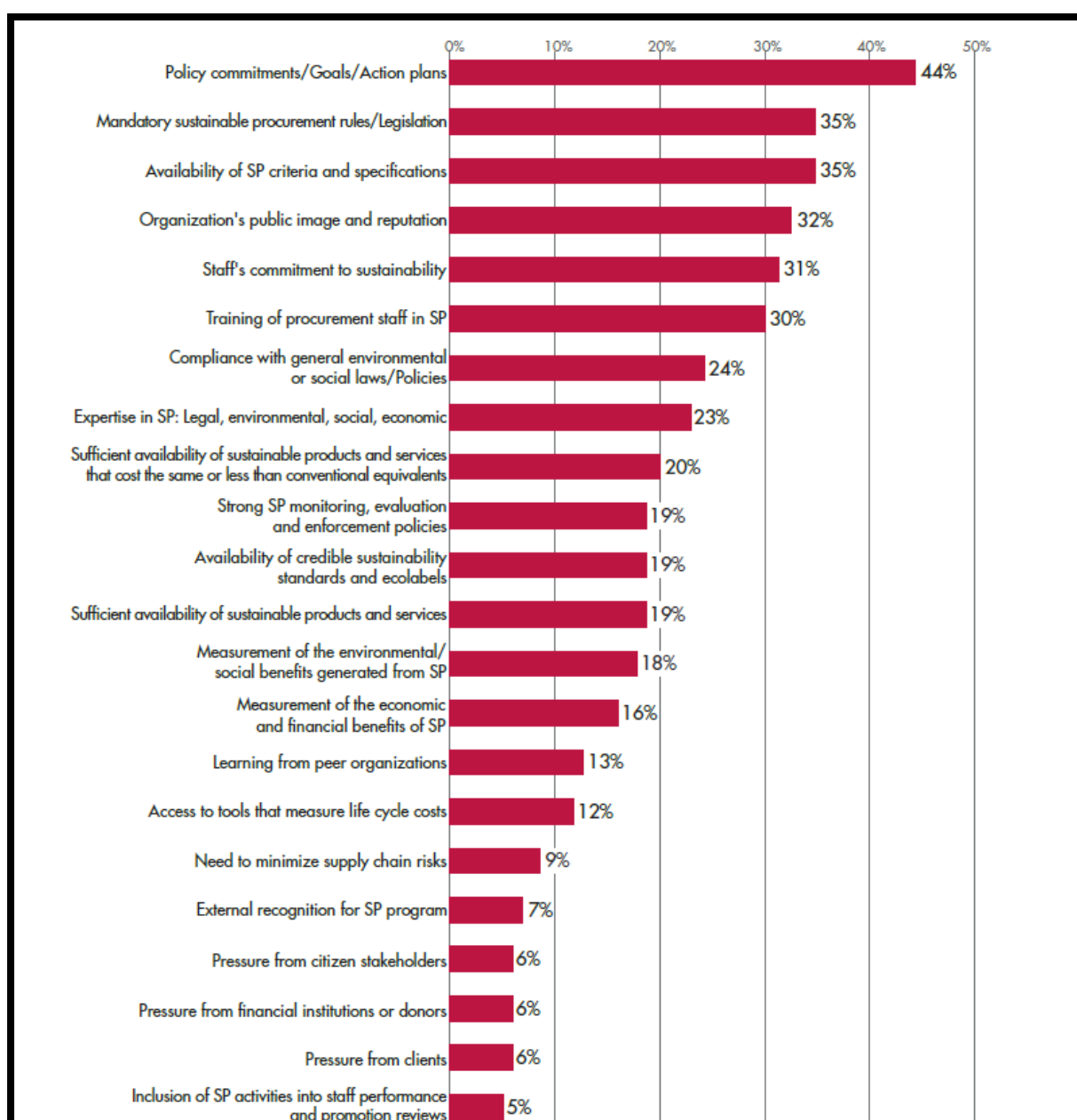


Figure 26 Strongest drivers to implement SP (Source: (UNEP, 2022))

Regional analyses reveal that policy commitments are the principal driver across most areas. However, in Latin America and the Caribbean, stakeholders identify expertise in SP as the leading motivator. Social pressure is also emerging as a critical factor, with 32% of stakeholders highlighting the importance of an organization's public image (UNEP, 2022). Although this category was not included in earlier studies, its prominence aligns with previous research indicating brand reputation as a major incentive.

Expert interviews support these findings, with participants emphasizing the role of consumer sentiment, particularly among millennials. For instance, millennials tend to avoid unethical products, compelling private companies to adopt and promote SP practices. This trend influences the public sector as well, demonstrating the interconnectedness of consumer behavior, brand positioning, and SP agendas.

According to a report by the United Nations Environmental Program (UNEP), stakeholder survey in 2016, implementation of sustainable procurement is largely driven by policy and top-down leadership. The existence of policy commitments, national legislation on SPP and strong political and organizational leadership are among three of the main drivers for SPP implementation (UNEP, 2021).

2.6.2 Challenges of SPP implementation

The implementation of sustainable procurement (SP) is hindered by a range of factors within organizations' internal and external environments. According to the global review 2022 on the Sustainable public procurement, by the UNEP, the perception of expensiveness of the sustainable products and services is considered as the most frequently cited barrier (37% of survey participants) (UNEP, 2022). This reflects a common misconception tied to the hidden costs of conventional products. One expert highlighted that the apparent affordability of conventional goods is misleading, as societal and environmental costs (externalities) are not accounted for by procuring organizations or vendors but are instead borne by society at large.

Another significant barrier, noted by over one-third of respondents, is the lack of mandatory SP rules or legislation, which has grown in importance since 2017, moving from third to second place in the rankings. This shift suggests that while organizations recognize the need for regulatory support, existing SP efforts often rely on voluntary participation, limiting their effectiveness. (UNEP, 2022).

Interestingly, the absence of policy commitments, goals, or SP action plans, which was the second-ranked barrier in 2017, has fallen to eleventh place in 2021. This change likely reflects the evolution of SP frameworks, where initial phases of implementation focused on including SP provisions in overarching policies. Over time, these have been complemented by dedicated SP policies, action plans, and sustainability requirements integrated into procurement regulations.

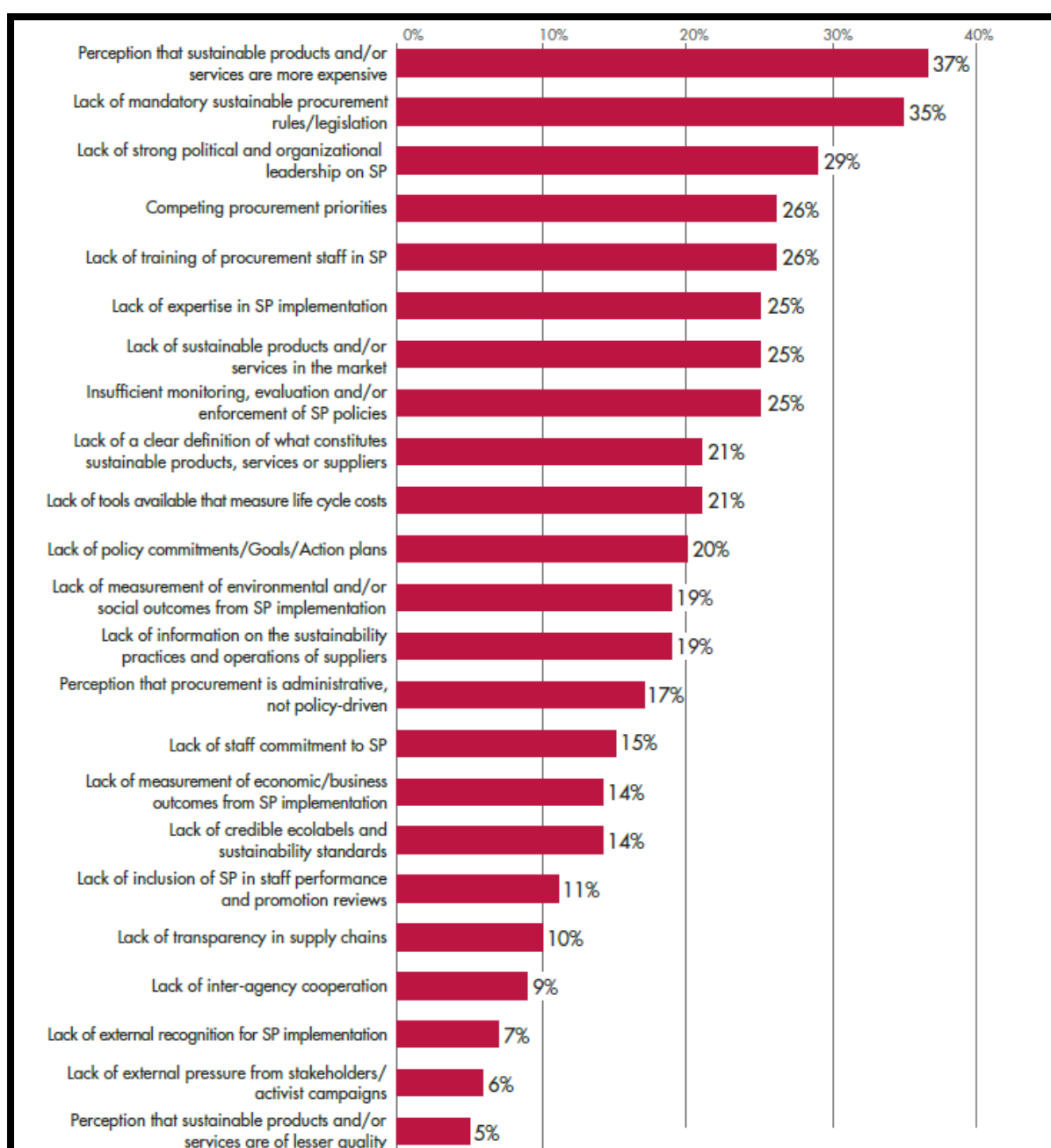


Figure 27 Strongest barriers to implement SP (Source: (UNEP, 2022))

Additional barriers gaining relevance include competing procurement priorities, which have risen from sixth to fourth place, and insufficient training for procurement staff, which has moved from seventh to fifth place. These trends indicate a shift in focus as organizations advance in their SP implementation journey. Early challenges, such as the absence of policies, are being addressed, making way for more operational concerns like aligning SP with broader procurement goals and building staff capacity.

Moreover, the same survey revealed that the ‘perception of sustainable products and/or services are more expensive’ and the ‘lack of expertise in sustainable procurement implementation’ are considered as the two most commonly cited barriers (UNEP, 2021).

According to ‘The SPP Global Review Stakeholder Survey 2021’ about majority (24%) of respondents gave their opinion that the requirement and technical specifications step should be the main stage of the procurement cycle for bringing in sustainability consideration, which was followed by the ‘needs analysis, identification and definition’ (16%) stage and ‘Evaluation of bids/proposal evaluation’ (13% stage) stage (UNEP, 2022).

2.7 Current Global State of Sustainable Public Procurement (SPP)

A recent survey, conducted by the United Nations (UN), on 47 nations that implemented SPP policies, revealed that around 47% have made SPP policies that cover both environmental and socioeconomic issues; on the other hand, the other half had adopted policies solely focused on the environmental dimension (WB, 2023). Another survey by the Organization for Economic Co-operation and Development (OECD) among 27 nationals revealed that all of them have made at least a framework to support environmental objectives in public procurement, 70% have a framework for human rights, 41% have a framework for gender consideration, and 48% have set targets to reduce some form of discrimination. As a result, all respondents have achieved at least one sustainable objective at a national level (WB, 2023).

The Sustainable Public Procurement Global Review 2022, by the UNEP, revealed the current state and important insight of sustainable procurement by collecting data in 2021 from 314 organizations across 92 countries and analyzing the policies of 45 national governments via a stakeholder survey (UNEP, 2022). That report revealed that 45 national governments have adopted in total 57 dedicated SP policies, in which majority were first-time policies following the adoption of the SDGs (UNEP, 2022).

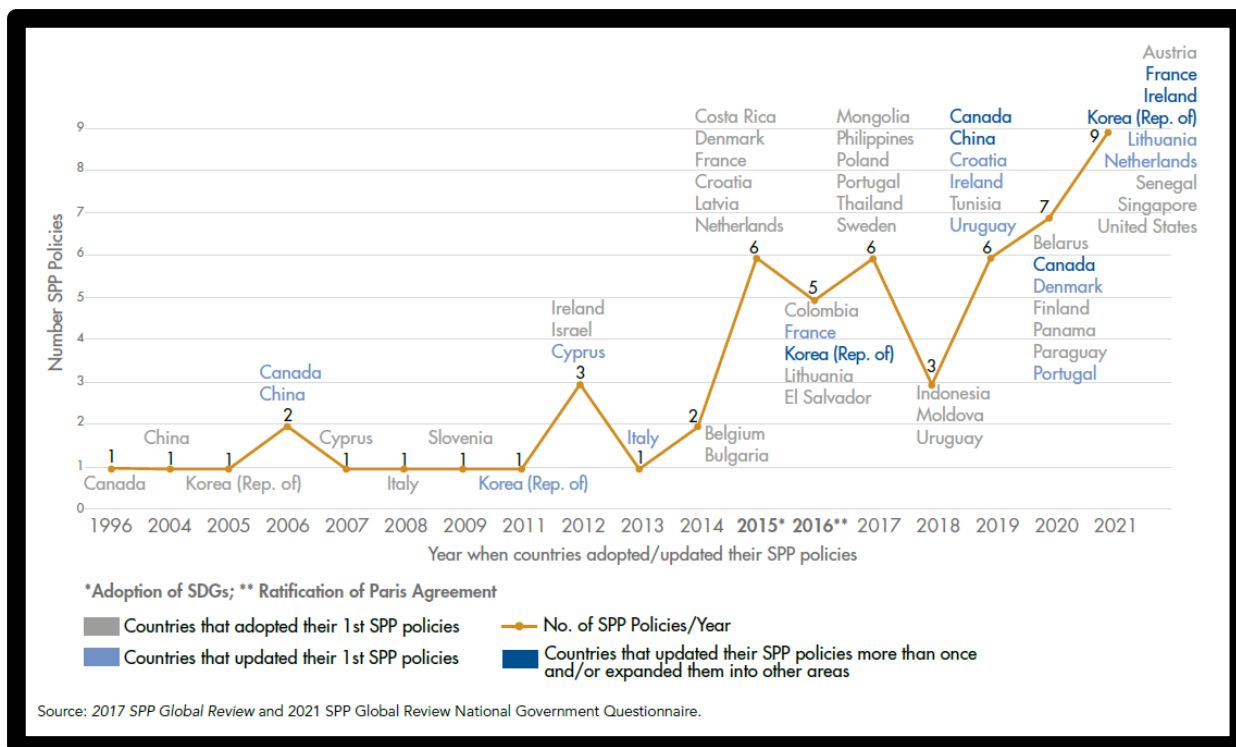


Figure 28 Adoption of SP among 45 national governments (Source: (UNEP, 2022).

Moreover, it revealed that 82% of national governments have procurement regulations, 76% have dedicated policies to promote SP, and 31 nations have policies encompassing three types of policies and instruments supporting SP (UNEP, 2022).

The following figure shows the percent of thematic areas of national policies supporting SP.

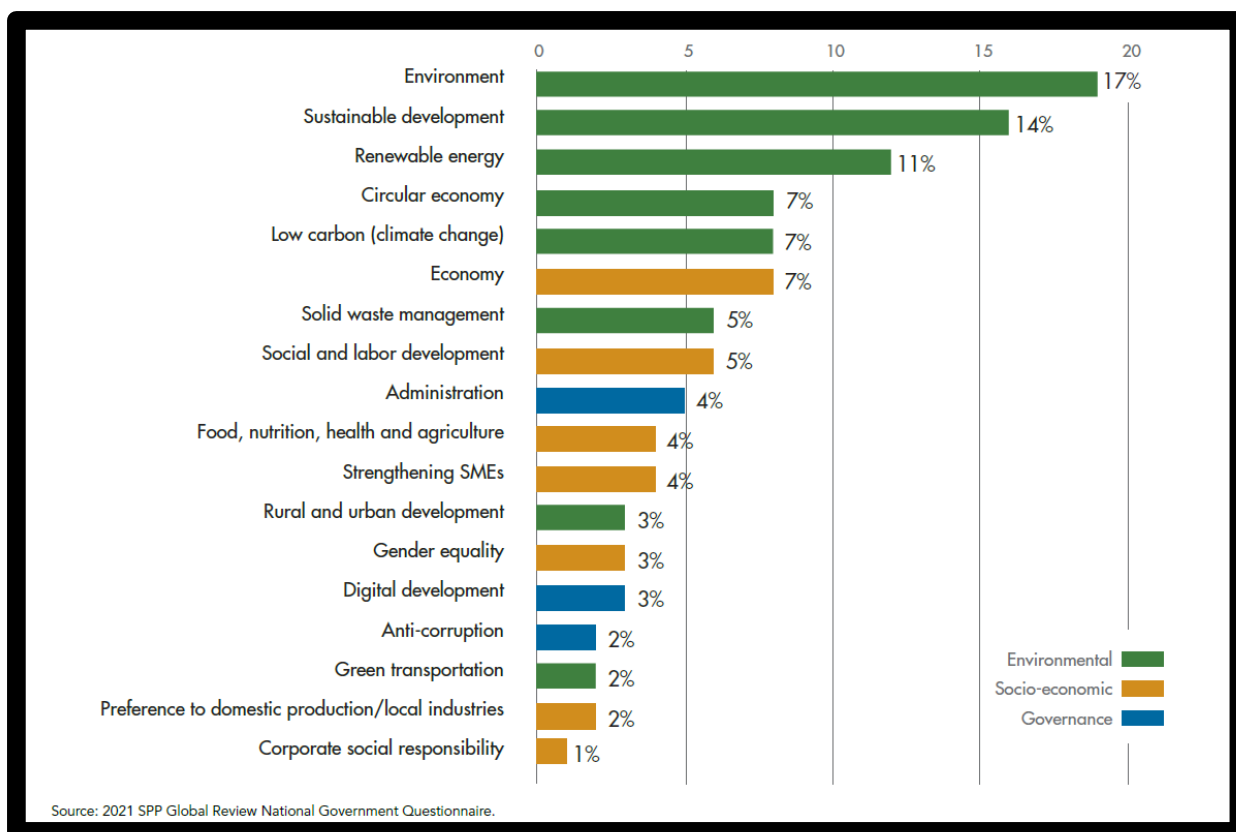


Figure 29 Percentage of national policies supporting SP by thematic area (Source: (UNEP, 2022)).

In the same survey, in response to a question ‘what should be the priority product and service categories that should be targeted for sustainable procurement?’ majority of the respondents opined about ‘office IT equipment’ should be top (40%) prioritized product, followed by ‘energy supply and energy services’ (33%), ‘vehicles’ (26%), and ‘buildings design and construction’ (26%) (UNEP, 2022).

