

Regional Workshop on Green Public Procurement and Eco-Labeling

Recap
&
Group Work Presentations
from Day 1

1. Key Notes
2. Green Public Procurement and Eco-labeling:
Key success and challenges / Country Reports
 - GPP
 - Eco-Labeling
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 - 3.3 Effective policies and implementation on Green Public Procurement (GPP)
 - 3.3 Approach on Life Cycle Costing (LCC) and its benefits

1. Key Notes

1.1 Mr. Wichien Jungrungruang

Director General, Pollution Control Department (PCD)

1.2 Dr. Ulf Jaeckel

Head of Division "Product-related Environmental Protection, Standardisation, Green Procurement"

The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)

1.3 Dr. Stefanos Fotiou

Senior Regional Coordinator

United Nations Environment Programme on Resource Efficiency for Asia and the Pacific

1.4 Mr. Surapol Pattanee

Deputy Permanent Secretary

Ministry of Natural Resources and Environment (MoNRE)

2. Green Public Procurement and Eco-labeling: Key success and challenges / Country Reports

Overall **GPP** of the various countries: Lao PDR, Malaysia, Indonesia, Philippines, and Thailand

Success Factors / Good Practices:

- GPP policy, which is related to/contributes to green growth policy.
- Committees or working groups to support GPP implementation in many countries.
- In some countries e.g. Malaysia and Thailand, private sector is active in green procurement (GBP).
- Green technology is a main driver to support GPP.

2. Green Public Procurement and Eco-labeling: Key success and challenges / Country Reports

Overall **GPP** of the various countries: Lao PDR, Malaysia, Indonesia, Philippines, and Thailand

Challenges:

- Less awareness of procurement officers, and general public
- Lack of knowledge on GPP and green products
- Political willingness and support are limited
- Conflicts with the existing procurement regulations of governmental agencies, e.g. low price purchasing. Need to cooperate with MoF to adjust procurement regulation.
- Needs to enhance the marketing for green products

2. Green Public Procurement and Eco-labeling: Key success and challenges / Country Reports

Overall **GPP** of the various countries: Lao PDR, Malaysia, Indonesia, Philippines, and Thailand

Further specific mentioning:

- Government should be a strong leader to implement GPP.
- GPP can be both mandatory and voluntary e.g. Thailand proposes now the voluntary approach to government offices in doing GPP.

2. Green Public Procurement and Eco-labeling: Key success and challenges / Country Reports

Overall **Eco-labeling** of the various countries: Indonesia, Singapore, Malaysia, Cambodia, Philippines, Japan, China and Thailand

Success Factors / Good Practices:

- Many countries have been implementing green labels for many years already.
- A large number of products / criteria have been developed.
- On the regional level, Mutual Recognition Agreement (MRA) has been signed between countries interested in harmonization.

2. Green Public Procurement and Eco-labeling: Key success and challenges / Country Reports

Overall **Eco-labeling** of the various countries: Indonesia, Singapore, Malaysia, Cambodia, Philippines, Japna, China and Thailand

Challenges:

- Low awareness on eco-labels
- Government needs to do more marketing campaign.
- Market acceptance needs to be increased.
- The target number of certified needs to be set annually to expand criteria of green products consistently.

2. Green Public Procurement and Eco-labeling: Key success and challenges / Country Reports

Overall **Eco-labeling** of the various countries: Indonesia, Singapore, Malaysia, Cambodia, Philippines, Japan, China and Thailand

Further specific mentioning:

- AEC 2015: major challenges are technology and know how gaps between countries

3. Group Work Discussions

3.1: The public sectors as a role model for a change towards a green economy

Input “Sustainable Consumption and Labeling- Governmental approach” by Dr. Ulf Jaeckel, BMU

- Start the national process by involving all stakeholders
- Eco-labeling scheme and the criteria should be scientific-based (Life Cycle Approach)
- German Blue Angle is connected to public procurement and moving towards sustainability label
- Information on products, procurement process, legal provision and implications are given through the competence centers.

3.1: The public sectors as a role model for a change towards a green economy

Input “ Role of Public Procurement Service (PPS) in GPP for a change towards green economy”

Mr. Byung-Ahn Kim, South Korea

- One of the mandates is to operate and manage the government-wide e-procurement systems
- Green growth policies in Korea: GHG reduction, Energy resources conservation, Climate change adaption measures, promotion of green technologies and industries , green land /green life realization
- Alleviation of barrier to entry into public market by minimizing requirements, preferential treatment and excellent products.

3.1: The public sectors as a role model for a change towards a green economy

Guiding question1: What is the impact of GPP on Economy and what is the role of public towards green economy?

- Impact (+) : Innovation in SMEs (Eco-design), Energy saving, Long life product (value for money), boost up of local products, create more jobs and business opportunities
- Impact (-) : Monopoly possible, risk to increase total volume of consumption.
- Role: Make GPP mandatory, Set up standard for green products, Provide incentive schemes and guidelines as well as prioritize the green product groups strategically.

