

Executive summary

Public and private sector procurement is a strategic lever for reaching the world's sustainability goals. Accounting for roughly 20-30% of global GDP each year, the tremendous purchasing power of governments is capable of shifting demand towards new products and services with a lighter footprint and can be part of the solution in addressing what the United Nations Environment Programme (UNEP) has called the "triple planetary crisis" of climate instability, nature loss and rising pollution. Public procurement can also be an avenue for addressing critical socio-economic issues, such as human and labour rights, gender inequality, and local economic development, delivering relatively quick and cost-effective wins. Large corporations, as well as intergovernmental organizations, with annual procurement volumes in the billions, are also well-positioned to influence and encourage sustainability across their supply chains.

But how much do we know about this potentially powerful tool known as 'sustainable procurement'?

The *2022 Sustainable Public Procurement (SPP) Global Review* provides important insight into the current state of sustainable procurement (SP) worldwide. Building on the two earlier *SPP Global Review* publications from 2013 and 2017, this edition explores progress in sustainable procurement over the last five years, highlighting important developments and emerging trends. Findings are based on a cross-cutting analysis of data collected in 2021 on 314 organizations across 92 countries via a Stakeholder Survey.¹ In addition, data were gathered on SP activities of 45 countries in a National Government Questionnaire. Results from these two exercises were supplemented with insights from 26 sustainable procurement experts who were interviewed by UNEP. Finally, existing literature, as well as other recent studies on SP, were analysed to provide broader context.

The following is a summary of the main findings of the *2022 SPP Global Review*:

1. Sustainable procurement is building momentum

The explicit inclusion of SPP in the 2030 Sustainable Development Goals (SDGs) in 2015, as well as the ratification of the Paris Agreement in 2016, were important milestones that helped promulgate and accelerate the shift to sustainable procurement among national governments.

Since 2015, there has been a considerable increase in the development of policies and legal instruments supporting SP worldwide. All 45 national governments participating in this study reported having SP provisions in their overarching or thematic policies and strategies, while the vast ma-

majority include them in their procurement regulations (82%) and/or have policies specifically dedicated to the promotion of SP (76%). Thirty-one out of the 45 national governments reported having a legal framework encompassing all three types of policies and instruments supporting SP. This assessment is in line with earlier editions of the *SPP Global Review* that point to a natural evolution in the development of legal frameworks supporting SP, beginning with the inclusion of SP provisions in overarching and thematic national policies, such as sustainable development strategies and various environmental and socio-economic policies, followed by the devel-

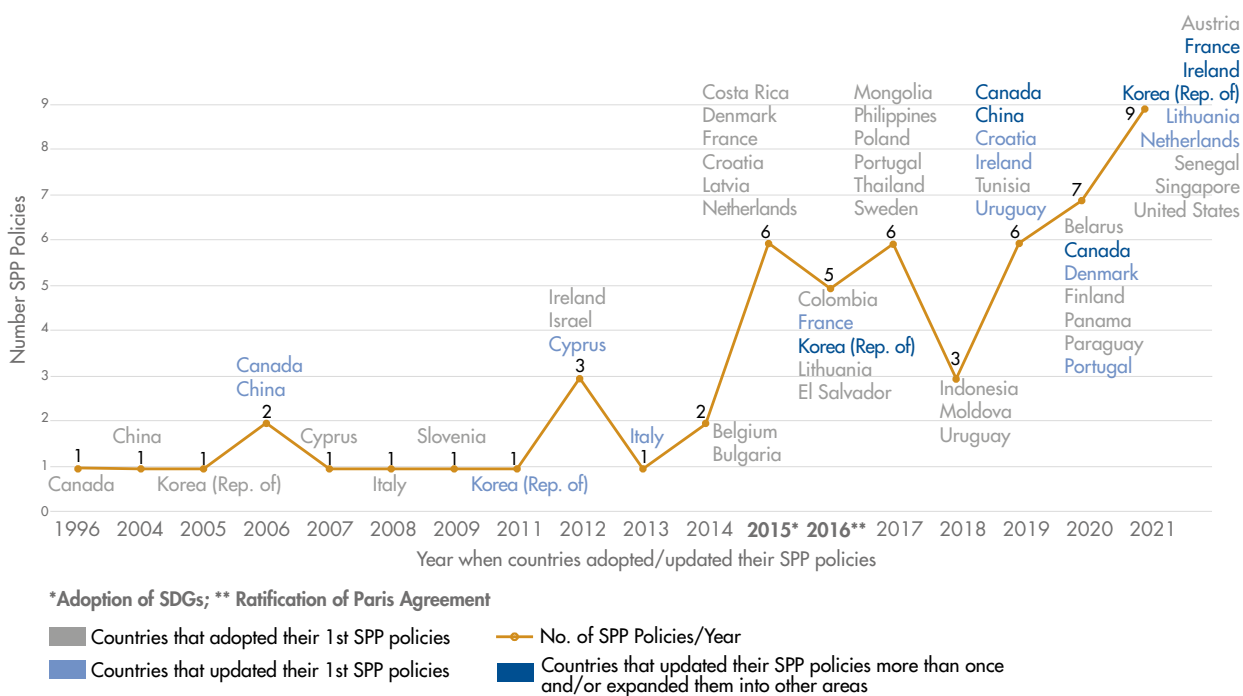
¹ Stakeholders were defined as individuals who were responsible for the development or implementation of SP policies in their organization, as well as researchers, academics and experts who contribute to the advancement of SP.