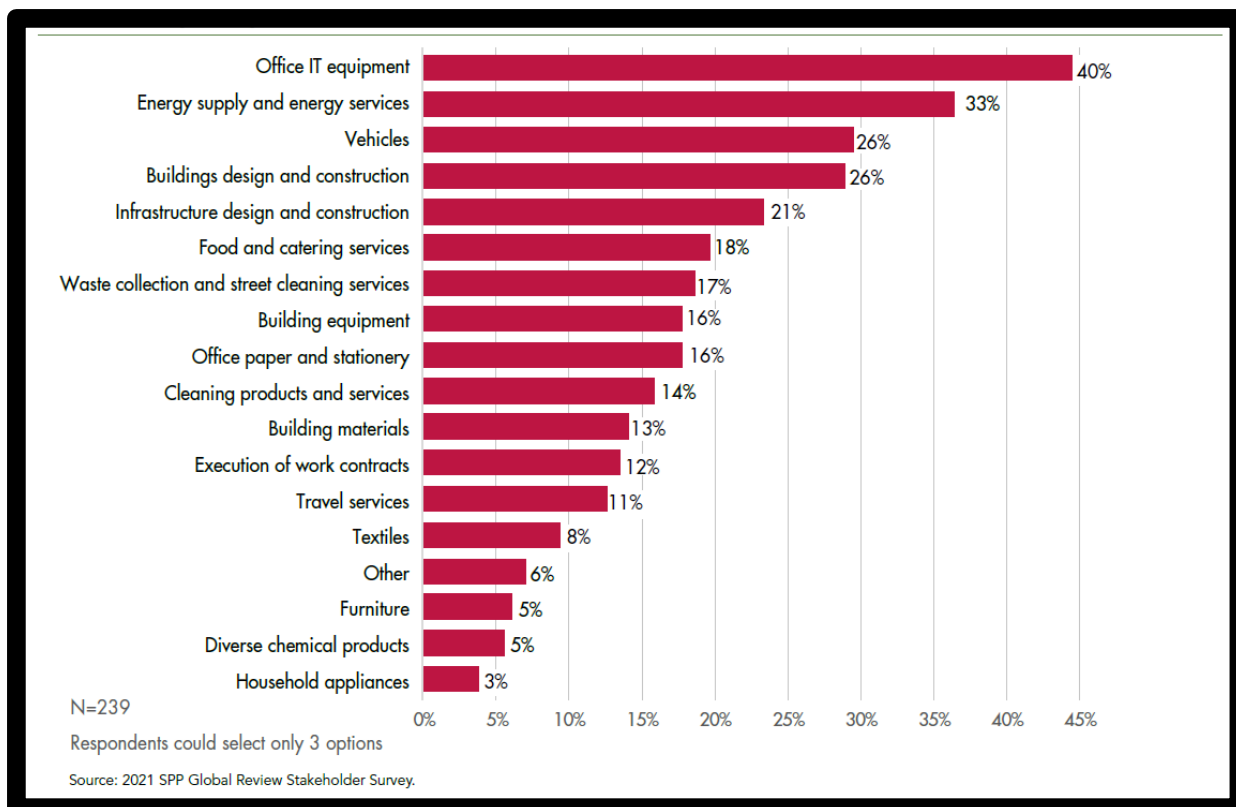


Figure 30 Priority product and service categories for applying SP practices according to survey participants (Source: (UNEP, 2022)).

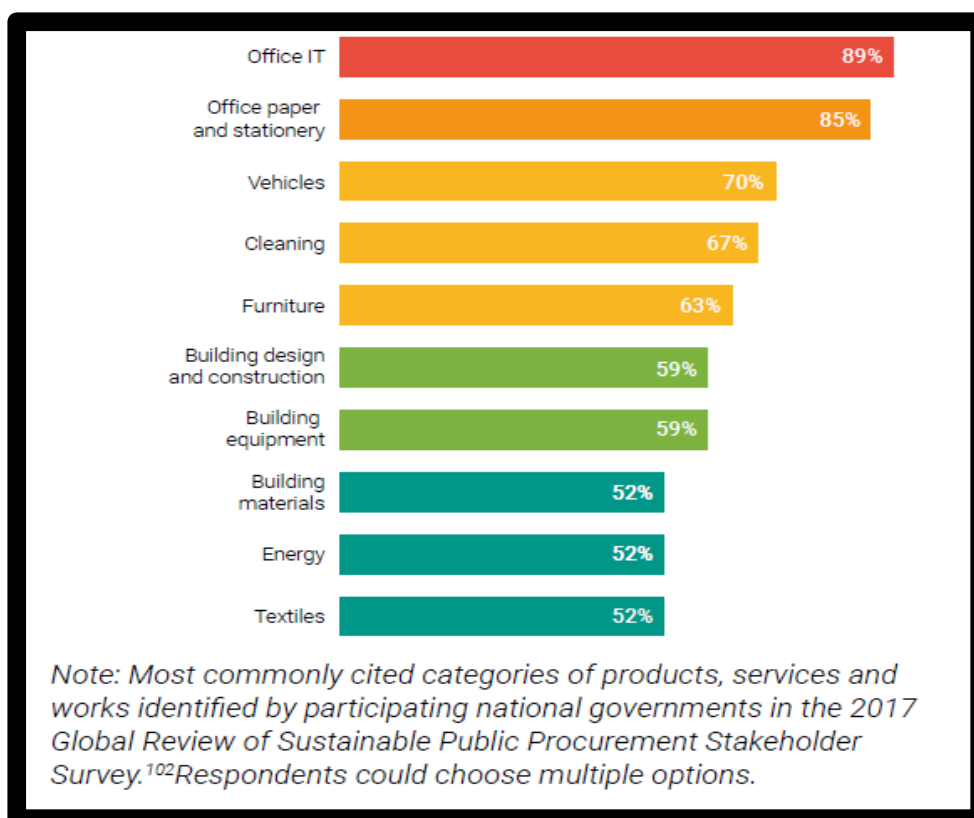


Figure 31 Most commonly SPP product categories (Source: (UNEP, 2021).

2.8 Sustainable public procurement in Bangladesh

(a) Introduction and Background

Bangladesh is one of the climate victims' countries in the world (GED,GoB, 2020). As it faces significant challenges due to climate change, it has a promise to be a part of the climate mitigation initiatives. To do so the country taking initiatives to integrate climate issues into macroeconomic planning and budget processes.

Moreover, the Government of Bangladesh (GoB) is committed to implementing all the SDGs within the stipulated times to make its progress sustainable. The GoB has taken initiatives to integrate and include all government and non-government (NGO) sectors to achieve its commitment about the SDGs; among them, the public sector organizations (PSO) have key roles to implement the SDGs goals and targets (GED,GoB, 2020).

In public procurement Bangladesh annually spends around \$25 billion, which is about 40% of its national budget. At present the public procurement of Bangladesh mainly focuses on the cost minimization concept, ignoring long-term sustainability benefits. To introduce sustainability concept into the public procurement practices as well as integrate them into the legal framework recently the GoB has adopted the Sustainable Public Procurement Policy 2023 (BPPA, 2023).

(b) Vision and Objectives

The Government of Bangladesh has adopted the Sustainable Public Procurement (SPP) Policy 2023 with the aim of introducing and continuously improving sustainability results for new contracts when public sector organizations (PSOs) provide procurement services to other PSOs or to themselves. Developing capacity among PSOs and suppliers to adopt sustainability practices; reducing environmental impact, child labor, and waste; and aligning the procurement process with SDGs are the three main specific objectives of the policy.

According to the policy the Procuring Entity (PE)/ procurer will be guided by the SPP policy to ensure the following-

- Enhanced understanding of social, economic, and environmental sustainability in procurement;
- Enhanced capacity to address the sustainability agenda;
- Increased awareness, comprehension, and participation in the supply chain's sustainability agenda; and
- Better contract management procedures to actively monitor and document sustainable supply performance.

Consideration of social, economic, and environmental benefits of the procured goods or services to achieve value for money (VfM) is one of the main concepts of this policy. The policy also mentioned that instead of the least cost procurement concept, focusing on the Most Economically Advantageous Tender (MEAT) by considering the Whole Life Cycle Costing (WLCC) of the purchased goods or works or services, is one of the main approaches to achieve VfM.

(c) Policy scope and implementation strategy

The policy will be applicable to all public procurement across the Bangladesh, initially for selected goods listed in the schedule of the policy. To facilitate the small and medium entrepreneurs (SME), women-owned enterprises, and green suppliers, is one of the main focuses of this policies. Moreover, its aim is to promote sustainability in the entire procurement process, from needs assessment to contract management.

The policy focuses on all the three pillars of sustainability, namely, environmental, social and economic. Reduction of carbon emission, promoting econ-friendly goods and services, improvement of labor conditions, support to the social equity, encourage to sustainable growth, optimization of cost efficiency are some forms of pointers mentioned in the policy to incorporate the three sustainability pillars.

The policy also mentioned that its implementation will be started from the pre-procurement process, where conducting need assessments, analyzing market, exploring alternatives and assessing the sustainability impacts will be done. The public sector organizations (PSO) have to think first the competitive tendering process as a preferred method for procuring sustainable products or services. Moreover, the PSO have to set provisions of the procurement to support the products or services produced by the SME and other disadvantaged groups. Furthermore, the SPP policy directed that PSO will emphasize green procurement, and to do that, the cost of products and services (CoP) produced in sustainable and environment-friendly technology,

process, or system will be accepted even up to 10% higher compared to those that are produced in non-sustainable processes.

The policy also mentioned that certificates from national and international standard institutions, such as ISO or BSTI, could be used to evaluate the sustainability criteria during the tender evaluations.

According to Schedule-I of the SPP, primarily the policy will be applicable for procuring 6 types of goods, named:

- (1) Paper and related products,
- (2) Office equipment,
- (3) Computer and other electronic equipment,
- (4) Office furniture and related wooden equipment,
- (5) Vehicle and related equipment, and
- (6) Printing materials.

(d) Monitoring and progress evaluation plan

To ensure sustainability criteria in the procurement, the policy also stated that it needs to ensure the implementation of national laws related to social, environmental, and public procurement. Moreover, there is provisions of monitoring suppliers' performance, as well as the audits, regularly. It also has mentioned the formation of a central sustainable public procurement steering committee (SPPSC) for proper implementation and progress of the policy.

BPPA will experiment to implement the policy from 2024 in a limited area. The policy will be implemented fully after 2026. For full-scale implementation it will evaluate its experimental impacts on the supply chain and project implementation process along with the economy of Bangladesh. It will also discuss with the procurers, suppliers, and related stakeholders.

Finally, the question arises whether Bangladesh is ready to implement the SPP 2023 or not; what are the key challenges Bangladesh have to encounter to implement the policy; are all stakeholders ready to implement it?

2.9 Research Hypothesis

The public sector organizations of Bangladesh are not fully prepared to implement the sustainable public procurement policy 2023, due to insufficient regulatory framework, limited institutional capacity, resource constrains, inadequate technological advancement, and so many reasons. Moreover, the suppliers or producers, the procurer, and other relevant stakeholders are not fully ready yet to implement the SPP policy.

3.0 Research Project

3.1 Research Methodology

An intensive literature review was conducted to explore information regarding sustainable public policy, its present practices, progress, and key challenges in different countries of the world.

Moreover, a survey was conducted among the public procurement-related stakeholders, namely policymakers, procurement officers or procurers, procurement approvers, academicians or researchers, and suppliers/bidders. The survey questions were based on the national and international sustainable procurement policies, standards, and practices.

The survey questions contain several types of questions, such as multiple-choice questions, 1-5 Likert scale questions, as well as open-ended questions, that it could yield both quantitative and qualitative information.

For the survey, Google Forms were used and the responses were collected electronically.

The number of stakeholders related to SPP implementation is unknown. The survey question was sent to more than 150 potential respondents, although a total of 41 shared their responses. So,

N = 41.

Among the respondents, some are from government organizations and some are from private organizations, and practising public procurement in different categories for several years.

Moreover, to know experts' opinion about the challenges of implementing sustainable public procurement policy in Bangladesh, a key informants' interview (KII) was conducted among three public procurement experts, namely, (i) Md. Faruk Hossain, Former Secretary to the government and the DG of CPTU; (ii) Md. Aknur Rahman, Ph.D., JS and former director of CPTU; and (iii) Mrs. Mausumi Habib, Deputy Project Director (DS), Dhaka Mass Rapid Transit Development Project, who are renowned in their respective fields.

3.2 Data Collection and Data Analysis

3.2.1 About the survey questions

In the survey several types of questions were included, such as multiple-choice questions, 1-5 Likert scale questions, along with open-ended questions, to get both quantitative and qualitative information.

Moreover, all the survey questions were divided into seven main categories, namely-

- (a) General information of the interviewee,
- (b) Awareness and understanding of SPP,
- (c) Current practices and policies of procurement,
- (d) Challenges faced in SPP implementation,
- (e) Training and capacity building,
- (f) Commitment and engagement, and

(g) Overall assessment.

Policymakers, procurement officials, procurement approving authorities, suppliers or bidders, and other stakeholders involved in procurement provided feedback on the questionnaires, which were gathered using Google Forms.

The concept of sustainable public procurement is very new in Bangladesh. although the public sector organizations (PSO) are practicing the public procurement policies of Bangladesh since 2008 using the PPA-2006 and PPR-2008. Several stakeholders were requested to give their opinions on the questionnaires, but only 41 responded.

3.2.2. Data analysis of the survey

Responses to the questionnaires were analyzed in the Google Forms. The survey results have been discussed below:

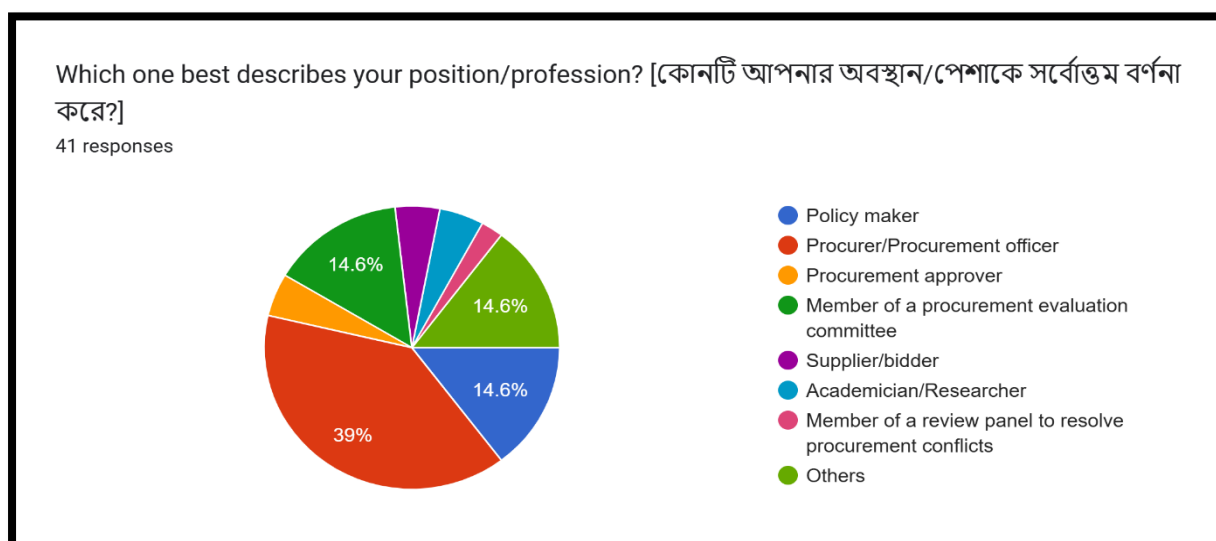
Section A: General Information

A.1 The organizations name that the responders belong to



Opinions were provided by 41 stakeholders from various government and non-government organizations involved in the procurement process. Some of these respondents work for private companies.

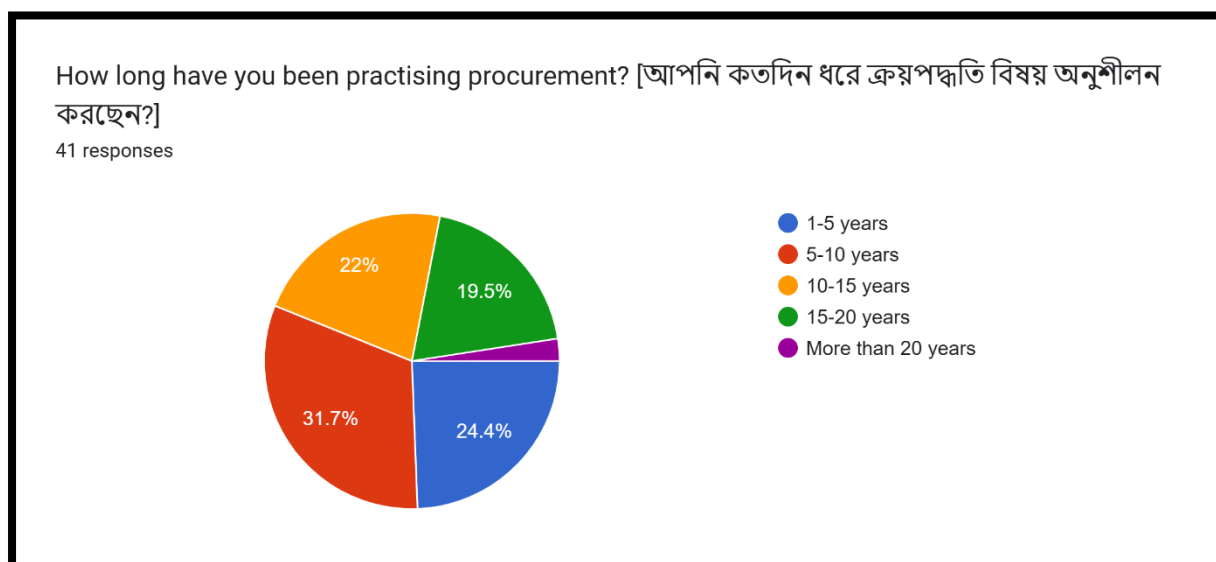
A.2 The respondents' occupation or position



The survey contained a question to ascertain the respondents' position or occupation. They were asked about their professions as academician or researcher, supplier or bidder, procurement officer, procurement approver, member of a procurement evaluation committee, member of a review panel to resolve procurement conflicts, or someone else.

The result reveals that 39% respondents are procurers/procurement officers. In contrast, 14.6% are equally from 'policy makers', 'member of a procurement evaluation committee' and 'other' categories.