3.1: The public sectors as a role model for a change towards a green economy

Guiding question 2: What are the challenges and opportunities for GPP implementation in the context of ASEAN how to address the challenges?

- Challenges: benefits are not recognized, no interest to buy/import green products, conflicts among stakeholders, perception of cost, lack of awareness.
- Opportunities: high environmental benefits, stimulation of the green business and upgrading products.
- To address the challenges by training, partnering, establishing of GPP platforms in ASEAN, harmonization of standards

3.1: The public sectors as a role model for a change towards a green economy

Guiding question 3: How important are policies for implementation of GPP and what are the limitation of policies?

- Clear and solid for all stakeholders
- Standardized approach
- Catalyzing the investments in green products and services
- Feedback mechanism (reference for further improvement)
- Limitations: political will, conflict of interest among the stakeholders, state budget, harmonizing across the region.

3.2: Regional cooperation on eco-labeling as an input to the AEC process in 2015

Inputs on “Mutual acceptance of eco-labelling” (Germany)

- Products for a global market, but different criteria for national eco-labels
- 1 uniform set of criteria...a solution?
- Sample: US based “Energy Star” criteria widely accepted
- A copy–paste approach makes sense for criteria development
- Once a product qualifies for 1 high standard eco-label...it automatically qualifies for other eco-labels

3.2: Regional cooperation on eco-labeling as an input to the AEC process in 2015

Inputs on “Proposal of Mutual Acceptance of Eco-labeling, Readiness to AEC 2015-China Experience”

(China)

- MRA/MLA/ → Improved model
- Mutual authentication arrangement (joint confirmation) → Subcontract certification (partly) → Mutual acceptance (completely)
- 5 eco label schemes in ASEAN among 26 GEN members

Proposals:

- Establish integrated ASEAN eco-labeling standard system
- Based on ISO14024, ISO17065, ISO19011
- Choose specific products category
- Supported by regional GPP and market promotion
- MLA/MRA on specific products based on GEN
- Introduce eco-labeling from ASEAN 6 countries to CLMV countries
MRA with China Environmental Labeling



3.2: Regional cooperation on eco-labeling as an input to the AEC process in 2015

Guiding Question 1: What are the possible options/ approaches for harmonization of eco-labels for ASEAN and how?

For Type I Eco-labeling:

- 1) Common Core Criteria (CCC)- GEN process
- 2) Mutual Recognition Agreement (MRA)/ Multilateral Agreement (MLA)

Approaches:

- ✓ Identify the regional product by conducting the market research
- ✓ Identify pilot
- ✓ Criteria development (for CCC)
- ✓ Laboratory readiness
- ✓ Capacity building

3.2 Regional cooperation on eco-labeling as an input to the AEC process in 2015

Guiding Question 2: What are the opportunities and challenges for harmonization of eco-labeling?

Opportunities:

- Less confusion for business sectors/manufacturers, consumers, governments
- Expanding market
- Reduction of product certification cost and time
- Improve quality standard, reliable and trustworthy of products

Challenges:

- Limited number of products for harmonization
- Different national regulations
- Policy to support harmonization of eco-labels

3.2: Regional cooperation on eco-labeling as an input to the AEC process in 2015

Guiding Question 3: What are the advantages and disadvantages of the regional label

Advantages:

- Reduced costs for producers
- Increase regional negotiation power in term of acceptance and harmonization with other regional label
- Remove non-tariff barriers, easier goods and services trade
- Less confusions of consumers

Disadvantages:

- Too generic, not specific to country needs
- Risk of being threat to certain industries/SME who are not ready where there is not yet a label
- Covers only a number of products
- Unresolved responsibility/ownership

3.3: Effective policies and implementation on Green Public Procurement (GPP)

Input “ Sustainable Public Procurement – UNEP Approach” Ms. Liazzat Robbiosi, UNEP

- Goals → To guide countries in the development and application of national SPP policies and action plans.
- There are 4 steps towards the implementation of SPP
 1. Launch of project and governance structure
 2. Preliminary studies
 3. SPP Policy and action plan.
 4. Implementation
- National SPP guideline and tool kits are the main outcome from the capacity building programme in targeted countries

3.3: Effective policies and implementation on Green Public Procurement (GPP)

Input “ Effective policies and implementation – Thailand experiences” Ms. Araya Nuntapotidech, PCD

- Start the national process by involving all stakeholders
- The Green Procurement Promotion Plan for the government sector establish by the Cabinet Resolution on 22 January 2008.
- Results of the 1st GPP Plan CO2 Reduction 25,685.5 Ton
- External cost saving 223.51 Million Baht

3.3: Effective policies and implementation in Green Public Procurement

Guiding question1: What are the key success factors and its good practices for effective policy implementation?