opment of dedicated SP policies and culminating in the inclusion of SP provisions in procurement laws and regulations.

In total, 57 dedicated SP policies were reported across 45 national governments, the majority of which were first-time policies that had been approved following the adoption of the SDGs; one-quarter were policies that had been updated

once, with the remainder having been updated more than once or expanded into other areas (see Figure i). In addition, almost half of the countries that did not have a dedicated SP policy reported having other types of documents that would allow for the inclusion of sustainability considerations in procurement and/or were in the process of developing such policies.

Figure i. Adoption of SP policies among participating national governments



Source: 2017 SPP Global Review and 2021 SPP Global Review National Government Questionnaire.

Sustainable procurement is also rapidly diffusing to the private sector as a result of increased stakeholder pressure from governments, consumers, and investors. Government regulations, demanding transparency and reporting of private organizations' supply chains, are becoming more common, while consumers under 40 seem more informed about supply chain issues and are more likely to pay a premium for sustainable products and services. There is also growing concern among investors in the environmental, social, and governance (ESG) performance of their investees. While specific data were not collected on the adoption of SP policies among private sector organizations, according to study findings, most of the participants representing the private sector believe that SP has become more or much more important in their organization since 2017. This is a very similar

proportion to those representing the public sector. Other studies also point to the assessment that SP is gaining traction in the private sector, with even small companies adopting SP practices.

Momentum is building among intergovernmental organizations, which in recent years have included sustainability principles in their corporate as well as project procurement policies and guidelines. Since 2017, the United Nations has adopted a number of landmark SP strategies and resolutions that are now reflected in the increased number of UN organizations with dedicated SP policies. In parallel, the World Bank has introduced sustainability in procurement processes through the integration of SP in their corporate procurement policy. Other Multilateral Development Banks (MDBs) are also working toward introducing SP in their corporate procurement framework, these include the

Inter-American Development Bank (IDB), the European Bank for Reconstruction and Development (EBRD), the Asian Infrastructure and Investment Bank (AIIB), and most recently the Caribbean Development Bank (CDB). Given the enormous potential