A.3 Duration of procurement practice by the respondents



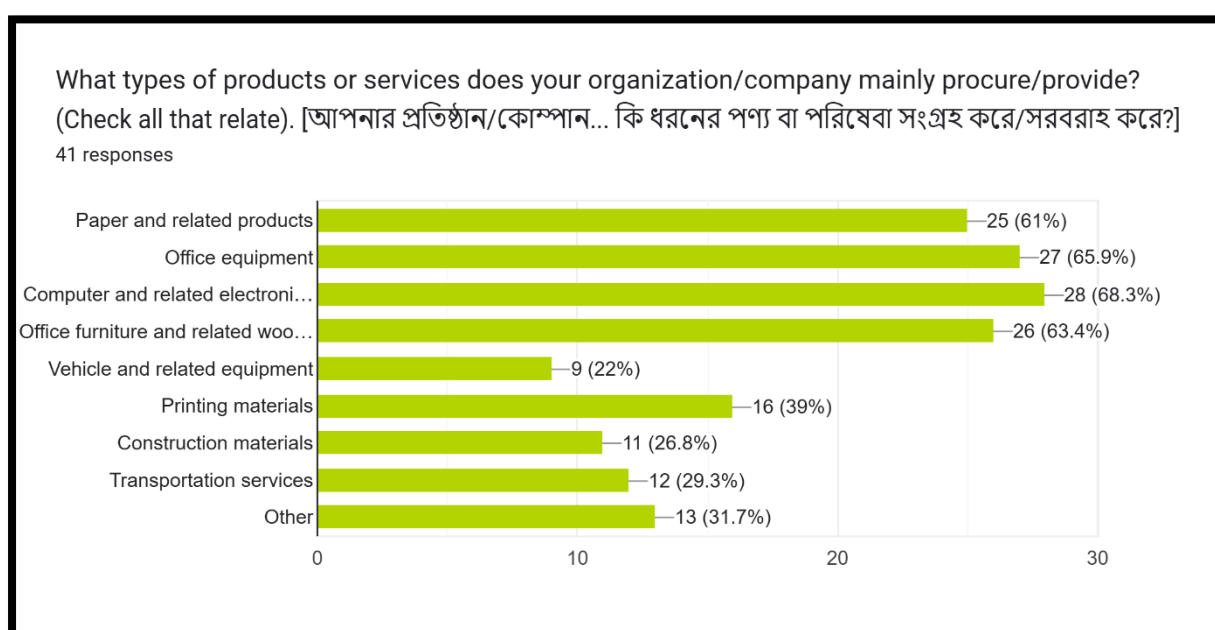
Survey participants were given the following choices to know how long they had been involved in procurement:

- 1 to 5 years,
- 5 to 10 years,

- 10 to 15 years,
- 15 to 20 years, and
- more than 20 years.

According to the data, the largest percentage of respondents (35.7%) have been in the procurement business for five to ten years, followed by those who have been in the business for one to five years (25.4%). The percentage of respondents from the categories of '10-15 years' is 22% and '15-20' years was 19.5%. Very few of the respondents have more than 20 years of experience in procurement.

A.4 Product categories that the respondent's business or organization Primarily purchases or provides



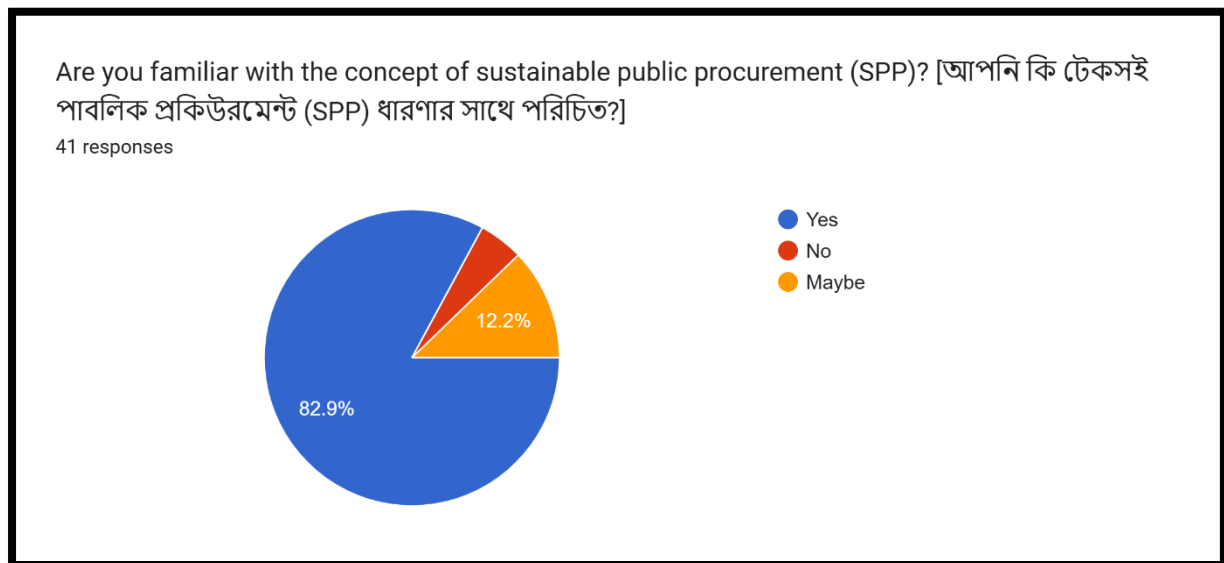
The question investigated what types of products or services the respondent's organization or company mainly procures for their organization or supplies from their organization. Total 8 (eight) categories of product's names were included in the survey, namely (a) paper and related products; (b) office equipment; (c) computer and related electronic equipment; (d) office furniture and related wooden equipment; (e) vehicles and related equipment; (f) printing materials; (g) construction materials; (h) transportation services; and (i) others.

According to the results, the largest percentage of respondents—68.3%—purchase or supply 'computer and related electronic equipment' followed by 'office equipment', which occupied the second position, 65.9%. Moreover, 'office furniture and related wooden equipment' in the third position, (63.4%), followed by 'paper and related products' 61%,; 'printing materials' (39%); 'others' (31.7%); 'Transport services' (29.3%); 'construction materials' (26.8%); and 'Vehicle and related equipment' (22%).

Section B: Awareness and understanding of SPP

The respondents' knowledge and comprehension of SPP were examined in Section B.

B.1 Understanding about SPP

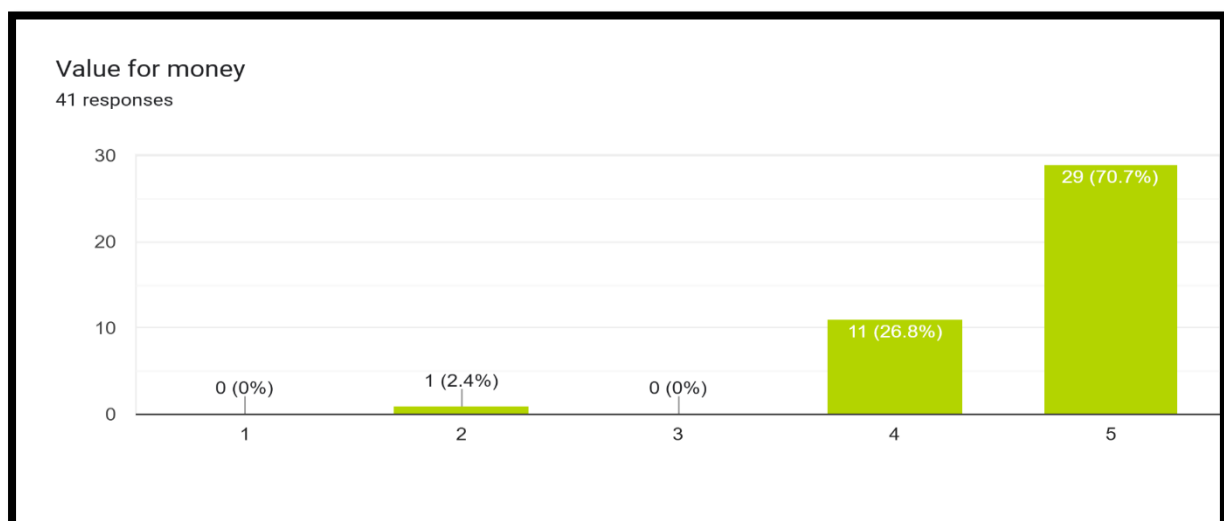


The respondents were questioned about their familiarity with the SPP concept. The result reveals that about 82.9% of respondents are familiar with the SPP. In contrast, 12.2% respondents are not clear about their decision.

B.2 Views on how important sustainability standards are to take into account when making purchases

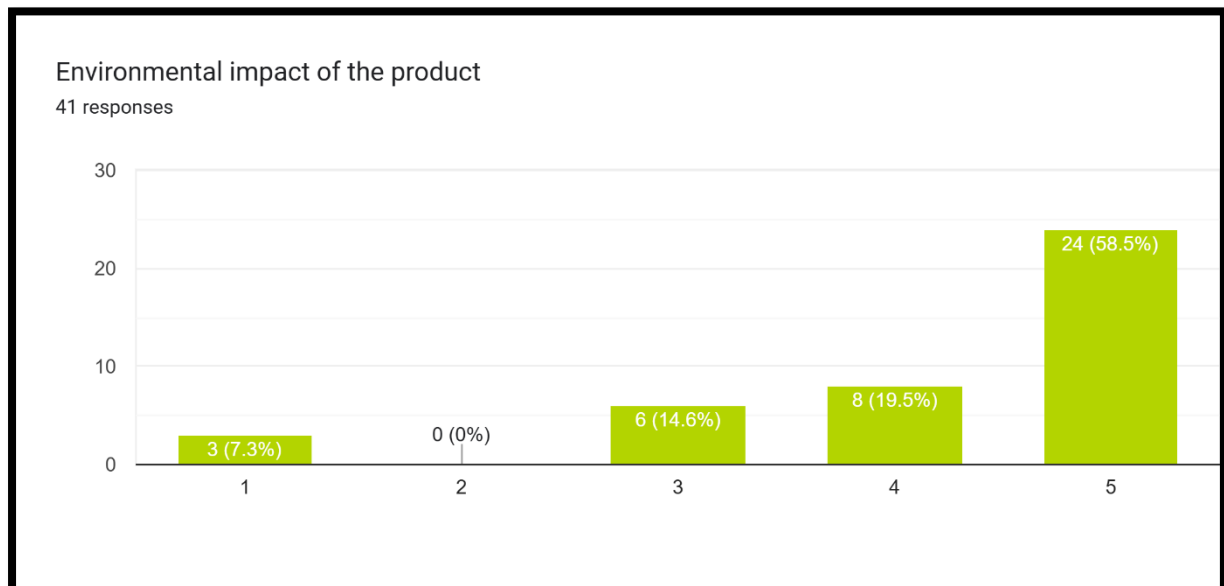
On a Likert scale of 1 to 5, with 1 denoting not significant and 5 denoting very significant, five questions (numbers 8 through 12) were asked to gauge respondents' attitudes or opinions regarding the significance or necessity of the sustainability criteria that should be taken into account during the procurement process to make it sustainable.

(a) The significance of cost-effectiveness in sustainable procurement



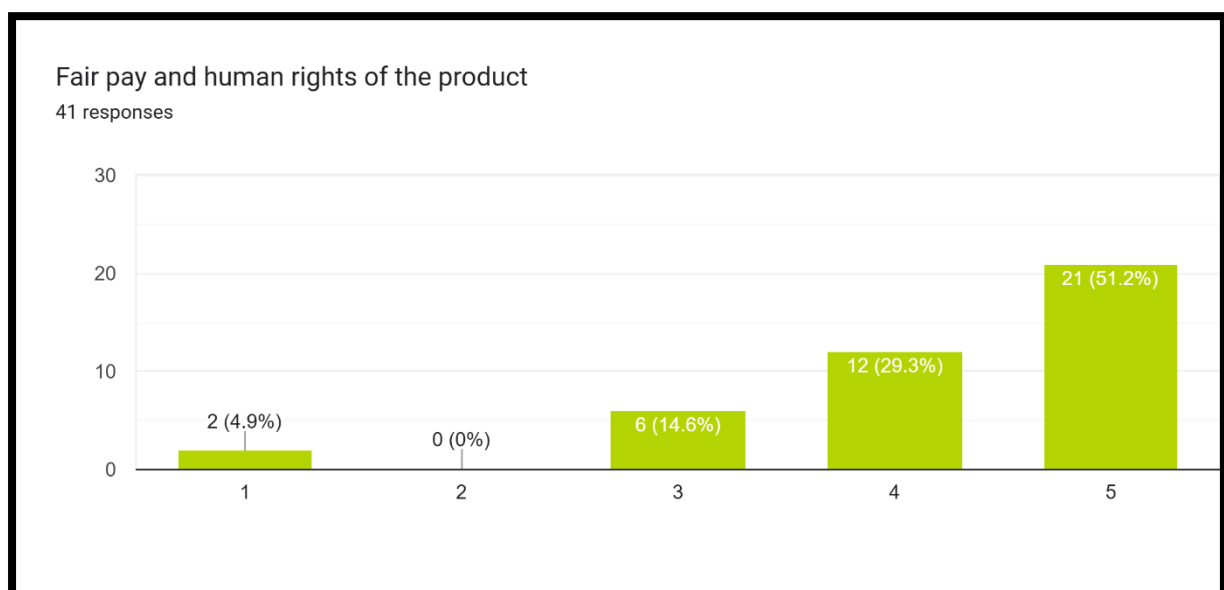
According to the findings regarding the consideration of "value for money," 70.7% of respondents viewed this criterion as 'very significant' or 'extremely important' and 26.8% said that it has a 'significant' or 'considerable impact' for guaranteeing sustainability in procurement.

(b) The necessity of considering the environmental impact of the product



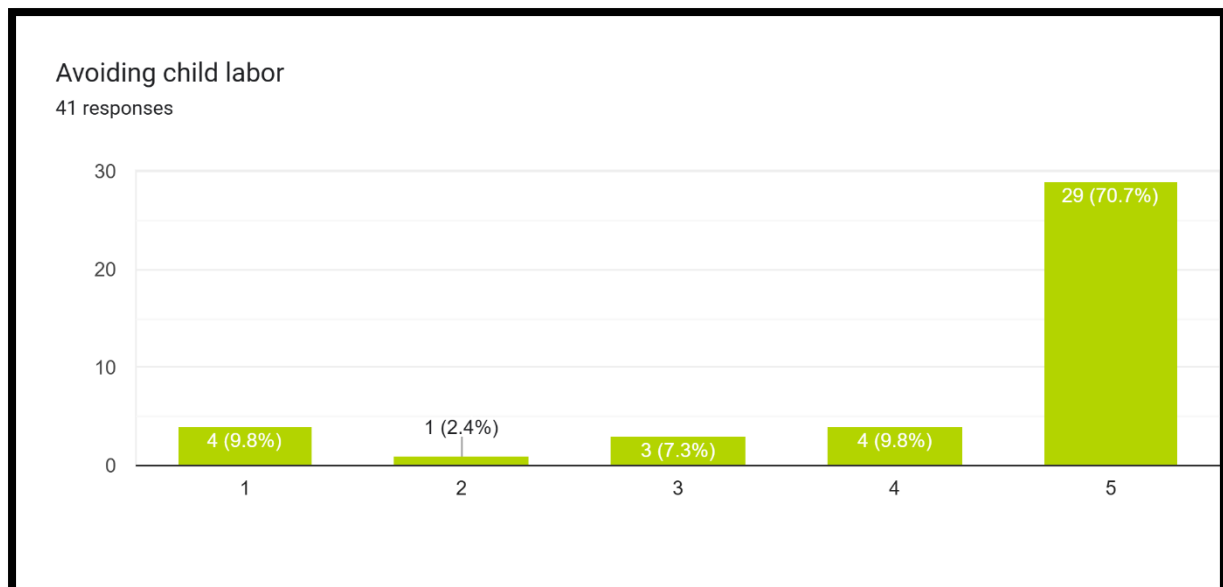
When asked if it is necessary to take the product's environmental impact into account, 58.5% of respondents said it is 'very significant', and 19.5% mentioned it as 'significant'. In contrast, 14.6% think it is 'somewhat significant', while the remaining 7.3% think it is not important at all.

(c) Fair compensation and product human rights considerations are crucial:



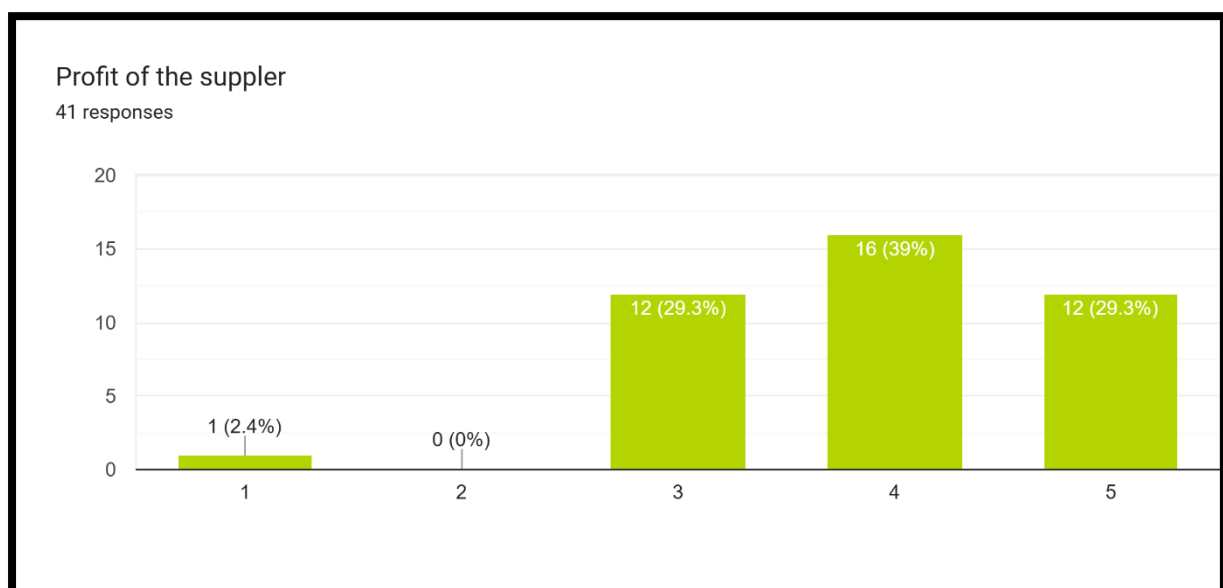
The survey asked a question about how important it is to consider fair pay and human rights applicability in the supply chain of the products to ensure sustainable procurement. In response to the question, 51.2% opined that its importance is ‘very significant’; 29.3% mentioned that its importance is ‘significant’; 14.6% believe that its necessity is ‘moderately significant,’ and the rest 4.9% think that it is ‘not significant’ at all.

(d) The significance of taking into account "Avoiding child labour"



The survey also asked a question about the importance of consideration of ‘Avoiding child labor’ in the supply chain of the required products. The result reveals that 70.7% opined that it is ‘very significant, 9.8% mentioned its importance is ‘significant’, 7.3% believe that its necessity is ‘moderately significant’, 2.4% mentioned its necessity is ‘slightly significant’, and the rest, 9.8%, think that it is ‘not significant’ at all.

(e) The significance of taking into account the "profit of the supplier":

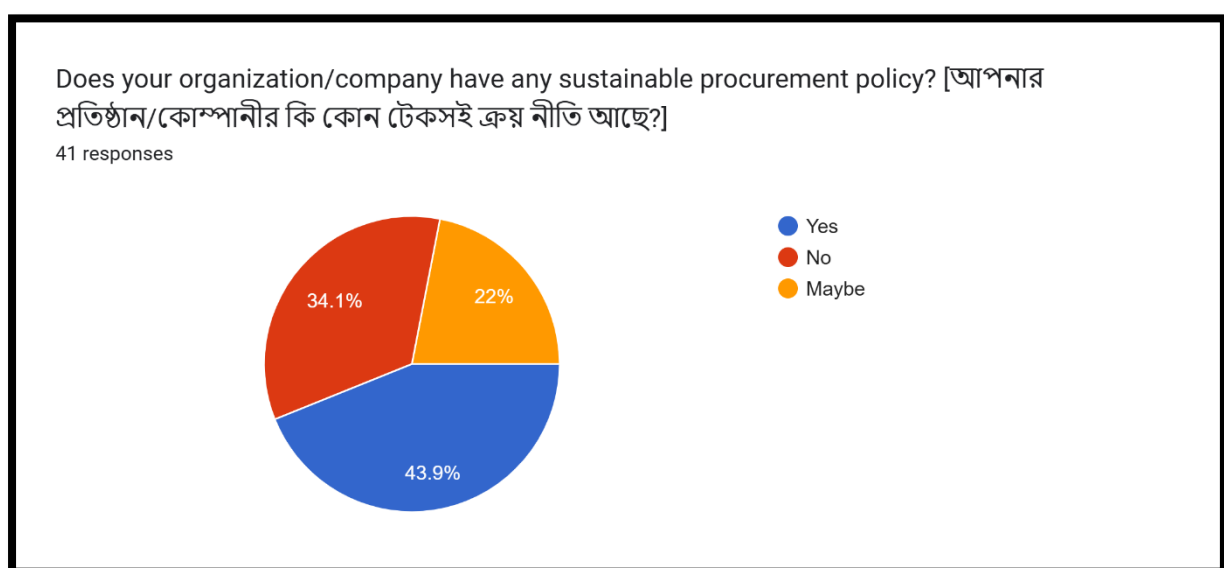


A question was asked about how important the consideration of the 'profit of the suppliers' is for implementing sustainable procurement.