Success factors	Good practices
Integration of the key stakeholders	Malaysia's ministerial coordinator offer economic issues
Awareness raising of the market	Korea's Green Credit Card
Legal framework (laws)	Make energy conservation label mandatory (China)
Exchange of good practices	
GPP indicators monitoring & evaluation framework	Key Performance Indicator

3.3: Effective policies and implementation in Green Public Procurement

Guiding question 2 : What are the constrain and its possible solutions for effective policy implementation?

Constrains	Suggested measures
Low awareness & commitment of stakeholders	Conduct awareness Raising programmes to all parties involve
Cost competition in bidding/tendering	LCC approach *External cost (Perception cost → Long term Investment), Financial support/ subsidy
Insufficient capacity & expertise	Organize capacity building
Inefficient communication from top to bottom	Identify clear responsibilities and develop a communication plan / strategies
Incomplete M&E system	Set up M&E system or hire competence agency to do M&E of GPP implementation
Ineffective coordination among related agencies.	Organize policy dialogues among relevant stakeholders and draft government strategic plan.

3.3: Effective policies and implementation in Green Public Procurement

Guiding question 3: What are the incentives for key players to implement green public procurement?

Key players	Incentives
1. Government (Central & local)	<ul style="list-style-type: none">- Reduction of Government spending- Give more points and bonus on KPI for procurement officers doing GPP
2. Industry manufacturers	<ul style="list-style-type: none">- New market assessment- Sell products with higher prices- Receive tax incentives for green industry
3. Association/NGO	<ul style="list-style-type: none">- Present ability to change mind set of other stakeholder- Receive some awards and recognition from government

3.3: Effective policies and implementation in Green Public Procurement

Guiding question 3: What are the incentives for key players to implement green public procurement?

Key players	Incentives
4. Communities/general public	<ul style="list-style-type: none">- benefits from better environment- Get more jobs opportunities
5. Certifiers/testing laboratories	<ul style="list-style-type: none">- Get new clients/more clients
6. International organization	<ul style="list-style-type: none">- Gain good examples/best practice for promotion creating networks
7. Media	<ul style="list-style-type: none">- Enhance topics/visibility in media

3.4. Approach on Life Cycle Costing (LCC) and its benefits

Inputs from Oeko-Institut:

- Eco products are usually more expensive compare to equivalent conventional products (e.g. energy efficiency appliances)
- Operating costs are often lower but they are normally not included in the purchase decision
- LCC can be used to put higher purchasing prices into a realistic perspective.
- LCC at consumer level could be helpful for achieving a faster market penetration for energy-efficient/eco products.
- In GPP: Important to justify the purchase of “green” but more expensive products.

3.4. Approach on Life Cycle Costing (LCC) and its benefits

Panel discussion:

Would it be possible to calculate the LCC without LCA database?

- Calculation of LCC requires LCA/LCI data, It is difficult to get the data to calculate externality cost (THB/ product unit)
- LCC software are available in many countries however it has to be modified to the local value e.g. electricity price
- Take into account the reliability of data (credibility)
- Monitoring of externality cost is make sense in USA but not in EU
- Clear about LCC concept to be used and how to communicate the used data with the consumers
- Simplified LCC approach (Oeko-institute) vs. details LCC approach (NSTDA)
- Simplified LCC tool can be used by the procurement
- Included externality cost is close to the reality (for details LCC)

3.4: Approach on Life Cycle Costing (LCC) and its benefits

- Public Procurement: need to consider “Externality Cost (env./health)” (not included in the market price) occurs when producing or consuming a good or service
- Full LCC vs. Typical LCC
- LCC supports public responsibility to the community/country to use public funds wisely and sustainably
- For Thai GPP Phase I 2008-2011 (12 products were selected for LCC study due to the availability of LCI/LCA data)
- Thai Gov. spent for 12 selected products (929.25 Mil. THB): budget on typical products (359.23 Mil THB, 39%) and on green products (570.02 Mil THB, 61%)
- For purchasing of green products, total external cost saving was calculated at 223.51 Mil THB and total GHG reduction of 25,685 tons CO₂eq.

3.4 Approach on Life Cycle Costing (LCC) and its benefits

- Limitation of LCC, it fails from the point of sales (communication with consumers) because of various assumption for calculation ; LCC excel tool it is difficult and thus requires training
- Practical problems of LCC if the label show the product externality cost e.g. In Germany, electricity price will be updated annually, but the label is last for 3 years, then what will happen with the label after one year
- Multinational company can apply details LCC approach, and use it in the company CSR
- LCC is complicate but helpful
- Harmonization of LCC instrument,
- LCC can be use as a monitoring tool but not to compare the products.
- To convince the government, private companies and consumers, the simplified LCC is good