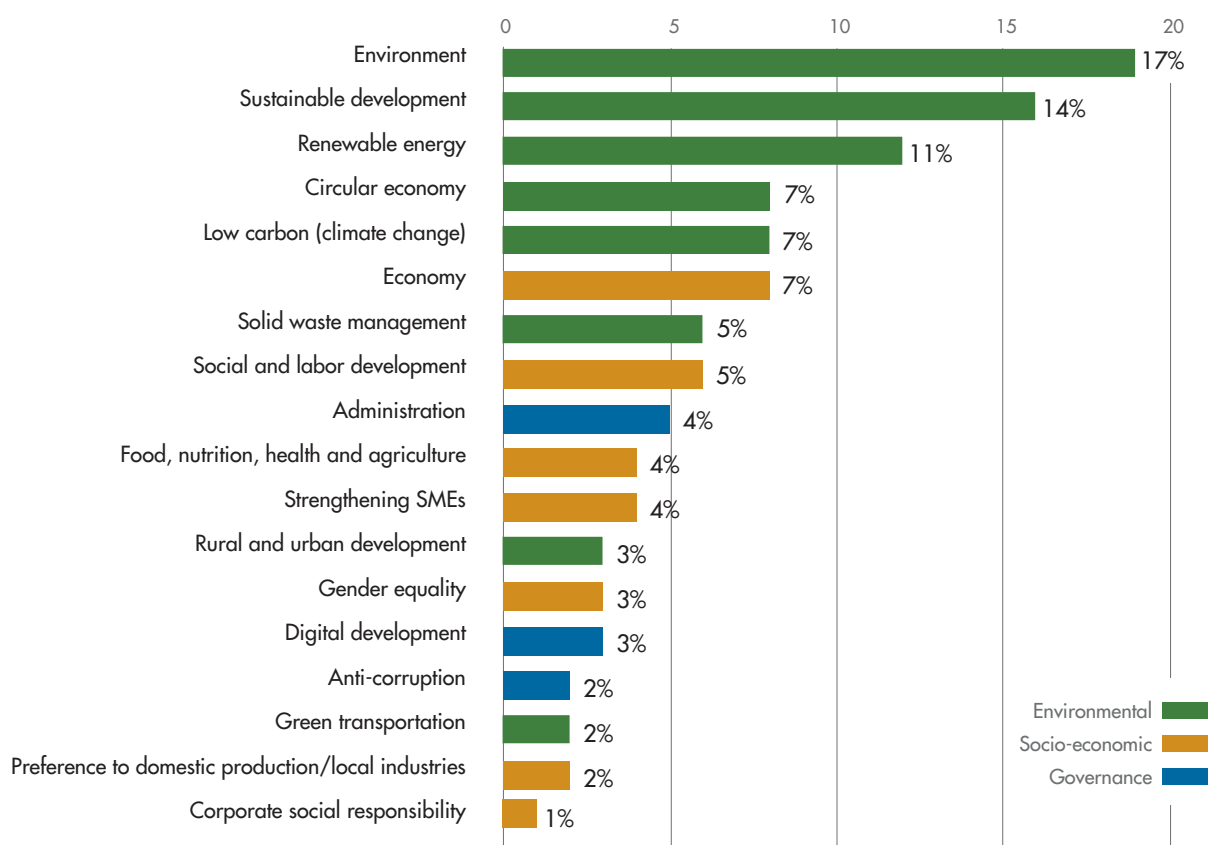
to deliver social and environmental impact through project procurement, many MDBs have also revised, or are in the process of revising, their project or operational procurement guidelines to include sustainability considerations.

2. Sustainable procurement can hit multiple targets

The growing importance and versatility of public procurement as a key tool for achieving sustainable development objectives is reflected in the vast array of national overarching and thematic policies that include SP provisions. Of the 112 policies that were reported by national governments, a total of 18 thematic areas were identified (see Figure ii). Policies and strategies that relate

to sustainable development and the environment were most frequent, followed by social and labour policies as well as policies for strengthening small and medium-sized enterprises (SMEs). All national governments reported having at least one overarching and/or thematic policy supporting SP, with a third reporting two or more.

Figure ii. Percentage of national policies supporting SP by thematic area



Source: 2021 SPP Global Review National Government Questionnaire.

Resource efficiency, energy conservation and climate change mitigation were the environmental issues most frequently addressed in dedicated SP policies. About half (47%) of the national governments (typically those countries with first-time

policies) focused their policies solely on the environmental dimension, while the other half (47%) focused on both the environmental and social dimensions. The emphasis on environmental issues among national governments is probably tied to the

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global call to action on climate change, which places the onus on governments, as the single largest consumers, to change their consumption patterns to protect the environment and exercise leadership through government purchasing.

Evidence suggests that the socio-economic dimension is gaining prominence, with a focus on the promotion of SMEs, groups at risk and technology development. Two national governments (Tunisia and Indonesia) reported having SP policies solely dedicated to the socio-economic dimension, whereas in 2017 no such policies were reported. In addition, when compared to the previous edition of the *SPP Global Review*, where in almost all instances environmental issues were prioritized over socio-economic concerns, in this edition certain socio-economic issues, such as the promotion of SMEs and the protection and promotion of groups at risk, were almost on par with the top environmental issues. Variations were observed in socio-economic priorities across regions. Stakeholders in Asia Pacific, West Asia and Africa, as well as Latin America and the Caribbean, reported the promotion of SMEs as their top priority, while stakeholders in Northern America prioritized human rights in global supply chains. For stakeholders in Europe, technology development and innovation was indicated as a priority issue.

The growing prominence of the socio-economic dimension is reflected in changes in the distribution of authorities developing and implementing SP policies. While public authorities associated with environmental affairs and/or those with financial responsibility are still taking the lead, ministries and agencies responsible for economic development and social affairs are playing a supportive role in the design of SP policies. It is now also common to see collaboration between various government authori-

ties in the development of such policies, sometimes in the form of an interministerial or inter-agency committee on SP. This is a trend that is likely to continue, particularly in the wake of the COVID-19 pandemic, as governments seek to leverage public procurement in support of local businesses and/or marginalized groups, such as women, that have been adversely impacted, while also promoting fair labour practices and human rights in supply chains.