The result reveals the highest portion, 39%, mentioned it as 'significant', only 29.3% opined the highest importance as 'very significant', 29.3% believe that it is 'moderately significant', and the rest, 2.4%, said it is 'not significant' at all.

Section C: Questions about policy and current practice

C.1 Are there any sustainable procurement policies in place at the respondents' organizations?

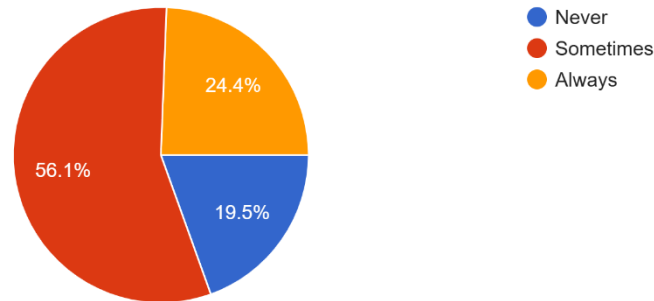


There was a question that asked whether the respondents' organizations have any sustainable procurement policy or not. The responses reveal that 43.9% of the respondents' organizations have a sustainable procurement policy, 35.1% of organizations have no such sustainable policy, and the remaining 22 per cent of respondents are not sure about it.

C.2 How often does the respondent's organization incorporate sustainability criteria in their procurement?

How often do you incorporate sustainability criteria in your procurement? [আপনি কত ঘন ঘন আপনার সংগ্রহে স্থায়িত্বের মানদণ্ড অন্তর্ভুক্ত করেন?]

41 responses

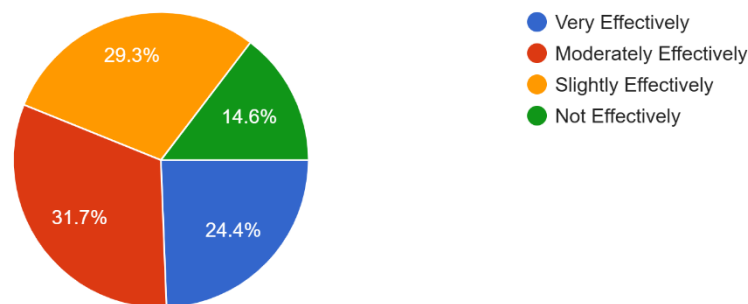


There was a question in the survey about how often the respondent's organization incorporates sustainability criteria in their procurement. According to the results, 56.1% of respondents' organizations sometimes use sustainable procurement criteria; 25.4% said they always do so, and 19.5% said they never incorporate it.

C.3 If the respondents' organizations use sustainability criteria in procurement, how well do they do it?

If you use sustainability criteria in your procurement, how effectively are these policies implemented in your organization? [আপনি যদি আপনার সংগ্রহে টেক...ার প্রতিষ্ঠানে কতটা কার্যকরভাবে প্রয়োগ করা হয়?]

41 responses

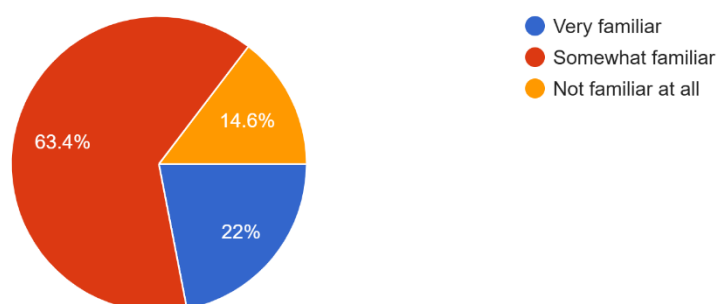


If the respondents' organizations use sustainability criteria in their procurement, the survey asked how well they do so. The results show that 31.7% of respondents use it 'moderately effectively'; 29.3% use it 'slightly effectively'; 24.4% believe it to be 'very effectively' and the remaining 14.6% believe it to be 'not effectively'.

C.4 Understanding of Bangladesh's SPP policy 2023

Are you familiar about the Sustainable Public Procurement Policy (SPP) 2023 of Bangladesh?
[আপনি কি বাংলাদেশের টেকসই পাবলিক প্রকিউরমেন্ট পলিসি (SPP) 2023 সম্পর্কে জানেন?]

41 responses

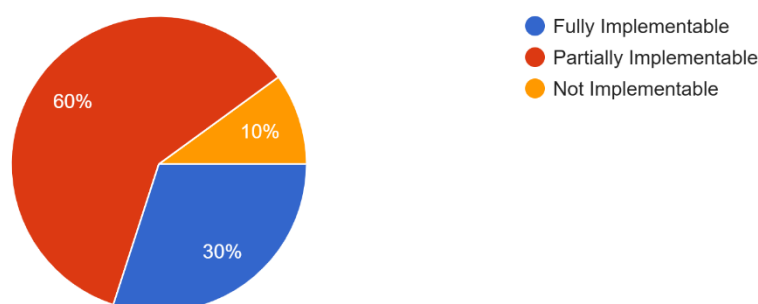


Since the Bangladeshi government only recently put the SPP policy 2023 into effect, the respondents were asked how familiar they were with it. The result depicts that the highest portion, 63.4%, of respondents are 'somewhat familiar', 22% are 'very familiar', and the rest, 14.6% are 'not familiar at all' about it.

C.5 Opinion of the respondents to what extent Bangladesh's SPP policy 2023 can be implemented within its existing legal framework

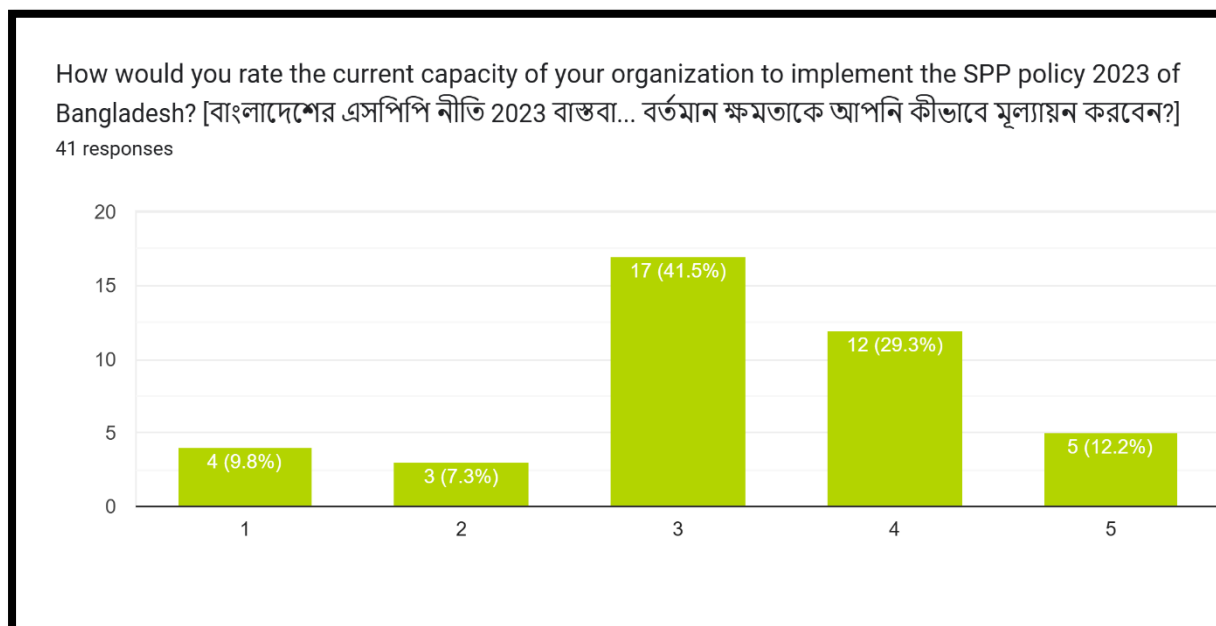
If you are familiar, how implementable the SPP policy 2023 in the current legal framework of Bangladesh? [আপনি যদি জানেন, বাংলাদেশের বর্তমান...ঠামোতে এসপিপি নীতি 2023 কতটা বাস্তবায়নযোগ্য?]

40 responses



In the survey, there was a question to investigate how implementable the newly enacted SPP policy 2023 of Bangladesh in its current legal framework. The survey result reveals that the majority of the participants, 60%, believe that it is 'Partially Implementable', 30% believe that it is 'Fully Implementable', and the rest 10% opined that it is 'Not Implementable' at all.

C.6 How capable is the respondent's organization of implementing the SPP policy 2023 of Bangladesh?

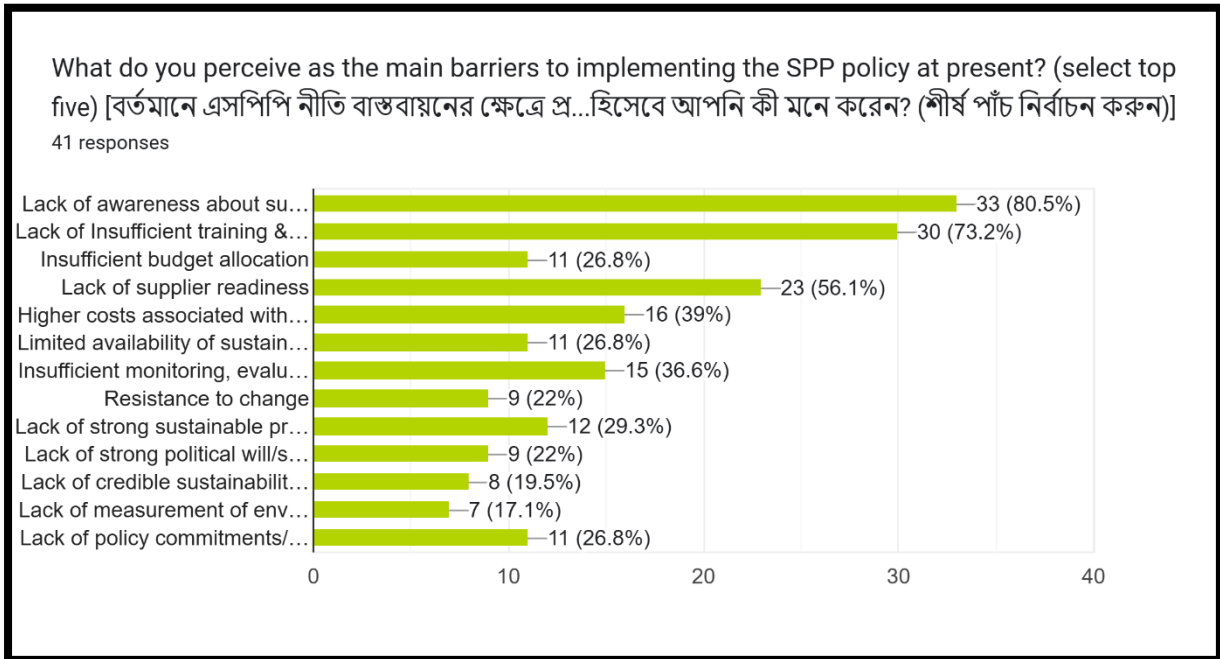


A Likert scale question, ranging from 1 (not capable) to 5 (very capable), asked the respondents how the responding organizations could put the SPP policy 2023 into practice given their current capabilities.

The survey's findings revealed that only 12.2% of respondents think their company is "very capable" of carrying out the policy. Of the respondents, 45.5% think their organization is "moderately capable," and 29.3% think it is "capable." Moreover, 7.3% think their organization is 'slightly capable' and the remaining 9.8% think 'not capable at all'.

Section D. Challenges faced in SPP implementation

D.1 What are the main challenges to implementing the SPP policy in the present context

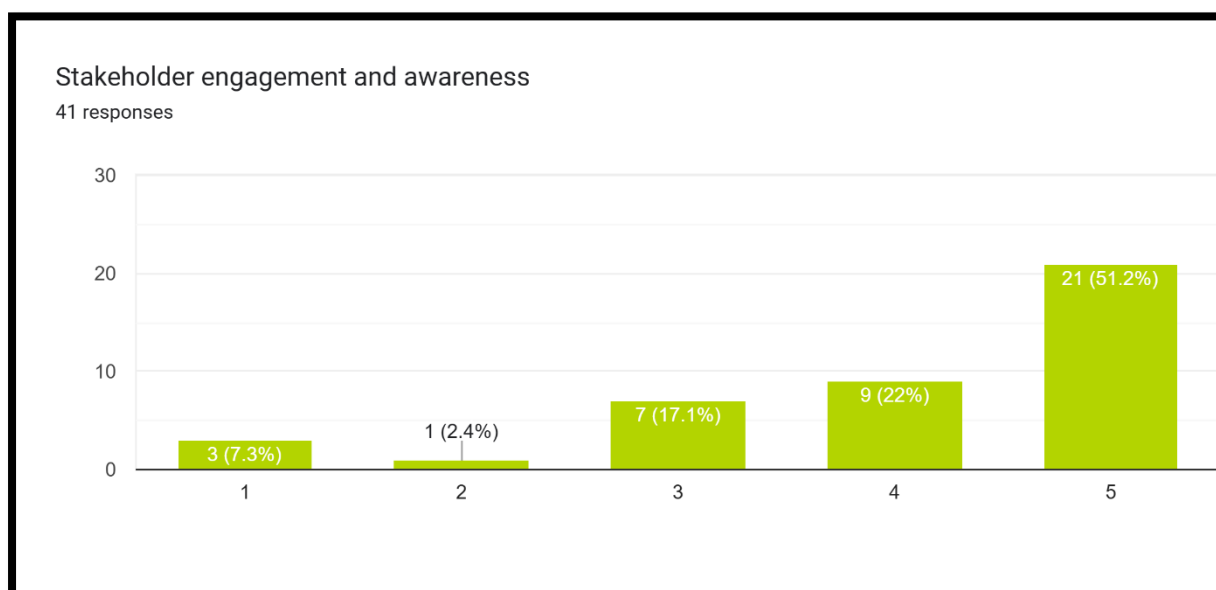


This inquiry sought to ascertain the primary obstacles that respondents believed stood in the way of putting the SPP policy into practice in Bangladesh's current setting. Among 13 possible given options, respondents are requested to select the best five reasons. In the respondent's view, (a) lack of awareness (80.5%), (b) lack of insufficient training & knowledge (73.2%), (c) lack of supplier readiness (56.1%), (d) higher costs associated with sustainable products or services (39%), and (e) insufficient monitoring and evaluation (36.6%), became the top five main obstacles to implementing SPP policy at present.

D.2 What essential changes need to be addressed to implement SPP policy

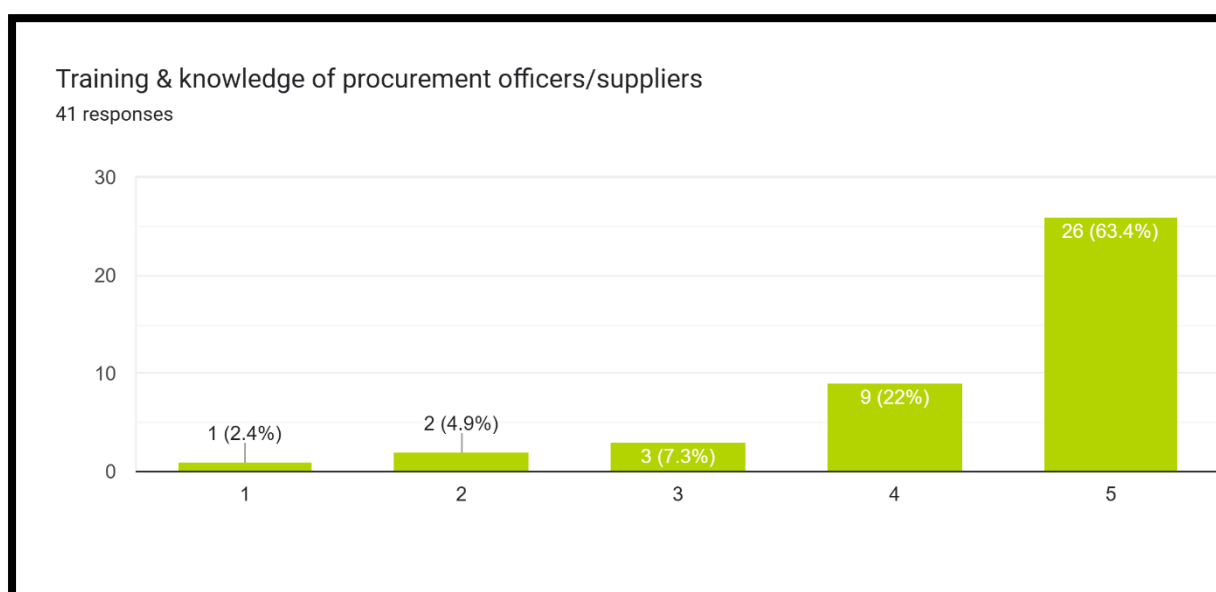
In the survey, 9 questions (question numbers 20 to 28) were asked on a Likert scale (1 to 5, where 1 = not significant and 5 = very significant) to assess the attitude of the respondents about the changes that need to be addressed to implement SPP policy.

D.2 (i) Necessity of stakeholder engagement and awareness



The survey result reveals that the majority of the respondents, 55.2%, believe that ‘Stakeholder engagement and awareness’ would be very significant to make a change to implement SPP policy, although 22% opined it as ‘significant’ and 17.1% as ‘moderately significant’.

