4.3 Sustainability and Public Procurement: Emerging Best Practices Internationally

May 2021

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Hope Jahren: The Story of More

Every single scientist I know is freaked out by the steep increase in carbon dioxide of the last fifty years. But we are more freaked out by the fact that our governments are not as freaked out about it as we are.
The Revised GPA references, is receptive to, and supports efforts to address sustainability issues - see https://www.wto.org/english/docs_e/legal_e/rev-gpr-94_01_e.pdf

- **Preamble** emphasizes "the efficient and effective management of public resources";
- **Article X, Technical Specifications, ¶ 6**: permits specifications intended “to promote the conservation of natural resources or protect the environment”
- **Outcome-based award criteria**, including sustainability concerns (reduced externalities, effects) may be included in award criteria
Markets and Opportunities (Proverbial “Tip of the Iceberg”)

- **Infrastructure, Public Works, Transportation** (including alternatives)
  - Consider resiliency (to increased heat, flooding, drought, fire, etc.)
  - Think Big: Sustainable, resilient cities
    - *Geneva Examples:*
      - *Urban public transport, rail to/from airport – no charge*
      - *Accommodate bicycles, electric bicycles*
    - *LEED (Leadership in Energy and Environmental Design) Buildings - https://www.usgbc.org/leed*
- **Electrical Grid, Water Safety**
- **Vehicles, Fleets** (EV’s – electric vehicles)
- **Access to Internet, Information Technology**
  - The harsh pandemic quarantine lesson
- Reimagine **Incentives** and **Disincentives** (Create/Make Markets)

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**Significant/Daunting Workforce Impediments**

- **Policy Guidance Outpaces Concrete Actionable Advice**
  - Procurement Professionals: *But What Should I Specifically Do?*
  - *Complex, Conflicting, Evolving Science, Technology, Advice*
- **Staffing, Volume of Work**
  - *Under-staffing of the procurement function is the norm*
- **Qualifications & Skill Sets**
- **Priorities, Incentives/Disincentives: You Can’t Have It All**
  - What Gets Measured Gets Managed
  - Need for Strong Leadership, Signaling
  - Overcome Risk Aversion (*regression to low-price solution; “tyranny of low prices”*)
Sustainable Public Procurement
Requires Integrating
Value for Money Into LifeCycle Analysis

With sustainable public procurement, “public organizations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life-cycle basis in terms of generating benefits not only to the organization, but also to society and the economy, whilst significantly reducing negative impacts on the environment.” (UNEP)

Metrics & Performance Measurement

• Low purchase price may lead to a “false economy” – for example, too easy to purchase the fossil fuel solution
  • Consumer-based approach: value for money, most economically advantageous tender, cost/technical tradeoff, price/quality ratio
• Life Cycle Cost (LCC or total cost of ownership, TOC) is a more meaningful (informative) measure.  [For these purposes, no need to distinguish LCC v TOC/TCO v LCA (life cycle assessment)]
  • Basic economic literature - LCC elements include:
    • Purchase Price
    • Transaction Costs
    • Operating Costs
    • Maintenance (Sustainment) Costs
    • Disposition Costs (+/-)
  • NEEDED CHANGE: include* Externalities, Effects (e.g., Sustainability Considerations)
    • Answer the Q: what do we get for the price premium?
    • How much more do we need to pay for less emissions or for carbon reduction?
Conclusion
(and supplemental resources)

US Resources (Examples Only)

- Comprehensive Procurement Guideline (CPG) Program: https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program
Reports of the **IPCC (The Intergovernmental Panel on Climate Change (IPCC)),** the UN body for assessing the science related to climate change - [https://www.ipcc.ch/](https://www.ipcc.ch/)

**The Paris Agreement:** [https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement](https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement)

Fiction, Dystopia, Sci-Fi

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**The Uninhabitable Earth**
*Life After Warming*
David Wallace-Wells

**ALL HELL BREAKING LOOSE**
*The Pentagon's Persuasion on Climate Change*
Michael T. Klare

**THE STORY OF MORE**
*How We Got to Climate Change and Where to Go from Here*
Hope Jahren

**THE COLLAPSE OF WESTERN CIVILIZATION**
*A View from the Future*
Naomi Oreskes and Erik M. Conway

**THE MINISTRY FOR THE FUTURE**
*Kim Stanley Robinson*
*New York Times Bestselling Author*
**Prof Schooner References (with Markus Speidel):**


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**A (Sad) Anecdote – from the US Federal Acquisition Regulation (FAR) 15.605 Evaluation factors and subfactors (1996)**

(b)(1) The evaluation factors and subfactors .... are within the broad discretion of agency acquisition officials except that—

(i) Price or cost to the Government *shall* be included ... in every source selection.

(ii) Past performance *shall* be evaluated in all competitively negotiated acquisitions ..... 

(iii) Quality *shall* be addressed in every source selection through inclusion in one or more of the non-cost evaluation factors or subfactors..... 

(iv) Environmental objectives, such as promoting waste reduction, source reduction, energy efficiency, and maximum practicable recovered material content....., *shall* also be considered in every source selection, when appropriate.

(2) Any other relevant factors or subfactors, such as cost realism, *may* also be included....
15.304 Evaluation factors and significant subfactors (current)

(c) The evaluation factors and significant subfactors ... are within the broad discretion of agency acquisition officials, subject to the following requirements:

(1) Price or cost to the Government shall be evaluated in every source selection...;

(2) The quality of the product or service shall be addressed in every source selection through consideration of one or more non-cost evaluation factors ...; and

(3)(i) Past performance ... shall be evaluated in all source selections for negotiated competitive acquisitions expected to exceed the simplified acquisition threshold....

(4) For [large] solicitations, ... include proposed small business subcontracting participation in the subcontracting plan as an evaluation factor....