Private organizations are generally focusing their SP efforts on socio-economic issues, such as the protection of human and labour rights, fostering local economies and, more recently, the emerging issue areas of equity, diversity and inclusion. The focus on social issues could be attributed to the development of mandatory SP regulations focusing on human and labour rights in supply chains, however private organizations are expected to increasingly include environmental considerations in their SP activities as a response to growing global awareness and public expectations on climate change (and also in anticipation of relevant future legislation). Intergovernmental organizations have also traditionally focused their SP efforts on the social dimension with an emphasis on wages and benefits and health and safety. More recently, some organizations have expanded their policies to encompass environmental issues, such as preference for durable, reusable, energy-efficient and low-pollution products, as well as certain salient social issues (ie. diversity, inclusion and accessibility).

All stakeholders, both public and private, indicated that the achievement of the SDGs was a key consideration in their SP policies. SDG 12 on responsible consumption and production and SDG 13 on climate action were most frequently reported, although recent policies also consider responsible business conduct (SDG 8 on decent work and eco-

conomic growth) and innovation and competitiveness (SDG 9 on industry, innovation and infrastructure). While fewer stakeholders used SP to address issues related to social inequality and injustices, region-

al differences were noted with stakeholders from West Asia and Africa, as well as Latin America and the Caribbean, more frequently pointing to SDG 5 (on gender equality).

3. Sustainable procurement practices are now more deeply embedded

Product prioritization and the development of tools, such as sustainability criteria or guidelines, continue to be critical activities and have been highlighted by national governments as key drivers for SP implementation. Prioritized product and service categories for SP are beginning to extend beyond the 'low-hanging fruit' of common-use categories. While office IT continues to be the most frequently prioritized category, product groups relevant to climate mitigation and circularity (ie. energy supply, vehicles, building construction, and infrastructure) have displaced other categories such as paper or cleaning products/services. These shifts suggest not only progress in SP implementation within national governments, but also the prevalence of eco-labels and the maturity of markets.

Most national governments (62%) reported having developed criteria or guidelines for at least one or more prioritized products/service categories, however only half indicated mandatory application of the said criteria/guidelines. Europe stands out as the region with the greatest number of SP criteria/guidelines, however, fewer than half (47%) have mandatory application. This contrasts with other regions, such as the Asia Pacific, where the majority (83%) of participating national governments reported mandatory application of their criteria/guidelines. Only a small increase was noted

in the use of ecolabels as a reference tool for developing technical specifications or as a means of verification, with few national governments (18%) reporting ecolabel mandates. Intergovernmental organizations have also been supporting SP implementation with the development of general guidance documents, outlining how sustainability considerations can be integrated into existing procurement processes, as well as defining social and environmental sustainability standards or criteria. Private sector organizations have focused mostly on formalizing their SP principles and defining supplier codes of conduct and self-assessment tools.

The importance of education and training has been highlighted by all organizations as a key driver in unleashing the full potential of SP. With an increased focus on training, procurement practitioners are expected to acquire the skills and knowledge to integrate sustainability considerations in public contracting. Alongside these advances, all organizations are benefiting from transformations already occurring in how procurement is conducted – with improved professionalization and digitization of procurement practices leading to more strategic and transparent processes.

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4. Measuring the impact of sustainable procurement remains a challenge

Despite advances in formalizing and implementing SP, only a small increase (5%) was observed in the proportion of national governments monitoring SP from 2017 to 2021. The most monitored aspect continues to be SP outputs, such as the number or value of contracts that include sustainability criteria, with 90% of the national governments that reported SP monitoring measuring this aspect. However, a greater proportion of national governments reported monitoring SP institutionalization in 2021 (70%) when compared to 2017 (37%), pointing to a stronger commitment to SP policies and their actual deployment. Outcomes continue to remain difficult to measure - with only 33% of monitoring national governments measuring this aspect - and are rarely communicated with supporting quantitative data.