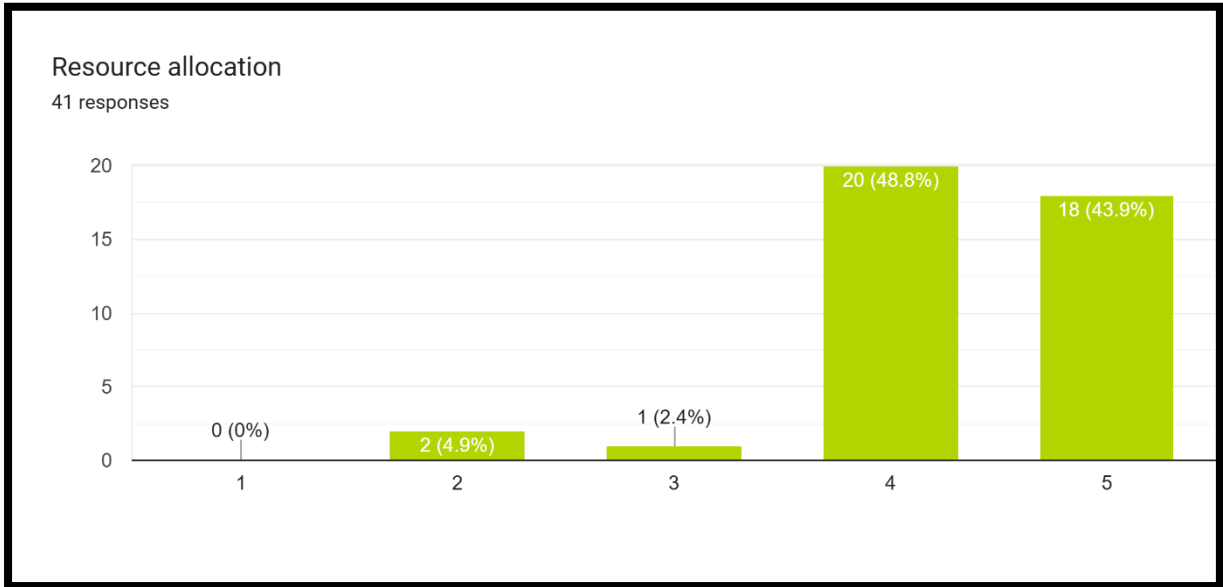
D.2 (ii) Necessity of training and knowledge of procurement officers or suppliers



It was asked about the necessity of training and knowledge of procurement officers and suppliers.

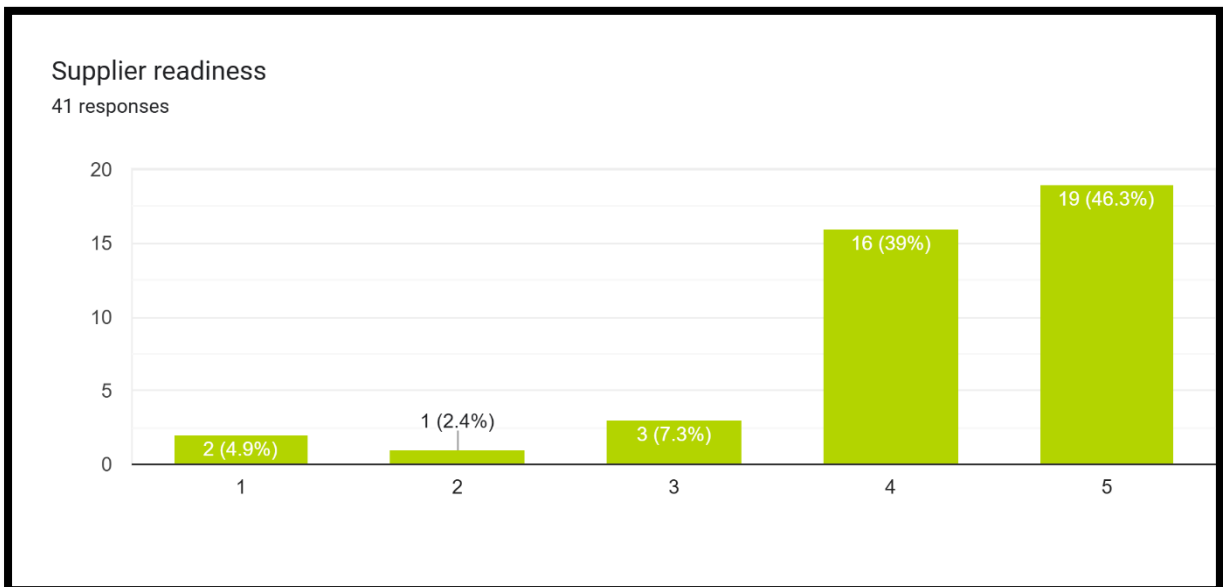
63.4% of respondents thought that the factor ‘training and knowledge of procurement officers or suppliers’ would be ‘very significant’; 22% thought it as ‘significant’ and 7.3% thought it would be ‘moderately significant’.

D.2 (iii) Need for resource allocation



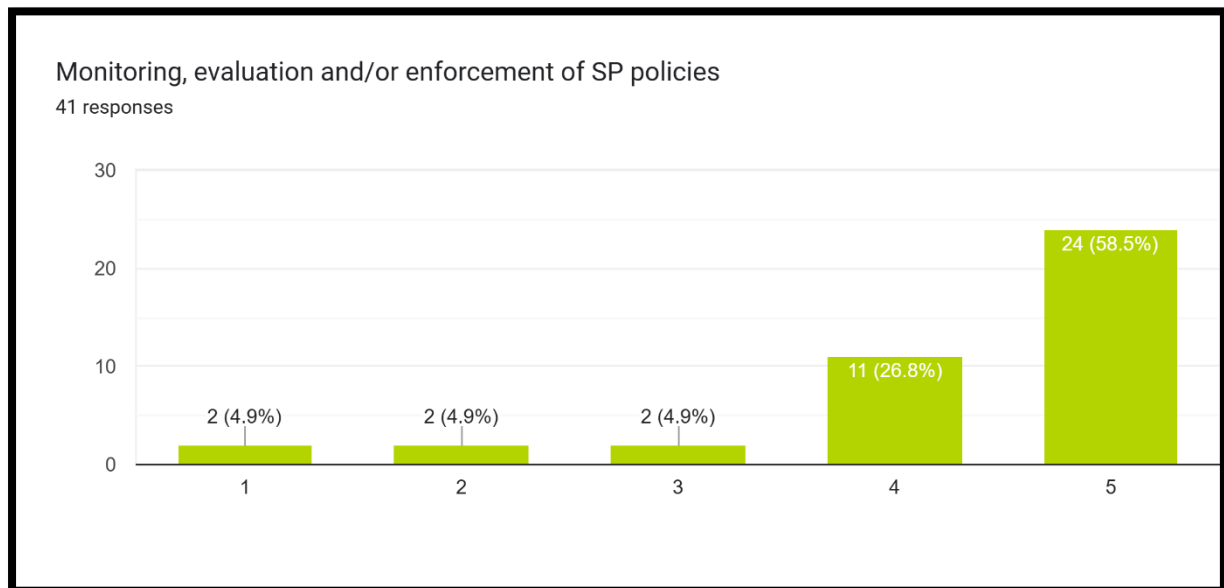
In response to the factor 'resource allocation', the majority of the respondents, 48.8%, opined that it would be a 'significant' change. In contrast, only 43.9% of the respondents believed that it would be a 'very significant' change.

D.2 (iv) Importance of supplier readiness



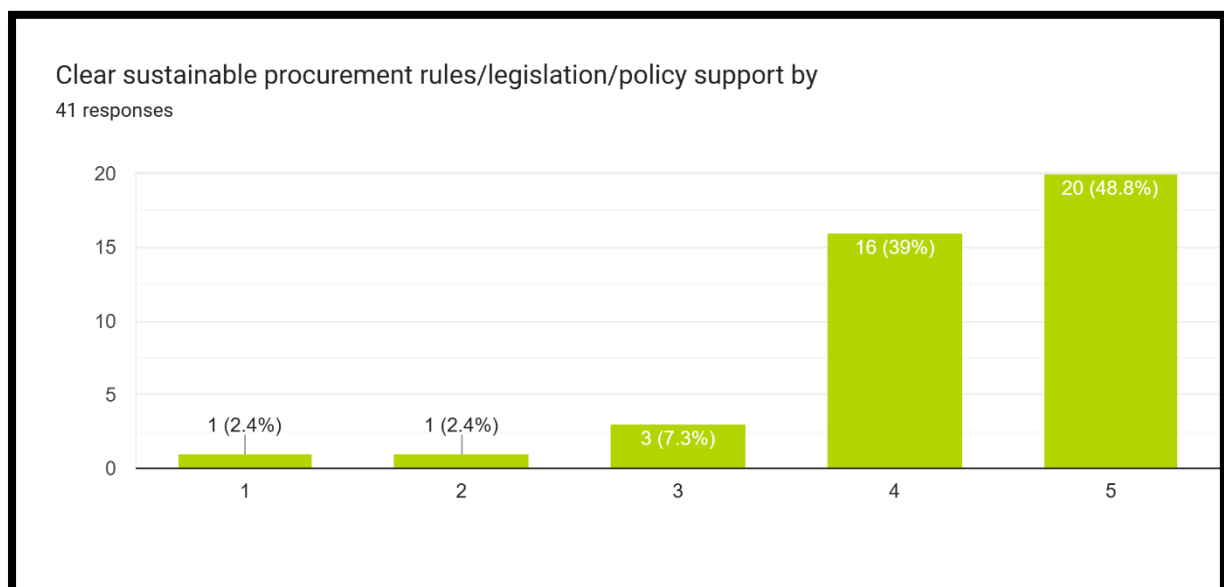
In response to the factor 'supplier readiness, the majority of the respondents, 46.3%, opined that it would be a 'very significant' change. On the other hand, 39% of respondents believed that it would be a 'significant' change.

D.2 (v) Effectiveness of monitoring, evaluation, and/or enforcement of policy



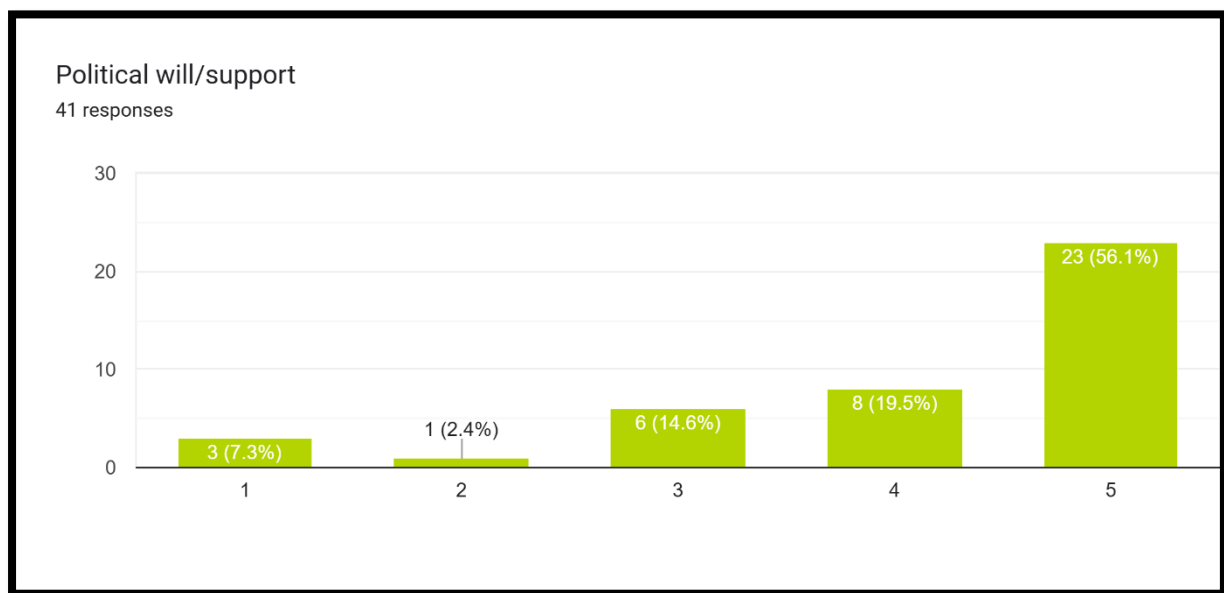
In response to the factor of ‘monitoring, evaluation, and/or enforcement of policy’ 58.5% of the respondents believe that it would be ‘very significant’. On the other hand, 26.8% believe it is a ‘significant’, change.

D.2 (vi) Use of ‘Cleare sustainable procurement rules/legislation/policy support by’



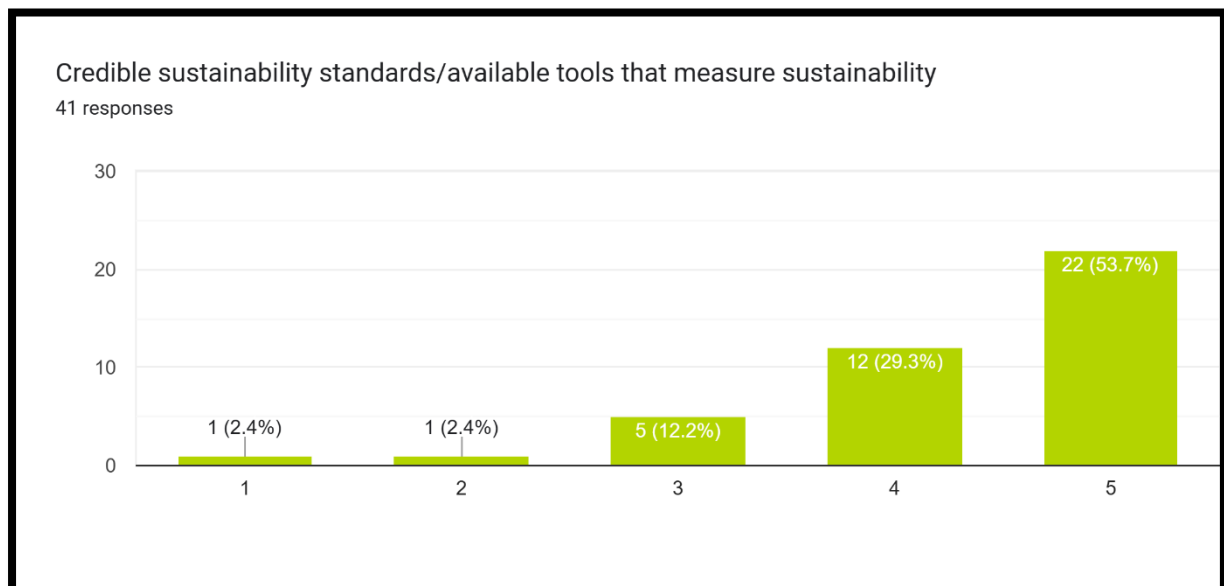
In response to the question of how the ‘Cleare sustainable procurement rules/legislation/policy support by’ would be very effective 48.8% believe that it would be ‘very significant’. On the other hand, 39% believe it is ‘significant’, and 7.3% believe it is ‘moderately significant’.

D.2 (vii) Effectiveness of political will or support



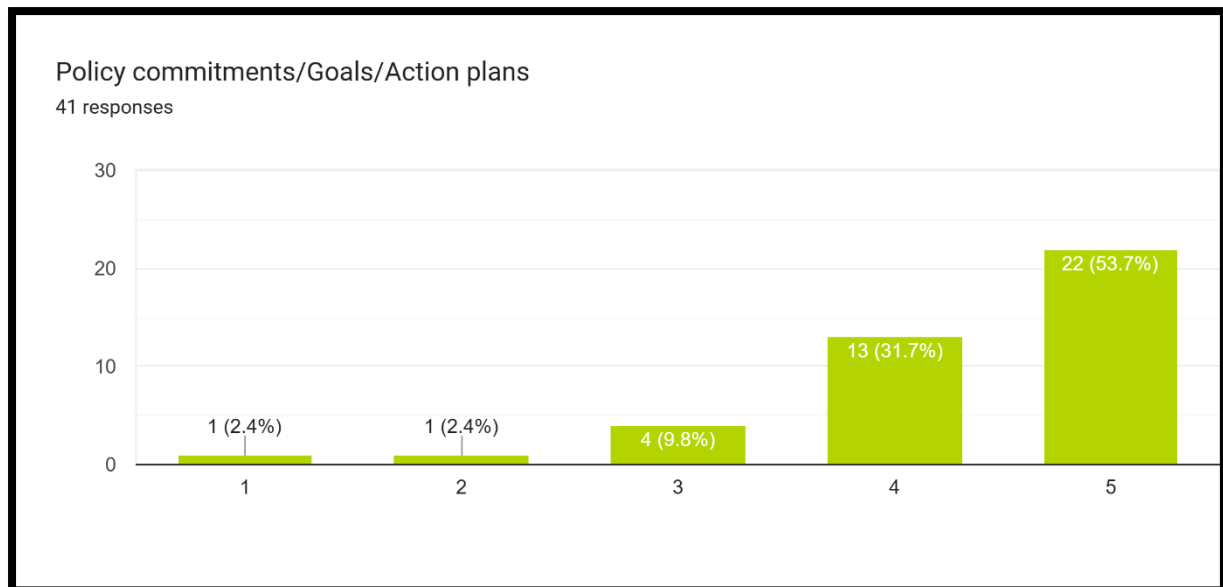
In response to the factor ‘political will or support’ 56.1% of respondents believe that it would be ‘very significant’, 19.5% go to ‘significant’, 15.6% believe it is ‘moderately significant’, and 7.3% believe it is ‘not significant’ at all.

D.2 (viii) Use of credible sustainability standards or available tools to measure sustainability



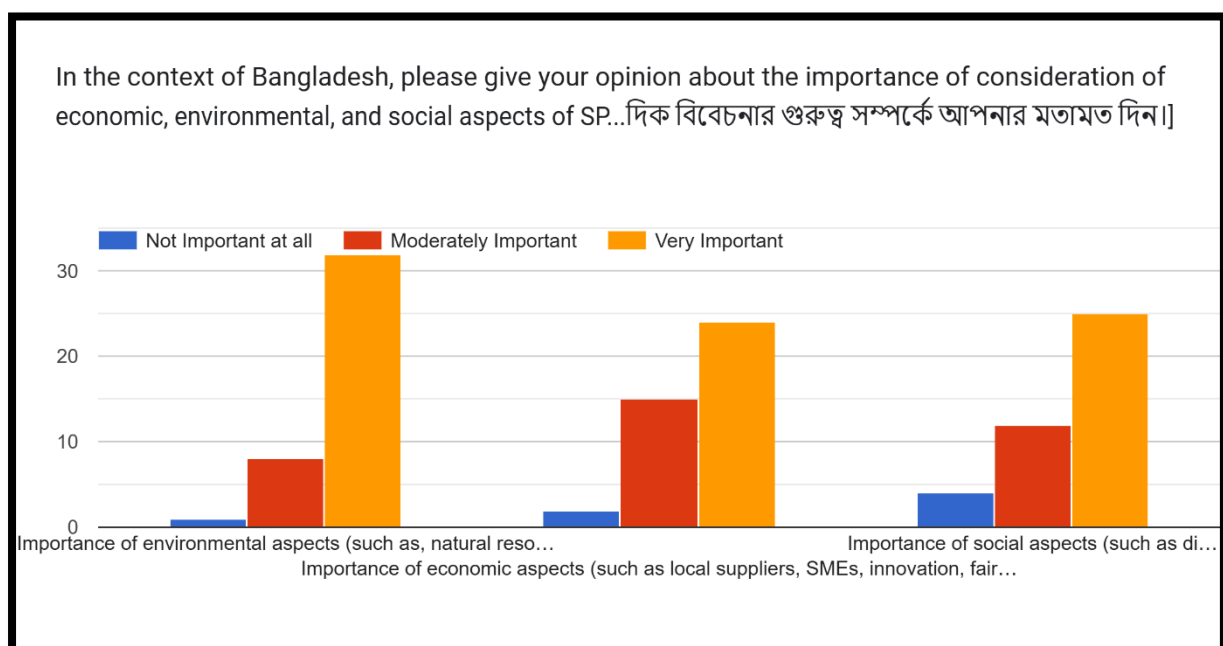
In response to the factor use of the ‘credible sustainability standards or available tools to measure sustainability,’ the majority of respondents; 53.7%, believe it is ‘very significant’, 29.3% think it is ‘significant’; and 12.2% believe it as ‘moderately significant’ tools.

