

Sustainable Public Procurement in Brazil – Update and the Way Forward

Laura Valente de Macedo
Regional Director
ICLEI-LACS

ICLEI World Congress 2006



Session SP2
Sustainable Procurement
Cape Town, 2 March, 2006

Sustainable Public Procurement

- Sustainability criteria not integrated in procurement policies
- Few procurement experiences at all levels of government throughout the country
- Initial level of discussion

Data on Procurement

- Brazil (federal government) – 15,5 billion Reais = 6,4 billion US\$ (Year 2002)
- Total procurement (all modalities)
 - Info source: Study by the Brazilian Planning, Budget and Management Ministry
- Federal + State + Municipalities (2004) = 120 billion Reais / year = aprox. 40 billion US\$
- Info source: RHS Licitações – Consulting firm

Legal Framework

- Brazilian Constitution (article 37)
- Law 8666, of 1993, regulates government procurement at the federal, state and municipal levels, and applies to all public agencies
- ***Requires non-discriminatory treatment for all bidders***

Procurement Law 8666

- No central procurement agency in Brazil
- Responsibility of each individual government entity
- Control is made through the budgets
- Contracts may be awarded based on various criteria, including:
 - best offer
 - ***lowest price (main criterion)***
 - best technology
 - or combination of price and technology

Initiatives at federal level

- National Water Resources Agency, ANA – Promotes sewage treatment as opposed to providing subsidies
- Presidential Decree 2.783/98, on ozone depleting substances
- Revision of Law 8666/93 in progress to include sustainability criteria (stakeholder consultation) Ministry for the Environment – Brazilian Agenda 21 – sustainable consumption chapter
- A3P – Environmental Agenda for Public Administration includes sustainable procurement recommendations
- Data base of eco-efficient companies

Initiatives at federal level

- Ministry is drafting an amendment to the National Procurement Law to be sent to Congress
 - Include in its article 3 (Principles), the need to respect environmental sustainability as a general principle of procurement
 - Include environmental protection as a criteria for the selection of products and services
 - Include compliance of environmental laws as pre-condition to participate in bids

Initiatives at federal level

- Ministry is drafting an amendment to the National Procurement Law to be sent to Congress
 - Include in its article 3 (Principles), the need to respect environmental sustainability as a general principle of procurement
 - Include environmental protection as a criteria for the selection of products and services
 - Include compliance of environmental laws as pre-condition to participate in bids

Initiatives in Brazil

- Certification and use of life cycle assessment by leading sectors or companies:
 - Natura cosmetics
 - Forest Stewardship Council in Brazil (IMAFLORA and Brazilian chapter of the FSC)
 - Green seals for organic produce
 - Include compliance of environmental laws as pre-condition to participate in bids

Initiatives at State Level

- ACRE – encourages use of certified wood and supports local producers and associations (rubber tappers)
- AMAZONAS - The state purchases certified chairs to be used in its public schools
- RIO DE JANEIRO - Law 3908/02, regulating genetically modified food in meals served in public schools

Initiatives at State level (São Paulo)

- 1997 - Decree 41.629/97, prohibiting public procurement of products or equipment containing ozone depleting substances
- 2005 - Decrees on June 8th, prohibiting state authorities from purchasing wood without documentation attesting its legal origin and establishing border control of all cargo entering the state to avoid entrance of illegal wood
- Electronic exchange (Bolsa Eletronica do Estado de Sao Paulo) allows for transparency and efficiency in public purchasing

Initiatives at local level in Paraná, Santa Catarina and Rio Grande do Sul

- Highest education and economic level
- Cities of Palmeira, São Lourenço do Sul, pelotas, Canguçu, Novo Hamburgo
- Municipalities in partnership with small family owned organic farms and NGOs
- Local governments subsidize local production of organic food and purchase part of the production to be used in meals at local public schools
- Purchasing recycled paper in Porto Alegre