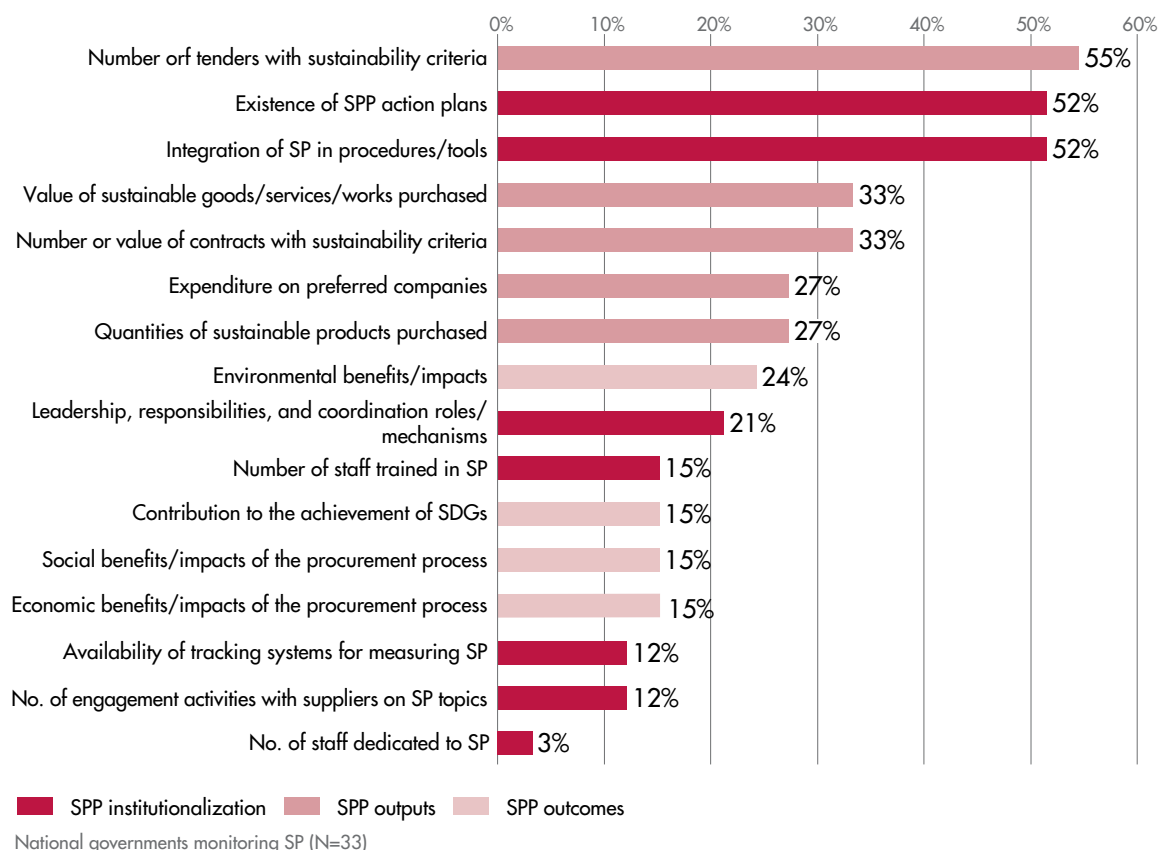
Most monitoring national governments (64%) measure two or more aspects of SP (outputs, institutionalization and outcomes) through a wide range of indicators. The most frequently employed

indicator for monitoring SP outputs is the 'number of tenders with sustainability criteria', followed by the 'number or value of contracts with such criteria' (see Figure iii on next page). The degree of SP institutionalization is most often tracked through the 'existence of SPP action plans' and the 'integration of SP in procurement procedures and tools', while SP outcomes are generally measured by environmental impacts, such as a reduction in greenhouse gas emissions (GHG). Most national governments reported gathering this data via a standard online or paper questionnaire (45%) or e-procurement platform (42%), with 58% publishing the results of their exercises.

Interestingly, only 28% of the national governments monitoring SP were able to provide data on the value of contracts that include sustainability criteria. Most respondents providing this type of information were from the Asia Pacific, with likely more advanced e-procurement platforms that facilitated such data processing.

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Figure iii. Percentage of monitoring national governments tracking key SP indicators



Source: 2021 SPP Global Review National Government Questionnaire.