D.2 (ix) Necessity of policy commitments, goals or credible action plans



In response to the factor of ‘policy commitments, goals, or action plans’ the majority of the respondents, 53.7%, believe it would be ‘very significant’; 31.7% think it is ‘significant’; and 9.8% as ‘moderately significant’.

D.3 Importance of consideration of economic, environmental, and social aspects of SPP policy in the context of Bangladesh



The purpose of the question is to find out how the respondents think about the consideration of environmental, economic, and social factors while using Sustainable Procurement (SP). The graph represents three categories of responses, namely, ‘not important at all’ in blue, ‘moderately important’ in red, and ‘very important’ in orange.

The result reveals that the majority of respondents (more than 30) rated the ‘importance of environmental aspects’ as "very important," and very few of them (about 5) think it is ‘moderately important’, in sustainable procurement.

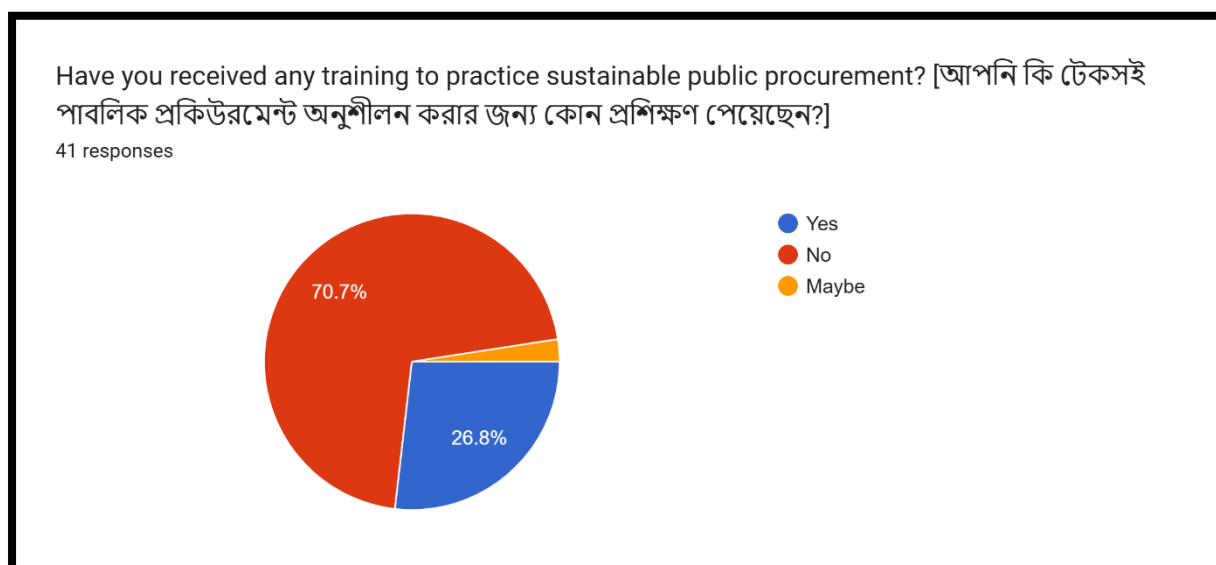
However, in the case of the ‘importance of economic aspects,’ a significant proportion (about 15) of respondents think it is ‘important’, although the majority of them (about 25) opined it is ‘very important’, indicating that supporting local suppliers, SMEs, and fostering innovation are highly important in the SPP practices.

In the case of ‘Importance of Social Aspects’, such as fair labour pay, community welfare, equality, diversity, health and safety, etc., the majority of respondents (about 25) opined it as ‘very important’ although a significant proportion (about 10) of them thinks it as ‘Moderately Importance’. Moreover, a certain proportion (nearly 5) think it is “not important at all.”.

Overall, it is found that in all three aspects, the majority of the respondents clearly emphasized that all three components are ‘very important’, which indicates that stakeholders in Bangladesh give priority to economic, environmental, and social factors for sustainable procurement.

Section E: Training, capacity building and support

E.1 Whether the respondents have received any training to practice SPP

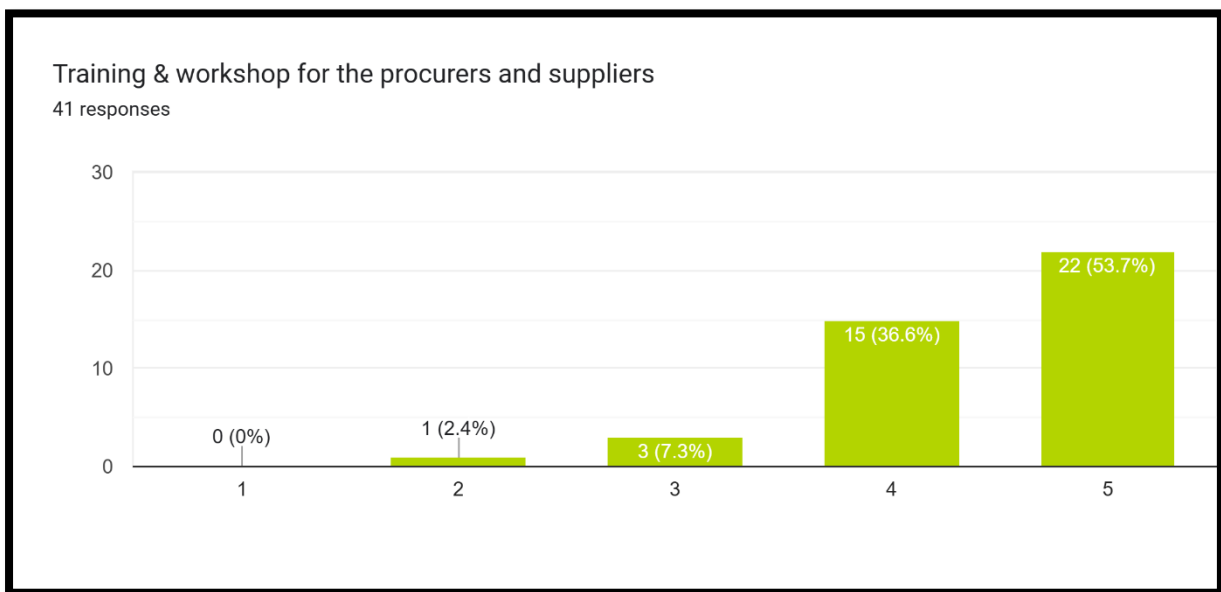


The survey asked about whether the respondents had received any training or not to practice SPP. In response to the question, 70.7% responded that they had not received any training yet, although 26.8% answered that they had received the training.

E.2 Investigating opinions about some support or resources and how those would be effective in implementing SPP policy

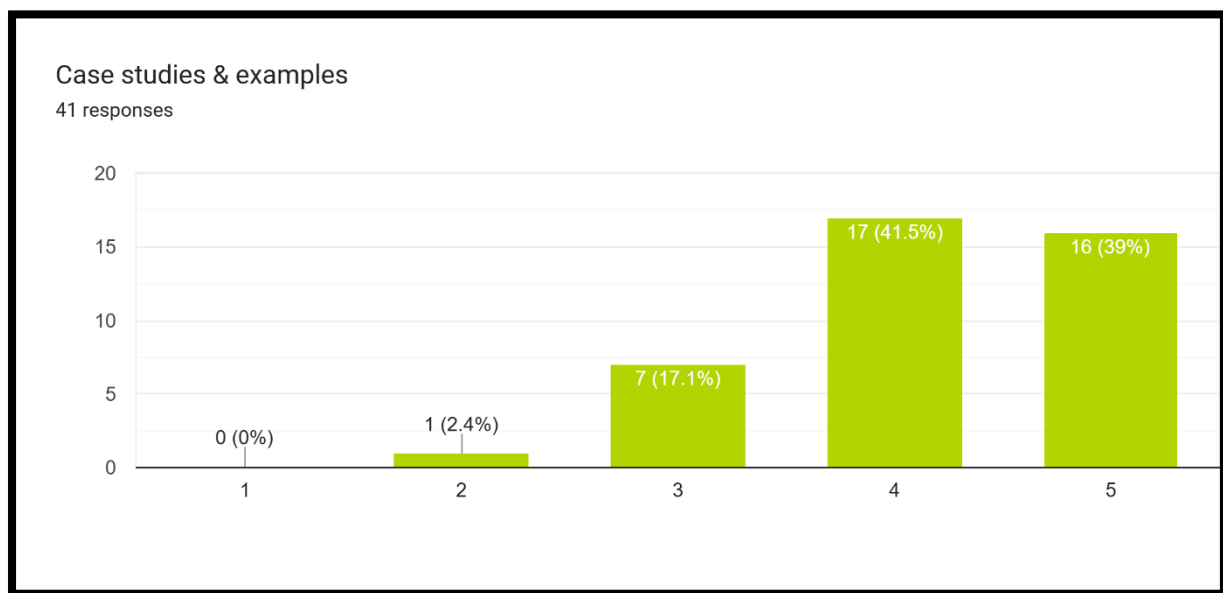
To know the respondent's opinion about some support or resources and how those would be effective in implementing SPP policy, in the survey, 7 questions (question number 31 to 37) were asked, on a Likert scale (1 to 5, where 1 = not significant and 5 = very significant).

E.2 (i) How much training & workshops would be effective for the procurers and suppliers?



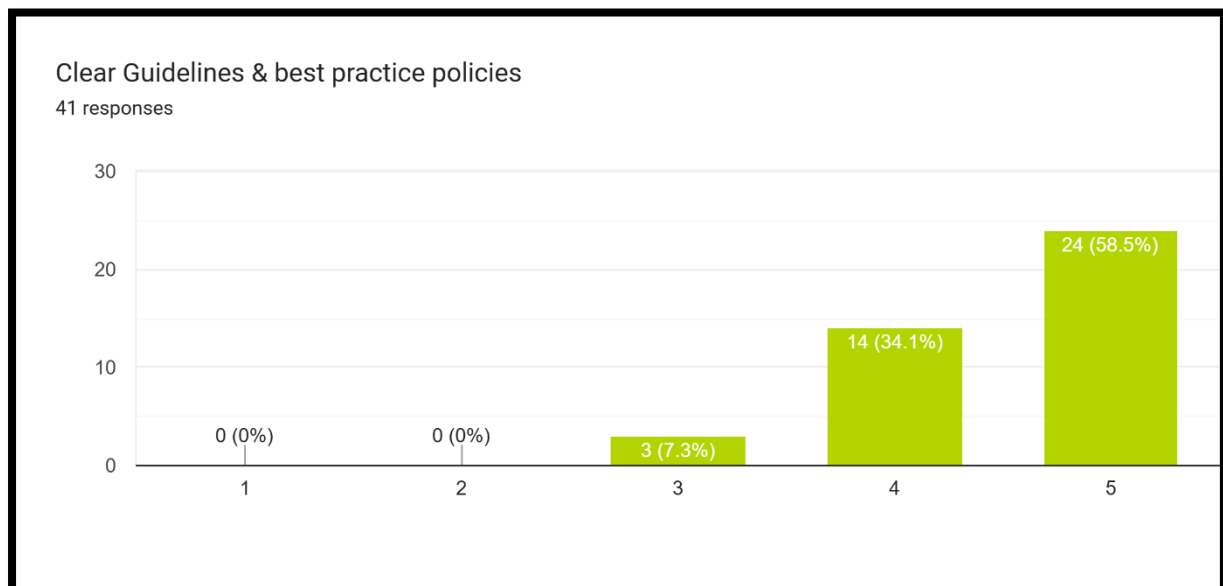
The result reveals that the majority of the respondents, 22 people (53.7%), rated 'Training & workshop of the procurer and supplier' as 'very significant'; in contrast, 14 respondents (36.6%) think it as 'significant', the high rating.

E.2 (ii) Effectiveness of ‘case study & examples’



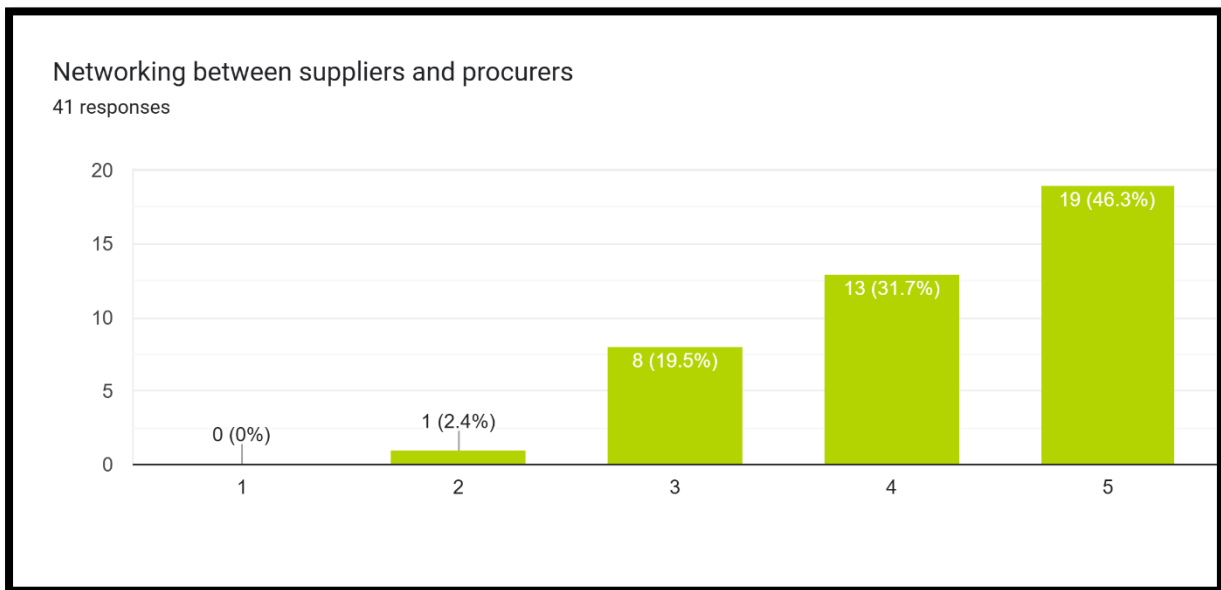
In response to the question of the effectiveness of ‘case study & examples’ to support SPP implementation, the majority, 17 people (41.5%) of the respondents rated it as a 4, showing it as very important ‘significant’, and oppositely 16 people (39%) think it as ‘Very significant’, which means a strong belief in it.

E.2 (iii) Necessity of clear guidance & best practice policies



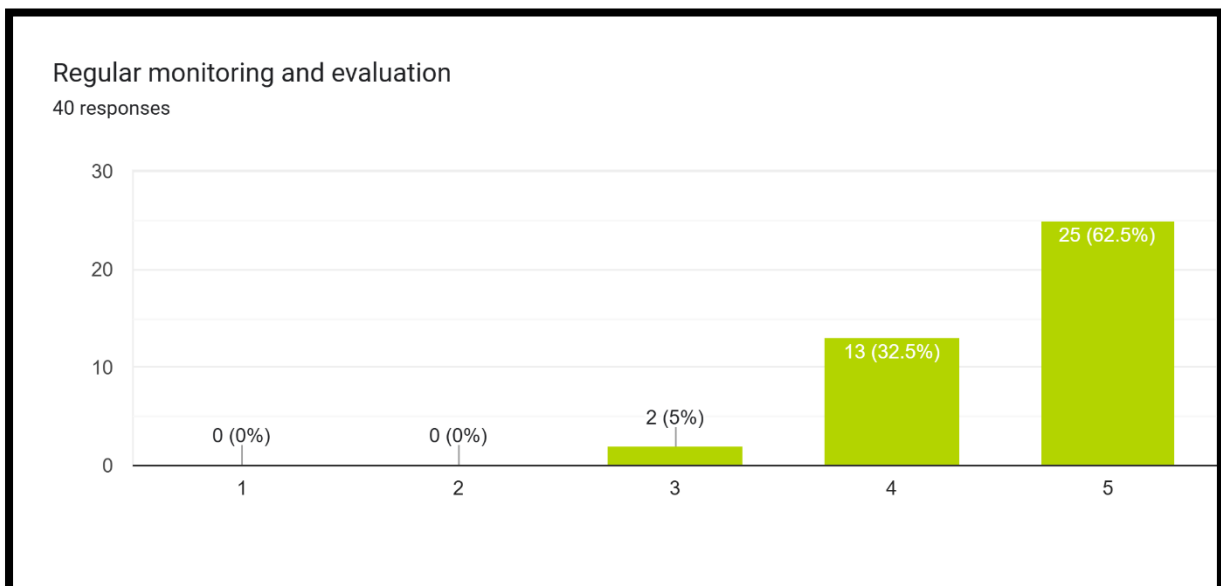
The survey was asked about the necessity of clear guidelines & best practice policies. The result reveals that 58.5% (number 24) of the respondents think it is ‘very significant’; in contrast, 35.1% (number 14) opined it as 4, which means ‘significant, and the rest 7.3% (number 3) mentioned it as ‘moderately significant’.

E.2 (iv) Effectiveness of networking between suppliers and procurers



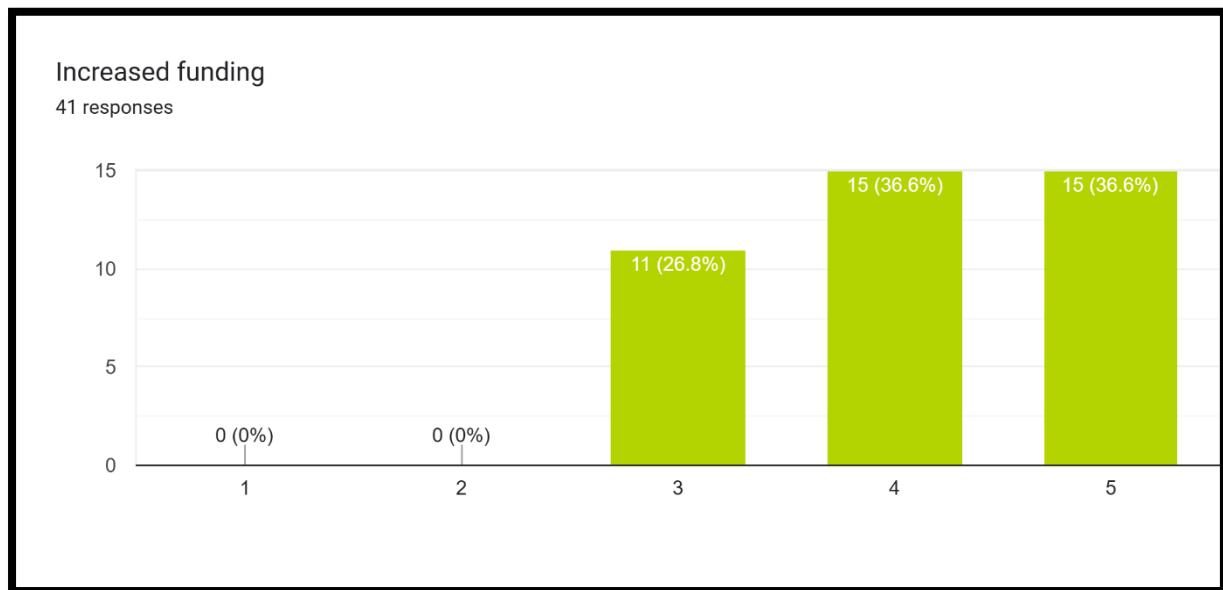
The survey also asked how networking between suppliers and procurers would be effective. In response to the question, 46.3% (number 19 out of 41) respondents think it is ‘very significant’ which means ‘very effective’; 35.7% (number 13) responded as ‘4’ which means ‘significant’; 19.5% replied as ‘3’ that means ‘moderately significant’.