Initiatives at local level in Paraná, Santa Catarina and Rio Grande do Sul

- **NGO CAPA** - Centro de Apoio ao Pequeno Agricultor, associated with the Brazilian Lutheran church, assists rural families by teaching them organic agriculture
- CAPA was identified by local municipalities as an important partner
- CAPA assists over 230 families in promoting organic production, consumed by over 8,000 students in public schools in four different cities

Initiatives at local level: São Paulo



Actions by the City of São Paulo

- DECREE 42.318/2002 establishes the Environment Quality Municipal Program
- Program to promote changes in purchasing patterns and encourage technology innovation
- Construction sector – pioneering introduction of sustainable procurement practices

City of Sao Paulo

- Administrative Orders establish:
 - (1) ban on the use of mahogany;
 - (2) creation of a board to review criteria on the purchase of furniture;
 - (3) incentive for certified wood;
 - (4) incentive for substituting asbestos in civil construction.
- Published manual on sustainable purchase of wood products in 2005
- Organized seminar on ecoprocurement – March'03 (with ICLEI / ANNAMA)

ICLEI - Latin America and the Caribbean Secretariat, LACS

- 2001 - ERNIE – joint global project presented to GEF by ICLEI-ES and 4 world cities (in the pipeline)
- Co-organizers of an international seminar with São Paulo city government on Eco-procurement (Cities and Environment: Making Public Management Ecological), March 2003 – over 300 participants
- Co-organizers of an international seminar with FGVCes on Sustainable Public Procurement– over 180 participants in São Paulo.
- Participation in UNDESA's Third Expert Meeting on Sustainable Procurement in New York, June 2005
- Preparing manual on SPP based on PROCURA+ for Brazilian local governments, with FGVCes to be published in April 2006

CHALLENGES AND BOTTLENECKS

- Governmental actions are inconsistent and do not continue over different terms of office
- Lack of integrated and comprehensive study on how to use EMGs and certification to establish eco-procurement in the country
- Lack of political will of decision makers
- Lack of public policies and regulations on sustainable procurement

CHALLENGES AND BOTTLENECKS

- Lack of consistent knowledge on basic sustainable development issues by gov. authorities
- Lack of awareness on elaborate issues such as sustainable consumption and production, sustainable procurement, environmental management systems, even among local environmental authorities
- Insufficient education initiatives on the issue
- Insufficient media coverage and public disclosure of initiatives

CHALLENGES AND BOTTLENECKS

- Lack of integration among governmental entities to establish a procurement policy for the whole country
- Few companies engaged in sustainable production
- Insufficient volume of certified products and services
- High prices of sustainable products
- Highly bureaucratic public tender system

CONCLUSIONS

- **To address these problems, several measures are needed**
 - greater transparency on governmental practices
 - instruments to facilitate access to relevant information
 - Open and broad public discussion
 - reduction of bureaucracy on tender procedures
 - enforcement of environmental laws and norms against bribery
 - strong environmental education program
 - training of governmental official

CONCLUSIONS

- Sustainable procurement initiatives should not depend only on the political will of individual politicians or decision makers
- It must be incorporated as a public policy at all governmental levels and implemented in a consistent fashion as part of a greater public management policy
- Some initiatives on the part of NGOs and government officials suggest a movement towards amending the current procurement law to include sustainable procurement practices in the country as mandatory

Links – Sources of Information

- ICLEI-LACS: www3.iclei.org/lacs
- Centre for Sustainability Studies – Fundação Getúlio Vargas São Paulo - www.cesfgv.sp
- Ministry for the Environment: www.mma.gov.br
- São Paulo State Pollution Control Agency: www.cetesb.sp.gov.br
- Municipal Secretariat for the Environment of São Paulo: www6.prefeitura.sp.gov.br/secretarias/meio_ambiente
- Instituto Socioambiental: www.socioambiental.org
- Brazilian Statistics Institute: www.ibge.gov.br



THANK YOU!

How to find us

Praca Pio X, 119, 11th floor
Rio de Janeiro, RJ
20040-020 Brazil
Email: iclei-latam@iclei.org
www3.iclei.org/lacs