While specific data on SP monitoring in private organizations were not gathered, evidence suggests that SP efforts have largely focused on formalizing and implementing SP rather than on tracking progress and results. Like the public sector, private organizations generally focus SP evaluation on the success of internal implementation or institutionalization, rather than on outcomes. While many private organizations claim to embrace SP practices, the depth of adoption may be overstated, as in some studies organizations were unable to

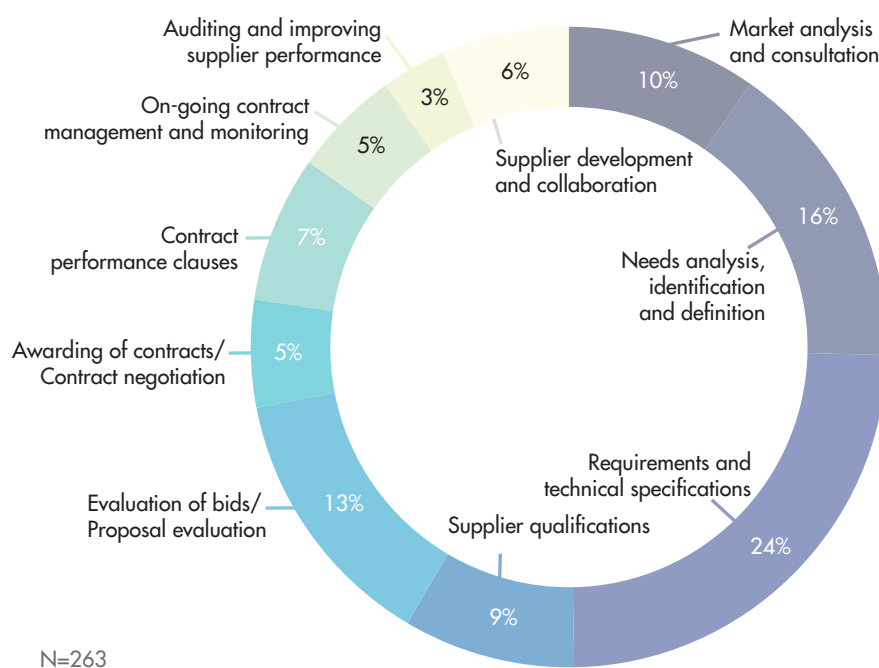
provide evidence of the SP practices they claimed to have adopted. Among the intergovernmental organizations covered under this study, only the United Nations and the World Bank have set SP targets for corporate procurement and are monitoring and reporting on progress in delivering SP outputs and institutionalization. Currently, only the Inter-American Development Bank is monitoring the inclusion of sustainability considerations under project procurement.

5. Other challenges remain

The perception that SP products are more expensive than conventional ones remains a key barrier to SP implementation across all organizations. A lack of government legislation and political support were also raised frequently as strong barriers by public officials. Insufficient leadership, regulations, expertise and sustainable procurement tools were identified as significant challenges to SP implementation by stakeholders representing private sector organizations. In addition, private sector stakeholders identified lack of resources and competing priorities as significant challenges, which together could lead to a compliance-oriented approach to SP, rather than true engagement in SP.

Another key challenge is the integration of sustainability considerations across the procurement cycle. Most stakeholders (44%), both public and private, indicated that SP criteria were 'slightly integrated' into their organization's procurement activities, with a focus on the earlier stage of the procurement cycle. This leaves out important opportunities further along, such as contract clauses and management, which would enhance the sustainability outcomes of purchasing decisions (see Figure iv). Private sector studies have shown that buyers are seldom in charge of assessing the conformity of SP criteria in post-awarded contracts, which raises questions about the enforcement of SP criteria after contracts have been signed.

Figure iv. Most effective stages of the procurement cycle to introduce SP considerations according to SP stakeholders



Source: 2021 SPP Global Review Stakeholder Survey.

Both private and intergovernmental organizations also pointed to the difficulty in reaching beyond their first-tier suppliers. With only a minority of organizations addressing second-tier suppliers and only about 5% engaging third-tier. This challenge is

critical one to address, as recent studies show that environmental impacts are 11 times higher in the supply chains of organizations than in their own operations.

6. International organizations and networks are stepping up their support for sustainable procurement

Clearly, there is still a long way to go before organizations engage fully in sustainable procurement and require the same from their suppliers.

The most frequently called-for interventions from both public and private sector stakeholders include coordinating and providing tools for SP implementation and monitoring, leading the harmonization and standardization of SP, and coordinating and engaging markets to encourage suppliers to provide more sustainable products and services. This stands in contrast to earlier editions of the *SPP Global Review* when building the case of SP and communicating its benefits were identified as top priorities and suggests that there is now widespread recognition of the importance and benefits of SP.