E.2 (v) Necessity of regular monitoring and evaluation:



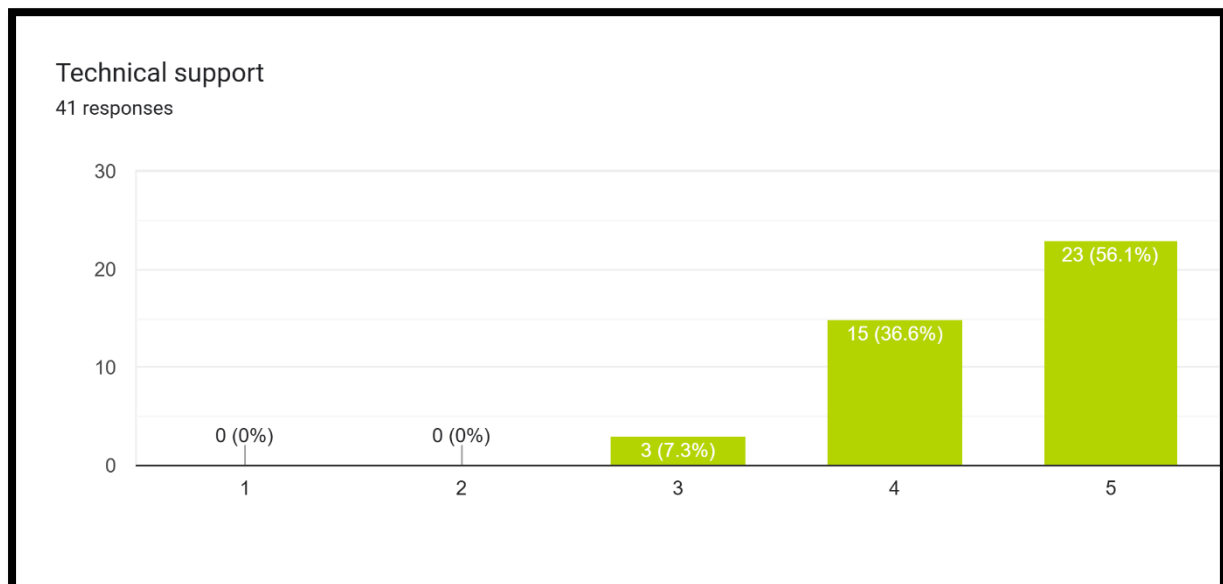
The survey also asked respondents about the necessity of regular monitoring and evaluation for effective implementation of SPP. In response to the question, 62.5% of respondents (total of 25) responded as ‘5’ which means ‘very significant’, 32.5% (total of 13) replied as ‘4’ which means ‘significant’, and 5% (total 2) think it as ‘3’ ‘moderately significant’.

E.2 (vi) Impact of increased funding



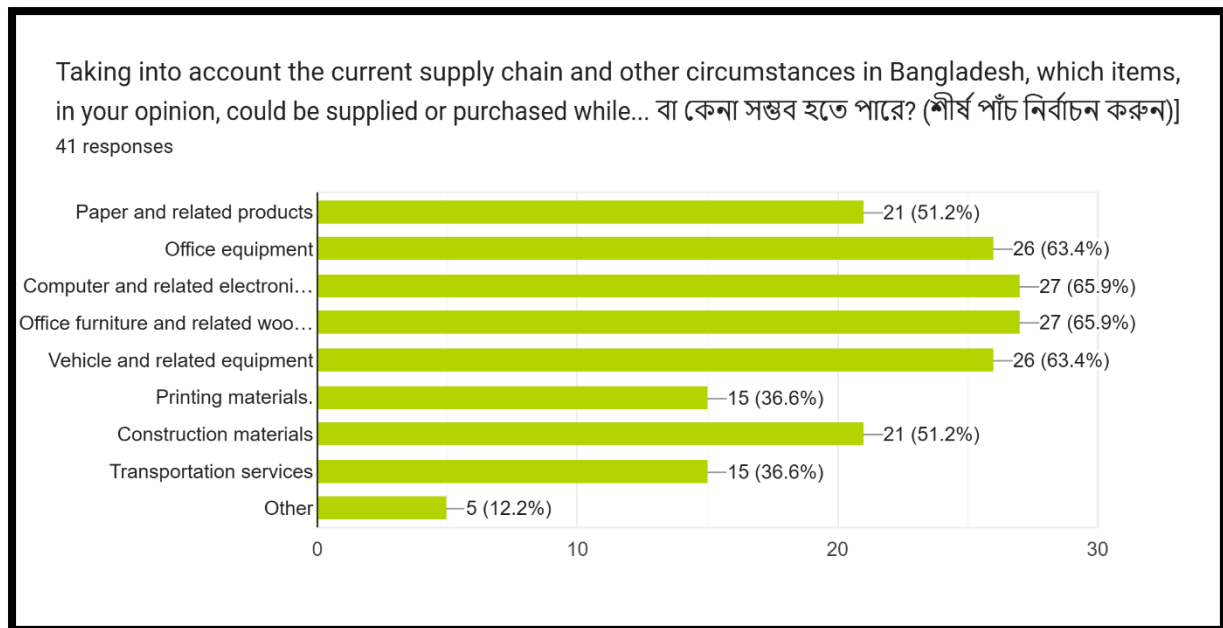
The survey also tried to know the respondent's opinions on the impact of increased funding to implement SPP. It is found that 36.6% (total 15) of the respondents think it is 'very significant', equally 36.6% (total 15) think it is 'significant', and the rest of them, 26.8%, think it is '3' or 'moderately significant'.

E.2 (vii) Effectiveness of technical support to implement SPP



The survey also tried to investigate the effectiveness of technical support to implement SPP. The result shows that 56.1% (a total of 23) think it as '5' which means 'very significant'; 36.6% (a total of 15) responded as '4' which means 'significant'; and the remaining 7.3% (a total of 3) think it as '3' that means 'moderately significant'.

E.3 Items could be procured or supplied in the context of the present supply chain circumstances of Bangladesh to uphold the SPP policy 2023

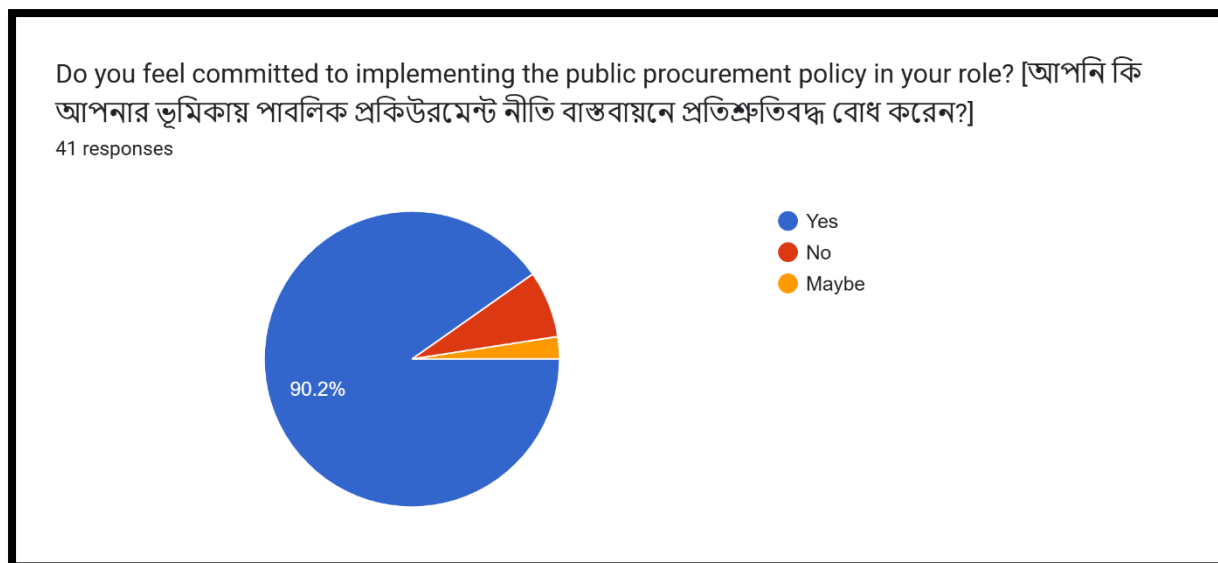


The survey also asked about items that could be procured or supplied in the context of the present supply chain circumstances of Bangladesh to uphold the SPP policy 2023.

A total of nine (09) items' names were mentioned in that question. 'Computer and related electronic equipment', and 'office furniture and related wooden equipment' equally got the highest respondents' opinion, 65.9% (total 27), followed by 'vehicles and related equipment', and 'office equipment', equally the same value, 63.4% (total 26). Moreover, 'paper and related products', along with construction material, 52.5% (total 21). Also, some respondents opined for transportation services (37.5%) and printing materials (35%).

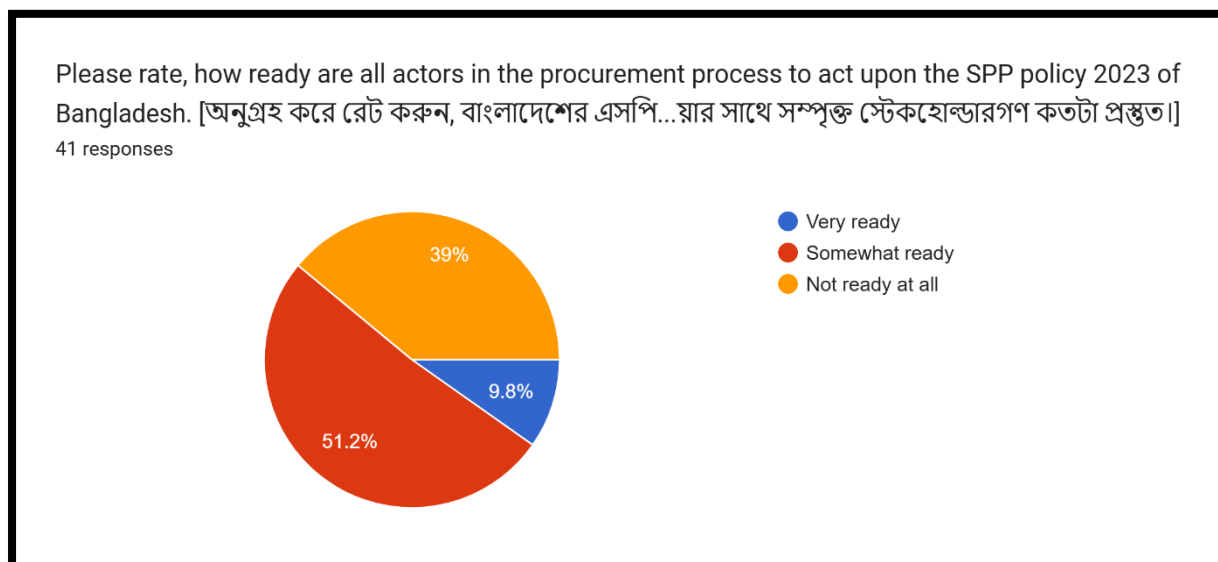
Section F. Commitment and Engagement

F.1 Commitment to implementing SPP policy



The survey also investigated how much the respondents are committed to implementing the public procurement policy in their respective roles. The result of the responses reveals that 92.5% are committed to implementing the SPP policy in their respective roles.

F.2 Readiness of all actors in the procurement process to act upon the SPP policy 2023



The survey also asked about the readiness of all actors involved in the procurement process to act upon the SPP policy 2023. The result reveals that only 9.8% of the respondents think that all the actors are very ready, 51.2% of respondents opine that the actors are somewhat ready, and 39% think that actors are not ready at all.

Section G: Overall assessment

In the survey's final section, two open-ended questions asked respondents about general opinions which was an open-ended response.

G.1 Changes required to improve Bangladesh's ability to implement the SPP Policy 2023

In response to the question, most of the respondents opined about (i) improve Bangladesh's ability to implement the SPP policy; (ii) it needs to make changes in some areas, such as massive initiatives, training and capacity building of the SPP practitioners, including suppliers and procurers, (iii) suppliers' readiness, (iv) clear guidance, instructions, and policy, (v) strict monitoring, and (vi) adequate funding.

G.2 Recommendations to the government of Bangladesh for effective implementation of the SPP policy 2023

The survey also requested the respondents to recommend to the government of Bangladesh the effective implementation of the SPP policy 2023. Some suggested that the policy needs to be an integral part of the procurement rule. Moreover, the guidelines for ensuring the environmental and social indicators should be clear and available to the procurer and suppliers. It must also create an atmosphere that is conducive to the SPP's execution.

3.2.3 Discussion on the data analysis of the survey

The survey result reveals a comprehensive understanding of the preparedness and challenges that lie in the implementation of the Sustainable Public Procurement (SPP) policy in Bangladesh. The survey result summary can be categorized into seven main areas, namely- (i) Awareness and Readiness of SPP; (ii) Major Challenges lies on the implementation path; (iii) Capacity Building; (iv) Stakeholders Commitment and Engagement; (v) Need for policy and Structural adjustments; (vi) Consideration of Economic, Environmental and Social factors; and finally, (vii) Recommendations for Implementations.

All seven areas have been discussed below in detailed:

(i) Awareness and Readiness of SPP

The survey reveals that while 82.9% of respondents are familiar with the concept of SPP, only 22% are very familiar with the newly enacted SPP policy 2023 of Bangladesh. This indicates that there is a general awareness of SPP but there is a gap in in-depth understanding of the SPP policy of Bangladesh among stakeholders. Moreover, only 24.4% of organizations consistently incorporate sustainability criteria, which means it needs effort for stronger integration of SPP policy 2023 into existing practices.

(ii) Major challenges lie on the implementation path of SPP in Bangladesh

There might be many challenges lies on the implementation path of SPP. The survey identified top 5 primary challenges in the implementation of the SPP policy, which are:

- **Lack of Awareness (80.5%):** Despite general familiarity, there is limited comprehension of operationalizing SPP, emphasizing the need for awareness campaigns.
- **Insufficient Training (73.2%):** A significant portion of stakeholders lacks proper training to implement sustainable procurement practices effectively.
- **Supplier Readiness (56.1%):** Suppliers are unprepared to meet sustainability requirements, highlighting the necessity of engaging and developing the supplier base.
- **Higher Costs (39%):** The perception of sustainability being expensive is a barrier, requiring cost-benefit analysis and funding support.
- **Monitoring and Evaluation Deficits (36.6%):** A lack of robust systems to track and evaluate procurement processes impedes policy enforcement.

(iii) Capacity Building

Training and capacity-building emerged as critical needs, with 63.4% of respondents emphasizing their significance. However, 70.7% reported receiving no training. The introduction of structured workshops, case studies, and networking opportunities between suppliers and procurers is essential to bridge this gap.

(iv) Stakeholder Commitment and Engagement

A positive finding is that 92.5% of respondents expressed commitment to implementing the SPP policy. However, readiness remains low, with only 10% considering all actors fully ready, while 52.5% believe stakeholders are somewhat ready. This gap suggests the need for collaborative efforts and phased implementation plans.

(v) Policy and Structural Adjustments

Survey results indicate that stakeholders view the current legal framework as partially supportive of SPP implementation. Key recommendations include:

- Clearer legislation and policy support (48.8% consider this very significant).
- Strong political will and support (56.1%).
- Enhanced monitoring and evaluation mechanisms (62.5%).

These adjustments are essential for creating an enabling environment for SPP practices.

(vi) Economic, Environmental, and Social Considerations

Respondents prioritize environmental, economic, and social aspects, demonstrating a holistic understanding of sustainability. While environmental aspects received the highest importance, economic and social dimensions also garnered substantial attention. This highlights the need for policies that balance all three pillars of sustainability.

(vii) Recommendations for Implementation

For effective SPP policy implementation, respondents suggested:

- Training and capacity-building initiatives.
- Clear guidelines and best practices for procurement officers and suppliers.
- Adequate funding and resource allocation to support sustainable practices.
- Integration of SPP principles into procurement regulations.
- Mechanisms to foster supplier readiness and innovation.

Finally, it can be said that the findings underscore that while there is significant interest and commitment to SPP in Bangladesh, considerable challenges must be addressed. These include capacity-building, supplier engagement, policy clarity, and financial support. A collaborative, phased approach involving all stakeholders is critical to overcoming these challenges and ensuring the successful implementation of SPP policy 2023.

3.2.4 Summary of the Key Informants' Interview (KII)

In the Key Informant's Interview (KII) three (03) renowned procurement experts, namely- (i) Md. Faruk Hossain; (ii) Md. Aknur Rahman; and (iii) Mrs. Mausumi Habib, were interviewed to know their opinion about the key challenges of implementing SPP policy in Bangladesh and steps are needed to overcome those challenges.

The opinion of the experts has been summarized into seven main areas below:

(a) Legal and policy constraints

Experts agree that the current legal and regulatory framework lacks comprehensive provisions to support SPP implementation. Moreover, they feel that it needs to amend present acts, rules, and standard documents to facilitate SPP policy in Bangladesh.

(b) Institutional readiness

The experts opined that till now the government agencies and organizations are largely unprepared to adopt SPP, as the public institutions are heavily dependent on cost-based procurement practices. For proper implementation of SPP a heavy shifting is required from cost-based procurement practice towards evaluating economic factors, life cycle costing, and overall sustainability.

(c) Market and supplier challenges

The public procurement specialists feel that till now the domestic market of Bangladesh is not equipped to supply sustainable goods and services at scale. Suppliers and industries need capacity building to meet the demands of SPP.

(d) Financial and pricing issues

The experts observed that sustainable goods and services often incur higher costs, requiring additional budgets. Although the SPP policy of Bangladesh tried to facilitate sustainable products by giving 10% additional price cap, but public procurement specialists think that the

fixed 10% price cap for sustainable products compared to non-sustainable options is seen as insufficient and overly rigid.

(e) Awareness and training

The public procurement professionals feel that the SPP Stakeholders, including procurement officials and suppliers, lack familiarity with SPP policies. To overcome, such lacking specialized training is essential for practitioners to understand and implement sustainability criteria effectively.

(f) Global and domestic industry preparedness

In their opinion procurement professionals think that globally, some industries are prepared to offer sustainable goods or services, but Bangladesh is in the early stages to adopt such sustainable practices or supply such sustainable goods or services.

(g) Assessment of sustainability factors

The public procurement experts think that the procurement practitioners in Bangladesh have limited ability to assess life cycle costs and economic, and social impacts in procurement decisions, although in some cases development partner-supported projects are exceptions where some sustainability factors are considered.

Overall, the findings emphasize the need for structural reforms, market readiness, and capacity-building initiatives to overcome the significant challenges to implementing SPP in Bangladesh.