Various international organizations have stepped up their support for sustainable procurement, with the focus of their work largely centered on providing practical guidance and tools for SP implementation and monitoring. The Organisation for Economic Co-operation and Development (OECD), for example, developed guiding principles on the strategic and holistic use of public procurement in 2015 and more recently released an [SPP supplementary module](#) (2021) as part of its Methodology for Assessing Procurement Systems (MAPS). UNEP led the development of a specific and adaptable methodology for SP implementation, publishing the second edition of its [SPP Implementation Guidelines](#) in 2021. It has also developed a methodology and [self-assessment tool](#) for measuring a country's level of SPP implementation and is leading global SPP monitoring efforts through biennial

data collection exercises on SDG indicator 12.7.1. Various handbooks on SP, including [Buying Social](#) (second edition, 2021), [Buying Green](#) (2016) and [Public Procurement for a Circular Economy](#) (2017), have been released by the European Commission, as well as [sustainability criteria](#) for more than 20 prioritized product groups.

International networks are playing an essential role in the exchange of SP knowledge and experience across cities, countries and local and international businesses. These include: Local Governments for Sustainability (ICLEI), the International Green Purchasing Network (IGPN), the Inter-American Network on Government Procurement (IGPN), the Sustainable Purchasing Leadership Council, and the One Planet Network SPP Programme.

A number of universities are contributing to the professionalization of sustainable procurement, now offering courses and degrees in SP, as well as leading research in various disciplines relevant to the topic. For example, Sydney University, Australia; Universidad Externado de Colombia; University of Copenhagen, Denmark; Tor Vergata University, Italy; University of Belgrade, Serbia; Nottingham University and King's College, United Kingdom; and Arizona State University in the United States.

MDBs, working with member countries to modernize and reform their national and regional public procurement frameworks, are now including sustainability considerations in within new or revised public procurement laws and regulations, creating the foundation for SP implementation. For exam-

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ple, CDB is currently working with most Eastern Caribbean countries to prepare new public procurement laws and regulations inclusive of sustainability principles and objectives. Likewise, IDB is assisting a number of South American countries in procure-

ment reform at the national level (Brazil, Chile, Paraguay and Uruguay) and subnational level (Brazil and Argentina), with the drafting and implementation of public procurement-related laws and regulations inclusive of SP.

7. Sustainable procurement is part of our solutions pathway

As a dynamic and cross-cutting topic, sustainable procurement has evolved into new growth areas, such as professionalization and circularity. While topics such as eco-labels and climate change policy remained important for national governments, training and capacity-building in particular have become more prominent across all regions – suggesting more organizational investment in SP implementation and a greater focus on SP professionalization. Circular procurement and the need to develop solutions that preserve the value of materials through repair, reuse, remanufacture and recycling, as well as innovative alternatives such as Product-Service Systems, were also highlighted by stakeholders as relevant and emerging topics.

In the private sector social issues such as equity, diversity and inclusion have come to the fore, with social movements, such as Black Lives Matter and #MeToo attracting more attention to these topics. Maintaining good relationships with indigenous communities also appeared several times in documents and was raised by stakeholders from Northern America in interviews. Regarding the environment, stakeholder interviewees indicated the growing prominence of biodiversity and water management. The emphasis on biodiversity is

likely due to increased pressure from investors and national regulations to protect lands and forests, while growing expectations for private organizations to be accountable for the use of water in the life cycle of products such as cotton, as well as to secure water access for communities located near their operation sites, could explain the emphasis on water management.

The global COVID-19 pandemic has illustrated how some organizations are using SP to enhance their purchasing resilience while fuelling economic development. Investors increasingly see good SP performance as a proxy for supply chain resilience. This view is supported by recent research results that are becoming available on the impact of COVID-19 in supply chains. For the public sector, the COVID-19 pandemic gave new importance to the socio-economic dimension of SP, as several governments sought to leverage the public procurement function in support of local businesses and/or marginalized groups adversely affected by the pandemic.

E-procurement has also emerged as a relevant topic, probably in response to the emphasis on emergency procurement, social distancing and supply chain security during the pandemic. In

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addition to e-procurement platforms, other professional tools for managing SP are emerging. These include heatmaps, risk assessment tools for suppliers or benchmarking tools, as well as the creation of relatively high-tech tools (such as those designed to monitor SP among suppliers in real-time).

Another category of innovative SP practice is the development of collaborative relationships with suppliers.

Leading private organizations maintain close collaborative relationships with their suppliers, providing them with resources to develop sustainable alternatives to their products, services or manufacturing processes. Stakeholder interviewees underscored the importance of new technologies to facilitate collaboration between buyers and suppliers around SP. A number of private organizations are taking SP to the next level, extending their SP practices beyond their first-tier suppliers. Other private organizations are upscaling the sustainable impact of their SP practices. For instance, large multinationals such as Apple and Novartis have

committed to be carbon neutral for their entire supply chain in the next ten years. Other initiatives focus on moving from merely reducing private organizations' environmental impact to replenishing resources.