3.3 Overall discussion and recommendations

3.3.1 Overall discussion

In the early stage of formal public procurement policies developed world emphasized ensuring value for money for efficient and effective use of public money by confirming competition, transparency, and accountability in the procurement steps. Gradually nations have started to adopt sustainability factors, namely economic, environmental, and social influences, in the procurement process which is beyond the traditional objectives of cost-efficiency and value for money. Consideration of sustainability factors in public procurement is known as sustainable public procurement (SPP).

So, in the decision-making process of procurement consideration of the economic, environmental and social aspects are the key features of SPP implementation. Instead of traditional low-cost procurement practices, maximizing value for money (VfM) through life-cycle costing (LCC) is one of the main economic aspects of the SPP concept. Moreover, reducing greenhouse gas emissions, waste, and resource depletion are some key environmental aspects of SPP. Furthermore, addressing human rights, labour safety equity, and community development are some social aspects that need to be addressed for the proper implementation of SPP.

Early stakeholders' engagement, consideration of SPP as a good public procurement practice as well as an integral part of organizational management principles, strong political commitments, continuous monitoring and identifying areas of improvement, are some key guiding principles to implement SPP.

Examining sustainable needs and issues; understanding sustainability; developing guiding principles; identifying appropriate tools, techniques, monitoring plans, guidelines and resources; and finally developing the SPP policy, are some widely used common steps to formulate SPP policy.

To formulate an SPP strategy following key steps may be followed:

- Identification of the purpose, priorities and objectives;
- Defining the priority product or services;
- Determination of sustainability specifications;
- Developing an evaluation methodology; and
- Adopting the controlling and monitoring mechanisms

In the economic aspect, SPP focuses on value for money, along with consolidated procurement and incentivizing suppliers to meet sustainability criteria. Moreover, it highlights minimizing environmental harm through green technologies, waste reduction, and eco-friendly materials. Furthermore, SPP supports fair labour practices, human rights, safety standards, and encourages local innovation and market inclusivity for disadvantaged groups.

There are some key tools are being used for integrating sustainability into procurement, such as life cycle assessment (LCA) to evaluate the environmental effects of a product over its life cycle; life cycle costing (LCC) to assess the total projected cost of a product life; eco-labelling to certify environmental and social friendly products; environmental product declaration to declare the environmental effect of a product in the environment; environmental norms and standards for setting benchmarks for sustainable production and procurement; environmental management systems to provide evidence of commitment to environmental protection; social labelling to provide commitments to human rights etc.

Study shows that nations can benefit in several ways by implementing SPP. SPP could help nations to reduce carbon emissions and promote a circular economy. For instance, by implementing eco-label initiatives Korea's could reduce about 543,000 tons of carbon-di-oxide per year (UNEP, 2021) (Ukrain, Gov., 2016). Moreover, focusing on the life-cycle cost analysis in procurement will help to save outweigh upfront expenses. For example, by promoting energy-efficient procurement Indian Railways saved \$7 million annually (UNEP, 2022). Furthermore, in the time of SPP implementation by promoting fair labor and empowering vulnerable groups, society could enhance equity. Besides this, SPP helps to improve government image and public trust as it drives market innovation.

Globally most of the developed nations have adopted different policies to promote SP. A survey by OECD reveals that among 27 nationals all of them have made at least a framework to support environmental objectives in public procurement. (WB, 2023). Moreover, another

global review of SPP 2022, by UNEP, reveals that policy commitments, goals, action plans, and mandatory SP rules or legislation are the most influential factors to drive SP implementation. Moreover, the availability of SP criteria and specifications became two key factors in a survey in 2021 (UNEP, 2022). Furthermore, the same report revealed the majority (82%) of national governments, included in the survey, have procurement regulations, 76% have dedicated policies to promote SP, and 31 nations have policies encompassing three types of policies and instruments supporting SP. (UNEP, 2022).

Bangladesh is a developing nation, which annually spends around 40% (\$25 billion) of its national budget on public procurement (GED,GoB, 2020). The public procurement of Bangladesh started to a new dimension by enacting the Public Procurement Act (PPA) 2006, and the Public Procurement Rules (PPR) 2008. Moreover, Bangladesh also has successfully implemented the electronic government procurement (e-GP) since 2011 (BPPA, 2023).

The government of Bangladesh to fulfil its commitment to SDG implementation recently adopted the Sustainable Public Procurement Policy (SPP) 2023 (BPPA, 2023). Ensuring value for money (VfM) by consideration of environmental and social issues, along with economic factors, is one of the main principles of the policy. The policy also mentioned that instead of the least cost procurement concept, focusing on the Most Economically Advantageous Tender (MEAT) by considering the Whole Life Cycle Costing (WLCC) of the purchased goods or works or services, is one of the main approaches to achieve VfM. Moreover, the SPP policy directed that PSO will emphasize green procurement, and to do that, the cost of products and services (CoP) produced in sustainable and environment-friendly technology, process, or system will be accepted even up to 10% higher compared to those that are produced in non-sustainable processes.

The policy will be implemented experimentally from 2024 and in full scale from 2026, primarily for procuring six (6) types of goods, namely (1) Paper and related products; (2) Office equipment; (3) Computer and other electronic equipment; (4) Office furniture and related wooden equipment; (5) Vehicle and related equipment; and (6) Printing materials.

The main aim of this dissertation is to investigate the critical challenges associated with implementing the SPP policy 2023 in Bangladesh. To exploring the answer three main questions are formulated, namely (a) Is Bangladesh ready to implement sustainable procurement policy 2023 in the public sector; (b) what are the obstacles to implementing the policy; and (c) whether all parties involved with the public procurement process are ready to implement the policy?

To find answers to the above-mentioned questions along with the literature review, this study analyzed primary data by doing a survey among the stakeholders involved in the public procurement of Bangladesh. Moreover, the survey was supported by a key informant's interview (KII) of three renowned procurement experts.

By adopting the SPP policy 2023 Bangladesh has made a significant step forward in implementing recent standard policies and practices in the public sector procurement. The survey data analysis, along with the KII, reveals that there are many challenges lies front of Bangladesh to implement the SPP policy 2023.

Key Challenges to implementing the SPP policy in Bangladesh:

The main key challenges that have been found in this research are mentioned below-

(a) Regulatory gaps

Although Bangladesh has enacted the PPA (2006), and PPR (2008), along with relevant procurement documents to support the procurers and the suppliers, adoption of the SPP policy 2023 is not enough to support its implementation. It does not have clear practising guidelines, instructions, and evaluation criteria for how the procurer will evaluate sustainable goods, and how the supplier will offer its sustainable products. It is unclear how to evaluate the social factors, such as child labour issues, standard wages issues etc. The SPP policy mentioned that PSOs must have to follow competitive tendering process for selecting appropriate suppliers. Later it also mentioned that to encourage the participation of small and medium enterprises (SMEs) and women-owned enterprises (WOEs) procurers may follow flexible procurement procedures, but how to make a competitive tendering process flexible is not clear. Moreover, there is a provision that the selection or exclusion criteria of sustainable suppliers, service providers and contractors will be included in the standard tender documents (STDs), but unfortunately, sustainable procurement till now STDs has not been started yet. Furthermore, there is a provision that tenders with minimum general criteria, financial criteria, and qualification and expertise criteria may be evaluated against a specific set of award criteria for sustainability using the rating system, unfortunately till now the rating system is not defined by the competent authority.

(b) Financial and pricing issues

Generally, the production of a sustainable good incurs additional costs, as in the supply chain process sustainable products producers have to follow certain special processes, especially to ensure environmental and social criteria. So, procurement of sustainably produced goods or services needed additional costs. Moreover, list cost selection is one of the main public procurement principles at present in Bangladesh. Although the SPP policy 2023 has a provision to support sustainably produced goods by an additional 10% price cap compared to a non-sustainable one, the procurement experts opined that this 10% fixed price cap support is not enough to promote sustainable goods or services. Moreover, in the survey, 39% of respondents opined that the higher cost of sustainable goods or services in one of the top five key challenges to implementing the SPP policy 2023.

(c) Capacity building and institutional readiness

Although the GoB has adopted the SPP policy 2023 to make public procurement sustainable, till now public procurement professionals are not fully ready to apply the SPP policy criteria, especially how to define the most economically advantageous tender (MEAT) by considering the whole life cycle costing (WLCC). Moreover, most of the officials involved in public procurement are not fully ready to implement the policy, due to insufficient training. In the survey, about 73% of the respondents opined insufficient training as one of the key challenges to implementing the SPP policy. Moreover, in the KII public procurement experts think that government agencies and organizations are mostly unprepared to practice the SPP policy, especially since they have limited ability to assess life cycle costs and economic, and social impacts in procurement decisions.

(d) Market and supplier readiness

As the concept of sustainability consideration in public sector procurement is new in Bangladesh, most of the producers and suppliers are not ready to meet the sustainability criteria. The public procurement professionals think that till now the market of Bangladesh is not equipped to supply sustainable goods or services at scale. Moreover, it is not clear that till now how much initiative the GoB has taken to support the suppliers and industries to be ready to meet the public sectors demand of sustainable products or services. In the survey lack of supplier readiness was considered as one of the main bottlenecks to implementing the SPP policy as till now most of the suppliers of Bangladesh are unprepared to meet sustainability requirements by SPP.

(e) Resistance to change and awareness

Although in the survey majority of the respondents are generally familiar with the sustainability concept, there is a limitation in complete comprehension of operationalizing the SPP, among the procurement professionals and suppliers. Moreover, in most cases there are resistance to adopting new procurement methodologies, as all are familiar with the conventional procurement practices. In response to the survey questions, about 80% of respondents think that lack of awareness is the top key challenge to implementing the SPP policy.

(f) Stakeholder commitment and engagement

Stakeholder engagement is very crucial for the successful implementation of the SPP policy, especially because there should be a networking between the procurers and the suppliers, to know whether the market is ready or not, as well as to inform the suppliers of the needs of the procurers. The survey reveals that about 46% of respondents think that networking between suppliers and procurers would be very significant, and about 36% opined it as ‘significant’.

(g) Monitoring and accountability

Effective monitoring and evaluation mechanisms to assess SPP outcomes are essential. The survey result reveals that about 37% of respondents opined that the lack of an effective monitoring and evaluation system could be one of the top five key challenges to implementing SPP policy. There is a provision that a high-level monitoring committee, named the Sustainable Public Procurement Steering Committee (SPPSC), shall be formed to steer the implementation of the SPP policy, but whether a single central committee will be capable enough to monitor and guide all the procurement when there is a huge number of public sector organizations (PSO) involved in procurement with different goods, works or services. As a result, there is limited evidence to showcase the benefits of sustainable procurement, which could otherwise drive further adoption and support.

3.3.2 Recommendations

There are several areas where the Government of Bangladesh have to give special efforts to implement the SPP policy 2023 successful.

Recommendations:

Bellow mentioned recommendation could be followed to overcome the above-mentioned challenges in implementing SPP in Bangladesh-

(a) Strengthening the policy and regulatory framework

- **Update and harmonize policies:** It need to revise existing procurement laws, such as the Public Procurement Act (2006) and Public Procurement Rules (2008), to ensure alignment with the Sustainable Public Procurement (SPP) Policy of 2023 which will explicitly include sustainability criteria in all procurement stages.
- **Clear guidelines:** It needs to have a clear guideline about how to define the most economically advantageous tender (MEAT), how to evaluate the whole life cycle costing (WLCC), and what types of environmental and social impact assessment tools could be considered by the procurers. Moreover, the standard tender document should have the evaluation criteria, the rating strategy, and ways of maximizing the participation of SMEs and WOE in the tenders. In the early implementation stage, the use of life-cycle costing (LCC) and environmental and social impact assessments could be mandatory only for high-value and high-impact procurement contracts.

(b) Resource mobilization and financial incentives

- **More additional price caps for sustainable products:** The SPP policy has the provision of 10% additional price incentives for products produced in a sustainable way. Although the survey result and the procurement professionals think that such 10% fixed price cap is not enough to attract sustainable goods. So, the additional price cap could be increased.
- **Incentivize sustainability:** Tax benefits, subsidies, or reduced regulatory fees could be introduced to attract suppliers to produce more products and services adhering to a sustainable practice.
- **Access to green financing:** To support local industries by providing low-interest loans or grants to establish more sustainable production and supply chain facility a dedicated fund could be raised with the collaboration of international organizations.
- **Cost-sharing mechanisms:** To support the local industries a policy could be adopted to encourage public-private partnerships (PPPs) to share the financial burden of transitioning to sustainable procurement practices.
- **Budget allocation for SPP:** More budgetary resource allocation is very required to support the capacity-building activities, awareness campaigns, and technology upgrades for implementing SPP.

(c) Capacity building and training

- **Specialized training programs:** For the procurement professionals special training modules related to the sustainable procurement practices covering life-cycle costing, eco-labelling, environmental assessments, and social impact evaluations, need to be developed and delivered.
- **Certification and accreditation:** For the procurement professionals a special certification system could be developed that they could enrich and validate their sustainable procurement related knowledge.
- **Supplier development:** For suppliers and industries special workshops, training and technical assistance programs need to develop focusing on sustainable production methods, certification requirements, and participation.

(d) Enhancing market readiness and innovation

- **Support for local suppliers:** For small and medium enterprises (SMEs) and women-owned enterprises (WOEs) technical and financial assistance program could be helpful to enable them to meet sustainability criteria.
- **Promote circular economy practices:** Special support initiatives like recycling, remanufacturing, and reuse to align with sustainable procurement principles could be helpful to implement the SPP policy.
- **Encourage innovation:** To get more sustainable products in local market innovation is very essential. Incentives such as awards, grants, or competitions could be helpful to encourage the development of innovative, sustainable products and services.

(e) Building stakeholder engagement and awareness

- **Public awareness campaigns:** Launching an especial awareness initiative to educate the public on the importance and benefits of SPP could be helpful to creating demand for sustainable products and services, which will encourage more suppliers and produces to come forward to produce more sustainable products.
- **Multi-stakeholder forums:** Creating platforms for dialogue between government agencies, suppliers, civil society organizations, and international partners to discuss SPP challenges and solutions could be helpful to promote the policy.
- **Collaborative decision-making:** Initiatives to involve all relevant stakeholders in the development and review of procurement policies will ensure inclusivity and transparency in the SPP policy.

(f) Improving monitoring, evaluation, and accountability

- **Establish KPIs for SPP:** To measure the environmental, social, and economic outcomes of procurement activities Key Performance Indicators (KPIs) need to be developed which should be specific, measurable, attainable, and relevant.
- **Digital monitoring tools:** To monitor the compliance and performance issues in procurement process sustainability features and metrics, including criteria for environmental and social impact assessments, need to be integrated into the existing e-GP system. Moreover, artificial intelligence, big data, and block chain technology could

be introducing in the e-GP system to improve transparency, and ensure compliance with sustainability standards.

(g) Incentivizing leadership and organizational culture change

- **Leadership Commitment:** Support from top-level political and administrative leadership is crucial for the SPP policy's successful implementation. Therefore, sustainability objectives ought to be incorporated into all national development policies.
- **Performance-based incentives and rewarding system:** It may be effective to expedite the policy if government agencies, procurement officials, businesses, and suppliers were given incentives, certifications, or public recognition for their outstanding performance in implementing SPP. To encourage SPP implementation, for instance, the South Korean government combines economic, reputational, and regulatory incentives (iisd, 2024).

(h) Encouraging government and non-governmental cooperation at the national and global level

- **Knowledge sharing:** Implementing the policy may benefit from collaboration with governmental and non-governmental organisations at the national and international levels that are engaged in SPP and have experience with it to share best practices, resources, and information. Setting environmental standards for the tenders may benefit from partnerships with organisations like the Department of Public Health Engineering (DPHE), Bangladesh Standard and Testing Institutions (BSTI), Bangladesh Centre for Scientific and Industrial Research (BCSIR), and Bangladesh Atomic Energy Commission (BAEC). Furthermore, PricewaterhouseCoopers (PwC), Carbon Solution Bangladesh, and other private-level organisations in Bangladesh do research for sustainability standards and assist other organisations by consulting, teaching, and offering laboratory testing facilities.
- **Leverage global assistance:** Working with global institutions such as the Asian Development Bank, World Bank, and United Nations to provide technical support and finance for SPP projects could be beneficial.

4.0 Conclusion

Worldwide nations are becoming aware to make their development sustainable. Public sector procurement is one of the main areas to achieve the targets of sustainable development, as worldwide 20-30% of the global GDP is being used for public procurement. Bangladesh, a South Asian developing nation, has progressed much, in the last decades, in practicing formal procurement process in the public sector organizations by enacting the Public Procurement Act 2006 and the Public Procurement Rules 2008. The country has also promised to fulfil SDGs within its stipulated time. To fulfil its SDGs promise, as well as to make its public sector procurements sustainable, very recently the country has adopted the Sustainable Public Procurement (SPP) Policy 2023. The SPP policy has a provision that public sector organizations (PSO) have to give importance to the value for money of the procured goods or

services by considering the whole life cycle costing, instead of the presently used least cost procurement philosophy.

This research investigated, by reviewing relevant literatures, conducting a survey and a key informant's interview, how SPP aims to incorporate economic, social, and environmental factors into procurement procedures, making it an effective instrument for attaining comprehensive development, as well as what are the key challenges associated with its implementation in Bangladesh.

The result reveals there are several issues still exist in the way of implementing the SPP policy, namely, policy gaps, capacity constraints, lack of market and supplier readiness, the perception of cost implications, the requirement for more robust institutional frameworks, insufficient stakeholders' engagement, and so on.

To overcome the above-mentioned challenges, this research highlights the significance of leaderships, strengthening the policy and regulatory frameworks, more stakeholder participation, public awareness campaigns, capacity building programs for stakeholders and procurement officials, enhancement of market readiness and innovation, more resource mobilization and sufficient financial incentives.

Through the implementation of aforesaid suggestions, Bangladesh can get over the operational and systemic obstacles preventing the successful implementation of SPP. Public procurement will be a key component of the nation's sustainable development since this strategy will promote social justice, environmental preservation, and sustainable economic growth.

By implementing the SPP policy successfully, Bangladesh ultimately has the potential to address important environmental and social challenges, as well as to promote sustainable economic growth. By using its substantial public spending, Bangladesh may set an example and encourage other developing countries to adopt sustainable procurement methods.

5.0 References

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6.0 Appendices

6.1 Appendix-I: Key Informants Interview Questions

1. Are there any legal constraints or gaps in the present SPP policies 2023, and related regulatory laws and policies that hinder its' proper implementation?
2. To what extent are Bangladeshi government agencies, procuring organizations, and institutions ready to embrace, apply, and use SPP policy 2023?
3. What are the obstacles stand in the way of public entities implementing sustainable procurement practices?
4. How do procurement decisions get affected by the price of sustainable goods and services?
5. The SPP policy 2023 states that the price of available sustainable goods and services should not exceed 10% of the price of non-sustainable goods and services. Are these financial incentives or supports enough to promote sustainable products or services?
6. To what extent do stakeholders and procurement officials, particularly suppliers, familiar about SPP policy 2023?
7. Do you believe that practitioners must have specialized training to implement SPP policy?
8. To what extent are domestic and global industries prepared to offer sustainable products and services?
9. Can the current market and supplier conditions provide Whole Life Cycle Costing (WLCC) or Value for Money for the purchased goods or services?
10. How prepared are the procurer or procuring agency to assess economic, social, life cycle, and value for money?

6.1 Appendix-II: Survey Questionnaires