In the coming years, as the field matures, it is expected that more tools and standardized approaches to sustainable procurement implementation will become available, in addition to improved measurement and reporting practices. Organizations new to SP will be able to benefit from innovative SP approaches advanced by those more experienced and further along in SP implementation, as well as the cross-sector fertilization of ideas and approaches.

Key recommendations for policy and decision-makers

Sustainable procurement is now broadly accepted as a strategic tool for achieving socio-economic and environmental objectives. While progress has been made in SP adoption, implementation and monitoring, there is a long way to go before SP becomes common practice across organizations. The following recommendations are offered for policy and decision-makers that are designed to address many of the common challenges uncovered in this study:

1. **Maximize positive impacts of purchasing decisions:** Sustainable procurement is a critical yet still underutilized tool for achieving national and organizational sustainability objectives, as well as the broader Sustainable Development Goals (SDGs). Organizations should extend beyond the traditional approach to procurement, which looks at quality/cost considerations at the point of purchase and seek to maximize all positive impacts and multipliers through 'value for money procurement'. This strategic procurement approach considers total cost of ownership or whole life costs of products, as well as externalities such as economic, environmental and social impacts, delivering maximum benefits to society for each purchasing decision taken.
2. **Make sustainable procurement compulsory:** Sustainable procurement is still largely implemented on a voluntary basis. Governments should enact legislation making sustainable procurement mandatory. This will send a strong signal to both procurers and suppliers, mitigating risks and mobilizing efforts.
3. **Advance all aspects of sustainability:** Sustainable procurement can support all aspects of sustainability, from the environmental to socio-economic, however most organizations leverage procurement in support a limited number of issue areas. Organizations should broaden the focus of sustainable procurement, to advance all aspects, and extend beyond the traditional issue areas, such as wages and benefits, to new ones such as equity, diversity and inclusion, as well as circularity.
4. **Invest in human resources:** The importance of human resources should not be underestimated, as lack of knowledge and skills has shown to be limiting factor in effective SP implementation. If meaningful results are desired from policies, organizations should provide training and capacity building to not only procurers, but also management and suppliers. Incentives can also be used to increase employee investment in SP.
5. **Engage the market:** The perception that green products and services are more expensive than conventional ones remains a key barrier to sustainable procurement. Organizations should engage with the market to better understand the context and tailor sustainability demands accordingly. For private sector organizations, suppliers should be seen as partners in facilitating SP success. Efforts should also be stepped-up to drive sustainability beyond first-tier suppliers.
6. **Exploit all opportunities along the procurement cycle:** The integration of sustainability considerations is still focused on the earlier stages of the procurement cycle. The sustainability impact of procurement should be maximised through an increased focus on the introduction of quantifiable monitoring indicators, such as Key Sustainability Performance Indicators (KPIs), in the implementation of contract clauses, as well as enforcement of SP criteria and KPIs after a contract has been signed.
7. **Integrate sustainability in e-procurement platforms:** E-procurement can effectively integrate sustainability considerations into purchasing and radically reduce the costs of seeking sustainable goods and services for procurers. By integrating SP into e-procurement, organizations can raise the profile of sustainable products and services so that they become the default decision during purchasing. Organizations should also explore other innovative tools for SP, such as heatmaps, risk assessment tools, etc.
8. **Measure the benefits:** Most organizations track sustainable procurement implementation through outputs and the integration of SP in procurement processes. More emphasis should be placed on the ability to reliably report actual social, economic and environmental benefits, (for instance, CO₂ emissions reduction versus training provided), ensuring that SP delivers the desired benefits.
9. **Leverage sustainable procurement to build resilience in the face of crisis:** The COVID-19 pandemic has shown how some private sector organizations are using sustainable procurement to enhance their purchasing resilience, while governments are leveraging SP in support of SMEs and disadvantaged groups. Sustainable procurement can be utilized as a tool for building resilience in times of crisis, as well as mitigating its effects.
10. **Share experiences and learn from others:** There is an opportunity to learn from others. For instance, professional networks are sharing information about how organizations can use different tools to make SP part of their organizational routines and culture, enhance innovative solutions around SP and build stronger relationships with vendors to reduce the complexity associated with SP. By participating in networks, organizations can learn additional ways to introduce, strengthen and expand SP across their operations.